

July 14, 2020

Daune Wilson, Senior Contract Negotiator
Infrastructure Contracts and Management
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Via e-mail: dmwilson@caiso.com

Subject: *Morongo Transmission LLC Participating Transmission Owner Application*

Dear Ms. Wilson,

Morongo Transmission LLC (“Morongo Transmission”) hereby submits its application to become a Participating Transmission Owner of the California Independent System Operator Corporation with respect to its interest in the West of Devers Upgrade Project (“Project”). This interest was established by a transaction between Southern California Edison (“SCE”) and Morongo Transmission and patterned after the structure of the Citizens Energy Corporation’s interest in the Sunrise Powerlink Project. The transaction allows SCE to construct the Project across lands legal title to which is held by the United States in trust for the Morongo Band of Mission Indians, a federally-recognized American Indian Tribe exercising jurisdiction over lands within the boundaries of the Morongo Indian Reservation, in exchange for the right for Morongo Transmission to participate with SCE in the financing of the Project.

Morongo Transmission is a Delaware limited liability company formed for the purposes of investing and participating in the West of Devers Upgrade Project. A majority of the interests in Morongo Transmission are owned by the Morongo Band of Mission Indians. The remainder of the interests in Morongo Transmission are owned by Coachella Partners LLC, a Delaware limited liability company formed for the purposes of facilitating and investing in the Project. Axiom Coachella Holdings LLC, a Delaware limited liability company, owns 100% of the membership interests in Coachella Partners.

Morongo Transmission is pleased to be taking this step towards becoming a PTO and we look forward to working with the California ISO and the Participating Transmission Owners.

Sincerely,

Morongo Transmission LLC



Name: Thierry Vandal
Title: Authorized Signatory

cc (via email – Transmission Control Agreement signatories (Appendix F to TCA))

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Roderick O. Robinson
Manager, Grid Operations
4940 Allison Parkway
Vacaville, CA 95688
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San Diego Gas & Electric Company

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Southern California Edison Company

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Horizon West Transmission, LLC

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**Morongo Transmission LLC Application
To
California Independent System Operator Corporation
For
Participating Transmission Owner Status**

Morongo Transmission LLC (“Morongo Transmission”) hereby applies to become a Participating Transmission Owner of the California Independent System Operator Corporation (the “CAISO”), in respect of its interest in the West of Devers Upgrade Project (the “Project”), as more fully described in this Application, subject to receipt of appropriate regulatory approval.

Morongo Transmission is a Delaware limited liability company formed for the purposes of investing and participating in the Project as described herein. A majority of the interests in Morongo Transmission are owned by the Morongo Band of Mission Indians, a federally-recognized American Indian Tribe exercising jurisdiction over lands within the boundaries of the Morongo Reservation. The remainder of Morongo Transmission is owned by Coachella Partners LLC, a Delaware limited liability company formed for the purposes of facilitating and investing in the Project. Axium Coachella Holdings LLC (“Axium Coachella”), a Delaware limited liability company, owns 100% of the membership interests in Coachella Partners. Axium Coachella is a direct, wholly-owned subsidiary of AxInfra US LP (“AxInfra”). AxInfra, an investment fund focused on infrastructure investments in the United States, is managed by Axium Infrastructure US Inc. (“Axium US”), acting on behalf of AxInfra’s general partner, Axium US Partner LLC.

The Project includes, among other things, approximately 48-corridor miles of new double-circuit 220 kV transmission lines and appurtenant facilities (the “Subject Facilities”). The Project will provide for the transmission of electricity between the Devers Substation (located near Palm Springs, California), El Casco Substation (located near the City of Calimesa in Riverside County, California), Vista Substation (located in the City of Grand Terrace, California), and San Bernardino Substation (in San Bernardino County, California). A map depicting the Project is included as Appendix A hereto. The Project will allow SCE to increase the power transfer capability of current transmission facilities by approximately 3,200 MW – from approximately 1,600 MW to 4,800 MW – thereby enabling the deliverability of electrical power from renewable generation sources that require the Project to deliver energy to California load and improving the transfer capability for resource adequacy imports.

The CAISO originally identified the Project as necessary to provide deliverability for a number of generation interconnection requests as part of the CAISO’s 2010 generator interconnection process. In the CAISO’s 2010-2011 transmission planning

process, the CAISO also found that the Project was necessary to support compliance with the State's renewables portfolio standard. In 2016, the CAISO confirmed the continuing need for the Project in the course of the California Public Utilities Commission (“CPUC”) proceeding that resulted in the issuance of a certificate of public convenience and necessity for the Project. In that proceeding, the CAISO noted that it “again confirmed the continuing need for the Proposed Project based on the most recent RPS Calculator portfolios the Commission submitted to the CAISO.”¹ The 2019-20 ISO Transmission Plan, approved by the CAISO Board on March 25, 2020, notes that the Project was approved by the CAISO in prior planning cycles and that it is necessary to support the increase in resource adequacy import capability.²

The CPUC issued its decision granting the certificate of public convenience and necessity for the Project on August 29, 2016. In its order, the CPUC also approved the “proposed transaction providing Morongo Transmission with an option to invest up to \$400 million or half the estimated cost of the proposed project’s transmission facilities at the time of commercial operation in exchange for 30-year lease rights in the transfer capability.”³

The terms of the transaction between Southern California Edison (“SCE”) and Morongo Transmission are set out in a Development and Coordination Agreement of November 27, 2012 As Amended (“DCA” or “Agreement”). The Agreement provides that Morongo Transmission has the opportunity to obtain an interest in the Project. Specifically, the DCA provides Morongo Transmission with an option to enter into a 30-year lease of a percentage of the transfer capability in the Subject Facilities (the “Option”). (Appendix B- 1 – Copy of the DCA, As Amended). To perfect its interest, Morongo Transmission is obliged, among other things, to exercise its Option by the date the Project achieves commercial operation or upon specific written notice by SCE. To fund its interest, Morongo Transmission has the choice to invest either up

¹ In the Matter of the Application of Southern California Edison Company (U338E) for a Certificate of Public Convenience and Necessity for the West of Devers Upgrade Project and for an Interim Decision Approving the Proposed Transaction between Southern California Edison and Morongo Transmission LLC, A13-10-020, Opening Brief of the California Independent System Operator filed January 15, 2016 at p. 6, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M158/K886/158886784.PDF>.

² *California ISO 2019-20 Transmission Plan* at pp. 143, 357, available at <http://www.aiso.com/Documents/ISOBoardApproved-2019-2020TransmissionPlan.pdf>.

³ A13-10-020, Decision Granting Certificate of Public Convenience and Necessity for the West of Devers Upgrade Project and Related Matter, August 29, 2016 at p. 46, para. 5, available at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M166/K441/166441910.PDF>

to \$400 million or 50% of the final estimated cost of the Subject Facilities, in the form of prepaid rent. The amount that Morongo Transmission chooses to invest will determine the transfer capability that Morongo Transmission will turn over to the CAISO operational control. Morongo Transmission must assume all operating costs related to its interest in the Subject Facilities and turn over operational control of its full interest in the Subject Facilities to the CAISO.

1. Description of the Facilities To Be Placed Under CAISO Operational Control

The Subject Facilities to be placed under operational control of the CAISO consist of approximately 48 corridor miles of new double circuit 220 kV transmission lines that will operate as network transmission facilities under the operational control of the CAISO between the Devers Substation (located near Palm Springs, California), El Casco Substation (located near the City of Calimesa in Riverside County, California), Vista Substation (located in the City of Grand Terrace, California), and San Bernardino Substation (in San Bernardino County, California). The Subject Facilities do not include any switchyard or substation facilities, subtransmission or distribution lines or facilities, or telecommunications facilities.

2. Description of Morongo Transmission’s Transmission Entitlement

Morongo Transmission’s entitlement to its interest in the Project is set forth in the DCA, a copy of which is contained in Appendix B-1. A summary of the entitlement is set forth in matrix format in Appendix B-2. The amount of Morongo Transmission’s interest will be determined by the level of Morongo Transmission’s investment upon exercise of the Option, which Morongo Transmission will elect closer in time to the commercial operation date of the Project, following notice from SCE of the target COD for the Project. Per the terms of the DCA, Morongo Transmission will place all of its interests in the Subject Facilities under the CAISO’s operational control. Morongo Transmission’s interest in the Subject Facilities will comprise the only interest in transmission facilities which it owns or to which it has an entitlement.

3. Encumbrances

There are no Encumbrances, as defined in Appendix A of the CAISO Tariff, with respect to Morongo Transmission’s interest in the Project at this time. However, the Project will be subject to the Transmission Control Agreement’s SCE Appendix B, “Edison’s Contract Encumbrances,” as it may be amended, modified, or supplemented from time to time. Accordingly, Appendix B-3 of this Application lists SCE Appendix B as an Encumbrance on the Project.

4. Transmission Lines and Facilities To Be Placed Under ISO's Operational Control

Morongo Transmission will have a lease for a portion of the transfer capability of the Project once it exercises its Option to invest and the Project has begun commercial operation. The amount of transfer capability that will be considered “Lessee Transfer Capability” that Morongo Transmission will place under the CAISO’s operational control will not be determined until Morongo Transmission exercises its Option, which will occur closer in time to the planned commercial operation date of the Project. Morongo Transmission will place all of its interests in the Subject Facilities under the CAISO’s operational control. Morongo Transmission’s interest in the Subject Facilities will comprise the only interest in transmission facilities which it owns or to which it has an entitlement.

5. Reliability Criteria

Morongo Transmission is not aware of any specific Local Reliability Criteria that are applicable to the Project. The Project will comply with both the CAISO Planning Standards and SCE’s Transmission Planning Criteria.

6. Maintenance Practices

Morongo Transmission has agreed in the DCA that SCE will be responsible for overseeing and performing all operations and maintenance services for the Subject Facilities, in accordance with all regulations and good utility practice as well as CAISO standards and agreements. Therefore, SCE’s current maintenance practices will govern maintenance of the entire Project, including the Subject Facilities.

7. Temporary Waivers of Applicable Reliability Criteria

Morongo Transmission seeks no temporary waivers of Applicable Reliability Criteria.

8. Proposed Transmission Owner Tariff

As part of this Application, Morongo Transmission has attached a draft TO Tariff (Appendix C). Morongo Transmission’s final TO Tariff will not go into effect until accepted for filing by the Federal Energy Regulatory Commission (“FERC”). Morongo Transmission additionally notes that FERC granted its request for a Petition for Declaratory Order which approved its proposed formula rate methodology.⁴ Morongo Transmission anticipates filing its Transmission Revenue Requirement (“TRR”) and its proposed TO Tariff with FERC in the third quarter

⁴ 148 FERC ¶61,139 (2014); see also *Morongo Transmission LLC*, 155 FERC ¶61,046 (2016) (granting Petition for Declaratory Order approving additional investment should 50% of the final estimated costs of the Project exceed \$400 million).

2020. The commercial operation date of the Project is currently identified as expected for Q4 of 2021. Morongo Transmission is initiating this process to obtain all necessary approvals required for becoming a CAISO PTO in the event that the Project is able to be energized sooner than Q4 of 2021.

9. Transmission Revenue Requirement Data Request Form/Notice Of FERC Filing

In lieu of a completed TRR Data Request form, Morongo Transmission hereby notifies the CAISO that it will file its TRR with FERC in conjunction with the filing of its TO Tariff and anticipates making this filing in the third quarter of 2020.

10. Address and Contact Names:

Morongo Band of Mission Indians:

12700 Pumarra Road
Banning, CA 92220
Attention : Sajeed (Titu) Asghar, Chief
Executive Officer
Email: TAsghar@morongo-nsn.gov

Coachella Partners LLC :

c/o Axium Infrastructure
410 Park Avenue, Suite 510
New York, NY 10022
Attention: Thierry Vandal
Email: tvandal@axiuminfra.com

Western Energy & Water:

333 University Ave, Suite 200
Sacramento, CA 95825
Attention: Nancy Saracino
Email: nsaracino@weawlaw.com

King & Spalding LLP:

1700 Pennsylvania Avenue, NW
2nd Floor
Washington, D.C. 20006
Attention: Zori Ferkin
Email: ZFerkin@KSLAW.com

11. Other Information

Morongo Transmission will supply any other information required by the CAISO to process this Application in a timely manner.

12. Settlement Account Information

For confidentiality reasons, Morongo Transmission will provide this information in due course through a separate document.

13. MWh Demand Per Month

Not applicable.

14. Instructions for Encumbrances and Entitlements

Not applicable.

* * * *

In order to obtain regulatory approvals necessary for Morongo Transmission to exercise its option, finance its interest in the Project and close the acquisition thereof within the time periods set forth in the DCA, Morongo Transmission requests CAISO Board of Governor action on this Application as expeditiously as possible.

This application is submitted on this 14th day of July 2020.

Signed:

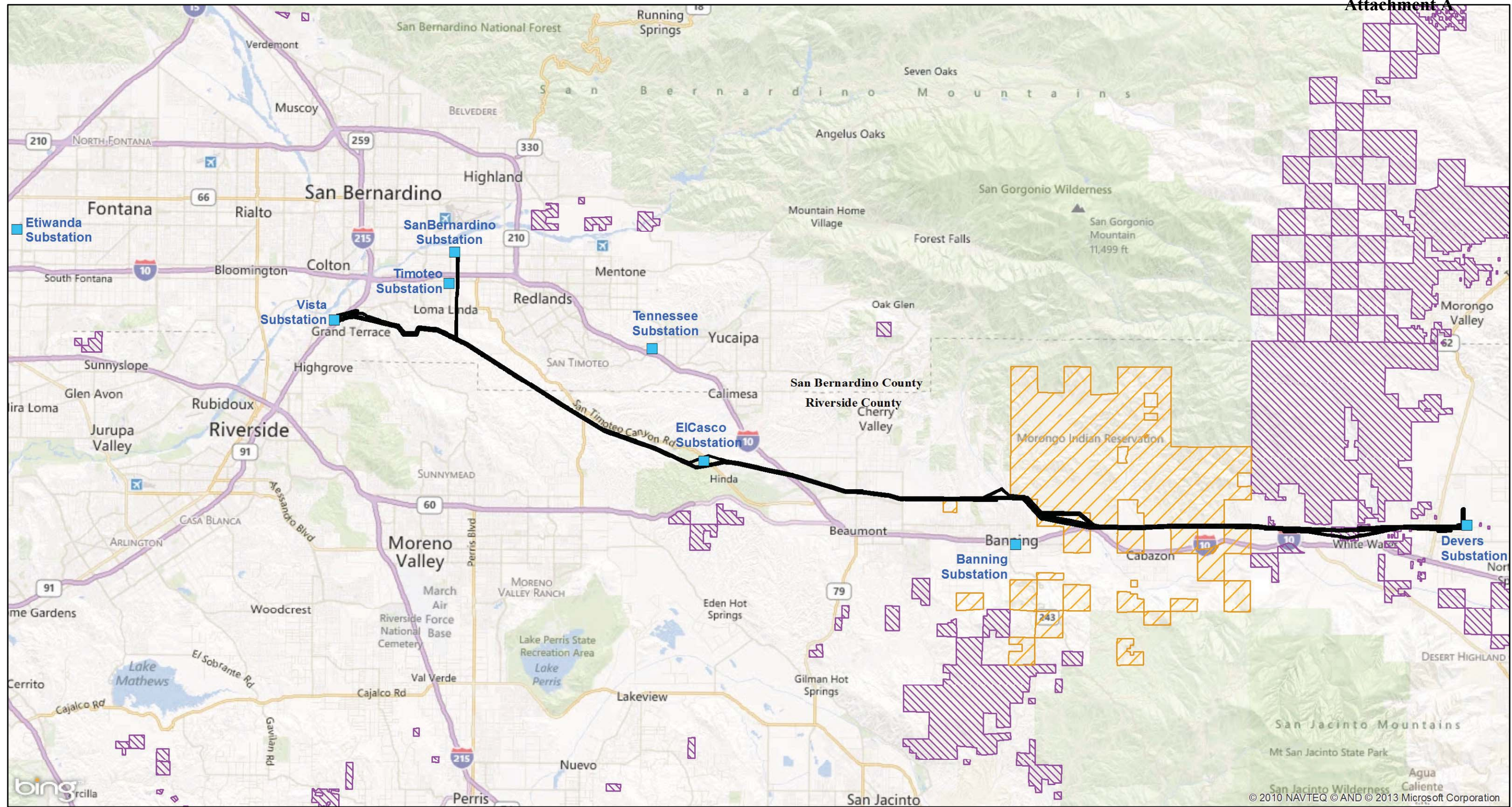
Morongo Transmission LLC







Name: Thierry Vandal
Title: Authorized Signatory

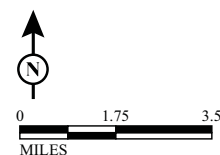
Appendix A
Map

See attached.



LEGEND

-  Transmission Line Right-of-Way
-  Substations
-  U.S. Bureau of Land Management Lands
-  Morongo Indian Reservation



SOURCE: Bing Maps (c.2010); SCE (3/2013)
 I:\SCE1110\GIS\MXD\GenEnvironmental\Substations_sh1.mxd (5/30/2013)

FIGURE 3.1-2
 Sheet 1 of 8

*Southern California Edison
 West of Devers Upgrade Project
 Existing Substation Locations*

**Appendix B
Entitlements**

**B-1
Development and Coordination Agreement of
November 27, 2012, As Amended**

See attached.

DEVELOPMENT AND COORDINATION AGREEMENT

This DEVELOPMENT AND COORDINATION AGREEMENT (“DCA”) is made and entered into as of November 27, 2012 (the “Effective Date”), by and between Southern California Edison Company, a California corporation (“SCE”), and Morongo Transmission LLC, a Delaware limited liability company (“Investor”). Each of SCE and Investor shall be referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, SCE has been developing a transmission project known as the West of Devers Upgrade Project in its service territory (as more fully defined herein, the “Project”), which includes approximately 48 corridor miles of new 220kV transmission lines (as more fully defined herein, the “Subject Facilities”);

WHEREAS, SCE and the Morongo Band of Mission Indians (“Morongo”), the federally-recognized American Indian Tribe exercising jurisdiction over lands within the boundaries of the Morongo Indian Reservation (“Reservation”), are in discussions regarding Morongo’s consent to the Grant pursuant to 25 U.S.C. Section 323 of rights-of-way for SCE transmission facilities crossing the Reservation (as more fully described herein, “ROW Grant”), including the facilities associated with the Project, and the Agreement Related to the Grant of Easements and Rights-of-Way for Electric Transmission Lines and Appurtenant Fiber-Optic Telecommunications Lines and Access Roads on and Across Lands of the Morongo Indian Reservation between SCE and Morongo entered into as of the Effective Date (the “ROW Agreement,” and together with the ROW Grant, the “ROW Documents”); and

WHEREAS, Investor is owned by Morongo and Coachella Partners, LLC, and as a condition of Morongo agreeing to consent to the ROW Grant and enter into the ROW Agreement, Morongo is requiring SCE and Investor to enter into an option (as more fully described herein, the “Option”) to lease a portion of the Transfer Capability (as defined below) in the Subject Facilities;

NOW THEREFORE, and in consideration of the foregoing, and of the mutual promises, covenants and conditions set forth herein, and other good and valuable consideration, the Parties hereto, intending to be legally bound by the terms and conditions set forth in this DCA, hereby agree, subject to the terms and conditions of this DCA, as follows:

ARTICLE I. DEFINITIONS; RULES OF INTERPRETATION

Section 1.1 Definitions. As used in this DCA, the following terms shall have the following meanings unless otherwise stated or the context otherwise requires:

“AFUDC” refers to an Allowance for Funds Used During Construction, recognizing the cost to SCE of financing the development, design, permitting, engineering, procurement, and construction of the Subject Facilities. AFUDC does not apply to CWIP in Ratebase.

“Applicable Portion of Property Taxes” means, for any period after the COD, (a) if the Property Taxes on the Subject Facilities are assessed against SCE and no Property Taxes are assessed on the Transfer Capability against Investor, the aggregate amount of any such Property Taxes in such period multiplied by the Investor Percentage Interest for such period, and (b) if the Property Taxes on the Subject Facilities are assessed against both SCE and Investor, the aggregate amount of such Property Taxes that are directly attributable to Investor’s Transfer Capability in such period.

“Applicable Reliability Standard” means reliability standards established by the WECC and reliability standards approved by FERC under Section 215 of the Federal Power Act to provide for reliable operation of the bulk power system or, if the WECC and FERC no longer have such standards, reliability standards promulgated by any federal or state agency exercising valid jurisdiction over the Subject Facilities.

“Arbitrator” has the meaning set forth in Section 10.2 (Management Negotiations) hereof.

“Balancing Authority” means 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.

“Balancing Authority Area” means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

“Business Day” means any day except Saturday, Sunday or a weekday on which commercial banks in New York City, New York or Los Angeles, California are required or authorized to be closed.

“CAISO” means the California Independent System Operator Corporation or its successors.

“CAISO Agreements” means the electric tariff at any time filed with FERC by the CAISO (or any successor System Operator) and any other applicable CAISO (or any successor System Operator) agreements, tariffs, manuals, protocols or rules setting forth the rights and obligations of Persons with respect to the CAISO (or any successor System Operator) controlled grid, or any successor electric tariff at any time filed with FERC setting forth the rights and obligations of Persons with respect to SCE's transmission system.

“CAISO Eligible Customer” means an “Eligible Customer” as defined in the CAISO Agreements or any other successor customer who is eligible to obtain transmission service pursuant to the CAISO Agreements.

“Commercial Operation Date” and “COD” means the date on which the Project begins full commercial operation and Operational Control of the Project has been transferred to and accepted by the CAISO (or any successor System Operator) in accordance with the terms of the CAISO Agreements. For the avoidance of doubt, the Project shall not be deemed to have achieved COD for purposes of this DCA unless and until its commercial operations are of sufficient scope so that, assuming Investor has all requisite approvals as detailed in this DCA and Investor has validly exercised and closed its Option, Investor would be eligible to begin collecting the full amount of its FERC-approved revenue requirement from the CAISO (or any successor System Operator) for the Subject Facilities.

“Costs of Transfer Capability” means 101% of the sum of the Prepaid Rent plus all reasonably incurred project costs; development costs; regulatory costs; transactional costs; sales, use or excise tax costs; and Financing Costs incurred by Investor allocated to Investor’s Transfer Capability. For purposes of clarity, the extra one percent is intended to account for, among other costs, the ordinary and customary lenders' fees that SCE would have incurred if it held Investor’s Transfer Capability.

“CPUC” means the California Public Utilities Commission.

“CWIP in Ratebase” means the portion of the investment that qualifies for current return and therefore does not accrue AFUDC.

“DCA” has the meaning set forth in the introductory paragraph hereto.

“Effective Date” has the meaning set forth in the introductory paragraph hereto.

“Event of Default” has the meaning set forth in Section 9.1 (Events of Default) hereof.

“FERC” means the Federal Energy Regulatory Commission or any successor federal agency.

“Financing Costs” means (a) with respect to any bridge financing that Investor may consummate prior to the term financing that Investor will consummate for the final acquisition of Investor’s Transfer Capability, all reasonable and customary financing costs, including without limitation, lenders’ fees, consultants’ fees (for Investor, its members and its lenders), lawyers’ fees (for Investor, its members and its lenders), and interest associated with such bridge financing, and (b) with respect to the term financing that Investor will consummate for the final acquisition of its Transfer Capability, all reasonable and customary consultants' fees (for Investor, its members and its lenders), lawyers' fees (for Investor, its members and its lenders), and capitalized interest charged prior to commencement of rate recovery, and excluding any lenders' fees and any amounts set aside for reserve accounts.

“Force Majeure” means an event or circumstance that prevents one Party from performing its obligations hereunder, which event or circumstance was not foreseen or reasonably foreseeable as of the date this DCA is entered into, which is not within the control of or the result of the

negligence of the affected Party, and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided, including but not limited to (but only to the extent that the following examples satisfy such definition) (a) acts of God, such as droughts, floods, earthquakes, and pestilence, (b) fires, explosions, and accidents, (c) war (declared or undeclared), riots, insurrection, rebellion, acts of the public enemy, acts of terrorism and sabotage, blockades, and embargoes, (d) storms and other climatic and weather conditions that are abnormally severe for the period of time when, and in the area where, such storms or conditions occur, including typhoons, hurricanes, tornadoes and lightning, (e) strikes or other labor disturbances, (f) changes in permits from Governmental Authorities or the conditions imposed thereunder or the failure of a Governmental Authority to issue, modify, amend or renew such permits not due to the failure of the affected Party to timely submit and diligently pursue applications, and (g) the enactment, adoption, promulgation, modification, or repeal after the date hereof of any applicable law. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on (i) changes in market conditions or the economic health of a Party, (ii) the failure of an affected Party to timely seek issuance, modification, amendment or extension of any permits, approvals, or other required action from any Governmental Authority, (iii) any action or inaction by the board of directors, members or managers of a Party to the extent that such Party is seeking to excuse its failure to perform as an event of Force Majeure, (iv) any failure to make payments or otherwise meet monetary obligations when or in amounts due, (v) any breach by an affected Party of its obligations hereunder, and/or (vi) any unexcused or uncured default or breach by SCE of the terms of the ROW Documents.

“Good Utility Practice” means (a) 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, (b) any Applicable Reliability Standard, and/or (c) 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 limited to the optimum practice, method, or act to the exclusion of all others, but rather to the acceptable practices, methods, or acts generally accepted in the region, including those practices required by Section 215(a)(3) of the Federal Power Act.

“Governmental Authority” means any federal, state, local, territorial or municipal government and any department, commission, board, bureau, agency, instrumentality, judicial or administrative body thereof.

“Investor Percentage Interest” means Investor’s percentage interest in the Transfer Capability of the Subject Facilities, as determined pursuant to Section 4.2.1 (Investor Percentage Interest) hereof.

“Investor” has the meaning set forth in the introductory paragraph hereto.

“JAMS” has the meaning set forth in Section 10.3.1 (Arbitrator) hereof.

“Morongo” has the meaning set forth in the recitals hereto.

“Operational Control” means the rights of the Balancing Authority to direct the operation of transmission facilities and other electric plants in the Balancing Authority Area affecting the reliability of those facilities for the purpose of affording comparable, non-discriminatory transmission access and meeting Applicable Reliability Standards.

“Option” has the meaning set forth in Section 4.2 (Option to Lease Transfer Capability) hereof.

“Parties” and “Party” have the meanings set forth in the introductory paragraph hereto.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or Governmental Authority.

“Personal Property” means any and all electrical equipment, fixtures or other facilities and personal property associated with the Subject Facilities which does not constitute real property or improvements.

“Personal Property Taxes” means all taxes, assessments, license fees and other charges that are levied and assessed during the Term against Personal Property.

“Prepaid Rent” has the meaning set forth in Section 4.2.1 (Investor Percentage Interest) hereof.

“Project” has the meaning set forth in Exhibit A hereto.

“Property Taxes” means all Real Property Taxes and all Personal Property Taxes (without duplication).

“PTO” means a PTO or Participating Transmission Owner as defined in the CAISO Agreements.

“Real Property Taxes” means all real property general and special taxes and assessments levied and assessed against the land and improvements associated with the Subject Facilities, including without limitation real property assessments and taxes, water and sewer and other similar governmental charges levied upon or attributable to the Subject Facilities, assessments or charges levied upon or assessed against the Subject Facilities by any redevelopment agency, and any tax upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Subject Facilities or any portion thereof.

“Referral Date” has the meaning set forth in Section 10.2 (Management Negotiations) hereof.

“Required Investor Regulatory Approvals” means approvals from each Governmental Authority with authority over Investor's leasehold interests or entitlements in the Subject Facilities,

including FERC, necessary for Investor to close the exercise of its Option, or to lease and finance its leasehold interest in the Subject Facilities, other than those approvals that would not have a material adverse effect on the exercise of the Option, leasing or financing of Investor's leasehold interest in the Subject Facilities if not obtained.

“Required Regulatory Approvals” means the Required Investor Regulatory Approvals and the Required SCE Regulatory Approvals.

“Required SCE Regulatory Approvals” means approvals from each Governmental Authority with authority over the Project, including the CPUC and FERC, necessary for SCE to consummate the transactions contemplated hereunder, or to develop, design, engineer, procure, construct, commission, own, operate, maintain and finance the Project, other than (a) those approvals that are not subject to the discretionary action of the applicable agency, and otherwise can be obtained in the ordinary course of business, and (b) those approvals that would not have a material adverse effect on the development, design, engineering, procurement, construction, commissioning, ownership, operation, maintenance or financing of the Project if not obtained.

“ROW Agreement” has the meaning set forth in the recitals hereto.

“ROW Documents” has the meaning set forth in the recitals hereto.

“ROW Grant” means the United States Department of the Interior’s Grant of Easements and Rights-of-Way for Electric Transmission Lines and Appurtenant Fiber-Optic Telecommunications Lines and Access Roads On and Across Lands of the Morongo Indian Reservation pursuant to 25 U.S.C. Section 323 to which Morongo has consented as of the Effective Date.

“SCE” has the meaning set forth in the introductory paragraph hereto.

“SCE Representative Rate” has the meaning set forth in Section 5.4.2 (Capital Requirements) hereof.

“Share of O&M Costs” means the Lessee Share of O&M Costs as defined in the Transfer Capability Lease.

“Subject Facilities” has the meaning set forth in Exhibit A hereto.

“System Operator” means (a) the CAISO, (b) if SCE is no longer a member of the CAISO, the successor regional transmission entity, if any, that has Operational Control over SCE’s transmission system and provides transmission service under rates, terms and conditions regulated by FERC pursuant to Section 205 of the Federal Power Act or any successor federal statute, or (c) if SCE is no longer a member of the CAISO or any such successor regional transmission entity, SCE.

“Target COD” means the target Commercial Operation Date, which as of the Effective Date is projected to be between March of 2019 and March of 2020, subject to modification by SCE.

“Target Construction Date” means the target date of commencement of construction of the Project, which as of the Effective Date is projected to be in March of 2016, subject to modification by SCE.

“Term” has the meaning set forth in Section 2.1 (Term) hereof.

“Total Actual Costs” means the total costs incurred by SCE to develop, design, permit, engineer, procure, construct, and commission the Subject Facilities, including AFUDC and post-construction mitigation measures, where applicable. For the avoidance of doubt, Total Actual Costs shall not include any fees payable by SCE to Morongo pursuant to the ROW Grant.

“Transfer Capability” means the maximum amount of power (in mega-watts) that can be transferred over part, or all, of the Subject Facilities in a reliable manner while meeting all of a specific set of defined pre-contingency and post-contingency system configurations and conditions in accordance with WECC standards and Good Utility Practices. Subject to Section 4.3.4 of the Transfer Capability Lease, the holder or lessee of Transfer Capability that is under the Operational Control of the CAISO (or any successor System Operator) for the benefit of and made available to CAISO Eligible Customers, is entitled to all associated rights and revenues from use of the Transfer Capability as defined (or subsequently defined) by the CAISO Agreements, or, in the absence of any such CAISO Agreements, all associated rights and revenues from use of the Transfer Capability, as defined (or subsequently defined) by the System Operator. Such holder or lessee shall not have any right or preference to transfer power over the Subject Facilities, or to interconnect with the Subject Facilities, by reason of holding or leasing Transfer Capability.

“Transfer Capability Lease” means the lease by SCE to Investor of a portion of the Subject Facilities’ Transfer Capability in the form attached hereto as Exhibit B.

“Useful Life of the Project” means the period during which the Project can provide or is capable of providing transmission service, which SCE currently estimates to be approximately fifty-seven (57) years.

“WECC” means the Western Electricity Coordinating Council.

Section 1.2 Rules of Interpretation. Unless otherwise provided herein or the context otherwise requires, and to the extent consistent with the Parties' original intent hereunder: (a) words denoting the singular include the plural and vice versa; (b) words denoting a gender include both genders; (c) references to a particular part, clause, section, paragraph, article, party, exhibit, schedule or other attachment shall be a reference to, a part, clause, section, paragraph, or article of, or a party, exhibit, schedule or other attachment to the document in which the

reference is contained; (d) a reference to any statute or regulation includes all statutes or regulations varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations issued or otherwise applicable under that statute to the extent consistent with the Parties' original intent hereunder; (e) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefore from time to time; (f) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement; (g) a reference to any person includes such person's successors and permitted assigns in that designated capacity; (h) any reference to "days" shall mean calendar days unless Business Days are expressly specified; and (i) examples shall not be construed to limit, expressly or by implication, the matter they illustrate.

ARTICLE II. TERM; OTHER AGREEMENTS

Section 2.1 Term. The “Term” of this DCA shall commence on the Effective Date and shall end (a) upon the expiration of the Option if such Option has not been exercised, (b) upon the date that the Parties enter into the Transfer Capability Lease, (c) on the effective date of a written agreement by both Parties that explicitly supersedes in its entirety or otherwise terminates this DCA, or (d) as otherwise provided for herein. The Transfer Capability Lease shall supersede this DCA in all respects and, upon the execution of the Transfer Capability Lease by SCE and Investor (or Investor’s permitted designee as provided under Section 12.2.1 (Assignment)), this DCA shall be of no further force or effect.

Section 2.2 Subsequent Agreements. If Investor exercises its Option, then upon the closing of the Option, the Parties shall enter into the form of Transfer Capability Lease attached hereto as Exhibit B, and any estoppels and other acknowledgements of the foregoing as a Party’s lenders may reasonably request. If a Party's lenders seek clarifications, amendments or modifications of this DCA or of the proposed Transfer Capability Lease, the Parties will exercise good faith efforts to accommodate such requests provided that no Party is hereby committing itself to any such clarification, amendment or modification of this DCA or of the proposed Transfer Capability Lease which, in such Party's reasonable discretion, would impair or interfere with the benefits that a Party expects to derive from its participation in the Project.

ARTICLE III. RESPONSIBILITY FOR DEVELOPMENT, CONSTRUCTION AND OPERATION OF PROJECT

Section 3.1 Responsibility for Development and Construction of the Project. SCE shall be solely responsible for the development, design, permitting, engineering, procurement, construction, and commissioning of the Project, and shall use commercially reasonable efforts to do within the timeline provided to Investor concurrent with the execution of this DCA. SCE shall provide Investor with an update to such timeline within ten (10) days of the end of each

calendar year during the Term, and SCE agrees to timely respond to reasonable requests from Investor for more frequent updates during licensing and to provide quarterly updates during construction of the Project. SCE shall bear all costs for development, construction, and commissioning of the Project, until such time as Investor has exercised and closed its Option. SCE's activities and responsibilities for the Project shall include the acquisition of permits and land rights necessary to construct the Project, which shall be done in SCE's name and at SCE's expense. SCE and Investor shall cooperate in good faith in all activities reasonably necessary for SCE to complete construction and to achieve commercial operation of the Project by the Target COD.

Section 3.2 Performance Standards. SCE shall use commercially reasonable efforts to achieve the following objectives:

- (a) to minimize capital costs of the Project;
- (b) to minimize operational expenses of the Project;
- (c) to maximize the Useful Life of the Project;
- (d) not to exceed the budgets for the Project, subject to modification by SCE;
- (e) to begin construction of the Project on or before the Target Construction Date; and
- (f) to complete construction of the Project on or before the Target COD.

The Parties acknowledge that certain of the foregoing objectives may not always be compatible with each other and that, to comply with its obligations under this Section 3.2, SCE may be required to use commercially reasonable efforts to balance the various objectives.

Section 3.3 Project Documents. SCE shall ensure (including using its power of condemnation/eminent domain, if necessary) that any easements, rights-of-way, and other land rights, procurement contracts, engineering contracts, construction contracts, and other project documents associated with the Project do not prohibit the exercise and closing of the Option by Investor on the terms set forth in this DCA.

ARTICLE IV. OWNERSHIP AND OPTION

Section 4.1 SCE's Ownership. SCE shall own 100% of the ownership interests and, except to the extent that Investor has exercised and closed the Option, 100% of the Transfer Capability, in the Subject Facilities. To the extent that Investor has exercised and closed the Option, Investor shall have the right to lease a portion of the Transfer Capability in the Subject Facilities pursuant to the Transfer Capability Lease, but shall not be entitled to any ownership interest in the Subject Facilities.

Section 4.2 Option to Lease Transfer Capability. Subject to Section 4.3 (Conditions to Closing of Option) hereof, Investor shall have the option to lease Transfer Capability in the Subject Facilities pursuant to the Transfer Capability Lease as follows (the “Option”):

Section 4.2.1 Investor Percentage Interest. Investor shall have the option to lease from SCE and, upon Investor's exercise of such option, SCE shall have the obligation to lease to Investor, on the terms and conditions set forth in the Transfer Capability Lease, a percentage, as calculated in accordance with this Section, of the Transfer Capability on the Subject Facilities for thirty (30) years. Pursuant to Section 4.2.4 (Responsibility for Financing and Securing Recovery of Prepaid Rent) hereof, Investor shall make a prepaid rent payment for the Transfer Capability in an amount determined in Investor’s sole discretion of up to \$400,000,000 (the “Prepaid Rent”), and the Investor Percentage Interest of the Transfer Capability shall be determined by the following formula: (Amount of Prepaid Rent payment/Total Actual Costs) times 100, subject to adjustment as set forth in the Transfer Capability Lease.

Section 4.2.2 Exercise of Option. SCE shall give Investor (a) written notice of the Target COD at least one hundred twenty (120) days in advance of SCE’s best estimate of the Target COD and (b) written notice of the COD at least thirty (30) days in advance of the COD (if SCE’s best estimate of the Target COD or COD changes after any such notice, SCE will promptly give written notice to Investor of the revised estimate of the Target COD or COD, as applicable (“Revised Estimate”), and shall repeat this process as many times as applicable if the Revised Estimate(s) change(s)). SCE’s notices shall include an estimate of the Total Actual Costs. Subject to Section 4.3 (Conditions to Closing of Option) hereof, Investor may exercise the Option by delivering written notice to SCE no earlier than the first notice delivered by SCE pursuant to clause (a) above, and no later than the later of (i) the COD and (ii) the date ten (10) Business Days after the last Revised Estimate. Such notice shall specify the amount of the Prepaid Rent payment Investor elects to make under the Transfer Capability Lease. If SCE has timely given Investor the required notices described in this paragraph, the Option will expire if Investor fails to exercise its Option by the COD.

Section 4.2.3 Closing of Option. The lease of Transfer Capability pursuant to the Transfer Capability Lease shall occur as soon as reasonably practical, but no earlier than COD and no later than sixty (60) days following Investor’s valid exercise of the Option. SCE and Investor shall execute, acknowledge and deliver the Transfer Capability Lease and any and all other documents reasonably necessary to lease such Transfer Capability and otherwise carry out the terms and conditions of this DCA. Upon closing of the lease of the Transfer Capability pursuant to the Transfer Capability Lease, Investor shall pay to SCE the Prepaid Rent. Closing of the Option may be accomplished through use of an escrow arrangement as mutually agreed by the Parties, and, in the event that Investor’s lenders require an escrow arrangement, upon whatever escrow terms are reasonably requested by such lenders.

Section 4.2.4 Responsibility for Financing and Securing Recovery of Prepaid Rent. Investor shall be responsible for obtaining its own financing for the Prepaid Rent, and SCE has no obligation to provide or guarantee financing to Investor if Investor is unable to secure any part of its financing. For the avoidance of doubt, Investor shall request, in its initial filings for Investor Regulatory Approvals, and SCE shall support, through timely intervention and active participation in any proceeding relating to or affecting Investor's rates, that FERC order that the full amount of Investor's Prepaid Rent be recoverable through its cost recovery methodology pursuant to Section 5.4 (Investor's Cost Recovery Methodology) hereof, and that any adjustment ordered by FERC to the amount of Total Actual Costs that may be recovered through transmission rates come from SCE's interest in the Subject Facilities.

Section 4.3 Conditions to Closing of Option. The Parties acknowledge and agree that the closing of the Option and the lease of Transfer Capability pursuant to the Transfer Capability Lease are expressly contingent upon and subject to the fulfillment of the following conditions on or prior to the closing of the Option:

Section 4.3.1 Receipt of Required SCE Regulatory Approvals. SCE shall have received all Required SCE Regulatory Approvals including, without limitation (a) a final, nonappealable order by the CPUC approving the Transfer Capability Lease under Section 851 of the California Public Utilities Code or otherwise, and (b) a final, nonappealable order by FERC approving this transaction under the Federal Power Act and SCE's rate methodologies to account for Investor's lease of Transfer Capability in the Subject Facilities, in each case, in form and substance acceptable to SCE, in SCE's sole discretion;

Section 4.3.2 Receipt of Required Investor Regulatory Approvals. Investor shall have received all Required Investor Regulatory Approvals including, without limitation, a final, nonappealable order by FERC approving Investor's rate methodologies for the recovery of costs associated with the Transfer Capability Lease, including any incentive rate treatment Investor may seek, in each case, in form and substance acceptable to Investor, in Investor's sole discretion, subject to the requirements of Sections 5.3 (Regulation of Investor's Rates) and 5.4 (Investor's Cost Recovery Methodology) hereof;

Section 4.3.3 Transfer of Operational Control to CAISO. CAISO shall have approved Investor becoming a PTO, and Investor shall have agreed to turn over to CAISO Operational Control of its Transfer Capability in the Subject Facilities no later than the effective date of the Lease; and

Section 4.3.4 Continued Effectiveness of ROW Documents. The United States Department of the Interior shall have granted the rights-of-way under the ROW Grant, Morongo shall have performed in all material respects its agreements and obligations contained in the ROW Agreement, and the ROW Documents shall remain in full force and effect.

Each Party shall provide such evidence of the fulfillment of the foregoing conditions as may reasonably be requested by the other Party.

ARTICLE V. REGULATORY APPROVALS

Section 5.1 SCE Regulatory Approvals. SCE shall be responsible for obtaining the Required SCE Regulatory Approvals and shall use commercially reasonable efforts to do so. Investor agrees to cooperate in good faith with and assist SCE in obtaining the Required SCE Regulatory Approvals. SCE shall diligently and timely (a) file an application to the CPUC for approval of the Transfer Capability Lease, (b) file a petition with FERC seeking a declaratory order approving its rate methodologies for the recovery of costs associated with the Project, or such other petition(s) as may be appropriate to obtain Required SCE Regulatory Approvals from FERC related to the Project, and (c) file a petition with FERC seeking a declaratory order approving this transaction under the Federal Power Act and SCE's rate methodologies to account for the Transfer Capability Lease.

Section 5.2 Investor Regulatory Approvals. Investor shall be responsible for obtaining the Required Investor Regulatory Approvals and shall use commercially reasonable efforts to do so. SCE agrees to cooperate in good faith with and assist Investor in obtaining the Required Investor Regulatory Approvals; provided, however, that SCE shall not be responsible to guarantee or financially support Investor's cost recovery. Investor shall diligently and timely (a) subject to Sections 5.3 (Regulation of Investor's Rates) and 5.4 (Investor's Cost Recovery Methodology) hereof, file a petition with FERC seeking a declaratory order approving its rate methodologies for the recovery of costs associated with the Transfer Capability Lease, including any incentive rate treatment Investor may seek, and (b) begin the process of becoming a PTO with CAISO.

Section 5.3 Regulation of Investor's Rates. Investor's Transfer Capability under the Transfer Capability Lease shall be provided for the benefit of and made available to CAISO Eligible Customers (or similarly situated customers of the successor System Operator in the event the CAISO is no longer the System Operator) at rates, terms and conditions deemed just and reasonable and not unduly discriminatory by FERC pursuant to Section 205 of the Federal Power Act.

Section 5.4 Investor's Cost Recovery Methodology. Investor shall seek, and SCE shall support, through timely intervention and active participation in any proceeding relating to or affecting Investor's rates, a cost recovery methodology from FERC that provides cost recovery to Investor limited to the recovery of the following transmission costs. For the avoidance of doubt, Investor shall be entitled to, and SCE shall support, rate recovery for capital costs that is not affected by any percentage reduction in its Transfer Capability associated with SCE's funding of renewals, replacements or upgrades to all or any portion of the Subject Facilities pursuant to the Transfer Capability Lease or otherwise.

Section 5.4.1 Operating Costs. Investor shall seek, and SCE shall support, through timely intervention and active participation in any proceeding relating to or affecting Investor's rates, recovery of its Share of O&M Costs incurred by Investor under the Transfer Capability Lease, and its ratable share of all other reasonably and prudently incurred costs for operation and maintenance of the Subject Facilities under the Transfer Capability Lease on an annual formulaic basis, including administrative and general activities, general and common plant, non-capitalized land lease costs (and any sales, use, and excise tax) and the Applicable Portion of Property Taxes directly attributable to Investor's Transfer Capability on the Subject Facilities as recorded in FERC accounts, including but not limited to the following accounts: 408.1, 560-573, 908, and 920-935 under the FERC Uniform System of Accounts.

Section 5.4.2 Capital Requirements. Investor shall seek, and SCE shall support, through timely intervention and active participation in any proceeding relating to or affecting Investor's rates, recovery for all other costs associated with the Transfer Capability Lease at a fixed rate that provides for recovery of Investor's costs but does not exceed the rate SCE could recover at the time of COD if SCE held Investor's Transfer Capability (the "SCE Representative Rate"). This fixed rate is intended to cover all costs associated with the Transfer Capability Lease (other than the operating costs described in Section 5.4.1 (Operating Costs) hereof) including Prepaid Rent (including capitalized property taxes) and other costs of Transfer Capability, debt service, capitalized interest, liquidity reserves, taxes (excluding the Applicable Portion of Property Taxes and the sales, use, or excise taxes which are included in Investor's Share of O&M Costs and the operating costs addressed by Section 5.4.1 (Operating Costs) hereof), charitable contributions, and any and all other costs.

(a) For purposes of determining the SCE Representative Rate, the Parties agree to use the model attached hereto as Exhibit C. The model calculates a theoretical revenue requirement for the Useful Life of the Project as if SCE held Investor's Transfer Capability, discounts that revenue requirement to a thirty (30) year period, and calculates an annual levelized SCE Representative Rate over that thirty (30) year period.

(1) The example model attached hereto as Exhibit C calculates the SCE Representative Rate using the following inputs: (a) SCE's capital structure fixed at 50% equity and 50% debt, (b) authorized return on equity for SCE's FERC-jurisdictional transmission assets of 10.43%, (c) SCE's state income tax rate of 8.84% and federal income tax rate of 35.00%, (d) SCE's estimated debt rate, which is the average of a five-day average of each of Moody's A 30-year Utility Bond Index and Moody's Baa 30-year Utility Bond Index equal to 4.14%, (e) Costs of Transfer Capability equal to \$414,100,000 and (f) AFUDC equal to \$0.

(2) The final model used to calculate the SCE Representative Rate shall use the following inputs: (a) SCE's capital structure fixed at 50% equity and 50% debt, (b) SCE's authorized return on equity for its FERC-jurisdictional transmission assets as of the effective date of the Transfer Capability Lease, (c) SCE's state income tax rate and federal income tax rate as of the effective

date of the Transfer Capability Lease, (d) SCE's estimated debt rate, which is the average of the five-day average of each of Moody's A 30-year Utility Bond Index and Moody's Baa 30-year Utility Bond Index as set forth in the Bloomberg LLC system, mnemonics MMODUA and MOODUBAA as of the effective date of the Transfer Capability Lease, (e) the actual Costs of Transfer Capability, and (f) the portion of the actual Costs of Transfer Capability that is SCE's actual AFUDC, if any. After such calculation, these inputs shall not be reset at any time in determining the SCE Representative Rate.

(b) At the time Investor files its initial application seeking FERC approval of its annual fixed rate methodology for recovery of the costs described in this Section 5.4.2, Investor shall demonstrate to FERC that its proposed rate methodology (including any of the adjustments described under Section 8.3 of the Transfer Capability Lease) results in an annual fixed rate that does not exceed the SCE Representative Rate (which also shall include any adjustments described under Section 8.3).

(c) At such time as Investor consummates the debt financing transaction for the Lease, and at such time as Investor submits its compliance filing to FERC showing its actual rates based on the FERC-approved annual fixed rate methodology, Investor shall demonstrate to FERC that its FERC-approved annual fixed rate for recovery of the costs described in this Section 5.4.2 (excluding any of the adjustments described under Section 8.3 of the Transfer Capability Lease) does not exceed the SCE Representative Rate (which does not include any of the adjustments described under Section 8.3 of the Transfer Capability Lease).

(d) In the event Investor is not able to demonstrate to the FERC that its fixed annual rate (excluding any of the adjustments described under Section 8.3 of the Transfer Capability Lease) does not exceed the SCE Representative Rate (which also does not include any of the adjustments described under Section 8.3), then Investor agrees to limit or cap its fixed annual rate (excluding any of the adjustments described under Section 8.3) to equal the SCE Representative Rate (which also does not include any of the adjustments described under Section 8.3).

Section 5.4.3 Waiver of Section 205/206 Rights. Except to the extent a change in law, rule, or regulation results in any new taxes, income taxes, Property Taxes, fees or other charges being levied by a Governmental Authority, to the fullest extent permitted by applicable law, Investor, for itself and its successors and assigns, shall waive any rights it can or may have, now or in the future, whether under Sections 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and Investor covenants and agrees not at any time to seek to so obtain, an order from FERC changing the FERC-approved fixed rate for recovery of the costs described in Section 5.4.2 (Capital Requirements) hereof. For the avoidance of doubt, to the extent a change in law, rule, or regulation results in any new taxes, income taxes, property taxes, fees or other charges being levied by a Governmental Authority, Investor may seek approval for inclusion in its rates

an allowance to recover any such new taxes, income taxes, Property Taxes, fees or other charges. SCE shall fully support, through timely intervention and active participation in any proceeding relating to or affecting Investor's rates, Investor's recovery and implementation of rates conforming to the provisions of this DCA in accordance with Section 205 of the Federal Power Act and orders issued by FERC thereunder in order that Investor may acquire, finance, operate and maintain its leasehold interest in the Subject Facilities. SCE acknowledges that among other things, Investor will seek recovery of and SCE will support Investor as a PTO seeking to recover from CAISO Eligible Customers in its transmission revenue requirement for the Subject Facilities (a) all prudently incurred pre-commercial operations costs in current rates, (b) all costs of abandoned facilities, provided such abandonment is due to factors beyond Investor's control, and (c) all capital requirements as described in Section 5.4.2 (Capital Requirements) hereof. SCE's support shall include providing FERC with assurances that all costs sought to be recovered by Investor through its rates that were originally incurred by SCE were prudently incurred.

ARTICLE VI. MANAGEMENT OVERSIGHT AND COMMITTEE STRUCTURE

Section 6.1 Meetings of the Parties. The Parties shall hold regularly scheduled meetings (no less frequently than quarterly prior to COD) for the purpose of reviewing each Party's progress in its development, design, permitting, engineering, procurement, construction, commissioning, financing, operating, and maintenance activities for the Project. Either Party may request a special meeting at any time. Reasonable and sufficient notice of each meeting shall be given to each Party in order to allow full participation.

Section 6.2 Sharing Information.

Section 6.2.1 SCE Information. Upon reasonable notice and during regular business hours, and subject to Investor entering into customary non-disclosure agreements, SCE shall allow Investor access to the Project site and to SCE's Project-related personnel, contracts, books and records, and other documents and data of SCE relating to the Project as may be reasonably requested by Investor, including but not limited to:

- (a) Budgeting and costing information to ensure that Investor is apprised of the projected costs for the Project and that such costs are allocated to appropriate portions of the Project and that SCE keeps its accounts and provides sufficient information to Investor to allow Investor to review those allocations and accounts on an on-going basis;
- (b) Permitting information; and
- (c) Plans, specifications, design, or maps of the Project.

Section 6.2.2 Investor Information. Upon reasonable notice, Investor shall provide information related to the Subject Facilities as may be reasonably requested by SCE.

Section 6.3 Final Decisions. Notwithstanding anything to the contrary in this Article VI (Management Oversight and Committee Structure), SCE shall be solely responsible for and shall make all final decisions with respect to the development, design, permitting, engineering, procurement, construction, and commissioning of the Project; provided, however, that SCE will not make any such decision that would prohibit Investor from exercising and closing the Option. Any disputes regarding whether or not SCE has complied with its obligations under this DCA (including its obligations under Section 3.2 (Performance Standards) hereof) shall be resolved by the dispute resolution procedures under Article X (Dispute Resolution).

ARTICLE VII. FORCE MAJEURE

Section 7.1 Force Majeure. Notwithstanding anything in this DCA to the contrary, if a Party's performance is impacted by Force Majeure, the affected Party shall be excused from performing its affected obligations under this DCA (other than the obligation to make payments with respect to obligations arising prior to the event of Force Majeure) and shall not be liable for damages or other liabilities due to its failure to perform, during any period (but no longer than 6 months) that such Party is unable to perform due to an event of Force Majeure; provided, however, that the Party declaring an event of Force Majeure shall: (a) act expeditiously to resume performance; (b) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party; and (c) fulfill the requirements set forth in Section 7.2 (Notification) hereof.

Section 7.2 Notification. A Party unable to perform under this DCA due to an event of Force Majeure shall: (a) provide prompt written notice of such event of Force Majeure to the other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (b) provide prompt notice to the other Party when performance resumes.

ARTICLE VIII. WITHDRAWAL

Section 8.1 Withdrawal. Prior to the COD, SCE shall have the right to withdraw from and terminate the Project including this DCA immediately and be under no obligation to pursue additional development activities if: (a) any of the applications for the Required SCE Regulatory Approvals is denied, or is approved with conditions that are unacceptable to SCE or otherwise materially inconsistent with the Project as described herein; (b) the receipt of any Required SCE Regulatory Approval is delayed such that SCE will not be able to reasonably complete construction activities until twelve months or more after the Target COD; (c) FERC issues a final and binding order that would preclude SCE from recovering, in SCE's reasonable estimation, a return of and on any portion of its investment in the Project; or (d) it is no longer

reasonably feasible for SCE to continue development, design, permitting, engineering, procurement and construction activities for the Project.

Section 8.2 Notice. SCE must provide notice to Investor within sixty (60) days of its determination that it is withdrawing pursuant to this Article VIII (Withdrawal).

Section 8.3 Reinstatement. If at any time within five (5) years of the Effective Date, if the ROW Documents remain in effect and SCE resumes development of the Project after it has withdrawn from the Project and terminated this DCA under Section 8.1 (Withdrawal) ("Project Recommencement"), then such termination shall no longer be effective and this DCA shall be automatically reinstated with reasonable extensions to the dated terms of this DCA. The effect of such Project Recommencement and reinstatement of this DCA is intended to provide Investor with a renewed opportunity to hold the Option to lease Transfer Capability in the Project in the manner provided for in this DCA.

ARTICLE IX. EVENTS OF DEFAULT; REMEDIES

Section 9.1 Events of Default. The occurrence of any one of the following shall constitute an "Event of Default":

- (a) A Party shall fail to make payments for amounts due under this DCA within thirty (30) days after notice that such payment is past due;
- (b) A Party shall fail to comply with any other material provision of this DCA (other than failures covered by subparagraph (a) above), and any such failure shall continue uncured for thirty (30) days after notice thereof; provided, however, that if such failure is not capable of being cured within such period of thirty (30) days with the exercise of reasonable diligence, then such cure period shall be extended for an additional reasonable period of time (but not exceeding ninety (90) days) so long as the defaulting Party is exercising commercially reasonable efforts to cure such failure;
- (c) Any representation made by a Party hereunder shall fail to be true in any material respect at the time such representation is given and such failure shall not be cured within thirty (30) days after notice thereof by a non-defaulting Party;
- (d) SCE shall fail to comply with any material provision of the ROW Documents, subject to the applicable cure rights expressly provided therein; or
- (e) With respect to Investor, the ROW Grant shall fail to be in full force and effect (other than by reason of SCE's failure to comply with any material provision of the ROW Documents), or Morongo shall fail to comply with any material provision of the ROW Agreement, in each case subject to the applicable cure rights expressly provided therein.

Section 9.2 Limitation on Damages. No Party shall be liable to the other Party under this DCA for consequential, incidental, punitive, exemplary or indirect damages or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise. The provisions of this Section 9.2 shall not be construed to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and enforceable insurance policies. Nothing contained in this DCA, the Transfer Capability Lease or any other document or agreement related hereto shall be construed to waive, limit or restrict, in any way, any of Morongo's or SCE's rights, remedies or defenses under or emanating from the ROW Documents.

Section 9.3 Remedies. Subject to Article X (Dispute Resolution), if an Event of Default occurs and is continuing, the non-defaulting Parties shall have the right to pursue all remedies available at law or in equity, including without limitation, the right to institute an action, suit or proceeding in equity for specific performance of the obligations under this DCA.

ARTICLE X. DISPUTE RESOLUTION

Section 10.1 Intent of the Parties. The sole procedure to resolve any claim arising out of or relating to this DCA or any related agreement is the dispute resolution procedure set forth in this Article X (Dispute Resolution); provided, however, that either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of this procedure and nothing in this Section 10.1 shall restrict the rights of any party to file a complaint with the FERC under relevant provisions of the Federal Power Act.

Section 10.2 Management Negotiations. The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this DCA or any related agreements by prompt negotiations between each Party's authorized representatives. If the matter is not resolved thereby, either Party's authorized representative may request in writing that the matter be referred to the designated senior officers of their respective companies that have corporate authority to settle the dispute. Within five (5) Business Days after such referral date (the "Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the senior officer who will represent such Party. Within five (5) Business Days after such Referral Date, the senior officers shall establish a mutually acceptable location and date to meet which shall not be greater than thirty (30) days after such Referral Date. After the initial meeting date, the senior officers shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties. If the matter is not resolved within forty-five (45) days of such Referral Date, or if either Party refuses or does not meet within the thirty (30)

Business Day period specified above, either Party may initiate arbitration of the controversy or claim by providing notice of a demand for binding arbitration before a single, neutral arbitrator (“Arbitrator”) at any time thereafter.

Section 10.3 Arbitration.

Section 10.3.1 Arbitrator. The Parties will cooperate with one another in selecting the Arbitrator from the panel of neutrals from Judicial Arbitration and Mediation Services, Inc. (“JAMS”), its successor, or any other mutually acceptable non-JAMS Arbitrator sixty (60) days after notice of the demand for arbitration and shall further cooperate in scheduling the arbitration to commence no later than one hundred eighty (180) days from the date of notice of the demand. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable Arbitrator in accordance with the preceding sentence, the Arbitrator shall be appointed as provided for in California Code of Civil Procedure Section 1281.6. To be qualified as an Arbitrator, each candidate must be a retired judge of a trial court of any state or federal court, or retired justice of any appellate or supreme court. Upon notice of a Party’s demand for binding arbitration, such dispute submitted to arbitration, including the determination of the scope or applicability of this DCA to arbitrate, shall be determined by binding arbitration before the Arbitrator, in accordance with the laws of the State of California, without regard to principles of conflicts of laws.

Section 10.3.2 Rules and Procedures. Except as provided for herein, the arbitration shall be conducted by the Arbitrator in accordance with the rules and procedures for arbitration of complex business disputes for the organization with which the Arbitrator is associated. Absent the existence of such rules and procedures, the arbitration shall be conducted in accordance with the California Arbitration Act, California Code of Civil Procedure Section 1280 et seq. and California procedural law (including the Code of Civil Procedure, Civil Code, Evidence Code and Rules of Court, but excluding local rules). Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, the place of the arbitration shall be in Los Angeles County, California.

Section 10.3.3 Discovery. Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, discovery will be limited as follows:

- (a) Before discovery commences, the Parties shall exchange an initial disclosure of all documents and percipient witnesses which they intend to rely upon or use at any arbitration proceeding (except for documents and witnesses to be used solely for impeachment);
- (b) The initial disclosure will occur within thirty (30) days after the initial conference with the Arbitrator or at such time as the Arbitrator may order;
- (c) Discovery may commence at any time after the Parties’ initial disclosure;

- (d) The Parties will not be permitted to propound any interrogatories or requests for admissions;
- (e) Discovery will be limited to twenty-five (25) document requests (with no subparts), three (3) lay witness depositions, and three (3) expert witness depositions (unless the Arbitrator holds otherwise following a showing by the Party seeking the additional documents or depositions that the documents or depositions are critical for a fair resolution of the dispute or that a Party has improperly withheld documents);
- (f) Each Party is allowed a maximum of three (3) expert witnesses, excluding rebuttal experts;
- (g) Within sixty (60) days after the initial disclosure, or at such other time as the Arbitrator may order, the Parties shall exchange a list of all experts upon which they intend to rely at the arbitration proceeding;
- (h) Within thirty (30) days after the initial expert disclosure, the Parties may designate a maximum of two (2) rebuttal experts;
- (i) Unless the Parties agree otherwise, all direct testimony will be in form of affidavits or declarations under penalty of perjury; and
- (j) Each Party shall make available for cross examination at the arbitration hearing its witnesses whose direct testimony has been so submitted.

Section 10.3.4 Court Reporter. Unless otherwise agreed to by the Parties, all proceedings before the Arbitrator shall be reported and transcribed by a certified court reporter, with each Party to the dispute bearing an equal share of the court reporter's fees.

Section 10.3.5 Arbitration Decision. At the conclusion of the arbitration hearing, the Arbitrator shall prepare in writing and provide to the Parties a decision setting forth factual findings, legal analysis, and the reasons on which the Arbitrator's decision is based. The Arbitrator shall also have the authority to resolve claims or issues in advance of the arbitration hearing that would be appropriate for a California superior court judge to resolve in advance of trial. The Arbitrator shall not have the power to commit errors of law or fact, or to commit any abuse of discretion, that would constitute reversible error had the decision been rendered by a California superior court. The Arbitrator's decision may be vacated or corrected on appeal to a California court of competent jurisdiction for such error. The Arbitrator shall have no power to make an award or impose a remedy that is inconsistent with this Section 10.3. However, subject to this Section 10.3, the Arbitrator shall have the authority to grant any form of equitable or legal relief a party might recover in a court action. Judgment on the award may be entered in any court having jurisdiction.

Section 10.3.6 Prevailing Party. The Arbitrator shall, in any award, allocate all of the costs of the binding arbitration (other than each Party's individual attorneys' fees and costs related to the Party's participation in the arbitration, which fees and costs shall be borne by such Party), including the fees of the Arbitrator and any expert witnesses, against the Party who did not prevail. Until such award is made, however, the Parties shall share equally in paying the costs of the arbitration.

Section 10.4 Enforcement of Award. By execution and delivery of this DCA, each Party hereby (a) accepts and consents to the use of binding arbitration pursuant to the procedures described in this Article X (Dispute Resolution), and, solely for purposes of the enforcement of an arbitral award under this Section 10.4, to the jurisdiction of any court of competent jurisdiction, for itself and in respect of its property, and (b) waives, solely for purposes of the enforcement of an arbitral award under this Section 10.4, in respect of both itself and its property, all defenses it may have as to or based on jurisdiction, improper venue or forum non conveniens. Each Party hereby irrevocably consents to the service of process or other papers by the use of any of the methods and to the addresses set out for the giving of notices in Section 12.1 (Notices) hereof. Nothing herein shall affect the right of each Party to serve such process or papers in any other manner permitted by law.

Section 10.5 Performance during Arbitration. While resolution of any dispute is pending, each Party shall continue to perform its obligations hereunder (unless such Party is otherwise entitled to suspend its performance hereunder or terminate this DCA in accordance with the terms hereof), and no Party shall refer or attempt to refer the matter in dispute to a court or other tribunal in any jurisdiction, except as provided in this Article X (Dispute Resolution).

ARTICLE XI. REPRESENTATIONS AND WARRANTIES

Section 11.1 SCE. SCE represents and warrants to Investor as follows:

Section 11.1.1 Organization and Existence. SCE is a duly organized and validly existing corporation in good standing under the laws of the State of California and is qualified to transact business in all jurisdictions where the ownership of its properties or its operations require such qualification, except where the failure to so qualify would not have a material adverse effect on its financial condition, its ability to own its properties or transact its business, or to carry out the transactions and activities contemplated hereby.

Section 11.1.2 Execution, Delivery and Enforceability. SCE has full corporate power and authority to carry on its business as now conducted, enter into, and to carry out its obligations under this DCA. The execution, delivery and performance by SCE of this DCA, and the consummation of the transactions and activities contemplated under this DCA, have been duly authorized by all necessary corporate action required on the part of SCE. This DCA has been duly and validly executed and delivered by SCE and constitutes the valid and legally binding obligations of SCE, enforceable against SCE in accordance with its terms, except as such

enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general equitable principles.

Section 11.1.3 No Violation. Subject to the receipt of all Required SCE Regulatory Approvals, none of the execution and delivery of this DCA, the compliance with any provision hereof, nor the consummation of the transactions and activities contemplated hereby will: (a) violate or conflict with, or result in a breach or default under, any provisions of the Articles of Incorporation or Bylaws of SCE; or (b) violate or conflict with, or result in a breach or default under, any material applicable law or regulation of any Governmental Authority or any injunction of any federal or state court.

Section 11.1.4 Project. SCE has provided to Investor a true and complete list of all permits relating to the Project which have been obtained through the date of this DCA and all such permits are in full force and effect. SCE has a reasonable basis to believe that it will timely obtain the requisite financing needed for the Project. The useful life of the Subject Facilities, in SCE's good faith best estimate will exceed thirty (30) years.

Section 11.2 Investor. Investor represents and warrants to SCE as follows:

Section 11.2.1 Organization and Existence. Investor is a duly organized and validly existing limited liability company in good standing under the laws of the State of Delaware and is qualified to transact business in all jurisdictions where the ownership of its properties or its operations require such qualification, except where the failure to so qualify would not have a material adverse effect on its financial condition, its ability to own its properties or transact its business, or to carry out the transactions and activities contemplated hereby.

Section 11.2.2 Execution, Delivery and Enforceability. Investor has full power and authority to carry out its obligations under this DCA. The execution, delivery and performance by Investor of this DCA, and the consummation of the transactions and activities contemplated under this DCA, have been duly authorized by all necessary action required on the part of Investor. This DCA has been duly and validly executed and delivered by Investor and constitutes the valid and legally binding obligations of Investor, enforceable against Investor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general equitable principles.

Section 11.2.3 No Violation. Subject to the receipt of all Required Investor Regulatory Approvals, none of the execution and delivery of this DCA, the compliance with any provision hereof, nor the consummation of the transactions and activities contemplated hereby will: (a) violate or conflict with, or result in a breach or default under, any provisions of the certificate of formation or operating agreement of Investor; or (b) violate or conflict with, or result in a breach

or default under, any material applicable law or regulation of any Governmental Authority or any injunction of any federal or state court.

ARTICLE XII. MISCELLANEOUS

Section 12.1 Notices. Unless otherwise specified herein, all notices shall be in writing and delivered by hand, overnight courier or facsimile (provided a copy is also sent by overnight courier) to the applicable addresses below. Notice shall be effective in case of delivery by hand or facsimile on the next Business Day after it is sent, or in the case of delivery by overnight courier, on the later of the next Business Day after it is sent or on the first day after it is sent on which the overnight courier guarantees delivery. A Party may change its address for notices by providing notice of the same in accordance with this Section 12.1.

If to SCE:
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770
Attention: Treasurer
Fax: (626) 302-4510

With a copy to:
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770
Attention: General Counsel
Fax: (626) 302-3720

If to Investor:
Morongo Transmission LLC
c/o Morongo Band of Mission Indians
12700 Pumarra Rd.
Banning, CA 92220
Attention: Roger Meyer, CEO
Fax: (951) 849-5108

With copies to:

Forman & Associates
Attorneys at Law
4340 Redwood Highway,
Suite E352
San Rafael, CA 94903
Attention: George Forman
Fax: (415) 491-2313

and

Whalen LLP
19000 MacArthur Boulevard, Suite 600
Irvine, CA 92612
Attention: Michael Whalen
Fax: (714) 408-7446

Section 12.2 Assignment.

Section 12.2.1 General. Neither Party shall assign this DCA, or its rights or obligations hereunder, without the prior written consent of the other Party, which may be granted or withheld in its sole discretion; provided, however, that, no such consent shall be required for (a) a collateral assignment of, or creation of a security interest in, this DCA in connection with any financing or other financial arrangements, or (b) an assignment in connection with the merger of SCE with, or the acquisition of substantially all of the transmission assets of SCE by, an entity with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of SCE. Any other change of control of a Party (or of any parent entity holding directly or indirectly at least fifty percent of the equity interest in such Party) whether voluntary or by operation of law shall be deemed an assignment hereunder except in the case where the resulting controlling person is an entity that holds an ownership interest in Investor as of the Effective Date. In addition, any transfer of an ownership interest in Investor (other than a transfer to an entity that holds an ownership interest in Investor as of the Effective Date) shall be deemed an assignment hereunder. Any assignment in violation of this Section 12.2 shall be null and void.

Section 12.2.2 Right of First Refusal. Except in connection with (a) a collateral assignment under clause (a) of Section 12.2.1 (General) hereof or (b) any foreclosure sale or deed in lieu of foreclosure in connection with the exercise of remedies under such collateral assignment, SCE shall have the right of first refusal with respect to any proposed assignment by Investor of all or any portion of its interest in this DCA or the Project (including any deemed assignment resulting from any change of control of a Party or transfer of an ownership interest in Investor pursuant to Section 12.2.1 (General) hereof, excluding, in either case, any assignment or transfer to an entity that holds an ownership interest in Investor as of the Effective Date). In the event Investor receives a bona fide offer from an unaffiliated third party to purchase all or any portion of the interest of Investor in this DCA (or the Project) that Investor desires to accept, Investor shall provide SCE with a copy of the bona fide third party purchase offer within five (5) Business Days following such receipt. For a period of ninety (90) days following SCE's receipt of the bona fide third party purchase offer, SCE shall have the right to purchase such interest as set forth in the offer on the same terms and conditions set forth in such offer and to conduct due diligence regarding the contemplated purchase. In the event that SCE elects to exercise its right, SCE and Investor shall close the purchase and sale of the interest in this DCA (and the

Project) upon the terms and conditions contained in the offer. In the event that SCE elects not to exercise its right and subject to SCE's prior written consent under Section 12.2.1 (General) hereof, Investor shall be free to sell such interest to the third party that made the offer on terms and conditions no less favorable to Investor than those contained in the offer. In the event that such sale is not consummated within twenty-four (24) months following SCE's failure to exercise this right of first refusal, then SCE's right of first refusal shall be revived with respect to such sale. In the event that there is a material revision in any offer in favor of any prospective purchaser, then SCE's right of first refusal shall again apply so that SCE again has the right of first refusal to purchase the interest in this DCA (and the Project) on the revised terms.

Section 12.3 Confidentiality. During the term of this DCA and for a period of three (3) years after the expiration or termination of this DCA, the Parties shall keep confidential any confidential information relating to the Project obtained from the other Parties, and shall refrain from using, publishing or revealing such confidential information without the prior written consent of the Party whose confidential information the disclosing Party is seeking to disclose, unless: (a) compelled to disclose such document or information to a securities exchange or by judicial, regulatory or administrative process or other provisions of law; (b) such document or information is generally available to the public; (c) such document or information was available to the disclosing Party on a non-confidential basis; (d) such document or information was available to the disclosing Party on a non-confidential basis from a third party; provided, however, that the disclosing Party does not know, and, by reasonable effort, could not know that such third party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation; or (e) such document or information is necessary to support a rate case or other regulatory filing with a Governmental Authority; provided, however, that, the Party disclosing such document or information must make reasonable efforts to maintain confidentiality with respect to any proprietary information.

Section 12.4 Public Relations. The Parties will cooperate in good faith with each other and, to the extent reasonable, seek mutual approval with respect to any public announcements regarding the Project.

Section 12.5 Governing Law. This DCA and the obligations hereunder shall be governed by the applicable Laws of the State of California, without regard to principles of conflicts of law.

Section 12.6 No Amendments or Modifications. This DCA shall not be amended, modified, terminated, discharged or supplemented, nor any provision hereof waived, unless mutually agreed to in writing by all of the Parties. If and to the extent that the CAISO Agreements are amended or modified such that a Party or the Parties can no longer comply with the terms of this DCA, the Parties shall negotiate in good faith to amend or modify this DCA to effectuate the same intent and essential purpose of this DCA as of the Effective Date in light of the CAISO Agreements amendment or modification, and neither Party shall unreasonably refuse to agree

to any such necessary modification that does not have an adverse impact on the Party to which a request for modification is made.

Section 12.7 Delay and Waiver. Except as otherwise provided in this DCA, no delay or omission to exercise any right, power or remedy accruing to the respective Parties hereto upon any breach or default of any other Party under this DCA shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character of any breach or default under this DCA, or any waiver of any provision or condition of this DCA, must be in writing and shall be effective only to the extent specifically set forth in such writing.

Section 12.8 Entirety; Conflicts. This DCA, together with its exhibits and the Transfer Capability Lease, constitute the entire agreement between the Parties hereto. There are no prior or contemporaneous agreements or representations affecting the same subject matter other than those herein expressed.

Section 12.9 Relationship of the Parties. Except as otherwise set forth herein, this DCA shall not make any of the Parties partners or joint venturers one with the other, nor make any the agent of the others. Except as otherwise explicitly set forth herein, no 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. Notwithstanding anything to the contrary, no fiduciary duty or fiduciary relationship shall exist between the Parties.

Section 12.10 Good Faith. In carrying out its obligations and duties under this DCA, each Party shall have an implied obligation of good faith.

Section 12.11 Successors and Assigns. This DCA shall inure to the benefit of, and be binding upon, the Parties hereto and their respective successors and permitted assigns.

Section 12.12 Third Parties. This DCA is intended solely for the benefit of the Parties. Nothing in this DCA shall be construed to create any duty or liability to, or standard of care with reference to, any Person other than the Parties.

Section 12.13 Headings. The headings contained in this DCA are solely for the convenience of the Parties and should not be used or relied upon in any manner in the construction or interpretation of this DCA.

Section 12.14 Counterparts. This DCA may be executed in one or more counterparts, each of which shall be deemed an original.

Section 12.15 Time is of the Essence. Each of the Parties acknowledges that timely achievement of commercial operation of the Project is essential, and therefore time is of the essence in performing all obligations set forth herein.

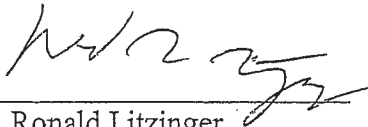
Section 12.16 No Personal Liability. Each action or claim of any Party arising under or relating to this DCA shall be made only against the other Party as a corporation or limited liability company, and any liability relating thereto shall be enforceable only against the assets of such Party. No Party shall seek to impose any liability relating to, or arising from, this DCA against any shareholder, manager, member, employee, officer or director of the other Party. Notwithstanding anything in Section 12.12 (Third Parties) hereof or elsewhere in this DCA, each of such persons is an intended beneficiary of the mutual promises set forth in this section and shall be entitled to enforce the obligations of this section.

IN WITNESS WHEREOF, the Parties have signed this Development and Coordination Agreement as of the Effective Date.

SCE:

Southern California Edison Company, a California corporation

By:


Name: Ronald Litzinger
Title: President

LESSEE:

Morongo Transmission LLC, a Delaware limited liability company

By:



Name: Robert Martin
Title: Chairman

EXHIBIT A

THE PROJECT AND SUBJECT FACILITIES

"Project" means the West of Devers Upgrade Project, which consists of the tear down and rebuild of four existing 220 kV transmission lines, covering approximately 48 corridor miles, with new 220 kV transmission lines between the existing Devers Substation (located near Palm Springs) and El Casco Substation (located in Western Riverside County), Vista Substation (located in Grand Terrace), and San Bernardino Substation (located in San Bernardino), which transmission lines will replace existing 220 kV transmission lines that cross the Reservation. The Project includes upgrades to equipment in the Devers, El Casco, Vista, and San Bernardino substations, as well as installation of telecommunication facilities. Portions of the new transmission lines may consist of double circuit 220kV transmission lines, and portions may consist of four single-circuit 220 kV transmission lines.

"Subject Facilities" means the portion of the West of Devers Upgrade Project consisting of the newly constructed 220 kV transmission lines that will operate as network transmission facilities under the Operational Control of the CAISO, and that are eligible for cost recovery under the CAISO's Transmission Access Charge. The Subject Facilities do not include any switchyard or substation facilities, subtransmission or distribution lines or facilities, telecommunications facilities, or the costs of removing existing facilities. Portions of the new transmission lines may consist of double circuit 220kV transmission lines, and portions may consist of four single-circuit 220 kV transmission lines.

Exhibit B

Form of Transfer Capability Lease

EXHIBIT B

to

Development and Coordination Agreement

FORM OF TRANSFER CAPABILITY LEASE

TRANSFER CAPABILITY LEASE

BY AND BETWEEN

SOUTHERN CALIFORNIA EDISON COMPANY

AND

MORONGO TRANSMISSION LLC

DATED AS OF *[Note to form: insert date of execution]*

WEST OF DEVERS UPGRADE SUBJECT FACILITIES

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TRANSFER CAPABILITY LEASE

This TRANSFER CAPABILITY LEASE (this “Lease”) is made and entered into as of *[Note to form: insert date of execution]* (the “Effective Date”), by and between Southern California Edison Company, a California corporation (“SCE”), and Morongo Transmission LLC, a Delaware limited liability company (the “Lessee”). Each of SCE and Lessee shall be referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

- A. SCE has been developing a transmission project known as the West of Devers Upgrade Project in its service territory (as more fully defined herein, the “Project”), which includes approximately 48 corridor miles of new 220kV transmission lines (as more fully defined herein, the “Subject Facilities”).
- B. On *[Note to form: insert date of ROW Grant]*, the Morongo Band of Mission Indians (“Morongo”), a federally-recognized Indian tribe exercising jurisdiction over lands within the exterior boundaries of the Morongo Indian Reservation (“Reservation”), (a) has consented to a Grant pursuant to 25 U.S.C. Section 323 of rights-of-way for SCE transmission facilities crossing the Reservation (as more fully described herein, “ROW Grant”), including the Subject Facilities, and (b) has entered into an Agreement Related to the Grant of Easements and Rights-of-Way for Electric Transmission Lines and Appurtenant Fiber-Optic Telecommunications Lines and Access Roads on and Across Lands of the Morongo Indian Reservation with SCE (the “ROW Agreement”).
- C. Lessee is owned by Morongo and Coachella Partners LLC, and as a condition of Morongo agreeing to consent to the ROW Grant and enter into the ROW Agreement, Morongo has required that SCE and Lessee enter into a Development and Coordination Agreement (the “DCA”) dated November __, 2012 pursuant to which SCE would develop, design, permit, engineer, procure, construct and own the Subject Facilities, and Lessee has an option (the “Option”) to lease a portion of the Transfer Capability (as defined below) in the Subject Facilities.
- D. Pursuant to the CAISO Agreements (as defined below), CAISO assumed Operational Control (as defined below) of the Project upon its completion.
- E. On *[Note to form: insert date of exercise]*, Lessee notified SCE that Lessee had exercised the Option. On the Effective Date,

Lessee and SCE closed the Option by, among other things, executing this Lease.

- E. The Parties desire to enter into this Lease to, among other things, set forth the terms pursuant to which Lessee will lease from SCE a portion of the Transfer Capability in the Subject Facilities, all as more particularly set forth herein.

NOW THEREFORE, the Parties agree as follows:

ARTICLE I. DEFINITIONS; RULES OF INTERPRETATION

Section 1.1 Definitions. As used in this Lease, the following terms shall have the following meanings unless otherwise stated or the context otherwise requires:

“Additional Rent” has the meaning set forth in Section 4.1.2.

“Affiliate” means, with respect to any Party, a Person that controls, is controlled by, or is under common control with such Party. For this purpose, control means the ownership of more than fifty percent (50%) of the equity ownership or voting interest of any Person.

“AFUDC” refers to an Allowance for Funds Used During Construction, recognizing the cost to SCE of financing the development, design, permitting, engineering, procurement, and construction of the Subject Facilities. AFUDC does not apply to CWIP in Ratebase.

“Applicable Portion of Property Taxes” means, for any period after the COD, (a) if the Property Taxes on the Subject Facilities are assessed against SCE and no Property Taxes are assessed on the Lessee Transfer Capability against Lessee, the aggregate amount of any such Property Taxes in such period multiplied by the Lessee Percentage Interest for such period, and (b) if the Property Taxes on the Subject Facilities are assessed against both SCE and Lessee, the aggregate amount of such Property Taxes that are directly attributable to the Lessee Transfer Capability in such period.

“Applicable Reliability Standard” means reliability standards established by the WECC and reliability standards approved by FERC under Section 215 of the Federal Power Act to provide for reliable operation of the bulk power system or, if the WECC and FERC no longer have such standards, reliability standards promulgated by any federal or state agency with exercising valid jurisdiction over the Subject Facilities.

“Arbitrator” has the meaning set forth in Section 12.2.

“Balancing Authority” means 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.

“Balancing Authority Area” means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

“BLM” means the Bureau of Land Management, an agency within the United States Department of the Interior. *[Note to form: Use name of lead NEPA agency]*

“Business Day” means any day except Saturday, Sunday or a weekday on which commercial banks in New York City, New York or Los Angeles, California are required or authorized to be closed.

“CAISO” means the California Independent System Operator Corporation or its successors.

“CAISO Agreements” means the electric tariff at any time filed with FERC by the CAISO (or any successor System Operator) and any other applicable CAISO (or any successor System Operator) agreements, tariffs, manuals, protocols or rules setting forth the rights and obligations of Persons with respect to the CAISO (or any successor System Operator) controlled grid, or any successor electric tariff at any time filed with FERC setting forth the rights and obligations of Persons with respect to SCE’s transmission system.

“CAISO Eligible Customer” means an “Eligible Customer” as defined in the CAISO Agreements or any other successor customer who is eligible to obtain transmission service pursuant to the CAISO Agreements.

“Collateral Assignment Agreement” has the meaning set forth in Section 11.3.

“Commercial Operation Date” and “COD” means the date on which the Project begins full commercial operation and Operational Control of the Project has been transferred to and accepted by the CAISO (or any successor System Operator) in accordance with the terms of the CAISO Agreements. For the avoidance of doubt, the Project shall not be deemed to have achieved COD for purposes of this Lease unless and until its commercial operations are of sufficient scope so that, assuming Lessee has all requisite approvals as detailed in this Lease and Lessee has validly exercised and closed its Option, Lessee would be eligible to begin collecting the full amount of its FERC-approved revenue requirement from CAISO (or any successor System Operator) for the Subject Facilities.

“Costs of Transfer Capability” means 101% of the sum of the Prepaid Rent plus all reasonably incurred project costs; development costs; regulatory costs; transactional costs; sales, use or excise tax costs; and Financing Costs incurred by Lessee allocated to the Lessee Transfer Capability. For purposes of clarity, the extra one percent is intended to account for, among other costs, the ordinary and customary lenders’ fees that SCE would have incurred if it held the Lessee Transfer Capability.

“CPCN Application” means the application to the CPUC for the certificate of public convenience and necessity for the Subject Facilities (including the “Proponent’s Environmental Assessment”) and all schedules, exhibits, attachments and appendices thereto filed on *[Note to form: insert date of filing]*.

“CPCN Decision” means the Decision Granting a Certificate of Public Convenience and Necessity for the Subject Facilities and all attachments thereto, issued by the CPUC on *[Note to form: insert date of CPUC decision]*.

“CPUC” means the California Public Utilities Commission.

“CWIP in Ratebase” means the portion of the investment that qualifies for current return and therefore does not accrue AFUDC.

“Defaulting Party” has the meaning set forth in Section 6.1.

“DCA” has the meaning set forth in the recitals hereto.

“Effective Date” has the meaning set forth in the introductory paragraph hereto.

“Event of Default” has the meaning set forth in Section 6.1.

“FERC” means the Federal Energy Regulatory Commission or any successor federal agency.

“Final EIR/EIS” means the Final Environmental Impact Report/Environmental Impact Statement, prepared jointly by the CPUC and the [_____] *[Note to form: Insert name of lead NEPA agency]*, as certified by the CPUC and defined in the CPCN Decision.

“Financing Costs” means (a) with respect to any bridge financing that Lessee may consummate prior to the term financing that Lessee will consummate for the final acquisition of the Lessee Transfer Capability, all reasonable and customary financing costs, including without limitation, lenders’ fees, consultants’ fees (for Lessee, its members and its lenders), lawyers’ fees (for Lessee, its members and its lenders), and interest associated with such bridge financing, and (b) with respect to the term financing that Lessee will consummate for the final acquisition of its Transfer Capability, all reasonable and customary consultants’ fees (for Lessee, its members and its lenders), lawyers’ fees (for Lessee, its members and its lenders), and capitalized interest charged prior to commencement of rate recovery, and excluding any lenders’ fees and any amounts set aside for reserve accounts.

“Force Majeure” means an event or circumstance that prevents one Party from performing its obligations hereunder, which event or circumstance was not foreseen or reasonably foreseeable as of the date the DCA was entered into, which is not within the control of or the result of the negligence of the affected Party, and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided, including but not limited to (but only to the extent that the following examples satisfy such definition) (a) acts of God, such as droughts, floods, earthquakes, and pestilence, (b) fires, explosions, and accidents, (c) war (declared or undeclared), riots, insurrection, rebellion, acts of the public enemy, acts of terrorism and sabotage, blockades, and embargoes, (d) storms and other climatic and weather conditions that are abnormally severe for the period of time when, and in the area where, such storms or conditions occur, including typhoons, hurricanes, tornadoes and lightning, (e) strikes or other labor disturbances, (f) changes in permits from Governmental Authorities or the conditions imposed thereunder or the failure of a Governmental Authority to issue, modify,

amend or renew such permits not due to the failure of the affected Party to timely submit and diligently pursue applications, and (g) the enactment, adoption, promulgation, modification, or repeal after the date hereof of any applicable law. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on (i) changes in market conditions or the economic health of a Party, (ii) the failure of an affected Party to timely seek issuance, modification, amendment or extension of any permits, approvals, or other required action from any Governmental Authority, (iii) any action or inaction by the board of directors, members or managers of a Party to the extent that such Party is seeking to excuse its failure to perform as an event of Force Majeure, (iv) any failure to make payments or otherwise meet monetary obligations when or in amounts due, (v) any breach by an affected Party of its obligations hereunder, and/or (vi) any unexcused or uncured default or breach by SCE of the terms of the ROW Grant or the ROW Agreement.

“Good Utility Practice” means (a) 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, (b) any Applicable Reliability Standard, and/or (c) 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 limited to the optimum practice, method, or act to the exclusion of all others, but rather to the acceptable practices, methods, or acts generally accepted in the region, including those practices required by Section 215(a)(3) of the Federal Power Act.

“Governmental Authority” means any federal, state, local, territorial or municipal government and any department, commission, board, bureau, agency, instrumentality, judicial or administrative body thereof.

“Indemnitor” has the meaning set forth in Section 3.2.1.

“Indemnitees” has the meaning set forth in Section 3.2.1.

“JAMS” has the meaning set forth in Section 12.3.1.

“Lease” has the meaning set forth in the introductory paragraph hereto.

“Lessee” has the meaning set forth in the introductory paragraph hereto.

“Lessee Transfer Capability” means the Lessee Percentage Interest of the Transfer Capability of the Subject Facilities.

“Lessee Percentage Interest” means [*Note to form: insert percentage interest as calculated pursuant to Section 4.2.1 of the DCA*], subject to adjustment pursuant to Section 3.5.

“Lessee Share of O&M Costs” has the meaning set forth in Section 4.1.2.

“Morongo” has the meaning set forth in the recitals hereto.

“Notice” means a written notice delivered in accordance with Section 13.1.

“Operational Control” means the rights of the Balancing Authority to direct the operation of transmission facilities and other electric plants in the Balancing Authority Area affecting the reliability of those facilities for the purpose of affording comparable, non-discriminatory transmission access and meeting Applicable Reliability Standards.

“Option” has the meaning set forth in the recitals hereto.

“Parties” and “Party” have the meanings set forth in the introductory paragraph hereto.

“Percentage Interest” means the Lessee Percentage Interest or the SCE Percentage Interest, as applicable.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or Governmental Authority.

“Personal Property” means any and all electrical equipment, fixtures or other facilities and personal property associated with the Subject Facilities which does not constitute real property or improvements.

“Personal Property Taxes” means all taxes, assessments, license fees and other charges that are levied and assessed during the Term against Personal Property.

“Prepaid Rent” has the meaning set forth in Section 4.1.1.

“Project” has the meaning set forth in Exhibit E attached hereto.

“Property Taxes” means all Real Property Taxes and all Personal Property Taxes (without duplication).

“PTO” means a Participating TO or Participating Transmission Owner as defined in the CAISO Agreements.

“Real Property Taxes” means all real property general and special taxes and assessments levied and assessed against the land and improvements associated with the Subject Facilities, including without limitation real property assessments and taxes, water and sewer and other similar governmental charges levied upon or attributable to the Subject Facilities, assessments or charges levied upon or assessed against the Subject Facilities by any redevelopment agency, and any tax upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Subject Facilities or any portion thereof.

“Referral Date” has the meaning set forth in Section 12.2.

“Reimbursable Property Taxes” means any Property Tax assessed against the Subject Facilities that are directly attributable to the Lessee Transfer Capability and paid by SCE.

“Rent” has the meaning set forth in Section 4.1.2.

“ROW Agreement” has the meaning set forth in the recitals hereto.

“ROW Grant” means the United States Department of the Interior’s Grant of Easements and Rights-of-Way for Electric Transmission Lines and Appurtenant Fiber-Optic Telecommunications Lines and Access Roads On and Across Lands of the Morongo Indian Reservation pursuant to 25 U.S.C. Section 323 to which Morongo has consented as of [*Note to form: insert date of ROW Grant.*]

“SCE” has the meaning set forth in the introductory paragraph hereto.

“SCE Indenture” means that certain Trust Indenture dated as of October 1, 1923 from SCE as trustor to The Bank of New York Mellon Trust Company, N.A. and D.G. Donovan, as trustees.

“SCE Percentage Interest” means SCE’s ownership interest in the Transfer Capability of the Subject Facilities, less the Lessee’s Percentage Interest. SCE shall own 100% of the ownership interests and the Transfer Capability in the Subject Facilities other than the Lessee Percentage Interest.

“SCE Representative Rate” has the meaning set forth in Section 4.3.2.

“Subject Facilities” has the meaning set forth in Exhibit E attached hereto.

“System Operator” means (a) the CAISO, (b) if SCE is no longer a member of the CAISO, the successor regional transmission entity, if any, that has Operational Control over SCE’s transmission system and provides transmission service under rates, terms and conditions regulated by FERC pursuant to Section 205 of the Federal Power Act or any successor federal statute, or (c) if SCE is no longer a member of the CAISO or any such successor regional transmission entity, SCE.

“Term” has the meaning set forth in Section 2.2.

“Total Actual Costs” means the total costs incurred by SCE to develop, design, permit, engineer, procure, construct and commission the Subject Facilities, including AFUDC and post-construction mitigation measures, where applicable. For the avoidance of doubt, Total Actual Costs shall not include any fees payable by SCE to Morongo pursuant to the ROW Grant.

“Transfer Capability” means the maximum amount of power (in mega-watts) that can be transferred over part, or all, of the Subject Facilities at any time in a reliable manner while meeting all of a specific set of defined pre-contingency and post-contingency system configurations and conditions in accordance with WECC standards and Good Utility Practices. Subject to Section 4.3.4, the holder or lessee of Transfer Capability that is under the Operational Control of the CAISO (or any successor System Operator) for the benefit of and made available to CAISO Eligible Customers, is entitled to all associated rights and revenues from use of the Transfer Capability as defined (or subsequently defined) by the CAISO Agreements, or, in the absence of any such CAISO Agreements, all associated rights and revenues from use of the Transfer Capability, as defined (or subsequently defined) by the System Operator. Such holder or lessee shall not have any right or preference to transfer power

over the Subject Facilities, or to interconnect with the Subject Facilities, by reason of holding or leasing Transfer Capability.

“Useful Life of the Project” means the period during which the Project can provide or is capable of providing transmission service, which SCE currently estimates to be approximately fifty-seven (57) years.

“WECC” means the Western Electricity Coordinating Council.

Section 1.2 Rules of Interpretation. Unless otherwise provided herein or the context otherwise requires: (a) words denoting the singular include the plural and vice versa; (b) words denoting a gender include both genders; (c) references to a particular part, clause, section, paragraph, article, party, exhibit, schedule or other attachment shall be a reference to a part, clause, section, paragraph, or article of, or a party, exhibit, schedule or other attachment to the document in which the reference is contained; (d) a reference to any statute or regulation includes all statutes or regulations varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations issued or otherwise applicable under that statute to the extent consistent with the Parties’ original intent hereunder; (e) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time; (f) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement; (g) a reference to any person includes such person’s successors and permitted assigns in that designated capacity; (h) any reference to “days” shall mean calendar days unless Business Days are expressly specified; and (i) examples shall not be construed to limit, expressly or by implication, the matter they illustrate.

ARTICLE II. LEASE; TERM

Section 2.1 Lease. SCE hereby leases to Lessee, and Lessee hereby leases from SCE, the Lessee Transfer Capability on the terms and conditions set forth in this Lease. SCE shall continue to own 100% of the ownership interests and the Transfer Capability in the Subject Facilities other than the Lessee Percentage Interest.

Section 2.2 Term. The term of this Lease shall commence as of the Effective Date and shall expire (unless otherwise earlier terminated pursuant to this Lease) at 11:59 p.m. Pacific time on the day before the thirtieth (30th) anniversary of the Effective Date (the “Term”). At the conclusion of the Term, Lessee shall have no further interest in the Subject Facilities hereunder, the Lessee Transfer Capability shall revert to SCE, and Lessee and SCE shall have no further rights or obligations vis-à-vis each other except to pay amounts and fulfill other obligations existing as of the time of conclusion of the Lease.

ARTICLE III. COMPLETION OF CONSTRUCTION; UPGRADES AND REPAIRS; OPERATION AND MAINTENANCE; INTERCONNECTION

Section 3.1 Completion of Construction. SCE shall use commercially reasonable efforts to achieve COD and thereafter complete all punch list items and all other final

construction activities on the Subject Facilities as soon as reasonably practicable. For avoidance of doubt, for purposes of this Article III and any other provisions of this Lease relating to work performed on the Subject Facilities by SCE, SCE may undertake work on the Subject Facilities itself or through third party contractors.

Section 3.2 Operation and Maintenance. Except to the extent SCE has transferred Operational Control of the Subject Facilities to the CAISO, SCE shall be responsible for overseeing and performing all operations and maintenance services for the Subject Facilities in accordance with all regulations and Good Utility Practice, including CAISO standards and agreements.

Section 3.2.1 Sharing of Benefits and Burdens. Except as provided in Section 9.2, SCE and Lessee intend to share the benefits and burdens of the Subject Facilities, including any damages, claims or actions arising out of or relating to the operation or maintenance of the Subject Facilities, whether the result of any act, failure to act or otherwise, and whether by negligence or otherwise, in accordance with their percentage share of the Transfer Capability in the Subject Facilities. Accordingly, except as provided in Section 9.2, each Party (“Indemnitor”) shall be responsible for, and shall indemnify the other Party and its officers, employees, members, representatives, advisors, contractors and agents (“Indemnitees”) from and against, such Indemnitor’s Percentage Interest of all liability and expense on account of any and all damages, claims or actions including injury to or death of persons or damage to property arising out of or pertinent to the operation or maintenance of the Subject Facilities, whether the result of any act or failure to act by either Party, its officers, employees, members, representatives, advisors, contractors or agents or otherwise, and whether by negligence or otherwise. Except as provided in Section 9.2, the indemnification provisions set forth in this Section 3.2.1 shall apply to all types of claims or actions including, but not limited to, claims or actions based on contract, tort, patent or trademark. The provisions of this Section 3.2 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 its insurance policies. Lessee shall request, in its transmission service tariff filed with FERC pursuant to Section 4.2, and SCE shall support, through timely intervention and active participation in any proceeding relating to or affecting Lessee’s rates, rate recovery of any payments for Lessee’s indemnity obligations under this Section 3.2.

Section 3.2.2 Insurance. The gross amount that an Indemnitor is liable to, for, or on behalf of an Indemnitee shall be reduced by any insurance proceeds received by or on behalf of the Indemnitee in respect of the damage, claim, or action giving rise to an indemnity obligation hereunder. Further, each Party hereby waives all rights of recovery against the other Party on account of loss, damage, or injury incurred by such waiving Party to the extent that such loss, damage, or injury is insured against and covered under any insurance policies of such waiving Party; provided, however, that such waiver shall not be effective if it voids or otherwise invalidates any coverage or policy. Each Party shall cause its insurance policies to provide that the insurance company waives all right of recovery by way of subrogation against the other Party in connection with any damage covered by such policy.

Section 3.3 Future Upgrades; Increases in Transfer Capability. Subject to the other terms and conditions of this Lease, SCE shall be solely entitled to decide upon, develop, design,

engineer, procure, construct, commission, own, operate, maintain and finance any upgrades to all or any portion of the Subject Facilities after the Commercial Operation Date for purposes of increasing the Transfer Capability of all or any portion of the Subject Facilities. SCE shall be solely responsible to pay the costs of such upgrades. Lessee agrees that it will not oppose any upgrades sought before any Governmental Authority, CAISO (or any successor System Operator), or Balancing Authority by SCE.

Section 3.4 Future Replacement and Renewal; No Increases in Transfer Capability. SCE shall be solely entitled to determine whether any additional capital investment is needed for replacement or renewal of facilities of the Subject Facilities resulting in no increases in the Transfer Capability of the Subject Facilities, and if so, the timeframe for the same. SCE shall be solely entitled to itself undertake or undertake by way of contracts with others to develop, design, engineer, procure, construct, commission, own, operate, maintain and finance such replacement or renewals of the facilities of the Subject Facilities. SCE shall be responsible for all costs of such replacement or renewal.

Section 3.5 Adjustment of Lessee Percentage Interest. The Lessee Percentage Interest shall be adjusted as follows upon thirty (30) days written notice (which notice will contain reasonable detail as to the reasons for the adjustment, the calculation of the adjusted amounts and the effective date of such adjustment) to Lessee:

Section 3.5.1 True-Up for Total Actual Costs. The Parties acknowledge that the Lessee Percentage Interest has been determined prior to the date when Total Actual Costs are fully known. Accordingly, SCE shall provide to Lessee an accounting of such costs promptly after the SCE has finally determined such costs pursuant to Section 4.1.1, and the Lessee Percentage Interest shall be determined by the following formula: (Amount of Prepaid Rent payment/Total Actual Costs) times 100.

Section 3.5.2 Future Upgrades in Transfer Capability. To the extent that the Subject Facilities are upgraded pursuant to Section 3.3 resulting in increases or decreases in the Transfer Capability of the Subject Facilities, then all such increases or decreases in Transfer Capability resulting from such upgrade shall be allocated to SCE and the Lessee Percentage Interest shall be adjusted accordingly. For example, if the Subject Facilities were rated at 1000MW, a given upgrade to the Subject Facilities would cause the rating to increase by 200MW and at the time of the upgrade Lessee and SCE each held a 50% share of the Transfer Capability on the Subject Facilities, then the Lessee Percentage Interest on the Subject Facilities would decrease from 50% to 41.67% (500MW / 1200MW).

Section 3.5.3 Future Replacement and Renewal. To the extent that SCE makes any additional capital investments in the Subject Facilities pursuant to Section 3.4 resulting in no increases in the Transfer Capability of the Subject Facilities, the Lessee Percentage Interest shall be adjusted so that it equals the quotient of (a) the Lessee Percentage Interest of the Subject Facilities multiplied by the former net book value of the Subject Facilities prior to such additional capital investment divided by (b) the new net book value of the Subject Facilities (including all new funding of replacements or renewals as part of the new net book value). For example, assume that the Subject Facilities has a net book value of \$300 million prior to replacement or renewals and requires additional capital investments of \$10

million for replacement costs pursuant to Section 3.4 (and thus would have a net book value of \$310 million subsequent to such replacement or renewal). If the Lessee Percentage Interest is 50% and SCE makes such \$10 million capital investment in the Subject Facilities, then the Lessee Percentage Interest would be reduced from 50% to 48.39%. For purposes of this section, the “net book value” of the Subject Facilities shall be equal to SCE’s historical cost basis of the Subject Facilities less accumulated depreciation as determined by Generally Accepted Accounting Principles. For the avoidance of doubt, the amount of Rent that Lessee pays to SCE shall not reduce the cost basis.

Section 3.5.4 Other Future Changes in Transfer Capability. For avoidance of doubt, the Lessee Percentage Interest shall not be adjusted as a result of any increases or decreases in the Transfer Capability on the Subject Facilities resulting from changes to the configuration of adjoining systems or upgrades to adjoining systems, including SCE’s system beyond the Subject Facilities.

Section 3.6 Interconnection Facilities. Subject to the CAISO Agreements and rules governing interconnection, as between SCE and Lessee, SCE will be the interconnection agent for the Subject Facilities. In particular, SCE will process all requests for interconnection to the Subject Facilities, SCE will develop, design, engineer, procure, construct, commission, own, operate, maintain, and arrange funding for such interconnection facilities, including all substations and switchyards connected to the Subject Facilities, and SCE will retain all ownership and transfer capability interests in such interconnection facilities.

ARTICLE IV. RENT; RATE RECOVERY

Section 4.1 Rent. The rent due under this Lease shall be as follows:

Section 4.1.1 Prepaid Rent. Pursuant to Section 4.2.3 of the DCA, concurrently with the execution of this Lease, Lessee has made a payment to SCE as prepaid rent (the “Prepaid Rent”) for Transfer Capability under this Lease in the amount of [\$_____].

Section 4.1.2 Additional Rent. Lessee shall pay additional rent monthly in arrears in an amount equal to the sum of (a) the operations and maintenance costs incurred by SCE pursuant to Section 3.2 with respect to the Subject Facilities reasonably attributable to the Lessee Transfer Capability, including a reasonable allocation of administrative and general activities, general and common plant, non-capitalized land lease costs, any sales, use, excise tax and other costs described in Exhibit A attached hereto (which shall exclude Property Tax) (the “Lessee Share of O&M Costs”), plus (b) Reimbursable Property Tax (such sum, the “Additional Rent” and, together with the Prepaid Rent, the “Rent”). Although Lessee’s obligation to pay Additional Rent under this Lease shall not be contingent upon Lessee’s recovery of such Rent under its transmission service tariff filed with FERC, for the avoidance of doubt, SCE shall not include any cost component in the Lessee Share of O&M Costs if SCE is not allowed to recover such cost component under its transmission service tariff filed with FERC. SCE shall provide to Lessee a calculation of the Additional Rent within thirty (30) days after the conclusion of each month during the Term and Lessee shall be required to pay such

amount to SCE within thirty (30) days after receipt thereof. [*Note to form: the final execution version should include the final Exhibit A.*]

Section 4.2 Regulation of Lessee's Rates. Subject to Section 4.3, Lessee has filed or caused to be filed with FERC a transmission service tariff for recovery of its costs associated with the Lessee Transfer Capability. The Lessee Transfer Capability shall be provided for the benefit of and made available to CAISO Eligible Customers (or similarly situated customers of the successor System Operator in the event the CAISO is no longer the System Operator) at rates, terms and conditions deemed just and reasonable and not unduly discriminatory by FERC pursuant to Section 205 of the Federal Power Act.

Section 4.3 Lessee's Cost Recovery Methodology. Lessee has sought from FERC a cost recovery methodology that provides cost recovery to Lessee limited to the recovery of the following transmission costs. For the avoidance of doubt, Lessee shall be entitled to, and SCE shall support, through timely intervention and active participation in any proceeding relating to or affecting Lessee's rates, rate recovery for capital costs that is not affected by any reduction in its Transfer Capability associated with SCE's funding of renewals, replacements or upgrades to all or any portion of the Subject Facilities pursuant to Section 3.3, Section 3.4 or otherwise. Notwithstanding anything in this Lease to the contrary, Lessee's actual cost recovery methodology shall be governed by orders approved by FERC.

Section 4.3.1 Operating Costs. Lessee has sought recovery of the Lessee Share of O&M Costs incurred by Lessee as provided for in Section 4.1.2 and its ratable share of all other reasonably and prudently incurred costs for operation and maintenance of the Subject Facilities under this Lease on an annual formulaic basis, including administrative and general activities (and any sales, use, and excise tax) and the Applicable Portion of Property Taxes directly attributable to the Lessee Transfer Capability on the Subject Facilities as recorded in FERC accounts, including but not limited to the following accounts: 408.1, 560-573, 908, and 920-935 under the FERC Uniform System of Accounts.

Section 4.3.2 Capital Requirements. Lessee has sought recovery for all other costs associated with the Lease at a fixed rate that provides for recovery of Lessee's costs but does not exceed the rate SCE could recover at the time of COD if SCE held the Lessee Transfer Capability (the "SCE Representative Rate"). This fixed rate is intended to cover all costs associated with the Lessee (other than the operating costs described in Section 4.3.1 above) including Prepaid Rent (including capitalized property taxes) and other costs of Transfer Capability, debt service, capitalized interest, liquidity reserves, taxes (excluding the Applicable Portion of Property Taxes and the sales, use, or excise taxes which are included in the Lessee Share of O&M Costs and the operating costs addressed by Section 4.3.1 above), charitable contributions, and any and all other costs. For purposes of determining the SCE Representative Rate, the Parties agree to use the model attached hereto as Exhibit B. The model calculates a theoretical revenue requirement for the Useful Life of the Project as if SCE held the Lessee Transfer Capability, discounts that revenue requirement to a thirty year period, and calculates an annual levelized SCE Representative Rate over that thirty year period. Notwithstanding anything in this Lease to the contrary, Exhibit B and this Section 4.3.2 shall be automatically revised to conform to any modifications to the methodology for calculating the SCE Representative Rate ordered by FERC in its decisions approving Lessee's rate methodology for

recovery of costs associated with this Lease. For the avoidance of doubt, except to the extent permitted under Section 4.3.3, Lessee shall not seek to modify the SCE Representative Rate as approved by FERC as of the Effective Date.

(a) The model in Exhibit B calculates the SCE Representative Rate using the following inputs: (1) SCE's capital structure fixed at 50% equity and 50% debt (2) SCE's authorized return on equity for its FERC-jurisdictional transmission assets as of the Effective Date of [____%], (3) SCE's state income tax rate fixed as of the Effective Date of [____%] and federal income tax rate fixed as of the Effective Date of [____%], (4) SCE's estimated debt rate, which is the average of the five-day average of each of Moody's A 30-year Utility Bond Index and Moody's Baa 30-year Utility Bond Index as set forth in the Bloomberg LLC system, mnemonics _____ and _____ as of the Effective Date, equaling [____]%, (5) the actual Costs of Transfer Capability of \$[_____], and (6) the portion of the actual Costs of Transfer Capability that is SCE's actual AFUDC, if any, of \$[_____]. *[Note to form: The bracketed numbers above and the final model as of the Effective Date should be populated with SCE's authorized return on equity for its FERC-jurisdictional transmission assets, SCE's state and federal income tax rates, the actual average of the five-day average of Moody's A 30-year Utility Bond Index and Moody's Baa 30-year Utility Bond Index, the actual Costs of Transfer Capability, and the portion of the actual Costs of Transfer Capability that is actual SCE AFUDC, if any, all of which should be known at the time of execution.]*

(b) In connection with the filing of its initial application seeking FERC approval of its annual fixed rate methodology for recovery of the costs described in this Section 4.3.2, Lessee has demonstrated to FERC that its proposed rate methodology (including any of the adjustments described under Section 8.3) results in an annual fixed rate that does not exceed the SCE Representative Rate (which also shall include any adjustments described under Section 8.3).

(c) In connection with the consummation of the debt financing transaction for this Lease, and at such time as Lessee submits its compliance filing to FERC showing its actual rates based on the FERC-approved annual fixed rate methodology, Lessee shall demonstrate to FERC that its FERC-approved annual fixed rate for recovery of the costs described in this Section 4.3.2 (excluding any of the adjustments described under Section 8.3) does not exceed the SCE Representative Rate (which does not include any of the adjustments described under Section 8.3).

(d) In the event Lessee is not able to demonstrate to the FERC that its fixed annual rate (excluding any of the adjustments described under Section 8.3) does not exceed the SCE Representative Rate (which also does not include any of the adjustments described under Section 8.3), then Lessee agrees to limit or cap its fixed annual rate (excluding any of the adjustments described under

Section 8.3) to equal the SCE Representative Rate (which also does not include any of the adjustments described under Section 8.3).

Section 4.3.3 Waiver of Section 205/206 Rights. Except to the extent a change in law, rule, or regulation results in any new taxes, income taxes, Property Taxes, fees or other charges being levied by a Governmental Authority, to the fullest extent permitted by applicable law, Lessee, for itself and its successors and assigns, shall waive any rights it can or may have, now or in the future, whether under Sections 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and Lessee covenants and agrees not at any time to seek to so obtain, an order from FERC changing the FERC-approved fixed rate for recovery of the costs described in Section 4.3.2 above. For the avoidance of doubt, to the extent a change in law, rule, or regulation results in any new taxes, income taxes, property taxes, fees or other charges being levied by a Governmental Authority, Lessee may seek approval for inclusion in its rates an allowance to recover any such new taxes, income taxes, Property Taxes, fees or other charges. SCE shall fully support, through timely intervention and active participation in any proceeding relating to or affecting Lessee's rates, Lessee's recovery and implementation of rates conforming to the provisions of this Lease in accordance with Section 205 of the Federal Power Act and orders issued by FERC thereunder in order that Lessee may acquire, finance, operate and maintain its leasehold interest in the Subject Facilities. SCE acknowledges that among other things, Lessee has sought recovery of and SCE will support Lessee as a PTO seeking to recover from CAISO Eligible Customers in its transmission revenue requirement for the Subject Facilities (a) all prudently incurred pre-commercial operations costs in current rates, (b) all costs of abandoned facilities, provided such abandonment is due to factors beyond Lessee's control, and (c) all capital requirements as described in Section 4.3.2 above. SCE's support shall include providing FERC with assurances that all costs sought to be recovered by Lessee through its rates that were originally incurred by SCE were prudently incurred.

Section 4.3.4 Credits. Lessee shall credit to CAISO Eligible Customers any revenues that are derived from, or associated with, this Lease that are in addition to its cost-of-service recovery described above, including any tax credit payments from SCE under Section 8.3. Lessee's obligations under this Section 4.3.4 shall be satisfied by crediting any such revenues against costs that it seeks to recover in its rates.

ARTICLE V. MEETINGS; OTHER AGREEMENTS

Section 5.1 Meetings. Either Party may call a meeting for the purpose of discussing the Subject Facilities upon reasonable advance notice and in coordination with the other Party. For avoidance of doubt, SCE shall be solely responsible for and shall make all final decisions with respect to the development, design, permitting, engineering, procurement, construction, commissioning, upgrades, capital expenditures, repairs, replacement, renewals, operation and maintenance of the Subject Facilities; provided, however, that SCE shall (a) provide Lessee with such information regarding the development, design, permitting, engineering, procurement, construction, commissioning, upgrades, capital expenditures, repairs, replacement, renewals, operation, and maintenance of the Subject Facilities as may reasonably be requested by Lessee, and (b) promptly inform Lessee of any material change or development

regarding the foregoing that would significantly impact Lessee or the Lessee Transfer Capability.

Section 5.2 SCE Covenants.

Section 5.2.1 SCE Provision of Cost Recovery. During the Term, if (a) SCE is no longer part of the CAISO or a successor regional transmission entity that has Operational Control over SCE's transmission system and (b) SCE has Operational Control over the Lessee Transfer Capability, then SCE shall guarantee or financially support (as applicable under the circumstances) the receipt by Lessee of any and all costs specified in Sections 4.3.1 and 4.3.2 as if Lessee were still recovering these costs under its FERC-filed and accepted transmission service tariff; provided, however, that if SCE is not then recovering any of the costs of SCE's transmission system through regulated, cost of service rates, SCE's guarantee or financial support shall be limited to debt service payments due to Lessee's lenders (but not any other costs specified in Sections 4.3.1 or 4.3.2). While SCE is part of the CAISO or a successor regional transmission entity that has Operational Control over SCE's transmission system, SCE shall assist Lessee in obtaining, but not be required to guarantee or financially support, Lessee's recovery of costs incurred pursuant to this Lease.

Section 5.2.2 Information Sharing. Upon reasonable notice and during regular business hours, and subject to Lessee entering into customary non-disclosure agreements, SCE shall allow Lessee access to the Subject Facilities site and to SCE's Project-related personnel, contracts, books and records, and other documents and data of SCE relating to the Project and provide other information related to the Subject Facilities as may be reasonably requested by Lessee, including but not limited to:

- (a) Costing information to ensure that costs for the Subject Facilities are allocated to appropriate portions of the Subject Facilities and that SCE keeps its accounts and provides sufficient information to Lessee to allow Lessee to review those allocations and accounts on an on-going basis;
- (b) Permitting information;
- (c) Plans, specifications, design, or maps of the Subject Facilities;
and
- (d) Contracts reasonably deemed material that affect the development, design, permitting, engineering, procurement and construction of the Subject Facilities.

Section 5.2.3 ROW Grant Fees. SCE covenants that the fees payable by SCE to Morongo pursuant to the ROW Grant and the ROW Agreement will be characterized as "non-capitalized land lease costs" as such term is used in Section 4.1.2.

Section 5.3 Lessee Covenants.

Section 5.3.1 Information Sharing. Upon reasonable notice, Lessee shall provide information related to the Subject Facilities as may be reasonably requested by SCE.

Section 5.3.2 Control. At all times during the Term, Lessee shall execute any documents reasonably requested by SCE and provide any other cooperation reasonably requested by SCE in order to cause the Lessee Transfer Capability to be under the Operational Control of the CAISO (or any successor System Operator).

ARTICLE VI. EVENTS OF DEFAULT; REMEDIES

Section 6.1 Events of Default. An “Event of Default” shall mean, with respect to either Party (a “Defaulting Party”), the occurrence of any of the following:

Section 6.1.1 Failure to Make Payment. A Party shall fail to make payments for amounts due under this Lease within thirty (30) days after notice that such payment is past due.

Section 6.1.2 Failure to Perform. A Party shall fail to comply with any other material provision of this Lease (other than failures covered by Section 6.1.1), and any such failure shall continue uncured for thirty (30) days after notice thereof; provided, however, that if such failure is not capable of being cured within such period of thirty (30) days with the exercise of reasonable diligence, then such cure period shall be extended for an additional reasonable period of time so long as the Defaulting Party is exercising commercially reasonable efforts to cure such failure.

Section 6.1.3 Failure of Representation. Any representation made by a Party hereunder shall fail to be true in any material respect at the time such representation is given and such failure shall not be cured within thirty (30) days after notice thereof by the non-Defaulting Party.

Section 6.1.4 CAISO Control. If, due to any action or inaction of Lessee, any of the Lessee Transfer Capability shall fail to be:

(a) provided for the benefit of and made available to CAISO Eligible Customers at rates, terms and conditions deemed just and reasonable and not unduly discriminatory by FERC pursuant to Section 205 of the Federal Power Act; or

(b) in the Balancing Authority Area and under the Operational Control of the CAISO or a successor System Operator; and any such failure shall continue uncured for ninety (90) days after Notice thereof from SCE to Lessee.

Section 6.1.5 Assignment. The failure to comply with the assignment and subletting provisions of Section 11.1 and Section 11.2.

Section 6.1.6 Bankruptcy. Such Party becomes bankrupt.

Section 6.2 Remedies. Subject to Article XII and Section 6.3, if an Event of Default occurs and is continuing, the non-Defaulting Party shall have the right to pursue all remedies available at law or in equity, including without limitation, the right to institute an action, suit or proceeding in equity for specific performance of the obligations under this Lease.

Section 6.3 Limitation on Liability. THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY PRODUCT, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES TO BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY (OTHER THAN INJUNCTIVE RELIEF AS PROVIDED IN THIS LEASE) ARE WAIVED. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS LEASE, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, EXEMPLARY, INCIDENTAL, PUNITIVE, LOST PROFITS, BUSINESS INTERRUPTION OR CONSEQUENTIAL DAMAGES WHATSOEVER UNDER ANY THEORY, INCLUDING BY STATUTE, CONTRACT, TORT (INCLUDING NEGLIGENCE) OR STRICT LIABILITY, UNDER ANY INDEMNITY PROVISIONS SET FORTH IN THIS LEASE OR OTHERWISE, RESULTING FROM A PARTY'S PERFORMANCE OR NONPERFORMANCE OF ITS OBLIGATIONS UNDER OR TERMINATION OF THIS LEASE. THE PARTIES INTEND THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. NOTHING IN THIS SECTION PREVENTS OR IS INTENDED TO PREVENT A PARTY FROM SEEKING SPECIFIC PERFORMANCE UNLESS PERFORMANCE IS OTHERWISE EXCUSED HEREIN. THE PROVISIONS OF THIS SECTION 6.3 SHALL NOT BE CONSTRUED TO RELIEVE ANY INSURER OF ITS OBLIGATION TO PAY ANY INSURANCE PROCEEDS IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF VALID AND ENFORCEABLE INSURANCE POLICIES.

ARTICLE VII. REPRESENTATIONS AND WARRANTIES

Section 7.1 SCE. As of the Effective Date, SCE represents and warrants as follows:

Section 7.1.1 Organization and Existence. SCE is a duly organized and validly existing corporation in good standing under the laws of the State of California and is qualified to transact business in all jurisdictions where the ownership of its properties or its operations require such qualification, except where the failure to so qualify would not have a material adverse effect on its financial condition, its ability to own its properties or transact its business, or to carry out the transactions and activities contemplated hereby.

Section 7.1.2 Execution, Delivery and Enforceability. SCE has full corporate power and authority to carry on its business as now conducted, enter into, and to carry out its obligations under this Lease. The execution, delivery and performance by SCE of this Lease, and the consummation of the transactions and activities contemplated under this Lease, have been duly authorized by all necessary corporate action required on the part of SCE. This Lease has been duly and validly executed and delivered by SCE and constitutes the valid and legally binding obligations of SCE, enforceable against SCE in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general equitable principles.

Section 7.1.3 No Violation. None of the execution and delivery of this Lease, the compliance with any provision hereof, nor the consummation of the transactions and activities contemplated hereby will: (a) violate or conflict with, or result in a breach or default under, any provisions of the articles of incorporation or bylaws of SCE; or (b) violate or conflict with, or result in a breach or default under, any applicable law or regulation of any Governmental Authority, or any material agreement to which SCE is a party or by which its assets are bound, other than such violations, conflicts, breaches or defaults which, in the aggregate, would not have a material adverse effect on SCE's performance of its obligations under this Lease. [*Confirm that there will not be any outstanding regulatory consents required upon the Effective Date.*]

Section 7.2 Lessee. As of the Effective Date, Lessee represents and warrants as follows:

Section 7.2.1 Organization and Existence. Lessee is a duly organized and validly existing limited liability company in good standing under the laws of Delaware and is qualified to transact business in all jurisdictions where the ownership of its properties or its operations require such qualification, except where the failure to so qualify would not have a material adverse effect on its financial condition, its ability to own its properties or transact its business, or to carry out the transactions and activities contemplated hereby.

Section 7.2.2 Execution, Delivery and Enforceability. Lessee has full limited liability company power and authority to carry out its obligations under this Lease. The execution, delivery and performance by Lessee of this Lease, and the consummation of the transactions and activities contemplated under this Lease, have been duly authorized by all necessary limited liability company action required on the part of Lessee. This Lease has been duly and validly executed and delivered by Lessee and constitutes the valid and legally binding obligations of Lessee, enforceable against Lessee in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general equitable principles.

Section 7.2.3 No Violation. None of the execution and delivery of this Lease, the compliance with any provision hereof, nor the consummation of the transactions and activities contemplated hereby will: (a) violate or conflict with, or result in a breach or default under, any provisions of the certificate of formation or operating agreement of Lessee; or (b) violate or conflict with, or result in a breach or default under, any applicable law or regulation of any Governmental Authority or any material agreement to which Lessee is a party or by which its assets are bound, other than such violations, conflicts, breaches or defaults which, in the aggregate, would not have a material adverse effect on Lessee's performance of its obligations under this Lease. [*Confirm that there will not be any outstanding regulatory consents required upon the Effective Date.*]

Section 7.2.4 No Objection to Current Design. Lessee has no objection to the proposed schedule, plans, specifications, and design of the Subject Facilities to the extent described in SCE's CPCN Application, the Final EIR/EIS, and the CPCN Decision.

ARTICLE VIII. TAXES AND ASSESSMENTS

Section 8.1 Property Taxes. The Parties contemplate that the Property Taxes on the Subject Facilities will be assessed by the California State Board of Equalization. If the Property Taxes on the Subject Facilities are assessed against and paid by SCE and no Property Taxes are assessed on the Lessee Transfer Capability against Lessee, then the Additional Rent for any period shall include the Applicable Portion of Property Taxes for such period. If the Property Taxes on the Subject Facilities are assessed against and paid by both SCE and Lessee, then the Additional Rent for any period shall be adjusted so that Lessee bears the cost of the Applicable Portion of Property Taxes either by reimbursement to SCE or payment directly to taxing authorities and SCE bears the remainder of the costs of such Property Taxes. If during the Term the regulatory regime by which Property Taxes are assessed shall change, then the Parties shall make appropriate adjustments to this Section 8.1 so that Lessee bears the cost of the Applicable Portion of Property Taxes either by reimbursement to SCE or payment directly to taxing authorities.

Section 8.2 Section 467 Rental Agreement. It is the intention of the Parties that (a) this Lease constitute a “Section 467 rental agreement” within the meaning of Section 467(d)(1) of the U.S. Internal Revenue Code and (b) that prepaid rent accrue for U.S. tax purposes in accordance with Section 467(b)(1) of the U.S. Internal Revenue Code, and the provisions of this Lease shall to the fullest extent feasible be construed consistent with such intention. Attached hereto as Exhibit C is a schedule allocating the Prepaid Rent over the Term, and as shown on such schedule, the Parties shall treat items of income and expense in a reciprocal manner. The Parties shall report the Prepaid Rent as accruing for tax purposes quarterly in arrears. The Parties shall treat the Prepaid Rent to the extent it exceeds the rent that has accrued as a loan by Lessee to SCE that bears interest at a rate equal to 110% of the “applicable federal rate” as required by Section 467(e)(4) of the U.S. Internal Revenue Code. [*Note to form: the final execution version should include the final Exhibit C.*]

Section 8.3 Tax Benefits. As the owner of the residual interest in the Lessee Transfer Capability after the expiration or earlier termination of this Lease, SCE may be deemed to be the tax owner of the entire Subject Facilities and may be entitled to receive tax credits or benefits, including bonus tax depreciation deductions, in connection with its ownership of the Subject Facilities that Lessee may not be entitled to receive in connection with its ownership of a leasehold interest in the Subject Facilities. To the same extent that SCE seeks such tax credits or benefits related to its interest in the Subject Facilities, SCE shall also seek such tax credits or benefits related to Lessee’s interest in the Subject Facilities. To the extent SCE realizes such tax credits or benefits related to Lessee’s interest in the Subject Facilities and only to the extent such tax credits or benefits are not already accounted for in the SCE Representative Rate model, SCE shall pay or credit to Lessee each year an amount equal to the annual revenue requirement reduction SCE could have realized from ratepayers if SCE could reduce its rates associated with such tax credits or benefits related to Lessee’s interest in the Subject Facilities, as may be reasonable and appropriate for the particular tax credit or benefit. The Parties acknowledge that neither the tax credits or benefits that SCE may be entitled to nor the potential reduction in SCE’s rates associated with such tax credits or benefits, each as described under this Section 8.3, are fully known to the Parties as of the Effective Date.

Accordingly, the Parties shall cooperate to determine a reasonable and equitable payment amount under this Section 8.3 each year of the Term.

ARTICLE IX. INSURANCE; INDEMNITY

Section 9.1 Insurance. SCE shall insure the Subject Facilities in accordance with its standard practices with respect to transmission projects. If SCE does not apply the insurance proceeds it receives directly attributable to the damage or destruction of the Subject Facilities toward the repair, reconstruction, or replacement of the Subject Facilities, SCE shall pay to Lessee a pro rata share of such insurance proceeds to the extent of its interest remaining in the Subject Facilities. If SCE does apply the insurance proceeds it receives directly attributable to the damage or destruction of the Subject Facilities toward the repair, reconstruction, or replacement of the Subject Facilities and SCE incurs additional capital costs (including any deductibles) beyond such insurance proceeds for the repair, reconstruction or replacement of the Subject Facilities, the Lessee Percentage Interest shall be adjusted pursuant to Section 3.5 in respect of such additional capital costs only (and not in respect of the insurance proceeds).

Section 9.2 Indemnity. A Party shall not be liable to the other Party for any injury to person or death or damage to property to the extent caused by or arising as a result of the gross negligence or willful misconduct of such other Party, its officers, employees, representatives, advisors, contractors or agents, or to the extent caused by or arising as a result of the gross negligence or willful misconduct of any other person (other than such first Party or its employees, contractors or agents) entering upon the Subject Facilities site under invitation of such other Party, and such other Party agrees to indemnify, defend and hold harmless such first Party and its successors, assigns, officers, employees, representatives, advisors, contractors and agents from any liability, loss, claim, damage, cost or expense suffered or incurred by such first Party by reason of any such damage, injury or death.

ARTICLE X. CASUALTY; CONDEMNATION; FORCE MAJEURE

Section 10.1 Condemnation. In the event all or a portion of the Subject Facilities are temporarily or permanently condemned, each Party shall be entitled to separately apply for and claim all compensation from the condemning entity and be entitled to whatever it is awarded.

Section 10.2 Casualty. In the event of a casualty affecting the Subject Facilities, SCE shall seek to restore service on the Subject Facilities consistent with its general practices applicable to its transmission system.

Section 10.3 Force Majeure. Notwithstanding anything in this Lease to the contrary, if a Party's performance is impacted by Force Majeure, the affected Party shall be excused from performing its affected obligations under this Lease (other than the obligation to make payments with respect to obligations arising prior to the event of Force Majeure) and shall not be liable for damages or other liabilities due to its failure to perform, during any period (but no longer than six (6) months) that such Party is unable to perform due to an event of Force Majeure; provided, however, that the Party declaring an event of Force Majeure shall: (a) act expeditiously to resume performance; and (b) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party. A Party unable to perform under this Lease due to

an event of Force Majeure shall: (i) provide prompt written notice of such event of Force Majeure to the other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (ii) provide prompt notice to the other Party when performance resumes.

ARTICLE XI. ASSIGNMENT AND SUBLETTING

Section 11.1 No Sublet. Lessee shall not sublet all or any portion of the Lessee Transfer Capability.

Section 11.2 Assignment. Neither Party shall assign this Lease, or its rights or obligations hereunder, without the prior written consent of the other Party, which consent may be granted or withheld in its sole discretion; provided, however, that no such consent shall be required for (a) subject to Section 11.3, a collateral assignment of, or creation of a security interest in, this Lease in connection with any financing or refinancing of the Subject Facilities or the Rent due hereunder, or any foreclosure sale or deed in lieu of foreclosure in connection with the exercise of remedies under such collateral assignment or security interest, or (b) in the case of SCE, an assignment in connection with the merger of SCE with, or the acquisition of substantially all of the transmission assets of SCE by, an entity with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of SCE. For purposes hereof, the transfer of more than fifty percent (50%) of the equity ownership or voting interest of any Party (or any parent entity holding directly or indirectly at least fifty percent (50%) of the equity ownership or voting interest of such Party) to a person that is not an Affiliate of such Party shall also constitute an assignment of this Lease requiring the other Party's prior written consent except in the case where the resulting controlling person is an entity that holds an ownership interest in Lessee as of the Effective Date. In addition, any transfer of an ownership interest in Lessee (other than a transfer to an entity that holds an ownership interest in Lessee as of the Effective Date) shall also constitute an assignment of this Lease requiring SCE's prior written consent. Notwithstanding anything in this Lease to the contrary, no consent shall be required for an assignment (including a transfer of ownership interests in the Lessee) to the lenders of Lessee or their nominee on enforcement of any security interest.

Section 11.3 Form of Consent to Collateral Assignment. In connection with any financing or refinancing of the Lessee Transfer Capability, Lessee and SCE shall, and Lessee shall cause each lender to, enter into a consent to collateral assignment (the "Collateral Assignment Agreement") substantially in the form attached as Exhibit D hereto. Lessee agrees that it will not take any of the actions described in Section 1.5 of the Collateral Assignment Agreement without the prior written consent of the assignee thereunder, and that it will deliver to such assignee a copy of all notices required to be delivered to the assignee by SCE pursuant to Section 1.9 of the Collateral Assignment Agreement. [*Note to form: Conform to final version of Collateral Assignment Agreement*]. SCE shall provide any estoppels and other acknowledgements regarding this Lease as Lessee's lenders may reasonably request. If Lessee's lenders seek clarifications, amendments or modifications of this Lease, the Parties will exercise good faith efforts to accommodate such requests; provided, however, that no Party is hereby committing itself to any such clarification, amendment or modification of this Lease

which, in such Party's sole discretion, would impair or interfere with the benefits that a Party expects to derive from its participation in the Project.

Section 11.4 Right of First Refusal. Except (a) in connection with a collateral assignment under clause (a) of Section 11.2 above or (b) in connection with any foreclosure sale or deed in lieu of foreclosure in connection with the exercise of remedies under such collateral assignment, SCE shall have the right of first refusal with respect to any proposed assignment by Lessee of all or any portion of its interest in this Lease (including any deemed assignment resulting from any change of control of a Party or transfer of ownership interest in Lessee pursuant to Section 11.2 above excluding, in either case, any assignment or transfer to an entity that holds an ownership interest in Lessee as of the Effective Date). In the event Lessee receives a bona fide offer from an unaffiliated third party to purchase all or any portion of the interest of Lessee in this Lease that Lessee desires to accept, Lessee shall provide SCE with a copy of the bona fide third party purchase offer within five (5) Business Days following receipt thereof. For a period of ninety (90) days following SCE's receipt of the bona fide third party purchase offer, SCE shall have the right to purchase such interest as set forth in the offer on the same terms and conditions set forth in such offer and to conduct due diligence regarding the contemplated purchase. In the event that SCE elects to exercise its right, SCE and Lessee shall close the purchase and sale of the interest in this Lease upon the terms and conditions contained in the offer. In the event that SCE elects not to exercise its right and subject to SCE's prior written consent under Section 11.2 above, Lessee shall be free to sell such interest to the third party that made the offer on terms and conditions no more favorable to Lessee than those contained in the offer. In the event that such sale is not consummated within twenty-four (24) months following SCE's failure to exercise this right of first refusal, then SCE's right of first refusal shall be revived with respect to seek sale. In the event that there is a material revision in any offer in favor of any prospective purchaser, then SCE's right of first refusal shall be revived so that SCE again has the right of first refusal to purchase the interest in this Lease on the revised terms.

ARTICLE XII. DISPUTE RESOLUTION

Section 12.1 Intent of the Parties. The sole procedure to resolve any claim arising out of or relating to this Lease or any related agreement is the dispute resolution procedure set forth in this Article XII; provided, however, that either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of this procedure and nothing in this Section 12.1 shall restrict the rights of any party to file a complaint with the FERC under relevant provisions of the Federal Power Act.

Section 12.2 Management Negotiations. The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Lease or any related agreements by prompt negotiations between each Party's authorized representatives. If the matter is not resolved thereby, either Party's authorized representative may request in writing that the matter be referred to the designated senior officers of their respective companies that have corporate authority to settle the dispute. Within five (5) Business Days after such referral date (the "Referral Date"), each Party shall provide one another Notice confirming the referral

and identifying the name and title of the senior officer who will represent such Party. Within five (5) Business Days after such Referral Date, the senior officers shall establish a mutually acceptable location and date to meet which shall not be greater than thirty (30) days after such Referral Date. After the initial meeting date, the senior officers shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties. If the matter is not resolved within forty-five (45) days of such Referral Date, or if either Party refuses or does not meet within the thirty (30) day period specified above, either Party may initiate arbitration of the controversy or claim by providing notice of a demand for binding arbitration before a single, neutral arbitrator (“Arbitrator”) at any time thereafter.

Section 12.3 Arbitration.

Section 12.3.1 Arbitrator. The Parties will cooperate with one another in selecting the Arbitrator from the panel of neutrals from Judicial Arbitration and Mediation Services, Inc. (“JAMS”), its successor, or any other mutually acceptable non-JAMS Arbitrator sixty (60) days after notice of the demand for arbitration and shall further cooperate in scheduling the arbitration to commence no later than one hundred eighty (180) days from the date of notice of the demand. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable Arbitrator in accordance with the preceding sentence, the Arbitrator shall be appointed as provided for in California Code of Civil Procedure Section 1281.6. To be qualified as an Arbitrator, each candidate must be a retired judge of a trial court of any state or federal court, or retired justice of any appellate or supreme court. Upon notice of a Party’s demand for binding arbitration, such dispute submitted to arbitration, including the determination of the scope or applicability of this Lease to arbitrate, shall be determined by binding arbitration before the Arbitrator, in accordance with the laws of the State of California, without regard to principles of conflicts of laws.

Section 12.3.2 Rules and Procedures. Except as provided for herein, the arbitration shall be conducted by the Arbitrator in accordance with the rules and procedures for arbitration of complex business disputes for the organization with which the Arbitrator is associated. Absent the existence of such rules and procedures, the arbitration shall be conducted in accordance with the California Arbitration Act, California Code of Civil Procedure Section 1280 et seq. and California procedural law (including the Code of Civil Procedure, Civil Code, Evidence Code and Rules of Court, but excluding local rules). Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, the place of the arbitration shall be in Los Angeles County, California.

Section 12.3.3 Discovery. Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, discovery will be limited as follows:

- (a) Before discovery commences, the Parties shall exchange an initial disclosure of all documents and percipient witnesses which they intend to rely

upon or use at any arbitration proceeding (except for documents and witnesses to be used solely for impeachment);

(b) The initial disclosure will occur within thirty (30) days after the initial conference with the Arbitrator or at such time as the Arbitrator may order;

(c) Discovery may commence at any time after the Parties' initial disclosure;

(d) The Parties will not be permitted to propound any interrogatories or requests for admissions;

(e) Discovery will be limited to twenty-five (25) document requests (with no subparts), three (3) lay witness depositions, and three (3) expert witness depositions (unless the Arbitrator holds otherwise following a showing by the Party seeking the additional documents or depositions that the documents or depositions are critical for a fair resolution of the dispute or that a Party has improperly withheld documents);

(f) Each Party is allowed a maximum of three (3) expert witnesses, excluding rebuttal experts;

(g) Within sixty (60) days after the initial disclosure, or at such other time as the Arbitrator may order, the Parties shall exchange a list of all experts upon which they intend to rely at the arbitration proceeding;

(h) Within thirty days (30) after the initial expert disclosure, the Parties may designate a maximum of two (2) rebuttal experts;

(i) Unless the Parties agree otherwise, all direct testimony will be in form of affidavits or declarations under penalty of perjury; and

(j) Each Party shall make available for cross examination at the arbitration hearing its witnesses whose direct testimony has been so submitted.

Section 12.3.4 Court Reporter. Unless otherwise agreed to by the Parties, all proceedings before the Arbitrator shall be reported and transcribed by a certified court reporter, with each Party to the dispute bearing an equal share of the court reporter's fees.

Section 12.3.5 Arbitration Decision. At the conclusion of the arbitration hearing, the Arbitrator shall prepare in writing and provide to the Parties a decision setting forth factual findings, legal analysis, and the reasons on which the Arbitrator's decision is based. The Arbitrator shall also have the authority to resolve claims or issues in advance of the arbitration hearing that would be appropriate for a California superior court judge to resolve in advance of trial. The Arbitrator shall not have the power to commit errors of law or fact, or to commit any abuse of discretion, that would constitute reversible error had the decision been rendered by a California superior court. The Arbitrator's decision may be vacated or corrected on appeal to a California court of competent jurisdiction for such error. The Arbitrator shall

have no power to make an award or impose a remedy that is inconsistent with this Section 12.3. However, subject to this Section 12.3, the Arbitrator shall have the authority to grant any form of equitable or legal relief a party might recover in a court action. Judgment on the award may be entered in any court having jurisdiction.

Section 12.3.6 Prevailing Party. The Arbitrator shall, in any award, allocate all of the costs of the binding arbitration (other than each Party's individual attorneys' fees and costs related to the Party's participation in the arbitration, which fees and costs shall be borne by such Party), including the fees of the Arbitrator and any expert witnesses, against the Party who did not prevail. Until such award is made, however, the Parties shall share equally in paying the costs of the arbitration.

Section 12.4 Enforcement of Award. By execution and delivery of this Lease, each Party hereby (a) accepts and consents to the use of binding arbitration pursuant to the procedures described in this Article XII, and, solely for purposes of the enforcement of an arbitral award under this Section 12.4, to the jurisdiction of any court of competent jurisdiction, for itself and in respect of its property, and (b) waives, solely for purposes of the enforcement of an arbitral award under this Section 12.4, in respect of both itself and its property, all defenses it may have as to or based on jurisdiction, improper venue or forum non conveniens. Each Party hereby irrevocably consents to the service of process or other papers by the use of any of the methods and to the addresses set out for the giving of notices in Section 13.1 hereof. Nothing herein shall affect the right of each Party to serve such process or papers in any other manner permitted by law.

Section 12.5 Performance during Arbitration. While resolution of any dispute is pending, each Party shall continue to perform its obligations hereunder (unless such Party is otherwise entitled to suspend its performance hereunder or terminate this Lease in accordance with the terms hereof), and no Party shall refer or attempt to refer the matter in dispute to a court or other tribunal in any jurisdiction, except as provided in this Article XII.

ARTICLE XIII. MISCELLANEOUS

Section 13.1 Notices. Unless otherwise specified herein, all notices shall be in writing and delivered by hand, overnight courier or facsimile (provided a copy is also sent by overnight courier) to the applicable addresses below. Notice shall be effective in case of delivery by hand or facsimile on the next Business Day after it is sent, or in the case of delivery by overnight courier, on the later of the next Business Day after it is sent or on the first day after it is sent on which the overnight courier guarantees delivery. A Party may change its address for notices by providing notice of the same in accordance with this Section 13.1.

If to SCE:
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770
Attention: Treasurer
Fax: (626) 302-4510

With a copy to:
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770
Attention: General Counsel
Fax: (626) 302-3720

and

[Name and address of Lender]

If to Lessee:

Morongo Transmission LLC
c/o Morongo Band of Mission Indians
12700 Pumarra Rd.
Banning, CA 92220
Attention: Roger Meyer, CEO
Fax: (951) 849-5108

With copies to:

Forman & Associates
Attorneys at Law
4340 Redwood Highway,
Suite E352
San Rafael, CA 94903
Attention: George Forman
Fax: (415) 491-2313

and

Whalen LLP
19000 MacArthur Boulevard, Suite 600
Irvine, CA 92612
Attention: Michael Whalen
Fax: (714) 408-7446

and

[Name and address of Lender]

[Notice information to be confirmed.]

Section 13.2 Confidentiality. During the Term and for a period of three (3) years after the expiration the Term, the Parties shall keep confidential any confidential information relating to the Subject Facilities obtained from the other Party, and shall refrain from using, publishing or revealing such confidential information without the prior written consent of the Party whose confidential information the disclosing Party is seeking to disclose, unless: (a) compelled to disclose such document or information to a securities exchange or by judicial, regulatory or administrative process or other provisions of law; (b) such document or information is generally available to the public; (c) such document or information was available to the disclosing Party on a non-confidential basis; (d) such document or information was available to the disclosing Party on a non-confidential basis from a third-party; provided, however, that the disclosing Party does not know, and, by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation; or (e) such document or information is necessary to support a rate case or other regulatory filing with a Governmental Authority; provided, however, that the Party disclosing such document or information must make reasonable efforts to maintain confidentiality with respect to any proprietary information.

Section 13.3 Public Relations. The Parties will cooperate in good faith with each other and, to the extent reasonable, seek mutual approval with respect to any public announcements regarding this Lease or the Subject Facilities.

Section 13.4 Governing Law. This Lease and obligations hereunder shall be governed by the applicable laws of the State of California, without regard to principles of conflicts of law.

Section 13.5 No Amendments or Modifications. This Lease shall not be amended, modified, terminated, discharged or supplemented, nor any provision hereof waived, unless mutually agreed to in writing by the Parties. If and to the extent that the CAISO Agreements are amended or modified such that a Party or the Parties can no longer comply with the terms of this Lease, the Parties shall negotiate in good faith to amend or modify this Lease to effectuate the same intent and essential purpose of this Lease as of the Effective Date in light of the CAISO Agreements' amendment or modification, and neither Party shall unreasonably refuse to agree to any such necessary modification that does not have an adverse impact on the Party to which a request for modification is made. In the event that any applicable law is amended or modified such that a Party or the Parties can no longer comply with the terms of this Lease, or the benefits received by or burdens imposed upon the Parties with respect to this Lease are substantially reduced or increased, as the case may be, the Parties shall negotiate in good faith to amend or modify this Lease to effectuate the same intent and essential purpose of this Lease, or to provide for the same essential benefits and burdens anticipated by the Parties with respect to this Lease, as of the Effective Date.

Section 13.6 Delay and Waiver. Except as otherwise provided in this Lease, no delay or omission to exercise any right, power or remedy accruing to the respective Parties hereto upon any breach or default of any other Party under this Lease shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or

approval of any kind or character of any breach or default under this Lease, or any waiver of any provision or condition of this Lease, must be in writing and shall be effective only to the extent specifically set forth in such writing.

Section 13.7 Entirety; Conflicts. This Lease, together with its exhibits, constitute the entire agreement between the Parties hereto. There are no prior or contemporaneous agreements or representations affecting the same subject matter other than those herein expressed. In the event of any conflicts or inconsistencies between the terms of this Lease and the DCA, the terms of this Lease shall govern and prevail.

Section 13.8 Relationship of the Parties. Except as otherwise set forth herein, this Lease shall not make any of the Parties partners or joint venturers one with the other, nor make any the agent of the others. Except as otherwise explicitly set forth herein, no 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. Notwithstanding anything to the contrary, no fiduciary duty or fiduciary relationship shall exist between the Parties.

Section 13.9 Good Faith. In carrying out its obligations and duties under this Lease, each Party shall have an implied obligation of good faith.

Section 13.10 Successors and Assigns. This Lease shall inure to the benefit of, and be binding upon, the Parties hereto and their respective successors and permitted assigns.

Section 13.11 Third Parties. This Lease is intended solely for the benefit of the Parties. Nothing in this Lease shall be construed to create any duty or liability to, or standard of care with reference to, any Person other than the Parties.

Section 13.12 Headings. The headings contained in this Lease are solely for the convenience of the Parties and should not be used or relied upon in any manner in the construction or interpretation of this Lease.

Section 13.13 Construction of Lease. Ambiguities or uncertainties in the wording of this Lease shall not be construed for or against any Party either on account of such Party having drafted or provided any language in this Lease or otherwise, and shall be construed in accordance with the fair meaning of this Lease.

Section 13.14 Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original.

Section 13.15 No Personal Liability. Each action or claim of any Party arising under or relating to this Lease shall be made only against the other Party as a corporation or limited liability company, and any liability relating thereto shall be enforceable only against the assets of such Party. No Party shall seek to impose any liability relating to, or arising from, this Lease against any shareholder, manager, member, employee, officer or director of the other party. Notwithstanding anything in Section 13.11 or elsewhere in this Lease, each of such persons is

an intended beneficiary of the mutual promises set forth in this section and shall be entitled to enforce the obligations of this section.

Section 13.16 Memorandum. Concurrently with the execution and delivery of this Lease, the Parties will execute a memorandum of this Lease in the form attached as Exhibit F hereto (the “Memorandum”), which Memorandum shall be recorded in the official real estate records of the counties in California in which the Subject Facilities are located. The provisions of this Lease will control with regard to any provisions of this Lease that may be in conflict with the Memorandum. Upon termination of this Lease, the Parties will execute an instrument evidencing such termination, which instrument shall also be recorded in such official real estate records.

Section 13.17 Payments to Lessee. All payments to be made by Lessor to Lessee under or by reason of this Lease shall be made directly to Lessee’s lenders pursuant to the provisions of Section 2.1 of the Collateral Assignment Agreement. [*Note to form: Conform to final version of Collateral Assignment Agreement*].

[Signature page follows]

IN WITNESS WHEREOF, the Parties have signed this Lease as of the Effective Date.

SCE:

Southern California Edison Company, a California corporation

By: _____
Name:
Title:

LESSEE:

Morongo Transmission LLC, a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT A

ADDITIONAL RENT

(to be attached to final Lease)

EXHIBIT B

MODEL FOR SCE REPRESENTATIVE RATE

(to be attached to final Lease)

EXHIBIT C

ACCRUAL OF PREPAID RENT

(to be attached to final Lease)

EXHIBIT D

FORM OF CONSENT AND AGREEMENT

EXHIBIT D

FORM OF CONSENT AND AGREEMENT

This CONSENT AND AGREEMENT (this “Consent”), dated as of [], [] is by and among (i) SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation (“SCE”), (ii) MORONGO TRANSMISSION LLC, a Delaware limited liability company (the “Assignor”) and (iii) [] (the “Assignee”), [*Note: Insert description of collateral agent and any other administrative agent (if applicable) entering into document on behalf of the Assignor’s Lenders*]

RECITALS

A. Assignor and SCE have entered into that certain Transfer Capability Lease, dated as of [], [] (“Assigned Agreement”), pursuant to which SCE will lease to the Assignor a portion of the Transfer Capability in the Subject Facilities (the “Project”);

B. Assignor has entered into that certain [Credit Agreement, dated as of [], among the Assignor, the financial institutions party thereto and the Assignee] (the “[Credit Agreement]”) [*Note: Insert description of primary financing document for Assignor*];

C. As collateral security for Assignor’s obligations under the [Credit Agreement] and related agreements (collectively, the “Financing Documents”), Assignor has, among other things, assigned all of its right, title and interest in, to and under the Assigned Agreement and Assignor’s owners have pledged their ownership interest in Assignor (the “Assigned Interest”) to the Assignee pursuant to the [Security Documents] referred to in the [Credit Agreement]; and

D. It is a requirement under the [Credit Agreement] and the Assigned Agreement that SCE and the other parties hereto shall have executed and delivered this Consent;

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the parties hereto hereby agree as follows:

SECTION 1. CONSENT TO ASSIGNMENT, ETC.

1.1 Consent and Agreement. SCE:

(a) hereby acknowledges notice of and consents to the assignment as collateral security to Assignee, for the benefit of the Secured Parties, of the Assigned Interest; and

(b) hereby acknowledges the right (but not the obligation) of Assignee in the exercise of its rights and remedies under the Financing Documents and upon delivery to SCE of a Default Notice (as defined below), to make all demands, give all notices, take all actions and exercise all rights of Assignor permitted under the Assigned Agreement (subject to SCE’s

defenses under the Assigned Agreement) and accepts any such exercise; provided, however, that, insofar as the Assignee exercises any of its rights under the Assigned Agreement or makes any claims with respect to payments or other obligations under the Assigned Agreement, the terms and conditions of the Assigned Agreement applicable to such exercise of rights or claims shall apply to Assignee to the same extent as to Assignor.

1.2 Assignor's Acknowledgement. Assignor hereby acknowledges and agrees that SCE is authorized to act in accordance with Assignee's instructions, and that SCE shall bear no liability to Assignor in connection therewith, including any liability for failing to act in accordance with Assignor's instructions.

1.3 Substitute Owner. Subject to Section 1.8, the parties agree that if Assignee notifies (such notice, a "Default Notice") SCE that an event of default has occurred and is continuing under the Financing Documents ("Event of Default") then, upon a judicial foreclosure sale, non-judicial foreclosure sale, deed in lieu of foreclosure or other transfer following a default under the Financing Documents, Assignee (or its designee) shall be substituted for Assignor (the "Substitute Owner") under the Assigned Agreement, and, subject to Section 1.8(b) below, SCE and Substitute Owner will recognize each other as counterparties under the Assigned Agreement and will continue to perform their respective obligations under the Assigned Agreement in favor of each other in accordance with the terms thereof. For purposes of the foregoing, SCE shall be entitled to assume that any such purported exercise is in accordance with the Financing Documents without independent investigation thereof.

1.4 Right to Cure. If Assignor defaults in the performance of any of its obligations under the Assigned Agreement, or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreement which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable SCE to terminate or suspend its performance under the Assigned Agreement (each hereinafter a "default"), SCE will not terminate or suspend its performance under the Assigned Agreement until it first gives written notice of such default to Assignee and affords Assignee the right to cure such default within the applicable cure period under the Assigned Agreement. In addition, if Assignee gives SCE written notice prior to the expiration of the applicable cure period under the Assigned Agreement of Assignee's intention to cure such default (which notice shall include a reasonable description of the time required to cure such default) and is diligently proceeding to cure such default, Assignee shall have a period of 60 days (or, if such default is for failure by the Assignor to pay an amount to SCE which is due and payable under the Assigned Agreement, 15 days) from receipt of the notice of such default from SCE to cure such default, provided, however, that (a) if control of the Assignor or its assets is necessary to cure any such non-monetary default and Assignee has commenced foreclosure proceedings within 60 days after notice of the default and is diligently pursuing such foreclosure proceedings, Assignee will be allowed a reasonable time, not to exceed 180 days, to complete such proceedings and cure such default and (b) if Assignee is prohibited from curing any such non-monetary default by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding or other similar proceeding involving Assignor, then the time periods specified herein for curing a default shall be extended for the period of such prohibition, so long as Assignee is diligently pursuing removal of such process, stay or injunction. Assignee shall provide SCE with reports concerning the status of efforts to cure a default upon SCE's reasonable request.

1.5 No Amendments. To the extent permitted by applicable law, SCE agrees that it will not, without the prior written consent of Assignee, except as permitted under clause (ii) of the proviso of Section 11.2 of the Assigned Agreement, (a) enter into any material supplement, restatement, extension, amendment or modification of the Assigned Agreement, (b) enter into any assignment or novation of the Assigned Agreement with any natural person, corporation, trust, business trust, joint venture, joint stock company, association, company, limited liability company, partnership, Governmental Authority or other entity (a “Person”), (c) terminate, suspend or cancel its performance under the Assigned Agreement (except in accordance with Section 1.4) or (d) consent to or accept any termination or cancellation of the Assigned Agreement by Assignor.

1.6 Replacement Agreements. If the Assigned Agreement is terminated, rejected or otherwise invalidated as a result of any bankruptcy, insolvency, reorganization or similar proceeding affecting Assignor, its owner(s) or guarantor(s), SCE shall, subject to the receipt of required regulatory approvals, enter into a new agreement with Assignee or its designee (“Replacement Owner”) for the balance of the obligations under the Assigned Agreement remaining to be performed with Assignee (or its designee) having terms substantially the same as the terms of the Assigned Agreement with respect to the remaining term of the Assigned Agreement. Notwithstanding the execution and delivery of a new replacement agreement as described in this Section 1.6, to the extent SCE is or was otherwise entitled under the replaced Assigned Agreement, SCE may suspend performance of its obligations under such new contract, unless and until all defaults (other than noncurable nonmonetary defaults that are specific to Assignor) of Assignor under the replaced Assigned Agreement have been cured.

1.7 Transfer. Subject to Section 1.8(a), Assignee shall have the right to assign all of the Assigned Interest or all of its interest in a new agreement entered into pursuant to Section 1.6 to another Person pursuant to Section 11.2 of the Assigned Agreement (or such new agreement).

1.8 Assumption of Obligations.

(a) Transferee. Any transferee under Section 1.7 shall expressly assume in a writing reasonably satisfactory to SCE all of the obligations of Assignor or Assignee under the Assigned Agreement or such new agreement entered into pursuant to Section 1.6. Upon such assignment, the cure of any outstanding defaults, and payment of all other amounts due and payable to SCE in respect of the Assigned Agreement (or such new agreement), Assignee shall be released from any further liability under the Assigned Agreement or such new agreement.

(b) Substitute Owner. Subject to Section 1.8(c), any Substitute Owner pursuant to Section 1.3 shall be required to expressly assume in a writing reasonably satisfactory to SCE all of the obligations and liabilities of Assignor under the Assigned Agreement, including those that arose prior to the transfer; provided, that, (i) the obligations of such Substitute Owner shall be no more than those of Assignor under the Assigned Agreement, and (ii) such Substitute Owner shall not be required to perform any of Assignor’s obligations under the Assigned Agreement that were unperformed at the time such Substitute Owner became a Substitute Owner (other than any obligations related to failure to pay amounts owed under the Assigned Agreement), provided, however, that the foregoing shall not limit SCE’s right to reduce payments owed under the Assigned Agreement by reason of Assignor’s failure to perform its

obligations, or to exercise any rights or remedies under the Assigned Agreement with respect to any default by Assignor that remained uncured as of the time Substitute Owner became a Substitute Owner.

(c) No Liability. SCE acknowledges and agrees that neither Assignee nor any other secured party shall have any liability or obligation under the Assigned Agreement as a result of this Consent nor shall Assignee nor any other secured party be obligated or required to (a) perform any of Assignor's obligations under the Assigned Agreement, except as provided in Section 1.8(b), or (b) take any action to collect or enforce any claim for payment assigned under the Financing Documents.

1.9 Delivery of Notices. SCE shall deliver to Assignee and [*note: administrative agent to be inserted if applicable*], concurrently with the delivery thereof to Assignor, a copy of each notice, request or demand given by SCE to Assignor pursuant to the Assigned Agreement relating to (a) a default by Assignor under the Assigned Agreement, (b) any claim regarding force majeure by SCE under the Assigned Agreement, (c) any notice of dispute under the Assigned Agreement, (d) any notice of intent to terminate or any termination notice and (e) any matter that would require the consent of Assignee, [*note: administrative agent to be inserted if applicable*] or the Assignor's lenders pursuant to Section 1.5 or any other provision of this Consent. Assignee and [*note: administrative agent to be inserted if applicable*] acknowledge that delivery of such notice, request and demand shall satisfy SCE's obligation to give Assignee and [*note: administrative agent to be inserted if applicable*] a notice of default under Section 1.4.

1.10 Confirmations. SCE will, as and when reasonably requested by Assignee from time to time, confirm in writing matters relating to the Assigned Agreement (including the performance of same by Assignor), but without prejudice to any rights of SCE under the Assigned Agreement as between SCE and Assignor.

1.11 Exclusivity of Dealings. Except as provided in Sections 1.5 and 1.10, unless and until SCE receives a Default Notice, SCE shall deal exclusively with Assignor in connection with the performance of SCE's obligations under the Assigned Agreement. From and after such time as SCE receives a Default Notice and until a Substitute Owner is substituted for Assignor pursuant to Section 1.3 or the Assigned Agreement is transferred to a Person to whom the Project is transferred pursuant to Section 1.8, SCE shall, until Assignee confirms to SCE in writing that all obligation under the Financing Documents are no longer outstanding, deal exclusively with Assignee in connection with the performance of SCE's obligations under the Assigned Agreement, and SCE may irrevocably rely on instructions provided by Assignee in accordance therewith to the exclusion of those provided by Assignor or any other Person.

SECTION 2. PAYMENTS UNDER THE ASSIGNED AGREEMENT

2.1 Payments. Unless and until SCE receives written notice to the contrary from Assignee, SCE will make all payments to be made by it to Assignor under or by reason of the Assigned Agreement directly to Assignee at the address set forth in Section 5.1 for deposit into the following bank account: [], or directly to such other institution or in such other manner as may be specified by Assignee to SCE from time to time in writing. SCE, Assignor, and

Assignee acknowledge that SCE will be deemed to be in compliance with the payment terms of the Assigned Agreement to the extent that SCE makes payments in accordance with Assignee's instructions.

2.2 No Offset, Etc. All payments required to be made by SCE under the Assigned Agreement shall be made without any offset, recoupment, abatement, withholding, reduction or defense whatsoever, other than that expressly allowed by the terms of the Assigned Agreement or as otherwise permitted under applicable law.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF SCE

SCE makes the following representations and warranties as of the date hereof in favor of Assignee.

3.1 Organization and Existence. SCE is a duly organized and validly existing corporation in good standing under the laws of the State of California and is qualified to transact business in all jurisdictions where the ownership of its properties or its operations require such qualification, except where the failure to so qualify would not have a material adverse effect on its financial condition, its ability to own its properties or transact its business, or to carry out the transactions and activities contemplated hereby.

3.2 Execution, Delivery and Enforceability. SCE has full corporate power and authority to carry on its business as now conducted, enter into, and to carry out its obligations under the Assigned Agreement and this Consent. The execution, delivery and performance by SCE of the Assigned Agreement and this Consent, and the consummation of the transactions and activities contemplated under the Assigned Agreement and this Consent, have been duly authorized by all necessary corporate action required on the part of SCE. The Assigned Agreement and this Consent has been duly and validly executed and delivered by SCE and constitute the valid and legally binding obligations of SCE, enforceable against SCE in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general equitable principles.

3.3 No Violation. None of the execution and delivery of the Assigned Agreement and this Consent, the compliance with any provision thereof, nor the consummation of the transactions and activities contemplated thereby will: (a) violate or conflict with, or result in a breach or default under, any provisions of the articles of incorporation or bylaws of SCE; or (b) violate or conflict with, or result in a breach or default under, any applicable law or regulation of any Governmental Authority, or any material agreement to which SCE is a party or by which its assets are bound, other than such violations, conflicts, breaches or defaults which, in the aggregate, would not have a material adverse effect on SCE's performance of its obligations under the Assigned Agreement or this Consent.

3.4 Authorization. Except as provided in the Assigned Agreement, no consent, order, authorization, waiver, approval or any other action, or registration, declaration or filing with, any Person, board or body, public or private (collectively "Approvals") is required to be obtained by SCE in connection with the execution, delivery or performance of the Assigned Agreement or

the consummation of the transactions contemplated thereunder, which if not obtained will prevent SCE from performing its obligations hereunder or under the Assigned Agreement, except those that have been validly issued and are in full force and effect, and those which have been or will be duly applied for in the ordinary course

3.5 Litigation. To SCE's actual knowledge, except as disclosed to Assignee, there is no litigation, action, suit, proceeding or investigation pending or threatened against SCE before any court, administrative agency, arbitrator or governmental authority, which if adversely determined, individually or in the aggregate, (a) could reasonably be expected to modify or otherwise adversely affect the Approvals, or (b) questions the validity, binding effect or enforceability hereof or of the Assigned Agreement, any action taken or to be taken pursuant hereto or thereto or any of the transactions contemplated hereby or thereby.

3.6 No Default or Amendment. Neither SCE nor, to SCE's actual knowledge, the Assignor, is in default of any of its obligations under the Assigned Agreement. SCE and, to SCE's actual knowledge, the Assignor, has complied with all conditions precedent to the effectiveness of its obligations under the Assigned Agreement (except as disclosed to Assignee). To SCE's actual knowledge, no event or condition exists which would either immediately or with the passage of any applicable grace period or giving of notice, or both, enable either SCE or Assignor to terminate or suspend its obligations under the Assigned Agreement. The Assigned Agreement has not been amended, modified or supplemented in any manner except as set forth in the recitals hereto.

3.7 No Previous Assignments. SCE has no notice of, and has not consented to, any previous assignment by Assignor of all or any part of its rights under the Assigned Agreement, except as previously disclosed in writing and consented to by SCE.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF ASSIGNOR

Assignor makes the following representations and warranties as of the date hereof in favor of SCE.

4.1 Execution, Delivery and Enforceability. Assignor has full power and authority to carry on its business as now conducted, enter into, and to carry out its obligations under this Consent. The execution, delivery and performance by Assignor of this Consent, and the consummation of the transactions and activities contemplated under this Consent, have been duly authorized by all necessary action required on the part of Assignor. This Consent has been duly and validly executed and delivered by Assignor and constitute the valid and legally binding obligations of Assignor, enforceable against Assignor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general equitable principles.

4.2 Authorization. Except as provided in the Assigned Agreement, no Approval is required to be obtained by Assignor in connection with the execution, delivery or performance of the Assigned Agreement or the consummation of the transactions contemplated thereunder, which if not obtained will prevent Assignor from performing its obligations hereunder or under

the Assigned Agreement, except those that have been validly issued and are in full force and effect, and those which have been or will be duly applied for in the ordinary course

4.3 Litigation. To Assignor's knowledge, there is no litigation, action, suit, proceeding or investigation pending or threatened against Assignor before any court, administrative agency, arbitrator or governmental authority, which if adversely determined, individually or in the aggregate, (a) could reasonably be expected to modify or otherwise adversely affect the Approvals, or (b) questions the validity, binding effect or enforceability hereof or of the Assigned Agreement, any action taken or to be taken pursuant hereto or thereto or any of the transactions contemplated hereby or thereby.

4.4 No Default or Amendment. Neither Assignor nor, to Assignor's knowledge, SCE, is in default of any of its obligations under the Assigned Agreement. Assignor and, to Assignor's knowledge, SCE, has complied with all conditions precedent to the effectiveness of its obligations under the Assigned Agreement (except as disclosed to Assignee). To Assignor's knowledge, no event or condition exists which would either immediately or with the passage of any applicable grace period or giving of notice, or both, enable either the SCE or Assignor to terminate or suspend its obligations under the Assigned Agreement. The Assigned Agreement has not been amended, modified or supplemented in any manner except as set forth in the recitals hereto.

4.5 No Previous Assignments. Assignor has not previously assigned all or any part of its rights under the Assigned Agreement.

[Note: Estoppels, acknowledgments, clarifications, amendments or modifications to the Lease to be included here if applicable in accordance with Section 11.3 of the Lease.]

SECTION 5. MISCELLANEOUS

5.1 Notices. All notices and other communications hereunder shall be in writing, shall be deemed given upon receipt thereof by the party or parties to whom such notice is addressed, shall refer on their face to the Assigned Agreement (although failure to so refer shall not render any such notice or communication ineffective), shall be sent by first class mail, by personal delivery or by a nationally recognized courier service, and shall be directed (a) if to SCE or Assignor, in accordance with Section 13.1 of the Assigned Agreement, (b) if to Assignee, to ***[Insert]***, and (d) to such other address or addressee as any such party may designate by notice given pursuant hereto.

5.2 Governing Law; Submission to Jurisdiction.

(a) THIS CONSENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND THIS CONSENT AND ALL MATTERS ARISING OUT OF THIS CONSENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, THE LAW OF THE STATE OF CALIFORNIA WITHOUT REGARD TO ANY CONFLICTS OF LAWS PROVISIONS THEREOF THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION.

(b) Any legal action or proceeding with respect to this Consent and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of California or of the United States of America for the Central District of California, and, by execution and delivery of this Consent, each party hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any appeal thereof. Each party further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to its notice address provided pursuant to Section 5.1 hereof. Each party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Consent brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of any party to serve process in any other manner permitted by law.

5.3 Counterparts. This Consent may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

5.4 Headings Descriptive. The headings of the several sections and subsections of this Consent are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Consent.

5.5 Severability. In case any provision in or obligation under this Consent shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

5.6 Amendment, Waiver. Neither this Consent nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by SCE, [*note: administrative agent to be inserted if applicable*] and Assignee.

5.7 Termination. Each party's obligations hereunder are absolute and unconditional, and no party has any right, and shall have no right, to terminate this Consent or to be released, relieved or discharged from any obligation or liability hereunder until SCE has been notified by Assignee that all of the obligations under the Financing Documents shall have been satisfied in full or, with respect to the Assigned Agreement, its obligations under the Assigned Agreement have been fully performed.

5.8 Successors and Assigns. This Consent shall be binding upon each party and its permitted successors and assigns and shall inure to the benefit of the other parties, their respective designee(s) and assignee(s) and their respective successors and assigns, through a refinancing of the Project or otherwise. Each reference to a Person herein shall include such Person's permitted successors, designees and assigns.

5.9 Further Assurances. SCE hereby agrees to execute and deliver all such instruments and take all such action as may be necessary to effectuate fully the purposes of this Consent.

5.10 Waiver of Trial by Jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY IRREVOCABLY WAIVE ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS CONSENT OR ANY MATTER ARISING HEREUNDER. EACH PARTY FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

5.11 Entire Agreement. This Consent and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Consent and any such agreement, document or instrument, the terms, conditions and provisions of this Consent shall prevail.

IN WITNESS WHEREOF, the parties hereto have caused this Consent and Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

SCE:

SOUTHERN CALIFORNIA EDISON COMPANY,
a California corporation

By: _____

Name:

Title:

ASSIGNOR:

MORONGO TRANSMISSION LLC,
a Delaware limited liability company

By: _____

Name:

Title:

ASSIGNEE:

[], as Assignee

By: _____

Name:

Title:

ADMINISTRATIVE AGENT: [INSERT IF APPLICABLE]

[], as Administrative Agent

By: _____

Name:

Title:

EXHIBIT E

THE PROJECT AND SUBJECT FACILITIES

EXHIBIT E

THE PROJECT AND SUBJECT FACILITIES

"Project" means the West of Devers Upgrade Project, which consists of the tear down and rebuild of four existing 220 kV transmission lines, covering approximately 48 corridor miles, with new 220 kV transmission lines between the existing Devers Substation (located near Palm Springs) and El Casco Substation (located in Western Riverside County), Vista Substation (located in Grand Terrace), and San Bernardino Substation (located in San Bernardino), which transmission lines will replace existing 220 kV transmission lines that cross the Reservation. The Project includes upgrades to equipment in the Devers, El Casco, Vista, and San Bernardino substations, as well as installation of telecommunication facilities. Portions of the new transmission lines may consist of double circuit 220kV transmission lines, and portions may consist of four single-circuit 220 kV transmission lines.

"Subject Facilities" means the portion of the West of Devers Upgrade Project consisting of the newly constructed 220 kV transmission lines that will operate as network transmission facilities under the Operational Control of the CAISO, and that are eligible for cost recovery under the CAISO's Transmission Access Charge. The Subject Facilities do not include any switchyard or substation facilities, subtransmission or distribution lines or facilities, telecommunications facilities, or the costs of removing existing facilities. Portions of the new transmission lines may consist of double circuit 220kV transmission lines, and portions may consist of four single-circuit 220 kV transmission lines.

EXHIBIT F

FORM OF MEMORANDUM OF LEASE

EXHIBIT F

FORM OF MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "Memorandum") is made as of _____, by and between Southern California Edison Company, a California corporation ("Lessor"), and Morongo Transmission, LLC, a Delaware limited liability company ("Lessee").

W I T N E S S E T H:

1. Lease. Lessor and Lessee have entered into that certain unrecorded Transfer Capability Lease, dated as of the date hereof (the "Lease"), for lease of the Lessee Transfer Capability of the Subject Facilities. The Subject Facilities are constructed in part on easements and rights-of-way granted to Lessor by the United States of America, acting by and through the Superintendent, Southern California Agency, Bureau of Indian Affairs, Department of the Interior, pursuant to that certain recorded Grant of Easements and Rights-of-Way dated _____, serial number _____. Undefined capitalized terms used herein shall have the meanings ascribed thereto in the Lease.
2. Term. The term of the Lease shall commence as of the date of the Lease and shall expire (unless otherwise earlier terminated pursuant to the Lease) at 11:59 p.m. Pacific time on the day before the 30th anniversary of such commencement date.
3. Right of First Refusal. Pursuant to Section 11.4 of the Lease, Lessor shall have the right of first refusal with respect to any proposed assignment by Lessee of all or any portion of its interest in the Lease, except in connection with (a) a collateral assignment of, or security interest in, the Lease under clause (i) of section 11.2 of the Lease or (b) any foreclosure sale or deed in lieu of foreclosure in connection with the exercise of remedies under such collateral assignment or security interest.
4. Incorporation of Lease. This memorandum incorporates herein all of the terms and provisions of the Lease as though fully set forth herein.
5. Memorandum of Lease. The purpose of this Memorandum is to give notice of the existence of the Lease and nothing contained herein shall be deemed or construed to in any way modify or otherwise affect any of the terms and conditions of the Lease or to create any inference about the characterization of the leasehold interest as real property or personalty. Further, nothing in the Lease or herein shall be deemed an assignment, in whole or in part, of any right or interest in the aforementioned Grant of Easements and Rights-of-Way, serial number _____. In the event of any inconsistency between the terms of the Lease and this Memorandum, the terms of the Lease shall prevail.
6. Counterparts. This Memorandum may be executed in multiple counterparts which taken together shall constitute a single original instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date first written above.

COMPANY,

LESSOR:

SOUTHERN CALIFORNIA EDISON

a California corporation

By: _____
Name:
Title:

LESSEE:

MORONGO TRANSMISSION LLC,
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT C

MODEL FOR SCE REPRESENTATIVE RATE

	BB	BC	BD	BE	BF
1					
2	52	53	54	55	56
3	Year-52	Year-53	Year-54	Year-55	Year-56
4					
5	7,264,912	7,264,912	7,264,912	7,264,912	7,264,912
6	1,170,239	957,468	744,697	531,927	319,156
7	0	0	0	0	0
8	464,505	380,050	295,594	211,139	126,683
9	613,036	498,467	383,899	269,330	154,761
10	172,928	141,185	109,443	77,700	45,957
11					
12	9,685,621	9,242,083	8,798,545	8,355,007	7,911,469
13	259,041	230,394	204,444	180,955	159,714
14					
15					
16					
17					
18					
19					
20					
21					
22					

CALCULATION OF RATE RATIO

Capital Investment 414.000000
Bank Life Year 37

BOOK DEPRECIATION

Table with 37 columns (Year 1 to Year 37) and 2 rows (Depreciation Expense, Accumulated Depreciation). Values range from 7,264.912 to 363,254.64.

Book Life Year 37

BOOK LIFE METHOD

Table with 37 columns (Year 1 to Year 37) and 2 rows (Depreciation Expense, Accumulated Depreciation). Values are identical to the Book Depreciation table.

Tax Rate

Table with 37 columns (Year 1 to Year 37) and 1 row (Tax Rate). Values range from 4.00% to 35.00%.

FEDERAL TAX DEPRECIATION

Table with 37 columns (Year 1 to Year 37) and 2 rows (Depreciation Expense, Accumulated Depreciation). Values are identical to the Book Depreciation table.

Federal Tax Rate 35.00%

DEFERRED TAX

Table with 37 columns (Year 1 to Year 37) and 2 rows (Deferred Tax Expense (B/L or F/L), Accumulated Deferred Taxes). Values range from 4,746.011 to 1,874.700.

Tax Rate 35.00%

TAX RATE DEPRECIATION

Table with 37 columns (Year 1 to Year 37) and 2 rows (Depreciation Expense, Accumulated Depreciation). Values are identical to the Book Depreciation table.

State Tax Rate 8.84%

Net Deferral Tax

Table with 37 columns (Year 1 to Year 37) and 2 rows (Deferred Tax Expense (Bank or State), Accumulated Deferred Taxes). Values range from 577.996 to 1,794.900.

RAISES

Table with 37 columns (Year 1 to Year 37) and 2 rows (Investment, Accumulated Investment). Values range from 414.00000 to 1,874.700.

Net Realized

Table with 37 columns (Year 1 to Year 37) and 2 rows (Net Realized, Accumulated Net Realized). Values range from 40,555.661 to 1,874.700.

Return on Common Equity

Table with 37 columns (Year 1 to Year 37) and 2 rows (Return on Common Equity, Accumulated Return on Common Equity). Values range from 21,264.154 to 1,874.700.

Check

Table with 37 columns (Year 1 to Year 37) and 2 rows (Check, Accumulated Check). Values range from 21,264.154 to 1,874.700.

Rate

Table with 37 columns (Year 1 to Year 37) and 2 rows (Rate, Accumulated Rate). Values range from 50.00% to 1,874.700.

Federal Tax Rate 35.00%

Table with 37 columns (Year 1 to Year 37) and 2 rows (Federal Tax Rate, Accumulated Federal Tax Rate). Values range from 1,333.033 to 1,874.700.

Return Requirement

Table with 37 columns (Year 1 to Year 37) and 2 rows (Return Requirement, Accumulated Return Requirement). Values range from 414.00000 to 1,874.700.

Investment Expense

Table with 37 columns (Year 1 to Year 37) and 2 rows (Investment Expense, Accumulated Investment Expense). Values range from 414.00000 to 1,874.700.

Return on Common Equity

Table with 37 columns (Year 1 to Year 37) and 2 rows (Return on Common Equity, Accumulated Return on Common Equity). Values range from 414.00000 to 1,874.700.

Return on Preferred Equity

Table with 37 columns (Year 1 to Year 37) and 2 rows (Return on Preferred Equity, Accumulated Return on Preferred Equity). Values range from 414.00000 to 1,874.700.

Net Realized

Table with 37 columns (Year 1 to Year 37) and 2 rows (Net Realized, Accumulated Net Realized). Values range from 414.00000 to 1,874.700.

Return on Common Equity

Table with 37 columns (Year 1 to Year 37) and 2 rows (Return on Common Equity, Accumulated Return on Common Equity). Values range from 414.00000 to 1,874.700.

Check

Table with 37 columns (Year 1 to Year 37) and 2 rows (Check, Accumulated Check). Values range from 414.00000 to 1,874.700.

Rate

Table with 37 columns (Year 1 to Year 37) and 2 rows (Rate, Accumulated Rate). Values range from 414.00000 to 1,874.700.

Federal Tax Rate 35.00%

Table with 37 columns (Year 1 to Year 37) and 2 rows (Federal Tax Rate, Accumulated Federal Tax Rate). Values range from 414.00000 to 1,874.700.

Return Requirement

Table with 37 columns (Year 1 to Year 37) and 2 rows (Return Requirement, Accumulated Return Requirement). Values range from 414.00000 to 1,874.700.

Investment Expense

Table with 37 columns (Year 1 to Year 37) and 2 rows (Investment Expense, Accumulated Investment Expense). Values range from 414.00000 to 1,874.700.

Return on Common Equity

Table with 37 columns (Year 1 to Year 37) and 2 rows (Return on Common Equity, Accumulated Return on Common Equity). Values range from 414.00000 to 1,874.700.

Return on Preferred Equity

Table with 37 columns (Year 1 to Year 37) and 2 rows (Return on Preferred Equity, Accumulated Return on Preferred Equity). Values range from 414.00000 to 1,874.700.

Net Realized

Table with 37 columns (Year 1 to Year 37) and 2 rows (Net Realized, Accumulated Net Realized). Values range from 414.00000 to 1,874.700.

FIRST AMENDMENT

to the

DEVELOPMENT AND COORDINATION AGREEMENT

between

SOUTHERN CALIFORNIA EDISON COMPANY

and

MORONGO TRANSMISSION LLC

This First Amendment (this “Amendment”) is to the Development and Coordination Agreement dated November 27, 2012 (“DCA”) between Southern California Edison Company (“SCE”) a California corporation, and Morongo Transmission LLC, a Delaware limited liability company (“Investor”). SCE and Investor may be referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, SCE has been developing a transmission project known as the West of Devers Upgrade Project in its service territory, which includes the Subject Facilities;

WHEREAS, Parties entered into the DCA, which provides Investor the Option to lease a pro rata portion of the Transfer Capability of the Subject Facilities in exchange for a lump sum rent pre-payment of up to \$400,000,000;

WHEREAS, Parties now wish to amend the DCA to allow Investor the choice of investing \$400,000,000 or 50% of the estimated Total Actual Costs and to amend certain SCE covenants in the form of Transfer Capability Lease;

NOW, THEREFORE, In consideration of premises and mutual agreements contained herein, the Parties agree as follows:

AMENDMENT

1. Legal Effect. All terms and conditions of the DCA shall remain in effect and in full force except where expressly amended by this Amendment.

Execution Copy

2. Effective Date. This Amendment shall become effective as of September 25, 2015.
3. Capitalized Terms. Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the DCA.
4. Section 1.1 Definitions.

- a. The Parties agree that the following definition for "Fixed Prepaid Rent Payment" is added to Section 1.1 of the DCA:

"Fixed Prepaid Rent Payment" has the meaning set forth in Section 4.2.4 (Prepaid Rent for Transfer Capability Lease) hereof.

- b. The Parties agree that the following definition for "Percentage Prepaid Rent Payment" is added to Section 1.1 of the DCA:

"Percentage Prepaid Rent Payment" has the meaning set forth in Section 4.2.4 (Prepaid Rent for Transfer Capability Lease) hereof.

- c. The Parties agree that the definition of "Prepaid Rent" in Section 1.1 of the DCA is hereby deleted in its entirety and replaced with the following:

"Prepaid Rent" has the meaning set forth in Section 4.2.4 (Prepaid Rent for Transfer Capability Lease) hereof.

5. Section 4.2.1 Investor Percentage Interest.

The Parties agree that Section 4.2.1 of the DCA is hereby deleted in its entirety and replaced with the following:

Section 4.2.1 Investor Percentage Interest. Investor shall have the option to lease from SCE and, upon Investor's exercise of such option, SCE shall have the obligation to lease to Investor, on the terms and conditions set forth in the Transfer Capability Lease, a percentage, as calculated in accordance with this Section, of the Transfer Capability on the Subject Facilities for thirty (30) years. Pursuant to Section 4.2.4 (Prepaid Rent for Transfer Capability Lease) hereof, Investor shall have the option of making either a Fixed Prepaid Rent Payment or a Percentage Prepaid Rent Payment under the Transfer Capability Lease. The Investor Percentage Interest of the Transfer Capability shall be determined by the following formula: (Amount of Prepaid Rent payment/Total Actual Costs) times 100, subject to adjustment as set forth in the Transfer Capability Lease.

6. Section 4.2.2 Exercise of Option.

The Parties agree that Section 4.2.2 of the DCA is hereby deleted in its entirety and replaced with the following:

Execution Copy

Section 4.2.2 Exercise of Option. SCE shall give Investor (a) written notice of the Target COD at least one hundred twenty (120) days in advance of SCE's good faith best estimate of the Target COD and (b) written notice of the COD at least thirty (30) days in advance of the COD (if SCE's best estimate of the Target COD or COD changes after any such notice, SCE will promptly give written notice to Investor of the revised estimate of the Target COD or COD, as applicable ("Revised Estimate"), and shall repeat this process as many times as applicable if the Revised Estimate(s) change(s)). SCE's notices shall each include its good faith best estimate as of the date of such notice of the Total Actual Costs. Subject to Section 4.3 (Conditions to Closing of Option) hereof, Investor may exercise the Option by delivering written notice to SCE no earlier than the first notice delivered by SCE pursuant to clause (a) above, and no later than the later of (i) the COD and (ii) the date ten (10) Business Days after the last Revised Estimate (the "Latest Possible Exercise Date"). Such notice shall specify whether Investor elects to make a Fixed Prepaid Rent Payment (in which case the amount of the Prepaid Rent payment shall also be specified) or a Percentage Prepaid Rent Payment under the Transfer Capability Lease. If SCE has timely given Investor the required notices described in this paragraph, the Option will expire if Investor fails to exercise its Option by the Latest Possible Exercise Date.

7. Section 4.2.4 Responsibility for Financing and Securing Recovery of Prepaid Rent.

The Parties agree that Section 4.2.4 of the DCA is hereby deleted in its entirety and replaced with the following:

Section 4.2.4 Prepaid Rent for Transfer Capability Lease. The prepaid rent to be paid by Investor for Transfer Capability leased pursuant to the Transfer Capability Lease (the "Prepaid Rent") shall be, as determined by Investor in its sole discretion, either (i) an amount determined by Investor not to exceed \$400,000,000 (the "Fixed Prepaid Rent Payment"), or (ii) 50% of the estimated Total Actual Costs as set forth in the last Revised Estimate provided by SCE pursuant to Section 4.2.2 hereof (the "Percentage Prepaid Rent Payment"). Investor shall be responsible for obtaining its own financing for the Prepaid Rent, and SCE has no obligation to provide or guarantee financing to Investor if Investor is unable to secure any part of its financing. For the avoidance of doubt, Investor shall request, in its initial filings for Investor Regulatory Approvals, and SCE shall support, through timely intervention and active participation in any proceeding relating to or affecting Investor's rates, that FERC order that the full amount of Investor's Prepaid Rent be recoverable through its cost recovery methodology pursuant to Section 5.4 (Investor's Cost Recovery Methodology) hereof, and that any adjustment ordered by FERC to the amount of Total Actual Costs that may be recovered through transmission rates come from SCE's interest in the Subject Facilities.

8. Exhibit B Form of Transfer Capability Lease, Section 3.5.1 True-Up for Actual Costs.

The Parties agree that Section 3.5.1 of Exhibit B of the DCA shall be deleted in its entirety and replaced with the following:

Execution Copy

Section 3.5.1 True-Up for Total Actual Costs. The Parties acknowledge that the Lessee Percentage Interest has been determined prior to the date when Total Actual Costs are fully known. Accordingly, SCE shall provide to Lessee an accounting of such costs promptly after SCE has finally determined such costs, and the Lessee Percentage Interest shall be determined by the following formula: (Amount of Prepaid Rent payment/Total Actual Costs) times 100.

9. Exhibit B Form of Transfer Capability Lease, Section 5.2.1 SCE Provision of Cost Recovery.

The Parties agree that the Section 5.2.1 of Exhibit B of the DCA, shall be deleted in its entirety and replaced with the following:

Section 5.2.1 SCE Provision of Cost Recovery. During the Term, if (a) SCE is no longer part of the CAISO or a successor regional transmission entity that has Operational Control over SCE's transmission system, (b) SCE has Operational Control over the Lessee Transfer Capability and (c) SCE is recovering some or all costs of SCE's transmission system through regulated, cost of service rates, then SCE shall guarantee or financially support (as applicable under the circumstances) the receipt by Lessee of any and all costs specified in Sections 4.3.1 and 4.3.2 as if Lessee were still recovering these costs under its FERC-filed and accepted transmission service tariff. While SCE is part of the CAISO or a successor regional transmission entity that has Operational Control over SCE's transmission system, SCE shall assist Lessee in obtaining, but not be required to guarantee or financially support, Lessee's recovery of costs incurred pursuant to this Lease.

10. Headings. The headings in this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

11. Severability. If any provision or provisions of this Amendment shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

12. Governing Law. This Amendment and the obligations hereunder shall be governed by the applicable Laws of the State of California, without regard to principles of conflicts of law.

13. Counterparts. This Amendment may be executed in one or more counterparts at different times, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same Amendment.

14. Authority. The signatories hereto warrant and represent that they have been appropriately authorized to enter into this Amendment on behalf of the Party for whom they sign and to bind their respective principals.

Execution Copy


15. Entire Agreement. This Amendment sets forth the entire agreement of the Parties hereto with respect to the subject matter herein, and supersedes all previous understandings, written or oral, with respect thereto.

IN WITNESS WHEREOF, the Parties have executed this Amendment in multiple originals, each of which shall constitute an original effective agreement among the Parties. The Parties hereto have entered into this Amendment as of the date listed above.

SCE:

Southern California Edison Company, a California corporation

By:


Name: TRES PETMELKY
Title: VICE PRESIDENT & TREASURER

INVESTOR:

Morongo Transmission LLC, a Delaware limited liability company

By:

Name:
Title:

Execution Copy

15. Entire Agreement. This Amendment sets forth the entire agreement of the Parties hereto with respect to the subject matter herein, and supersedes all previous understandings, written or oral, with respect thereto.

IN WITNESS WHEREOF, the Parties have executed this Amendment in multiple originals, each of which shall constitute an original effective agreement among the Parties. The Parties hereto have entered into this Amendment as of the date listed above.

SCE:

Southern California Edison Company, a California corporation

By: _____

Name:

Title:

INVESTOR:

Morongo Transmission LLC, a Delaware limited liability company

By: _____

Name: Robert Martin

Title: Chairman

Appendix B
Entitlements (Continued)

B-2
Entitlements Matrix

See attached.

APPENDIX B-2

ENTITLEMENTS

Appendix B-2 to Morongo Transmission LLC PTO Application, Dated July 14, 2020

	Point of Receipt-Delivery	Parties	Direction	Contract Title	FERC No.	Contract Termination	Contract Amount
1	Devers Substation	SCE and Morongo Transmission LLC	Bidirectional	Development and Coordination Agreement November 27, 2012, As Amended	NA	The 30th anniversary of the effective date of the Transfer Capability Lease attached thereto (unless such lease terminated earlier in accordance with its terms).	TBD
2	El Casco Substation, San Bernardino Substation and Vista Substation	SCE and Morongo Transmission LLC	Bidirectional	Development and Coordination Agreement of November 27, 2012, As Amended	NA	The 30th anniversary of the effective date of the Transfer Capability Lease attached thereto (unless such lease terminated earlier in accordance with its terms).	TBD

Appendix B
Entitlements (Continued)

B-3
Encumbrances Matrix

**APPENDIX B-3
ENCUMBRANCES**

Appendix B-3 to Morongo Transmission LLC PTO Application, Dated July 14, 2020

	Point of Receipt-Delivery	Parties	Direction	Contract Title	FERC No.	Contract Start Date	Contract Termination	Contract Amount
1	Devers Substation	SCE and Morongo Transmission LLC	Bidirectional	Development and Coordination Agreement of November 27, 2012, As Amended; SCE Appendix B, "Edison's Contract Encumbrances"	NA		The 30th anniversary of the effective date of the Transfer Capability Lease attached thereto (unless such lease terminated earlier in accordance with its terms).	NA

2	El Casco Substation, San Bernardino Substation and Vista Substation	SCE and Morongo Transmission LLC	Bidirectional	Development and Coordination Agreement of November 27, 2012, As Amended; SCE Appendix B, "Edison's Contract Encumbrances"	NA		The 30th anniversary of the effective date of the Transfer Capability Lease attached thereto (unless such lease terminated earlier in accordance with its terms).	NA
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Appendix C
Proposed Transmission Owner Tariff

See attached.

July 14, 2020

Morongo Transmission LLC

Transmission Owner Tariff (Proposed)

[DATE]

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- 1 **Preamble.** The Participating TO's revenue requirements and applicable rates and charges for transmission access over the ISO Controlled Grid and the terms and conditions for transmission expansion and interconnection are set forth in this TO Tariff and the ISO Tariff. For purposes of this TO Tariff and the ISO Tariff, Morongo Transmission LLC is a Non-Load-Serving Participating TO and has no End-Use Customers.
 - 1.1 **Transmission Access for Participating TOs.** Participating TOs are able to participate in the ISO and utilize the entire ISO Controlled Grid to serve their End-Use Customers. The applicable High Voltage Access Charges and Transition Charges shall be paid by Participating TOs to the ISO pursuant to the ISO Tariff. If a Participating TO utilizes the Low Voltage Transmission Facilities of another Participating TO, the Participating TO shall also pay the Low Voltage Access Charge of the other Participating TO.
 - 1.2 **Transmission Access for Wheeling Customers.** Wheeling allows Scheduling Coordinators to deliver Energy through or out of the ISO Controlled Grid to serve a load located outside the transmission or Distribution System of a Participating TO. Wheeling Access Charges shall be paid by Scheduling Coordinators to the ISO pursuant to the ISO Tariff.
 - 1.3 **Transmission Access for End-Users.** End-Users receive transmission service over the ISO Controlled Grid through the Participating TO to whose transmission or distribution facilities the End-User is directly connected. Charges to End-Users for access to the ISO Controlled Grid shall be paid to the applicable Participating TO to whose transmission or distribution facilities the End-User is directly connected.
- 2 **Effective Date.** This TO Tariff is effective on the date on which the Project is placed into service under the Operational Control of the ISO, [or the Transfer Capability Lease has been executed, whichever is later,] and shall continue to be effective, as amended from time to time, so long as Morongo Transmission LLC is a party to the Transmission Control Agreement.
 - 2.1 **Termination.** This TO Tariff may be terminated by Morongo Transmission LLC upon such advance notice and with such authorization as FERC may require.
- 3 **TO Definitions.** Certain capitalized terms used in this TO Tariff shall have the meanings set out below unless otherwise stated or the context otherwise requires. Capitalized terms used in this TO Tariff and not defined below shall have the meanings set out in the ISO Tariff as it may be amended from time to time.

- 3.1 Access Charge.** A charge paid by all UDCs, MSSs, and, in certain cases, Scheduling Coordinators delivering Energy to Gross Load, as set forth in Section 26.1 of the ISO Tariff. The Access Charge includes the High Voltage Access Charge, the Transition Charge, and the Low Voltage Access Charge, as applicable.
- 3.2 AGC.** Generation equipment that automatically responds to signals from the ISO's EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.
- 3.3 Ancillary Services.** Regulation, Spinning Reserve, Non-Spinning Reserve, Voltage Support and Black Start together with such other interconnected operation services as the ISO may develop in cooperation with Market Participants to support the transmission of Energy from generation resources to Loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.
- 3.4 Applicable Reliability Criteria.** The Reliability Standards and reliability criteria established by NERC and WECC, and Local Reliability Criteria, as amended from time to time, including any requirement of the Nuclear Regulatory Commission.
- 3.5 Available Transfer Capacity.** The available capacity of a given transmission path, in MW after allocation of rights associated with Existing Contracts and Transmission Ownership Rights, to that path's Operating Transfer Capability established consistent with ISO and WECC transmission capacity rating guidelines, as further described in Appendix L to the ISO Tariff.
- 3.6 Base Transmission Revenue Requirement.** The Transmission Revenue Requirement which does not reflect amounts for the TRBAA.
- 3.7 Black Start.** The procedure by which a Generating Unit self-starts without an external source of electricity, thereby restoring power to the ISO Controlled Grid following system or local area blackouts.
- 3.8 Business Day.** Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.
- 3.9 Morongo Transmission LLC ("Morongo Transmission").** The Delaware limited liability company that is the Participating TO under this TO Tariff.

- 3.10 Completed Application Date.** The date on which a party submits an Interconnection Application that satisfies the requirements of a Completed Interconnection Application.
- 3.11 Completed Interconnection Application.** An Interconnection Application that satisfies all of the information and other requirements of Section 10.3 of this TO Tariff and, if applicable, the information requirements as specified by the ISO and posted on the ISO Home Page.
- 3.12 Congestion.** A characteristic of the transmission system produced by a binding Constraint to the optimum economic dispatch to meet Demand such that the LMP, exclusive of Marginal Cost of Losses, at different Locations of the transmission system is not equal.
- 3.13 Congestion Management.** The alleviation of Congestion in accordance with applicable ISO Protocols and Good Utility Practice.
- 3.14 Converted Rights.** Those transmission service rights determined in accordance with Section 4.3.1.6 of the ISO Tariff.
- 3.15 CPUC.** The California Public Utilities Commission or its successor.
- 3.16 Demand.** The rates at which Energy is delivered to Load and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples therefore, e.g. 1000 W = 1 kW, 1000 kW= 1 MW, etc.
- 3.17 Direct Assignment Facilities.** Facilities or portions of facilities that are owned by the Participating TO necessary to physically and electrically interconnect a particular party requesting interconnection under this TO Tariff to the ISO Controlled Grid at the point of interconnection. Direct Assignment Facilities shall be specified in the Interconnection Agreement that governs Interconnection service to such party and shall be subject to FERC approval.
- 3.18 Dispatch.** The operating control of an integrated electric system to: (i) assign specific Generation Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; (ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; (iii) operate Interconnections; (iv) manage Energy transactions with other interconnected Control Areas; and (v) curtail Demand.
- 3.19 Distribution System.** The distribution assets of a TO, UDC, or MSS.

- 3.20 Eligible Customer.** (i) Any utility (including any Participating TO, Market Participant or power marketer), Federal power marketing agency, or any person generating Energy for sale or resale; Energy sold or produced by such entity may be Energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by FPA Section 212(h)(2); and (ii) any retail customer taking unbundled transmission service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmissions service by the Participating TO.
- 3.21 Encumbrance.** A legal restriction or covenant binding on the Participating TO that affects the operation of any transmission lines or associated facilities and which the ISO needs to take into account in exercising Operational Control over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (i) other local restrictions or covenants meeting the definition of Encumbrance and arising under other arrangements entered into before the ISO Operations Date, if any; and (ii) legal restrictions or covenants meeting the definition of Encumbrance and arising under a contract or other arrangement entered into after the ISO Operations Date.
- 3.22 End-Use Customer or End-User.** A purchaser of electric power that purchases such power to satisfy a Load directly connected to the ISO Controlled Grid or to a Distribution System and who does not resell the power.
- 3.23 Energy.** The electrical energy produced, flowing, or supplied by Generation, transmission, or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof. E.g. 1000 Wh = 1 kW, 1000 kWh = 1 MWh, etc.
- 3.24 Entitlement.** The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.
- 3.25 Existing Contracts.** Those transmission service agreements or other contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.
- 3.26 Existing Rights.** Those transmission service rights defined in Section 16.1 of the ISO Tariff.

- 3.27 Expedited Interconnection Agreement.** A contract between a party which has submitted a Request for Expedited Interconnection Procedures and the Participating TO under which the Participating TO agrees to process, on an expedited basis, the Completed Interconnection Application of such party and which sets forth the terms, conditions, and cost responsibilities for such Interconnection.
- 3.28 Facilities Study Agreement.** An agreement between a Participating TO and either a party requesting Interconnection to the ISO Controlled Grid, Market Participants, Project Sponsor, or identified principal beneficiaries pursuant to which the party requesting such Interconnection, Market Participant, Project Sponsor or identified principal beneficiaries agrees to reimburse the Participating TO for the cost of performing or reviewing a Facilities Study.
- 3.29 Facility or Facilities Study.** An engineering study conducted to determine required modifications to the Participating TO's transmission system, including the estimated cost and scheduled completion date for such modifications, that will be required to provide needed services.
- 3.30 FERC.** The Federal Energy Regulatory Commission, or its successor.
- 3.31 FPA.** The Federal Power Act, 16 U.S.C. § 791a et seq., as it may be amended from time to time.
- 3.32 Generating Unit.** An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant, that, in either case, is: (i) located within the ISO Balancing Authority Area; (ii) connected to the ISO Controlled Grid, either directly or via interconnected transmission or distribution facilities; and; (iii) that is capable of producing and delivering net Energy (Energy in excess of a generation stations' internal power requirements).
- 3.33 Generation.** Energy delivered from a Generating Unit.
- 3.34 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 limited to 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, including those practices required by Federal Power Act Section 215(a)(4).

- 3.35 Gross Load.** For purposes of calculating the transmission Access Charge, Gross Load is all Energy (adjusted for distribution losses) delivered for the supply of End-Use Customer Loads directly connected to the transmission facilities or directly connected to the Distribution System of a Utility Distribution Company or MSS Operator located in a PTO Service Territory. Gross Load shall exclude: (i) Load with respect to which the Wheeling Access Charge is payable; (ii) Load that is exempt from the Access Charge pursuant to Section 4.1, Appendix I of the ISO Tariff, and the portion of the load of an individual retail customer of a Utility Distribution Company, Small Utility Distribution Company or MSS Operator that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customer's site through over-the-fence arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (c) secures Standby Service from the Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or can be curtailed concurrently with an Outage of the Generating Unit serving the Load. Gross Load forecasts consistent with filed Transmission Revenue Requirements will be provided by each Participating TO to the ISO.
- 3.36 High Voltage Access Charge.** A component of the Access Charge determined by the ISO under Section 26.1 of the ISO Tariff.
- 3.37 High Voltage Transmission Facility.** A transmission facility under the Operational Control of the ISO that is owned by the Participating TO or to which the Participating TO has an Entitlement that may be associated with a Converted Right, which operates at a voltage at or above 200 kilovolts, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.
- 3.38 High Voltage Transmission Revenue Requirement.** The portion of the Participating TO's TRR associated with and allocable to the Participating TO's High Voltage Transmission Facilities and Rights associated with High Voltage Transmission Facilities.
- 3.39 High Voltage Utility-Specific Rate.** The Participating TO's High Voltage Transmission Revenue Requirement divided by the Participating TO's forecast of its Gross Load.
- 3.40 High Voltage Wheeling Access Charge.** The Wheeling Access Charge assessed by the ISO associated with the recovery of the

Participating TO's High Voltage Transmission Revenue Requirement in accordance with Section 26.1 of the ISO Tariff.

- 3.41 Independent System Operator (“ISO”).** The California Independent System Operator Corporation, a state chartered, nonprofit corporation that controls the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.
- 3.42 ISO ADR Procedures.** The procedures for resolution of disputes or differences set out in Section 13 of the ISO Tariff, as amended from time to time.
- 3.43 ISO Controlled Grid.** The system of transmission lines and associated facilities of the Participating TOs that have been placed under the ISO's Operational Control.
- 3.44 ISO Protocols.** The rules, protocols, procedures and standards promulgated by the ISO (as amended from time to time) to be complied with by the ISO Scheduling Coordinators, Participating TOs and all other Market Participants in relation to the operation of the ISO Controlled Grid and the participation in the markets for Energy and Ancillary Services in accordance with the ISO Tariff.
- 3.45 ISO Tariff.** The Fifth Replacement FERC Electric Tariff effective as of February 20, 2020, as it may be modified from time to time.
- 3.46 Interconnection.** Transmission facilities, other than additions or replacements to existing facilities that: (i) connect one system to another system where the facilities emerge from one and only one substation of the two systems and are functionally separate from the ISO Controlled Grid facilities such that the facilities are, or can be, operated and planned as a single facility; (ii) are identified as retail transmission lines pursuant to contract; or (iii) produce Generation at a single point on the ISO Controlled Grid; provided that such interconnection does not include facilities that, if not owned by the Participating TO, would result in a reduction in the ISO's Operational Control of the Participating TO's portion of the ISO Controlled Grid.
- 3.47 Interconnection Agreement.** A contract between a party requesting Interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.
- 3.48 Interconnection Application.** An application that requests Interconnection to the ISO Controlled Grid.
- 3.49 Interest.** Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of

FERC at 18 C.F.R. § 35.19a(2)(iii)(2019). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.

- 3.50 Load.** An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.
- 3.51 Local Publicly Owned Electric Utility.** A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal district furnishing electric services, or a joint powers authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.
- 3.52 Local Regulatory Authority.** The state or local governmental authority responsible for the regulation or oversight of a utility.
- 3.53 Local Reliability Criteria.** Reliability criteria established by the ISO, unique to the transmission systems of each of the Participating TOs, as they may be updated from time to time.
- 3.54 Low Voltage Access Charge.** The Access Charge applicable under Section 26.1 of the ISO Tariff to recover the Low Voltage Transmission Revenue Requirement of the Participating TO.
- 3.55 Low Voltage Transmission Revenue Requirement.** The portion of the Participating TO's TRR associated with and allocable to the Participating TO's Low Voltage Transmission Facilities and Converted Rights associated with Low Voltage Transmission Facilities.
- 3.56 Low Voltage Wheeling Access Charge.** The Wheeling Access Charge associated with the recovery of the Participating TO's Low Voltage Transmission Revenue Requirement in accordance with Section 26.1 of the ISO Tariff.
- 3.57 Market Participant.** An entity, including a Scheduling Coordinator, who participates in the Energy marketplace through the buying, selling, transmission, or distribution of Energy or Ancillary Services into, out of, or through the ISO Controlled Grid.
- 3.58 Metered Subsystem ("MSS").** A geographically contiguous system, located within a single zone which has been operating as an electric utility for a number of years prior to the ISO Operations Date as a municipal utility, water district, irrigation district, state agency or federal power marketing authority subsumed within the ISO Balancing

Authority Area and encompassed by ISO certified revenue quality meters at each interface point with the ISO Controlled Grid and ISO-certified revenue quality meters on all Generating Units or, if aggregated, each individual resource and Participating Load internal to the system, which is operated in accordance with a MSS agreement described in Section 4.9.1 of the ISO Tariff.

- 3.59 NERC.** The North American Electric Reliability Corporation or its successor.
- 3.60 New High Voltage Transmission Facility.** A High Voltage Transmission Facility of the Participating TO that enters service on or after the Transition Date described in Section 4 of Appendix F, Schedule 3 of the ISO Tariff, or a capital addition made on or after the Transition Date described in Section 4.1. of Appendix F, Schedule 3 of the ISO Tariff to a High Voltage Transmission Facility that existed prior to the Transition Date.
- 3.61 New Participating TO.** A Participating TO that is not an Original Participating TO.
- 3.62 Non-Load-Serving Participating TO.** A Participating TO that does not serve Load.
- 3.63 Non-Participating TO.** A TO that is not a party to the TCA or, for the purpose of Section 16.1 of the ISO Tariff, the holder of transmission service rights under an Existing Contract that is not a Participating TO.
- 3.64 Non-Spinning Reserve.** The portion of off-line generating capacity that is capable of being synchronized and ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.
- 3.65 Operational Control.** The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable nondiscriminatory transmission access and meeting Applicable Reliability Criteria.
- 3.66 Original Participating TO.** A Participating TO that was a Participating TO as of January 1, 2000. The Original Participating TOs are Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company.

- 3.67 Participating TO (“PTO”).** A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed its transmission assets and/or Entitlements under the ISO’s Operational Control in accordance with the TCA. A PTO may be an Original Participating TO or a New Participating TO. For the purposes of this Tariff, the Participating TO is Morongo Transmission.
- 3.68 Participation Agreement.** An agreement between a Participating TO and a Project Sponsor that specifies the terms and conditions under which the Participating TO will construct a transmission addition or upgrade on behalf of the Project Sponsor.
- 3.69 Physical Scheduling Plant.** A group of two or more related Generating Units each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: (i) multiple generating components are related by a common flow of fuel which cannot be interrupted without substantial loss of efficiency of the combined output of all components; (ii) the Energy production from one component necessarily causes Energy production from other components; (iii) the operational arrangement of related multiple generating components determines the overall physical efficiency of the combined output of all components; (iv) the level of coordination required to schedule individual generating components would cause the ISO to incur scheduling costs far in excess of the benefits of having scheduled such individual components separately; or (v) metered output is available only for the combined output of related multiple generation components and separate generating component metering is either impractical or economically inefficient.
- 3.70 Project.** Morongo Transmission’s leasehold interest in the Transfer Capability of the Subject Facilities included in the West of Devers Upgrade Project as that interest is defined in the Development and Coordination Agreement dated as of November 27, 2012, As Amended, and the Transfer Capability Lease dated as of [●], attached hereto as Appendices I and II, respectively.
- 3.71 Project Proponent.** A Market Participant or group of Market Participants that: (i) advocates a transmission addition or upgrade; (ii) is unwilling to pay the full cost of the proposed transmission addition or upgrade, and thus is not a Project Sponsor; and (iii) initiates proceedings under the ISO ADR Procedures to determine the need for the proposed transmission addition or upgrade.

- 3.72 Project Sponsor.** A Market Participant or group of Market Participants or a Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 24 of the ISO Tariff.
- 3.73 Regional Transmission Group (“RTG”).** A voluntary organization approved by FERC and composed of transmission owners, transmission users, and other entities, organized to efficiently coordinate the planning, expansion, and use of transmission on a regional and inter-regional basis.
- 3.74 Regulation.** The service provided either by Generating Units certified by the ISO as equipped and capable of responding to the ISO’s direct digital control (AGC) signals, or by System Resources that have been certified by the ISO as capable of delivering such service to the ISO Balancing Authority Area, in an upward and downward direction to match, on a Real Time basis, Demand and resources, consistent with established NERC and WECC reliability standards, including any requirements of the Nuclear Regulatory Commission. Regulation is used to control the Power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other so as to maintain the target system frequency and/or the established interchange with other Balancing Authority Areas within the predetermined Regulation Limits. Regulation includes both the increase of output by a Generating unit or System Resource (Regulation Up) and the decrease in output by a Generating unit or System Resource (Regulation Down). Regulation Up and Regulation Down are distinct capacity products, with separately stated requirements and ASMPs in each Settlement Period.
- 3.75 Regulatory Authority.** In the case of Morongo Transmission, FERC.
- 3.76 Reliability Criteria.** Pre-established criteria that are to be followed in order to maintain desired performance of the ISO Controlled Grid under contingency or steady state conditions.
- 3.77 Reliability Upgrade.** The transmission facilities other than Direct Assignment Facilities beyond the first point of Interconnection necessary to interconnect a New Facility or wholesale Load safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the Interconnection of a New Facility or wholesale Load, including network upgrades necessary to remedy short circuit or stability problems resulting from the Interconnection of the new Facility or wholesale Load to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact a New Facility’s or wholesale Load’s Interconnection may have on a path’s WECC path rating.

Reliability Upgrades shall be specified in the Interconnection Agreement that governs Interconnection service and shall be subject to FERC approval.

- 3.78 Requests for Expedited Interconnection Procedures.** A written request by which an applicant for Interconnection can request expedited processing of its Interconnection Application.
- 3.79 Scheduling Coordinator.** An entity certified by the ISO for the purpose of undertaking the functions specified in Section 4.5 of the ISO Tariff.
- 3.80 Scheduling Point.** A location at which the ISO Controlled Grid or a transmission facility owned by a Transmission Ownership Right holder is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion Management, to transmission facilities that are outside the ISO's Operational Control.
- 3.81 Spinning Reserve.** The portion of unloaded synchronized generating capacity, that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.
- 3.82 System Impact Study.** An engineering study conducted to determine whether a request for Interconnection to the ISO Controlled Grid would require new transmission additions, upgrades, or other mitigation measures.
- 3.83 System Impact Study Agreement.** An agreement between a Participating TO and an entity that has requested Interconnection to the Participating TO's transmission system pursuant to which the entity requesting Interconnection agrees to reimburse the Participating TO for the cost of performing or reviewing a System Impact Study.
- 3.84 TO Tariff.** This Transmission Owner Tariff, as it may be amended or superseded.
- 3.85 Transition Charge.** A component of the Access Charge determined by the ISO and assessed by the Participating TO along with the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3 of the ISO Tariff.
- 3.86 Transmission Control Agreement ("TCA").** The agreement between the ISO and Participating TOs establishing the terms and conditions under which TOs will become Participating TOs and how the ISO and

each Participating TO will discharge its respective duties and responsibilities, as may be modified from time to time.

- 3.87 Transmission Owner (“TO”).** An entity owning transmission facilities or having firm contractual rights to use transmission facilities.
- 3.88 Transmission Revenue Balancing Account Adjustment (“TRBAA”).** A mechanism established by the Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Section 6 and 8 of Appendix F, Schedule 3 of the ISO Tariff, flow through to ISO Tariff and TO Tariff transmission customers.
- 3.89 Transmission Revenue Credit.** The proceeds received from the ISO (other than for the recovery of the Participating TO’s High Voltage and Low Voltage Transmission Revenue Requirement through the High Voltage and Low Voltage Transmission Access Charges) and charges imposed by the ISO that are received and paid by the Participating TO in its role as Participating TO, as defined in the ISO Tariff.
- 3.90 Transmission Revenue Requirement (“TRR”).** The total annual authorized revenue requirement associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by the Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO’s TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and is shown in Appendix III.
- 3.91 Transmission System Rights (“TSRs”).** TSRs represent Morongo Transmission’s exclusive transmission entitlement on the Project. Morongo Transmission, as the holder of the TSRs, is entitled to all associated rights as are available under the ISO Tariff and Protocols. The use of this definition does not limit Morongo Transmission from seeking any additional revenues or rights that are authorized by FERC due to a beneficial increase in the ISO controlled grid capacity resulting from the Project.
- 3.92 Uncontrollable Force.** Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the ISO, Morongo Transmission, or a Market Participant, as the case may be, which could not be avoided through the exercise of Good Utility Practice.
- 3.93 Utility Distribution Company (“UDC”).** An entity that owns a Distribution System for the delivery of Energy to and from the ISO

Controlled Grid, and/or that provides regulated retail electric service to End-Users.

- 3.94 Voltage Support.** Services provided by Generating Units or other equipment such- as shunt capacitors, static vat compensators, or synchronous condensers that are required to maintain established grid voltage criteria. This service is required under normal or system emergency conditions.
- 3.95 Western Electricity Coordinating Council (“WECC”).** The Western Electricity Coordinating Counsel or its successor.
- 3.96 Wheeling Access Charge.** The charge assessed by the ISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section 26.1.4.1 of the ISO Tariff. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge consists of a High Voltage Wheeling Access Charge and, if applicable, a Low Voltage Wheeling Access Charge.
- 3.97 Wheeling Out.** Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1 of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a Generating Unit located within the ISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.
- 3.98 Wheeling Through.** Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1 of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a resource located outside the ISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.
- 3.99 Wheeling. Wheeling Out or Wheeling Through.**
- 3.100 Wholesale Customer.** A person wishing to purchase Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.
- 4 Eligibility.** Transmission service over a Participating TO’s system shall be provided only to Eligible Customers.
- 5 Access Charges and Transmission Rates.** The applicable Access Charges are provided in the ISO Tariff.
 - 5.1 Low Voltage Access Charge.** The Low Voltage Access Charge shall be determined in accordance with the ISO Tariff. As Morongo

Transmission is a Non-Load-Serving Participant TO, the ISO shall charge for and collect the Low Voltage Access Charge on Morongo Transmission's behalf pursuant to Section 26.1 and Appendix F, Schedule 3, Section 13 of the ISO Tariff from the Participating TO to whose facilities Morongo Transmission's Low Voltage Transmission Facilities are directly connected. The rate for Morongo Transmission's Low Voltage Access Charge shall be Morongo Transmission's Low Voltage Transmission Revenue Requirement divided by the forecasted Gross Load of the Participating TO that is the Low Voltage Access Charge customer. The Low Voltage Access Charge customer shall pay the ISO a Low Voltage Access Charge equal to the product of Morongo Transmission's Low Voltage Access Charge rate and the actual Gross Load of the Participating TO that is the Low Voltage Access Charge Customer.

- 5.2 Wheeling Access Charge.** The Wheeling Access Charge shall be determined in accordance with the ISO Tariff. The Wheeling Access Charge assessed by the ISO consists of a High Voltage Wheeling Access Charge and, if applicable, a Low Voltage Wheeling Access Charge. The High Voltage Wheeling Access Charge is set forth in the ISO Tariff.
- 5.3 Transmission Revenue Requirement.** As set forth in the ISO Tariff, the Transmission Revenue Requirement for each Participating TO is used to develop the Access Charges set forth in the ISO Tariff and is used by the ISO to calculate the disbursement of Wheeling revenues among Participating TOs. Wheeling revenues are disbursed by the ISO to Participating TOs pursuant to Section 26.1.4.3 of the ISO Tariff. Morongo Transmission's TRR is set forth in Appendix III.
- 5.4 Transmission System Rights.** Morongo Transmission owns the TSRs with respect to the Project.
- 5.5 Transmission Revenue Balancing Account Adjustment.** The Participating TO shall maintain a Transmission Revenue Balancing Account with an annual Transmission Revenue Balancing Account Adjustment ("TRBAA") that will ensure that all Transmission Revenue Credits and adjustments for any over-or under-recovery of its annual Transmission Revenue Requirement, if any, specified in Sections 6, 8 and 13 of Appendix F, Schedule 3 of the ISO Tariff, flow through to transmission customers. The TRBAA used to calculate the High Voltage Revenue Requirement shall include other adjustments specified in Appendix F, Schedule 3, Sections 6, 8 and 13 of the ISO Tariff.

The TRBAA shall be equal to:

$$\text{TRBAA} = \text{Cr} + \text{Cf} + \text{I}$$

Where:

Cr = The principal balance in the Transmission Revenue Balancing Account (“TRBA”) recorded in FERC Account No. 254 as of September 30 of the year prior to commencement of the January billing cycle. This balance represents the unamortized balance in the TRBA from the previous period and the difference in the amount of revenues or expenditures from Transmission Revenue Credits and any over- or under-recovery of its annual Transmission Revenue Requirement and the amount of such revenues or expenditures that has been refunded to or collected from customers through operation of the TRBAA;

Cf = The forecast of Transmission Revenue Credits, if any, for the following calendar year;

I = The interest balance for the TRBA, which shall be calculated using the interest rate pursuant to Section 35.19a of FERC’s regulations under the Federal Power Act (18 CFR Section 35.19a). Interest shall be calculated based on the average TRBA principal balance each month, compounded quarterly; and

The Morongo Transmission TRBAA, calculated in accordance with the ISO Tariff and approved by the FERC, is stated in Appendix III.

6 Ancillary Services - Applicability and Charges. Ancillary Services are needed to maintain reliability within the ISO Controlled Grid. If any Ancillary Services are required, Morongo Transmission will not provide such services directly to the transmission customer and the transmission customer will be required to meet any such requirement in accordance with the ISO Tariff.

7 Billing and Payment.

7.1 The ISO, in accordance with the ISO Tariff, shall pay the Participating TO, among other things, all applicable Access Charge revenues and Wheeling revenues in connection with the Project.

7.2 Users of Morongo Transmission’s High and Low Voltage Transmission Facilities and Entitlements placed under the ISO’s Operational Control shall pay to the ISO all applicable charges in accordance with the ISO Tariff.

8 Obligation to Interconnect or Construct Transmission Expansions and Facility Upgrades

8.1 **Participating TO Obligation to Interconnect.** The Participating TO shall, at the request of a third party, interconnect its system to the wholesale generation or Load of such third party, or modify an existing wholesale Interconnection. Interconnections under this TO Tariff shall

be available to entities eligible to request Interconnection consistent with the provisions of Section 210(a) of the FPA. The procedures for Interconnection of wholesale generation to the ISO Controlled Grid shall be governed by the ISO Tariff.

8.1.1 Interconnection to Transmission System.

Interconnection must be consistent with Good Utility Practice, in conformance with all Applicable Reliability Criteria, all applicable statutes, regulations, and ISO reliability criteria for the ISO Controlled Grid. The Participating TO will not accommodate the Interconnection if doing so would impair systems reliability, or would otherwise impair the ability of the Participating TO to honor its Encumbrances existing as of the time an entity submits its Interconnection Application. The Participating TO shall identify any such adverse effect on its Encumbrances in the System Impact Study performed pursuant to Section 10.7. To the extent the Participating TO determines that the Interconnection will have an adverse effect on Encumbrances, the party requesting Interconnection shall mitigate such adverse effect.

8.1.2 Costs Associated with Interconnection.

Each party requesting Interconnection shall pay the costs of planning, installing, owning, operating, and maintaining any Direct Assignment Facilities and, if applicable, any Reliability Upgrades required to provide the requested Interconnection. In addition, such party shall implement all existing operating procedures necessary to safely and reliability interconnect such party's generation or wholesale load to the facilities of the Participating TO and to ensure the ISO Controlled Grid's conformance with the ISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. Any additional costs associated with accommodating the Interconnection shall be allocated in accordance with the cost responsibility methodology set forth in the ISO Tariff for transmission expansions or upgrades.

8.1.3 Interconnection Agreement.

Pursuant to Sections 10.4, 10.7.1, or 10.9.1, a party requesting an Interconnection shall request in writing that the Participating TO tender to such part an Interconnection Agreement that will be filed with FERC, or the Local Regulatory Authority, in the case of a Local Publicly Owned Electric Utility. The Interconnection Agreement will include, without limitation, cost responsibilities and payment provisions for any engineering, equipment, and construction, ownership, operation and

maintenance costs for any Direct Assignment Facilities, any Reliability Upgrades, any Delivery Upgrades, if applicable, and for any other mitigation measures. For an Interconnection request to remain a Completed Interconnection Application, the party requesting the Interconnection shall execute the Interconnection Agreement and return it to the Participating TO within thirty (30) Business Days of receipt. Alternatively, if an Eligible Customer requesting the Interconnection requests the Participating TO to file an unexecuted Interconnection Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the ISO ADR Procedures, including any determination by FERC or on appeal of a FERC determination in accordance with that process, the Participating TO shall promptly file an unexecuted Interconnection Agreement. Provided, however, that if the ISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted interconnection Agreement or commence construction of the Interconnection facilities or incur other costs under the Interconnection Agreement until a final order determining the just and reasonable rates, terms, and conditions for such Interconnection Agreement has been issued by the applicable court or regulatory authority. The Interconnection Agreement will set forth a payment schedule that enables the Participating TO to recover its costs. If the applicant elects not to execute the Interconnection Agreement and does not request the Participating TO to file an unexecuted Interconnection Agreement, its Completed Interconnection Agreement shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by any System Impact Study Agreement or Facilities Study Agreement. To maintain its queue position, the applicant must timely comply with the Interconnection requirements of Section 5.76 of the ISO Tariff and Sections 8.1 and 10 of this TO Tariff. If the applicant fails to timely comply with such Interconnection requirements, such applicant shall pay the reasonable costs of revising the System Impact Studies for other applicants that have established a new queue position due to the applicant either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the queuing provisions in Section 25 of the ISO Tariff.

8.1.4 Due Diligence to Construct. The Participating TO shall use due diligence to construct, within a reasonable time, any Direct Assignment Facilities and any Reliability Upgrades that it is obligated to construct pursuant to this TO Tariff and Section 24 of the ISO Tariff. The Participating TO's obligation to build will be subject to: (i) its ability, after making a good faith effort, to obtain any necessary approvals and property rights under applicable federal, state, and local laws; (ii) the presence of a cost recovery mechanism with cost responsibility assigned to accordance with the ISO Tariff or applicable FERC precedent; and (iii) a signed Interconnection Agreement or a signed Expedited Interconnection Agreement, or, by mutual agreement of the parties, FERC acceptance for filing of an unexecuted Interconnection Agreement.

8.1.5 Energization. The Participating TO shall not be obligated to energize, nor shall the applicant or wholesale load be entitled to have its interconnection to the ISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 8.1.3, and become effective and such applicant or wholesale load has demonstrated to the ISO's reasonable satisfaction that it has complied with all of the requirements of the ISO Tariff and the requirements of this TO Tariff.

8.1.6 Coordination with ISO on Interconnection Requests. The Participating TO shall coordinate with the ISO, pursuant to the provisions of the TCA, in developing interconnection standards and guidelines for processing interconnection request under this TO Tariff.

8.2 Participating TO Obligation to Construct Transmission Expansions or Facility Upgrades. The Participating TO shall be obligated to: (i) perform System Impact or Facility Studies where the Project Sponsor or the ISO agrees to pay the study cost and specifies the project objectives to be achieved, and (ii) build transmission additions and facility upgrades where the Participating TO is obligated to construct or expand facilities in accordance with and subject to the limitations under Section 24 of the ISO Tariff and this TO Tariff.

8.2.1 Obligation to Construct. A Participating TO shall not be obligated to construct or expand transmission facilities or system upgrades unless and until the conditions stated in Section 9.2.1 hereof have been satisfied.

8.3 Request for FERC Deference Regarding Need Determination. It is intended that FERC grant substantial deference to the factual

determinations of the ISO, (including the ISO's ADR Procedures), the CPUC, WECC, or RTG coordinated planning processes as to the need for or construction of a facility, the need for full cost recovery, and the allocation of costs.

9 Expansion Process

9.1 Determination of Facilities. A Participating TO shall perform a Facilities Study in accordance with the Section where (i) the Participating TO is obligated to construct or expand facilities in accordance with Section 24 of the ISO Tariff and this TO Tariff; (ii) a Market Participant agrees to pay the costs of the Facilities Study and specifies the project objectives to be achieved in terms of increase capacity or reduce congestion; or (iii) the Participating TO is required to perform a Facilities Study pursuant to the ISO Tariff.

9.1.1 Payment of Facilities Study's Cost.

9.1.1.1 Market Participant to Pay for Facilities Study.

Where a Market Participant requests a Facilities Study and the need for the transmission addition or upgrade has not been established in accordance with the procedures established herein and the ISO Tariff, the Market Participant shall pay the cost of the Facilities Study.

9.1.1.2 Project Sponsor or Project Proponent to Pay for Facility Study.

Where the facilities to be added or upgraded have been determined to be needed in accordance with the procedures established herein, the Project Sponsor, Project Proponent, or the ISO requesting the study shall pay in advance the reasonable cost of the Facilities Study. When the Participating TO is the Project Sponsor in accordance with the ISO Tariff, the costs of the Facilities Study shall be recovered through its Access Charges and transmission rates.

9.1.1.3 Principal Beneficiaries to Pay for Facilities Study.

Where the facilities to be added or upgraded have been determined to be needed and the principal beneficiaries have been identified by the ISO or ISO ADR Procedures in accordance with the ISO Tariff the Project Sponsor and the identified principal beneficiaries shall pay the reasonable cost of the Facilities Study, in such proportions as may

be agreed, or, failing agreement, as determined in accordance with the ISO ADR Procedures.

9.1.2 Payment Procedure. Where a Facilities Study is being conducted pursuant to this TO Tariff, the Participating TO shall, within thirty days of the receipt of all reasonably required information, tender to the Market Participant, Project Sponsor, Project Proponent, ISO, or identified principal beneficiaries, as the case may be, a Facilities Study Agreement that defines the scope, content, assumptions, and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require and pursuant to which such Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries agree to reimburse the Participating TO the reasonable cost of performing the required Facilities Study. If the Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries, as the case may be, agree to the terms of the Facilities Study Agreement, they shall execute the Facilities Study Agreement and return it to the Participating TO within ten Business Days. Alternatively, if the Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries, as the case may be, request the Participating TO to proceed with the Facilities Study and commit to abide by the terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Facilities Study, and the parties shall submit the disputed terms for resolution under the ISO's ADR Procedures.

9.1.3 Facilities Study Procedures. Upon receipt of an executed Facilities Study Agreement or alternative request to proceed as provided for in Section 9.1.2, a copy of which has been provided to the ISO by the party requesting the Facilities Study, the Participating TO will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Participating TO is unable to complete the Facilities Study in the allotted time period, the Participating TO shall notify the Market Participant and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. If additional time is required, the Participating TO will use best efforts to complete the study

within 10 months, provided adequate information is provided by all the parties.

9.2 Obligation to Build.

9.2.1 Due Diligence to Construct. Subject to Section 9.3.3 of this TO Tariff, the Participating TO shall use due diligence to construct, within a reasonable time, additions or upgrades to its transmission system that it is obligated to construct pursuant to the ISO Tariff and this TO Tariff. Alternatively, if a Market Participant requests the Participating TO to file an unexecuted Participation Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the ISO ADR Procedures, including any determination by FERC or on appeal of a FERC determination in accordance with that process, the Participating TO shall promptly file an unexecuted Participation Agreement. Provided, however, that if the ISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted Participation Agreement or alternatively, if a Market Participant requests the Participating TO to file an unexecuted Participation Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the ISO ADR Procedures, including any determination by FERC or on appeal of a FERC determination in accordance with that process, the Participating TO shall promptly file an unexecuted Participation Agreement. Provided, however, that if the ISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted Participation Agreement, commence construction of the additions or upgrades or incur other costs under the Participation Agreement until a final order determining the just and reasonable rates, terms, and conditions for such Participation Agreement has been issued by the applicable court or regulatory authority. The Participating TO's obligation to build will be subject to: (i) its ability, after making a good faith effort, to obtain the necessary approvals and property rights under applicable federal, state, and local laws; (ii) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with the ISO Tariff; and (iii) a signed Participation Agreement. The Participating TO will not construct or expand its existing or planned transmission system, if doing so would impair system

reliability as determined through systems analysis based on the Applicable Reliability Criteria.

9.2.2 Delay in Construction or Expansion. If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Participating TO shall promptly notify: (i) the Project Sponsor with regard to facilities determined to be needed; (ii) the Parties to the Participation Agreement with regard to facilities determined to be needed pursuant to the ISO Tariff where principal beneficiaries were identified; and (iii) the ISO. In such circumstances, the Participating TO shall, within thirty days of notifying such Project Sponsor, Parties to the Participation Agreement, and the ISO of such delays, convene a technical meeting with such Project Sponsor, Parties to the Participation Agreement, and the ISO to discuss the circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including all information that is in the possession of the Participating TO that is circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including all information that is in the possession of the Participating TO that is reasonably needed to evaluate the alternatives.

9.2.2.1 Alternatives to the Original Facility Additions. If the review process of Section 9.2.2 determines that one or more alternatives exist to the originally planned construction project, the Participating TO shall present such alternatives for consideration to the Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be. If upon review of any alternatives, such Project Sponsor, the ISO, or Parties to the Participation Agreement wish to evaluate or to proceed with one of the alternative additions or upgrades, such Project Sponsor, the ISO, or Parties to the Participation Agreement may request that

the Participating TO prepare a revised Facility Study pursuant to Sections 9.1.1, 9.1.2, and 9.1.3 of this TO Tariff. In the event the Participating TO concludes that no reasonable alternative exists to the originally planned addition or upgrade and the Project Sponsor or Parties to the Participation Agreement or the ISO disagree, the dispute shall be resolved pursuant to the ISO ADR Procedure.

9.2.2.2 Refund Obligation for Unfinished Facility Additions. If the Participating TO and the Project Sponsor, the ISO, or Parties to the Participation Agreement, as the case may be, mutually agree that no other reasonable alternatives exist, the obligation to construct the requested additions or upgrades shall terminate and any deposit not yet applied toward the expended project costs shall be returned with interest pursuant to FERC Regulation 35.19a(2)(iii). However, the Project Sponsor and any identified principal beneficiaries, as the case may be, shall be responsible for all costs prudently incurred by the Participating TO through the time the construction was suspended.

9.3 Provisions Relating To Transmission Construction On the System Of Other TOs.

9.3.1 Responsibility for Third Party Additions. A Participating TO shall not be responsible for making arrangements for any engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Participating TO will undertake reasonable efforts through the coordinated planning process to assist in making such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

9.3.2 Coordination of Third-Party System Additions. Where transmission additions or upgrades being built pursuant to the ISO Tariff require additions or upgrades on other systems, to the extent consistent with Section 9.3.3 of this TO Tariff, the Participating TO shall coordinate construction on its own system with the construction required by others. The Participating TO, after consultation with the ISO, the Project Sponsor, and Parties to the Participation Agreement, as the

case may be, may defer construction if the new transmission facilities on another system cannot be completed in a timely manner. The Participating TO shall notify such Project Sponsor, Parties to the Participation Agreement, and the ISO, in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of the new facilities. Within forty Business Days of receiving written notification by the Participating TO of its intent to defer construction pursuant to this section, such Project Sponsor, Parties to the Participation Agreement, or the ISO may challenge the decision in accordance with the ISO ADR Procedure.

10 Interconnection Process.

- 10.1 Applicability.** All requests for Interconnection directly to the ISO Controlled Grid from parties eligible to request such Interconnection consistent with Section 210(a) of the FPA shall be processed pursuant to the provisions of this Section 10. All requests for Interconnection of wholesale generation directly to the ISO Controlled Grid shall be processed pursuant to the provisions of the ISO Tariff.
- 10.2 Applications.** Except as provided in Section 10.2.1, a party requesting Interconnection shall submit a written Interconnection Application which provides the information required in Section 10.3 to the Participating TO and shall send a copy of the application to the ISO. The Participating TO shall timestamp the application to establish study priority.
- 10.3 Interconnection Application.** An Interconnection Application shall provide all the information listed in 18 CFR § 2.20, including, but not limited to, the following: (i) the identity, address, telephone number, and facsimile number of the entity requesting Interconnection; (ii) the Interconnection point(s) to the ISO Controlled Grid contemplated by the applicant; (iii) the resultant (or new) maximum amount of Interconnection capacity contemplated by the applicant; (iv) the proposed date for energizing the Interconnection and the term of the Interconnection service, and (v) such other information as the Participating TO reasonably required to process the application. In addition to the information specified above, the following information may also be provided in order to properly evaluate system conditions: if the applicant is a wholesale load, the electrical location of the source of the power (if known) to be transmitted pursuant to applicant's request for Interconnection; if the source of the power is not known, a system purchase will be assumed; if the location of the load is not known, a system sale will be assumed; and, in addition, if an applicant proposes

to perform or cause a third party to perform any required System Impact Study or any required Facilities Study, it shall so indicate in its Interconnection Application. The results of any study or studies performed by an applicant must be approved by both the ISO and the Participating TO. Within ten (10) Business Days after receipt of an Interconnection Application, the Participating TO and the ISO if applicable shall determine whether the application is complete (“Completed Interconnection Agreement”). Whenever possible, the participating TO will attempt to remedy deficiencies in the Interconnection Application through informal communications with the applicant. If such efforts are unsuccessful, the Participating TO shall return the Interconnection Application to the applicant. The Participating TO will treat the information in the Interconnection Agreement, including the applicant’s identity, as confidential at the request of the applicant except to the extent that disclosure of the information is required by this TO Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG or ISO transmission information sharing agreements. The Participating TO shall treat this information consistent with the standards of conduct contained in Part 37 of FERC’s regulations.

10.3.1 Amendment to Completed Interconnection Application.

An applicant shall only be limited to amending its Completed Interconnection Application once. Such amendment shall occur on or before ten (10) Business Days following the date the Participating TO tenders any Facilities Study Agreement. Specifically, an applicant may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 25 of the ISO Tariff and Section 10.5 of this TO Tariff; the applicant’s Completed Interconnection Application shall be deemed withdrawn; and the applicant shall maintain its existing queue position, if (i) the amended Completed Interconnection Application is received by the Participating TO within ten (10) Business Days of the Participating TO’s tender of a Facilities Study Agreement; and (ii) the applicant has not submitted a previous amendment to the Completed Interconnection Application. In the event an applicant amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.

10.4 Review of Completed Interconnection Application. After receiving a Completed Interconnection Application, the Participating

TO and the ISO, if applicable, will determine on a non-discriminatory basis whether a System Impact Study is required. Whenever the Participating TO, and the ISO, if applicable, determines that a System impact Study is not required and that neither Reliability Upgrades nor changes in existing operating procedures are required, the Participating TO shall notify the applicant within fifteen (15) Business Days of the Completed Application Date. If the Interconnection can be accommodated without any Direct Assignment Facilities, then within thirty (30) Business Days of such notice from the Participating TO, the applicant shall request the Participating TO to tender to the applicant an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provide in Section 8.1.3. If the Participating TO determines upon review of the Completed Interconnection Application, that Direct Assignment Facilities are required, the Participating TO shall tender to the applicant a Facilities Study Agreement within twenty (20) Business Days of the Completed Application Date and continue the Interconnection process pursuant to Section 10.8.

10.5 Notice of Need for System Impact Study. If the Participating TO, and the ISO, if applicable, determines that a System Impact Study is necessary to accommodate the requested Interconnection, the Participating TO shall so inform the applicant as soon as practicable. In such cases, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO, the estimated time required to complete it, and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of performing the required System Impact Study. A description of the Participating TO's transmission assessment practices for completing a System Impact Study shall be provided in the Participating TO's FERC Form 715. Alternatively, if the applicant will perform the System Impact Study, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete it; and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of reviewing the required System Impact Study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the System

Impact Study Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated cost of performing the System Impact Study or reviewing the applicant's System Impact Study. Alternatively, if the applicant request the Participating TO to proceed with the System Impact Study or review thereof and commits to abide by the terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the System Impact Study provided that such request is accompanied by payment of the reasonable estimated cost of the System Impact Study, and the parties shall submit the disputed terms for resolution under the ISO's ADR Procedures. If the applicant elects not to execute a System Impact Study Agreement, and does not request that the Participating TO proceed with the System Impact Study or review thereof, its application shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application.

10.6 Impact Study Cost Reimbursement and Agreement.

10.6.1 Cost Reimbursement. The System Impact Study Agreement shall clearly specify the charge, based on the Participating TO's estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the reasonable actual cost of the study. In performing the System Impact Study, the Participating TO shall rely, to the extent reasonably practicable, on existing transmission planning studies. The applicant will not be assessed a charge for such existing studies; however, the applicant will be responsible for the reasonable charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact on the applicant's request.

10.6.2 Multiple Parties. If multiple parties request Interconnection at the same location, the participating TO may conduct a single System Impact Study. The costs of that study shall be pro-rated among the parties requesting Interconnection.

10.7 System Impact Study Procedures. Upon receipt of an executed System Impact Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for estimated study costs, the Participating TO will use due diligence to either (i) complete the required System Impact Study within a sixty (60) calendar day period or (ii) complete its review of an applicant's System Impact Study within thirty (30) calendar days of its receipt of the completed study. The

System Impact Study will identify whether any Direct Assignment Facilities or Reliability Upgrades are necessary to deliver a New Facility's full output over the ISO Controlled Grid, or any transmission additions or upgrades are necessary to serve a wholesale load. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the applicant's Completed Application Date. In the event that the Participating TO is unable to complete the required System Impact Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the applicant and the ISO. The Participating TO shall notify the applicant and the ISO immediately upon completion of the System Impact Study.

10.7.1 Procedures Upon Completion of System Impact Study.

Within fifteen (15) Business Days of completion of the System Impact Study or review and approval of an applicant's System Impact Study, the Participating TO shall notify the applicant whether the transmission system will be adequate to accommodate all of a request for Interconnection. If no costs are likely to be incurred for any Direct Assignment Facilities, any Reliability Upgrades, or implementing any operating procedures, then within thirty (30) Business Days of receipt of written approval of the applicant's System Impact Study from the Participating TO and the ISO the applicant shall request the Participating TO to tender an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3. If costs are likely to be incurred to accommodate a request for Interconnection, the Participating TO shall tender to the applicant a Facilities Study Agreement pursuant to Section 10.8.

10.8 Notice of Need for Facilities Study. If a System Impact Study indicates that additions or upgrades to the ISO Controlled Grid are needed to satisfy an applicant's request for interconnection, the Participating TO shall, within fifteen (15) Business Days of the date of the System Impact Study or the completion of review and approval of the applicant's System Impact Study by the Participating TO, tender to the applicant a Facilities Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO; the estimated time required to complete the required study; and such other provisions as the parties

may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of performing the required Facilities Study. Alternatively, if the applicant will perform the Facilities Study, the Participating TO shall within fifteen (15) Business Days of the completion date of the System Impact Study or the completion of review and approval of the applicant's System Impact Study, tender a Facilities Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete the required review; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of reviewing the required Facilities study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the Facility Studies Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated costs of performing the Facilities Study or reviewing the applicant's Facilities Study. Alternatively, if the applicant request the Participating TO to proceed with the Facilities Study to review thereof and commits to abide by terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Facilities Study provided that such request is accompanied by payment for the reasonable estimated cost of the Facilities Study, and the parties shall submit the disputed terms for resolution under the ISO ADR Procedures. If the applicant elects not to execute a Facilities Study Agreement and does not request that the Participating TO proceed with the Facilities Study or review thereof, its application shall be deemed withdrawn and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by the System Impact Study Agreement.

10.9 Facilities Study Procedures. Upon receipt of an executed Facilities Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for the estimated study costs, the Participating TO will use due diligence to either (i) complete the required Facilities Study within a sixty (60) calendar day period or (ii) complete its review of an applicant's Facilities Study within thirty (30) calendar days of its receipt of the Completed Study. In the event that Participating TO is unable to complete the required Facilities Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Facilities Study shall be made available to the applicant.

10.9.1 Execution of Interconnection Agreement. Within thirty (30) Business Days of receipt of the completed Facilities Study performed by the Participating TO or receipt of written approval of the applicant's Facilities Study from the Participating TO, the applicant shall request the Participating TO to tender an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3.

10.10 Partial Interim Service. If the Participating TO determines that there will not be adequate transmission capability to satisfy the full amount requested in a Completed Interconnection Application, the Participating TO nonetheless shall be obligated to offer and provide the portion of the requested Interconnection that can be accommodated without any additional Direct Assignments Facilities or Reliability Upgrades. However, the Participating TO shall not be obligated to provide the incremental amount of requested Interconnection that requires such additional facilities or upgrades until such facilities or upgrades have been placed in service.

10.11 Expedited Interconnection Procedures. In lieu of the procedures set forth above, the applicant shall have the option to expedite the processing of its Completed Interconnection Application. In order to exercise this option, the applicant shall submit in writing a Request for Expedited Interconnection Procedures to the Participating TO within ten (10) Business Days after receiving a copy of the System Impact Study for the proposed Interconnection. Within ten (10) Business Days after receiving a Request for Expedited Procedures, the Participating TO shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Participating TO for all costs reasonably incurred pursuant to the terms of this TO Tariff for processing the Completed Interconnection Application and providing the requested Interconnection. While the Participating TO agrees to provide the applicant with its best estimate of the costs of any needed Direct Assignment Facilities and, if applicable, Reliability Upgrades, and such other charges that may be incurred, unless otherwise agreed by the parties, such estimate shall not be binding and the applicant must agree in writing to compensate the Participating TO for all actual Interconnection costs reasonably incurred pursuant to the provisions of this TO Tariff. The applicant shall execute and return such Expedited Service Agreement within ten (10) Business Days of its receipt or the applicant's request for Interconnection will cease to be a Completed Interconnection Application and will be deemed terminated and withdrawn, In that event, the applicant shall reimburse the Participating TO for all costs reasonably incurred in processing the

application not covered by the terms of the System Impact Study Agreement.

11 Uncontrollable Forces and Indemnification.

11.1 Procedures to Follow of Uncontrollable Force Occurs. In the event of the occurrence of an Uncontrollable Force which prevents a Party from performing any of its obligations under this TO Tariff, such Party shall (i) immediately notify the other Parties in writing of the occurrence of such Uncontrollable Force, (ii) not be entitled to suspend performance in any greater or longer duration that is required by the Uncontrollable Force, (iii) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance hereunder, (iv) keep the other Parties apprised of such efforts on a continual basis and (v) provide written notice of the resumption of performance hereunder. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this TO Tariff involved in such strike, lockout, or labor dispute, and the requirement that a Party must use its best efforts to remedy the cause of the Uncontrollable Force and mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes. No Party will be considered in default as to any obligation under this TO Tariff if prevented from fulfilling the obligation due to the occurrence of an Uncontrollable Force.

11.2 Indemnification. A Market Participant shall at all times indemnify, defend, and save the Participating TO harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Participating TO's performance of its obligations under this TO Tariff on behalf of a Market Participant, except in cases of negligence or intentional wrongdoing by the Participating TO.

12 Regulatory Filings. Nothing contained herein shall be construed as affecting, in any way, the right of any electric utility (as defined by the Federal Power Act) Participating TO furnishing services in accordance with this TO Tariff, or any tariff and rate schedule which results from or incorporates this TO Tariff, unilaterally to make application to FERC as it deems necessary and appropriate to recover its Transmission Revenue Requirements, or for a change in its rates, including changes in rate methodology, or for a change in designation of transmission facilities to be placed under the ISO's control, in each case under Section 205 of the FPA and pursuant to the FERC's Rules and Regulations promulgated thereunder. Nothing contained herein shall be construed as

affecting in any way the ability of any Eligible Customer receiving services in accordance with this TO Tariff to exercise its rights under the Federal Power Act and pursuant to the FERC's rules and regulations promulgated thereunder.

12.1 Open Access. For purposes of the Stranded Cost Recovery available under Order Nos. 888 and 888-A, this Tariff, combined with the ISO Tariff and wholesale distribution access tariff, if any, shall be considered an open access tariff under FERC Order Nos. 888 and 888-A.

13 Creditworthiness.

13.1 UDCs, MSSs, and Scheduling Coordinators Using the Participating TO's Low Voltage Transmission Facilities. For the purpose of determining the ability of a UDC, MSS, and Scheduling Coordinator to meet its obligations related to service using the Participating TO's Low Voltage Transmission Facilities hereunder, where the Participating TO is collecting the Low Voltage Access Charge directly from each UDC, MSS and Scheduling Coordinator, the Participating TO may require reasonable credit review procedures for the UDC, MSS, or Scheduling Coordinator. This review shall be made in accordance with standard commercial practices. In addition, the Participating TO may require the UDC, MSS, or Scheduling Coordinator to provide and maintain in effect during the term of the service, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this TO Tariff, or an alternative form of security proposed by the UDC, MSS, or Scheduling Coordinator and acceptable to the Participating TO, and consistent with commercial practices established by the Uniform Commercial Code, that protect the Participating TO against the risk of non-payment.

13.2 End-Users. Creditworthiness rules applicable to End-Users shall be pursuant to the then-current rules of the applicable Local Regulatory Authority.

14 Disputes. Except as limited below or as otherwise limited by law, the ISO ADR procedures shall apply to all disputes between parties which arise under this TO Tariff or under or in respect of the proposed terms and conditions of a Facilities Study Agreement, System Impact Study Agreement or Expedited Service Agreement. The ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not apply to disputes as to whether rates and charges set forth in this TO Tariff (other than charges for studies) are just and reasonable under the FPA.

15 [Reserved].

16 Miscellaneous.

16.1 Notices. Any notice, demand, or request in accordance with this TO Tariff, unless otherwise provided in this TO Tariff, shall be in writing and shall be deemed properly served, given, or made: (i) upon delivery if delivered in person, (ii) five days after deposit in the mail if sent by first class United States mail, postage prepaid, (iii) upon receipt of confirmation by return electronic facsimile if sent by facsimile, or (iv) upon Party at the address set forth in Appendix IV. Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified in Appendix IV to receive notice on its behalf. Any notice of a routine character in connection with service under this TO Tariff or in connection with operation of facilities shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this TO Tariff.

16.2 Waiver. Any waiver at any time by any Party of its rights with respect to any default under this TO Tariff, or with respect to any other matter arising in connection with this TO Tariff, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this TO Tariff. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver

16.3 Confidentiality.

16.3.1 Maintaining Confidentiality If Not for Public Disclosure. The Participating TO shall maintain the confidentiality of all of the documents, data, and information provided to it by any other Party that such Party may designate as confidential, provided, however, that the information will not be held confidential by the receiving Party if (1) the designating Party is required to provide such information for public disclosure pursuant to this TO Tariff or applicable regulatory requirements, or (2) the information becomes available to the public on a non-confidential basis (other than from the receiving Party).

16.3.2 Disclosure of Confidential Information. Notwithstanding anything in this Section 16.3.2 to the contrary, if any Party is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 16.3.2, the Party may disclose such information; provided, however, that as soon as such Party learns of the disclosure requirement and prior to making such disclosure, such Party shall notify the affected Party or Parties of the requirement and the terms thereof. The affected Party

or Parties may, at their sole discretion and own costs, direct any challenge to or defense against the disclosure requirement and the disclosing Party shall cooperate with such affected Party or Parties to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. The disclosing Party shall cooperate with the affected Parties to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

- 16.4 TO Tariff Supersedes Existing Tariffs.** This TO Tariff, together with the ISO Tariff and wholesale distribution access tariff if any, supersedes any pre-existing open access transmission tariff of the Participating TO.
- 16.5 Titles.** The captions and headings in this TO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this TO Tariff.
- 16.6 Severability.** If any term, covenant, or condition of this TO Tariff or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this TO Tariff and their application shall not be affected thereby but shall remain in force and effect. The Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of this TO Tariff.
- 16.7 Preservation of Obligations.** Upon termination of this TO Tariff, all unsatisfied obligations of each Party shall be preserved until satisfied.
- 16.8 Governing Law.** This TO Tariff shall be interpreted, governed by, and construed under the laws of the State of California, without regard to the principles of conflict of laws thereof, or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.
- 16.9 Appendices Incorporated.** The several appendices to this TO Tariff, as may be revised from time to time, are attached to this TO Tariff and are incorporated by reference as if fully set forth herein.

- 16.10 Conflict With ISO Tariff.** If a Market Participant identifies a conflict between the TO Tariff and the ISO Tariff, the Participating TO and the Market Participant shall make good-faith efforts to resolve the conflict. If the parties are unable to informally resolve that conflict, the Parties may use the ISO ADR Procedures to resolve it as set forth in Section 14 of this Tariff.
- 16.11 Conflicting Operating Instructions.** In the event a Market Participant receives conflicting operating instructions from the ISO and one or more Participating TO(s), if human safety would not knowingly be neither jeopardized nor electric facilities subject to damage while the Market Participant seeks to reconcile the conflict with the appropriate ISO and Participating TO employees before acting, the Market Participant should attempt a reconciliation. Otherwise, the Market Participant shall adhere to ISO Tariff provision 4.2 and follow the ISO's instructions. In no event shall a Market Participant be required to follow operating instructions from the ISO if following those instructions would knowingly jeopardize human safety.
- 16.12 Conflict With Transfer Capability Lease.** For so long as either the Development and Coordination Agreement dated as of November 27, 2012, As Amended or the Transfer Capability Lease dated as of [●] (attached hereto as Appendices I and II, respectively) is in full force and effect, Sections 8, 9, and 10 of this TO Tariff shall be superseded by the corresponding sections of the TO Tariff of Southern California Edison.

APPENDIX I

**DEVELOPMENT AND COORDINATION AGREEMENT DATED AS OF
NOVEMBER 27, 2012, AS AMENDED**

APPENDIX II
TRANSFER CAPABILITY LEASE DATED AS OF [●]

APPENDIX III TRANSMISSION REVENUE REQUIREMENT AND TRBAA

1. The Participating TO's Transmission Revenue Requirement (herein also referred to as Morongo Transmission) shall be \$[●], which is composed of a Base Transmission Revenue Requirement of \$[●] and an initial TRBAA of zero.
2. The Base Transmission Revenue Requirement consists of a Transmission Capital Cost Revenue Requirement associated with Morongo Transmission's share of the West of Devers Upgrade Project of \$[●], and a Transmission Operating Cost Revenue Requirement associated with Morongo Transmission's share of the West of Devers Upgrade Project of \$[●].
3. Except to the extent a change in law, rule, or regulation results in any new taxes, income taxes, property taxes, fees or other charges being levied by a governmental authority, the Transmission Capital Cost Revenue Requirement associated with Morongo Transmission's share of the West of Devers Upgrade Project will remain fixed for the thirty year term of Morongo Transmission's lease of Transfer Capability in the West of Devers Upgrade Project. To the extent a change in law, rule, or regulation results in any new taxes, income taxes, property taxes, fees or other charges being levied by a Governmental Authority, Morongo Transmission's may seek approval for inclusion in its rates of an allowance to recover any such new taxes, income taxes, property taxes, fees or other charges.
4. The costs included in the Transmission Operating Cost Revenue Requirement associated with Morongo Transmission's share of the West of Devers Upgrade Project are those directly attributable to Morongo Transmission's Transfer Capability on the Project, as recorded in FERC accounts 560-573, and 920-935 under the FERC Uniform System of Accounts. The costs are in two parts; (1) those costs billed to Morongo Transmission by SCE, the operator of the Project, and (2) those costs incurred directly by Morongo Transmission in managing and administering its Transfer Capability. The Transmission Operating Cost Revenue Requirement is the sum of those two parts, and is established each year as described in paragraphs 5, 6, 7 and 8 below.
5. The costs billed to Morongo Transmission by SCE are those billed pursuant to the Transfer Capability Lease. The costs included in this Transmission Operating Cost Revenue Requirement are those costs specified under the provisions of Appendix XII to the SCE Transmission Owner Tariff.
6. Pursuant to Appendix XII, SCE will submit to FERC on or before October 31 of each year an informational filing showing the Morongo Transmission

Rate in effect for the period January 1 through December 31 of the subsequent year. Morongo Transmission shall include in the Transmission Operating Cost Revenue Requirement effective January 1 each year the Morongo Transmission amount specified in the SCE informational filing each year. Appendix XII to the SCE Transmission Owner Tariff states that in the event of a challenge to any of the costs reflected in rates derived in Appendix XII, SCE shall bear the burden of demonstrating that such costs and expenditures included for recovery were prudently incurred, accurate and consistent with the formula. Therefore, SCE shall not bear the burden of demonstrating that such portion of its costs and expenditures included for recovery that were specified in Appendix XII to the SCE Transmission Owner Tariff were prudently incurred, accurate and consistent with the formula. However, SCE will adjust its Transmission Operating Cost Revenue Requirement to reflect any required changes to the Morongo Transmission Rate pursuant to a FERC Order and revised billing by SCE. The initial Morongo Transmission Rate for the period through December 31, 2021 is \$[●] per year as specified in the SCE filing in FERC Docket ER21-[●]-000. The amount shall be extrapolated as necessary to be properly reflected in an annual Transmission Revenue Requirement calculation.

7. The costs incurred directly by Morongo Transmission in managing and administering its Transfer Capability are those recorded by Morongo Transmission in FERC accounts 561.4, 923, 924, 925, 928, and 930.2. Morongo Transmission shall include in the Transmission Operating Cost Revenue Requirement effective January 1 each year the sum of the amounts recorded in the above FERC accounts for the second calendar year prior to the January 1 effective date, plus or minus a true-up adjustment equal to the difference between the total amount recorded in the above FERC accounts for the calendar year (or part thereof for the initial period) and the amount recovered through the Transmission Operating Cost Revenue Requirement for that calendar year (or part thereof for the initial period). Interest will be calculated on the true-up adjustment in accordance with FERC Regulation 35.19a for each month of the period January through December (or part thereof for the initial period), and such interest will be fully amortized over the twelve month period commencing in January. The initial amount of costs incurred directly by Morongo Transmission in managing and administering its Transfer Capability is estimated and shall be \$[●] per year for the period through December 31, 2021. The amount shall be extrapolated as necessary to be properly reflected in an annual Transmission Revenue Requirement calculation.
8. Morongo Transmission shall submit to FERC on or before October 31 of each year an Informational Filing showing Morongo Transmission's Transmission Operating Cost Revenue Requirement to be in effect for the Period January 1 through December 31 of the subsequent year (the "Informational Filing"). The Informational Filing shall not subject the

Formula set forth in this Appendix III to modification. The Informational Filing shall only be contestable with respect to the prudence of the Morongo Transmission costs and expenditures included for recovery, the accuracy of the data and the consistency with the Formula of the changes in data shown in the Informational Filing. In the event of a challenge to any of the costs reflected in the Transmission Operating Cost Revenue Requirement derived under this Appendix III, Morongo Transmission shall, except with respect to the SCE costs and expenditures as provided in Appendix XII to the SCE Transmission Owner Tariff, bear the burden of demonstrating that such costs and expenditures included for recovery were prudently incurred, accurate and consistent with the Formula. Any revisions to the Transmission Revenue Requirement resulting from a FERC Order will be provided to the CAISO for its use in the calculation of the refunds due under the Transmission Access Charge methodology in accordance with the CAISO Tariff.

9. All of Morongo Transmission's Entitlements placed under the CAISO's Operational Control are related to High Voltage Facilities as defined in the CAISO Tariff.

**APPENDIX IV
NOTICES**

Designated Representative:

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