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**RIVERSIDE PUBLIC UTILITIES DEPARTMENT -
SOUTHERN CALIFORNIA EDISON COMPANY
AFFECTED SYSTEM STUDY AGREEMENT**

1. **Summary:** Riverside Public Utilities Department ("RPU") has notified Southern California Edison Company ("SCE") that it intends to construct two new 50 MW generating units at RPU's existing Riverside Energy Resource Center ("RERC"). The new units will be designated units 3 & 4 and have a proposed in-service date of June 1, 2009. The two new RERC units will include two GE LM6000 gas turbine generating units, transformation facilities, meters and metering equipment and appurtenant facilities ("Project"). The RERC generating facility is currently connected to Riverside's distribution system via two 69 kV lines to RPU's Mountain View and Riverside Substations, respectively, with two new 69 kV lines to be added in 2012. RPU intends to transmit Energy and/or Ancillary Services from RERC to the California Independent System Operator ("CAISO") Controlled Grid at Southern California Edison Company's ("SCE") Vista Substation until 2012. Upon synchronization of SCE's proposed new 230 kV Wildlife Substation to RPU's electrical system at RPU's new Wilderness Substation, currently anticipated to be in 2012, RPU anticipates that the RERC generating facility and approximately one-half of RPU's system load currently connected to SCE's Vista Substation will be transferred to SCE's new Wildlife Substation. RPU's electrical system is connected to and served from SCE's electrical system, and therefore any generation addition by RPU may impact SCE's electrical system. Upon review of the Project data submitted by RPU, SCE and the CAISO have concluded that SCE is considered an "Affected System" pursuant to the CAISO's Large Generator Interconnection Procedures ("LGIP"); and therefore, an Affected Systems study is required in accordance with Section 3.7 of the CAISO's LGIP to evaluate the impact of the generation addition to RPU's distribution system on the safety and reliability of SCE's electrical system, and to determine the facilities, the cost of those facilities, and the time required to construct those facilities required to accommodate the Project ("Study"). SCE and

RPU desire to enter into this Affected System Study Agreement (“Agreement”) providing the terms and conditions for SCE to perform the Study.

2. **Work Performed Pursuant To Federal Energy Regulatory Commission (“FERC”) Order No. 2003:** This Study is performed in accordance with FERC’s Order 2003.
3. **Scope:** The completed Study and related work papers shall be made available to RPU, and will include the following scope of work:
 - a. **Phase 1— System Impact Study:** The System Impact Study will include the following components:
 - i. An assessment of SCE’s electrical system required to accommodate the Project.
 - ii. Identification of any system constraints.
 - iii. Study conditions and assumptions.
 - iv. Load flow analysis.
 - v. Stability study.
 - vi. Short circuit duty analysis.
 - vii. Post transient voltage study.
 - b. **Phase 2-- Facilities Study:**
 - i. SCE will determine the required transmission system upgrades, modifications or additions, and any other system facilities and upgrades required to prevent creation of an adverse impact on SCE’s electrical system. The facilities and upgrades may include, without limitation, substation facilities at SCE’s Vista and Wildlife Substations; transmission facilities, protection equipment, communication equipment, and controls at Vista and Wildlife Substations; and facilities required at other substations and on other transmission and distribution lines.
 - ii. SCE will perform an analysis of affected circuit breakers on SCE’s electrical system, determine whether affected circuit breakers need to be replaced or upgraded, and determine the costs associated with any such replacements or upgrades.

- iii. The Facilities Study will include an estimate of (i) the cost of the required transmission system upgrades, modifications or additions and any other system facilities and upgrades to be charged to RPU, (ii) RPU's appropriate allocation of the cost of any required system additions, modifications and upgrades, and (iii) the time required to complete construction of such transmission system upgrades, modification or additions and other required system facilities and upgrades. The Study will include a list of major equipment required. The cost estimate will include an estimate of additional facilities cost (capital cost of the facilities), and one-time cost (expenses not capitalized).
4. **Basis for Study**: In its determination of the adequacy of SCE's electrical system, required to accommodate the Project, SCE will exclude from the analysis, capacity to meet (i) generation and transmission projects that precede the Project in SCE's queue and (ii) SCE's other firm contractual obligations, if any.
5. **Assumptions**: The Study shall be based upon the following assumptions:
 - a. RPU will construct two new 50 MW GE LM6000 combustion turbine generators, interconnect the generating facility to RPU's existing Mountain View and Riverside Substations; and transmit Energy and/or Ancillary Services to the CAISO Controlled Grid at SCE's Vista.
 - b. Upon synchronization of SCE's proposed new 230 kV Wildlife Substation to RPU's electrical system at RPU's new Wilderness Substation anticipated in 2012, the RERC generating facility and approximately one-half of RPU's system load currently connected to SCE's Vista Substation will be transferred to SCE's new Wildlife Substation
 - c. An RPU proposed in-service date for the Project of 6/1/2009.
 - d. An RPU proposed commercial operating date for the Project of 6/1/2009.
 - e. Technical data supplied by RPU are correct and complete.
 - f. The maximum capacity of the Project is 100 MW at 69 kV.
 - g. Projects preceding RPU in SCE's queue providing for in-service dates preceding the in-service date of the Project are assumed in-service; however, potential

system enhancements or modifications resulting from such projects, if any, are not assumed.

6. **Time Required for Completion**: SCE will use due diligence to complete the System Impact Study within sixty (60) calendar days following receipt of a fully executed copy of this Agreement and payment pursuant to Sections 12 and 15 of this Agreement, and SCE will use due diligence to complete the Facilities Study within ninety five (95) calendar days following transmittal of the System Impact Study results to RPU. SCE shall submit the System Impact Study and Facilities Study results to the CAISO for review and the CAISO will take approximately thirty (30) days per study to review and comment.
7. **Additional Time for Completion**: At any time that SCE determines that the System Impact Study or Facilities Study cannot be completed within the time periods specified in Section 6 of this Agreement, SCE shall notify RPU and provide an estimated completion date, along with an explanation of the reasons why additional time is required to complete the Study.
8. **Exchange of Information**: SCE and RPU shall confer with one another as necessary to exchange information that will minimize the use of assumptions in the Study, and to provide for the most accurate analysis possible with the information available at the time the Study is performed.
9. **Third Party Review**: The Study results will not reflect any review or analysis by any third party. SCE shall provide a copy of the Study to the CAISO. If RPU elects to proceed with the Project, SCE may provide a copy of the Study results to the Western Electricity Coordinating Council ("WECC"), and any transmission owner potentially impacted by the Project, in order to determine the potential impact to any third party's electrical system. Requests for review and input from any such entities may arrive at any time prior to the Project's in-service date, and revision and reconsideration of the Study may be required as a result of information received from the ISO or WECC, or any other such entity regarding any potential impact to a third party's electrical system.

10. **Results Based on Information Available at Time of Study:** Substantial portions of technical data and assumptions used to perform the Study, such as system conditions, existing and planned generation, and unit modeling, may change after SCE provides the Study results to RPU. Study results will reflect available data at the time SCE provides the Study to RPU. SCE shall not be responsible for any additional costs (including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes) that may be incurred by RPU as a result of changes in such data or assumptions which occur following provision of this Study.
11. **New Study at RPU's Cost:** In the event that a new Study or revision or reconsideration of the Study is required (a) as a result of information received from any entity regarding any potential impact to a party's electrical system, or (b) to reflect changes which occur following provision of this Study, then SCE shall perform such new Study, or revision or reconsideration, if RPU enters into a separate agreement providing that it shall reimburse SCE for the costs of such new or revised study.
12. **Pavment:** RPU shall pay the full cost for SCE to perform the Study as follows:
 - a. RPU shall reimburse SCE for SCE's actual cost of performing the Study.
 - b. RPU shall advance to SCE \$160,000 for the Study upon execution of this Agreement.
 - c. SCE shall refund to RPU without interest, any amounts received by SCE which exceed the cost of the Study, even if terminated pursuant to Section 14.
13. **Records and Accounts:** SCE shall maintain records and accounts of all costs incurred in performing the Study in sufficient detail to allow verification of all costs incurred, including, but not limited to, labor and associated labor burden costs, materials and supplies, outside services, and administrative and general expenses. RPU shall have the right, upon reasonable notice, within a reasonable time at SCE's offices and at its own expense, to audit SCE's records as necessary and as appropriate in order to verify costs incurred by SCE. Any audit requested by RPU shall be completed, and written notice of any audit dispute provided to SCE's representative, within one hundred eighty (180) days following receipt by RPU of SCE's notification of the final Study costs.

14. **Termination Upon Demand:** RPU may demand that SCE terminate the Study at any time following receipt by SCE of a notification from RPU that RPU is abandoning its plan to develop and interconnect the Project. Immediately following receipt of such written request of such termination from RPU, SCE shall terminate the Study as requested. In such case, RPU shall reimburse SCE only for costs actually incurred or irrevocably committed to be incurred for the performance of the terminated Study. If RPU so requests in its notice of termination, SCE shall submit to RPU the results of the incomplete Study in a report including assumptions, load flows, and calculations available at the time SCE receives RPU's termination notice.
15. **Signature Clause:** This Agreement shall become effective upon the date the fully executed Agreement and payment pursuant to Section 12 are received by SCE. If SCE does not receive the fully executed Agreement and payment within thirty (30) business days of RPU's receipt, then SCE will file an unexecuted version of this Agreement with FERC with a request that FERC order RPU to comply with the terms and conditions of this Agreement, including without limitation terms regarding payment.

SOUTHERN CALIFORNIA EDISON COMPANY

By: 

Name: James A. Kelly

Title: Senior Vice President

ACCEPTED AND AGREED to this _____ day of _____, 2008

RIVERSIDE PUBLIC UTILITIES DEPARTMENT

 By: 

Name: David H. Wright

Title: Utilities General Manager