
RENEWAL TRANSMISSION SERVICE CONTRACT

between

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

and

CITY OF GLENDALE,

Dated as of _____ 1, 2021

relating to the

SOUTHERN TRANSMISSION SYSTEM

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RENEWAL TRANSMISSION SERVICE CONTRACT

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

- 2.8 The Original Power Sales Contracts were last amended by the Second Amendatory Power Sales Contracts which provide for the construction and installation of natural gas-fired combined cycle power blocks and related equipment and facilities as an improvement of the Intermountain Power Project to replace the existing coal-fired generating units of the Intermountain Power Project, and the Original Power Sales Contracts, as amended to the date hereof, contemplate significant improvements to the Existing Southern Transmission System.
- 2.9 Each of the Original Power Sales Contracts, as amended by the Second Amendatory Power Sales Contract, provides for IPA to make the Renewal Offer to the Original Transmission Service Purchasers which is to include offers to renew, and under certain circumstances may include offers to increase, the entitlements of Original Transmission Service Purchasers to the gas-fired generation capacity of the improved Intermountain Power Project and the related transmission capacity of the Southern Transmission System (as defined herein) for a term subsequent to the Transition Date, all upon the terms set forth or described in such amended Original Power Sales Contracts.
- 2.10 IPA made the initial Renewal Offer to the Original Transmission Service Purchasers, and three of the Original Transmission Service Purchasers (referred to herein as the Renewal Transmission Service Purchasers), including Glendale, ultimately have accepted the terms set forth in the Renewal Offer with respect to the Generation Entitlement Share, the Generation Cost Share and the Transmission Cost Share, as applicable, as defined and set forth in each Renewal Power Sales Contract.
- 2.11 The term of each of the Original Power Sales Contracts is to end on the Transition Date, and upon such termination each of the Renewal Power Sales Contracts will govern the rights and interests in the Southern Transmission System.
- 2.12 SCPPA and IPA, together with Glendale and the other Renewal Transmission Service Purchasers, have discussed the desirability of SCPPA financing the costs of construction of and improvements associated with the STS Renewal Project (as defined herein) for the continued reliable operation of the Southern Transmission System.
- 2.13 SCPPA and IPA have concurrently herewith executed and delivered the Second Amendment to Original Southern Transmission System Agreement in order to assist with financing the costs of construction of the STS Renewal Project.
- 2.14 Concurrently herewith, SCPPA and IPA are entering into the Renewal Southern Transmission System Agreement pursuant to which SCPPA, on behalf of the Renewal Transmission Service Purchasers, may make payments-in-aid of construction of the for Southern Transmission Capital Improvements (including but not limited to those relating to the STS Renewal Project to the extent that the

STS Renewal Project becomes a Southern Transmission Capital Improvement thereunder) to IPA.

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

- 2.20 For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, and in order to pay SCPPA for its costs of the transmission service contracted for by Glendale under this Contract, it is agreed by and between the parties hereto as follows:

3. DEFINITIONS:

- 3.1 **Act:** The Joint Exercise of Powers Act of the State of California, being California Government Code §§ 6500-6599.3, inclusive, as amended and supplemented.
- 3.2 **Annual Budget:** The budget adopted by the Board of Directors pursuant to Section 4.3 hereof not less than thirty (30) nor more than forty-five (45) days prior to the beginning of each Transmission Service Year, including any amendments thereto, which shall show a detailed estimate of the items for such Transmission Service Year upon which Monthly Transmission Costs for such Transmission Service Year are computed and all revenues, income, or other funds to be applied to such costs, for and applicable to such Transmission Service Year.
- 3.3 **Available Transmission Capability:** At any point in time, the operating capability of the Southern Transmission System as determined in accordance with the Renewal Power Sales Contracts.
- 3.4 **Billing Statement:** The written statement prepared (or caused to be prepared) each Month by SCPPA pursuant to Section 5.3 which shall be based upon the Annual Budget and which shall show for such Month the amount to be paid to the Trustee by Glendale in accordance with the provisions of Sections 6 and 8 hereof.
- 3.5 **Board of Directors:** The Board of Directors of SCPPA, as constituted from time to time. **Bond Counsel:** An attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds selected by SCPPA.
- 3.7 **Bond Resolution:** The resolution entitled "Power Supply Revenue Bond Resolution" adopted by IPA on September 28, 1978, as heretofore amended and supplemented and as hereafter from time to time amended and supplemented in conformity with its provisions and the provisions of the Renewal Power Sales Contracts.
- 3.8 **Bonds:** The bonds and other debt obligations issued or incurred from time to time by SCPPA and outstanding pursuant to the provisions of the Renewal Indenture of Trust to finance or refinance the Cost of Acquisition of Capacity. Bonds shall include refunding Bonds issued pursuant to the provisions of Section 9.5 hereof.
- 3.9 **Capital Improvement Acquisition and Construction Cost:** Capital Improvement Acquisition and Construction Cost as defined in the Renewal Southern Transmission System Agreement.

- 3.10 **Cost of Acquisition of Capacity:** All costs and expenses of acquiring and financing or refinancing SCPPA Capacity. Such costs shall include all payments under the Renewal Southern Transmission System Agreement which are applied or are to be applied thereunder to the payment of the Capital Improvement Acquisition and Construction Cost, costs incurred by SCPPA in connection with the financing or refinancing of SCPPA Capacity and SCPPA Expenses. There shall be applied, as a credit against the Cost of Acquisition of Capacity, interest earned on investments, all if and to the extent held or paid into the SCPPA Construction Fund. Subject to the foregoing, Cost of Acquisition of Capacity shall include, but shall not be limited to, funds required for the following: Capital Improvement Acquisition and Construction Costs, and any other amounts paid or to be paid to IPA, or to be reimbursed to IPA, pursuant to the Renewal Southern Transmission System Agreement;
- 3.10.1 SCPPA Expenses;
- 3.10.2 Financial and legal costs and expenses and such amounts of reserves as are required by the Renewal Indenture of Trust;
- 3.10.3 Subject to the requirements of the Act, interest accruing in whole or in part on Bonds prior to and during construction of the STS Renewal Project and for such additional period, consistent with the Act, as SCPPA may reasonably determine to be necessary in accordance with the provisions of the Renewal Indenture of Trust;
- 3.10.4 Amounts, if any, required by the Renewal Indenture of Trust to be paid from the proceeds of Bonds issued to finance the Cost of Acquisition of Capacity into the Debt Service Reserve Account in the Debt Service Fund or the Reserve and Contingency Fund or into any other funds or accounts established pursuant to the Renewal Indenture of Trust;
- 3.10.5 The payment of principal, premium, if any, and interest due (whether at the maturity of principal or at the due date of interest or upon redemption) of any Bond or other debt obligation issued or incurred pursuant to the Renewal Indenture of Trust;
- 3.10.6 To the extent not included in Capital Improvement Acquisition and Construction Costs, all costs of insurance applicable to the period of construction of the STS Renewal Project;
- 3.10.7 To the extent not included in Capital Improvement Acquisition and Construction Costs, all costs relating to injury and damage claims arising out of the construction of the STS Renewal Project, less proceeds of insurance; and
- 3.10.8 All other costs properly allocable to the acquisition and financing or refinancing of SCPPA Capacity.

- 3.11 **Date of Renewal Operation:** With respect to the Southern Transmission System, the Transition Date.
- 3.12 **Debt Service:** With respect to any period, the aggregate of the amounts required by the Renewal Indenture of Trust to be paid during said period into any fund or account created by the Renewal Indenture of Trust for the sole purpose of paying the principal (including sinking fund installments) of and premium, if any, and interest (net of any interest subsidy with respect to Bonds paid to or for the account of SCPPA by any governmental body or agency) on all the Bonds from time to time outstanding as the same shall become due; provided, however, that Debt Service shall not include any acceleration of the maturity of the Bonds.
- 3.13 **Default Invoice:** An invoice issued, concurrently with its Billing Statement, to a Defaulting Renewal Transmission Service Purchaser that identifies the total defaulted amount owed, including late payment interest and amounts not paid under its Step-Up Invoices, if any.
- 3.14 **Defaulting Renewal Transmission Service Purchaser:** A Renewal Transmission Service Purchaser that causes a Payment Default and that has not remedied such Payment Default within five days of the Payment Default.
- 3.15 **Existing Southern Transmission System:** The Southern Transmission System as described in the Original Southern Transmission System Agreement, as amended prior to, and not including, the Second Amendment to Original Southern Transmission System Agreement.
- 3.16 **Federal Tax Exemption:** The exemption from Federal income taxation of interest paid or to be paid on the Bonds or other debt obligations that purport to bear such tax-exempt interest issued by SCPPA to acquire SCPPA Capacity.
- 3.17 **FERC Accounts:** The Federal Energy Regulatory Commission Uniform Systems of Accounts prescribed for Class A and Class B Public Utilities and licensees, as the same may be modified, supplemented or amended from time to time.
- 3.18 **Fiscal Year:** The twelve-month period commencing on July 1 of each year and ending on the following June 30.
- 3.19 **Generation Station:** The generation station described in Appendix C to the Renewal Power Sales Contracts.
- 3.20 **Glendale:** The City of Glendale, a municipal corporation of the State of California, and the successors of such city.
- 3.21 **IPA:** The Intermountain Power Agency, a political subdivision of the State of Utah.
- 3.22 **Month:** A calendar month.

3.23 Monthly Transmission Costs: All of SCPPA's costs, to the extent attributable to SCPPA Capacity and to the extent not paid from the proceeds of Bonds or other debt obligations, resulting from the acquisition and financing or refinancing of SCPPA Capacity. There shall be applied, as a credit against Monthly Transmission Costs, any interest earned on investments if and to the extent not credited against the Cost of Acquisition of Capacity. Monthly Transmission Costs shall include, but not be limited to, the items of cost and expense referred to in this Section 3.23 that are attributable to SCPPA Capacity and are accrued or paid during each Month of each Transmission Service Year; provided, however, that such costs shall not include any amounts that are included or to be included in a Step-Up Invoice as provided in Section 11.3 hereof. In the event any Transmission Service Year shall embrace fewer than 12 Months, the fraction expressed in the following Sections 3.23.3, 3.23.4 and 3.23.5 shall be adjusted accordingly, and, in the event of any revision of the Annual Budget after the commencement of any Transmission Service Year, the amount determined pursuant to the following Sections 3.23.3, 3.23.4 and 3.23.5 shall be appropriately adjusted so that any increase or decrease in the portion of the Annual Budget applicable to said Sections shall be evenly apportioned over the remaining Months of such Transmission Service Year. Monthly Transmission Costs shall include without duplication:

3.23.1 The Monthly Power Costs (as defined in the Renewal Power Sales Contracts) allocable to the Southern Transmission System.

3.23.2 The amount which is required under the Renewal Indenture of Trust to be paid or deposited during such Month into any funds or accounts established by the Renewal Indenture of Trust for Debt Service and for any reserve requirements or other requirements for Bonds or other debt obligations issued or incurred under the Renewal Indenture of Trust; provided, however, such amounts shall not include any amounts included or to be included in a Step-Up Invoice as provided in Section 11.3 hereof.

3.23.3 One-twelfth of the amount (not otherwise included under any item in this Section 3.23) which is required under the Renewal Indenture of Trust to be paid or deposited during such Transmission Service Year into any funds or accounts established by the Renewal Indenture of Trust; and shall include, without limitation, amounts required to make up a deficiency in any such fund or account whether or not resulting from a default in payments by any Renewal Transmission Service Purchaser; provided, however, such amounts shall not include any amounts included or to be included in a Step-Up Invoice as provided in Section 11.3 hereof.

3.23.4 One-twelfth of the amount necessary during such Transmission Service Year to pay costs of providing transmission service during such Transmission Service Year (including SCPPA Expenses) to the extent not included in Section 3.23.1 hereof.

- 3.23.5 One-twelfth of the amount necessary during such Transmission Service Year to pay or provide reserves for all taxes required to be paid by SCPPA with respect to SCPPA Capacity to the extent not included in Section 3.23.1 hereof.
- 3.24 **Original Agreements for the Acquisition of Capacity:** The several Agreements for the Acquisition of Capacity, each dated as of May 1, 1983, between SCPPA and the Original Transmission Service Purchasers, as heretofore amended or supplemented and as hereafter from time to time amended and supplemented in accordance with their terms.
- 3.25 **Original Power Sales Contracts:** The several Power Sales Contracts entered into between IPA and certain municipal utilities and electric cooperatives, including the Power Sales Contracts, each dated August 6, 1980, between IPA and the Original Transmission Service Purchasers, as heretofore amended or supplemented and as hereafter from time to time amended and supplemented in accordance with their terms and the terms of the Bond Resolution.
- 3.26 **Original Southern Transmission System Agreement:** The Southern Transmission System Agreement, dated as of May 1, 1983, between IPA and SCPPA, as heretofore amended or supplemented, including as amended by the Second Amendment to Original Southern Transmission System Agreement and as hereafter from time to time amended and supplemented in accordance with its terms.
- 3.27 **Original Transmission Service Contracts:** The several Transmission Service Contracts, each dated as of May 1, 1983, between SCPPA and the Original Transmission Service Purchasers, as heretofore amended or supplemented and as hereafter from time to time amended and supplemented in accordance with their terms.
- 3.28 **Original Transmission Service Purchasers:** The Department of Water and Power of The City of Los Angeles and the California cities of Anaheim, Burbank, Glendale, Pasadena and Riverside, and any successors thereto under the Original Transmission Service Contracts.
- 3.29 **Payment Default:** A failure by a Renewal Transmission Service Purchaser to pay when due all of its Billing Statement (and Step-Up Invoice, if applicable) for any Month.
- 3.30 **Project Manager:** The Project Manager as defined in the Renewal Power Sales Contracts.
- 3.31 **Renewal Agency Agreement:** The Renewal Agency Agreement, dated as of _____, 2021, between SCPPA and Glendale, as Renewal Agent thereunder, as hereafter from time to time amended and supplemented in accordance with its terms.

- 3.32 **Renewal Agreements for the Acquisition of Capacity:** The several Renewal Agreements for the Acquisition of Capacity between SCPPA and the Renewal Transmission Service Purchasers, as the same may be amended and supplemented from time to time in accordance with their terms.
- 3.33 **Renewal Contract Coordinating Committee:** The Renewal Contract Coordinating Committee established under the Renewal Power Sales Contracts.
- 3.34 **Renewal Indenture of Trust:** The Indenture of Trust dated as of _____ 1, 2021 as executed and delivered by and between the Trustee and SCPPA, as from time to time amended and supplemented in conformity with its provisions and the provisions of the Renewal Transmission Service Contracts.
- 3.35 **Renewal Offer:** Renewal Offer shall have the meaning ascribed thereto in the Second Amendatory Power Sales Contracts.
- 3.36 **Renewal Power Sales Contracts:** The several Renewal Power Sales Contracts entered into between IPA and certain municipal utilities and electrical cooperatives, including the Renewal Transmission Service Purchasers, as hereafter from time to time amended and supplemented in accordance with their terms and the terms of the Bond Resolution.
- 3.37 **Renewal Southern Transmission System Agreement:** The Renewal Southern Transmission System Agreement, dated as of _____, 2021, between IPA and SCPPA, as the same may be hereafter amended or supplemented.
- 3.38 **Renewal Transmission Project Agreements:** The Renewal Indenture of Trust, the Renewal Transmission Service Contracts, the Renewal Agreements for the Acquisition of Capacity, the Renewal Southern Transmission System Agreement, the Original Southern Transmission System Agreement, the Renewal Power Sales Contracts, the Bond Resolution and any other contract designated a Renewal Transmission Project Agreement by the Board of Directors.
- 3.39 **Renewal Transmission Service Contracts:** This Contract or any contract relating to the Southern Transmission System with terms which shall be similar in substance to the terms of this Contract and which may contain such variations or differences from the terms of this Contract as shall be approved by SCPPA as not deviating from the substance of this Contract, together with amendments thereto, entered into by SCPPA and a Renewal Transmission Service Purchaser.
- 3.40 **Renewal Transmission Service Purchasers:** Those entities (excluding SCPPA) executing Renewal Transmission Service Contracts, together in each case with their respective successors or assigns, listed in Appendix A hereto.
- 3.41 **Renewal Transmission Service Share:** The percentage of the total transmission service utilizing SCPPA Capacity to which a particular Renewal Transmission Service Purchaser is entitled in accordance with the terms of its Renewal Transmission Service Contract. The Renewal Transmission Service Shares for

the Renewal Transmission Service Purchasers are listed in Appendix A hereto, as the same may be changed from time to time in accordance with the Renewal Transmission Service Contracts.

- 3.42 **Retirement Election:** A Retirement Election as defined in the Renewal Power Sales Contracts.
- 3.43 **SCPPA Capacity:** The right of SCPPA to capacity in the Southern Transmission System, pursuant to the Renewal Agreements for the Acquisition of Capacity.
- 3.44 **SCPPA Construction Fund:** The Construction Fund established in the Renewal Indenture of Trust.
- 3.45 **SCPPA Expenses:** The costs, expenses and fees incurred by SCPPA in carrying out its duties, responsibilities and obligations, and exercising its rights, under the Act and the Renewal Transmission Project Agreements. These costs, expenses and fees shall include but not be limited to the following:
 - 3.45.1 All costs and expenses incurred by SCPPA pursuant to Section 17.2 of the Renewal Transmission Service Contracts.
 - 3.45.2 All costs and expenses (including those of SCPPA's legal counsel) payable in accordance with Section 9.4 of the Renewal Transmission Service Contracts.
 - 3.45.3 All costs and expenses incurred by the Department of Water and Power of The City of Los Angeles pursuant to Section 4.13 of the Renewal Transmission Service Contracts.
 - 3.45.4 All other costs related to the conducting of the business of SCPPA with respect to SCPPA Capacity (including costs related to financing or refinancing) including salaries, fees for legal, engineering, financial and other services, insurance costs and all other expenses properly related to the conduct of such business.
- 3.46 **Second Amendatory Power Sales Contracts:** The Second Amendatory Power Sales Contracts, each dated as of December 8, 2015, between IPA and each of the parties to the Original Power Sales Contracts, amending the Original Power Sales Contracts.
- 3.47 **Second Amendment to Original Southern Transmission System Agreement:** The Second Amendment to Southern Transmission System Agreement, dated as of _____, 2021, between IPA and SCPPA, amending the Original Southern Transmission System Agreement.
- 3.48 **Southern Transmission System:** The Southern Transmission System as defined in the Renewal Power Sales Contracts.

- 3.49 **Step-Up Invoice:** An invoice sent to a Renewal Transmission Service Purchaser as a result of one or more Payment Defaults, which invoice shall separately identify any amount owed with respect to the monthly Billing Statement of one or more Defaulting Renewal Transmission Service Purchasers as determined in accordance with Section 11.3.
- 3.50 **STS Renewal Project:** The STS Renewal Project as defined in the Second Amendment to Original Southern Transmission System Agreement.
- 3.51 **Term:** The Term as defined in Section 16.1 of this Agreement.
- 3.52 **Transition Date:** The Transition Date as defined in the Renewal Power Sales Contracts.
- 3.53 **Transmission Service Year:** The Fiscal Year, except that the first Transmission Service Year shall begin on the Date of Renewal Operation and that the last Transmission Service Year shall end on the last date of the Term.
- 3.54 **Trustee:** The Trustee, from time to time, under the Renewal Indenture of Trust.
- 3.55 **Uncontrollable Forces:** Any cause beyond the control of SCPPA, and which by the exercise of due diligence, SCPPA is unable to prevent or overcome, including but not limited to, failure or refusal of any other person or entity to comply with then existing contracts, an act of God, fire, flood, explosion, strike, sabotage, epidemic, pestilence, an act of the public enemy, civil or military authority including court orders, injunctions, and orders of governmental agencies with proper jurisdiction or the failure of such agencies to act, insurrection or riot, an act of the elements, failure of equipment, inability of IPA or any person or entity engaged in work on the STS Renewal Project to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers, or inability of SCPPA to sell or issue its Bonds or other debt obligations under the Renewal Indenture of Trust.

4. **OBLIGATIONS OF SCPPA AND GLENDALE:**

- 4.1 **Obligation to Provide Renewal Transmission Service.** Commencing on the Date of Renewal Operation and for every Transmission Service Year throughout the Term, SCPPA shall provide or cause to be provided and Glendale shall obtain Glendale's Renewal Transmission Service Share utilizing SCPPA Capacity pursuant to the terms of this Contract.
- 4.2 **Renewal Southern Transmission System Agreement.** SCPPA shall have executed and delivered the Renewal Southern Transmission System Agreement and the Second Amendment to Original Southern Transmission System Agreement.
- 4.3 **Adoption of Annual Budget.** In each case reflecting the most recent available budgeting and other information provided to SCPPA under the Renewal Southern Transmission System Agreement or otherwise, SCPPA will prepare or cause to be

prepared, and submit to Glendale and the other Renewal Transmission Service Purchasers, at least 60 days prior to the beginning of each Transmission Service Year, a proposed Annual Budget for such Transmission Service Year. Glendale and the other Renewal Transmission Service Purchasers may submit to SCPPA, at any time until the Annual Budget is adopted, any matters or suggestions relating to the Annual Budget. The Board of Directors shall adopt the Annual Budget not less than 30 nor more than 45 days prior to the beginning of such Transmission Service Year and shall cause copies of such adopted Annual Budget to be delivered to Glendale, the Trustee and the other Renewal Transmission Service Purchasers; provided, however, the Annual Budget for the first Transmission Service Year shall be prepared, considered, adopted and delivered in the most practicable manner available prior to the date upon which such first Transmission Service Year begins. Each adopted Annual Budget for a particular Transmission Service Year shall incorporate therein all items comprising a part of Monthly Transmission Costs for such Transmission Service Year and any other items required by the Renewal Indenture of Trust. As required from time to time during any Transmission Service Year after 30 days' notice to Glendale and all other Renewal Transmission Service Purchasers, the Board of Directors may, pursuant to the foregoing provisions for adopting the Annual Budget, adopt an amended Annual Budget for and applicable to such Transmission Service Year for the remainder of such Transmission Service Year. The Annual Budget shall establish the basis for the billing of Monthly Transmission Costs.

- 4.4 **Reports.** Subject to the Renewal Southern Transmission System Agreement and the Renewal Power Sales Contracts, SCPPA will prepare or cause to be prepared and issue to Glendale and the other Renewal Transmission Service Purchasers the following reports each calendar quarter of the Transmission Service Year:

4.4.1 Financial and operating statements relating to the Southern Transmission System.

4.4.2 Status of Annual Budget.

4.4.3 Analysis of operations relating to the Southern Transmission System.

- 4.5 **Records and Accounts.** SCPPA will keep or cause to be kept accurate records and accounts with respect to SCPPA Capacity as generally prescribed in FERC Accounts. Said accounts shall be audited annually by an independent firm of certified public accountants experienced in electric utility accounting and selected by SCPPA. Such audit shall be completed and submitted to SCPPA within 120 days after the close of each Fiscal Year. All transactions of SCPPA with IPA relating to SCPPA Capacity with respect to each Fiscal Year shall be subject to such an audit. There shall be promptly furnished to Glendale and the other Renewal Transmission Service Purchasers copies of each such annual audits. Glendale shall have the right at its own expense to examine and copy the records and accounts referred to above on reasonable notice during regular business hours and at the office where such records are located.

- 4.6 **Adjustment of Billing.** On or before 150 days after the end of each Transmission Service Year, SCPPA will submit to Glendale and the other Renewal Transmission Service Purchasers a detailed statement of the actual aggregate Monthly Transmission Costs and other amounts payable hereunder, including credits thereto, for all of the Months of such Transmission Service Year, and the adjustments of the aggregate Monthly Transmission Costs and other amounts payable hereunder, if any, for any prior Transmission Service Year, based on the annual audit of accounts provided for in Section 4.5 hereof. If, on the basis of the statement submitted as provided in this Section 4.6, the actual aggregate Monthly Transmission Costs or other amounts payable for any Transmission Service Year exceed the amount thereof which Glendale and the other Renewal Transmission Service Purchasers have been billed, Glendale shall promptly pay to the Trustee its share of such excess. If, on the basis of the statement submitted as provided in this Section 4.6, the actual aggregate Monthly Transmission Costs or other amounts payable for any Transmission Service Year are less than the amount therefor which Glendale and the other Renewal Transmission Service Purchasers have been billed, SCPPA shall credit such excess to Glendale's and the other Renewal Transmission Service Purchasers, as applicable, in accordance with its customary procedures. In the event that the failure of Glendale to make its payments in accordance with this Contract shall have resulted in the application of amounts in any fund under the Renewal Indenture of Trust to the payment of costs payable from such fund and the other Renewal Transmission Service Purchasers shall have made up the deficiency created by such application or paid additional amounts into such fund, amounts thereafter paid to the Trustee by Glendale for application to such past due payments including interest at one and one-half percent per Month shall be credited on the Billing Statements of such other Renewal Transmission Service Purchasers in the next Month or Months as shall be appropriate.
- 4.7 **Disputed Billing Statement.** In case any portion of any Billing Statement received by Glendale from SCPPA shall be in bona fide dispute, Glendale shall pay the Trustee the full amount of such Billing Statement, and, upon determination of the correct amount, the difference between such correct amount and such full amount, if any, including interest at one and one-half percent per Month on any overpayment, will be credited to Glendale by SCPPA after such determination; provided, however that such interest shall not accrue on any overpayment that is acknowledged by or on behalf of SCPPA and returned to Glendale by the fifth business day following the receipt by SCPPA of the disputed overpayment. In the event such Billing Statement is in dispute, SCPPA will give consideration to such dispute and will advise Glendale with regard to the position of SCPPA relative thereto within 30 days following written notification by Glendale of such dispute.
- 4.8 **Source of Payments.** The obligations of Glendale to make the payments under this Contract shall constitute a cost of transmission service and an operating expense of the electric utility system of Glendale payable solely from its electric revenue funds. Glendale shall not be required to make any such payment from tax revenues or its general or other funds (except the aforesaid electric revenue funds). Glendale will annually in each and every fiscal year of Glendale during the term of

this Contract include in its electric system budget, whether or not any other items are included, an appropriation from the revenues of its electric system sufficient to satisfy all the payments required to be made in such year under this Contract until all payments required under this Contract have been paid in full.

- 4.9 **Renewal Transmission Service Purchaser to Supply Information.** Glendale agrees to supply SCPPA in a timely manner with such information and documentation as SCPPA shall reasonably determine to be requisite to and necessary for the acquisition of SCPPA Capacity and for SCPPA to carry out its obligations under the Renewal Transmission Project Agreements, including but not limited to information required under any continuing disclosure undertaking of SCPPA pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, and information reasonably available to allow SCPPA to respond to requests for such information from any Federal, state or local regulatory or other authority.
- 4.10 **Rate Covenant.** Glendale will establish, maintain and collect rates and charges for the electric service of its electric system so as to provide revenues sufficient, together with available electric system reserves, to enable Glendale to pay all amounts payable when due under this Contract and to pay all other amounts payable from, and all lawful charges against or liens on, the revenues of its electric system.
- 4.11 **Audits.** SCPPA shall promptly furnish each Renewal Transmission Service Purchaser copies of audits and other records and information relating to SCPPA Capacity which are provided to SCPPA pursuant to the Renewal Southern Transmission System Agreement.
- 4.12 **Compliance with Renewal Indenture of Trust and Permits; SCPPA Not to Act Inconsistent Therewith.** It is recognized by the parties hereto that the acquisition and financing or refinancing of SCPPA Capacity must comply with the requirements of the Renewal Indenture of Trust and all licenses, permits and regulatory provisions necessary for such acquisition and financing and refinancing. It is therefore agreed that, notwithstanding any provision of this Contract, SCPPA shall not be required to act in any manner inconsistent with any such requirements or to refrain from acting as thereby required.
- 4.13 **Performance by Department of Water and Power of The City of Los Angeles, as Renewal Agent, of Certain Obligations.** Glendale and SCPPA hereby authorize the Department of Water and Power of The City of Los Angeles to perform, as the agent of SCPPA, such duties and obligations of SCPPA contained in this Contract as shall be requested by SCPPA pursuant to the Renewal Agency Agreement.

5. CHARGES AND BILLINGS:

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

6. COMMENCEMENT OF PAYMENT OBLIGATION; OBLIGATION UNCONDITIONAL: Beginning with the Transition Date, Glendale shall pay directly to the Trustee the amounts of Monthly Transmission Costs set forth in the Billing Statements submitted by SCPPA to Glendale in accordance with the provisions of Section 5 hereof, together with the amounts set forth in any Step-Up Invoice or Default Invoice submitted by SCPPA to Glendale, whether or not the STS Renewal Project or any part thereof has been completed, whether or not the Southern Transmission System is operating or operable or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatever.

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

- 7.1 **Scheduling of Entitlements.** All transmission service utilizing SCPPA Capacity shall be scheduled in accordance with the practices and procedures established

pursuant to the Renewal Transmission Project Agreements. At all times after the Date of Renewal Operation Glendale shall be entitled to schedule transmission service utilizing SCPPA Capacity up to the amount obtained by multiplying its Renewal Transmission Service Share by the Available Transmission Capability.

7.2 **Operation Subject to Certain Matters.** Operation of the Southern Transmission System shall be subject to scheduled outages or curtailments, restrictions imposed by any regulatory authority and Uncontrollable Forces.

7.3 **Transmission To and From Terminal Points.** It is the obligation of Glendale, at its own expense, to secure access to the main AC bus adjacent to each converter terminal of the Southern Transmission System, which are the terminal points for the Southern Transmission System. Such access may be by physical connection or by contract path. In no event shall SCPPA have any obligation to provide transmission or wheeling services from such terminal points to the electric system of the Renewal Transmission Service Purchaser.

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

9. **ISSUANCE OF BONDS:**

9.1 **Bonds for Cost of Acquisition of Capacity .** Bonds will be issued by SCPPA in accordance with this Contract and the provisions of the Renewal Indenture of Trust for the purpose of financing the Cost of Acquisition of Capacity, including without limitation any Costs of Acquisition of Capacity associated with any portion of the STS Renewal Project.

9.2 **Reserved.**

9.3 **Obligation of SCPPA to Issue Bonds.** As determined by the Board of Directors from time to time, SCPPA hereby agrees that it will, subject to the provisions hereof and of the Renewal Indenture of Trust, issue Bonds and issue or incur other debt obligations in accordance with the Renewal Indenture of Trust, in such amounts and at such times as shall be necessary to timely finance the Cost of Acquisition of Capacity relating to the Southern Transmission Capital Improvements.

9.4 **Rights to Enforce SCPPA Obligations; Expenses of Defense.** Each Renewal Transmission Service Purchaser shall be entitled as of right to the enforcement of the obligations of SCPPA set forth in Section 9.3 of the Renewal Transmission Service Contracts by mandamus or other suit, action or proceeding, including,

without limitation, specific performance, at law or in equity to compel SCPPA, its Board of Directors or other appropriate officer to perform such obligations. All costs and expenses of SCPPA incurred in defending any action brought pursuant to this Section 9.4 shall be part of SCPPA Expenses.

9.5 **Refunding Bonds.** In the event the Monthly Transmission Costs may be reduced by the refunding of any of the Bonds or in the event it shall otherwise be advantageous, in the opinion of the Board of Directors, to refund any Bonds, SCPPA shall issue and sell refunding Bonds.

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

10. **ADJUSTMENT OF MONTHLY TRANSMISSION COSTS:** In the event the proceeds derived from the sale of any Bonds exceed the aggregate required for the purposes for which such Bonds were issued, the amount of such excess shall be used to make up any deficiency existing in any funds or accounts under the Renewal Indenture of Trust in the manner therein provided, and any balance shall be used to retire, by purchase or redemption, Bonds in advance of maturity, and in such event Monthly Transmission Costs shall be reduced as necessary and appropriate.

11. **DEFAULT:**

11.1 **Remedies.** If Glendale shall be unable to perform or shall default in the performance of any of its obligations under this Contract, then SCPPA shall (i) in the event any payment due under this Contract remains unpaid subsequent to the due date thereof, upon 90 days written notice to Glendale, discontinue transmission service to Glendale under this Contract during the period of such default, without reduction of the obligation of Glendale to make payments under this Contract except to the extent provided in Section 11.2 hereof, (ii) bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to enforce any covenant, agreement or obligation against Glendale, or (iii) take any action permitted by law to enforce its rights under this Contract or recover damages for breach thereof.

11.2 **Transfer of Rights of Defaulting Renewal Transmission Service Purchasers.** In the event of a default by a Renewal Transmission Service Purchaser and the discontinuance, pursuant to Section 11.1 hereof, of transmission service, SCPPA shall transfer on a pro rata basis to all requesting Renewal Transmission Service Purchasers which are not in default and pursuant to procedures established by the

Board of Directors, the defaulting Renewal Transmission Service Purchaser's rights to transmission service which shall have been discontinued by reason of such default, and such requesting Renewal Transmission Service Purchasers shall assume the defaulting Renewal Transmission Service Purchaser's obligations with respect to such rights so transferred, and if any of the defaulting Renewal Transmission Service Purchaser's rights with respect to transmission service are not so transferred, SCPPA shall, to the extent possible, dispose of such remaining portion on the best terms readily available; provided, however, that SCPPA may not transfer or dispose of such defaulting Renewal Transmission Service Purchaser's rights and obligations in such a manner as shall, in the opinion of Bond Counsel, adversely affect the Federal Tax Exemption, and provided, further, that the obligation of the defaulting Renewal Transmission Service Purchaser to make payments under its Renewal Transmission Service Contract including the costs to SCPPA related to such default, transfer and sale, shall be reduced to the extent that payments are received as provided herein for that portion of the defaulting Renewal Transmission Service Purchaser's rights with respect to transmission service which are so transferred or disposed.

11.3 Step-Up Invoices.

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

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

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

- (A) Moneys received from Renewal Transmission Service Purchasers in respect of the Monthly Power Costs (described in Section 3.23.1 hereof) and the operating costs of transmission service utilizing SCPPA Capacity (described in Sections 3.23.4 and 3.23.5 hereof), as set forth in the Step-Up Invoice, shall be forwarded to the Trustee for deposit into the revenue fund under the Renewal Indenture of Trust.
- (B) Moneys received from Renewal Transmission Service Purchasers in respect of Renewal Indenture of Trust costs (described in Sections 3.23.2 and 3.23.3 hereof), as set forth in the Step-Up Invoices shall be forwarded to the Trustee for deposit directly into the debt service fund under the Renewal Indenture of Trust.

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

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

- (A) SCPPA shall credit on each non-defaulting Renewal Transmission Service Purchaser's next Billing Statement an amount equal to the aggregate amount such non-defaulting Renewal Transmission Service Purchaser paid as a result of Step-Up Invoices with respect to such Default Invoice, plus a pro rata share, based upon the Renewal Transmission Service Shares of the non-defaulting Renewal Transmission Service Purchasers, of the amount SCPPA received regarding late payment interest charges. In the event a Defaulting Renewal Transmission Service Purchaser pays less than the full amount of its Default Invoice, the credit to each non-defaulting Renewal Transmission Service Purchaser shall be adjusted proportionately. Upon the termination of this Contract, any amounts held by the Trustee representing moneys received from the payment of Default Invoices that are released to SCPPA shall be applied by SCPPA to reimburse Renewal Transmission Service Purchasers for their payments made under any Step-Up Invoices, to the extent not credited on their Billing Statements.

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

12. CHARACTER, CONTINUITY OF SERVICE AND INTERCONNECTIONS:

- 12.1 **Curtailment for Contingencies or Repairs.** The delivery of transmission service to Glendale and the other Renewal Transmission Service Purchasers may be temporarily interrupted or curtailed as provided in the Renewal Power Sales Contracts; provided, however, that such interruption or curtailment shall not relieve Glendale or any other Renewal Transmission Service Purchaser of their obligations to make payments under the Renewal Transmission Service Contracts.
- 12.2 **Precluded Services.** SCPPA shall not be required to provide, and SCPPA shall not be liable for failure to provide, service under this Contract when such failure or the cessation or curtailment of or interference with the service is caused by Uncontrollable Forces or by the inability of SCPPA to obtain any required governmental approvals to enable SCPPA to acquire SCPPA Capacity; provided, however, that Glendale and the other Renewal Transmission Service Purchasers shall not thereby be relieved of their obligations to make payments under the Renewal Transmission Service Contracts.
- 12.3 **Retirement Election Restriction.** Glendale hereby agrees that it shall not take any action to effect a Retirement Election with respect to the Southern Transmission System so long as any of the Bonds or other debt obligations issued or incurred under the Renewal Indenture of Trust are outstanding or until adequate provision for the payment thereof have been made in accordance with the provisions of the Renewal Indenture of Trust.

13. SEVERAL LIABILITY; LIABILITY; EXCULPATION; INDEMNIFICATION:

- 13.1 **Renewal Transmission Service Purchasers' Obligation Several.** Glendale and each of the other Renewal Transmission Service Purchasers shall be solely responsible and liable for performance under their respective Renewal Transmission Service Contracts and for the maintenance and operation of their respective properties. The obligation of Glendale to make payments under this Contract is a several obligation and not a joint obligation with those of the other Renewal Transmission Service Purchasers under the other Renewal Transmission Service Contracts.
- 13.2 **No Liability of SCPPA, Directors, Officers, Etc.** Glendale agrees that neither SCPPA nor any of its directors, officers, employees and agents shall be liable to Glendale for direct or consequential loss or damage suffered by Glendale as a result of (i) the performance or non-performance by IPA or any of its directors, officers, employees and agents under any Renewal Transmission Project Agreement (whether negligent or otherwise) or (ii) the performance or non-performance (whether negligent or otherwise) of SCPPA or any of its directors, officers,

employees or agents under this Contract. Glendale releases SCPPA and its directors, officers, employees and agents from any claim or liability (whether negligent or otherwise) as a result of any actions or inactions of SCPPA under this Contract or the performance or non-performance by IPA under any Renewal Transmission Project Agreement. The provisions of this Section 13.2 shall not be construed so as to relieve IPA from any obligation under any Renewal Transmission Project Agreement, nor shall it be construed so as to relieve SCPPA of any of its obligations under this Contract.

13.3 **Extent of Exculpation; Enforcement of Rights in Equity.** The exculpation provision set forth in Section 13.2 hereof shall apply to all types of claims or actions including, but not limited to, claims or actions based on contract, tort, patent or trademark. Notwithstanding the foregoing, Glendale may protect and enforce its rights under this Contract by a suit or suits in equity for specific performance of any obligations or duty of SCPPA and Glendale shall at all times retain the right to recover, by appropriate legal proceedings, any amount determined to have been an overpayment by Glendale in accordance with Section 4.6 hereof.

13.4 **Limitation of Liability of SCPPA, Employees, Etc.** The obligations of SCPPA under this Contract as well as any costs or expenses of SCPPA incurred in respect of its obligations and duties hereunder shall never constitute a debt or indebtedness of SCPPA within the meaning of any provision or limitation of the Constitution or statutes of the State of California, shall not constitute or give rise to a pecuniary liability of SCPPA or a charge against its general credit and shall be payable solely from the funds provided therefor pursuant to this Contract. It is hereby recognized and agreed that neither the members of the Board of Directors nor any officer, employee or agent of SCPPA shall be individually liable in respect to any undertakings by SCPPA under this Contract.

14. **RESTRICTIONS ON DISPOSITION:**

14.1 **Restrictions on Disposition of Renewal Transmission Service Purchaser's Entire System.** Glendale shall not sell, lease or otherwise dispose of all or substantially all of its electric utility system except on 90 days prior written notice to SCPPA and, in any event, shall not so sell, lease or otherwise dispose of the same unless the following conditions shall be met: (i) Glendale shall assign this Contract and its rights and interests hereunder to such purchaser or lessee of said electric system, and such purchaser or lessee shall assume all obligations of Glendale under this Contract; (ii) the senior debt of such purchaser or lessee is rated in one of the two highest rating categories by at least one nationally-recognized bond rating agency; (iii) an independent engineer or engineering firm of national reputation generally recognized to be well qualified in matters relating to electric power and energy systems, selected by SCPPA, shall deliver an opinion, which may be based on assumptions deemed reasonable by such engineer or engineering firm, that such purchaser or lessee is reasonably able to charge and collect rates and charges in the then current and each future year for the electric service of its electric system as shall be required to meet its obligations under this Contract; (iv) the Board of

Directors shall determine (which determination shall not be unreasonably withheld) that such sale, lease or other disposition will not adversely affect the value of this Contract as security for the payment, of the Bonds and the interest thereon; and(v) Bond Counsel shall render an opinion that such sale, lease or other disposition will not adversely affect the Federal Tax Exemption.

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

14.3 Excess Renewal Transmission Service Share. SCPPA and Glendale recognize that Glendale in accordance with the Renewal Power Sales Contracts has entered into or may enter into agreements with other entities pursuant to which such entities shall have rights, including the right to use Glendale’s Renewal Transmission Service Share that may be in excess of the needs of Glendale that exist from time to time. It is further recognized that such rights of said entities may, if exercised or otherwise effectuated, result in rights for such entities with respect to Glendale’s Renewal Transmission Service Share. SCPPA shall, on behalf of Glendale, provide portions of Glendale’s Renewal Transmission Service Share to such entities on such terms as shall be agreed upon by Glendale consistent with the rights of such entities; provided, however, that no such arrangement shall release Glendale from any obligation hereunder, and provided further, that no such arrangement shall affect or alter the rights of the other Renewal Transmission Service Purchasers (City of Burbank and the Department of Water and Power of The City of Los Angeles).

15. ASSIGNMENT OF CONTRACT: This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract; provided, however, that except as provided in Section 14 hereof, neither this Contract nor any right or interest herein shall be transferred or assigned by either party hereto so long as any of the Bonds or other debt obligations issued or incurred under the Renewal Indenture of Trust are outstanding or until adequate provision for the payment thereof have been made in accordance with the provisions of the Renewal Indenture of Trust except that the payments by Glendale under this Contract shall be assigned by SCPPA to the Trustee as contemplated by Section 8 hereof.

16. EFFECTIVE DATE AND TERM; DISPOSITION UPON TERMINATION:

- 16.1 Effective Date of Renewal Transmission Service Contracts.** This Contract shall become effective only when (i) it has been executed and delivered on behalf of SCPPA and Glendale, (ii) Glendale shall have delivered to SCPPA an opinion of an attorney or firm of attorneys addressing the items described in Appendix B hereto, subject to customary assumptions, qualifications and exceptions, in form and substance reasonably satisfactory to Bond Counsel, (iii) Renewal Transmission Service Contracts between SCPPA and the Renewal Transmission Service Purchasers listed in Appendix A hereto providing for Renewal Transmission Service Shares equal, in the aggregate, to one-hundred percent shall have been executed and delivered by the parties thereto and approved by all necessary regulatory agencies, (iv) the Second Amendment to Original Southern Transmission System Agreement shall have been duly executed and delivered by the parties thereto and approved by all necessary regulatory agencies, (v) the Renewal Southern Transmission System Agreement shall have been duly executed and delivered by the parties thereto and approved by all necessary regulatory agencies and (vi) the first series of Bonds shall have been issued. The term of this Contract shall begin and this Contract shall constitute a binding obligation of the parties hereto from and after the effective date and the term of this Contract shall end on June 15, 2077 or such later date as all Bonds and the interest thereon shall have been paid in full or adequate provision for such payment shall have been made (the "Term").
- 16.2 SCPPA Capacity.** It is hereby recognized that SCPPA Capacity shall be, and remain, in SCPPA during the term of the Renewal Transmission Service Contracts.

17. RELATIONSHIP TO AND COMPLIANCE WITH OTHER INSTRUMENTS:

- 17.1 Acquisition Subject to Renewal Indenture of Trust, Licenses, Etc.** It is recognized by the parties hereto that SCPPA, in undertaking the acquisition and financing or refinancing of SCPPA Capacity, must comply in all respects with the requirements of the Renewal Indenture of Trust and all licenses, permits and regulatory approvals necessary for such acquisition and financing or refinancing and it is therefore agreed that this Contract is made subject to the provisions of the Renewal Indenture of Trust and all such licenses, permits and regulatory approvals.
- 17.2 SCPPA to Comply with Renewal Indenture of Trust, Licenses, Etc.; Expenses of Enforcement.** SCPPA covenants and agrees for the benefit of Glendale to comply in all respects with all terms, conditions and covenants of the Renewal Indenture of Trust and the other Renewal Transmission Project Agreements and all licenses, permits and regulatory approvals relating to, provided that SCPPA shall not be prevented from contesting the validity or applicability of any thereof in good faith by appropriate proceedings. All costs and expenses of SCPPA incurred in respect of enforcing or complying with any Renewal Transmission Project Agreement or in defending any action brought against SCPPA under any Renewal Transmission Project Agreement shall be SCPPA Expenses.

- 18. SEVERABILITY:** In case any one or more of the provisions of this Contract shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the parties hereto that such illegality or invalidity shall not affect any other provision hereof, but this Contract shall be construed and enforced as if such illegal or invalid provision had not been contained herein unless a court holds that the provisions are not separable from all other provisions of this Contract.
- 19. TERMINATION OR AMENDMENT:**
- 19.1 Limitation on Amendment Effecting Bond Security.** So long as any Bonds are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Renewal Indenture of Trust, this Contract, except as specifically provided for herein, shall not be terminated, amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for Bonds or extend the time of such payments provided herein or which will in any manner impair or adversely affect the rights or security of the holders from time to time of Bonds.
- 19.2 Limitation on Amendments Affecting Renewal Transmission Service Purchasers.** None of the Renewal Transmission Service Contracts may be terminated as to any one or more of the Renewal Transmission Service Purchasers or be amended as to any one or more of the Renewal Transmission Service Purchasers so as to provide terms and conditions materially different from those herein contained except, subject to the provisions of Section 19.1 hereof and consistent with the Renewal Indenture of Trust, upon written notice to and written consent or waiver by each of the other Renewal Transmission Service Purchasers and upon similar amendment being made to the Renewal Transmission Service Contract of any other Renewal Transmission Service Purchaser requesting such amendment after receipt by such Renewal Transmission Service Purchaser of notice of such amendment.
- 19.3 Limitation on Amendments to Renewal Indenture of Trust.** SCPPA shall not, without the written consent of Glendale and each of the other Renewal Transmission Service Purchasers, amend, modify, supplement or otherwise change the Renewal Indenture of Trust if such amendment, modification, supplement or change would affect the rights or obligations of Glendale or the other Renewal Transmission Service Purchasers under this Contract or would be to the disadvantage of Glendale or the other Renewal Transmission Service Purchasers or would result in increased Monthly Transmission Costs to Glendale or the other Renewal Transmission Service Purchasers provided that this Section 19.3 shall not limit the power or authority of SCPPA to supplement the Renewal Indenture of Trust to provide for the issuance of Bonds for any of the purposes permitted under Section 9 hereof.
- 20. GOVERNING LAW:** This Contract shall be interpreted, governed by and construed under the laws of the State of California including the Act, as amended, as if executed and to be performed wholly within the State of California.

21. **NOTICES:** Any notice, demand, or request provided for in this Contract shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage prepaid, or sent by email with receipt confirmed, to the persons specified below:

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

The City of Glendale
Glendale Water and Power

Telephone: _____
Email: _____

22. **HEADINGS NOT BINDING:** The headings and captions in this Contract are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Contract.
23. **EXECUTION IN COUNTERPARTS; ELECTRONIC SIGNATURES:** This Contract may be executed in counterparts. Each of the parties hereto agrees that the transaction consisting of this Contract may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Contract using an electronic signature, it is signing, adopting, and accepting this Contract and that signing this Contract using an electronic signature is the legal equivalent of having placed its handwritten signature on this Contract on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Contract in a usable format.

[SIGNATURES ON NEXT PAGE.]

Renewal Transmission Service Contract Signature page:

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

SOUTHERN CALIFORNIA PUBLIC
POWER AUTHORITY

Attest: _____
Secretary

By: _____
President

CITY OF GLENDALE

By: _____
ROUBIK GOLANIAN
City Manager

Date: _____

APPROVED AS TO FORM:

By: _____
General Counsel
Southern California Public Power Authority

APPENDIX A

**RENEWAL TRANSMISSION SERVICE PURCHASERS AND
RENEWAL TRANSMISSION SERVICE SHARES**

<u>Renewal Transmission Service Purchaser</u>	<u>Renewal Transmission Service Share</u>
Department of Water and Power of The City of Los Angeles	90.500%
City of Glendale	5.278%
City of Burbank.....	4.222%
Total.....	100.000%

LEGAL OPINION

The opinion of counsel to Glendale (the “Renewal Transmission Service Purchaser”) shall be addressed to SCPA and shall include legal conclusions in customary form covering the following matters:

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

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

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

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

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

6. The Renewal Transmission Service Purchaser’s authorization, execution and delivery of its Renewal Transmission Service Contract and Renewal Agreement for the Acquisition of Capacity and performance of its obligations thereunder will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Renewal Transmission Service Purchaser, any commitment, agreement or other instrument to which the Renewal Transmission Service Purchaser is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Renewal Transmission Service Purchaser (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California, relating to the Renewal Transmission Service Purchaser or its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to such counsel's knowledge, threatened against or affecting the Renewal Transmission Service Purchaser or any entity affiliated with the Renewal Transmission Service Purchaser or any of its officers in their respective capacities as such (nor to the best of my knowledge is there any basis therefor), which questions the powers of the Renewal Transmission Service Purchaser or the validity of the proceeding taken by the Renewal Transmission Service Purchaser in connection with the authorization, execution or delivery of its Renewal Transmission Service Contract or Renewal Agreement for the Acquisition of Capacity, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by such Renewal Transmission Service Contract or Renewal Agreement for the Acquisition of Capacity, or which, in any way, would adversely affect the validity or enforceability of its Renewal Transmission Service Contract or Renewal Agreement for the Acquisition of Capacity.

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