

# **ATTACHMENT 1**

# Memorandum

Date: September 20, 2010

To: Honorable Michael R. Peevey  
President  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Honorable John S. Wong  
Administrative Law Judge  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

From: Department of Water Resources

Subject: **Rulemaking 09-06-018 - Request of the California Department of Water Resources for Modification of Decision (D.) 07-03-025 (2007 Servicing Orders Applicable to the Investor Owned Utilities), D.02-12-069 (2002 Operating Order Applicable to SCE) and D.04-10-020 (2004 Operating Agreements Applicable to SDG&E and PG&E).**

Consistent with California Water Code §§ 80016<sup>1</sup> and 80106(b)<sup>2</sup>, the California Energy Resources Scheduling division of the California Department of Water Resources ("CDWR") hereby requests that the California Public Utilities Commission ("Commission") adopt proposed modifications to the 2007 Servicing Orders (the "2007 Servicing Orders") applicable to Pacific Gas and Electric Company ("PG&E"), San Diego Gas & Electric Company ("SDG&E"), and Southern California Edison Company ("SCE") (collectively, the "IOUs"). In addition, CDWR hereby requests that the Commission adopt proposed modifications to the 2002 Operating Order Applicable to SCE and to the 2004 Operating Agreements Applicable to SDG&E and PG&E (collectively, the "Existing Operating Arrangements").

Modifications to the 2007 Servicing Orders and the Existing Operating Arrangements have been incorporated into amended and restated Servicing Orders and Operating Orders being submitted with this memorandum. These revisions reflect agreements that CDWR reached with the IOUs as memorialized in a February 4, 2009 Memorandum of Understanding ("MOU")<sup>3</sup>, with certain revisions or clarifications since

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<sup>1</sup> Water Code § 80116 states: All state agencies and other official state organizations, and all persons connected therewith, shall and are hereby authorized to, at the request of the department, give the department reasonable assistance or other cooperation in carrying out the purposes of this division.

<sup>2</sup> Water Code § 80106(b) states: At the request of the department, the commission shall order the related electrical corporation or its successor in the performance of related service, to transmit or provide for the transmission of, and distribute all power made available by the department, and, as agent of the department, provide billing, collection, and other related services on terms and conditions that reasonably compensate the electrical corporation for its services, and adequately secure payment to the department.

<sup>3</sup> The IOUs filed the MOU with the Commission on February 13, 2009 along with a joint motion for authorization to enter the MOU. The Assigned Commissioner granted the motion on March 13, 2009.  
<http://docs.cpuc.ca.gov/efile/RULINGS/98488.pdf> (visited July 7, 2010).

the submission of the MOU. A detailed summary of these revisions, including specific section references to the MOU, is attached.

## **Background**

In anticipation of the California Independent System Operator's ("CAISO") implementation of Market Redesign and Technology Upgrade ("MRTU") on March 31, 2009, the IOUs and CDWR entered into the MOU. At the time of submission, the MOU described agreed-upon changes to operation and remittance procedures that reflected the IOUs and CDWR understanding of MRTU-related issues. In the MOU, the IOUs and CDWR also acknowledged that the incomplete negotiations with CDWR's contract counterparties at that time left some outstanding uncertainties as to the basis for remittances to CDWR for some of the contracts. The MOU provided that the provisions contained in the MOU might be subsequently modified dependent on the actual outcome of the then pending contract negotiations. The MOU was approved by an Assigned Commissioner Ruling on March 13, 2009.

Since submitting the MOU, CDWR believes that it has reached sufficient certainty regarding post-MRTU operating procedures with contract counterparties to finalize specific changes to the Existing Operating Arrangements and the 2007 Servicing Orders. Based on the contract clarifications implemented with counterparties to date, CDWR has worked with the IOUs to include these changes, as noted, in the submitted Servicing Orders and Operating Orders.

## **Significant Modifications Subsequent to MOU Approval**

Based on the clarifications on operating procedures reached with certain of the contract counterparties, CDWR has negotiated further revisions to the "Bidding and Remittance Summary" table attached to the MOU. For example, SCE and SDG&E have been appointed as scheduling coordinators under certain contracts and, as a result, we have agreed to a different counting method to determine the remittance of Power Charges for those contracts. Additional refinements have been made to the remittance basis to count energy dispatches from contracts for Power Charges, based on additional contract bidding and operations parameters reached by CDWR with the counterparties.

The updated Bidding and Remittance Summary table for each IOU is attached in Schedule 1 of the body of the submitted Operating Orders. Previously, Schedule 1 of each Existing Operating Arrangement only listed the CDWR contracts allocated to the applicable IOU. Since all contracts are terminating on their own terms in the next few years, the table has been expanded to show the Contract Stated Termination Date.

In the case of the Servicing Orders, Attachment B to the PG&E and SCE Servicing Orders has been updated to note the current status of settlement agreements with certain publicly-owned utilities as to Municipal Departing Load Customer Power Charges and Bond Charges to be remitted. The intent of these new provisions is to

note that the remittances would be based on settlement agreements rather than the remittance process otherwise provided in the Servicing Orders.<sup>4</sup>

In addition, certain additional amendments, clarifications and revisions have been made to the 2007 Servicing Orders and the Existing Operating Arrangements. Some of these modifications are required to conform an IOU's Servicing Order and to that IOU's Operating Order. As noted above, a detailed summary of such revisions is attached to this Memorandum. CDWR is available to provide further details or information as requested by the Commission.

### **MOU Provisions Are Effective March 31, 2009**

The MOU was effective on March 31, 2009. The IOUs and CDWR have been following the provisions of the MOU commencing on March 31, 2009. The attached Orders memorialize the operations and remittance procedures developed and agreed to by CDWR and the IOUs to ensure appropriate remittances to CDWR as provided in the MOU. In addition, as specifically noted in the submitted Operating Orders and the Servicing Orders, certain revisions or clarifications to the MOU provisions have been agreed to by CDWR and the IOUs subsequent to the Commission approval of the MOU. Such provisions reflect agreed upon interim operating procedures among CDWR and such applicable IOU, as of the specific date stated. CDWR would like to bring to the Commission's attention that the submitted Servicing Orders and Operating Orders conform to the provisions contained in the MOU and CDWR further requests that the submitted Orders be valid as of the effective date of MRTU, unless specifically noted with a later date within the Orders. In developing the MOU, one of the Guiding Principles agreed to by CDWR and the IOUs was that the customers of the IOUs "must be neutral or benefit either financially or through improved CAISO MRTU market operations."<sup>5</sup> CDWR believes that the provisions contained in the submitted Orders are consistent with this Principle.

### **Submitted Documents**

In addition to summaries of modifications to the 2007 Servicing Orders and the Existing Operating Arrangements, CDWR has also enclosed CD-ROMs, which contain (1) a clean version of each proposed amended and restated Servicing Order and Operating Order and (2) a blackline of an IOU's 2007 Servicing Order and Existing Operating Arrangement to the same IOU's submitted proposed amended and restated Orders, indicating proposed modifications. CDWR has served electronic copies of these documents on representatives of each IOU as well as provided a hard copy of these documents to the Commission's Administrative Law Judge Division. CDWR will make a copy of these documents available to any party requesting such a copy.

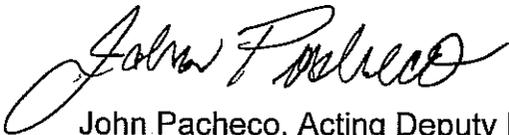
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<sup>4</sup> CDWR submitted a Memorandum dated August 30, 2010 in response to an Administrative Law Judge's Ruling in Application 09-06-023, addressing the same issue.

<sup>5</sup> See Attachment A of the MOU under the heading "Guiding Principles."

CDWR thanks the IOUs for their diligence and cooperation in this effort. CDWR is also pleased to inform the Commission that each of the three IOUs concur with the proposed modifications to their respective Existing Operating Arrangements and 2007 Servicing Orders.

CDWR requests that the Commission adopt the proposed amended and restated Servicing Orders and Operating Orders as soon as possible. CDWR appreciates the Commission's assistance with this matter. If you have any questions or need additional information, please contact me at (916) 574-2733.



John Pacheco, Acting Deputy Director  
California Energy Resources Scheduling

Attachments:

1. Summary of Submitted Revisions to 2010 Servicing Orders
2. Summary of Submitted Revisions to 2010 Operating Orders

Attachments enclosed on CD-ROM:

1. 2010 Servicing Order (PG&E)
2. 2010 Servicing Order (SDG&E)
3. 2010 Servicing Order (SCE)
4. 2010 Operating Order (SCE)
5. 2010 Operating Agreement (SDG&E)
6. 2010 Operating Agreement (PG&E)
7. Comparison of 2010 Servicing Order (PG&E) to 2007 Servicing Order
8. Comparison of 2010 Servicing Order (SDG&E) to 2007 Servicing Order
9. Comparison of 2010 Servicing Order (SCE) to 2007 Servicing Order
10. Comparison of 2010 Operating Order (SCE) to 2002 Operating Order
11. Comparison of 2010 Operating Order (SDG&E) to 2004 Operating Agreement
12. Comparison of 2010 Operating Order (PG&E) to 2004 Operating Agreement

cc: (See attached list.)

**VIA OVERNIGHT DELIVERY AND ELECTRONIC MAIL**

cc: Honorable Michael R. Peevey, President  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Honorable Dian M. Grueneich, Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Honorable John A. Bohn, Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Honorable Timothy A. Simon, Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Honorable Nancy Ryan, Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Ms. Julie Fitch  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

**VIA ELECTRONIC MAIL**

Service List Rulemaking 09-06-018

## SUMMARY OF SUBMITTED REVISIONS TO 2010 SERVICING ORDERS

The revisions contained in the 2010 Servicing Orders generally fall within one of the following categories:

- Changes necessary to the 2007 Servicing Orders to reflect the California Independent System Operator's implementation of the Market Redesign and Technology Upgrade ("MRTU") as noted in the Memorandum of Understanding (the "MOU"), dated as of February 4, 2009 and approved by the Assigned Commissioner on March 13, 2009;
- Amendments, clarifications or supplements to the provisions of the MOU, subsequent to the Commission approval of the MOU, as agreed to by the Investor Owned Utilities ("IOUs") as limited agents of the California Department of Water Resources ("DWR");
- Clarification that upon novation of any Contract the 2010 Servicing Order terminates as to such Contract without further action; and
- Corrections to references to sections, Attachments, Exhibits or Appendices and other conforming changes as a result of the amendments contained in the 2010 Operating Orders.

The following table provides a general summary of submitted revisions contained in the 2010 Servicing Orders. The changes summarized are as compared to the provisions of the existing 2007 Servicing Orders adopted pursuant to D.07-03-025. In Attachments B and C of the 2010 Servicing Order, certain provisions of the MOU have been incorporated and the summary provides the section reference to the MOU.

Section Reference	Summary of Submitted Revisions or MOU Section Reference
Recitals	Updates relevant history and Commission Decisions.
Section 1 - Definitions	Updates relevant history and Commission Decisions. Establishes new defined terms and amends existing terms as such terms relate to MRTU.
Section 2 - Energy Delivery, Surplus Energy Sales and Ownership	Clarifies that surplus energy sales terminated upon MRTU Effective Date. Provides that DWR Charges will be remitted consistent with the terms of the 2010 Operating Order and the 2010 Servicing Order.
Section 3 - Billing	Clarifies the scope of DWR Charges before and after the MRTU

<b>Section Reference</b>	<b>Summary of Submitted Revisions or MOU Section Reference</b>
Services	Effective Date.
Section 4 - DWR Revenues; Remittance of DWR Revenues	Updates the remittance of DWR Charges from Customer Types and to reflect the Commission Decisions since the submission of the 2007 Servicing Orders.
Section 5 - Term and Termination; Events of Default	Clarifies that surplus energy sales terminated upon the MRTU Effective Date.  Addresses that the 2010 Servicing Order will terminate as to any novated Contracts, without further action by a Party.
Section 6 - Confidentiality	No substantive changes.
Section 7 - Payment of Fees and Charges	No substantive changes.
Section 8 - Records; Audit Rights; Annual Certification	No substantive changes.
Section 9 - [Reserved]	N/A
Section 10 - Amendment Upon Changed Circumstances	Updated for the effectiveness of MRTU in Section 10(a)(ii).
Section 11 - Data Retention	No substantive changes.
Section 12 - Indemnity	Deleted a word to clarify the scope of intended indemnity.
Section 13 - Limitations on Liability	No substantive changes.
Section 14 - Miscellaneous	Updates relevant history and Commission Decisions.
Service Attachment 1 - Utility Billing Services	No substantive changes.
Service Attachment 2 - DWR Surplus Energy Sales Revenues	Clarifies that surplus energy sales terminated upon the MRTU Effective Date.

Section Reference	Summary of Submitted Revisions or MOU Section Reference
Remittance	
Attachment B	<p><b>As to PG&amp;E:</b></p> <p>In each Appendix, except in Appendices A-1, A-2 and E-2, existing references to capped amount and priority of billing have been revised to generally note that the billing priority, including the application of capped level that can be billed, will be as determined by the Commission from time to time.</p> <p><u>Appendix A-2 - "Remittance of Bundled Customers - Power Charge."</u> Part A: Amended to incorporate provisions of Part II, Section (C)(1) of the body of the MOU as well as the provisions under the caption "Revised DWR Remittance Methodology" contained in Attachment A of the MOU.</p> <p><u>Appendix C-2 - "Remittance of Customer Generation Departing Load - Power Charge":</u> Amended to reflect existing remittance procedures.</p> <p><u>Appendix D-1 - "Remittance of Municipal Departing Load - Bond Charge":</u> Amended to reflect the existence of certain settlement agreements under Commission issued Resolutions.</p> <p><u>Appendix D-2 - "Remittance of Municipal Departing Load - Power Charge":</u> Amended to reflect existing remittance procedures. Also amended to reflect the existence of certain settlement agreements under Commission issued Resolutions.</p> <p><u>Appendix E-1 - "Remittance of Community Choice Aggregation - Bond Charge":</u> Amended to reflect existing remittance procedures.</p> <p><u>Appendix E-2 - "Remittance of Community Choice Aggregation - Power Charge":</u> Amended to reflect existing remittance procedures.</p> <p>Annex A Collection Curve - Notes PG&amp;E will send any updated or revised Collection Curve to DWR.</p> <p><b>As to SCE:</b></p> <p>In each Appendix, except in Appendices A-1 and A-2, existing references to capped amount and priority of billing have been revised to generally note that the billing priority, including the application of capped level that can be billed, will be as determined by the Commission from time to time.</p> <p><u>Appendix A-2 - "Bill Determination - Bundled Customer Power Charge":</u> Part A, Part II, Section B - Added to reflect the provisions of Part II, Section (C)(2) of the body of the MOU as well as the provisions under caption "Revised DWR Remittance Methodology" contained in Attachment A of the MOU.</p> <p><u>Appendix C-2 - "Bill Determination - Customer Generation Departing</u></p>

Section Reference	Summary of Submitted Revisions or MOU Section Reference
	<p><u>Load Power Charge</u>”: Amended to reflect existing remittance procedures.</p> <p><u>Appendix D-1 - “Bill Determination of - Municipal Departing Load Bond Charge</u>”: Amended to reflect existing remittance procedures. Also amended to reflect the existence of certain settlement agreements under Commission issued Resolutions.</p> <p><u>Appendix D-2 - “Bill Determination - Municipal Departing Load Power Charge</u>”: Amended to reflect existing remittance procedures. Also amended to reflect the existence of certain settlement agreements under Commission issued Resolutions.</p> <p><b>As to SDG&amp;E:</b></p> <p>In each Appendix, except in Appendices A-1, A-2, D-1, D-2, E-1 and E-2, existing references to capped amount and priority of billing have been revised to generally note that the billing priority, including the application of capped level that can be billed, will be as determined by the Commission from time to time.</p> <p><u>Appendix A-2 - “Bill Determination - Bundled Customer Power Charge</u>”: Part A, Part II, Section (a)(2) - Added to reflect the provisions of Part II, Section (C)(2) of the body of MOU as well as the provisions under the caption “Revised DWR Remittance Methodology” contained in Attachment A of the MOU.</p> <p><u>Appendix C-2 - “Bill Determination - Customer Generation Departing Load Power Charge</u>”: Amended to reflect existing remittance procedures.</p>
Attachment C	<p><b>As to PG&amp;E:</b></p> <p><u>Section 1, Part E, Sub-section 2 - “Power Charge on Bundled Customers</u>”: Amended to provide report templates to be used after the MRTU Effective Date.</p> <p><u>Section 2 - Surplus Energy Sales Reports</u>: Amended to note that surplus energy sales reports terminated upon MRTU Effective Date.</p> <p><b>As to SCE:</b></p> <p><u>Section 1</u> - Amended to show correct account numbers.</p> <p><u>Section 2</u> - Amended to note that surplus energy sales reports terminated upon MRTU Effective Date.</p> <p><u>Section 3 - “Additional Reports on and after the MRTU Effective Date</u>”: Added to provide report templates to be used after the MRTU Effective Date.</p>

Section Reference	Summary of Submitted Revisions or MOU Section Reference
	<p><b>As to SDG&amp;E:</b></p> <p><u>Section 1</u> - Amended to add additional collection type and account information.</p> <p><u>Section 2</u> - Amended to note that surplus energy sales reports terminated upon MRTU Effective Date.</p> <p><u>Section 3</u> - “<u>Additional Reports-On and after the MRTU Effective Date</u>”: Added to provide reporting templates to be used after the MRTU Effective Date.</p>
Other Attachments	<p><b>As to PG&amp;E:</b></p> <p>Attachments A, D, E, F, G, H and I: No substantive changes.</p> <p><b>As to SCE:</b></p> <p>Attachments A, D, E, F, G, H and I: No substantive changes.</p> <p><b>As to SDG&amp;E:</b></p> <p>Attachments A, D, E, F, G and H: No substantive changes.</p>

**SUMMARY OF SUBMITTED REVISIONS TO  
2010 OPERATING ORDERS**

The revisions contained in the 2010 Operating Orders generally fall within one of the following categories:

- Amendments, clarifications or supplements to the Existing Operating Arrangements to reflect the California Independent System Operator’s implementation of Market Redesign and Technology Upgrade (“MRTU”) as noted in the Memorandum of Understanding (the “MOU”), dated as of February 4, 2009 and approved by the Assigned Commissioner on March 13, 2009;
- Further amendments, clarifications or supplements to the provisions of the MOU as agreed upon by the Investor Owned Utilities (“IOUs”) and the California Department of Water Resources (“DWR”);
- Clarification that upon novation of any Contract, the 2010 Operating Order terminates as to such Contract without further action;
- Language to reflect that the 2010 Operating Orders are Commission Orders rather than agreements as applicable to PG&E and SDG&E in the case of the 2004 Operating Agreements;
- Conforming changes to the original Operating Order adopted by the Commission on December 19, 2002 as applicable to SCE to include provisions contained in the Operating Agreements of PG&E and SDG&E filed with the Commission on November 12, 2004; and
- Updated cross-references and any conforming changes as a result of the amendments contained in the 2010 Servicing Orders.

The following table summarizes the differences between the 2010 Operating Orders as compared to the 2004 Operating Agreements applicable to PG&E and SDG&E. SCE’s original Operating Order has been conformed to the 2004 Operating Agreements as described above.

<b>Section Reference</b>	<b>Summary of Submitted Revisions or MOU Section Reference</b>
Recitals	Updates relevant history and Commission Decisions.
Article I - Definitions	Updates relevant history and Commission Decisions. Establishes new defined terms related to MRTU.
Article II - Operational Allocation of Power Purchase Agreements;	Clarifies that surplus energy sales terminated upon the MRTU Effective Date. Clarifies that the 2010 Operating Order will terminate as to any novated

Section Reference	Summary of Submitted Revisions or MOU Section Reference
Management of the Contracts; Allocated Power; Term	Contract, without further action by a Party. As to SCE's 2010 Operating Order, additional changes are noted to conform to the provisions of PG&E and SDG&E 2004 Operating Agreement provisions.
Article III - Limited Agency / No Assignment	Clarifies DWR's legal and financial responsibility to each Contract as being prior to the novation of a Contract.
Article IV - Limited Duties of Utility	Clarifies the scope of Contract administration before and after the MRTU Effective Date.
Article V - Duties of DWR	Clarifies DWR's expected scope of internal review of billing and settlement functions.
Article VI - Special Contract Terms (as to PG&E); Reserved (as to SDG&E and SCE)	Deleted in SCE's 2010 Operating Order to reflect that no Interim Contracts existed for SCE.
Article VII - Events of Default	Conformed to the provisions of the original Operating Order but retained the specific standard for triggering an event of default. Section 7.03 has been revised so that the IOU "may" request that the Commission to terminate the Order rather than automatically requiring termination.
Article VIII - Payment of Fees and Charges	No substantive changes.
Article IX - Representations and Warranties	Reflects the status of DWR discussions with Suppliers as to Contract clarifications.
Article X - Limitations on Liability	Includes Section 10.04 "Cap on Liability" provision in SCE's 2010 Operating Order.
Article XI - Confidentiality	No substantive changes.
Article XII - Records	Includes Section 12.04 "Annual Certifications" provision in SCE's 2010

Section Reference	Summary of Submitted Revisions or MOU Section Reference
and Audit Rights	Operating Order.
Article XIII - Dispute Resolution	Updates Section 13.02 to clarify the scope of settlement data review to be performed by each IOU.
Article XIV - Miscellaneous	<p>Section 14.10 - Updated to include MRTU-related items that trigger meet and confer obligation.</p> <p>Section 14.10(c) - Contains Part II, Section G(3) of MOU that allows a meet and confer to occur under specified circumstance.</p> <p>Section 14.15 "Annual Review" - Included in SCE's 2010 Operating Order.</p>
Schedule 1	<p>The table included in Attachment A of the MOU under "IOU Contracts - Bidding and Remittance Summary" has replaced the prior list of Contracts. A new column was added to note the stated termination date for each Contract.</p> <p>The MOU version of the table has been further modified to reflect:</p> <ul style="list-style-type: none"> <li>- changes to Contract bidding and operations resulting from discussions with Contract counterparties and any resultant changes to remittance basis;</li> <li>- when an IOU became the Scheduling Coordinator under the applicable Contract.</li> </ul>
Schedules 2 and 3	No substantive changes.
Exhibit A	No substantive changes.
Exhibit B	<p>Part IV - Updated for frequency of fuel plan submissions by the IOUs.</p> <p>Part XV - Updated to note the on-going nature of fuel supply, transportation and storage contracts. In SCE and SDG&amp;E version, incorporates the fuel allocation under Commission Decision 03-10-016 dated October 2, 2003.</p>
Exhibit C	<p>Part II "Utility Remittance to DWR - On and After the MRTU Effective Date" includes the following provisions from the MOU:</p> <ul style="list-style-type: none"> <li>- <u>Section A - DWR Remittances</u>: Contains Part II, Sections B, C, D, E</li> </ul>

Section Reference	Summary of Submitted Revisions or MOU Section Reference
	<p>and F of the MOU related to remittance principles and procedures; and contains provisions of Part II, Section G(2) related to meet and confer related to significant load deviation.</p> <ul style="list-style-type: none"> <li>- <u>Section B - Real Time Energy Dispatch Charges &amp; Credits</u>: Contains provisions under the same title of Attachment A of the MOU.</li> <li>- <u>Section C - Transmission Losses</u>: Contains provisions under the same title of Attachment A of the MOU.</li> </ul> <p>Part III "Bilateral Settlement" has been supplemented as follows:</p> <ul style="list-style-type: none"> <li>- <u>Section A - Ancillary Services</u>: Contains provisions under the same title of Attachment A of the MOU.</li> <li>- <u>Section B - Responsibility for ISO Charges and Credits - Generation Invoices</u>: Contains provisions under Part II, Section G(1) of the body of the MOU. Also contains provisions under the heading "ISO Invoices - Load and Generation - Generation Invoice" in Attachment A of the MOU.</li> <li>- <u>Section C - Bilateral Settlement Parameters On and After the MRTU Effective Date</u>: Reflects new procedures applicable to settlement functions related to allocated Contracts.</li> <li>- <u>Section D - Additional Provisions Related to ISO Settlement Statements</u>: Reflects new procedures applicable to certain Contracts for which an IOU might be the Scheduling Coordinator.</li> </ul>
Exhibit D	Updated to reflect Attachment A of the MOU's provisions related to load charges invoiced by the ISO.
Exhibit E	Updated to reflect certain Advice Letters filed by the IOUs.
Exhibit F	Part II "On and After the MRTU Effective Date"- Added to reflect revised data requirements.

# **ATTACHMENT 2**

**2010 SERVICING ORDER**

**CONCERNING**

**STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES**

**And**

**PACIFIC GAS AND ELECTRIC COMPANY**

THIS ORDER HAS BEEN ISSUED BY THE CALIFORNIA PUBLIC UTILITIES COMMISSION (“COMMISSION”) FOR USE BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES (“DWR”) AND PACIFIC GAS AND ELECTRIC COMPANY (“UTILITY”).

Date of Commission Approval:

Effective Date:

# 2010 SERVICING ORDER

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## **2010 SERVICING ORDER**

**THIS 2010 SERVICING ORDER** (this “Servicing Order”) concerns the State of California Department of Water Resources (“DWR”), separate and apart from its powers and responsibilities with respect to the State Water Resources Development System, and Pacific Gas and Electric Company, a California corporation (“Utility” or “PG&E”). This Servicing Order amends and restates that certain 2007 Servicing Order adopted pursuant to D.07-03-025 (the “2007 Servicing Order”), to amend and restate that certain 2003 Servicing Order adopted pursuant to D.02-12-072 on December 19, 2002 (the “2003 Servicing Order”), further amending and restating that certain Servicing Order approved by the Commission on May 16, 2002 pursuant to D.02-05-048 and conforms to the clarifications set forth in D.03-09-017, adopted on September 4, 2003. DWR and Utility are sometimes collectively referred to as the “Parties” and individually referred to as a “Party.”

### **BACKGROUND**

A. Under the Act, DWR is authorized to sell electric power and energy to Customers. Amounts payable by DWR under this Servicing Order are payable solely from the Department of Water Resources Electric Power Fund established pursuant to Section 80200 of the California Water Code or other appropriated amounts legally available therefor.

B. Utility is engaged in, among other things, the transmission and distribution of electrical services to certain of the Customers in its service territory, the billing and collection for electrical services and other charges, and the ownership, installation and reading of electrical meters for certain of such Customers.

C. Under the Act, DWR is authorized to enter into contracts with the Utility to provide transmission and distribution of all power sold or made available for sale by DWR to certain of the Customers, and, upon request of DWR, the Commission has ordered Utility to provide such transmission and distribution services, including the provision of billing, collection and related services, as agent for DWR, on terms and conditions that reasonably compensate Utility for its services.

D. On September 6, 2001, the Commission adopted D.01-09-015, ordering Utility to implement the Servicing Agreement which sets forth the terms under which Utility would provide for the transmission and distribution of DWR Power as well as billing and related services, and further ordering certain modifications to the Servicing Agreement as described in Ordering Paragraphs 2 and 3 of such decision.

E. On February 21, 2002, the Commission adopted D.02-02-051, approving and adopting a Rate Agreement between the Commission and DWR.

F. On May 16, 2002, the Commission adopted D.02-05-048, ordering Utility to comply with the Servicing Order.

G. On September 19, 2002, the Commission adopted D.02-09-053 relating to the allocation of DWR's power contracts, ordering the Parties to modify the previously issued servicing order to reflect the new operational arrangements under said contract allocation decision issued by the Commission.

H. On December 19, 2002, pursuant to D.02-12-069, the Commission adopted an Operating Order which established the respective rights and responsibilities with respect to the Utility's administration of the Allocated Contracts and, on that same date, the Commission further adopted D.02-12-072, imposing the 2003 Servicing Order on the Utility.

I. Through other proceedings, the Commission also determined the cost responsibility of certain Customers, other than Bundled Customers, for Bond Charge and the ongoing DWR power charge component.

J. Section 10(a) of the 2003 Servicing Order provided that Parties are to negotiate appropriate amendments to effectuate the required changes upon certain events, including the implementation of Bond Charges and the imposition of a DWR Charge upon customers of ESPs or other third-parties.

K. In the Appendices to Attachment B, DWR has identified and included Customer Types who currently remit DWR Charges. Unless specifically provided elsewhere in this Servicing Order, the Utility and DWR acknowledge that the collection and remittance of DWR Charges from such Customer Types will be consistent with Applicable Commission Orders that require the Utility to perform such services.

L. DWR and Utility amended the 2003 Servicing Order to reflect the remittance methodologies and obligations applicable to DWR Revenues, consisting of DWR Charges collected from Customers and DWR Surplus Energy Sales Revenues, all as previously provided in Applicable Commission Orders and State law, and such amendments were adopted in the 2007 Servicing Order adopted pursuant to D.07-03-025.

M. To reflect the changes resulting from the ISO implementation of Market Redesign and Technology Upgrade, DWR desires to amend the 2007 Servicing Order and the Operating Order, consistent with the principles memorialized in that certain Memorandum of Understanding, dated as of February 4, 2009, which has been approved by the Commission on March 13, 2009.

**NOW, THEREFORE,** DWR agrees, and Utility is ordered to do as follows:

**Section 1. Definitions.**

The following terms, when used herein (and in the attachments hereto) with initial capitalization, shall have the meaning specified in this Section 1. Certain additional terms are defined in the attachments hereto. The singular shall include the plural and the masculine shall include the feminine and neuter, and vice versa. "Includes" or "including" shall mean "including without limitation." References to a section or attachment shall mean a section or attachment of this 2010 Servicing Order, as the case may be, unless the context requires otherwise, and reference to a given agreement or

instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made (except as otherwise specifically provided herein). Unless the context otherwise requires, references to Applicable Laws or Applicable Tariffs shall be deemed references to such laws or tariffs as they may be amended, replaced or restated from time to time. References to the time of day shall be deemed references to such time as measured by prevailing Pacific Time.

**ACH** - Automated Clearing House, a nationwide payment and collection system which provides for the electronic distribution and settlement of funds.

**Act** - Chapter 4 of Statutes of 2001 (Assembly Bill 1 of the First 2001-02 Extraordinary Session) of the State of California, as amended from time to time.

**Additional Charges** - Additional Charges shall have the meaning set forth in Section 7.2 below.

**Aggregate Power** - DWR Power, Utility-Provided Electric Power, and, subject to Section 4.3 of the Rate Agreement, ESP Power or other third-party provided Power for customers located within that Utility's service territory, to the extent DWR Charges are authorized to be imposed on any such Power by Applicable Commission Orders or State or federal law.

**Allocated Contracts** - The long-term power purchase agreements, listed on Schedule 1 of the Operating Order, allocated to Utility under the Contract Allocation Order.

**Applicable Commission Orders** - Such rules, regulations, decisions, resolutions, opinions or orders as the Commission may lawfully issue or promulgate from time to time, which further define the rights and obligations of the Parties under or in connection with the Servicing Order, including any advice letters in furtherance thereof that are approved by the Commission.

**Applicable Law** - The Act, Applicable Commission Orders and any other applicable statute, constitutional provision, rule, regulation, ordinance, order, decision or code of a Governmental Authority.

**Applicable Tariffs** - Utility's tariffs, including all rules, rate schedules, contracts, and preliminary statements, governing electric energy service to Customers in Utility's service territory, as filed with and approved by the Commission and, if applicable, the Federal Energy Regulatory Commission.

**Assign(s)** - Assign(s) shall have the meaning set forth in Section 14.3(c).

**Billing Services** - mean Utility Billing Services.

**Bond Charges** - Bond Charges shall have the meaning set forth in the Rate Agreement and shall include Bond Charges to be remitted by Customers, including Bundled Customers, Direct Access Customers, Customer Generation Departing Load Customers, Municipal

Departing Load Customers and Community Choice Aggregation Customers who are required to remit Bond Charges under Applicable Law.

**Bundled Customers** - Customers who purchase Power from Utility.

**Bureau** - Bureau shall have the meaning set forth in Section 8.2(b).

**Business Days** - Regular Monday through Friday weekdays which are customary working days, excluding State government holidays and holidays established by Applicable Tariffs; provided, however, the terms “**DWR Business Days**” or “**Utility Business Days**” shall refer to Business Days that are customary working days as related to DWR or Utility, as appropriate.

**Business Hours** - The period on a Business Day from 9:00 a.m. until 5:00 p.m.

**CERS** - California Energy Resources Scheduling, a division of DWR.

**Charges** - DWR Charges and Utility Charges.

**Claims** - Claims shall have the meaning set forth in Section 12.

**Commission** - The California Public Utilities Commission.

**Community Choice Aggregation Customers or CCA Customers** - Customers whose energy requirements are served by governmental entities formed by cities and counties pursuant to Assembly Bill 117 (2002 Stats., ch. 838), all as further provided in D.04-12-046 adopted on December 16, 2004, and D.05-12-041, adopted on December 15, 2005, as such decisions may be amended or supplemented from time to time.

**Confidential Information** - Confidential Information shall have the meaning set forth in Section 6.1(c).

**Contract Allocation Order** - D.02-09-053 of the Commission, adopted on September 19, 2002, as such decision may be amended or supplemented from time to time by the Commission.

**Contracts** - The Allocated Contracts and the Interim Contracts.

**Cost Responsibility Surcharges or CRS** - For purposes of this Servicing Order, “Cost Responsibility Surcharges” or “CRS” refers to DWR Charges imposed under and pursuant to Applicable Law on Customers for the recovery of costs other than as related to the contemporaneous provisions of electrical products or services, including but not limited to (i) Bond Charge authorized or required to be imposed and (ii) any cost determined to be the ongoing DWR power charge component to be paid by such Customer or any other such similar charge. The Parties agree that under Applicable Commission Orders relating to Cost Responsibility Surcharges, the Commission has dealt with several other components to be collected by Utility, including such components which are the property of the Utility, and further agree that the use of

the term Cost Responsibility Surcharges or CRS in this Servicing Order is only intended to include the components of CRS that are the property of DWR.

**Customer** - A retail end-use customer that purchases (or is deemed to purchase) Aggregate Power, as established by Applicable Law.

**Customer Generation Departing Load Customers or CGDL Customers** - Customers who (a) discontinue or reduce their purchases of Utility or Direct Access services; (b) purchase or consume electricity supplied and delivered by “Customer Generation” to replace the Utility or Direct Access purchases; and (c) remain physically located at the same location or elsewhere within the Utility’s service territory, all as further provided in D.03-04-030 adopted on April 3, 2003, as such decision may be amended or supplemented from time to time.

**Customer Type** - Refers to Customers who may be Bundled Customers, Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers or Community Choice Aggregation Customers.

**Daily Remittance Amount** - Daily Remittance Amount shall have the meaning set forth in Attachment B hereto.

**Daily Remittance Report** - Daily Remittance Report shall have the meaning set forth in Attachment B hereto and shall be in the form set forth in Attachment C hereto.

**Day-Ahead Market** - The daily ISO forward market for which energy and ancillary services are scheduled for delivery on the following calendar day, as such market operated prior to the MRTU Effective Date.

**Delinquent Payment** - Delinquent Payment shall mean the payment of any amount due under this Servicing Order after the time when payment is required to be made hereunder, as further described and/or limited hereunder.

**Direct Access Customers or DA Customers** - Customers who subscribe to direct access service from Electric Service Providers, all as further provided in D.02-03-055 adopted on March 21, 2002, as such decision may be amended or supplemented from time to time.

**Discloser** - Discloser shall have the meaning set forth in Section 6.1(c).

**DWR Charges** - Bond Charges, Power Charges and any other amounts authorized to be collected from Customers pursuant to the Rate Agreement, Applicable Commission Orders and Applicable Law in order to meet DWR’s revenue requirements under the Act.

**DWR Power** - The electric power and energy, including but not limited to capacity and output, supplied by DWR to Bundled Customers pursuant to the Act, Applicable Commission Orders and State and federal law.

**DWR Revenues** - Those DWR Charges collected from Customers required to be remitted to DWR through Utility Bills or Non-Utility Bills, as the case may be, and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues.

**DWR Surplus Energy Sales Revenues or Surplus Revenues** - Revenues received by Utility for the sale of surplus Power to third parties that Utility is required to remit to DWR, consistent with the Contract Allocation Order and Exhibit C of the Operating Order, prior to the MRTU Effective Date.

**DWR's Agent** - DWR's Agent shall have the meaning set forth in Section 8.2(b).

**Effective Date** - The date this Servicing Order is effective in accordance with Section 14.16, as such date is set forth on the cover page hereof.

**Electrical Corporation** - Electrical Corporation shall have the meaning ascribed thereto in Section 218 of the Public Utilities Code, including any successor and assign thereof.

**Electric Service Provider or ESP** - Electric Service Provider means an entity that provides electrical service to one or more retail customers located within the Service Areas of Pacific Gas and Electric Company, Southern California Edison Company, or San Diego Gas & Electric Company or any of their respective successors, except that Electric Service Provider excludes: DWR, any other public agency to the extent that it offers electrical service to customers within its jurisdiction or within the service territory of a local publicly owned electric utility, and Electrical Corporations. Electric Service Provider includes the unregulated affiliates and subsidiaries of an Electrical Corporation.

**ESP Customers** - Customers served by ESP Power.

**ESP Power** - Power provided by an Electric Service Provider to Customers.

**Event of Default** - Event of Default shall have the meaning set forth in Section 5.2.

**Final Hour-Ahead Schedule** - The final schedule of DWR Power submitted by DWR and Utility and published by the ISO for the Hour-Ahead Market, prior to the MRTU Effective Date.

**Fund** - Fund shall have the meaning set forth in Section 13.2.

**Fund Type** - Refers to Bond Charges or Power Charges.

**Governmental Authority** - Any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government, including the Commission.

**Governmental Program** - Any program or directive established by Applicable Law which directly or indirectly affects the rights or obligations of the Parties under this Servicing Order and which obligates or authorizes DWR to make payments or give credits to Customers or other third parties under such programs or directives.

**Hour-Ahead Market** - The ISO forward market for which energy and ancillary services are scheduled for subsequent hours for delivery on the current calendar day, as such market operated prior to the MRTU Effective Date.

**Imbalance Energy** - Imbalance Energy shall have the meaning provided in Attachment I hereto.

**Indemnified Party** - Indemnified Party shall have the meaning set forth in Section 12.

**Indemnifying Party** - Indemnifying Party shall have the meaning set forth in Section 12.

**Insolvency Event** - With respect to Utility, (a) the filing of a decree or order for relief by a court having jurisdiction in its premises or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for it or for any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive calendar days; or (b) the commencement by it of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by it to the entry of an order for relief in an involuntary case under any such law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for it or for any substantial part of its property, or the making by it of any general assignment for the benefit of creditors, or the taking of action by it in furtherance of any of the foregoing.

**Interim Contracts** - The power purchase or exchange arrangements, listed on Schedule 2 of the Operating Order, between DWR and various suppliers entered into by DWR at the request of Utility, and in compliance by Utility under D.02-08-071 of the Commission, as such decision may be amended from time to time by the Commission.

**ISO** - The California Independent System Operator Corporation.

**Late Payment Rate** - The Prime Rate plus 3%.

**MRTU** - ISO's Market Redesign and Technology Upgrade.

**MRTU Effective Date** - The first trade date upon MRTU implementation by the ISO.

**Municipal Departing Load Customers or MDL Customers** - Customers who departed Utility service on and after February 1, 2001 to take service from a municipal utility, all as further provided in D.03-07-028 adopted on July 10, 2003, as such decision may be amended or supplemented from time to time.

**Non-Utility** - Any third-party service provider under Applicable Tariff or servicing arrangement with the Utility to perform any portion of Services contemplated under this Servicing Order, including but not limited to ESPs and other third-party energy providers.

**Non-Utility Bill** - A bill calculated and prepared by the Utility but either (i) presented to a Non-Utility or (ii) consolidated and presented by a Non-Utility to a Customer, in either case, under and pursuant to a servicing arrangement and/or Applicable Tariff or Applicable Law which facilitates the collection of any component of DWR Charges.

**Operating Order** - The Operating Order adopted on December 19, 2002, pursuant to D.02-12-069, including that certain Operating Agreement executed on April 17, 2003, by and between DWR and Utility, as the same may be amended from time to time and approved by the Commission, including such amendments to be incorporated consistent with the principles memorialized in that certain Memorandum of Understanding, dated as of February 4, 2009, as further amended, supplemented or clarified as set forth in the Operating Order submitted to the Commission concurrently with this Servicing Order.

**Operating Order Effective Date** - The date that the Operating Order is effective in accordance with the provisions thereof.

**Power** - Electric power and energy, including but not limited to capacity and output.

**Power Charges** - Power Charges shall have the meaning set forth in the Rate Agreement, and shall include Energy Payments as referred to in Exhibit C of the Operating Order and shall further include the ongoing DWR power charge component of the CRS imposed by the Commission upon certain customers for the above-market costs of DWR Power.

**Prime Rate** - The rate which Morgan Guaranty Trust Company of New York, or its successor, announces from time to time in New York, New York as its prime lending rate, the Prime Rate to change when and as such prime lending rate changes. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer.

**Rate Agreement** - The Rate Agreement between DWR and the Commission adopted by the Commission on February 21, 2002 pursuant to D.02-02-051, as the same may be amended and adopted by subsequent Commission proceedings.

**Recipient** - Recipient shall have the meaning set forth in Section 6.1(c).

**Recurring Fees** - Recurring Fees shall have the meaning set forth in Section 7.1.

**Remittance** - A payment of DWR Charges by Utility to DWR or its Assign(s) and, prior to the MRTU Effective Date, all DWR Surplus Energy Sales Revenues, in accordance with this Servicing Order.

**Scheduling Coordinator-to-Scheduling Coordinator Trade** - Schedules for energy transferred from one ISO scheduling coordinator to another. Such schedules are deemed delivered by the ISO upon publication by the ISO of the Final Hour-Ahead Schedules.

**Service Area** - Service Area means the geographic area in which an Electrical Corporation distributes electricity.

**Services** - Billing Services, metering services and meter reading services which may be performed by Utility or Non-Utility, as the case may be, and related collection, remittance and other services provided by Utility for DWR pursuant to this Servicing Order.

**Servicing Order or 2010 Servicing Order** - This 2010 Servicing Order, including all attachments hereto.

**State** - The State of California.

**Set-Up Fee** - Set-Up Fee shall have the meaning set forth in Section 7.1.

**Term** - The term of this Servicing Order as set forth in Section 5.1.

**20/20 Program** - 20/20 Program shall have the meaning set forth in Section 4.3.

**Utility Bill** - A bill calculated, prepared and presented by Utility to a Customer that includes both the Customer's Utility Charges and DWR Charges; provided, however, that to the extent appropriate under Applicable Commission Orders, all Utility Bills sent to Customers shall reflect DWR Charges on a consolidated basis.

**Utility Billing Service** - Billing service through the use of Utility Bills or Non-Utility Bills as described in Service Attachment 1 to this Servicing Order.

**Utility Charges** - Charges incurred by a Customer for electricity-related services and products provided by Utility to the Customer, as approved by the Commission and, as applicable, the Federal Energy Regulatory Commission or other Governmental Authority (including, but not limited to, any Competition Transition Charges or Fixed Transition Amount Charges owing to Utility or its affiliates, as those terms are defined under the California Public Utilities Code). Utility Charges shall not include DWR Revenues or charges for retail natural gas sales.

**Utility-Provided Electric Power** - Utility-Provided Electric Power shall refer to electricity from Utility's own generation, qualifying facility contracts, other power purchase agreements and bilateral contracts. Utility-Provided Electric Power shall not include DWR Power, ESP Power or any third-party provided power for Customers.

The terms used in the attachments, but not specifically defined herein or elsewhere in this Servicing Order, should be understood by the Parties to have their ordinary meanings.

## **Section 2. Energy Delivery, Surplus Energy Sales and Ownership.**

### **2.1. Delivery of Power.**

Pursuant to the Act and Applicable Commission Orders, Utility is ordered to transmit, or provide for the transmission of, and distribute DWR Power to Bundled Customers over Utility's transmission and distribution system in accordance with Applicable Law, Applicable Tariffs and any agreements between the Parties.

### **2.2. Data and Information Communications Procedures.**

(a) Prior to the Operating Order Effective Date, Utility estimated customer usage and Utility-retained generation for a given trade day and communicated the net of such

estimate to DWR by 7:00 a.m. on the preceding Utility Business Day. In the event that DWR observed a persistent deviation between estimated customer usage and actual customer usage, or between estimated Utility-retained generation and actual Utility-retained generation, DWR requested Utility to review, and Utility promptly commenced the review of, Utility's forecast methodology and reported the results of such review to DWR; provided, however, that Utility had no obligation to correct or minimize such deviation except as provided in Attachment E of the 2003 Servicing Order.

(b) Prior to the Operating Order Effective Date, DWR agreed to send to Utility in writing each day the Scheduling Coordinator-to-Scheduling Coordinator Trade between DWR and Utility. This information was delivered no later than 9:30 a.m. for trades in the Day-Ahead Market for the following day, and no later than two hours and twenty minutes prior to the start of the delivery hour for trades in the Hour-Ahead Market. Utility was ordered, and DWR agreed to separately provide these schedules to the ISO prior to the close of the respective markets. The above deadlines for DWR were set because the ISO Day-Ahead Market closed at 10:00 a.m. on the day before delivery and the ISO Hour-Ahead Market closed two hours before the delivery hour. If these closing times should change, the deadlines for submission of DWR data to Utility were to have changed proportionately, which revised deadlines were to be confirmed in writing by DWR and Utility. DWR agreed that, upon Utility's request, DWR would supply information to Utility substantiating to Utility's reasonable satisfaction (i) the total amount of energy purchased by DWR in the Day-Ahead Market and Hour-Ahead Market; and (ii) other such information that may be required for Utility to verify the DWR Charges, or any component thereof, including information regarding the allocation of such energy among Customers and other third parties to the extent so required.

Notwithstanding the provisions of paragraphs (a) and (b) of this Section 2.2, upon the Operating Order Effective Date, Utility is to schedule and dispatch Power as provided in the Operating Order and the Utility is directed to comply with the data and information communications procedures set forth in the Operating Order.

(c) Consistent with Applicable Commission Orders and as provided elsewhere in this Servicing Order, on and after the Effective Date of the 2007 Servicing Order, Utility was ordered to remit each component of DWR Charges from each Customer Type, all as further provided in Attachment B hereto and each of the Appendices appended thereto. Each component of DWR Charges was ordered to be remitted at the applicable Commission-approved rate. The basis for remittance of DWR Charges shall be amounts collected from Customers, consistent with Applicable Commission Orders. If either Party obtains actual knowledge of a material flaw in the procedures or methods set forth in this Servicing Order, and such flaw has a material adverse effect on (i) the delivery of Services (including, without limitation, the timely and accurate remittance of DWR Charges and DWR Surplus Energy Sales Revenues to DWR), or (ii) the timely and accurate payment to Utility of compensation for Services hereunder, the discovering Party shall bring such flaw to the attention of the other Party within a reasonable time. Upon the delivery of such notice, the Parties shall conduct good faith negotiations to resolve such flaw. Without limiting any other terms, express or implied, of this Servicing Order or any other agreement between the Parties, the Parties acknowledge that the two

preceding sentences do not impose an independent obligation to perform any investigation or monitoring to discover any such flaw.

(d) Prior to the MRTU Effective Date, Utility shall perform surplus Power sales consistent with the Contract Allocation Order and the Operating Order. Utility shall also calculate and remit DWR Surplus Energy Sales Revenues consistent with the Contract Allocation Order and the Operating Order. The basis for remittance of DWR Surplus Energy Sales Revenues shall be amounts collected by Utility from third parties for sales of surplus Power, consistent with the principles set forth in Exhibit C of the Operating Order and in accordance with the Contract Allocation Order, all as further provided in Service Attachment 2 hereto.

(e) On and after the MRTU Effective Date, Utility shall remit each component of DWR Charges from each Customer Type, all as further provided in this 2010 Servicing Order, consistent with the amendments set forth in the Operating Order submitted to the Commission concurrently with this 2010 Servicing Order. These amendments are consistent with the principles set forth in that certain Memorandum of Understanding, dated as of February 4, 2009.

(f) All data and information to be exchanged between the Parties in connection with scheduling and settlement of transactions shall be in the format agreed to by Utility and DWR and shall, except as otherwise provided by this Servicing Order or Applicable Tariffs, or as may be approved by Utility in its reasonable discretion, be submitted electronically. If a Party receives any information that is unreadable, or contains data that cannot be processed by the receiving Party's system, or is otherwise damaged, such receiving Party shall inform the sending Party of such problem. Until any such problem is corrected, the receiving Party shall not be responsible for processing information received in this condition. The foregoing notwithstanding, a receiving Party shall not be excused from its obligation to process information if the receiving Party cannot read or otherwise process the information sent by the sending Party as a result of defects, errors, bugs, or viruses in the receiving Party's systems or software or due to negligence or wrongful act(s) or failure(s) to act on the part of the receiving Party's employees, agents, independent contractors, subcontractors or assigns.

### **2.3. Ownership of DWR Power, Surplus Power, Utility-Provided Electric Power and DWR Revenues.**

Notwithstanding any other provision herein, and in accordance with the Act and Section 80110 of the California Water Code, DWR shall retain title to all DWR Power sold by DWR to Bundled Customers or, prior to the MRTU Effective Date, any surplus Power sold by Utility on DWR's behalf, in accordance with the terms of the Operating Order and consistent with the Contract Allocation Order. In accordance with the terms hereof and the Operating Order, as the case may be, Utility is acting solely as the servicing agent for DWR with respect to all components of DWR Charges collected from Customers and, prior to the MRTU Effective Date, with respect to sales of surplus Power to third-party purchasers, and nothing in this Servicing Order should be construed to suggest other than

that DWR shall retain title to all DWR Charges and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues.

In accordance with the Act and Section 80104 of the California Water Code, upon the delivery of DWR Power to Bundled Customers or, prior to the MRTU Effective Date, the sale of surplus Power to third-party power purchasers made by Utility on behalf of DWR, those Bundled Customers and third-party power purchasers, shall be deemed to have purchased that power from DWR, and payment for any such sale shall be a direct obligation of such Customers or third-party purchasers, as the case may be, to DWR. In accordance with Applicable Law, Cost Responsibility Surcharges are recovered from Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers or Community Choice Aggregation Customers. Utility shall collect and remit such Cost Responsibility Surcharges, all as further provided in this Servicing Order.

All DWR Revenues and DWR Charges shall constitute property of DWR. To the extent any monies are received by the Utility during the process of collection, and pending their transfer to DWR, including any amounts collected under Non-Utility Bills and remitted to Utility by a Non-Utility, the monies shall be held by the Utility in trust for the benefit of DWR (whether or not held together with other monies). Notwithstanding any other provision herein, Utility shall retain title to all Utility-Provided Electric Power supplied by Utility to Customers and all surplus Power provided by Utility.

#### **2.4. Allocation of DWR Power and DWR Surplus Energy Sales Revenues.**

DWR Power will be allocated pursuant to the Act and other Applicable Law and Applicable Tariffs. On and after the Operating Order Effective Date, DWR Power and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues shall be allocated consistent with the Contract Allocation Order, and as provided in the Operating Order and the Servicing Order then in effect.

On and after the MRTU Effective Date, DWR Power shall be allocated consistent with the amendments to the Operating Order, implementing the principles set forth in that certain Memorandum of Understanding, dated as of February 4, 2009.

#### **2.5. Imbalance Energy.**

The treatment of Imbalance Energy and the allocation of cost responsibility with respect to certain ISO charges, as between the Parties, shall be governed by Attachment I, as the same may be hereafter amended by Applicable Commission Orders, and Imbalance Energy Remittances after Utility's Collection Curve Implementation Date (as such terms are described in the Attachment I) shall be governed by the provisions set forth in Attachment B and Appendix A-2 of Attachment B hereto; provided, however, on and after the Operating Order Effective Date, this Section shall be superseded by the provisions relating to such ISO charges provided in the Operating Order, including Exhibit D of the Operating Order.

#### **2.6. DWR Surplus Energy Sales Revenues.**

Prior to the MRTU Effective Date, the treatment of surplus Power shall be governed by the Contract Allocation Order and the Operating Order, and as further provided in Service Attachment 2 hereto.

### **Section 3. Billing Services.**

#### **3.1. Provision of Services by Utility.**

(a) Except to the extent that such Services are provided by a third-party, Utility shall provide metering services, meter reading services and Billing Services relating to (i) the Power Charge remittances with respect to each applicable Customer Type provided in the Appendices to Attachment B hereto, and (ii) the Bond Charge remittances with respect to each applicable Customer Type provided in the Appendices to Attachment B hereto. If Non-Utility Bills are involved in the Utility's performance of Billing Services, Utility shall calculate the amount of any applicable DWR Charges to be collected through Non-Utility Bills, all as further provided in this Servicing Order. Utility-provided metering services, meter reading services and Billing Services shall be provided in accordance with Applicable Law, Applicable Commission Orders, Applicable Tariffs and Service Attachment 1 hereto, as well as Attachment B and its Appendices.

(b) In the case where Non-Utility Bills are used by the Utility in the billing and collection of any component of DWR Charges under Applicable Law, Utility shall include such necessary and appropriate provisions in the Applicable Tariffs and any applicable servicing arrangements so that any component of DWR Charges billed and collected by such Non-Utility are remitted to Utility. Utility is directed to accept payment from such Non-Utility in respect of each applicable component of DWR Charges billed and collected through Non-Utility Bills in such forms and methods and at such times and places as the Utility and each Non-Utility shall mutually agree in accordance with Applicable Commission Orders and Applicable Tariffs. Upon remittance of any amounts by the Non-Utility to Utility for any applicable component of DWR Charges, Utility is directed to hold such charges in trust for the benefit of DWR (whether or not held together with other monies) and promptly remit and account for such amounts to DWR consistent with Applicable Law.

(c) Prior to the MRTU Effective Date, Utility shall sell surplus Power on behalf of DWR, and provide invoicing and collection of amounts owed by third parties for such surplus Power sales made by Utility on DWR's behalf and the allocation of such revenues to DWR. Surplus Power sales made by Utility on DWR's behalf, including the invoicing and collection of amounts owed by third parties and credit risk management, shall be conducted by Utility in accordance with Applicable Commission Orders, including but not limited to, the Contract Allocation Order, Applicable Tariffs, the Operating Order and Service Attachment 2 hereto.

(d) On behalf of DWR, Utility shall (i) follow its customary standards, policies and procedures in performing its duties hereunder and (ii) perform its duties hereunder using the same degree of care and diligence that Utility exercises for its own account.

(e) For surplus Power sales to third parties prior to the MRTU Effective Date, Utility shall apply prudent credit risk management criteria to ensure that such purchasers meet or exceed DWR credit criteria, or in the absence of such DWR designated criteria, and then consistent with industry accepted credit standards. If Utility sells surplus Power to an entity that requires collateral, the cost and obligation to post such collateral shall be Utility's responsibility.

(f) Prior to the MRTU Effective Date, Utility shall be responsible for all transaction fees or other costs associated with the sale of surplus Power imposed by third-party purchasers or any agents of Utility or such purchaser, all as further provided in Exhibit C of the Operating Order.

### **3.2. Modification of Billing and Metering Systems.**

Utility shall have the right to modify and replace its billing and metering systems, subject to the requirements of Applicable Law, if any. However, to the extent that such modifications and replacements materially interrupt Services provided by Utility to DWR, Utility shall provide to DWR, as soon as reasonably practicable, prior written notice of any such changes, including, but not limited to, such changes as are required by Applicable Law or Applicable Commission Order(s). Moreover, to the extent any such modifications would affect the collection of DWR Charges or, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues, in a manner which is different from the collection of Utility Charges or other Utility revenues, such as revenue from the sale of Power, Utility shall obtain DWR's prior written consent to such modifications, which consent DWR agrees shall not be unreasonably withheld or delayed.

### **3.3. Customer Inquiries.**

Utility shall address all Customer inquiries regarding DWR Charges. DWR agrees to provide all necessary information to Utility in order to permit Utility to respond to all Customer inquiries on a timely basis. In extraordinary circumstances, Utility will refer Customer inquiries to DWR in a manner to be agreed upon by the Parties. In the event that either (i) DWR's failure to provide all such necessary information to Utility, (ii) DWR's provision of inaccurate information or (iii) DWR's failure to handle Customer inquiries referred to it by Utility in extraordinary circumstances in the manner agreed upon by the Parties results in Utility's non-compliance with its obligations under this Section 3.3, such non-compliance will not constitute a material breach of this Servicing Order and will not give DWR the right to terminate this Servicing Order.

### **3.4. Inquiries from Third Party Power Purchasers.**

So long as Utility, as agent to DWR, sells surplus Power to third-party purchasers, Utility shall address all third-party purchasers' inquiries regarding such surplus Power sales. If Utility and any third-party purchaser should have a dispute with respect to the sale of surplus Power, Utility shall resolve all such disputes. Utility shall apply the same practices to the resolution of such disputes as Utility uses to resolve disputes related to any other transaction with such third-party purchaser.

## **Section 4. DWR Revenues; Remittance of DWR Revenues.**

### **4.1. DWR Revenues.**

DWR Revenues required to be remitted to DWR under this Servicing Order shall be based upon DWR Charges in effect from time to time pursuant to Applicable Law and Attachment B to this Servicing Order and the Appendices to such Attachment B. Prior to the MRTU Effective Date, in addition to the remittance of DWR Charges, DWR Surplus Energy Sales Revenues also shall be remitted based upon the principles set forth in Exhibit C of the Operating Order and as further provided in Service Attachment 2 hereto.

### **4.2. Remittance of DWR Revenues.**

(a) Utility shall determine the Daily Remittance Amount for each Fund Type and for each applicable Customer Type, consistent with the provisions of the Appendices of Attachment B hereto. As of the Effective Date of the 2007 Servicing Order, DWR Charge components relating to the following Fund Types for the Customer Types have been identified by DWR and Utility; however, the collection and remittance of DWR Charges from the Customer Types identified below will not begin until Applicable Commission Orders that require the Utility to perform such services are final and effective:

(1) Bundled Customers - Bond Charge. Utility is directed to remit Bond Charge for Bundled Customers to DWR, all as further provided in Attachment B and as further provided in Appendix A-1 to Attachment B of this Servicing Order.

(2) Bundled Customers - Power Charge. Prior to the Operating Order Effective Date, Utility remitted Power Charge for Bundled Customers to DWR based on the amounts collected from Bundled Customers for actual DWR Power supplied, all as further described in Attachment B of the 2003 Servicing Order. On and after the Operating Order Effective Date, Utility is directed to remit Power Charge for Bundled Customers, consistent with the principles set forth in Exhibit C of the Operating Order and as further provided in Attachment B and in Appendix A-2 to Attachment B of this Servicing Order.

(3) Direct Access Customers - Bond Charge. Utility is directed to remit Bond Charge for Direct Access Customers to DWR, all as further provided in Attachment B and as further provided in Appendix B-1 to Attachment B of this Servicing Order.

(4) Direct Access Customers - Power Charge. Utility is directed to remit Power Charge for Direct Access Customers to DWR, all as further provided in Attachment B and as further provided in Appendix B-2 to Attachment B of this Servicing Order.

(5) Customer Generation Departing Load - Bond Charge. Utility is directed to remit Bond Charge for Customer Generation Departing Load to DWR, all as

further provided in Attachment B and as further provided in Appendix C-1 to Attachment B of this Servicing Order.

(6) Customer Generation Departing Load -Power Charge. Utility is directed to remit Power Charge for Customer Generation Departing Load to DWR, all as further provided in Attachment B and as further provided in Appendix C-2 to Attachment B of this Servicing Order.

(7) Municipal Departing Load - Bond Charge. Utility is directed to remit Bond Charge for Municipal Departing Load to DWR, all as further provided in Attachment B and as further provided in Appendix D-1 to Attachment B of this Servicing Order; provided, however, to the extent that any amounts are collected with respect to Bond Charge for Municipal Departing Load prior to the Commission's adoption of Applicable Tariffs, Utility shall remit such collected amounts to DWR with such reports as further provided in Appendix D-1 to Attachment B hereto.

(8) Municipal Departing Load - Power Charge. Utility is directed to remit Power Charge for Municipal Departing Load to DWR, all as further provided in Attachment B and as further provided in Appendix D-2 to Attachment B of this Servicing Order.

(9) Community Choice Aggregation - Bond Charge. Upon commencement of billing and collection of Bond Charge for Community Choice Aggregation, the Parties intend to revise and update Appendix E-1 to Attachment B of this Servicing Order and reflect applicable remittance methods, as an event contemplated under Section 10(a)(vi) of this Servicing Order.

(10) Community Choice Aggregation - Power Charge. Upon commencement of billing and collection of Power Charge for Community Choice Aggregation, the Parties intend to revise and update Appendix E-2 to Attachment B of this Servicing Order and reflect applicable remittance methods, as an event contemplated under Section 10(a)(vi) of this Servicing Order.

If the Utility determines that it has remitted amounts to DWR in error or DWR becomes aware of a material discrepancy in the remitted amounts, then DWR or the Utility, as the case may be, may provide notice of such event to the other Party (accompanied by an explanation of the facts surrounding such erroneous deposit), and the other Party will review such notice and information as soon as practicable and reach agreement as to such amount to be repaid. Such agreement shall not be unreasonably withheld or delayed by either Party.

(b) Each Remittance shall be accompanied by a Daily Remittance Report, substantially in the form set forth in Attachment C hereto. Utility will not be required at any time to advance or pay any of its own funds in the fulfillment of its responsibilities hereunder with respect to DWR Charges, except to the extent provided otherwise in the Attachments hereto.

(c) Utility, from time to time, will make adjustments regarding amounts remitted as described in Attachment B and Appendices thereto. In addition, on and after the Effective Date, Monthly Reconciliation Reports shall be filed with DWR by Utility, all as further provided in Attachments B and C hereto.

(d) Except as expressly provided in this Servicing Order (including Attachments hereto) or as otherwise expressly agreed to in writing by DWR, Utility shall not deduct from amounts due to DWR hereunder any amounts owing by DWR to Utility which relate to arrangements within or outside the scope of this Servicing Order, or any other amounts, and Utility expressly waives any right to do so. The foregoing shall not limit Utility's rights to seek any other remedies permitted under other arrangements with DWR.

(e) Prior to the MRTU Effective Date, Utility shall calculate and remit DWR Surplus Energy Sales Revenues determined consistent with the Contract Allocation Order and Exhibit C of the Operating Order and as further provided in Service Attachment 2 hereto. Each monthly Remittance for surplus Power sold on behalf of DWR shall be accompanied by written reports in forms set forth in Attachment C hereto.

#### **4.3. 20/20 Program and Future Similar Programs.**

To the extent that the program established in the California Governor's Executive Order D-30-01, dated March 13, 2001, and Executive Order D-33-01, dated April 26, 2001, as the foregoing orders may be amended, supplemented, extended or otherwise modified (the "20/20 Program"), obligated DWR to make payments or extend credits to Customers or other third parties under such program, Remittances to DWR may have been reduced by such payments to the extent of DWR's responsibility as required by Applicable Law and Applicable Tariffs. DWR acknowledges that Utility's reasonable initial implementation and recurring administrative costs associated with such program has been paid by DWR in the same manner and at the same times as Utility's Set-Up Fee and Recurring Fees, respectively, as described in Sections 7.2 and 7.3 below. Additionally, Utility has invoiced DWR for any other costs incurred by Utility under such program, and DWR has paid such invoices as Additional Charges, in the manner contemplated in Section 7 below. The method for calculating reduced Remittances to DWR under this Section 4.3, as well as Utility's implementation and administration costs, shall be as set forth in Attachment F hereto.

To the extent that, in the future, programs similar to the 20/20 Program are established which expressly obligate DWR under Applicable Law and Applicable Tariffs to make payments or extend credits to Customers or other third parties under such programs, DWR and Utility will implement processes similar to those used for the 20/20 Program as set forth in the immediately preceding paragraph or such other process, as may be mutually agreed upon by the Parties.

### **Section 5. Term and Termination; Events of Default.**

#### **5.1. Term.**

The term of this Servicing Order (the “Term”) shall commence on the Effective Date and shall terminate on the earlier of (a) 180 calendar days after the last date DWR Charges are imposed on Customers, or (b) the earlier termination of this Servicing Order pursuant to this Section 5. This Servicing Order will also terminate as to any Contract, solely and individually, that is novated to Utility as currently contemplated in a Commission proceeding, without further action of either Party, but subject to Section 5.1(a) above.

## **5.2. Events of Default by Utility.**

The following events shall constitute “Events of Default” by Utility under this Servicing Order:

(a) any failure by Utility to remit to DWR or its Assign(s) any required Remittance in the manner and at the time specified in this Servicing Order (except to the extent otherwise allowed under Sections 4.3 and 7.2) that continues unremedied for three (3) Utility Business Days after the earlier of the day Utility receives written notice thereof from DWR or the day the responsible manager at Utility first has actual knowledge of such failure; or

(b) any failure by Utility to duly observe or perform in any material respect any other term or condition of Utility set forth in this Servicing Order, which failure (i) materially and adversely affects the interests or rights of DWR or its Assign(s), and (ii) continues unremedied for a period of sixty (60) calendar days after written notice of such failure has been given to Utility by DWR or its Assign(s).

## **5.3. Consequences of Utility Events of Default.**

Upon any Event of Default by Utility, DWR may, in addition to exercising any other remedies available under this Servicing Order or under Applicable Law, (i) apply to the Commission for appropriate relief, including but not limited to the termination of this Servicing Order in whole or in part (including Service Attachments); and (ii) apply to the Commission and, if necessary, any court of competent jurisdiction for sequestration and payment to DWR or its Assign(s) of DWR Revenues. Remittances not made to DWR by Utility on the date due (except to the extent Remittances were not made by operation of Sections 4.3, 7.2, 14.4 or Attachment B hereto) shall bear interest at the Prime Rate from the first day after the due date until the third Utility Business Day after the due date, and at the Late Payment Rate thereafter until paid.

## **5.4. Defaults by DWR.**

DWR agrees that it shall be in default under this Servicing Order upon:

(a) subject to subsections (b), (c), (d) and (e) below, DWR’s failure to cure its material breach of any provision of this Servicing Order within sixty (60) calendar days after receiving written notice thereof from Utility;

(b) Except for amounts to which DWR has objected in writing pursuant to Section 7.2, DWR's failure to pay to Utility the Set-Up Fee or Recurring Fees within three (3) DWR Business Days after the date they are due hereunder, as provided in Section 7;

(c) Except for amounts to which DWR has objected in writing pursuant to Section 7.2, DWR's failure to pay to Utility the initial implementation and recurring administrative costs associated with Utility's implementation of the 20/20 Program, as provided in Section 4.3;

(d) Except for amounts to which DWR has objected in writing pursuant to Section 7.2, DWR's failure to fulfill any other monetary obligation hereunder within fifteen (15) calendar days after receiving written notice from Utility that such obligation is past due; or

(e) DWR's failure to comply with the terms and conditions of Section 2.2 within fifteen (15) calendar days after receiving written notice thereof from Utility.

Upon any default by DWR under this Section 5.4, Utility may exercise any remedies available under this Servicing Order or under Applicable Law, provided that Utility shall have no right to terminate this Servicing Order either in whole or in part (including Service Attachment 1) or any obligation hereunder. DWR agrees that, except for amounts to which DWR has objected in writing pursuant to Section 7.2 and which are determined not to be owed, any Set-Up Fee or Recurring Fees, or any initial implementation and recurring administrative costs associated with Utility's implementation of the 20/20 Program, as provided in Section 4.3, which are not paid to Utility on the date due shall bear interest at the Prime Rate from the first day after the due date until the third DWR Business Day after the date they are required to be made hereunder, and at the Late Payment Rate thereafter until paid. DWR further agrees that, except for amounts to which DWR has objected in writing pursuant to Section 7.2 and which are determined not to be owed, any other monetary obligation payable to Utility by DWR shall bear interest at the Prime Rate from the date due until 15 days after receiving written notice from Utility that such amount is overdue, and thereafter at the Late Payment Rate. DWR further agrees that when and to the extent that any amounts to which DWR has objected in writing pursuant to Section 7.2 are determined to be owing, such amounts shall bear interest from the due date at the rates described above for the applicable category of obligation.

#### **5.5. Survival of Payment Obligations.**

Upon termination of this Servicing Order, DWR agrees that it, and it is ordered that Utility, shall remain liable to the other Party for all amounts owing under this Servicing Order. Utility shall continue to collect or cause to be collected and, in each case, remit, pursuant to the terms of this Servicing Order, including but not limited to Attachment B and Service Attachments hereto, any DWR Charges billed to Customers before the effective date of termination, and DWR Surplus Energy Sales Revenues attributable to surplus Power sales made prior to the MRTU Effective Date, except as provided in Attachment B hereto.

## **Section 6. Confidentiality.**

### **6.1. Proprietary Information.**

(a) Nothing in this Servicing Order shall affect Utility's obligations to observe any Applicable Law prohibiting the disclosure of Confidential Information regarding its Customers.

(b) Nothing in this Servicing Order, and in particular nothing in Sections 6.1(e)(x) through 6.1(e)(z) of this Servicing Order, shall affect the rights of the Commission to obtain from Utility, pursuant to Applicable Law, information requested by the Commission, including Confidential Information provided by DWR to Utility. Applicable Law, and not this Servicing Order, will govern what information the Commission may disclose to third parties, subject to any confidentiality agreement between DWR and the Commission.

(c) Each Party may acquire information and material that is the other Party's confidential, proprietary or trade secret information. As used herein, "Confidential Information" means any and all technical, commercial, financial and customer information disclosed by one Party to the other (or obtained from one Party's inspection of the other Party's records or documents), including any patents, patent applications, copyrights, trade secrets and proprietary information, techniques, sketches, drawings, maps, reports, specifications, designs, records, data, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, object code, source code, and information related to the current, future and proposed products and services of each of the Parties, and includes, without limitation, the Parties' respective information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, business forecasts, sales and merchandising, and marketing plans and information. In all cases, Confidential Information includes proprietary or confidential information of any third party disclosing such information to either Party in the course of such third party's business or relationship with such Party. Utility's Confidential Information also includes any and all lists of Customers, and any and all information about Customers, both individually and aggregated, including but not limited to Customers' names, street addresses of Customer residences and/or facilities, email addresses, identification numbers, Utility account numbers and passwords, payment histories, energy usage, rate schedule history, allocation of energy uses among Customer residences and/or facilities, and usage of DWR Power. DWR agrees, and it is ordered with respect to Utility, that all Confidential Information disclosed by the disclosing Party ("Discloser") will be considered Confidential Information by the receiving Party ("Recipient") if identified as confidential and received from Discloser.

(d) DWR agrees, and Utility is ordered to take all steps reasonably necessary to hold in trust and confidence the other Party's Confidential Information. Without limiting the generality of the immediately preceding sentence, DWR agrees, and Utility is ordered (i) to hold the other Party's Confidential Information in strict confidence, not to disclose it to

third parties or to use it in any way, commercially or otherwise, other than as permitted under this Servicing Order; and (ii) to limit the disclosure of the Confidential Information to those of its employees, agents or directly related subcontractors with a need to know who have been advised of the confidential nature thereof and who have acknowledged their express obligation to maintain such confidentiality.

(e) DWR agrees, and it is ordered with respect to Utility that the foregoing two paragraphs will not apply to any item of Confidential Information if: (i) it has been published or is otherwise readily available to the public other than by a breach of this Servicing Order ; (ii) it has been rightfully received by Recipient from a third party without breach of confidentiality obligations of such third party and outside the context of the provision of Services under this Servicing Order; (iii) it has been independently developed by Recipient personnel having no access to the Confidential Information; or (iv) it was known to Recipient prior to its first receipt from Discloser. DWR agrees, and it is ordered with respect to Utility that, in addition, Recipient may disclose Confidential Information if and to the extent required by law or a Governmental Authority, provided that (x) Recipient shall give Discloser a reasonable opportunity to review and object to the disclosure of such Confidential Information, (y) Discloser may seek a protective order or confidential treatment of such Confidential Information, and (z) Recipient shall make commercially reasonable efforts to cooperate with Discloser in seeking such protective order or confidential treatment. DWR agrees, and it is ordered with respect to Utility that Discloser shall pay Recipient its reasonable costs of cooperating.

## **6.2. No License.**

DWR agrees, and it is ordered with respect to Utility that nothing contained in this Servicing Order shall be construed as granting to a Party a license, either express or implied, under any patent, copyright, trademark, service mark, trade dress or other intellectual property right, or to any Confidential Information now or hereafter owned, obtained, controlled by, or which is or may be licensable by, the other Party.

## **6.3. Survival of Provisions.**

DWR agrees, and it is ordered with respect to Utility that the provisions of this Section 6 shall survive the termination of this Servicing Order.

## **Section 7. Payment of Fees and Charges.**

### **7.1. Utility Fees.**

DWR agrees that it will pay to Utility a fee, calculated in accordance with Attachment G hereto (the “Set-Up Fee”), in order to cover Utility’s costs of establishing the procedures, systems, and mechanisms necessary to perform Services. In addition, DWR also agrees to pay to Utility an annual fee, calculated in accordance with Attachment G hereto, payable monthly in arrears (unless a different payment schedule is mutually agreed upon by the Parties) as provided in Section 7.2 hereof (the “Recurring Fees”) for Services rendered pursuant to Section 3.1, Section 3.4 and Service Attachments to this Servicing Order. Additional fees to cover changes in costs or the costs of other services provided

hereunder shall be as set forth in Attachment G, which from time to time may be modified by mutual agreement of the Parties or as provided in Applicable Commission Order. In the event that additional fees or costs are identified by Utility which have not been identified and included in Attachment G hereto, the Parties hereby agree to negotiate in good faith to determine the amount of such fees or costs. Except to the extent provided otherwise in subsequent agreements between the Parties, if the Parties are unable to resolve any disputes relating to such additional fees, either Party may, upon giving seven calendar days advance written notice to the other, submit the dispute to the Commission for proposed resolution, in accordance with Applicable Law. However, in the event such a dispute is submitted to the Commission by either Party, and prior to the Commission's action, DWR agrees to continue to pay to Utility fees that will permit recovery of the Utility's incremental cost of establishing procedures, systems and mechanisms necessary to perform Services as set forth in Attachment G. The Utility shall file these fees with the Commission. Utility acknowledges that the Commission may adjust, with notice to Utility and an opportunity for Utility to be heard, Utility's rates to avoid double recovery of any costs paid by DWR hereunder which have already been included in Utility's rates.

## **7.2. Payment of Utility Fees and Charges.**

The Set-Up Fee was due and payable on the effective date of the Servicing Agreement approved by the Commission pursuant to D.01-09-015 and DWR has paid Utility the Set-Up Fee, in the manner provided in Section 7.3 below. After receipt of Utility's invoice thirty (30) days in advance, DWR agrees to pay to Utility its Recurring Fees in monthly installments by the 10th day of each month in the manner provided in Section 7.3 below. Additionally, with respect to all other fees and charges which are expressly identified as owing by DWR to Utility under this Servicing Order or such other amounts as mutually agreed to by the Parties (the "Additional Charges"), unless a different payment schedule is mutually agreed upon by the Parties, Utility shall (in paper format or, at DWR's option, electronically) submit to DWR an invoice reflecting such Additional Charges for such calendar month. Any invoiced amount for Recurring Fees or Additional Charges shall be due and payable within three (3) DWR Business Days after presentation, and any invoiced amount and the Set-Up Fee shall be considered past due thirty (30) calendar days after presentation, after which interest shall accrue as provided in Section 7.4. To the extent that any invoiced amounts described in this Section 7.2 are not fully paid within forty-five (45) days after presentation, and DWR has not objected to Utility in writing by such date, DWR agrees that Utility shall have the right to deduct from any future Remittance(s) the unpaid and overdue amount which is not the subject of any such objection by such date, until such invoice is paid in full or until the dispute over the amount due has been resolved. In addition, upon written agreement of DWR, any amount payable under this Servicing Order may be deducted from any future Remittance(s) or be paid in such other periodic basis, all as expressly directed by DWR.

## **7.3. Method of Payment.**

(a) Except as otherwise expressly provided herein or unless a different payment schedule is mutually agreed upon by the Parties, DWR agrees, and with respect to Utility

it is ordered that any payment from either Party to the other Party under this Servicing Order shall be made by ACH or, if ACH is unavailable, then by wire transfer of immediately available funds to the bank account designated by the receiving Party or, if mutually agreed, paid by means of a check or warrant sent to the recipient's address indicated in accordance with Section 14.14 hereof. Where the Parties have made arrangements for a bank or other third party to remit funds from one Party to the other Party, DWR agrees, and with respect to Utility it is ordered that proper identification of the bank or third party, including the account number, shall be furnished in writing. DWR agrees, and with respect to Utility it is ordered that the remitting Party shall reasonably cooperate in correcting any bank or other third-party errors and shall not be relieved of its payment responsibilities because of such errors.

(b) Except as expressly provided otherwise herein or under any Applicable Law, Utility shall be required to pay all expenses incurred by it in connection with its activities under this Servicing Order (including any fees to and disbursements by accountants, counsel, or any other person, any taxes, fees, surcharges or levies imposed on Utility, and any expenses incurred in connection with reports to be provided hereunder) out of the compensation paid to it pursuant to this Section 7, and Utility shall not be entitled to any extra payment or reimbursement therefor. Notwithstanding anything to the contrary above, if and to the extent any additional taxes (excluding taxes on Utility's income), fees or charges are imposed on Utility due solely to Utility's performance of Services hereunder with respect to DWR Charges (such as franchise fees or taxes on DWR Power, the State of California electric energy surcharge, local utility user taxes, or Commission fees), to the extent these taxes, fees, or charges are not already included in Utility's rates and Utility has not been reimbursed therefor and is not authorized to seek reimbursement from Customers therefor, DWR agrees to reimburse Utility therefor as "Additional Charges" in accordance with Section 7.2.

#### **7.4. Interest.**

DWR agrees, and with respect to Utility it is ordered that except as provided in Sections 5.3, 5.4 or 7.5, any Delinquent Payment under this Servicing Order (whether or not a regularly scheduled payment) shall bear interest at the Late Payment Rate.

#### **7.5. Reconciliation Amounts.**

If a change in Applicable Law (but only if and to the extent such change is expressly intended to be retroactive in effect) or the discovery of a "Material Flaw" results in a discrepancy between any amount paid hereunder and the amount that would have been paid if the changed Applicable Law had been in effect or the Material Flaw had been corrected, such discrepancy (a "Reconciliation Amount") shall be paid by the party that benefited from the superseded Applicable Law or Material Flaw to the other party. Reconciliation Amounts shall be paid in full within 30 days after receipt of an invoice therefore unless a different payment schedule is mutually agreed upon between the parties. Interest on any Reconciliation Amount shall accrue from the original date on which the incorrect payment or remittance produced by the Material Flaw was due until such Reconciliation Amount is paid. Interest on any Reconciliation Amount shall be

calculated on the basis of a 365- or 366- day year, as applicable, for the actual days elapsed. For a Reconciliation Amount due from Utility to DWR, interest shall accrue at the rate of interest on Commercial Paper (Financial, three-month maturity) published in the Federal Reserve Statistical Release H.15 as described in the Utility's Preliminary Statement CP, Energy Resource Recovery Account ("ERRA") §5(y), or such superseding account then in effect. Should the publication of the interest rate on Commercial Paper (Financial, three-month maturity) be discontinued, interest shall accrue at the rate of the most recent monthly interest rate on commercial paper that most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release H.15, or its successor publication or such other rate as may be mutually agreed by the Parties. For a Reconciliation Amount due from DWR to Utility, interest shall accrue at the State's Pooled Money Investment Account Rate in effect from time to time. If an outstanding Reconciliation Amount is not paid in full as of the date agreed upon by the Parties, any overdue amounts on and after such agreed upon date shall be considered Delinquent Payments and interest shall accrue at the Late Payment Rate from the date such overdue amount was due until paid, in accordance with Section 7.4.

For purposes of this Section, a "Material Flaw" is a procedure or method set forth in this Servicing Order, or an aspect thereof, which results in the payment or remittance of amounts to either Party (or the failure so to remit or pay) in a time, manner or amount that is inconsistent with Applicable Law. It is expressly agreed and understood that the under-collection or over-collection of amounts required to be collected under Section 80134 of the California Water Code due to incorrect projections of DWR's revenue requirements or due to incorrect projections in the setting of DWR Charges shall not constitute a Material Flaw and are intended to be trued-up in subsequent revenue requirements.

## **Section 8. Records; Audit Rights; Annual Certification.**

### **8.1. Records.**

Utility shall maintain accurate records and accounts relating to DWR Revenues (including separate accounting of Bond Charges and Power Charges) in sufficient detail to permit recordation of Bond Charges and Power Charges billed to or caused to be billed to each Customer Type identified in the Appendices to Attachment B hereto and DWR Revenues from Bond Charges and Power Charges, respectively, remitted by Utility to DWR reflecting separate accounting with respect to each Customer Type. Prior to the MRTU Effective Date, Utility shall maintain accurate records and accounts relating to DWR Surplus Energy Sales Revenues (including separate accounting of surplus Power sales transactions by counterparty) in sufficient detail to permit recordation of DWR Surplus Energy Sales Revenues separate from other DWR Revenues, remitted by Utility to DWR. Utility shall provide to DWR and its Assign(s) access to such records. Access shall be afforded without charge, upon reasonable request made pursuant to Section 8.2. DWR agrees that access shall be afforded only during Business Hours and in such a manner so as not to interfere unreasonably with Utility's normal operations. Utility shall not treat DWR Revenues as income or assets of the Utility or any affiliate for any tax, financial reporting or regulatory purposes, and the financial books or records of Utility and affiliates shall be maintained in a manner consistent with the absolute ownership of DWR Revenues by DWR and Utility's holding of DWR Revenues in trust for DWR (whether or not held together with other monies).

### **8.2. Audit Rights.**

(a) Upon thirty (30) calendar days' prior written notice, DWR may request an audit, conducted by DWR or its agents (at DWR's expense), of Utility's records and procedures, which shall be limited to records and procedures containing information bearing upon: (i) DWR Charges being billed or caused to be billed to each Customer Type identified in the Appendices to Attachment B hereto by Utility (and payments of DWR Charges separately accounted for each Customer Type); (ii) fees to Utility for Services provided by Utility pursuant to this Servicing Order; (iii) Utility's performance of its obligations under this Servicing Order; (iv) amount of Aggregate Power that is the basis for DWR Charges with respect to each Customer Type pursuant hereto or Applicable Law; (v) projection or calculation of DWR's revenue requirements as described in Sections 80110 and 80134 of the California Water Code from time to time; (vi) prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues collected from third-party purchasers and the collection and allocation of such revenues; and (vii) such other matters as may be permitted by Applicable Commission Orders, Applicable Tariffs or as DWR or its Assign(s) may reasonably request. The audit shall be conducted during Business Hours without interference with Utility's normal operations, and in compliance with Utility's security procedures.

(b) As provided in the Act, the State of California Bureau of State Audits (the "Bureau") conducted a financial and performance audit of DWR's implementation of Division 27 (commencing with Section 80000) of the California Water Code, such audit

was to be completed prior to December 31, 2001, and the Bureau issued a final report on or before March 31, 2003. In addition, as provided in Section 8546.7 of the California Government Code, pursuant to this Section 8.2, Utility is ordered to permit DWR or the State of California Department of General Services, the Bureau, or their designated representative (“DWR’s Agent”) to review and to copy (at DWR’s expense) any non-confidential records and supporting documentation pertaining to the performance of this Servicing Order and to conduct an on site review of any Confidential Information pursuant to Sections 8.3 and 8.8 hereof. Utility shall maintain such records for such possible audit for three (3) years after final Remittance to DWR. Utility shall allow such auditor(s) access to such records during Business Hours and shall allow interviews of any employees who might reasonably have information related to such records. Further, Utility shall include a similar right for DWR or DWR’s Agent to audit records and interview staff in any contract between Utility and a subcontractor related to performance of this Servicing Order.

### **8.3. Confidentiality.**

Materials reviewed by either Party or its agents in the course of an audit may contain Confidential Information subject to Section 6 above. DWR agrees, and with respect to Utility it is ordered that the use of all materials provided to DWR or Utility or their agents, as the case may be pursuant to this Section 8, shall comply with the provisions in Section 6 and shall be limited to use in conjunction with the conduct of the audit and preparation of a report for appropriate distribution of the results of the audit consistent with Applicable Law.

### **8.4. DWR Requested Independent Reports.**

On or after the Effective Date of this Servicing Order and at the request and expense of DWR, Utility shall cause a firm of independent certified public accountants (which may provide other services to Utility) to prepare, and Utility will deliver to DWR and its Assign(s), a report addressed to Utility (which may be included as part of Utility’s customary auditing activities), for the information and use of DWR, to the effect that such firm has performed certain procedures (the scope of which shall be agreed upon with DWR) in connection with Utility’s compliance with its obligations under this Servicing Order during the preceding year, identifying the results of such procedures and including any exceptions noted. Utility will deliver a copy of each report prepared hereunder to the Commission (at the address specified in section 14.14) at the same time it delivers each such report to DWR. Utility shall not be obligated to complete more than one report per year under this Section.

### **8.5. Annual Certifications.**

On or after the Effective Date of this Servicing Order, at least annually, and in no event later than the 30<sup>th</sup> day after the end of the calendar year, Utility shall deliver to DWR, with a copy to the Commission, a certificate of an authorized representative certifying that to the best of such representative’s knowledge, after a review of Utility’s performance under this Servicing Order, Utility has fulfilled its obligations under this

Servicing Order in all material respects and is in compliance herewith in all material respects.

**8.6. Additional Applicable Laws.**

DWR agrees, and Utility is ordered to make an effort to promptly notify the other Party in writing to the extent such Party becomes aware of any new Applicable Laws or changes (or proposed changes) in Applicable Tariffs hereafter enacted, adopted or promulgated that may have a material adverse effect on either Party's ability to perform its duties under this Servicing Order. DWR agrees, and with respect to Utility it is ordered that a Party's failure to so notify the other Party pursuant to this Section 8.6 will not constitute a material breach of this Servicing Order, and will not give rise to any right to terminate this Servicing Order or cause either Party to incur any liability to the other Party or any third party.

**8.7. Other Information.**

Upon the reasonable request of DWR or its Assign(s), Utility shall provide to the Commission and to DWR or its Assign(s) any public financial information in respect of the Utility applicable to Services provided by Utility under this Servicing Order, or any material information regarding the sale of DWR Power, surplus Power (prior to the MRTU Effective Date) or the collection of DWR Charges to the extent such information is reasonably available to Utility, which (i) is reasonably necessary and permitted by Applicable Law to monitor the performance by Utility hereunder, or (ii) otherwise relates to the exercise of DWR's rights or the discharge of DWR's duties under this Servicing Order or any Applicable Law. In particular, but without limiting the foregoing, Utility shall provide to DWR, with a copy to the Commission, any such information that is necessary or useful to calculate DWR's revenue requirements (as described in Sections 80110 and 80134 of the California Water Code) or DWR Charges and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues.

**8.8. Customer Confidentiality.**

Nothing in this Section 8 shall affect the obligation of Utility to observe any Applicable Law prohibiting disclosure of information regarding Customers, and the failure of Utility to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8 or this Servicing Order.

**Section 9. Reserved.**

**Section 10. Amendment Upon Changed Circumstances.**

(a) The Parties are informed that compliance with any Commission decision, legislative action or other governmental action (whether issued before or after the Effective Date of this Servicing Order) affecting the operation of this Servicing Order, including but not limited to (i) dissolution of the ISO, (ii) changes in the ISO market structure, including but not limited to the Market Redesign and Technology Upgrade or a reversion related thereto, (iii) a decision regarding the "Fixed Department of Water

Resources Set-Aside” as such term is defined in Section 360.5 of the California Public Utilities Code, (iv) the establishment of other Governmental Programs, (v) the establishment or implementation of Bond Charge or related charges ordered by the Commission to additional Customer Types than currently reflected in the Appendices to Attachment B and as further contemplated in Section 2.4 of Service Attachment 1 hereto, (vi) the imposition or modification of a charge or similar DWR Charge upon customers of Electric Service Providers or upon any other third party, (vii) the modification of the Operating Order, or (viii) the modification of provisions related to the sales of surplus Power made on behalf of DWR to third parties by Utility, may require that amendment(s) be made to this Servicing Order. If either Party reasonably determines that such a decision or action would materially affect the Services to be provided hereunder or the reasonable costs thereof, then upon the issuance of such decision or the approval of such action (unless and until it is stayed), DWR agrees, and Utility is ordered to negotiate the amendment(s) to this Servicing Order that is (or are) appropriate in order to effectuate the required changes in Services to be provided or the reimbursement thereof. Notwithstanding Section 5.4, if the Parties are unable to reach agreement on such amendments within sixty (60) days after the issuance of such decision or approval of such action, DWR may, and Utility shall, submit the disagreement to the Commission for proposed resolution, in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party’s choosing.

(b) The Parties are informed that this Servicing Order has not been reviewed by the rating agencies which are rating DWR's bonds. If the rating agencies request changes to this Servicing Order, DWR agrees, and Utility is ordered to negotiate to amend this Servicing Order to accommodate the rating agency requests and will cooperate in obtaining approval of the Commission for such amendments.

(c) The Parties are informed that this Servicing Order has been modified to implement the California Governor’s Executive Order D-39-01, dated June 9, 2001, concerning load curtailment programs. Such previously negotiated amendments to this Servicing Order are incorporated in Attachment F hereto.

(d) DWR agrees, and Utility is ordered to bring to the other Party’s attention any errors or discrepancies that are discovered affecting the operation or implementation of this Servicing Order, and DWR agrees, and Utility is ordered to meet and confer upon such event to negotiate any amendments to this Servicing Order that are appropriate to correct such errors or discrepancies. If the Parties are unable to reach agreement on such amendments within sixty (60) days after the discovery of such errors or discrepancies, either party may, in the exercise of its sole discretion, submit the disagreement to the Commission for proposed resolution, in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party’s choosing.

## **Section 11. Data Retention.**

DWR agrees, and with respect to Utility is ordered that all data associated with the provision and receipt of services pursuant to this Servicing Order shall be maintained for the greater of (a) the retention time required by Applicable Law or Applicable Tariffs for maintaining such information, or (b) three years.

## **Section 12. Indemnity.**

It is ordered that Utility and, to the extent allowed under Applicable Law, DWR agrees that it (each, the “Indemnifying Party”) shall defend, indemnify, and hold the other Party, together with its affiliates, and each of their respective officers, agents, employees, assigns and successors in interest (collectively, the “Indemnified Party”), harmless from and against all claims, losses, demands, actions and expenses, damages and liabilities of any nature whatsoever (collectively “Claims”) with respect to the acts or omissions of the Indemnifying Party, or its officers, agents, contractors and employees, with respect to Indemnifying Party’s performance of its obligations under this Servicing Order. DWR agrees, and with respect to Utility it is ordered that notwithstanding the above, the provisions of this Section 12 shall not apply to any Claims to the extent they involve the negligence, gross negligence, recklessness, willful misconduct or breach of this Servicing Order by either Indemnified Party. DWR agrees, and with respect to Utility it is ordered that each Indemnified Party shall bear its own attorneys’ fees and costs under this Section 12. DWR agrees, and with respect to Utility it is ordered that the Indemnifying Party’s obligations under this Section 12 shall survive termination of this Servicing Order. This Section 12 notwithstanding, DWR has made no representation that it has the express or implied legal authority to perform any obligation under this Section

## **Section 13. Limitations on Liability.**

### **13.1. Consequential Damages.**

DWR agrees, and with respect to Utility it is ordered that in no event will either Party be liable to the other Party for any indirect, special, exemplary, incidental, punitive, or consequential damages under any theory. Nothing in this Section 13.1 shall limit either Party’s rights as provided in Section 12 above.

### **13.2. Limited Obligations of DWR and Utility.**

DWR agrees that it will be liable for all amounts owing to Utility for the Services hereunder, irrespective of (a) any Customer’s failure to make full and timely payments owed for DWR Charges, or (b) Utility’s rights under Sections 4.3 and 7.2 to deduct certain amounts in calculating Remittances owing by Utility to DWR under Attachment B. Utility will not be required at any time to advance or pay any of its own funds in the fulfillment of its responsibilities hereunder with respect to DWR Charges, except to the extent provided otherwise in Attachment B hereto. DWR agrees that any amounts payable by DWR under this Servicing Order shall be payable solely from monies on deposit in the Department of Water Resources Electric Power Fund established pursuant to Section 80200 of the California Water Code (the “Fund”). Neither the full faith and

credit nor the taxing power of the State of California are or may be pledged for any payment under this Servicing Order. Revenues and assets of the State Water Resources Development System are not available to make payments under this Servicing Order. If monies on deposit in the Fund are insufficient to pay all amounts payable by DWR under this Servicing Order, or if DWR has reason to believe such funds may become insufficient to pay all amounts payable by DWR under this Servicing Order, DWR agrees to diligently pursue an increase to its revenue requirements as permitted under the Act from the appropriate Governmental Authority as soon as practicable.

## **Section 14. Miscellaneous.**

### **14.1. Independent Contractor.**

Utility and its agents and employees shall perform their obligations under this Servicing Order as independent contractors and not as officers or employees of the State of California. Notwithstanding the above, Utility shall act as the agent of DWR in billing and collecting DWR Charges or, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues hereunder, as provided in the Act and Section 80106 of the California Water Code.

### **14.2. Remedies Cumulative.**

DWR agrees, and with respect to Utility, it is ordered that except as otherwise provided in this Servicing Order, all rights of termination, cancellation, or other remedies in this Servicing Order are cumulative. DWR agrees, and with respect to Utility, it is ordered that the use of any remedy shall not preclude any other remedy available under this Servicing Order.

### **14.3. Assignment.**

(a) DWR agrees, and with respect to Utility, it is ordered that except as provided in paragraphs (b), (c) and (d) below, neither Party shall assign or otherwise dispose of this Servicing Order, its right, title or interest herein or any part hereof to any entity, without the prior written consent of the other Party. DWR agrees, and with respect to Utility, it is ordered that no assignment of this Servicing Order shall relieve the assigning Party of any of its obligations under this Servicing Order until such obligations have been assumed by the assignee. DWR agrees, and with respect to Utility, it is ordered that when duly assigned in accordance with this Section 14.3(a) and when accepted by the assignee, this Servicing Order shall be binding upon and shall inure to the benefit of the assignee. DWR agrees, and with respect to Utility, it is ordered that any assignment in violation of this Section 14.3(a) shall be void.

(b) Notwithstanding the provisions of this Section 14.3, Utility may delegate its duties under this Servicing Order to an agent or subcontractor, provided that Utility shall remain fully responsible for performance of any delegated duties and shall provide DWR with 30 calendar days' prior written notice of any such delegation, and further provided that such delegation does not, in the sole discretion of DWR, materially adversely affect DWR's or its Assigns' interests hereunder.

(c) DWR agrees, and with respect to Utility, it is ordered that DWR may assign or pledge its rights to receive performance (including payment of Remittances) hereunder to a trustee or another party (“Assign(s)”) in order to secure DWR’s obligations under its bonds (as that term is defined in the Act), and any such Assign shall be a third party beneficiary of this Servicing Order; provided, however, that this authority to assign or pledge rights to receive performance hereunder shall in no event extend to any person or entity that sells power or other goods or services to DWR. Notwithstanding the immediately preceding sentence, DWR may assign or pledge its rights to receive Remittances hereunder to another party in order to secure DWR’s other obligations under the Act.

(d) Any person (i) into which Utility may be merged or consolidated, (ii) which may result from any merger or consolidation to which Utility shall be a party or (iii) which may succeed to the properties and assets of Utility substantially as a whole, which person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Utility hereunder, shall be the successor to Utility under this Servicing Order without further act on the part of any of the Parties to this Servicing Order; provided, however, that Utility shall have delivered to DWR and its Assign(s) an opinion of counsel reasonably acceptable to DWR stating that such consolidation, merger or succession and such agreement of assumption complies with this Section 14.3(d) and that all of Utility’s obligations hereunder have been validly assumed and are binding on any such successor or assign.

(e) Notwithstanding anything to the contrary herein, DWR’s rights and obligations hereunder shall be transferred, without any action or consent of either Party hereto, to any entity created by the State legislature which is required under Applicable Law to assume the rights and obligations of DWR under Division 27 of the California Water Code.

#### **14.4. Force Majeure.**

Neither Party shall be liable for any delay or failure in performance of any part of this Servicing Order (including the obligation to remit money at the times specified herein) from any cause beyond its reasonable control, including but not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, restraint by court order or Government Authority, or any combination of these causes, which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to overcome. An Insolvency Event shall not constitute force majeure. Notwithstanding anything to the contrary above, DWR agrees, and with respect to Utility it is ordered that, each Party’s obligation to pay money hereunder shall continue to the extent such Party is able to make such payment, and any amounts owed by Utility hereunder and received by Utility shall be held in trust for DWR (whether or not held together with other monies) and remitted to DWR as soon as reasonably practicable. DWR agrees, and with respect to Utility it is ordered that, any amounts paid or remitted pursuant to this Section 14.4 shall not bear interest which would otherwise accrue under Section 7.

**14.5. Severability.**

DWR agrees, and with respect to Utility, it is ordered that in the event that any one or more of the provisions of this Servicing Order shall for any reason be held to be unenforceable in any respect under Applicable Law, such unenforceability shall not affect any other provision of this Servicing Order, but this Servicing Order shall be construed as if such unenforceable provision or provisions had never been contained herein.

**14.6. Third-Party Beneficiaries.**

The provisions of this Servicing Order are exclusively for the benefit of the Parties and any permitted assignee of either Party.

**14.7. Governing Law.**

This Servicing Order shall be interpreted, governed and construed under the laws of the State of California as if executed and performed wholly within the State of California.

**14.8. Reserved.**

**14.9. Section Headings.**

Section and paragraph headings appearing in this Servicing Order are inserted for convenience only and shall not be construed as interpretations of text.

**14.10. Applicable Law.**

This Servicing Order and the Parties' obligations hereunder shall be subject in all cases to the provisions of Applicable Law, except that this Servicing Order shall have no effect on the terms of any agreement between DWR and Utility, as modified from time to time after the Effective Date hereof. Furthermore, no default under any such other agreement between the Parties shall constitute a default hereunder, and each party hereby waives any right to set off any amounts owing to it under any such other agreement against any amounts owing hereunder.

Should a conflict exist between the provisions contained in this Servicing Order (including the attachments hereto) and either Applicable Law or the 20/20 Program, the provisions of Applicable Law or the 20/20 Program, as the case may be, shall govern. In the event of a conflict between the provisions of this Servicing Order and any Attachments hereto (including each of the Service Attachments), then the provisions of the Attachments shall govern. Nothing in this paragraph shall relieve the Parties from complying with their obligations under Section 10 to make amendments to this Servicing Order to reflect changed circumstances, including any amendments necessary due to amendments or supplements to the Operating Order or due to necessary reconciliation with the Operating Order.

**14.11. Reserved.**

**14.12. Waivers.**

DWR agrees, and with respect to Utility, it is ordered that none of the provisions of this Servicing Order shall be considered waived by either Party unless the Party against whom such waiver is claimed gives such waiver in writing. DWR agrees, and with respect to Utility, it is ordered that the failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Servicing Order or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect. DWR agrees, and with respect to Utility, it is ordered that waiver by either Party of any default by the other Party shall not be deemed a waiver of any other default.

**14.13. Reserved.**

**14.14. Notices and Demands.**

(a) DWR agrees, and with respect to Utility, it is ordered that except as otherwise provided under this Servicing Order, all notices, demands, or requests pertaining to this Servicing Order shall be in writing and shall be deemed to have been given (i) on the date delivered in person, (ii) on the date when sent by facsimile (with receipt confirmed by telephone by the intended recipient or his or her authorized representative) or electronic transmission (with receipt confirmed telephonically or electronically by the intended recipient or his or her authorized representative) or by special messenger, or (iii) seventy-two (72) hours following delivery to a United States post office when sent by certified or registered United States mail postage prepaid, and addressed as set forth below:

Utility: Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N12G  
San Francisco, California 94177

Attn: Mr. Fong Wan  
Senior Vice President – Energy Procurement  
Telephone: (415) 973-3924  
Facsimile: (415) 973-0585  
Email: fxw1@pge.com

DWR: State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: Mr. Russell Mills  
Chief Financial Management Office

Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Email: millsr@water.ca.gov

(b) DWR agrees, and with respect to Utility, it is ordered that each Party shall be entitled to specify as its proper address any other address in the United States, or specify any change to the above information, upon written notice to the other Party complying with this Section 14.14.

(c) DWR agrees, and with respect to Utility, it is ordered that each Party shall designate on Attachment A the person(s) to be contacted with respect to specific operational matters. Each Party shall be entitled to specify any change to such person(s) upon written notice to the other Party complying with this Section 14.14.

(d) DWR agrees, and with respect to Utility, it is ordered that copies of documents required by this Servicing Order to be delivered to the Commission shall be delivered in accordance with this Section 14.14 and shall be addressed as set forth below:

California Public Utilities  
Commission 505 Van Ness Avenue,  
4th Floor San Francisco, California  
94102

Attn: Ms. Julie Fitch  
Energy Division Director  
Telephone: (415) 703-2059  
Facsimile: (415) 703-2200  
Email: jf2@cpuc.ca.gov

**14.15. Good Faith.**

DWR agrees to, and Utility is ordered to, perform all its actions, obligations and duties in connection with this Servicing Order in good faith.

**14.16. Approval.**

This 2010 Servicing Order, which amends and restates the 2007 Servicing Order, which amends and restates the 2003 Servicing Order, which further amends and restates the original Servicing Order approved by the Commission on May 16, 2002 pursuant to D.02-05-048 and conforms to the clarifications set forth in D.03-09-017, shall be effective when approved by the Commission. Except as expressly provided otherwise herein, neither Party may commence performance hereunder until such date. Any delay in the commencement of performance hereunder as a consequence of waiting for such approval(s) and the expiry of any waiting period shall not be a breach or default under this 2010 Servicing Order. The 2010 Servicing Order shall be effective at such time it has been approved by the Commission, and until such time, the 2007 Servicing Order shall remain in full force and effect, except as the 2007 Servicing Order shall have been

modified by that certain Memorandum of Understanding dated as of February 4, 2009, and approved by the Commission on March 13, 2009.

**14.17. Attachments.**

The following attachments are incorporated in this Servicing Order:

Service Attachment 1 – Utility Billing Services.....SA1-1  
 Service Attachment 2 – DWR Surplus Energy Sales Revenues Remittance .....SA2-1

Attachment A – Representatives and Contacts ..... A-1  
 Attachment B – Remittances of DWR Charges.....B-1  
     Appendix A-1: Remittance of Bundled Customers - Bond Charge..... A-1-1  
     Appendix A-2: Remittance of Bundled Customers - Power Charge ..... A-2-1  
     Appendix B-1: Remittance of Direct Access Customers - Bond Charge..... B-1-1  
     Appendix B-2: Remittance of Direct Access Customers - Power Charge ..... B-2-1  
     Appendix C-1: Remittance of Customer Generation Departing Load - Bond Charge C-1-1  
     Appendix C-2: Remittance of Customer Generation Departing Load-Power Charge C-2-1  
     Appendix D-1: Remittance of Municipal Departing Load - Bond Charge..... D-1-1  
     Appendix D-2: Remittance of Municipal Departing Load - Power Charge ..... D-2-1  
     Appendix E-1: Remittance of Community Choice Aggregation - Bond Charge..... E-1-1  
     Appendix E-2: Remittance of Community Choice Aggregation - Power Charge ..... E-2-1

Attachment C – Sample Daily and Monthly Reports.....C-1  
 Attachment D – [Reserved] ..... D-1  
 Attachment E – Additional Provisions.....E-1  
 Attachment F – Calculation Methodology for Reduced Remittances Pursuant to 20/20 Program..... F-1  
 Attachment G – PG&E Fee Schedule..... G-1  
 Attachment H – [Not Applicable]..... H-1  
 Attachment I – Real-Time Energy And ISO Invoiced Charges..... I-1

**SERVICE ATTACHMENT 1**  
**PACIFIC GAS AND ELECTRIC COMPANY**  
**UTILITY BILLING SERVICES**

**Section 1. Establishment and Maintenance of Utility Billing Services.**

To the extent appropriate under Applicable Commission Orders, under Utility Billing Services with respect to Customers, Utility will include DWR Charges with its Utility Charges on such Customers' Utility Bills on a consolidated basis. In addition, to the extent appropriate under Applicable Commission Orders, Utility will calculate appropriate DWR Charges under or pursuant to Applicable Law with respect to all Customers and collect DWR Charges by preparing and presenting Utility Bills or by causing to be prepared and presented Non-Utility Bills. In the event that any portions of DWR Charges are to be collected by a Non-Utility, with bills that have been calculated and prepared by Utility, Utility will cause the appropriate DWR Charges to be included in such Non-Utility Bills for collection on behalf of DWR.

**Section 2. Utility Billing Services Procedures.**

**2.1. Compliance with Metering Standards.** Except to the extent that such Services are provided by a third party:

- (a) Utility shall comply with all metering standards pursuant to Applicable Tariffs.
- (b) Utility shall read and validate data from meters, and edit and estimate such data, under the terms of Applicable Tariffs.
- (c) Utility shall maintain, store and provide current and historical meter and usage data as required by Applicable Tariffs.

**2.2. Presentation of DWR Charges on Utility Bill.**

- (a) DWR Charges shall appear on all Utility Bills or Non-Utility Bills on consolidated basis with Utility Charges in the manner and at the time required by Applicable Law and Applicable Tariffs.
- (b) Notwithstanding subsection (a) above, the Utility may change the manner of bill presentation of DWR Charges upon the agreement of DWR or at the request of DWR and upon agreement by the Utility. Such agreement by DWR or Utility is not to be unreasonably withheld.
- (c) Notwithstanding subsections (a) and (b) above, no change shall be made to Utility Bill formats without the approval of the Commission, if the Commission's approval is required under Applicable Law and Applicable Tariffs.

(d) Notwithstanding subsections (a), (b), and (c) above, the Utility Bill shall (i) at all times contain a separate line item for Bond Charge, if applicable, and (ii) (A) so long as DWR is providing Power to Bundled Customers, contain a statement to the effect that the Utility Bills include charges for power provided by DWR for which DWR is collecting “X” cents per kilowatt hour (where X = the applicable Power Charge rate) or, (B) in the case of Customers other than Bundled Customers who are subject to any cost determined to be ongoing DWR power charge component of CRS, then indicate that Utility Bills include Cost Responsibility Surcharge for which DWR is collecting “X” cents per kilowatt hour (where X = the applicable CRS component rate).

### **2.3. Billing Costs.**

DWR agrees that Utility shall be reimbursed for the reasonable costs of the Billing Services it performs for DWR under this Servicing Order, except for those costs that would have been incurred in providing Billing Services for Customers in the absence of this Servicing Order. DWR agrees that the Commission has jurisdiction to address any dispute concerning the reasonableness of the costs of Billing Services charged to DWR under this Servicing Order.

### **2.4. Adjustments to DWR Charges.**

Utility will resolve all disputes with Customers subject to Utility Billing Service relating to DWR Charges consistent with Applicable Tariffs and prevailing industry standards. Utility will not waive any late payment fee or modify the terms of payment of any amounts payable by Customers subject to Utility Billing Services unless such action is consistent with the action taken with respect to its own Charges and Applicable Tariffs.

In the event that DWR is entitled by Applicable Law to collect any additional charge as a component of DWR Charges, DWR agrees, and Utility is ordered to negotiate the amendment(s) to this Servicing Order that is (or are) appropriate in order to facilitate the calculation and collection of such a charge, and any such amendment shall be submitted to the Commission for approval. For purposes of this paragraph of Section 2.4, “charge” means any amount that DWR is entitled, under Applicable Law, to assess and collect from a Customer and is intended to be included in the term DWR Charges.

### **2.5. Format of Utility Bills.**

Utility shall conform to such requirements in respect of the format, structure and text of Utility Bills as Applicable Law and Applicable Tariffs shall from time to time prescribe. Utility shall, subject to the requirements of Sections 1 and 2 of this Service Attachment 1, determine the format and text of Utility Bills in accordance with its reasonable business judgment, and its policies and practices with respect to its own charges.

### **2.6. Customer Notices.**

(a) If DWR Charges are revised at any time, Utility shall, to the extent and in the manner and timeframe required by Applicable Law, provide Customers subject to Utility Billing Services with notice announcing such revised DWR Charges. Such notice shall,

as appropriate, include publication, inserts to or in the text of the bills or on the reverse side of bills delivered to such Customers, and/or such other means as Utility may from time to time use to communicate with its Customers subject to Utility Billing Services. The format of any such notice shall be determined by the mutual agreement of the Parties, subject to approval by the Commission's public advisor.

(b) In addition, at least once each year, to the extent permitted by Applicable Law, Utility shall cause to be prepared and delivered to Customers subject to Utility Billing Services a notice stating, in effect, that DWR Power and DWR Charges, including such CRS components of DWR Charges, are owned by DWR and not the Utility, in the case where Utility Bills are presented. Such notice shall be included, in a manner and format to be agreed upon by the Parties, subject to approval by the Commission's public advisor, either as an insert to or in the text of the bills or on the reverse side of bills delivered to such Customers subject to Utility Billing Services or shall be delivered to such Customers by electronic means or such other means as Utility may from time to time use to communicate with such Customers.

(c) To the extent that any DWR Charges are collected through Non-Utility Bills, Utility shall notify the Non-Utility as to any notices and provide inserts or the text of such notices to be sent to Customers. At least once each year, such notice to be sent by a Non-Utility shall consist of the notice described in Section 2.6(b) above, stating, in effect, that DWR Power and DWR Charges, including such CRS components of DWR Charges, are owned by DWR and not the Non-Utility performing the billing and collection services.

## **2.7. Delivery.**

Utility shall deliver or cause to be delivered all Utility Bills (i) by United States Mail in such class or classes as are consistent with policies and practices followed by Utility with respect to its own charges or (ii) by any other means, whether electronic or otherwise, that Utility may from time to time use to present its own charges to Customers. In the case of Utility Billing Service, Utility shall pay from its own funds all costs of issuance and delivery of Utility Bills, including but not limited to printing and postage costs as the same may increase or decrease from time to time, except to the extent that the presentation of DWR Charges and any associated bill messages or notices (including, without limitation, bill inserts and published notices) materially increase the costs in which case such increase in costs shall be borne solely by DWR. To the extent practicable, Utility agrees to give DWR seven calendar days' prior written notice of any such additional costs. Any such increased costs shall be invoiced to DWR as Additional Charges and shall be subject to the provisions of Section 7 of the Servicing Order.

## **Section 3. Customer Payments.**

Utility shall permit Customers receiving Utility Bills to pay DWR Charges through any of the payment options then offered by Utility to such Customers for payment of Utility Charges appearing on the Utility Bill. Utility shall not permit Customers to direct how partial payments of balances due on Utility Bills will be applied. Utility will credit all

payments received from a Customer as set forth in Attachment B hereto and Appendices thereto.

#### **Section 4. Collection and Nonpayment.**

##### **4.1. Collection of DWR Charges.**

Utility will collect or cause to be collected DWR Charges in accordance with its standard practices, and will notify Customers subject to Utility Bills of amounts overdue for DWR Charges in accordance with such practices. Such collection practices shall conform to all requirements of Applicable Law and Applicable Tariffs. Utility will post all payments for DWR Charges as promptly as practicable, including all payments received from Non-Utility which are components of DWR Charges, but in no case less promptly than Utility posts payments for Utility Charges.

##### **4.2. Termination of Customer's Electrical Service.**

Utility shall adhere to and carry out disconnection policies in accordance with Applicable Law.

#### **Section 5. Taxes and Fees Service.**

Subject to Section 7.3, Utility will calculate and collect through Utility Bills or Non-Utility Bills and remit to the various authorities the taxes and fees assessed to Customers on DWR Charges.

#### **Section 6. Late Payments.**

In the event that Utility receives late payment interest charges from a Customer subject to Utility Billing Service, such payment shall be allocated to DWR based upon the same proportion that DWR Charges bear to the total Utility Charges on the Utility Bill. Utility shall not allocate to DWR any other late payment service charges or collection fees (including but not limited to disconnection or reconnection services or similar charges related to Customer defaults).

## SERVICE ATTACHMENT 2

### PACIFIC GAS AND ELECTRIC COMPANY

#### DWR SURPLUS ENERGY SALES REVENUES REMITTANCE

Consistent with the principles set forth in Exhibits C and D of the Operating Order (as such Exhibits may be amended or supplemented on or after the Effective Date of the 2007 Servicing Order), prior to the MRTU Effective Date Utility shall determine and remit DWR Surplus Energy Sales Revenues, consisting of a Preliminary Monthly Surplus Energy Sales Remittance Amount and a Delivery Month Surplus Energy Sales True-up Amount with respect to each Delivery Month, all as further provided in this Service Attachment 2. Each “Delivery Month” consists of all days prior to the MRTU Effective Date within a calendar month of the Term, including the calendar month of the date immediately preceding the MRTU Effective Date. Any capitalized term used but not defined in this Service Attachment 2 shall have the meanings provided in Exhibit C of the Operating Order or this Servicing Order.

#### 1. Definitions.

“Preliminary Hourly DWR Surplus Energy Sales Amount” is the product of (i) the Preliminary Hourly DWR Surplus Energy Percentage multiplied by (ii) the hourly Surplus Energy Sales Revenues resulting from Forward Market Sales determined in accordance with the principles in Exhibit C of the Operating Order. The Preliminary Hourly DWR Surplus Energy Percentage is the DWR Surplus Energy Percentage determined in accordance with the principles in Exhibit C of the Operating Order using the most up-to-date scheduled DWR Supply and Utility Supply information available to Utility and a reasonable estimate of ISO Uninstructed Energy.

“Final Hourly DWR Surplus Energy Sales Amount” is DWR’s share of the hourly Surplus Energy Sales Revenues resulting from the Forward Market Sales and the ISO Real-Time Market Sales determined in accordance with the principles in Exhibits C and D of the Operating Order.

2. Preliminary Monthly Surplus Energy Sales Remittance Amount. By the 23<sup>rd</sup> day of the month, or if such date is not a Utility Business Day then the immediately succeeding Utility Business Day, during the Term (each, a “Monthly Settlement Date”), Utility shall calculate the “Preliminary Monthly Surplus Energy Sales Remittance Amount,” which is the aggregation of Preliminary Hourly DWR Surplus Energy Sales Amounts within the immediately preceding Delivery Month. By the Monthly Settlement Date, the calculation of the Preliminary Monthly Surplus Energy Sales Remittance Amount shall be presented to DWR in the Preliminary Surplus Energy Sales Calculation Summary Report substantially in the form set forth in Section 2B of Attachment C to this Servicing Order.

By the second Utility Business Day following each Monthly Settlement Date, Utility shall remit to DWR the Preliminary Monthly Surplus Energy Sales Remittance Amount to the extent that Utility received such revenues as of the Monthly Settlement Date. The remittance of the Preliminary Monthly Surplus Energy Sales Remittance Amount shall be accompanied by an

entry in the Surplus Energy Sales Payment Report, substantially in the form set forth in Section 2A of Attachment C to this Servicing Order.

3. Final Monthly Surplus Energy Sales Remittance Amount. By the Monthly Settlement Date, Utility shall also calculate the “Final Monthly Surplus Energy Sales Remittance Amount,” which is the aggregation of all Final Hourly DWR Surplus Energy Sales Amounts with respect to a Delivery Month that is the same calendar month as the ISO trade month for which the ISO Final Market Invoice is due before the Monthly Settlement Date, as well as any Additional Adjustments as discussed in Section 6 of this Service Attachment 2. The ISO Final Market Invoice due dates are specified in the ISO annual payment calendar. By the Monthly Settlement Date, Utility shall also present the calculation of the Final Monthly Surplus Energy Sales Remittance Amount to DWR in the Final Surplus Energy Sales Calculation Supporting Workbook, substantially in the form set forth in Section 2C of Attachment C to this Servicing Order. Utility will also provide to DWR the Real Time Surplus Energy Sales Calculation Resource Location ID Master List in accordance to the timeline and substantially in the form set forth in Section 2D of Attachment C to this Servicing Order.

4. Delivery Month Surplus Energy Sales True-up Amount. By each Monthly Settlement Date, Utility will subtract the Preliminary Monthly Surplus Energy Sales Remittance Amount previously remitted to DWR for the subject Delivery Month from the Final Monthly Surplus Energy Sales Remittance Amount of the same Delivery Month as set forth in Section 3 of this Service Attachment 2 to determine the “Delivery Month Surplus Energy Sales True-up Amount” and present such calculation as appropriate entries in the Final Surplus Energy Sales Calculation Supporting Workbook as specified in Section 2C of Attachment C to this Servicing Order. By the second Utility Business Day following the Monthly Settlement Date of each month, Utility shall remit such Delivery Month Surplus Energy Sales True-up Amount to DWR if the amount is positive and to the extent that Utility received such revenues as of the Monthly Settlement Date. If the Delivery Month Surplus Energy Sales True-up Amount is negative, this negative True-up Amount may be used to offset the prospective Preliminary Monthly Surplus Energy Sales Remittance Amount, and if the negative True-up Amount exceeds the prospective Preliminary Monthly Surplus Energy Sales Remittance Amount, the Utility and DWR shall confer concerning the offset of the excess amount. Any remittances or request for DWR payment to be prepared under this Section 4 shall be accompanied by an appropriate entry in the Surplus Energy Sales Payment Report as specified in Section 2A of Attachment C to this Servicing Order.

5. Adjustments and True-ups. If for any period of three consecutive months, the absolute value of the difference between the three-month aggregate Preliminary Monthly Surplus Energy Sales Remittance Amount and the three-month aggregate Final Monthly Surplus Energy Sales Remittance Amount resulting from Forward Market Sales is greater than 10% for such period, the Parties shall negotiate changes to the methodology provided in this Service Attachment 2 so as to reasonably reduce the Forward Market Sales portion of the Delivery Month Surplus Energy Sales True-up Amount for future months. Either Party may, in addition to any other remedies available to the Party, submit the matter to the Commission or other appropriate forum for resolution in the event that the Parties cannot mutually agree to a revised methodology.

6. Additional Adjustments. The Final Monthly Surplus Energy Sales Remittance Amount of a month may also reflect any Additional Adjustments to the Surplus Energy Sales Revenue of a month for which a prior Delivery Month Surplus Energy Sales True-up Amount has been remitted. Additional Adjustments shall consist of any Delivery Month Surplus Energy Sales True-up Amount that Utility received after a prior Delivery Month Surplus Energy Sales True-up Amount remittance and those adjustments mutually agreed to by the Parties, adjustments as a result of settled disputes between the Utility and the third-party purchaser of surplus Power or adjustments expressly permitted under the Contract Allocation Order or by Applicable Law or the Operating Order, as may be amended from time to time.

Each Additional Adjustment shall be accompanied by a detailed written report in a form to be mutually acceptable to the receiving Party. As reasonably requested by DWR, Utility shall provide supporting documentation of any Additional Adjustments.

7. DWR Right to Verify Monthly Surplus Energy Sales Remittance Amount. DWR agrees that it shall have the right but not the obligation following the receipt of the Final Surplus Energy Sales Calculation Summary Report for each Delivery Month to conduct such verification procedures as determined reasonably necessary. In the event that DWR does not agree with the Final Monthly Surplus Energy Sales Remittance Amount following its verification, and to the extent that informal procedures do not resolve the differences identified by DWR, DWR agrees that it will notify Utility in writing of a dispute with respect to such remitted amount. If the Parties are unable to resolve any disputes relating to such DWR Surplus Sales Energy Revenues, either Party may, upon giving five Business Days' notice to the other Party pursue such appropriate remedies including the submission of the dispute to the Commission or other appropriate forum for proposed resolution.

**ATTACHMENT A**

**PACIFIC GAS AND ELECTRIC COMPANY  
REPRESENTATIVES AND CONTACTS**

A. Parties' Representatives:

Utility Representative:

Mr. Fong Wan  
Senior Vice President - Energy Procurement  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N12G  
San Francisco, CA 94177

Phone: (415) 973-3924  
Facsimile: (415) 973-0585  
Email: fxw1@pge.com

DWR Representative:

State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: Russell Mills  
Chief Financial Management Office  
Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Cellular: (916) 539-8198  
Email: millsr@water.ca.gov

B. Utility Contact Persons:

The Utility shall make the following contact person(s) available with respect to the operational matters described below:

1. Billing Services and Non-Commodity Remittances:

Billing Services  
Rich Yamaguchi  
Director – Billing, Revenue & Credit  
Non-Commodity Remittances  
Ms. Angelina Parks  
Supervisor – Revenue Accounting  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code B27H  
San Francisco, CA 94177

Phone: (415) 973-2636  
Facsimile: (415) 973-0939  
Email: ssm3@pge.com

2. Scheduling, Delivery and Transmission:

Mr. Bill Tom  
Manager - Short-Term Electric Supply  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N13C  
San Francisco, CA 94177

Phone: (415) 973-5994  
Facsimile: (415) 973-0400  
Email: wxt6@pge.com

3. Bundled Power Charge and Surplus Power Sales Remittances:

Ms. Candice Chan  
Director - Energy Contract Management & Settlements  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N12F  
San Francisco, CA 94177

Phone: (415) 973-7780  
Facsimile: (415) 972-5507  
Email: cww9@pge.com

4. Utility Filings Impacting DWR Charges:

Ms. Janice Frazier-Hampton  
Director - Energy Proceedings  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code B9A  
San Francisco, CA 94177

Phone: (415) 973-1595  
Facsimile: (415) 973-6520  
Email: cfm3@pge.com

C. DWR Contact Persons:

DWR will make the following contact persons available with respect to each of the operational matters described in Section B above:

State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: Russell Mills  
Chief Financial Management Office  
Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Cellular: (916) 539-8198  
Email: millsr@water.ca.gov

With a copy to:

Michael Wofford,  
Chief IOU Remittance Section  
Telephone: (916) 574-0317  
Facsimile: (916) 574-2214  
Email: mwofford@water.ca.gov

**ATTACHMENT B**  
**PACIFIC GAS AND ELECTRIC COMPANY**  
**REMITTANCES OF DWR CHARGES**

Consistent with the remittance methodology set forth in this Attachment B, PG&E shall remit DWR Charges, consisting of all applicable Fund Types with respect to each applicable Customer Type, on each Utility Business Day of a Remittance Month, which is either (i) the period of time between the Effective Date of the 2007 Servicing Order and the last day of the calendar month in which the Effective Date of the 2007 Servicing Order occurs or (ii) each subsequent calendar month of the Term, as the case may be. With respect to each Daily Remittance of any component of DWR Charges, PG&E shall clearly identify the appropriate Fund Type and the related Customer Type. Unless expressly specified otherwise in this Attachment B (including the Appendices attached hereto), the provisions contained in Paragraphs A through H of this Attachment B shall be applicable only to collections made through Utility Bills.

A. Daily Remittances

On each Utility Business Day within a Remittance Month, PG&E shall remit “Daily Remittance” of each Fund Type on each applicable Customer Type separately, which is the sum of (i) the Daily Remittance Amount (described below in this Section A) and (ii) other adjustment amounts that may arise from the Monthly Reconciliation (as described in Section B below) and/or the Final Reconciliation (as described in Section C below), all as such amounts relate to each Fund Type on the applicable Customer Type.

The Daily Remittance of Bundled Customer Power Charge on any given Utility Business Day shall be accompanied by the Daily Bundled Power Charge Remittance Report substantially in the form set forth in Section 1A of Attachment C. All Daily Remittances other than Bundled Customer Power Charge on any given Utility Business Day shall be accompanied by the Daily Non-Commodity DWR Charge Remittance Report substantially in the form set forth in Section 1B of Attachment C.

The “Daily Remittance Amount” of a Fund Type on an applicable Customer Type for a Utility Business Day shall be an amount equal to the “Forecast Monthly DWR Collection” of the Fund Type on the Customer Type for the Remittance Month containing the subject Utility Business Day, divided by the number of Utility Business Days in the Remittance Month. The Forecast Monthly DWR Collection of a Fund Type on an applicable Customer Type is PG&E’s forecast of the amount of the Fund Type that would be collected from the applicable Customer Type in the subject Remittance Month. By the first Utility Business Day of each Remittance Month PG&E shall determine the Forecast Monthly DWR Collection for each Fund Type on each applicable Customer Type, and determine the corresponding Daily Remittance Amount.

PG&E shall determine the Forecast Monthly DWR Collection of a Fund Type on an applicable Customer Type for a given Remittance Month by applying (i) the Collection Curve described below in Section D to (ii) the Updated Monthly Billed Dollar Amounts for the Fund

Type on the Customer Type for the second month through the fifth month preceding the subject Remittance Month and the Forecast Monthly Billed Dollar Amounts for the Fund Type on the Customer Type for the subject Remittance Month and the first month preceding the subject Remittance Month. On and after the Effective Date of the 2007 Servicing Order, PG&E shall calculate the Forecast Monthly Billed Dollar Amount for a Fund Type on an applicable Customer Type and the Updated Monthly Billed Dollar Amount for a Fund Type on an applicable Customer Type in accordance with the provisions of, and all as further provided in, the corresponding Appendix to this Attachment B.

By the first Utility Business Day of each Remittance Month, PG&E shall provide DWR a monthly forecast report (“Monthly Forecast Report”) for each Fund Type on each applicable Customer Type, substantially in the form set forth in Section 1E of Attachment C.

If for any period of six consecutive months, the cumulative Reconciliation Amount (as defined in Section B below) of any Fund Type on any applicable Customer Type is a positive or negative number greater in magnitude than 10% of the corresponding cumulative Updated Monthly DWR Collection (as defined in Section B below) of the Fund Type on the same Customer Type, DWR agrees to, and PG&E is ordered to, negotiate changes to the Forecast Monthly DWR Collection methodology summarized in this Section A and as further detailed in the appropriate Appendix to this Attachment B for that Fund Type on the Customer Type. Such negotiations may be initiated by either Party and the negotiated changes should be reasonably designed to reduce the Reconciliation Amount as mutually agreeable to the Parties for future Remittance Months. If either Party believes such negotiations to be unsuccessful, either Party may, in addition to any other remedies available to the Party, submit the matter to the Commission or other appropriate forum for resolution.

#### B. Monthly Reconciliation.

No later than on the first Utility Business Day after the 20<sup>th</sup> day of a month (each a “Reconciliation Date”), PG&E will update the Forecast Monthly DWR Collection of each Fund Type on each applicable Customer Type for the immediately preceding Remittance Month to reflect the best information that is available to PG&E. Each such update is referred to as an “Updated Monthly DWR Collection” of a Fund Type on an applicable Customer Type for the subject Remittance Month. PG&E shall determine the Updated Monthly DWR Collection of a Fund Type on an applicable Customer Type for a Remittance Month by applying (i) the Collection Curve described below in Section D to (ii) the Updated Monthly Billed Dollar Amounts for the Fund Type on the Customer Type for the five months preceding the subject Remittance Month and for the subject Remittance Month. PG&E shall calculate the Updated Monthly Billed Dollar Amount for a Fund Type on an applicable Customer Type in accordance with the provisions of, and all as further provided in, the corresponding Appendix to this Attachment B.

Following the determination of the Updated Monthly DWR Collection of each Fund Type on each applicable Customer Type, PG&E will (i) subtract the Forecast Monthly DWR Collection of each Fund Type on each applicable Customer Type for the subject Remittance Month from the Updated Monthly DWR Collection of the same Fund Type on the same applicable Customer Type for the same Remittance Month and (ii) make those adjustments which have not been

previously accounted for, as may be authorized by Applicable Law, mutually agreed to by the Parties, or expressly permitted under the Servicing Order. The result of such calculation is referred to as the “Reconciliation Amount” for the Fund Type on the Customer Type for the subject Remittance Month. If the Reconciliation Amount of a Fund Type on a Customer Type is positive, that Reconciliation Amount will be remitted to DWR on the Reconciliation Date and credited to the same Fund Type on the same Customer Type. If the Reconciliation Amount of a Fund Type on a Customer Type is negative, that Reconciliation Amount will be deducted from the subsequent Daily Remittance of the same Fund Type on the same Customer Type, commencing on the Reconciliation Date until such amounts are reimbursed to PG&E. If the Servicing Order terminates before a Reconciliation Date for which a Reconciliation Amount has not yet been calculated (which Reconciliation Amount would have been calculated had the Servicing Order not been terminated), DWR agrees, and with respect to PG&E, it is ordered that the Parties' obligations with respect to such Reconciliation Amount shall survive termination. The Parties agree that the payment of a Reconciliation Amount to DWR or the PG&E in the manner set forth in this Attachment B shall not constitute a Delinquent Payment.

By the Reconciliation Date of the month following a Remittance Month, the Calculations stipulated in this Section B with respect to each Fund Type on each applicable Customer Type for the subject Remittance Month shall be presented to DWR in a written report substantially in the form set forth in Section 1E of Attachment C. Each such written report is referred to as the “Monthly Reconciliation Report” for the Fund Type on the Customer Type.

#### C. Final Reconciliation

By the Reconciliation Date of the seventh month following a Remittance Month, PG&E will determine the Final Monthly DWR Collection of each Fund Type on each applicable Customer Type for the subject Remittance Month by multiplying (i) the Actual Monthly Billed Dollar Amount for the Fund Type on the Customer Type in the Subject Month by (ii) the actual uncollectible factor of the Fund Type on the Customer Type for the subject Remittance Month and making further adjustments that have not been previously accounted for, as may be authorized by Applicable Law, mutually agreed to by the Parties or expressly permitted under the Servicing Order. In so doing PG&E shall calculate the Actual Monthly Billed Dollar Amount for a Fund Type on an applicable Customer Type in accordance with the provisions of, and all as further provided in, the corresponding Appendix to this Attachment B.

Following the determination of the Final Monthly DWR Collection of each Fund Type on each applicable Customer Type, PG&E will subtract (i) the actual cumulative Remittance of each Fund Type on each applicable Customer Type for amount billed in the subject Remittance Month that has previously been paid to DWR from the Final Monthly DWR Collection of the same Fund Type on the same Customer Type for same Remittance Month and (ii) make those adjustments which have not been previously accounted for, as may be authorized by Applicable Law, mutually agreed to by the Parties, or expressly permitted under the Servicing Order. The result of such calculation is referred to as the “Final Reconciliation Amount” of the Fund Type on the Customer Type for the Remittance Month. If the Final Reconciliation Amount of any Fund Type on a Customer Type is positive, it will be remitted to DWR on the Reconciliation Date of that month. If such a Final Reconciliation Amount for any Fund Type on a Customer Type is negative, the Final Reconciliation Amount will be deducted from the subsequent Daily

Remittance of the same Fund Type on the same Customer Type, commencing on the Reconciliation Date until such amounts are reimbursed. If the Servicing Order terminates before a Reconciliation Date for which a Final Reconciliation Amount has not yet been calculated (which Final Reconciliation Amount would have been calculated had the Servicing Order not been terminated), DWR agrees, and with respect to PG&E, it is ordered that the Parties' obligations with respect to such Final Reconciliation Amount shall survive termination. The payment of a Final Reconciliation Amounts to DWR in the manner set forth in this Attachment B shall not constitute a Delinquent Payment.

By the Reconciliation Date of the seventh month after a Remittance Month the Calculations stipulated in this Section C with respect to each Fund Type on each applicable Customer Type for the subject Remittance Month shall be presented to DWR in a written report substantially in the form set forth in Section 1E of Attachment C. Each such written report is referred to as the "Final Reconciliation Report" for the Fund Type on the Customer Type.

By the Monthly Reconciliation Date of each month, PG&E shall also provide to DWR a "Monthly Bundled Power Charge Billing Report" and a "Monthly Non-Commodity DWR Charge Billing Report, substantially in the form set forth in Section 1C and 1D, respectively, of Attachment C.

D. Collections Curve; Interim Collections Curve

To calculate the Forecast Monthly DWR Collection for a Fund Type on an applicable Customer Type or the Updated Monthly DWR Collection for a Fund Type on an applicable Customer Type, PG&E will use a single Collections Curve in the form attached hereto as Annex A for each Fund Type of each applicable Customer Type. After the Effective Date and at any time during the Term, but no more frequently than once every calendar year, either Party may, at its own expense, do a study of payment and collection patterns and develop a new Collections Curve. In the event DWR elects to develop a new Collections Curve, PG&E shall cooperate in such development, provided that PG&E shall be entitled to collect the reasonable costs of such cooperation as an Additional Charge. A study of payment and collection patterns and the development of a new Collections Curve, if undertaken pursuant to this Section D, shall be done as follows:

- a) a Collections Curve will be developed for one or more Customer Types to whom the Collections Curve will apply, based upon a random sample of no fewer than 500 Customer bills;
- b) to derive the Collections Curve, there shall be recorded, for a given month, the percentage of the billed revenue that is received in each of the following 6 months or until the application of write-offs, whichever is earlier;
- c) to the extent that PG&E collects late payment interest charges for payments rendered after the due date for the relevant payments, such late payment interest charges will be reflected in the Collections Curve as revenue received on the originally billed amounts.

In addition to the process described above allowing for annual revisions to the Collections Curve, PG&E may develop and use in its calculation of the Forecast Monthly DWR Collections an “Interim Collections Curve,” representing PG&E’s determination of anticipated collections from Customers of a Customer Type for Charges, if the funds received by PG&E from such Customers for Charges for any period of 10 consecutive Utility Business Days are less than 80% of the aggregate amount that PG&E expected to receive from such Customers for Charges for such period (based upon the then operative Collections Curve); provided, however, that the implementation of any Interim Collections Curve shall be subject to the approval of DWR which approval may not be unreasonably withheld or delayed. If PG&E so implements an Interim Collections Curve, then PG&E shall be entitled to use it instead of the then operative Collections Curve only until such time as the aggregate funds received from such Customers for Charges since the first Utility Business Day of the 10 Utility Business Day period triggering the use of the Interim Collections Curve exceed the 80% threshold described above.

E. New Utility Systems

If PG&E implements a billing, accounting and/or other information system that, in PG&E’s reasonable estimation, enables PG&E to track, measure, and calculate actual Customer payments of Utility Bills on a daily basis, PG&E shall notify DWR of the same. Following any such notification, upon DWR’s election to require PG&E to remit and adjust DWR Charges on a daily basis and in a manner generally consistent with that set forth in Annex B to this Attachment B, PG&E shall make commercially reasonable efforts to comply with any such request as soon as practicable. DWR agrees that PG&E shall be entitled to recover its reasonable incremental costs of implementing such changes requested by DWR in remittance and adjustment methodologies as Additional Charges in the manner set forth in Section 7 of the 2003 Servicing Order adopted pursuant to Decision 02-12-072, the 2007 Servicing Order and this 2010 Servicing Order, or through any other recovery mechanism approved by the Commission. Any improvements to, or replacements of, PG&E’s systems which are undertaken for reasons which are independent of this provision shall not be considered an incremental cost under this provision.

F. Collections After Termination

Section 5.5 of the Servicing Order notwithstanding, and except to the extent otherwise agreed pursuant to Section B and C of, or Annex B to, this Attachment B, DWR agrees that PG&E shall have no obligation to pursue collection of, and no liability for failure to collect and remit, DWR Charges after 180 calendar days following termination of the Servicing Order. Notwithstanding the immediately preceding sentence, PG&E shall employ commercially reasonable efforts to remit to DWR any DWR Charges that PG&E receives after 180 calendar days following termination of the Servicing Order.

G. Reporting Requirements

Prior to the Effective Date of the 2007 Servicing Order, PG&E sent email notices to DWR that provided details of the Daily Remittances. In addition, PG&E prepared and sent monthly reports that contained the following information.

1. Monthly Forecast Report for each Fund Type on each Customer Type with estimate for each of the five most recent months preceding the subject Remittance Month and forecast for the subject Remittance Month:
  - Forecast Monthly Billed kWh;
  - Forecast Monthly exempt Billed kWh (except for Power Charge on Bundled Customers);
  - Applicable Commission approved Rate(s);
  - Forecast Monthly Billed Dollar Amounts;
  - Collection Curve;
  - Forecast Monthly DWR Collection;
  - Daily Remittance Amount; and
  - With respect to Power Charge on Bundled Customers, the Forecast Monthly DWR Power and PG&E's Bundled Customer Demands.
  
2. Daily Remittance Report for each Fund Type on each Customer Type
  - Daily Remittance Amount and any adjustments; and
  - Payment Date.
  
3. Monthly Reconciliation Report for each Fund Type on each Customer Type with estimate for each of the five most recent months preceding the subject Remittance Month and the subject Remittance Month:
  - All information required for the Monthly Forecast Report;
  - Updated Monthly Billed kWh;
  - Updated Monthly exempt Billed kWh (except for Power Charge on Bundled Customers);
  - Any changes to applicable Commission rate;
  - Updated Monthly Billed Dollar Amounts;
  - Collection Curve;
  - Updated Monthly DWR Collection;
  - Monthly Reconciliation Amount; and
  - With respect to Power Charge on Bundled Customers, the Updated Monthly DWR Power and PG&E's Bundled Customer Demands.
  
4. Final Reconciliation Report for each Fund Type on each Customer Type for the subject Remittance Month:
  - Final Monthly Billed kWh;
  - Final Monthly exempt Billed kWh (except for Power Charge on Bundled Customers);
  - Any changes to applicable Commission rate;
  - Final Monthly Billed Dollar Amount;
  - Actual uncollectible factor;

- Final Monthly DWR Collection;
- Actual cumulative Remittance for the Remittance Month;
- Final Reconciliation Amount; and
- With respect to Power Charge on Bundled Customers, the Final Monthly DWR Power and PG&E's Bundled Customer Demands.

On and after the Effective Date of the 2007 Servicing Order, PG&E prepared and provided the reports with respect to each Charge Type of applicable Customer Type contemplated in this Attachment B substantially in the forms set forth in Attachment C to the 2007 Servicing Order. On and after the MRTU Effective Date, PG&E will prepare and provide the reports with respect to each Charge Type of applicable Customer Type contemplated in this Attachment B substantially in the forms set forth in Attachment C to the 2010 Servicing Order.

To the extent that a different collection rate is to be applied to a sub-group within a Customer Type identified in the 2007 Servicing Order pursuant to a future Applicable Commission Order, unless PG&E and DWR may mutually agreed to a different reporting format, PG&E will provide the same information identified in the reporting form related to the original Customer Type as to any sub-group identified within that Customer Type.

At all times during the Term of the Servicing Order and until further notice, PG&E is directed to transmit to DWR the reports identified in this Attachment B and further provided in Attachment C as attachments provided in Microsoft Excel® workbook file format or, to the extent necessary from time to time, in comma separated value or fixed width text files, via emails (password protected or otherwise) or other secure electronic means, all as further provided in Attachment C of the Servicing Order.

#### H. Historical Remittance Methodologies

Historical remittance methodologies for specific Fund Types on specific Customer Types for specific historical time periods may differ from the remittance methodologies described in this Attachment B. Such historical remittance methodologies are included in the appropriate Appendices to this Attachment B.

#### I. Utility Filings Impacting DWR Charges

To the extent that PG&E intends to revise (i) any effective remittance rate for any DWR Charge or (ii) any PG&E collected rates which would modify the effective remittance rate for any CRS component, in either case, applicable to a Customer Type being collected under the Servicing Order through a filing prepared and submitted by PG&E to the Commission (hereinafter "DWR Charge Revision"), PG&E will notify DWR of any such future Commission filings as provided in this Paragraph. Unless the Commission fails to provide PG&E with at least two (2) Utility Business Days' notice of a requirement to file a DWR Charge Revision, no less than two (2) Utility Business Days prior to PG&E's submission of the filing to the Commission, PG&E will notify the DWR Contact Persons listed in Section C of Attachment A ("DWR Contact Persons") or other DWR representative as mutually agreed to by the Parties, that PG&E intends to submit a filing to the Commission that changes the effective DWR Charge remittance rate; provided, however, that in the event that PG&E has less than two (2) Utility

Business Days' notice of a requirement to file, PG&E will notify DWR as soon as is practicable. In the event that the Commission has directed PG&E and DWR to work collaboratively on the DWR Charge Revision, PG&E will provide the relevant supporting work papers for the DWR Charge Revision to DWR no later than the time PG&E provides notice as specified in this paragraph. With respect to all other DWR Charge Revisions filed by PG&E, after filing of the DWR Charge Revision with the Commission, PG&E will provide the relevant supporting work papers for a DWR Charge Revision if such papers are requested by DWR. Upon submission of the filing to the Commission, PG&E will forward a copy of the final PG&E filing to the DWR Contact Persons within two (2) Utility Business Days of the filing date. When the Commission notifies PG&E of its action concerning the filing, PG&E will provide a copy of the Commission's letter, resolution, or other document concerning the filing to the DWR Contact Persons within five (5) Utility Business Days of receipt thereof. PG&E further agrees to maintain a summary of its Commission filings concerning DWR Charges and other matters covered by the Servicing Order, and PG&E will forward an updated copy of such summary to the DWR Contact Persons within 30 days of the end of each calendar quarter. PG&E's non-compliance with its obligations under this Paragraph I will not constitute a material breach under the Servicing Order and shall not be considered an Event of Default under the Servicing Order.

J. Collection of DWR Charges through Non-Utility Bills

In the event that any component of DWR Charges are calculated by PG&E but billed and collected through Non-Utility Bills, PG&E will provide daily and monthly reports with respect to collections remitted through Non-Utility Bills in the same format as the Charge Type of the Customer Type provided in Attachment C of the Servicing Order. To the extent that any of the requested data included in the reports are not reasonably available to PG&E, upon notification by PG&E, DWR agrees to modify the affected reports to be able to reasonably address the concerns of the Parties.

## APPENDIX A-1

## PACIFIC GAS AND ELECTRIC COMPANY

## REMITTANCE OF BUNDLED CUSTOMERS - BOND CHARGE

This Appendix A-1 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Bond Charge on Bundled Customers, the Updated Monthly Billed Dollar Amount for Bond Charge on Bundled Customers and the Actual Billed Dollar Amount for Bond Charge on Bundled Customers. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix A-1 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix A-1.

1. “Forecast Monthly Billed Dollar Amount for Bond Charge on Bundled Customers” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills Bundled Customers for Bond Charge in that Remittance Month. The Forecast Monthly Billed Dollar Amount for Bond Charge on Bundled Customers for a Remittance Month shall be equal to the Updated Monthly Billed Dollar Amount for Bond Charge on Bundled Customers (see Subsection 2 below) for the month preceding the subject Remittance Month.
2. “Updated Monthly Billed Dollar Amount for Bond Charge on Bundled Customers” for a given Remittance Month shall equal to the Actual Monthly Billed Dollar Amount for Bond Charge on Bundled Customers (see Subsection 3 below) for the same Remittance Month.
3. “Actual Monthly Billed Dollar Amount for Bond Charge on Bundled Customers” for a given Remittance Month will consist of the sum of all “Individual Monthly Billed Dollar Amounts for Bundled Customer Bond Charge” billed or re-billed to individual Bundled Customers in the subject Remittance Month. An Individual Monthly Billed Dollar Amount for Bundled Customer Bond Charge billed or re-billed to a Bundled Customer is the product of (i) the electric consumption subject to Bond Charge billed or re-billed to the Bundled Customer and (ii) the Bundled Customer Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a Bundled Customer is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the Bundled Customer Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a Bundled Customer, PG&E shall apply each of the differing Bundled Customer Bond Charge rates over such period to a portion of such electric consumption in proportion to the number of calendar days within the period when each rate was effective.

## APPENDIX A-2

## PACIFIC GAS AND ELECTRIC COMPANY

## REMITTANCE OF BUNDLED CUSTOMERS - POWER CHARGE

This Appendix A-2 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Power Charge on Bundled Customers, the Updated Monthly Billed Dollar Amount for Power Charge on Bundled Customers and the Actual Monthly Billed Dollar Amount for Power Charge on Bundled Customers. In addition, this Appendix A-2 provides an account of historical remittance methodologies for Power Charge on Bundled Customers applicable for specific historical time periods. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix A-2 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix A-2.

**A. Determination of Monthly Billed Dollar Amount for Power Charge on Bundled Customers**

1. “Forecast Monthly Billed Dollar Amount for Power Charge on Bundled Customers” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills Bundled Customers for Power Charge in that Remittance Month.

Prior to the MRTU Effective Date, the Forecast Monthly Billed Dollar Amount for Power Charge on Bundled Customers for a Remittance Month shall be equal to the product of (i) the Bundled Customer Power Charge rate applicable to the Remittance Month and (ii) the “Estimated Monthly Billed MWh for Power Charge on Bundled Customers” (see Subsection 2 below) for the month preceding the subject Remittance Month.

On and after the MRTU Effective Date, the Forecast Monthly Billed Dollar Amount for Power Charge on Bundled Customers for a Remittance Month shall be equal to the product of (i) the Bundled Customer Power Charge rate applicable to the Remittance Month and (ii) the “Forecast Monthly Billed MWh for Power Charge on Bundled Customers” for the month preceding the subject Remittance Month.

The term “Forecast Monthly Billed MWh for Power Charge on Bundled Customers” shall be the product of (x) the Forecast DWR Percentage Calculation” (described below in this paragraph) and (y) the total electric consumption in MWhs billed to Bundled Customers in PG&E’s Service Area for the month preceding the subject Remittance Month. The Forecast DWR Percentage Calculation shall be equal to the ratio of (i) Remittance Basis for the month preceding the subject Remittance Month to (ii) the Estimated Bundled Customer Load for the month preceding the subject Remittance Month, based on the information available to PG&E at the time of such determination. Provided, however, until such time as three prior monthly DWR Percentage Calculation is available after the MRTU Effective Date, PG&E shall substitute Estimated DWR Percentage (as such term is described in the second paragraph of Subsection 2 below) for a month for purposes of this paragraph.

2. “Updated Monthly Billed Dollar Amount for Power Charge on Bundled Customers” for a given Remittance Month shall equal the product of (i) the Bundled Customer Power Charge rate applicable to the Remittance Month and (ii) the “Estimated Monthly Billed MWh for Power Charge on Bundled Customers.”

Prior to the MRTU Effective Date, the “Estimated Monthly Billed MWh for Power Charge on Bundled Customers” shall be the product of (x) “the Estimated DWR Percentage” (described below in this paragraph) and (y) the total electric consumption in megawatt-hours billed to Bundled Customers in PG&E’s service territory in the Remittance Month. The Estimated DWR Percentage shall be equal to the ratio of actual DWR Power, including distribution losses, scheduled for Bundled Customers in PG&E’s service territory in a Remittance Month to the estimated Bundled Customer electric consumption, plus distribution losses, in PG&E’s service territory in the same Remittance Month, determined based on best information reasonably available to PG&E at the time of such determination.

On and after the MRTU Effective Date, the “Estimated Monthly Billed MWh for Power Charge on Bundled Customers” shall be the product of (x) the “DWR Percentage Calculation” (described below in this paragraph) and (y) the total electric consumption in MWhs billed to Bundled Customers in PG&E’s Service Area in the Remittance Month. The “DWR Percentage Calculation” shall refer to the monthly percentage factor calculated by dividing (i) the Summation of Hourly DWR Remittance Basis Power (MWh) by (ii) the Summation of Hourly Estimated Bundled Customer Load (MWh) (as such capitalized terms are defined in Section II.A of Exhibit C of the 2010 Operating Order).

The quantity for Summary of Hourly DWR Remittance Basis Power shall be the total amount for the applicable calendar month shown in the “DWR Remittance Basis Calculation Report,” substantially in the form shown in Sub-section (d)(2) under Section 1(E)(2) of Attachment C of this Servicing Order.

More specifically as to PG&E, the Estimated Bundled Customer Load is calculated hourly. The starting point is actual area MW load obtained from PG&E’s EMS, which is derived from in-area generation and the net flows at the boundaries of PG&E’s Service Area. Adjustments are made by removing actual pumping load (also obtained from PG&E’s EMS), an estimate of transmission losses, and an estimate of Non-Bundled Customer Load. The result represents the estimated load for PG&E’s Bundled Customers. The term “Non-Bundled Customer Load” consists of Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers and Community Choice Aggregation Customers, as such Customer Types are specifically defined in the Servicing Order and may exist from time to time with respect to PG&E. For purposes of determining the Estimated Bundled Customer Load, WAPA load will be excluded.

PG&E will provide DWR with a monthly report indicating the monthly Estimated Bundled Customer Load, the monthly ISO metered load, and a simple average of the variance, in such form and time period as further provided in Attachment C of this Servicing Order.

3. “Actual Monthly Billed Dollar Amount for Power Charge on Bundled Customers” for a given Remittance Month is the product of (i) the Bundled Customer Power Charge rate applicable to the Remittance Month and (ii) the “Actual Monthly Billed kWh for Power Charge on Bundled Customers.”

Prior to the MRTU Effective Date, the term “Actual Monthly Billed kWh for Power Charge on Bundled Customers” is the product of (x) “the Final DWR Percentage” (described below in this paragraph) and (y) the total electric consumption in megawatt-hours billed to Bundled Customers in PG&E’s service territory in the Remittance Month. The Final DWR Percentage shall be equal to the ratio of actual DWR Power, including distribution losses, scheduled for Bundled Customers in PG&E’s service territory in a Remittance Month to the actual Bundled Customer electric consumption plus distribution losses in PG&E’s service territory in the same Remittance Month, determined based on ISO final settlement statements and supporting files.

On and after the MRTU Effective Date, the term “Actual Monthly Billed kWh for Power Charge on Bundled Customers” is the product of (x) DWR Percentage Calculation (as described in Section A.2 above) and (y) the total electric consumption in megawatt-hours billed to Bundled Customers in PG&E’s Service Area in the Remittance Month.

Prior to the Existing Operating Order Effective Date, DWR Power shall be determined as the algebraic sum of the Final Hour-Ahead Schedule from DWR to PG&E through the ISO’s Scheduling Coordinator to Scheduling Coordinator (SC to SC) trade mechanism and the Imbalance Energy relative to the Final Hour-Ahead Schedule. On and after the Existing Operating Order Effective Date but prior to the MRTU Effective Date, DWR Power shall be determined in accordance with Section I of Exhibit C of the Operating Order.

4. Rate change during a Remittance Month. For the purpose of determining the Forecast, Updated or Actual Monthly Billed Dollar Amount for Power Charge on Bundled Customers, in cases in which the Bundled Customer Power Charge rate changes during a Remittance Month, PG&E shall apply each of the differing Bundled Customer Power Charge rates over the Remittance Month to a portion of the Forecast, Updated or Actual Monthly Billed Dollar Amount for Power Charge on Bundled Customers in proportion to the number of calendar days within the Remittance Month when each rate will be or was effective.

## **B. Historical Remittance Methodologies**

1. Transition Period. On or prior to June 1, 2001, PG&E shall transition from use of the interim remittance methodologies described in Decision 01-03-081, adopted by the Commission on March 27, 2001, Decision 01-05-064, adopted by the Commission on May 15, 2001 (collectively the “Interim Remittance Methodologies”), to the use of the more precise remittance methodology (“More Precise Remittance Methodology”) set forth in the Commission’s Decision 02-05-048 issued on May 16, 2002 (“Original Servicing Order”) and Attachments thereto. This transition will include the continuation of the Interim Remittance Methodologies after the Effective Date of the Original Servicing Order as long as necessary or appropriate (the “Transition Period”) to account for Remittances of DWR Charges prior to the Effective Date of the Original Servicing Order. Remittances during the Transition Period using the Interim Remittance Methodologies shall be made in addition to Remittances made in accordance with

the More Precise Remittance Methodology referred to above. As soon as practicable following the last day that the Interim Remittance Methodologies are applied, but not later than 210 days after the Effective Date of the Original Servicing Order, PG&E will submit to DWR a reconciliation calculation, in form and substance reasonably acceptable to DWR, comparing (i) all amounts remitted to DWR pursuant to the Interim Remittance Methodologies with (ii) the amounts which would have been remitted to DWR had the More Precise Remittance Methodology been used instead. To assist PG&E in making such reconciliation calculation, DWR will cooperate with PG&E and supply such data that PG&E reasonably requests to perform such reconciliation calculation. The adjustment to the relevant Reconciliation Amount derived from such reconciliation calculation shall be made at the next Reconciliation Date, as such terms are described in Attachment B, that occurs no earlier than 10 calendar days following submittal of the adjustment calculation to DWR, absent a determination by DWR of error in such calculations.

2. Imbalance Energy Transition Period. Prior to the Effective Date of the Original Servicing Order, PG&E began using the amended methodology contained in Attachment B of the 2003 Servicing Order to remit Imbalance Energy remittances. During the six-month period commencing on the date of implementing the remittance principles contained in Attachment B of the Original Servicing Order (the “Imbalance Energy Transition Period”), Imbalance Energy Remittances (as described in Attachment I) that are not collected from customers under the collection curve methodology described in Attachment B of the 2003 Servicing Order shall be remitted to DWR as a part of the Imbalance Energy Lump Sum Remittances described in Exhibit B of Attachment I. However, when PG&E performs its Final Reconciliation, as described in Attachment B of the Original Servicing Order, the total amounts owed to DWR each month for energy delivered in the Imbalance Energy Transition Period shall be equal to amount remitted for each Remittance Month’s actual DWR energy delivered to PG&E’s customers plus interest on the portion of Imbalance Energy remittances for the Imbalance Energy Transition Period calculated pursuant to Exhibit B of Attachment I.

3. Post-Transition Period. On or prior to the Operating Order Effective Date, PG&E shall transition from use of the More Precise Remittance Methodologies as provided in the Original Servicing Order to use the post-transition remittance methodology consistent with the Contract Allocation Order and as further provided in Exhibit C of the Operating Order, the 2003 Servicing Order and Attachments to the 2003 Servicing Order (“Post-Transition Remittance Methodology”). This transition will include the continuation of the More Precise Remittance Methodology’s true-up after the Operating Order Effective Date as long as necessary or appropriate (the “Post-Operating Order Transition Period”) to account for Remittances of DWR Charges prior to the Operating Order Effective Date. True-up Remittances during the Post-Operating Order Transition Period using the More Precise Remittance Methodology shall be made in addition to Remittances made in accordance with the Post-Transition Remittance Methodology.

4. WAPA Retail Remittance and Associated Refund. In Decision 03-09-017, the Commission clarified its intent in Decision 02-05-048 and Decision 02-12-072 that PG&E should have paid DWR, using the Commission-approved Power Charge rates, for all of the energy that DWR supplied to PG&E’s service territory and was purportedly used to serve WAPA load obligations. That decision modified the two prior decisions as further noted in this

Appendix A-2 and PG&E was ordered to pay the under-remittance amounts that PG&E withheld from DWR. It also clarified Decision 02-05-048 to state that WAPA customers are not being served with DWR energy.

Pursuant to Commission Decision 03-09-018, PG&E's net total WAPA obligation in the amount of \$521,441,465 for remittance period January 17, 2001 through April 16, 2003 was satisfied by a one-time bill credit in the amount of \$444,183,276 and a payment of \$77,258,189 remitted on September 11, 2003.

## APPENDIX B-1

## PACIFIC GAS AND ELECTRIC COMPANY

## REMITTANCE OF DIRECT ACCESS CUSTOMERS - BOND CHARGE

This Appendix B-1 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Bond Charge on Direct Access Customers, the Updated Monthly Billed Dollar Amount for Bond Charge on DA Customers and the Actual Billed Dollar Amount for Bond Charge on DA Customers. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix B-1 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix B-1.

1. “Forecast Monthly Billed Dollar Amount for Bond Charge on DA Customers” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills DA Customers for Bond Charge in that Remittance Month. The Forecast Monthly Billed Dollar Amount for Bond Charge on DA Customers for a Remittance Month shall be equal to the Updated Monthly Billed Dollar Amount for Bond Charge on DA Customers (see Subsection 2 below) for the month preceding the subject Remittance Month.
2. “Updated Monthly Billed Dollar Amount for Bond Charge on DA Customers” for a given Remittance Month shall equal to the Actual Monthly Billed Dollar Amount for Bond Charge on DA Customers (see Subsection 3 below) for the same Remittance Month.
3. “Actual Monthly Billed Dollar Amount for Bond Charge on DA customers” for a given Remittance Month will consist of the sum of all “Individual Monthly Billed Dollar Amounts for DA Customer Bond Charge” billed or re-billed to individual DA Customers in the subject Remittance Month. An Individual Monthly Billed Dollar Amount for DA Customer Bond Charge billed or re-billed to a DA Customer is the product of (i) the electric consumption subject to Bond Charge billed or re-billed to the DA Customer and (ii) the DA Customer Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a DA Customer is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the DA Customer Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a DA Customer, PG&E shall apply each of the differing DA Customer Bond Charge rates over such period to a portion of such electric consumption in proportion to the number of calendar days within the period when each rate was effective.

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. As determined by Applicable Commission Orders, the DA Customer Bond Charge component received the first billing priority within the capped level that can be billed. The billing priority of DA Customer Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

## APPENDIX B-2

## PACIFIC GAS AND ELECTRIC COMPANY

## REMITTANCE OF DIRECT ACCESS CUSTOMERS - POWER CHARGE

This Appendix B-2 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Power Charge on Direct Access Customers, the Updated Monthly Billed Dollar Amount for Power Charge on DA Customers and the Actual Billed Dollar Amount for Power Charge on DA Customers. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix B-2 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix B-2.

1. “Forecast Monthly Billed Dollar Amount for Power Charge on DA Customers” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills DA Customers for Power Charge in that Remittance Month. The Forecast Monthly Billed Dollar Amount for Power Charge on DA Customers for a Remittance Month shall be equal to the Updated Monthly Billed Dollar Amount for Power Charge on DA Customers (see Subsection 2 below) for the month preceding the subject Remittance Month.
2. “Updated Monthly Billed Dollar Amount for Power Charge on DA Customers” for a given Remittance Month shall equal to the Actual Monthly Billed Dollar Amount for Power Charge on DA Customers (see Subsection 3 below) for the same Remittance Month.
3. “Actual Monthly Billed Dollar Amount for Power Charge on DA customers” for a given Remittance Month will consist of the sum of all “Individual Monthly Billed Dollar Amounts for DA Customer Power Charge” billed or re-billed to individual DA Customers in the subject Remittance Month. An Individual Monthly Billed Dollar Amount for DA Customer Power Charge billed or re-billed to a DA Customer is the product of (i) the electric consumption subject to Power Charge billed or re-billed to the DA Customer and (ii) the DA Customer Power Charge rate applicable to the period of such electric consumption. All electric consumption of a DA Customer is subject to DA Customer Power Charge unless exempt by Applicable Commission Orders.

In cases in which the DA Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a DA Customer, PG&E shall apply each of the differing DA Customer Power Charge rates over such period to a portion of such electric consumption in proportion to the number of calendar days within the period when each rate was effective.

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. As determined by Applicable Commission Order, the DA Customer Power Charge component received the lowest billing priority within the capped level that can be billed. The billing priority of DA Customer Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

## APPENDIX C-1

## PACIFIC GAS AND ELECTRIC COMPANY

REMITTANCE OF CUSTOMER GENERATION DEPARTING  
LOAD – BOND CHARGE

This Appendix C-1 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Bond Charge on Customer Generation Departing Load Customers, the Updated Monthly Billed Dollar Amount for Bond Charge on CGDLs and the Actual Billed Dollar Amount for Bond Charge on CGDLs. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix C-1 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix C-1.

**A. Determination of Monthly Billed Dollar Amount for Bond Charge on CGDL**

1. “Forecast Monthly Billed Dollar Amount for Bond Charge on CGDLs” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills CGDLs for Bond Charge in that Remittance Month. The Forecast Monthly Billed Dollar Amount for Bond Charge on CGDLs for a Remittance Month shall be equal to the Updated Monthly Billed Dollar Amount for Bond Charge on CGDLs (see Subsection 2 below) for the month preceding the subject Remittance Month.
2. “Updated Monthly Billed Dollar Amount for Bond Charge on CGDLs” for a given Remittance Month shall equal to the Actual Monthly Billed Dollar Amount for Bond Charge on CGDLs (see Subsection 3 below) for the same Remittance Month.
3. “Actual Monthly Billed Dollar Amount for Bond Charge on CGDLs” for a given Remittance Month will consist of the sum of all “Individual Monthly Billed Dollar Amounts for CGDL Bond Charge” billed or re-billed to individual CGDLs in the subject Remittance Month. An Individual Monthly Billed Dollar Amount for CGDL Bond Charge billed or re-billed to a CGDL is the product of (i) the electric consumption subject to Bond Charge billed or re-billed to the CGDL and (ii) the CGDL Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a CGDL is subject to CGDL Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the CGDL Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a CGDL, PG&E shall apply each of the differing CGDL Bond Charge rates over such period to a portion of such electric consumption in proportion to the number of calendar days within the period when each rate was effective.

Prior to the effective date of an Applicable Tariff related to MDL and pending final Commission approval of the Applicable Tariff related to MDL, PG&E collected and remitted Bond Charge from Turlock Irrigation District (“Turlock”) under a previous agreement with

Turlock approved by the CPUC. This agreement provided that Turlock would pay all non-bypassable charges payable by its customers to PG&E. PG&E identified this usage and Bond Charge of TID and included the information as a footnote to its normal CGDL reports included in Attachment C herein. This Turlock situation is unique and is not expected to be similar to other MDL collection situations. On and after the effective date of the Applicable Tariff related to MDL, PG&E will include Bond Charge from Turlock as MDL, consistent with the 2007 Servicing Order and Applicable Commission Orders.

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. As determined by Applicable Commission Orders, the CGDL Bond Charge component received the first billing priority within the capped level that can be billed. The billing priority of CGDL Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

## APPENDIX C-2

**PACIFIC GAS AND ELECTRIC COMPANY**  
**REMITTANCE OF CUSTOMER GENERATION DEPARTING**  
**LOAD – POWER CHARGE**

Commission Decision 03-04-030, corrected by Decision 03-04-041 and clarified in Decision 03-05-039, imposes a CRS, including Power Charge on Customer Generation Departing Load for load that departed bundled service on or after February 1, 2001. Pursuant to Resolution E-3831 dated July 8, 2004, the Commission approved, with modification, the previously filed Advice Letter Nos. 2375-E and 2375-E-A, filed on April 17, 2003 and May 5, 2003, respectively.

This Appendix C-2 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Power Charge on Customer Generation Departing Load (“CGDL”) Customers, the Updated Monthly Billed Dollar Amount for Power Charge on CGDL Customers and the Actual Billed Dollar Amount for Power Charge on CGDL Customers. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix C-2 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix C-2.

1. “Forecast Monthly Billed Dollar Amount for Power Charge on CGDL Customers” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills CGDL Customers for Power Charge in that Remittance Month. The Forecast Monthly Billed Dollar Amount for Power Charge on CGDL Customers for a Remittance Month shall be equal to the Updated Monthly Billed Dollar Amount for Power Charge on CGDL Customers (see Subsection 2 below) for the month preceding the subject Remittance Month.

2. “Updated Monthly Billed Dollar Amount for Power Charge on CGDL Customers” for a given Remittance Month shall equal to the Actual Monthly Billed Dollar Amount for Power Charge on CGDL Customers (see Subsection 3 below) for the same Remittance Month.

3. “Actual Monthly Billed Dollar Amount for Power Charge on CGDL customers” for a given Remittance Month will consist of the sum of all “Individual Monthly Billed Dollar Amounts for CGDL Customer Power Charge” billed or re-billed to individual CGDL Customers in the subject Remittance Month. An Individual Monthly Billed Dollar Amount for CGDL Customer Power Charge billed or re-billed to a CGDL Customer is the product of (i) the electric consumption subject to Power Charge billed or re-billed to the CGDL Customer and (ii) the CGDL Customer Power Charge rate applicable to the period of such electric consumption. All electric consumption of a CGDL Customer is subject to CGDL Customer Power Charge unless exempt by Applicable Commission Orders.

In cases in which the CGDL Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a CGDL Customer, PG&E shall apply each of the differing CGDL Customer Power Charge rates over such period to

a portion of such electric consumption in proportion to the number of calendar days within the period when each rate was effective.

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of CGDL Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

## APPENDIX D-1

## PACIFIC GAS AND ELECTRIC COMPANY

## REMITTANCE OF MUNICIPAL DEPARTING LOAD - BOND CHARGE

Commission Decision 03-07-028, as amended, clarified or modified by Decision 03-08-076, Decision 04-11-014, Decision 04-12-059 and Decision 05-07-038 impose a CRS, including Bond Charge on certain Municipal Departing Load for load that departed bundled service on and after February 1, 2001. This Appendix D-1 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Bond Charge on Municipal Departing Load Customers, the Updated Monthly Billed Dollar Amount for Bond Charge on MDLs and the Actual Billed Dollar Amount for Bond Charge on MDLs. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix D-1 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix D-1.

**A. Determination of Monthly Billed Dollar Amount for Bond Charge on MDL**

1. “Forecast Monthly Billed Dollar Amount for Bond Charge on MDLs” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills or causes a Non-Utility to bill MDLs for Bond Charge in that Remittance Month. The Forecast Monthly Billed Dollar Amount for Bond Charge on MDLs for a Remittance Month shall be equal to the Updated Monthly Billed Dollar Amount for Bond Charge on MDLs (see Subsection 2 below) for the month preceding the subject Remittance Month.
2. “Updated Monthly Billed Dollar Amount for Bond Charge on MDLs” for a given Remittance Month shall equal to the Actual Monthly Billed Dollar Amount for Bond Charge on MDLs (see Subsection 3 below) for the same Remittance Month.
3. “Actual Monthly Billed Dollar Amount for Bond Charge on MDLs” for a given Remittance Month will consist of the sum of all “Individual Monthly Billed Dollar Amounts for MDL Bond Charge” billed or re-billed to individual MDLs in the subject Remittance Month. In the case of Utility Bills, an Individual Monthly Billed Dollar Amount for MDL Bond Charge billed or re-billed to a MDL is the product of (i) the electric consumption subject to Bond Charge billed or re-billed to a MDL and (ii) the MDL Bond Charge rate applicable to the period of such electric consumption. In the case of Non-Utility Bills, PG&E will calculate the “Actual Monthly Billed Dollar Amount for Bond Charge on MDLs” by multiplying (i) the total electric consumption subject to Bond Charge and (ii) the MDL Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a MDL is subject to MDL Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the MDL Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a MDL, PG&E shall apply each of the differing MDL Bond Charge rates over such period to a portion of such electric consumption in proportion to the number of calendar days within the period when each rate was effective.

Prior to the effective date of an Applicable Tariff related to MDL and pending final Commission approval of the Applicable Tariff related to MDL, PG&E collected and remitted Bond Charge from Turlock Irrigation District (“Turlock”) under a previous agreement with Turlock approved by the CPUC. This agreement provided that Turlock would pay all non-bypassable charges payable by its customers to PG&E. PG&E identified this usage and Bond Charge of Turlock and included the information as a footnote to its normal CGDL reports included in Attachment C herein. This Turlock situation is unique and is not expected to be similar to other MDL collection situations. On and after the effective date of the Applicable Tariff related to MDL, PG&E will include Bond Charge from Turlock as MDL, consistent with the 2007 Servicing Order and Applicable Commission Orders.

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of MDL Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

As provided under Resolution E-3999 related to Transferred Municipal Departing Load and Resolution E-4064 related to New Municipal Departing Load, PG&E entered into certain bilateral agreements with certain publicly owned utilities (“POUs”) to settle Municipal Departing Load (“MDL”) obligations, including DWR Bond Charge and DWR Power Charge on behalf of certain customers subject to MDL obligations.

As of June 1, 2010, PG&E and (1) Turlock Irrigation District, (2) Modesto Irrigation District and Merced Irrigation District, and (3) Hercules Municipal Utility have finalized and entered into such bilateral agreements to settle MDL obligations with PG&E, including DWR Bond Charge and DWR Power Charge. As a result, PG&E has remitted and/or will remit such amounts to DWR, consistent with the bilateral agreements. As to these and any future bilateral agreements entered into by PG&E and other POUs, PG&E has remitted and will remit such amounts to DWR in accordance with any Applicable Commission Orders and the terms of the bilateral agreements.

Pursuant to Applicable Commission Orders and Applicable Tariffs related to New WAPA Departing Load and Split-Wheeling Departing Load, as the case may be, PG&E collects and remits Bond Charges and/or Power Charges on behalf of DWR. PG&E reports usage and Bond Charge and/or Power Charge revenues for New WAPA Departing Load and Split-Wheeling Departing Load in its reports included in Attachment C herein, with such appropriate footnotes. As to Bond Charges paid by Power and Water Resources Pooling Authority under that certain Nonbypassable Charge Agreement approved in Commission Decision 09-08-015 dated August 20, 2009, PG&E has remitted and will continue to remit such amounts to DWR consistent with the payment schedule and amounts provided in that Agreement. These two departing load customer types are unique to PG&E and, on and after the effective date of the 2010 Servicing Order, PG&E will continue such remittance procedures consistent with this paragraph, as may be further amended, modified or supplied in Applicable Commission Orders and bilateral agreements in the future.

## APPENDIX D-2

## PACIFIC GAS AND ELECTRIC COMPANY

## REMITTANCE OF MUNICIPAL DEPARTING LOAD - POWER CHARGE

Commission Decision 03-07-028, as amended, clarified or modified by Decision 03-08-076, Decision 04-11-014, Decision 04-12-059 and Decision 05-07-038 impose a CRS, including Power Charge on certain Municipal Departing Load (“MDL”) for load that departed bundled service on and after February 1, 2001.

This Appendix D-2 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Power Charge on Municipal Departing Load Customers, the Updated Monthly Billed Dollar Amount for Power Charge on MDL Customers and the Actual Billed Dollar Amount for Power Charge on MDL Customers. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix D-2 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix D-2.

1. “Forecast Monthly Billed Dollar Amount for Power Charge on MDL Customers” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills MDL Customers for Power Charge in that Remittance Month. The Forecast Monthly Billed Dollar Amount for Power Charge on MDL Customers for a Remittance Month shall be equal to the Updated Monthly Billed Dollar Amount for Power Charge on MDL Customers (see Subsection 2 below) for the month preceding the subject Remittance Month.
2. “Updated Monthly Billed Dollar Amount for Power Charge on MDL Customers” for a given Remittance Month shall equal to the Actual Monthly Billed Dollar Amount for Power Charge on MDL Customers (see Subsection 3 below) for the same Remittance Month.
3. “Actual Monthly Billed Dollar Amount for Power Charge on MDL customers” for a given Remittance Month will consist of the sum of all “Individual Monthly Billed Dollar Amounts for MDL Customer Power Charge” billed or re-billed to individual MDL Customers in the subject Remittance Month. An Individual Monthly Billed Dollar Amount for MDL Customer Power Charge billed or re-billed to a MDL Customer is the product of (i) the electric consumption subject to Power Charge billed or re-billed to the MDL Customer and (ii) the MDL Customer Power Charge rate applicable to the period of such electric consumption. All electric consumption of a MDL Customer is subject to MDL Customer Power Charge unless exempt by Applicable Commission Orders.

In cases in which the MDL Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a MDL Customer, PG&E shall apply each of the differing MDL Customer Power Charge rates over such period to a portion of such electric consumption in proportion to the number of calendar days within the period when each rate was effective.

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of MDL Customer Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

As provided under Resolution E-3999 related to Transferred Municipal Departing Load and Resolution E-4064 related to New Municipal Departing Load, PG&E entered into certain bilateral agreements with certain publicly owned utilities (“POUs”) to settle Municipal Departing Load (“MDL”) obligations, including DWR Bond Charge and DWR Power Charge on behalf of certain customers subject to MDL obligations.

As of June 1, 2010, PG&E and (1) Turlock Irrigation District, (2) Modesto Irrigation District and Merced Irrigation District, and (3) Hercules Municipal Utility have finalized and entered into such bilateral agreements to settle MDL obligations with PG&E, including DWR Bond Charge and DWR Power Charge. As a result, PG&E has remitted and/or will remit such amounts to DWR, consistent with the bilateral agreements. As to these and any future bilateral agreements entered into by PG&E and other POUs, PG&E has remitted and will remit such amounts to DWR in accordance with any Applicable Commission Orders and the terms of the bilateral agreements.

Pursuant to Applicable Commission Orders and Applicable Tariffs related to New WAPA Departing Load and Split-Wheeling Departing Load, as the case may be, PG&E collects and remits Bond Charges and/or Power Charges on behalf of DWR. PG&E reports usage and Bond Charge and/or Power Charge revenues for New WAPA Departing Load and Split-Wheeling Departing Load in its reports included in Attachment C herein, with such appropriate footnotes. As to Bond Charges paid by Power and Water Resources Pooling Authority under that certain Nonbypassable Charge Agreement approved in Commission Decision 09-08-015 dated August 20, 2009, PG&E has remitted and will continue to remit such amounts to DWR consistent with the payment schedule and amounts provided in that Agreement. These two departing load customer types are unique to PG&E and, on and after the effective date of the 2010 Servicing Order, PG&E will continue such remittance procedures consistent with this paragraph, as may be further amended, modified or supplied in Applicable Commission Orders and bilateral agreements in the future.

## APPENDIX E-1

## PACIFIC GAS AND ELECTRIC COMPANY

## REMITTANCE OF COMMUNITY CHOICE AGGREGATION - BOND CHARGE

Commission Decision 04-12-046 imposes a CRS, including Bond Charge on certain Community Choice Aggregation for load that departed bundled service. This Appendix E-1 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Bond Charge on Community Choice Aggregation Customers, the Updated Monthly Billed Dollar Amount for Bond Charge on CCAs and the Actual Billed Dollar Amount for Bond Charge on CCAs. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix E-1 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix E-1.

**A. Determination of Monthly Billed Dollar Amount for Bond Charge on CCA**

1. “Forecast Monthly Billed Dollar Amount for Bond Charge on CCAs” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills or causes a Non-Utility to bill CCAs for Bond Charge in that Remittance Month. The Forecast Monthly Billed Dollar Amount for Bond Charge on CCAs for a Remittance Month shall be equal to the Updated Monthly Billed Dollar Amount for Bond Charge on CCAs (see Subsection 2 below) for the month preceding the subject Remittance Month.
2. “Updated Monthly Billed Dollar Amount for Bond Charge on CCAs” for a given Remittance Month shall equal to the Actual Monthly Billed Dollar Amount for Bond Charge on CCAs (see Subsection 3 below) for the same Remittance Month.
3. “Actual Monthly Billed Dollar Amount for Bond Charge on CCAs” for a given Remittance Month will consist of the sum of all “Individual Monthly Billed Dollar Amounts for CCA Bond Charge” billed or re-billed to individual CCAs in the subject Remittance Month. In the case of Utility Bills, an Individual Monthly Billed Dollar Amount for CCA Bond Charge billed or re-billed to a CCA is the product of (i) the electric consumption subject to Bond Charge billed or re-billed to a CCA and (ii) the CCA Bond Charge rate applicable to the period of such electric consumption. In the case of Non-Utility Bills, PG&E will calculate the “Actual Monthly Billed Dollar Amount for Bond Charge on CCAs” by multiplying (i) the total electric consumption subject to Bond Charge and (ii) the CCA Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a CCA is subject to CCA Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the CCA Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a CCA, PG&E shall apply each of the differing CCA Bond Charge rates over such period to a portion of such electric consumption in proportion to the number of calendar days within the period when each rate was effective.

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of CCA Customer Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

## APPENDIX E-2

## PACIFIC GAS AND ELECTRIC COMPANY

## REMITTANCE OF COMMUNITY CHOICE AGGREGATION - POWER CHARGE

Commission Decision 04-12-046 imposes a CRS, including Power Charge on Community Choice Aggregation load that departs bundled service. This Appendix E-2 to Attachment B of the Servicing Order sets forth specific methodologies for determining the Forecast Monthly Billed Dollar Amount for Power Charge on Community Choice Aggregation Customers, the Updated Monthly Billed Dollar Amount for Power Charge on CCAs and the Actual Billed Dollar Amount for Power Charge on CCAs. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix E-2 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix E-1.

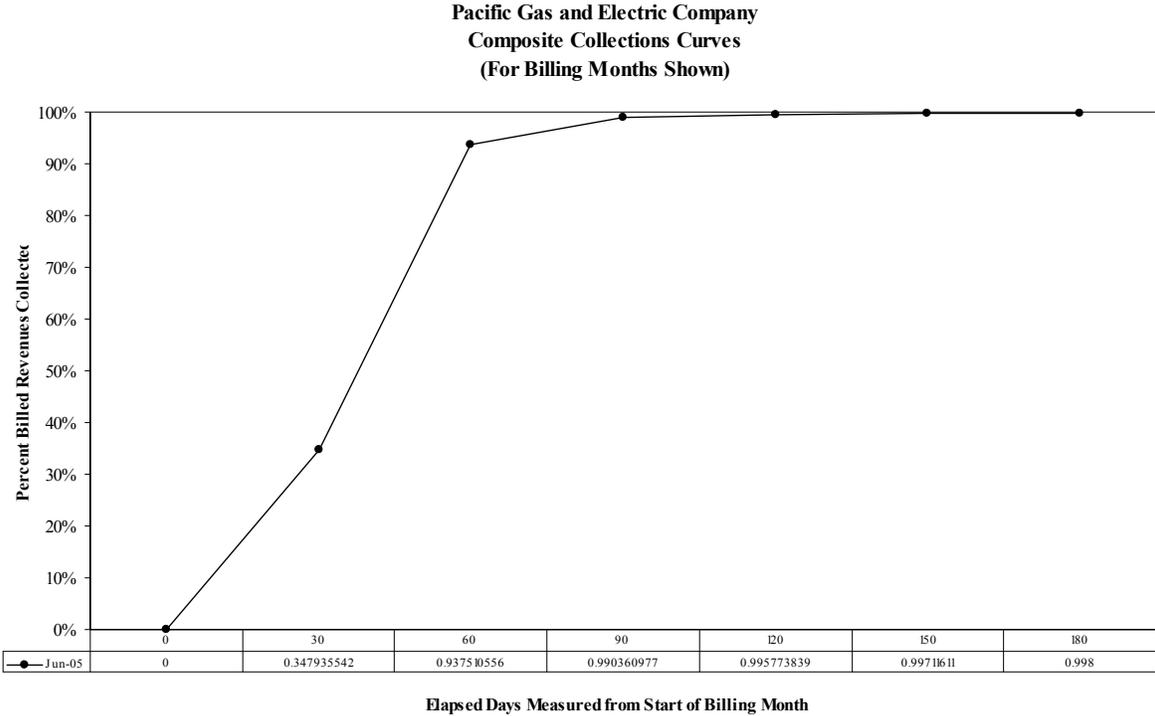
**A. Determination of Monthly Billed Dollar Amount for Power Charge on CCA**

1. “Forecast Monthly Billed Dollar Amount for Power Charge on CCAs” for a given Remittance Month is a forecast of the total dollar amount that PG&E bills or causes a Non-Utility to bill CCAs for Power Charge in that Remittance Month. The Forecast Monthly Billed Dollar Amount for Power Charge on CCAs for a Remittance Month shall be equal to the Updated Monthly Billed Dollar Amount for Power Charge on CCAs (see Subsection 2 below) for the month preceding the subject Remittance Month.
2. “Updated Monthly Billed Dollar Amount for Power Charge on CCAs” for a given Remittance Month shall equal to the Actual Monthly Billed Dollar Amount for Power Charge on CCAs (see Subsection 3 below) for the same Remittance Month.
3. “Actual Monthly Billed Dollar Amount for Power Charge on CCAs” for a given Remittance Month will consist of the sum of all “Individual Monthly Billed Dollar Amounts for CCA Power Charge” billed or re-billed to individual CCAs in the subject Remittance Month. In the case of Utility Bills, an Individual Monthly Billed Dollar Amount for CCA Power Charge billed or re-billed to a CCA is the product of (i) the electric consumption subject to Power Charge billed or re-billed to a CCA and (ii) the CCA Power Charge rate applicable to the period of such electric consumption. In the case of Non-Utility Bills, PG&E will calculate the “Actual Monthly Billed Dollar Amount for Power Charge on CCAs” by multiplying (i) the total electric consumption subject to Power Charge and (ii) the CCA Power Charge rate applicable to the period of such electric consumption. All electric consumption of a CCA is subject to CCA Power Charge unless exempt by Applicable Commission Orders.

In cases in which the CCA Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a CCA, PG&E shall apply each of the differing CCA Power Charge rates over such period to a portion of such electric consumption in proportion to the number of calendar days within the period when each rate was effective.

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of CCA Customer Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

ANNEX A  
PACIFIC GAS AND ELECTRIC COMPANY  
COLLECTION CURVE\*



\* Upon availability of an updated or revised Collection Curve, PG&E is to forward such updated or revised Collection Curve to DWR at the earliest practicable date.

ANNEX B  
PACIFIC GAS AND ELECTRIC COMPANY  
DWR REQUESTED ADJUSTMENTS

[Reserved]

## ATTACHMENT C

### PACIFIC GAS AND ELECTRIC COMPANY SAMPLE DAILY AND MONTHLY REPORTS

PG&E will provide daily and monthly reports as further described in this Attachment C. The sample report templates included in this Attachment C have been included for illustrative purposes only. Variations of reports specifications from those in this Attachment C may be implemented upon mutual agreement of the Parties. The report specifications in this Attachment C have been prepared to facilitate the receipt of reports related to all contemplated categories of DWR Charges currently effective or pending in Commission proceedings. Upon approval of the 2007 Servicing Order by the Commission, actual reports submitted by PG&E only include categories of DWR Charges active during the reporting period.

Unless otherwise specifically provided elsewhere in this Attachment C, PG&E will submit all reports by secure electronic means or password protected emails addressed to IOU\_Remit@water.ca.gov and, in each case, in Microsoft Excel® workbook format or, to the extent necessary from time to time, in comma separated value or fixed width text files, with the appropriate filename and subject line, all as further provided in this Attachment C.

#### SECTION 1. END USE CUSTOMER REPORTS

##### A. Daily Bundled Power Charge Remittance Report

The Daily Bundled Power Charge Remittance Report is to be submitted to DWR on each Utility Business Day of the Term.

(i) Delivery Mechanism and Naming Convention - This report should be sent by e-mail to the e-mail address [fmr@water.ca.gov](mailto:fmr@water.ca.gov) (or by such secure electronic means as reasonably determined appropriate by PG&E) in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - Daily Bundled Power Charge Remittance Report yyyyymmdd v#.xls

*Example: PG&E - Daily Bundled Power Charge Remittance Report 20050720 v1.xls*

- The subject line of e-mail: <utility name> - Daily Bundled Power Charge Remittance Report for yyyyymmdd

*Example: PG&E - Daily Bundled Power Charge Remittance Report for 20050720*

Modifications to a submitted report can be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

*Example: PG&E - Daily Bundled Power Charge Remittance Report 20050720 v2.xls*

(ii) Required Information and Timeline - PG&E shall present the daily Bundled Power Charge remittance amount noted in the Daily Bundled Power Charge Remittance Report, together with said Report to DWR by 12:00 noon, Pacific Prevailing Time, on each Utility Business Day that a remittance is transmitted to DWR. The following table lists the data elements that should be included in the Daily Bundled Power Charge Remittance Report.

DWR Account Reference	Fund Type	Customer Type	Debit	Credit	Net Remittance
8021360001	Power	Bundled	Remittance reduction for amount owed by DWR to PG&E	Daily remittance before being netted with "Debit"	Net Remittance Amount of Bundled Customers Power Charge: (Credit) – (Debit)

*Example:*

**Daily Bundled Power Charge Remittance Report**

**Date:** 7/20/2005

**Utility Name:** PG&E

DWR Account Reference	Fund Type	Customer Type	Debit	Credit	Net Remittance ( ≥ 0 )
8021360001	Power	Bundled	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx

iii) Wiring or ACH transfer Information - The fund identification information to accompany the electronic transfer of funds should follow similar format to the information of the Daily Bundled Power Charge Remittance Report. It should appear on the or ACH transmittal as follows;

<Utility Name> <DWR Account Reference> <Fund Type – Customer Type><Collection Date  
yyymmdd>

*Example:* PG&E 8021360001 DWR Power – Bundled 20050720

The electronic transfer of funds for Daily Remittance shall be completed by 12:00 noon, Pacific Prevailing Time.

**B. Daily Non-Commodity DWR Charge Remittance Report**

The Daily Non-Commodity DWR Charge Remittance Report is to be submitted to DWR on each Utility Business Day of the Term.

(i) Delivery Mechanism and Naming Convention - This report should be sent by e-mail to the e-mail address [fmr@water.ca.gov](mailto:fmr@water.ca.gov) (or by such secure electronic means as reasonably determined appropriate by PG&E) in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - Daily NC DWR Charge Remittance Report yyymmdd v#.xls

*Example:* PG&E - Daily NC DWR Charge Remittance Report 20050720 v1.xls

- The subject line of e-mail: <utility name> - Daily NC DWR Charge Remittance Report for yyyymmdd

*Example: PG&E - Daily NC DWR Charge Remittance Report for 20050720*

Modifications to a submitted report can be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

*Example: PG&E - Daily NC DWR Charge Remittance Report 20050720 v2.xls*

(ii) Required Information and Timeline - PG&E shall present the Daily Remittance Amount of non-commodity DWR Charges with a separate entry for each Fund Type on each applicable Customer Type in the Daily Non-Commodity DWR Charge Remittance Reports and submit the report to DWR by 12:00 noon, Pacific Prevailing Time, on the day when the remittances are transmitted to DWR. The following table lists known components of non-commodity DWR Charges that should be included in the Daily Non-Commodity DWR Charge Remittance Report when each of such charges becomes effective.

DWR Account Reference	Fund Type	Customer Type	Debit	Credit	Net Remittance
8021360002	Power	DA	Remittance reduction for amount owed by DWR to PG&E	Daily remittance before being netted with "Debit"	Net Remittance Amount of DA Customers Power Charge: (Credit) – (Debit)
8021360003	Power	CGDL	Remittance reduction for amount owed by DWR to PG&E	Daily remittance before being netted with "Debit"	Net Remittance Amount of CGDL Power Charge: (Credit) – (Debit)
8021360004	Power	CCA	Remittance reduction for amount owed by DWR to PG&E	Daily remittance before being netted with "Debit"	Net Remittance Amount of CCA Power Charge: (Credit) – (Debit)
8021360010	Power	MDL	Remittance reduction for amount owed by DWR to PG&E	Daily remittance before being netted with "Debit"	Net Remittance Amount of MDL Power Charge: (Credit) – (Debit)
8059000000	Bond	Bundled	Remittance reduction for amount owed by DWR to PG&E	Daily remittance before being netted with "Debit"	Net Remittance Amount of Bundled Customers Bond Charge: (Credit) – (Debit)
8059000001	Bond	DA	Remittance reduction for amount owed by DWR to PG&E	Daily remittance before being netted with "Debit"	Net Remittance Amount of DA Customers Bond Charge: (Credit) – (Debit)
8059000003	Bond	CGDL	Remittance reduction for amount owed by DWR to PG&E	Daily remittance before being netted with "Debit"	Net Remittance Amount of CGDL Bond Charge: (Credit) – (Debit)
8059000004	Bond	CCA	Remittance	Daily remittance	Net Remittance

DWR Account Reference	Fund Type	Customer Type	Debit	Credit	Net Remittance
			reduction for amount owed by DWR to PG&E	before being netted with "Debit"	Amount of CCA Bond Charge: (Credit) – (Debit)
8059000005	Bond	MDL	Remittance reduction for amount owed by DWR to PG&E	Daily remittance before being netted with "Debit"	Net Remittance Amount of MDL Bond Charge: (Credit) – (Debit)

*Example:*

**Daily Non-Commodity DWR Charge Remittance Report**

**Date:** 7/20/2005  
**Utility Name:** PG&E

DWR Account Reference	Fund Type	Customer Type	Debit	Credit	Net Remittance (≥ 0)
8021360002	Power	DA	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360003	Power	CGDL	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360004	Power	CCA	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360010	Power	MDL	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000000	Bond	Bundled	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000001	Bond	DA	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000003	Bond	CGDL	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000004	Bond	CCA	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000005	Bond	MDL	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx

(iii) Wiring or ACH transfer Information - The fund identification information to accompany the Electronic Transfer of Funds should follow similar format to the information of the Daily Non-Commodity DWR Charge Remittance Report. It should appear on the wire or ACH transfer as follows;

<Utility Name> <DWR Account Reference> <Fund Type – Customer Type><Collection Date  
yyymmdd>

*Example:* PG&E 8021360002 DWR Power – DA 20050720

The electronic transfer of funds for Daily Remittance shall be completed by 12:00 noon, Pacific Prevailing Time.

### C. Monthly Bundled Power Charge Billing Report

(i) Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Billing Report yyyyymm.xls  
*Example: PG&E – Monthly Bundled Power Charge Billing Report 200507.xls*
- The subject line of e-mail: <utility-name> - Monthly Bundled Power Charge Billing Report for yyyyymm

*Example: PG&E – Monthly Bundled Power Charge Billing Report for 200507*

(ii) Required Information and Timeline - The Monthly Bundled Power Charge Billing Report should be submitted to DWR by the Monthly Reconciliation Date following the end of each month of the Term.

The table below lists the data elements to be included in the Monthly Bundled Power Charge Billing Report.

Column #	Column	Description
1	Date	Utility Business Day (MM/DD/YY)
2	Total Bundled Billed kWh	Sum of all individual Bundled Customer electric consumptions in kilowatt-hours billed in a month
3	Bundled Power Billed kWh	Sum of all Individual Bundled Power Charge Billed kWhs in a month
4	Bundled Power Billed Amount (\$)	Sum of all Individual Bundled Power Charge Billed Dollar Amounts in a month

*Example:*

Date	Total Bundled Billed kWh	Bundled Power Billed kWh	Bundled Power Billed Amount (\$)
(1)	(2)	(3)	(4)
07/02/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
07/03/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
07/04/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
07/05/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

#### **D. Monthly Non-Commodity DWR Charge Billing Report**

(i) Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Non-Commodity DWR Charge Billing Report yyyyymm.xls

*Example: PG&E – Monthly Non-Commodity DWR Charge Billing Report 200507.xls*

- The subject line of e-mail: <utility-name> - Monthly Non-Commodity DWR Charge Billing Report for yyyyymm

*Example: PG&E – Monthly Non-Commodity DWR Charge Billing Report for 200507*

(ii) Required Information and Timeline - The Monthly Non-Commodity DWR Charge Billing Report should be submitted to DWR by the Monthly Reconciliation Date following the end of each month of the Term.

The table below lists the data elements to be included in the Monthly Non-Commodity DWR Charge Billing Report.

Column #	Column	Description
1	Date	Utility Business Day (MM/DD/YY)
2	Total Bundled Billed kWh	Sum of all individual Bundled Customer electric consumptions in kilowatt-hours billed in a month
3	Bundled Bond Billed kWh	Sum of all Individual Bundled Bond Charge Billed kWhs in a month
4	Bundled Bond Billed Amount (\$)	Sum of all Individual Bundled Bond Charge Billed Dollar Amounts
5	Total DA Billed kWh	Sum of all individual DA Customer electric consumptions in kilowatt-hours billed in a month
6	DA CRS Billed kWh	Sum of all Individual DA Power Charge Billed kWhs in a month
7	DA Power Billed Amount (\$)	Sum of all Individual DA Power Charge Billed Dollar Amounts in a month
8	DA Bond Billed Amount	Sum of all Individual DA Bond Charge Billed Dollar Amounts in a month
9	Total CGDL Billed kWh	Sum of all individual CGDL electric consumptions in kilowatt-hours billed in a month
10	CGDL Power Billed kWh	Sum of all Individual CGDL Power Charge Billed kWhs in a month
11	CGDL Power Billed Amount (\$)	Sum of all Individual CGDL Power Charge Billed Dollar Amounts in a month
12	CGDL Bond Billed kWh	Sum of all Individual CGDL Bond Charge Billed kWhs in a month
13	CGDL Bond Billed Amount	Sum of all Individual CGDL Bond Charge Billed Dollar Amounts in a month
14	Total CCA Billed kWh	Sum of all individual CCA electric consumptions in kilowatt-hours billed in a month
15	CCA Power Billed kWh	Sum of all Individual CCA Power Charge Billed kWhs in a month
16	CCA Power Billed Amount (\$)	Sum of all Individual CCA Power Charge Billed Dollar Amounts in a month
17	CCA Bond Billed kWh	Sum of all Individual CCA Bond Charge Billed kWhs in a month
18	CCA Bond Billed Amount	Sum of all Individual CCA Bond Charge Billed Dollar Amounts in a month
19	Total MDL Billed kWh	Sum of all individual MDL electric consumptions in kilowatt-hours billed in a month
20	MDL Power Billed kWh	Sum of all Individual MDL Power Charge Billed kWhs in a month
21	MDL Power Billed Amount (\$)	Sum of all Individual MDL Power Charge Billed Dollar Amounts in a month
22	MDL Bond Billed kWh	Sum of all Individual MDL Bond Charge Billed kWhs in a month

Column #	Column	Description
23	MDL Bond Billed Amount	Sum of all Individual MDL Bond Charge Billed Dollar Amounts in a month

*Example:*

Date	Bundled	Bundled Bond		DA	DA Power	DA Bond	
	Total Bundled Billed kWh	Bundled Bond Billed kWh	Bundled Bond Billed Amount (\$)	Total DA Billed kWh	DA DWR Charge Billed kWh	DA Power Billed Amount (\$)	DA Bond Billed Amount (\$)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
07/02/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
07/03/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
07/04/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
07/05/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

CGDL		CGDL Power		CGDL Bond		CCA	CCA Power		CCA Bond	
Total CGDL Billed kWh	CGDL Power Billed kWh	CGDL Power Billed Amount (\$)	CGDL Bond Billed kWh	CGDL Bond Billed Amount (\$)	Total CCA Billed kWh	CCA Power Charge Billed kWh	CCA Power Billed Amount (\$)	CCA Bond Charge Billed kWh	CCA Bond Billed Amount (\$)	
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	

MDL	MDL Power		MDL Bond	
Total MDL Billed kWh	MDL Power Billed kWh	MDL Power Billed Amount (\$)	MDL Bond Billed kWh	MDL Bond Billed Amount (\$)
(19)	(20)	(21)	(22)	(23)
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

## E. Monthly Forecast Report, Monthly Reconciliation Report and Final Reconciliation Reports

### 1. Bond Charge on Bundled Customers

#### a. Monthly Forecast Report for Bond Charge on Bundled Customers

(i) Delivery Mechanism and Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Forecast Report – Bundled Bond Charge yyyyymm.xls

*Example: PG&E – Monthly Forecast Report- Bundled Bond Charge 200507.xls*

- The subject line of e-mail: <utility-name> - Monthly Forecast Report –Bundled Bond Charge for yyyyymm

*Example: PG&E – Monthly Forecast Report –Bundled Bond Charge for 200507*

(ii) Required Information and Timeline - The Monthly Forecast Report for Bond Charge on Bundled Customers should be submitted to DWR on the 1<sup>st</sup> Utility Business Day of each month of the Term.

This report consists of the following worksheets:

- Initial Calc
- Initial Detail
- Daily Remittance Forecast

*Bundled Customer Bond Charge - Initial Calc Worksheet*

Pacific Gas and Electric Company							
CDWR Bundled Customers - Bond Charge							
Forecast for the Month of July 2005							
	Bond Charge	Bond Rate	Total DWR	Adjusted	Payment for	Daily Payment	
Billed Month	kWh	\$/kWh	Billed Revenue (\$)	Collection Curve	Month (\$)	Based Upon 20 Business Days (\$)	
	A	B	C=AxB	D	E=DxC	F=E/20 Days	
July 2005*	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx	
June 2005*	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx	
May 2005	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx	
April 2005	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx	
March 2005	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx	
February 2005	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx	
Total					xxx,xxx,xxx	xxx,xxx,xxx	

Bundled Customer Bond Charge - Initial Detail Worksheet

Microsoft Excel - PG&E Bond July Forecast.xls

File Edit View Insert Format Tools Data Window Help Type a question for help

A2 CDWR Bundled Customers - Bond Charge

	A	B	C	D	E	F	G	H	I	J	K	
1	<b>Pacific Gas and Electric Company</b>											
2	<b>CDWR Bundled Customers - Bond Charge</b>											
3	<b>Forecast for the Month of July 2005</b>											
4	<b>Billed Usage with Exclusions</b>											
5												
6												
7												
8												
9												
10		<b>Total Billed</b>	<b>Direct</b>	<b>Medical</b>								
11		<b>kWh</b>	<b>Access</b>	<b>Baseline</b>	<b>Care</b>	<b>Bond Charge</b>						
12	<b>Billed Month</b>	<b>Incl. DA</b>	<b>kWh</b>	<b>kWh</b>	<b>kWh</b>	<b>kWh</b>	<b>kWh</b>					
13		A	B	C	D	E=A-B-C-D						
14												
15												
16	July 2005*	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx					
17	June 2005*	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx					
18	May 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx					
19	April 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx					
20	March 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx					
21	February 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx					
22												
23												
24												
25	* Forecast Months											
26												

Initial Calc Initial Detail Daily Remittance Forecast

Ready

*Bundled Customer Bond Charge – Daily Remittance Forecast Worksheet*

CDWR Bundled Customers - Bond Charge			
Daily Remittance Forecast			
Date	Forecast		Net
	Daily Remittance	Daily True-Up	Daily Remittance
	Amount (\$)	Offset Amount (\$)	Amount (\$)
	(A)	(B)	(C)= (A)-(B)
9	TU Balance Forward from June 2005:	\$ (10,000)	
11	7/1/2005	\$ 222,222	\$ (10,000) \$ 212,222
12	7/2/2005	\$ 222,222	\$ - \$ 222,222
13	7/3/2005	\$ 222,222	\$ - \$ 222,222
14	7/4/2005	\$ 222,222	\$ - \$ 222,222
15	7/5/2005	\$ 222,222	\$ - \$ 222,222
16	7/6/2005	\$ 222,222	\$ - \$ 222,222
17	7/7/2005	\$ 222,222	\$ - \$ 222,222
18	7/8/2005	\$ 222,222	\$ - \$ 222,222
19	7/9/2005	\$ 222,222	\$ - \$ 222,222
20	7/10/2005	\$ 222,222	\$ - \$ 222,222
21	7/11/2005	\$ 222,222	\$ - \$ 222,222
22	7/12/2005	\$ 222,222	\$ - \$ 222,222
23	7/13/2005	\$ 222,222	\$ - \$ 222,222
24	7/14/2005	\$ 222,222	\$ - \$ 222,222
25	7/15/2005	\$ 222,222	\$ - \$ 222,222
26	7/16/2005	\$ 222,222	\$ - \$ 222,222
27	7/17/2005	\$ 222,222	\$ - \$ 222,222
28	7/18/2005	\$ 222,222	\$ - \$ 222,222
29	7/19/2005	\$ 222,222	\$ - \$ 222,222
30	7/20/2005	\$ 222,222	\$ - \$ 222,222
31	7/21/2005	\$ 222,222	\$ - \$ 222,222
32	7/22/2005	\$ 222,222	\$ - \$ 222,222
33	7/23/2005	\$ 222,222	\$ - \$ 222,222
34	7/24/2005	\$ 222,222	\$ - \$ 222,222
35	7/25/2005	\$ 222,222	\$ - \$ 222,222
36	7/26/2005	\$ 222,222	\$ - \$ 222,222
37	7/27/2005	\$ 222,222	\$ - \$ 222,222
38	7/28/2005	\$ 222,222	\$ - \$ 222,222
39	7/29/2005	\$ 222,222	\$ - \$ 222,222
40	7/30/2005	\$ 222,222	\$ - \$ 222,222
41	7/31/2005	\$ 222,222	\$ - \$ 222,222
43	TU Balance Forward to August 2005:	\$ -	

b. Monthly Reconciliation Report for Bond Charge on Bundled Customers

(i) Delivery Mechanism and Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Reconciliation Report – Bundled Bond Charge yyyyymm.xls

*Example: PG&E – Monthly Reconciliation Report- Bundled Bond Charge 200507.xls*

- The subject line of e-mail: <utility-name> - Monthly Reconciliation Report –Bundled Bond Charge for yyyyymm

*Example: PG&E – Monthly Reconciliation Report –Bundled Bond Charge for 200507*

(ii) Required Information and Timeline - The Monthly Reconciliation Report for Bond Charge on Bundled Customers should be submitted to DWR on the Monthly Reconciliation Date.

This report consists of the following worksheets:

- TU Summary
- Initial Calc (identical to the worksheet of the same name in the Monthly Forecast Report)
- Initial Detail (identical to the worksheet of the same name in the Monthly Forecast Report)
- TU Calc
- TU Detail

Bundled Customer Bond Charge – TU Summary Worksheet

Microsoft Excel - June 2005 Bond True-up.xls										
File Edit View Insert Format Tools Data Window Help										
Type a question for help										
A2 CDWR Bundled Customers – Bond Charge										
Pacific Gas and Electric Company										
CDWR Bundled Customers – Bond Charge										
Monthly Reconciliation Report for the Month of June 2005										
Billed Month	Forecasted Payments	True-Up Payments	True-Up Less Forecasted	True-Up Payment Date						
	A	B	C=B-A	D						
June 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx							
May 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx							
April 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx							
March 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx							
February 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx							
January 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx							
Total	\$ x,xxx,xxx	\$ x,xxx,xxx	(\$2,000,000)	7/21/2005						
June 2005 Monthly Reconciliation True-Up Amount			(\$2,000,000)							
December 2004 Final Reconciliation True-up Amount			\$50,000							
Other True-up Amount			\$0							
			(\$1,350,000)							
Daily Remittance TU										
Date	Forecast Daily Remittance Amount (\$)	Daily True-Up Offset Amount (\$)	Net Daily Remittance Amount (\$)							
	(A)	(B)	(C)=(A)-(B)							
TU Balance Forward from June 2005:		\$ (10,000)								
7/1/2005	\$ 222,222	\$ (10,000)	\$ 212,222							
7/2/2005	\$ 222,222	\$ -	\$ 222,222							
7/3/2005	\$ 222,222	\$ -	\$ 222,222							
7/4/2005	\$ 222,222	\$ -	\$ 222,222							
7/5/2005	\$ 222,222	\$ -	\$ 222,222							
7/6/2005	\$ 222,222	\$ -	\$ 222,222							
7/7/2005	\$ 222,222	\$ -	\$ 222,222							
7/8/2005	\$ 222,222	\$ -	\$ 222,222							
7/9/2005	\$ 222,222	\$ -	\$ 222,222							
7/10/2005	\$ 222,222	\$ -	\$ 222,222							
7/11/2005	\$ 222,222	\$ -	\$ 222,222							
7/12/2005	\$ 222,222	\$ -	\$ 222,222							
7/13/2005	\$ 222,222	\$ -	\$ 222,222							
7/14/2005	\$ 222,222	\$ -	\$ 222,222							
7/15/2005	\$ 222,222	\$ -	\$ 222,222							
7/16/2005	\$ 222,222	\$ -	\$ 222,222							
7/17/2005	\$ 222,222	\$ -	\$ 222,222							
7/18/2005	\$ 222,222	\$ -	\$ 222,222							
7/19/2005	\$ 222,222	\$ -	\$ 222,222							
7/20/2005	\$ 222,222	\$ -	\$ 222,222							
7/21/2005	\$ 222,222	\$ (222,222)	\$ -							
7/22/2005	\$ 222,222	\$ (222,222)	\$ -							
7/23/2005	\$ 222,222	\$ (222,222)	\$ -							
7/24/2005	\$ 222,222	\$ (222,222)	\$ -							
7/25/2005	\$ 222,222	\$ (222,222)	\$ -							
7/26/2005	\$ 222,222	\$ (222,222)	\$ -							
7/27/2005	\$ 222,222	\$ (222,222)	\$ -							
7/28/2005	\$ 222,222	\$ (222,222)	\$ -							
7/29/2005	\$ 222,222	\$ (172,224)	\$ 49,998							
7/30/2005	\$ 222,222	\$ -	\$ 222,222							
7/31/2005	\$ 222,222	\$ -	\$ 222,222							
TU Balance Forward to:	\$ -									

Bundled Customer Bond Charge – TU Calc Worksheet

Microsoft Excel - June 2005 Bond True-up.xls

File Edit View Insert Format Tools Data Window Help Type a question for help

A2 CDWR Bundled Customers - Bond Charge

Pacific Gas and Electric Company					
CDWR Bundled Customers - Bond Charge					
Monthly Reconciliation Report for the Month of June 2005					
Billed Month	Bond Charge kWh	Bond Rate \$/kWh	Total DWR Bond Charge Billed Revenue (\$)	Collection Curve	Payment for Month (\$)
A	B	C	D	E	F=CxD
June 2005	xxx,xxx,xxx	x.xxxxx*	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx
May 2005	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx
April 2005	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx
March 2005	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx
February 2005	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx
January 2005	xxx,xxx,xxx	x.xxxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx
Total					xxx,xxx,xxx

\* DWR Bond Charge rate has changed from 0.00493 to 0.00459 beginning June 1, 2005.  
 \*\* DWR Bond Charge was calculated based on dual rate versions as a result of rate changes.

TU Summary / Initial Calc / Initial Detail / TU Calc / TU Detail / Final Monthly Recon

Bundled Customer Bond Charge – TU Detail Worksheet

Microsoft Excel - June 2005 Bond True-up.xls

File Edit View Insert Format Tools Data Window Help Type a question for help

A2 CDWR Bundled Customers - Bond Charge

Pacific Gas and Electric Company					
CDWR Bundled Customers - Bond Charge					
Monthly Reconciliation Report for the Month of July 2005					
Actual Billed Usage with Exclusions (1)					
Billed Month	Total Billed kWh Incl. DA	Direct Access kWh	Medical Baseline kWh	Care kWh	Bond Charge kWh
A	B	C	D	E	F=A-B-C-D
June 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
May 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
April 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
March 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
February 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
January 2005	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

(1) Decision No. 02-10-063, Decision 02-11-074, and Decision 02-12-082

TU Summary / Initial Calc / Initial Detail / TU Calc / TU Detail / Final Monthly Recon

c. Final Reconciliation Report for Bond Charge on Bundled Customers

This report is a worksheet, *Final Monthly Recon*, in the Monthly Reconciliation Report for Bond Charge on Bundled Customers workbook.

*Bundled Customer Bond Charge – Final Monthly Recon Worksheet*

	A	B	C	D	E	F	G	H	I	J
1	Pacific Gas and Electric Company									
2	CDWR Bundled Customers - Bond Charge									
3	Final Monthly Reconciliation Report for January 2005									
4										
5										
6										
7										
8										
9		<b>Bond Charge</b>	<b>Bond Rate</b>	<b>Total DWR Bond Billed Revenue</b>	<b>Uncollectible Percentage</b>	<b>Total DWR Bond Payment</b>	<b>Previous January 2005 Payments</b>	<b>Final True-up Amount</b>		
10	<b>Billed Month</b>	<b>kWh</b>	<b>\$/kWh</b>	<b>C=A*B</b>	<b>D</b>	<b>E=C*(1-D)</b>	<b>F</b>	<b>G=E-F</b>		
11		A	B		D		F	G=E-F		
12										
13	January 2005	###,###,###	###.###	###,###,###	###.##%	###,###,###	###,###,###	###,###,###		
14										
15										

2. Power Charge on Bundled Customers.

Since the approval of the 2007 Servicing Order, the existing report templates have been supplemented to note the items to be reflected on and after the MRTU Effective Date.

a. Monthly Forecast Report for Power Charge on Bundled Customers

(i) Delivery Mechanism and Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Forecast Report – Bundled Power Charge yyyyymm.xls

*Example: PG&E – Monthly Forecast Report- Bundled Power Charge 200907.xls*

- The subject line of e-mail: <utility-name> - Monthly Forecast Report –Bundled Power Charge for yyyyymm

*Example: PG&E – Monthly Forecast Report –Bundled Power Charge for 200907*

(ii) Required Information and Timeline - The Monthly Forecast Report for Power Charge on Bundled Customers should be submitted to DWR on the 1<sup>st</sup> Utility Business Day of each month of the Term.

This report consists of the following worksheets:

- Initial Calc
- Initial Detail

- Daily Remittance Forecast

*Bundled Customer Power Charge - Initial Calc Worksheet*

**Pacific Gas and Electric Company  
CDWR July 2009 (Forecast) Collection Month Payments (Power Charges)  
Initial Calculations \*\*\***

<u>Trade Month</u>	<u>CDWR Power Charge % **</u>	<u>CDWR Billed</u>		<u>CDWR Rate \$/MWH</u>	<u>Total CDWR Payments for Trade Month (\$)</u>	<u>Collection Curve</u>	<u>Payment for Trade Month (\$)</u>	<u>Daily Payment Based Upon 23 Business Days (\$)</u>
		<u>MWH</u>	<u>MWH</u>					
A	B	C	D=BxC	E	F=DxE	G	H=FxG	I=H/23 Days
February-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xx.xx	x,xxx,xxx	xx.xx%	x,xxx,xxx	x,xxx,xxx
March-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xx.xx	x,xxx,xxx	xx.xx%	x,xxx,xxx	x,xxx,xxx
April-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xx.xx	x,xxx,xxx	xx.xx%	x,xxx,xxx	x,xxx,xxx
May-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xx.xx	x,xxx,xxx	xx.xx%	x,xxx,xxx	x,xxx,xxx
June-2009 *	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xx.xx	x,xxx,xxx	xx.xx%	x,xxx,xxx	x,xxx,xxx
July-2009 *	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xx.xx	x,xxx,xxx	xx.xx%	x,xxx,xxx	x,xxx,xxx
Totals							x,xxx,xxx	x,xxx,xxx

\* Forecast Months.

\*\* Percentages are estimates. Final percentages for respective trade months will be reflected in final trade month true-up calculation. Commencing April 1, 2009, CDWR Power Charge % shall be the monthly DWR Percentage shown in the DWR Percentage Calculation Report.

\*\*\* Calculations are pursuant to D.02-12-045, D.02-12-052, D.02-12-069, D.02-12-072, D.03-02-031, D.03-04-029, D.03-09-017, D.03-09-018, D.04-10-020, Modified Operating Agreement effective December 22, 2004, Resolution E-3852, D.07-03-025 and the Memorandum of Understanding dated February 4, 2009 and approved on March 13, 2009 as further modified and supplemented in the 2010 Servicing Order.

Bundled Customer Power Charge - Initial Detail Worksheet

Pacific Gas and Electric Company

CDWR July 2009 (Forecast) Collection Month Payments (Power Charges)

Initial Calculations

Detail Tab

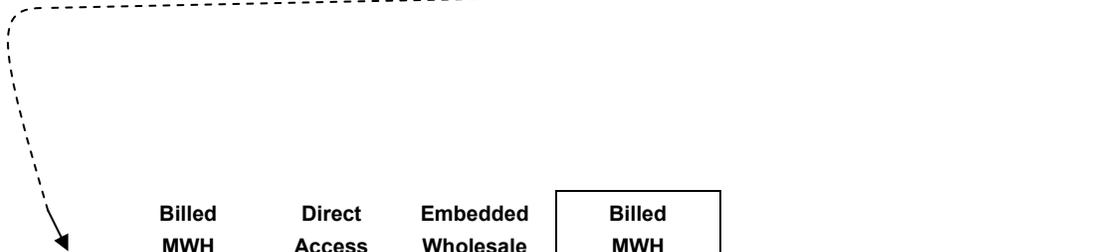
<u>Trade Month</u>	<u>CDWR Alloc Contracts MWH</u> <sup>1</sup>	<u>[Reserved]</u>	<u>[Reserved]</u>	<u>Estimated Zonal Load MWH</u>	<u>Estimated Embedded WAPA MWH</u>	<u>Estimated Retail Load MWH</u> <sup>2</sup>	<u>CDWR Power Charge %</u> <sup>3</sup>
A	B	C	D	E	F	G=E-F	H=B/G
February-2009	x,xxx,xxx			x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
March-2009	x,xxx,xxx			x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
April-2009	x,xxx,xxx			x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
May-2009	x,xxx,xxx			x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
June-2009 *	x,xxx,xxx			x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
July-2009 *	x,xxx,xxx			x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%

\* Forecast Months

<sup>1</sup> Commencing April 1, 2009 and for non-forecasted months, represents the Summation of Hourly DWR Remittance Basis Power.

<sup>2</sup> Commencing April 1, 2009 and for non-forecasted months, represents the Summation of Hourly Estimated Bundled Customer load (as described in the 2010 Operating Order).

<sup>3</sup> Commencing April 1, 2009, Forecasted CDWR Power Charge % shall be the average of the three previous monthly CDWR Power Charge %; provided that the "Estimated CDWR Percentage shall be used until July, 2009.



<u>Billed MWH Incl. DA</u>	<u>Direct Access MWH</u>	<u>Embedded Wholesale MWH</u>	<u>Billed MWH Excl. DA</u>
I	J	K	L=I-J-K
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx

*Bundled Customer Power Charge – Daily Remittance Forecast Worksheet*

**Pacific Gas and Electric Company  
CDWR Bundled Customers - Power Charge  
Daily Remittance Forecast**

<b>Date</b>	<b>Forecast Daily Remittance Amount</b>	<b>Daily True-Up Offset Amount (\$)</b>	<b>Net Daily Remittance Amount (\$)</b>
	<b>(A)</b>	<b>(B)</b>	<b>(C) = (A) - (B)</b>
<b>TU Balance Forward from June 2009</b>	\$	-	
7/1/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/2/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/3/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/4/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/5/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/6/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/7/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/8/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/9/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/10/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/11/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/12/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/13/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/14/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/15/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/16/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/17/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/18/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/19/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/20/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/21/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/22/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/23/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/24/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/25/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/26/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/27/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/28/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/29/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/30/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
7/31/2009	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
<b>TU Balance Forward from August 2009</b>		\$x,xxx,xxx.xx	

b. Monthly Reconciliation Report for Power Charge on Bundled Customers

(i) Delivery Mechanism and Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Reconciliation Report – Bundled Power Charge yyyyymm.xls  
*Example: PG&E – Monthly Reconciliation Report- Bundled Power Charge 200507.xls*
- The subject line of e-mail: <utility-name> - Monthly Reconciliation Report –Bundled Power Charge for yyyyymm

*Example: PG&E – Monthly Reconciliation Report –Bundled Power Charge for 200507*

(ii) Required Information and Timeline - The Monthly Reconciliation Report for Power Charge on Bundled Customers should be submitted to DWR on the Monthly Reconciliation Date.

This report consists of the following worksheets:

- TU Summary
- Initial Calc (identical to the worksheet of the same name in the Monthly Forecast Report)
- Initial Detail (identical to the worksheet of the same name in the Monthly Forecast Report)
- TU Calc
- TU Detail

Bundled Customer Power Charge – TU Summary Worksheet  
**Pacific Gas and Electric Company**  
**CDWR Bundled Customers - Power Charge**  
**Monthly Reconciliation Report for the month of July 2009**

<u>Trade Month</u>	<u>Forecasted Jul Payment</u> A	<u>True-Up Jul Payment</u> B	<u>True-Up Less Forecasted</u> C=B-A	<u>True-Up Payment Date</u> D
February-2009	\$xx,xxx.xx	\$xx,xxx.xx	\$x.xx	
March-2009	xxx,xxx.xx	xxx,xxx.xx	x.xx	
April-2009	xxx,xxx.xx	xxx,xxx.xx	x.xx	
May-2009	x,xxx,xxx.xx	x,xxx,xxx.xx	x.xx	
June-2009	xx,xxx,xxx.xx	xx,xxx,xxx.xx	xx,xxx,xxx.xx	
July-2009	xx,xxx,xxx.xx	xx,xxx,xxx.xx	xx,xxx,xxx.xx	
Subtotal	<u>\$xxx,xxx,xxx.xx</u>	<u>\$xxx,xxx,xxx.xx</u>	<u>\$xx,xxx,xxx.xx</u>	x/xx/xxxx
<b>July 2009 Monthly Reconciliation True-Up Amount</b>			\$xx,xxx,xxx.xx	
<b>January 2009 Final Reconciliation True-Up Amount</b>			(\$xxx,xxx.xx)	
<b>Other True-Up Amount</b>			\$x.xx	
			<u>\$xx,xxx,xxx.xx</u>	

Date	Daily Remittance TU		
	Forecast		Net
	Daily Remittance Amount (A)	Daily True-Up Offset Amount (\$) (B)	Daily Remittance Amount (\$) (C) = (A) - (B)
<b>TU Balance Forward from July 2009</b>		\$ -	
8/1/2009			
8/2/2009			
8/3/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/4/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/5/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/6/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/7/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/3/2009			
8/3/2009			
8/10/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/11/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/12/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/13/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/14/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/15/2009			
8/16/2009			
8/17/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/18/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/19/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/20/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/21/2009	\$ xx,xxx,xxx.xx	\$ (\$xxx,xxx.xx)	\$ xx,xxx,xxx.xx
8/22/2009			
8/23/2009			
8/24/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/25/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/26/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/27/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/28/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
8/29/2009			
8/30/2009			
8/31/2009	\$ x,xxx,xxx.xx	\$ -	\$ x,xxx,xxx.xx
	\$ -	\$ -	\$ -
<b>TU Balance Forward from August 2009</b>		\$ -	

Bundled Customer Power Charge – TU Calc Worksheet

Pacific Gas and Electric Company  
**CDWR July 2009 (Estimated) Collection Month Payments (Bundled Customers)**  
 Monthly Reconciliation Report True-up Calculations

<u>Trade Month</u>	<u>CDWR Power Charge %</u>	<u>Billed MWH</u>	<u>CDWR Billed MWH</u>	<u>CDWR Rate \$/MWH</u>	<u>Total CDWR Payments for Trade Month (\$)</u>	<u>Collection Curve</u>	<u>July 2009 Payment for Trade Month (\$)</u>
A	B	C	D=BxC	E	F=DxE	G	H=FxG
February-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xxx.xx	\$x,xxx,xxx.xx	xx.xx%	\$x,xxx,xxx.xx
March-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xxx.xx	\$x,xxx,xxx.xx	xx.xx%	\$x,xxx,xxx.xx
April-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xxx.xx	\$x,xxx,xxx.xx	xx.xx%	\$x,xxx,xxx.xx
May-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xxx.xx	\$x,xxx,xxx.xx	xx.xx%	\$x,xxx,xxx.xx
June-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xxx.xx	\$x,xxx,xxx.xx	xx.xx%	\$x,xxx,xxx.xx
July 2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xxx.xx	\$x,xxx,xxx.xx	xx.xx%	\$x,xxx,xxx.xx
Totals							\$x,xxx,xxx.xx
						20/20	\$x,xxx,xxx.xx
						<b>Payments</b>	<b>\$x,xxx,xxx.xx</b>

Bundled Customer Power Charge – TU Detail Worksheet

Pacific Gas and Electric Company  
**CDWR July 2009 (Estimated) Collection Month Payments (Bundled Customers)**  
 Monthly Reconciliation Report True-up Calculations  
 Detail Tab

<u>Trade Month</u>	<u>CDWR Alloc Contracts</u> <sup>1</sup>	<u>[Reserved]</u>	<u>[Reserved]</u>	<u>Estimated Zonal Load</u>	<u>Estimated Embedded WAPA</u>	<u>Estimated Retail Load</u> <sup>2</sup>	<u>CDWR Power Charge %</u> <sup>3</sup>
A	B	C	D	E	F	G=E-F	H=B/G
February-2009	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
March-2009	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
April-2009	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
May-2009	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
June-2009	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%
July-2009	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%

<sup>1</sup> Commencing April 1, 2009 and for non-forecasted months, represents the Summation of Hourly DWR Remittance Basis Power.

<sup>2</sup> Commencing April 1, 2009 and for non-forecasted months, represents the Summation of Hourly Estimated Bundled Customer load (as described in the 2010 Operating Order).

<sup>3</sup> Commencing April 1, 2009, Forecasted CDWR Power Charge % shall be the average of the three previous monthly CDWR Power Charge %; provided that the "Estimated CDWR Percentage shall be used until July, 2009.

<u>Billed MWH Incl. DA</u>	<u>Direct Access MWH</u>	<u>Embedded Wholesale</u>	<u>Billed MWH Excl. DA</u>
I	J	K	L=I-J-K
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx

c. Final Reconciliation Report for Power Charge on Bundled Customers

(i) Delivery Mechanism and Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Final Reconciliation Report – Bundled Power Charge yyyyymm.xls

*Example: PG&E – Final Reconciliation Report- Bundled Power Charge 200507.xls*

- The subject line of e-mail: <utility-name> - Final Reconciliation Report –Bundled Power Charge for yyyyymm

*Example: PG&E – Final Reconciliation Report –Bundled Power Charge for 200507*

(ii) Required Information and Timeline - The Final Reconciliation Report for Power Charge on Bundled Customers should be submitted to DWR on the Monthly Reconciliation Date.

This report consists of the following worksheets:

- Monthly Calc
- Detail

*Bundled Customer Power Charge – Monthly Calc Worksheet*

Pacific Gas and Electric Company  
**CDWR January-2009 Final Trade Month Payments (Bundled Customers - Power Charges)**  
 Final Monthly Reconciliation Report

<u>Trade Month</u>	<u>CDWR Volumes/ Retail Load</u>	<u>Billed MWH</u>	<u>CDWR Billed MWH</u>	<u>CDWR Rate \$/MWH</u>	<u>Uncollectible Percentage</u>
	A	B	C=AxB	D	E
January-2009	xx.xx%	x,xxx,xxx	x,xxx,xxx	xx.xx	x.xxxxx%

<u>Total CDWR Payment Before 20/20</u>	<u>20/20 Credits</u>	<u>Total CDWR Payment for Trade Month</u>	<u>Previous Payments</u>	<u>Final True-up Amount</u>
F=CxDx(1-E)	G	H=F+G	I	J=H-I
xx,xxx,xxx.xx	x.xx	xx,xxx,xxx.xx	xx,xxx,xxx.xx	xx,xxx,xxx.xx

*Bundled Customer Power Charge – Detail Worksheet*

Pacific Gas and Electric Company  
**CDWR January-2009 Final Trade Month Payments (Power Charges)**  
**CDWR Final Trade Month Payments (Power Charges)**  
**Detail Tab**

<u>Trade Month</u>	<u>CDWR Alloc Contracts</u> <sup>1</sup>	<u>[Reserved]</u>	<u>Zonal Load</u>	<u>Embedded WAPA</u>	<u>Retail Load</u> <sup>2</sup>	<u>CDWR Volumes/ Retail Load</u> <sup>3</sup>
A	B	D	E	F	G=E-F	H=B/G
January-2009	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx.xx%

- <sup>1</sup> Commencing April 1, 2009 and for non-forecasted months, represents the Summation of Hourly DWR Remittance Basis Power.
- <sup>2</sup> Commencing April 1, 2009 and for non-forecasted months, represents the Summation of Hourly Estimated Bundled Customer load (as described in the 2010 Operating Order).
- <sup>3</sup> Commencing April 1, 2009, Forecasted CDWR Power Charge % shall be the average of the three previous monthly CDWR Power Charge %; provided that the “Estimated CDWR Percentage shall be used until July, 2009.

<u>Billed MWH Incl. DA</u>	<u>Direct Access MWH</u>	<u>Embedded Wholesale</u>	<u>Billed MWH Excl. DA</u>
I	J	K	L=I-J-K
x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx

*d. Additional Reports on and after the MRTU Effective Date*

1. SIBR - IST Report - The IST Report is to be submitted to DWR within 5 Utility Business Days after the end of each calendar month during the Term.

(i) **Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by PG&E) with the following filename and subject line:

- The format of the filename: <utility name> - IST Report yyyyymm v#.xls

Example: PG&E – SIBR - IST Report 200904 v1.xls

- The subject line of e-mail: <utility name> - IST Report for yyyyymm

Example: PG&E - SIBR - IST Report for 200904

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

Example: PG&E - SIBR - IST Report 200904 v2.xls

**(ii) Required Information and Timeline** - PG&E shall report the Inter-SC Trade amounts of DWR Contracts with a separate entry for each hour of the date and for each Contract in the IST Reports. PG&E shall report the data columns specified in the following table for each Inter-SC Trade Amounts. The report should be consistent in form and substance to the following table in Excel format.

Example:

Market (DA/RT)	DATE	HR	Product Type	Selling SC	Buying SC	Trading Location	Submitted Qty.	Adjusted Qty.	Counter Qty.
xx	mm/dd/yyyy	1	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	2	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	3	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	4	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	5	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	6	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	7	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	8	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	9	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	10	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	11	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	12	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	13	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	14	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	15	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	16	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	17	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	18	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	19	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	20	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	21	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	22	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	23	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	24	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
xx	mm/dd/yyyy	25	xxxxx	xxxxx	xxxx	xxxx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx





Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

*Example: PG&E - Monthly Intertie Report 200904 v2.xls*

**(ii) Required Information and Timeline** - PG&E shall report the Intertie Trade activities of DWR Contracts with a separate entry for each hour of the date and for each Contract that comes in to the CAISO area from outside on the Monthly Intertie Reports. PG&E shall report the data columns specified in the following table for each Contract. The report should be consistent in form and substance to the following table in Excel format.

*Example:*

**PG&E  
Intertie  
Report  
Month - yyyy**

**PPM**

		<b>Final Scheduled Energy</b>	<b>Final Scheduled Energy</b>	<b>Final Scheduled Energy</b>	<b>Final Scheduled Energy</b>	<b>DWR Remittance Basis Energy</b>	<b>Comments</b>
<b>Hr Ending</b>		<b>MALIN_5_RNDMTN</b>	<b>NP15</b>	<b>Supplement Energy</b>	<b>Total</b>		
mm/dd/yyyy	1	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	2	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	3	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	4	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	5	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	6	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	7	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	8	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	9	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	10	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	11	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	12	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	13	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	14	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	15	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	16	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	17	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	18	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	19	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	20	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	21	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	22	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	23	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	
mm/dd/yyyy	24	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	

3. Market Activities Report – The Market Activities Report is to accompany the PG&E Market Revenues Invoice to be submitted to DWR as contemplated under the 2010 Operating Order, Exhibit C, Part III, Section D(3). Since the PG&E Market Revenues Invoice may be prepared after the 20-day true - up, this Report will be prepared by PG&E but used in the 6 – month true –up process to determine the DWR Percentage Calculation.

**(i) Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remmit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by PG&E) accompanied by the PG&E Market Revenues Invoice with the following filename and subject line:

- The format of the filename: <utility name> - Market Activities Report yyyyymm v#.xls

*Example: PG&E – Market Activities Report 201002 v1.xls*

- The subject line of e-mail: <utility name> - Market Activities Report for yyyyymm

*Example: PG&E - Market Activities Report for 201002 and Invoice*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

*Example: PG&E - Market Activities Report 201002 v2.xls*

**(ii) Required Information and Timeline** - PG&E shall report the CAISO Day Ahead Market Award amounts of such DWR Contracts specifically noted with Footnote 4 in Schedule 1 of the 2010 Operating Order with a separate entry for each hour of the date and for each Contract in the Market Activities Report for the same reporting period as noted in the related PG&E Market Revenues Invoice. PG&E shall report the data columns specified in the following table for each CAISO Day Ahead Market Award amount. The report should be consistent in form and substance to the following table in Excel format.

Example:

			PG&E -	Market	Activities	Report		
DATE	HR	Contract Name	Selling SC	Delivery Location	Award Qty. (MWh)	Award Price (\$/MWh)	Award Revenue	Quantities for Remittance Basis (MWh)
XX/XX	1	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	2	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	3	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	4	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	5	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	6	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	7	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	8	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	9	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	10	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	11	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	12	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	13	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	14	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	15	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	16	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	17	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	18	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	19	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	20	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	21	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	22	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	23	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX
XX/XX	24	XXXXXX	XXXX	XXXX	XXX,XXX	XXX.XX	X,XXX,XXX.XX	XXX,XXX

4. Monthly ECBL Report - The Monthly Estimated Bundled Customer Load Report is to be submitted to DWR within 15 Utility Business Days after the end of each calendar month during the Term.

(i) **Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by PG&E) with the following filename and subject line:

- The format of the filename: <utility name> - Monthly EBCL Report yyyyymm v#.xls

Example: PG&E - Monthly EBCL Report 200904 v1.xls

- The subject line of e-mail: <utility name> - Monthly EBCL Report for yyyyymm

Example: PG&E – Monthly EBCL Report for 200904

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the monthly report with the subsequent version number.

*Example: PG&E - Monthly EBCL Report 200904 v2.xls*

- (ii) Required Information and Timeline** - PG&E shall report the daily Estimated Bundled Customer Load amounts for Bundled Customers in the Monthly EBCL Reports. PG&E shall report the data columns specified in the following table for the daily load based on EMS meters, Non Bundled Customer load, Load attributed to WAPA and Bundled Customer load as the balance on remaining load. The report should be consistent in form and substance to the following table in Excel format.

*Example:*



5. Monthly DWR Percentage Calculation Report - The Monthly DWR Percentage Calculation Report is to be submitted to DWR within 15 Utility Business Days after the end of each calendar month during the Term.

(i) **Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by PG&E) with the following filename and subject line:

- The format of the filename: <utility name> - Monthly DWR Percentage Calculation Report yyyyymm v#.xls

*Example: PG&E - Monthly DWR Percentage Calculation Report 200904 v1.xls*

- The subject line of e-mail: <utility name> - Monthly DWR Percentage Calculation Report for yyyyymm

*Example: PG&E – Monthly DWR Percentage Calculation Report for 200904*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the monthly report with the subsequent version number.

*Example: PG&E - Monthly DWR Percentage Calculation Report 200904 v2.xls*

(iii) **Required Information and Timeline** - PG&E shall report the monthly Remittance Basis and Estimated Bundled Customer Load amounts for Bundled Customers in the Monthly DWR Percentage Calculation Reports. PG&E shall report the data columns specified in the following table for the monthly total quantities of each DWR Contract, the Estimated Bundled Customer Load and the DWR Percentage Calculation. The report should be consistent in form and substance to the following table in Excel format.

*Example:*

PG&E  
**Monthly DWR Percentage Calculation**  
 Final August-2009

Trade Month	CDWR Remittance Basis Energy	Estimated Bundled Customer Load	DWR Percentage
	MWh	MWh	%
	A	B	C=A/B
August-2009	xxx,xxx	xxx,xxx	xx.xx

6. EBCL Deviation Report - The EBCL Deviation Report is to be submitted to DWR within 15 Utility Business Days after the end of each calendar month during the Term.

**(i) Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by PG&E) with the following filename and subject line:

- The format of the filename: <utility name> - EBCL Deviation Report yyyyymm v#.xls

*Example: PG&E - EBCL Deviation Report 200904 v1.xls*

- The subject line of e-mail: <utility name> - EBCL Deviation Report for yyyyymm

*Example: PG&E - EBCL Deviation Report for 200904*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the monthly report with the subsequent version number.

*Example: PG&E - EBCL Deviation Report 200904 v2.xls*

**(ii) Required Information and Timeline** - PG&E shall report the monthly Estimated Bundled Customer Load and the final ISO submitted Bundled Customer Load information in the EBCL Deviation Reports. PG&E shall report the data columns specified in the following table for the monthly quantities of the Estimated Bundled Customer Load, the Final ISO Submitted Bundled Customer Load, and the deviation percentage as further described below. The report should be consistent in form and substance to the following table in Excel format.

*Example:*

PG&E  
**Monthly Load Deviation**  
 Final - yyyy

Month	Estimated Bundled Customer Load	Final CAISO Submitted Bundled Customer Load	Final Deviation
	MWh	MWh	%
	A	B	$C=ABS((B-A)/B)$
December yyyy-1	xxx,xxx	xxx,xxx	xx.xx
January	xxx,xxx	xxx,xxx	xx.xx
February	xxx,xxx	xxx,xxx	xx.xx
March	xxx,xxx	xxx,xxx	xx.xx
April	xxx,xxx	xxx,xxx	xx.xx
May	xxx,xxx	xxx,xxx	xx.xx
June	xxx,xxx	xxx,xxx	xx.xx
July	xxx,xxx	xxx,xxx	xx.xx
August	xxx,xxx	xxx,xxx	xx.xx
September	xxx,xxx	xxx,xxx	xx.xx
October	xxx,xxx	xxx,xxx	xx.xx
November	xxx,xxx	xxx,xxx	xx.xx
December	xxx,xxx	xxx,xxx	xx.xx

7. Monthly Bundled Power Charge Billing Report - The Monthly Bundled Power Charge Billing Report is to be submitted to DWR within 15 Utility Business Days after the end of each calendar month during the Term.

(i) **Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address "IOU\_Remmit@water.ca.gov" (or by such secure electronic means as reasonably determined appropriate by PG&E) with the following filename and subject line:

- The format of the filename: <utility name> - Monthly Bundled Power Charge Billing Report yyyyymm v#.xls

*Example: PG&E - Monthly Bundled Power Charge Billing Report 200904 v1.xls*

- The subject line of e-mail: <utility name> - Monthly Bundled Power Charge Billing Report for yyyyymm

*Example: PG&E - Monthly Bundled Power Charge Billing Report for 200904*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the monthly report with the subsequent version number.

*Example: PG&E - Monthly Bundled Power Charge Billing Report 200904 v2.xls*



3. DWR Charges on DA Customers

a. Monthly Forecast Report for DWR Charges on DA Customers

(i) Delivery Mechanism and Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Forecast Report – DA DWR Charges yyyyymm.xls

*Example: PG&E – Monthly Forecast Report- DA DWR Charges 200507.xls*

- The subject line of e-mail: <utility-name> - Monthly Forecast Report –DA DWR Charges for yyyyymm

*Example: PG&E – Monthly Forecast Report –DA DWR Charges for 200507*

(ii) Required Information and Timeline - The Monthly Forecast Report for DWR Charges on DA Customers should be submitted to DWR on the 1<sup>st</sup> Utility Business Day of each month of the Term.

This report consists of the following worksheets:

- Initial Calc - Bond
- Initial Calc - Power
- Initial Detail
- Daily Forecast – Bond
- Daily Forecast - Power

DA Customers: Initial Calc – Bond Worksheet

Microsoft Excel - Sample DACRS Forecast Report(a).xls

File Edit View Insert Format Tools Data Window Help

Type a question for help

G22 =SUM(G15:G20)

**Pacific Gas and Electric Company**  
**CDWR Payments - Direct Access Bond Charge**  
**Forecast for the Month of February 2006**

	Power/Bond Charge	DA Power Rate	Total DA Bond Charge Billed Revenue (\$)	Adjusted Collection Curve	Payment for Month (\$)	Daily Payment Based Upon 19 Days Business Days (\$)
Billed Month	kWh	\$/kWh	C**	D	E=CxD	F=E/20 Days
February 2006*	768,880,000	0.00459***	3,529,159	32.48%	1,146,271	57,313.55
January 2006*	768,880,000	0.00459***	3,529,159	54.72%	1,931,156	96,557.80
December 2005	768,880,000	0.00459	3,529,159	5.92%	208,926	10,446.30
November 2005	768,880,000	0.00459	3,529,159	2.44%	86,111	4,305.55
October 2005	768,880,000	0.00459	3,529,159	2.37%	83,641	4,182.05
September 2005	768,880,000	0.00459	3,529,159	1.81%	63,878	3,193.90
					3,519,983	175,999.15

Initial Calc-Bond / Initial Calc-Power / Initial Detail / Daily Forecast-Bond / Daily Forecast-Power

Ready

DA Customers: Initial Calc – Power Worksheet

Microsoft Excel - Sample DACRS Forecast Report(a).xls

File Edit View Insert Format Tools Data Window Help

Type a question for help

10 B I %

Reply with Changes... End Review...

G22 =SUM(G15:G20)

Pacific Gas and Electric Company						
CDWR Payments - Direct Access Power Charge						
Forecast for the Month of February 2006						
	Power/Bond Charge kWh	DA Power Rate \$/kWh	Total DA Power Charge Billed Revenue (\$)	Adjusted Collection Curve	Payment for Month (\$)	Daily Payment Based Upon 19 Business Days (\$)
Billed Month	A	B	C**	D	E=CxD	F=E/20 Days
February 2006*	768,880,000	0.01278	9,826,286	32.48%	3,191,578	\$159,578.90
January 2006*	768,880,000	0.01278	9,826,286	54.72%	5,376,944	\$268,847.20
December 2005	768,880,000	0.01278	9,826,286	5.92%	581,716	\$29,085.80
November 2005	768,880,000	0.01278	9,826,286	2.44%	239,761	\$11,988.05
October 2005	768,880,000	0.01278	9,826,286	2.37%	232,883	\$11,644.15
September 2005	768,880,000	0.01278	9,826,286	1.81%	177,856	\$8,892.80
					9,800,738	\$490,036.90

\* Forecast Months

Initial Calc-Bond Initial Calc-Power Initial Detail Daily Forecast-Bond Daily Forecast-Power

Draw AutoShapes

Ready

DA Customers: Initial Detail Worksheet

**Pacific Gas and Electric Company**  
**CDWR Payments - Direct Access Power and Bond Charge**  
**Forecast for the Month of February 2006**  
**Billed Usage with Exclusions**

	<b>Total Billed DA</b>	<b>Continuous DA</b>	<b>Non-Continuous DA</b>	<b>Care</b>	<b>Medical</b>	<b>Power/Bond Charge</b>
<b>Billed Month</b>	<b>kWh**</b>	<b>kWh</b>	<b>kWh</b>	<b>kWh</b>	<b>kWh</b>	<b>kWh</b>
	A	B	C=A-B	D	E	F=C-D-E
February 2006*	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
January 2006*	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
December 2005	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
November 2005	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
October 2005	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
September 2005	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000

DA Customers: Daily Forecast - Bond Worksheet

Microsoft Excel - Sample DACRS Forecast Report(a).xls

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Type a question for help

10 B I %

Reply with Changes... End Review...

F29

	A	B	C	D	E	F	G
1		Pacific Gas and Electric Company					
2		<b>CDWR DA Customers - Bond Charge</b>					
3		<b>Daily Forecast</b>					
4							
5	<b>Date</b>	<b>Forecast</b>		<b>Net</b>			
6		<b>Daily Remittance</b>	<b>Daily True-Up</b>	<b>Daily Remittance</b>			
7		<b>Amount (\$)</b>	<b>Offset Amount (\$)</b>	<b>Amount (\$)</b>			
8		(A)	(B)	(C)= (A)-(B)			
9	<b>Bond TU Balance Forward from January 2006:</b>	\$	(10,000)				
10							
11	2/1/2006	175,999.15	\$ (10,000)	\$ 165,999			
12	2/2/2006	175,999.15	\$ -	\$ 175,999			
13	2/3/2006	175,999.15	\$ -	\$ 175,999			
14	2/4/2006	175,999.15	\$ -	\$ 175,999			
15	2/5/2006	175,999.15	\$ -	\$ 175,999			
16	2/6/2006	175,999.15	\$ -	\$ 175,999			
17	2/7/2006	175,999.15	\$ -	\$ 175,999			
18	2/8/2006	175,999.15	\$ -	\$ 175,999			
19	2/9/2006	175,999.15	\$ -	\$ 175,999			
20	2/10/2006	175,999.15	\$ -	\$ 175,999			
21	2/11/2006	175,999.15	\$ -	\$ 175,999			
22	2/12/2006	175,999.15	\$ -	\$ 175,999			
23	2/13/2006	175,999.15	\$ -	\$ 175,999			
24	2/14/2006	175,999.15	\$ -	\$ 175,999			
25	2/15/2006	175,999.15	\$ -	\$ 175,999			
26	2/16/2006	175,999.15	\$ -	\$ 175,999			
27	2/17/2006	175,999.15	\$ -	\$ 175,999			
28	2/18/2006	175,999.15	\$ -	\$ 175,999			
29	2/19/2006	175,999.15	\$ -	\$ 175,999			
30	2/20/2006	175,999.15	\$ -	\$ 175,999			
31	2/21/2006	175,999.15	\$ -	\$ 175,999			
32	2/22/2006	175,999.15	\$ -	\$ 175,999			
33	2/23/2006	175,999.15	\$ -	\$ 175,999			
34	2/24/2006	175,999.15	\$ -	\$ 175,999			
35	2/25/2006	175,999.15	\$ -	\$ 175,999			
36	2/26/2006	175,999.15	\$ -	\$ 175,999			
37	2/27/2006	175,999.15	\$ -	\$ 175,999			
38	2/28/2006	175,999.15	\$ -	\$ 175,999			
39							
40	<b>Bond TU Balance Forward to March 2006:</b>	\$	-				
41							

Initial Calc-Bond / Initial Calc-Power / Initial Detail / **Daily Forecast-Bond** / Daily Forecast-Power

Draw AutoShapes

Ready

*DA Customers: Daily Forecast - Power Worksheet*

Pacific Gas and Electric Company			
CDWR DA Customers - Power Charge			
Daily Remittance Forecast			
Date	Forecast	Daily True-Up	Net
	Daily Remittance	Offset Amount (\$)	Daily Remittance
	Amount (\$)		Amount (\$)
	(A)	(B)	(C)= (A)-(B)
<b>Power TU Balance Forward from January 2006:</b>			
	\$	(10,000)	
2/1/2006	490,036.90	\$ (10,000)	\$ 480,037
2/2/2006	490,036.90	\$ -	\$ 490,037
2/3/2006	490,036.90	\$ -	\$ 490,037
2/4/2006	490,036.90	\$ -	\$ 490,037
2/5/2006	490,036.90	\$ -	\$ 490,037
2/6/2006	490,036.90	\$ -	\$ 490,037
2/7/2006	490,036.90	\$ -	\$ 490,037
2/8/2006	490,036.90	\$ -	\$ 490,037
2/9/2006	490,036.90	\$ -	\$ 490,037
2/10/2006	490,036.90	\$ -	\$ 490,037
2/11/2006	490,036.90	\$ -	\$ 490,037
2/12/2006	490,036.90	\$ -	\$ 490,037
2/13/2006	490,036.90	\$ -	\$ 490,037
2/14/2006	490,036.90	\$ -	\$ 490,037
2/15/2006	490,036.90	\$ -	\$ 490,037
2/16/2006	490,036.90	\$ -	\$ 490,037
2/17/2006	490,036.90	\$ -	\$ 490,037
2/18/2006	490,036.90	\$ -	\$ 490,037
2/19/2006	490,036.90	\$ -	\$ 490,037
2/20/2006	490,036.90	\$ -	\$ 490,037
2/21/2006	490,036.90	\$ -	\$ 490,037
2/22/2006	490,036.90	\$ -	\$ 490,037
2/23/2006	490,036.90	\$ -	\$ 490,037
2/24/2006	490,036.90	\$ -	\$ 490,037
2/25/2006	490,036.90	\$ -	\$ 490,037
2/26/2006	490,036.90	\$ -	\$ 490,037
2/27/2006	490,036.90	\$ -	\$ 490,037
2/28/2006	490,036.90	\$ -	\$ 490,037
<b>Power TU Balance Forward to March 2006:</b>			
	\$	-	

b. Monthly Reconciliation Report for DWR Charges on DA Customers

(i) Delivery Mechanism and Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Reconciliation Report – DA DWR Charges yyyyymm.xls

*Example: PG&E – Monthly Reconciliation Report- DA DWR Charges 200507.xls*

- The subject line of e-mail: <utility-name> - Monthly Reconciliation Report –DA DWR Charges for yyyyymm

*Example: PG&E – Monthly Reconciliation Report –DA DWR Charges for 200507*

(ii) Required Information and Timeline - The Monthly Reconciliation Report for DWR Charges on DA Customers should be submitted to DWR on the Monthly Reconciliation Date.

This report is to be provided in a Microsoft Excel workbook with the following worksheets:

- Initial Calc – Bond (identical to the worksheet of the same name in the Monthly Forecast Report)
- Initial Calc – Power (identical to the worksheet of the same name in the Monthly Forecast Report) (identical to the worksheet of the same name in the Monthly Forecast Report)
- Initial Detail (identical to the worksheet of the same name in the Monthly Forecast Report)
- TU Summary-Bond
- TU Summary-Power
- TU Calc-Bond
- TU Calc-Power
- Final Monthly Recon (worksheet for the “Final Reconciliation Report”)
- Total DA CRS Revenue (worksheet for the “Final Reconciliation Report”)





DA Customers: TU Calc-Bond Worksheet

Pacific Gas and Electric Company					
CDWR Payments - Direct Access Bond Charge					
Monthly Reconciliation Report for the Month of January 2005					
	Power/Bond Charge	DA Bond Rate	Total DA Bond Charge Billed	Adjusted Collection	Payment for
Billed Month	kWh	\$/kWh	Revenue (\$)	Curve	Month (\$)
	A	B	C*	D	E=CxD
January 2006	668,880,000	0.00485	3,244,068	32.48%	1,053,673
December 2005	768,880,000	0.00459	3,529,159	54.72%	1,931,156
November 2005	768,880,000	0.00459	3,529,159	5.92%	208,926
October 2005	768,880,000	0.00459	3,529,159	2.44%	86,111
September 2005	768,880,000	0.00459	3,529,159	2.37%	83,641
August 2005	768,880,000	0.00459	3,529,159	1.81%	63,878
Total					3,427,385
** DA Bond Charge revenue was calculated based on dual rate versions as a result of rate changes.					

DA Customers: TU Calc-Power Bond Worksheet

Microsoft Excel - Sample DACRS True up Report(a).xls

File Edit View Insert Format Tools Data Window Help

A3 =TU Summary!A3:B3

	A	B	C	D	E	F
1	<b>Pacific Gas and Electric Company</b>					
2	<b>CDWR Payments - Direct Access Power Charge</b>					
3	<b>Monthly Reconciliation Report for the Month of January 2005</b>					
4						
5						
6						
7						
8						
9		<b>Power/Bond</b>	<b>DA</b>	<b>Total DA Power</b>	<b>Adjusted</b>	
10		<b>Charge</b>	<b>Power Rate</b>	<b>Charge Billed</b>	<b>Collection</b>	<b>Payment for</b>
11	<b>Billed Month</b>	<b>kWh</b>	<b>\$/kWh</b>	<b>Revenue (\$)</b>	<b>Curve</b>	<b>Month (\$)</b>
12		A	B	C*	D	E=CxD
13						
14						
15	January 2006	668,880,000	0.01278	8,548,286	32.48%	2,776,483
16	December 2005	768,880,000	0.01278	9,826,286	54.72%	5,376,944
17	November 2005	768,880,000	0.01278	9,826,286	5.92%	581,716
18	October 2005	768,880,000	0.01278	9,826,286	2.44%	239,761
19	September 2005	768,880,000	0.01278	9,826,286	2.37%	232,883
20	August 2005	768,880,000	0.01278	9,826,286	1.81%	177,856
21						
22	Total					9,385,643
23						
24						
25						
26						
27	* DA Power Charge revenue was calculated based on dual rate versions, starting March 1, 2004, as a result of the					
28	additional DA CRS components.					
29						
30						

TU Calc-Power / TU Detail / Final Monthly Recon / Total DA CRS Revenue

Ready

DA Customers: TU Detail Worksheet

Pacific Gas and Electric Company						
CDWR Payments - Direct Access Power and Bond Charge						
Monthly Reconciliation Report for the Month of January 2005						
Actual Billed Usage with Exclusions (1)						
	Total Billed	Continuous	Non-Continuous			Power & Bond
	DA	DA	DA	Care	Medical	Charge
Billed Month	kWh*	kWh	kWh	kWh	kWh	kWh
	A	B	C=A-B	D	E	F=C-D-E
January 2006*	700,000,000	30,000,000	670,000,000	1,000,000	120,000.00	668,880,000
December 2005	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
November 2005	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
October 2005	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
September 2005	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
August 2005	800,000,000	30,000,000	770,000,000	1,000,000	120,000.00	768,880,000
(1) Per Advice Letter 2328-E-C						
*Billed DA usage after January 1, 2003.						

c. Final Reconciliation Report for DWR Charges on DA Customers

This report consists of two worksheets, *Final Monthly Recon* and *Total DA CRS Revenue*, in the Monthly Reconciliation Report for DWR Charges on DA Customers workbook.

DA Customers: – Final Monthly Recon Worksheet

Microsoft Excel - Sample DACRS True up Report(a).xls

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A3 Final Monthly Reconciliation Report for July 2005

Pacific Gas and Electric Company						
CDWR Payments - Direct Access Power and Bond Charge						
Final Monthly Reconciliation Report for July 2005						
<b>Final Reconciliation of July 2005 DA CRS - Power Charge</b>						
Billed k/wh (A1)	DA Power Rate (B1)	Total Billed Revenue (C1)	Uncollectibles (D1)	Final DA Power (E1=C1*(1-D1))	Collection Month	Amount
750,000,000	0.01248	\$ 9,360,000	0.30000%	\$ 9,331,920	July 2005	3,200,000.00
					August 2005	5,400,000.00
					September 2005	520,000.00
					October 2005	200,000.00
					November 2005	190,000.00
					December 2005	150,000.00
					Previous Payments (F1)	\$ 9,660,000
					Final TU for DA Power (G1=E1-F1)	\$ (328,080)
*DA Power Charge billed revenue was calculated based on dual rate version as a result of rate changes.						
<b>Final Reconciliation of June 2005 DA CRS - Bond Charge</b>						
Billed k/wh (A2)	DA Bond Rate (B2)	Total Billed Revenue (C2)	Uncollectibles (D2)	Final DA Power (E2=C2*(1-D2))	Collection Month	Amount
750,000,000	0.00459	\$ 3,442,500	0.30000%	\$ 3,432,173	July 2005	1,200,000.00
					August 2005	1,900,000.00
					September 2005	200,000.00
					October 2005	80,000.00
					November 2005	79,000.00
					December 2005	60,000.00
					Previous Payments (F2)	\$ 3,519,000
					Final TU for DA Bond (G2=E2-F2)	\$ (86,827)
*DA Bond Charge billed revenue was calculated based on dual rate versions as a result of rate changes.						

TU Calc-Power TU Detail Final Monthly Recon Total DA CRS Revenue

Ready

DA Customers: – Final Monthly Recon Worksheet

Pacific Gas and Electric Company				
Total DA CRS Billed Revenue for the Month of July 2005				
Power Charge	Bond Charge	CTC	Regulatory Asset/ ERB	Total DA CRS
Billed Revenue (\$)	Billed Revenue (\$)	Billed Revenue (\$)	Billed Revenue (\$)	Billed Revenue (\$)
A	B	C	D	E=A+B+C+D
9,360,000	3,442,500	3,075,521	4,371,979	20,250,000

4. All Other Customer Types - Bond Charge and Power Charge

a. Monthly Forecast Reports for Bond Charge and Power Charge on CGDLs, MDLs and CCAs

In this Sub-section 4, entries enclosed between square brackets and separated by the symbol “/” are alternative entries.

(i) Delivery Mechanism and Naming Convention - The Monthly Forecast Report for each of Bond Charge and Power Charge on each Customer Types of CGDL, MDL and CCA should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Forecast Report – [CGDL / MDL/ CCA] [Bond Charge / Power Charge] yyyyymm.xls

*Example 1: PG&E – Monthly Forecast Report- CGDL Bond Charge 200507.xls*

*Example 2: PG&E – Monthly Forecast Report- CCA Power Charge 200507.xls*

- The subject line of e-mail: <utility-name> - Monthly Forecast Report –[CGDL / MDL / CCA] [Bond Charge / Power Charge] for yyyyymm

Example 3: PG&E – Monthly Forecast Report –CCA Power Charge for 200507

(ii) Required Information and Timeline - All Monthly Forecast Reports for Bond Charge and Power Charge on all Customer Types of CGDL, MDL and CCA should be submitted to DWR on the 1<sup>st</sup> Utility Business Day of each month of the Term using the following templates, clearly noted with the specific Customer Type and Fund Type.

Such a report consists of the following worksheets:

- Initial Calc
- Daily Remittance Forecast

[CGDL / MCL / CCA] [Bond Charge / Power Charge] - Initial Detail Worksheet

Pacific Gas and Electric Company						
CDWR [CGDL / MDL / CCA] – [Bond Charge / Power Charge]						
Forecast for the Month of July 2005						
Billed Month	MDL kWh	MDL \$/kWh	MDL Billed Revenue (\$)	Adjusted Collection Curve	Payment for Month (\$)	Daily Payment Upon 20 Days Business Days (\$)
	A	B	C=AxB	D	E=CxD	F=E/20 Days
July 2005*	xxx,xxx,xxx	x.xxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx
June 2005*	xxx,xxx,xxx	x.xxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx
May 2005	xxx,xxx,xxx	x.xxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx
April 2005	xxx,xxx,xxx	x.xxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx
March 2005	xxx,xxx,xxx	x.xxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx
February 2005	xxx,xxx,xxx	x.xxxx	xxx,xxx,xxx	xx.xx%	xxx,xxx,xxx	xxx,xxx,xxx
Total					xxx,xxx,xxx	xxx,xxx,xxx

*[CGDL / MDL / CCA] [Bond Charge / Power Charge] – Daily Remittance Forecast Worksheet*

Pacific Gas and Electric Company			
CDWR [CGDL / MDL / CCA] - [Bond / Power]			
Daily Remittance Forecast			
Date	Forecast Daily Remittance Amount (\$)	Daily True-Up Offset Amount (\$)	Net Daily Remittance Amount (\$)
	(A)	(B)	(C)= (A)-(B)
<b>Balance Forward from June 2005:</b>		\$ (10,000)	
7/11/2005	\$ 222,222	\$ (10,000)	\$ 212,222
7/12/2005	\$ 222,222	\$ -	\$ 222,222
7/13/2005	\$ 222,222	\$ -	\$ 222,222
7/14/2005	\$ 222,222	\$ -	\$ 222,222
7/15/2005	\$ 222,222	\$ -	\$ 222,222
7/16/2005	\$ 222,222	\$ -	\$ 222,222
7/17/2005	\$ 222,222	\$ -	\$ 222,222
7/18/2005	\$ 222,222	\$ -	\$ 222,222
7/19/2005	\$ 222,222	\$ -	\$ 222,222
7/20/2005	\$ 222,222	\$ -	\$ 222,222
7/21/2005	\$ 222,222	\$ -	\$ 222,222
7/22/2005	\$ 222,222	\$ -	\$ 222,222
7/23/2005	\$ 222,222	\$ -	\$ 222,222
7/24/2005	\$ 222,222	\$ -	\$ 222,222
7/25/2005	\$ 222,222	\$ -	\$ 222,222
7/26/2005	\$ 222,222	\$ -	\$ 222,222
7/27/2005	\$ 222,222	\$ -	\$ 222,222
7/28/2005	\$ 222,222	\$ -	\$ 222,222
7/29/2005	\$ 222,222	\$ -	\$ 222,222
7/30/2005	\$ 222,222	\$ -	\$ 222,222
7/31/2005	\$ 222,222	\$ -	\$ 222,222
<b>Balance Forward to August 2005:</b>		\$ -	

*b. Monthly Reconciliation Reports for Bond Charge on CGDLs, MDLs and CCAs*

(i) Delivery Mechanism and Naming Convention - A Monthly Reconciliation Report for each of Bond Charge and Power Charge on each Customer Types of CGDL, MDL or CCA should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Reconciliation Report – [CGDL / MDL / CCA] [Bond Charge / Power Charge] yyyyymm.xls

*Example 1: PG&E – Monthly Reconciliation Report - CGDL Bond Charge 200507.xls*

*Example 2: PG&E – Monthly Reconciliation Report - CCA Power Charge  
200507.xls*

- The subject line of e-mail: <utility-name> - Monthly Reconciliation Report – [CGDL / MDL / CCA] [Bond Charge / Power Charge] for yyyyymm

*Example 3: PG&E – Monthly Reconciliation Report - CCA Power Charge for  
200507*

- (ii) Required Information and Timeline - All Monthly Reconciliation Reports for Bond Charge and Power Charge on all Customer Types of CGDL, MDL and CCA should be submitted to DWR on the Monthly Reconciliation Date.

Such a report consists of the following worksheets:

- TU Summary
- Initial Calc (identical to the worksheet of the same name in the Monthly Forecast Report)
- TU Calc

[CGDL / MDL / CCA] [Bond Charge / Power Charge] - TU Summary Worksheet

Pacific Gas and Electric Company				
CDWR [CGDL / MDL / CCA] - [Bond Charge / Power Charge]				
Monthly Reconciliation Report for the Month of June 2005				
Billed Month	Forecasted Payments A	True-Up Payments B	True-Up Less Forecasted C=B-A	True-Up Payment Date D
June 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx	
May 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx	
April 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx	
March 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx	
February 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx	
January 2005	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx	
Total	\$ x,xxx,xxx	\$ x,xxx,xxx	(\$2,000,000)	7/21/2005
June 2005 Monthly Reconciliation True-Up Amount			(\$2,000,000)	
December 2004 Final Reconciliation True-up Amount			\$50,000	
Other True-up Amount			\$0	
			(\$1,950,000)	
Daily Remittance TU				
Date	Forecast Daily Remittance Amount (\$) (A)	Daily True-Up Offset Amount (\$) (B)	Net Daily Remittance Amount (\$) (C)=(A)-(B)	
TU Balance Forward from June 2005:		\$ (10,000)		
7/1/2005	\$ 222,222	\$ (10,000)	\$ 212,222	
7/2/2005	\$ 222,222	\$ -	\$ 222,222	
7/3/2005	\$ 222,222	\$ -	\$ 222,222	
7/4/2005	\$ 222,222	\$ -	\$ 222,222	
7/5/2005	\$ 222,222	\$ -	\$ 222,222	
7/6/2005	\$ 222,222	\$ -	\$ 222,222	
7/7/2005	\$ 222,222	\$ -	\$ 222,222	
7/8/2005	\$ 222,222	\$ -	\$ 222,222	
7/9/2005	\$ 222,222	\$ -	\$ 222,222	
7/10/2005	\$ 222,222	\$ -	\$ 222,222	
7/11/2005	\$ 222,222	\$ -	\$ 222,222	
7/12/2005	\$ 222,222	\$ -	\$ 222,222	
7/13/2005	\$ 222,222	\$ -	\$ 222,222	
7/14/2005	\$ 222,222	\$ -	\$ 222,222	
7/15/2005	\$ 222,222	\$ -	\$ 222,222	
7/16/2005	\$ 222,222	\$ -	\$ 222,222	
7/17/2005	\$ 222,222	\$ -	\$ 222,222	
7/18/2005	\$ 222,222	\$ -	\$ 222,222	
7/19/2005	\$ 222,222	\$ -	\$ 222,222	
7/20/2005	\$ 222,222	\$ -	\$ 222,222	
7/21/2005	\$ 222,222	\$ (222,222)	\$ -	
7/22/2005	\$ 222,222	\$ (222,222)	\$ -	
7/23/2005	\$ 222,222	\$ (222,222)	\$ -	
7/24/2005	\$ 222,222	\$ (222,222)	\$ -	
7/25/2005	\$ 222,222	\$ (222,222)	\$ -	
7/26/2005	\$ 222,222	\$ (222,222)	\$ -	
7/27/2005	\$ 222,222	\$ (222,222)	\$ -	
7/28/2005	\$ 222,222	\$ (222,222)	\$ -	
7/29/2005	\$ 222,222	\$ (172,224)	\$ 49,998	
7/30/2005	\$ 222,222	\$ -	\$ 222,222	
7/31/2005	\$ 222,222	\$ -	\$ 222,222	
TU Balance Forward to:	\$ -			

[CGDL / MDL / CCA] [Bond Charge / Power Charge] – TU Calc Worksheet

Microsoft Excel - June 2005 CGDL-MDL-CCA Bond Charge-Po...

File Edit View Insert Format Tools Data Window Help

A1 Pacific Gas and Electric Company

Pacific Gas and Electric Company						
CDWR [CGDL / MDL / CCA] - [Bond Charge / Power Charge]						
Monthly Reconciliation Report for the Month of June 2005						
				Adjusted		
	MDL	MDL	MDL Billed	Collection	Payment for	
Billed Month	kWh	\$/kWh	Revenue (\$)	Curve	Month (\$)	
	A	B	C=AxB	D	E=CxD	
June 2005	x,xxx,xxx	x.xxxxx	x,xxx,xxx	xx.xx%	x,xxx,xxx	
May 2005	x,xxx,xxx	x.xxxxx	x,xxx,xxx	xx.xx%	x,xxx,xxx	
April 2005	x,xxx,xxx	x.xxxxx	x,xxx,xxx	xx.xx%	x,xxx,xxx	
March 2005	x,xxx,xxx	x.xxxxx	x,xxx,xxx	xx.xx%	x,xxx,xxx	
February 2005	x,xxx,xxx	x.xxxxx	x,xxx,xxx	xx.xx%	x,xxx,xxx	
January 2005	x,xxx,xxx	x.xxxxx	x,xxx,xxx	xx.xx%	x,xxx,xxx	
Total					x,xxx,xxx	

TU Summary Initial Calc TU Calc Final Monthly Recon

Ready

c. Final Reconciliation Reports for Bond Charge and Power Charge on CGDLs, MDLs and CCAs

The Final Reconciliation Report for Bond Charge or Power Charge on a Customer Type of CGDL, MDL or CCA is a worksheet, *Final Monthly Recon*, in the Monthly Reconciliation Report for Bond Charge or Power Charge on a Customer Type of CGDL, MDL or CCA workbook.

[CGDL / MDL / CCA] Bond Charge – Final Monthly Recon Worksheet

Pacific Gas and Electric Company								
CDWR [CGDL / MDL / CCA] – [Bond Charge / Power Charge]								
Final Monthly Reconciliation Report for December 2004								
		MDL	MDL			Total	Previous	
	Billed Month	kWh	\$/kWh	MDL Billed Revenue	Uncollectible Percentage	MDL Payment	December 2004 Payments	Final True-up Amount
	A	B	C=AxB	D	E=Cx(1-D)	F	G=E-F	
13	December 2004	x,xxx,xxx	x.xxxxx	x,xxx,xxx	xx.xx%	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx

**SECTION 2. SURPLUS ENERGY SALES REPORTS - Prior to the MRTU Effective Date Only**

The provisions set forth in this Section 2 shall be applicable prior to the MRTU Effective Date only.

A. Surplus Energy Sales Payment Report

(i) Delivery Mechanism and Naming Convention - This report should be sent by e-mail to the e-mail address [fmr@water.ca.gov](mailto:fmr@water.ca.gov) (or by such secure electronic means as reasonably determined appropriate by PG&E) in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - SS Payment Report yyyyymm v#.xls

*Example: PG&E – SS Payment Report 200507 v1.xls*

- The subject line of e-mail: <utility name> - Surplus Energy Sales Payment Report for yyyyymm

*Example: PG&E - Surplus Energy Sales Payment Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

(ii) Required Information and Timeline - The Surplus Energy Sales Payment Report is to be submitted to DWR monthly by 12:00 noon, Pacific Prevailing Time, on the day PG&E remit to DWR the Preliminary Surplus Energy Sales Remittance Amount and the Delivery Month Surplus Energy Sales True-Up Amount. The report should be consistent in form and substance to the example screenshot below.

*Example:*

***Pacific Gas and Electric Company  
Surplus Energy Sales Payment Report  
August 01, 2005 Payment Date***

**DWR Account Reference: 8021360006**

Description	Deilvery Month	Debit*	Credit†	Net Payment Amount
Preliminary Payment	June-05	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
True-Up Payment	April-05	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx
<b>Total</b>		\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx

\* Surplus Energy Sales payment reduction for amount owned by DWR to PG&E.

† Surplus Energy Sales payment amount before being netted with “Debit”

- (iii) Wiring or ACH transfer Information - The fund identification information to accompany the Electronic Transfer of Funds should follow similar format to the information of the Surplus Energy Sales Payment Report. It should appear on the wire or ACH transmittal as follows;

<Utility Name> <DWR Account Reference> Surplus Energy Sales <Payment Date yyyyymmdd>

*Example: PG&E 8021360006 DWR Surplus Energy Sales 20050720*

The electronic transfer of funds for Surplus Energy Sales payment shall be completed by 12:00 noon, Pacific Prevailing Time.

B. Preliminary Surplus Energy Sales Calculation Summary Report

- (i) Delivery Mechanism and Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - Preliminary SS Calculation Summary yyyyymm v#.xls

*Example: PG&E – Preliminary SS Calculation Summary 200507 v1.xls*

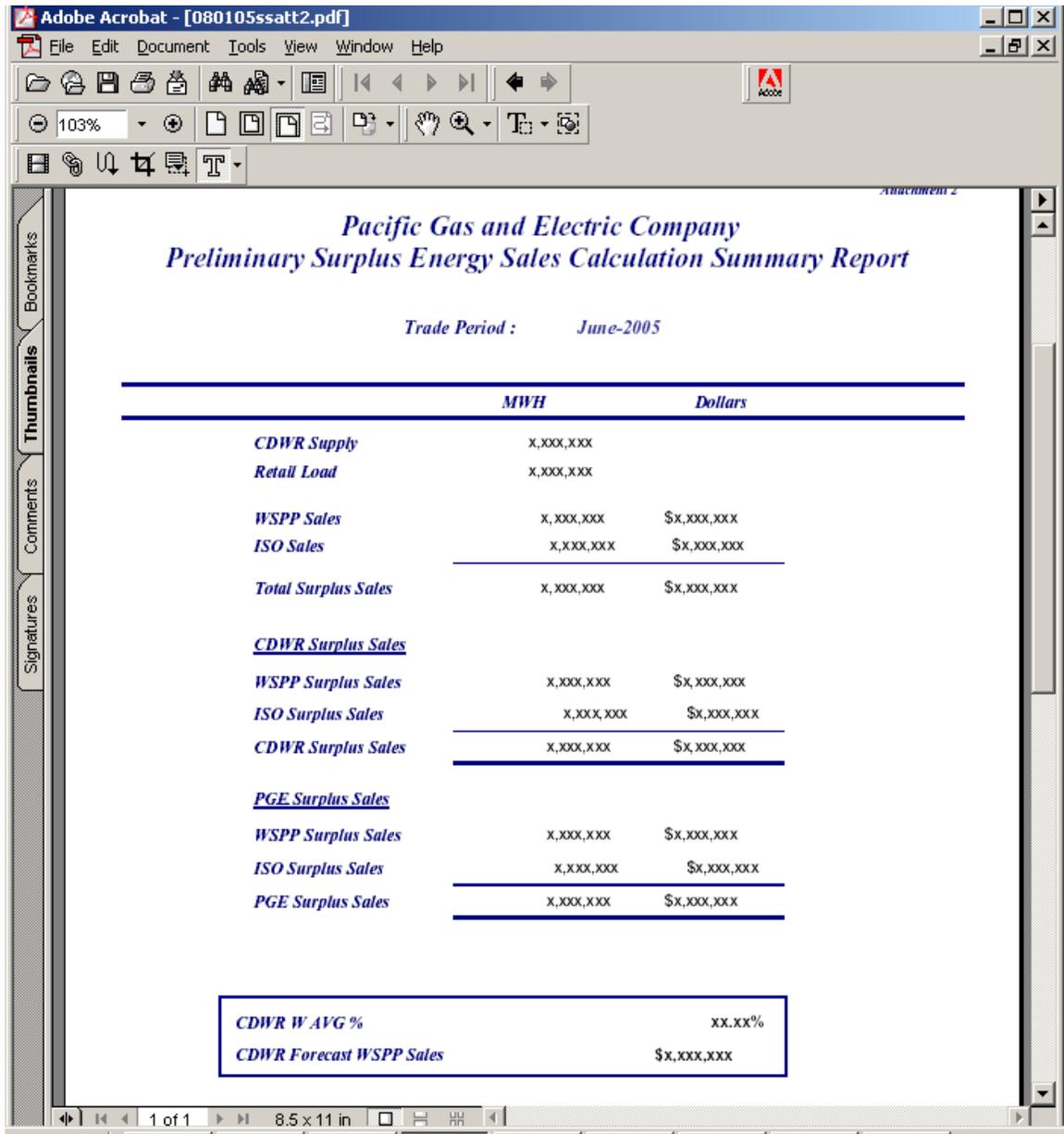
- The subject line of e-mail: <utility name> - Preliminary Surplus Energy Sales Calculation Summary Report for yyyyymm

*Example: PG&E - Preliminary Surplus Energy Sales Calculation Summary Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

- (ii) Required Information and Timeline - The Preliminary Surplus Energy Sales Calculation Summary Report is to be submitted to DWR monthly by Settlement Date of the month following the delivery month. The report should be consistent in form and substance to the example screenshot below.

Example:



C. Final Surplus Energy Sales Calculation Supporting Workbook

(i) Delivery Mechanism and Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - Final SS Calculation Supporting Workbook yyyyymm v#.xls

Example: PG&E – Final SS Calculation Supporting Workbook 200507 v1.xls

- The subject line of e-mail: <utility name> - Final SS Calculation Supporting Workbook for yyyyymm

Example: PG&E - Final SS Calculation Supporting Workbook for 200507

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

- (ii) Required Information and Timeline - The Final Surplus Energy Sales Calculation Supporting Workbook is to be submitted to DWR by the Monthly Settlement Date. The report should be consistent in form and substance to the example screenshot below.

Example:

Pacific Gas and Electric Company			
<b>Final Surplus Energy Sales Calculation Summary</b>			
<b>Final April-2005</b>			
<b>Summary Data</b>			
	MWH	Dollars	
CDWR Supply	x,xxx,xxx		
Retail Load	x,xxx,xxx		
WSPP Sales	x,xxx,xxx	x,xxx,xxx	
ISO Surplus Sales	x,xxx,xxx	x,xxx,xxx	
<b>Total Surplus Sales</b>	x,xxx,xxx	x,xxx,xxx	
CDWR Surplus Sales from WSPP	x,xxx,xxx	x,xxx,xxx	
CDWR Surplus Sales from ISO	x,xxx,xxx	x,xxx,xxx	
CDWR Share of Surplus Sales	x,xxx,xxx	x,xxx,xxx	
PGE Portfolio Surplus Sales from WSPP	x,xxx,xxx	x,xxx,xxx	
PGE Portfolio Surplus Sales from ISO	x,xxx,xxx	x,xxx,xxx	
PGE Portfolio Share of Surplus Sales	x,xxx,xxx	x,xxx,xxx	
CDWR Weighted Avg. Surplus Sales %		x,xxx,xxx	
Costs Associated with Surplus Sales		x,xxx,xxx	
CDWR Share of Costs		x,xxx,xxx	
CDWR Share of Surplus Sales Less Costs		x,xxx,xxx	
Less Initial Apr-2005 Payment for Surplus Sales		x,xxx,xxx	
<b>Final Apr-2005 True-up Amount</b>		x,xxx,xxx	

Microsoft Excel - April 2005 Final Surplus Sales.xls

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Type a question for help

A3 =E:\SSApr05Fin\_DWR.xls\Summary1A4

Pacific Gas and Electric Company  
**Final Surplus Energy Sales Calculation Details**  
 Final April-2005

Total		0	0	0	0	0.00%	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	
		MWH									Surplus Sales Revenue			CDWR Share of SS Revenue		
Date	Hr	CDWR Supply	Metered Retail Load	WSPP Sales	ISO Sales	CDWR SS % E=A/(B+C+D)	WSPP CDWR SS F=C*E	ISO CDWR SS G=D*E	CDWR SS H=(C+D)*E	WSPP Sales	ISO Sales	Total	WSPP Sales	ISO Sales	Total	
		A	B	C	D					I	J	K=I+J	L=ExI	M=ExJ	N=L+M	
4/1/2005	1	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	2	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	3	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	4	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	5	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	6	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	7	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	8	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	9	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	10	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	11	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	12	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	13	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	14	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	15	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	16	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	17	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	18	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	19	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	20	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	21	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	22	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	23	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	24	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	
4/1/2005	25	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	

Summary \SSCalc \RetLoad \ISO \Location ID /

Ready

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C3

	A	B	C	D	E	F
1	Pacific Gas and Electric Company					
2	<b>Retail Load Detail</b>					
3	Final April-2005					
4						
5	<b>Total</b>		x,xxx,xxx	x,xxx	x,xxx,xxx	
6				Embedded	Metered	
7			Metered	WAPA	Retail	
8	<u>Date</u>	<u>Hour</u>	<u>Zonal Load</u>	<u>Wheeling</u>	<u>Load</u>	
9	4/1/2005	1	x,xxx,xxx	x,xxx	x,xxx,xxx	
10	4/1/2005	2	x,xxx,xxx	x,xxx	x,xxx,xxx	
11	4/1/2005	3	x,xxx,xxx	x,xxx	x,xxx,xxx	
12	4/1/2005	4	x,xxx,xxx	x,xxx	x,xxx,xxx	
13	4/1/2005	5	x,xxx,xxx	x,xxx	x,xxx,xxx	
14	4/1/2005	6	x,xxx,xxx	x,xxx	x,xxx,xxx	
15	4/1/2005	7	x,xxx,xxx	x,xxx	x,xxx,xxx	
16	4/1/2005	8	x,xxx,xxx	x,xxx	x,xxx,xxx	
17	4/1/2005	9	x,xxx,xxx	x,xxx	x,xxx,xxx	
18	4/1/2005	10	x,xxx,xxx	x,xxx	x,xxx,xxx	
19	4/1/2005	11	x,xxx,xxx	x,xxx	x,xxx,xxx	
20	4/1/2005	12	x,xxx,xxx	x,xxx	x,xxx,xxx	
21	4/1/2005	13	x,xxx,xxx	x,xxx	x,xxx,xxx	
22	4/1/2005	14	x,xxx,xxx	x,xxx	x,xxx,xxx	
23	4/1/2005	15	x,xxx,xxx	x,xxx	x,xxx,xxx	
24	4/1/2005	16	x,xxx,xxx	x,xxx	x,xxx,xxx	
25	4/1/2005	17	x,xxx,xxx	x,xxx	x,xxx,xxx	
26	4/1/2005	18	x,xxx,xxx	x,xxx	x,xxx,xxx	
27	4/1/2005	19	x,xxx,xxx	x,xxx	x,xxx,xxx	
28	4/1/2005	20	x,xxx,xxx	x,xxx	x,xxx,xxx	
29	4/1/2005	21	x,xxx,xxx	x,xxx	x,xxx,xxx	
30	4/1/2005	22	x,xxx,xxx	x,xxx	x,xxx,xxx	
31	4/1/2005	23	x,xxx,xxx	x,xxx	x,xxx,xxx	
32	4/1/2005	24	x,xxx,xxx	x,xxx	x,xxx,xxx	
33	4/1/2005	25	x,xxx,xxx	x,xxx	x,xxx,xxx	
34						

Summary / SScalc / **RetLoad** / ISO / Location ID

Ready

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G3

Pacific Gas and Electric Company

**ISO Sales Detail**  
Final April-2005

	Retail Load UE		Generator UE	Transmission Losses	ISO Sales MWH	Retail Load UE	Generator UE	Transmission Losses	Surplus Sales Revenue From ISO
	Date	Hr	Mwh	Mwh	Total	\$	\$	Total \$	
9	4/1/2005	1	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
10	4/1/2005	2	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
11	4/1/2005	3	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
12	4/1/2005	4	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
13	4/1/2005	5	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
14	4/1/2005	6	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
15	4/1/2005	7	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
16	4/1/2005	8	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
17	4/1/2005	9	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
18	4/1/2005	10	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
19	4/1/2005	11	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
20	4/1/2005	12	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
21	4/1/2005	13	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
22	4/1/2005	14	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
23	4/1/2005	15	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
24	4/1/2005	16	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
25	4/1/2005	17	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
26	4/1/2005	18	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
27	4/1/2005	19	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
28	4/1/2005	20	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
29	4/1/2005	21	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
30	4/1/2005	22	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
31	4/1/2005	23	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
32	4/1/2005	24	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	
33	4/1/2005	25	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	xxx.xx	

Ready

D. Real Time Surplus Energy Sales Calculation Resource Location ID Master List

This report is a worksheet, Location ID, in the Final Surplus Energy Sales Calculation Supporting Workbook. The report is to be provided consistent in form and substance to the example screenshot below.

Example:

	A	B	C	D	E	F	G
1	Pacific Gas & Electric Company						
2	<b>Real Time Surplus Energy Sales Calculation Resource Location ID Master List</b>						
3	Final mmm-yyyy						
4							
5	<b>Location Id</b>						
6	xxxxxxxxxx						
7	xxxxxxxxxx						
8	xxxxxxxxxx						
9	xxxxxxxxxx						
10	xxxxxxxxxx						
11	xxxxxxxxxx						
12	xxxxxxxxxx						
13	xxxxxxxxxx						
14	xxxxxxxxxx						
15	xxxxxxxxxx						
16	xxxxxxxxxx						
17	xxxxxxxxxx						
18	xxxxxxxxxx						
19	xxxxxxxxxx						
20	xxxxxxxxxx						
21	xxxxxxxxxx						
22	xxxxxxxxxx						
23	xxxxxxxxxx						
24	xxxxxxxxxx						
25	xxxxxxxxxx						
26	xxxxxxxxxx						
27	xxxxxxxxxx						
28	xxxxxxxxxx						
29	xxxxxxxxxx						
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**ATTACHMENT D**

[Reserved]

**ATTACHMENT E**  
**PACIFIC GAS AND ELECTRIC COMPANY**  
**ADDITIONAL PROVISIONS**

**1. Attachment I.**

Attachment I, providing for the assumption of financial obligations relating to ISO invoiced Imbalance Energy and Ancillary Services (as defined in Exhibit A of Attachment I) costs by DWR and the remittance of revenues collected from PG&E's customers at the Commission approved rate is attached to this Servicing Order.

**2. [Reserved]**

**3. [Reserved]**

**4. Retention of Rights.**

Notwithstanding (i) the terms, execution or operation of the Servicing Order, (ii) the approval of, any modification to, or any other action taken with respect to or having an effect on the Servicing Order by the Bankruptcy Court, the Commission or any other Governmental Authority, or (iii) any other action taken by a Governmental Authority, Utility retains all rights (if any) in any forum to contest, oppose, appeal, comment on, or otherwise seek to revisit, alter, modify or set aside any present or future decisions, orders, opinions, rulings, or actions or omissions to act by the Commission or any other Governmental Authority, whether in draft, interim or final form, arising out of, relating to, or connected with (x) the calculation of DWR Charges or DWR Revenues and the allocation of costs and amounts of electric capacity and output among the customers of electrical corporations, (y) the interpretation and/or legality of Applicable Law or Applicable Commission Orders, or (z) remittance of such calculated amounts by Utility to DWR or its Assign(s) under Applicable Law or Applicable Commission Orders in a manner inconsistent with this Servicing Order or Utility's ability to perform its utility functions.

**5. Orders of the Federal Energy Regulatory Commission.**

Nothing in the Servicing Order shall operate to modify any of the requirements of any order of the Federal Energy Regulatory Commission. Without limiting the generality of the foregoing, nothing in the Servicing Order shall obligate Utility to pay for costs that would be inconsistent with any order of the Federal Energy Regulatory Commission or the ISO tariff.

**6. Scheduling Practices.**

Utility is ordered and DWR agrees to work together to assure that any Customer demand served as a result of the Servicing Order is accurately estimated and scheduled, and that no deviations or imbalances result except to the extent resulting from unforeseeable variations in demand or resources. Where scheduling practices produce deviations and schedules either higher or lower than Customer demand, apart from such unforeseeable variations, DWR agrees and Utility is ordered to promptly attempt to revise and cooperate to eliminate such deviations and modify any scheduling practices which produce such deviations.

If, over any rolling seven day period, the aggregate amount of scheduled DWR Power exceeds the aggregate Net Open Position for such period by at least 100,000 MWh (“Overscheduling”), Utility is ordered to, and DWR agrees to promptly meet, confer and cooperate in an attempt to modify any scheduling practices which produce such deviations, consistent with commercially reasonable practices. Overscheduling by DWR shall be considered a commercially reasonable practice if DWR has reasonably determined that Utility’s load forecasts are consistently low or if Utility has consistently failed to deliver scheduled utility retained generation. Notwithstanding any commercially reasonable practice for Overscheduling, the Monthly Reconciliation Amount shall be adjusted in order to ensure that Remittances are based solely on the portion of scheduled DWR Power actually delivered to Customers and not for any overscheduled amounts in excess of Customer usage. The Net Open Position, as used in this section, refers to the difference between actual Customer usage and actual Utility-retained generation during the given period.

Notwithstanding the above, on and after the Operating Order Effective Date, Utility is ordered to assure that any Customer demand is accurately forecasted and scheduled, and that no uninstructed deviations or imbalances result except to the extent resulting from unforeseeable variations in demand or resources. Where scheduling practices produce uninstructed deviations and schedules either higher or lower than Customer demand, apart from such unforeseeable variations, DWR agrees and Utility is ordered to promptly attempt to revise and cooperate to eliminate such deviations and modify any scheduling practices which produce such deviations. If, over any rolling seven day period, the aggregate amount of uninstructed deviations exceeds 100,000 MWh, Utility is ordered to, and DWR agrees to promptly meet, confer and cooperate in an attempt to modify any scheduling practices which produce such deviations, consistent with commercially reasonable practices.

## **7. Imbalance Energy Reports.**

(a) Subject to the availability of necessary information and prior to the Effective Date of the Operating Order, DWR agrees to provide Utility with weekly reports detailing how much electric power and energy DWR purchased or otherwise agreed to pay for in connection with purchases made in the Real Time Market for each day not previously reported, in total and for provision to Customers. For purposes of this Section 7, “Real Time Market” means the market(s) in which electric power and energy is purchased and sold on a real time basis in order to meet demand over and above electric power and energy scheduled in the Day-Ahead Market or Hour-Ahead Market. DWR may expressly identify information provided to Utility under this section as “Confidential Information” subject to Section 6 of the Servicing Order.

(b) Utility and DWR acknowledge that Section 7(a) above was included in the 2003 Servicing Order and other prior orders when DWR was authorized to purchase electric power and energy on behalf of Utility. Since the Operating Order Effective Date, the power procurement activities described in Section 7(a) are no longer applicable to DWR and DWR is no longer authorized to perform such procurement activities under Applicable Law.

**ATTACHMENT F**  
**PACIFIC GAS AND ELECTRIC COMPANY**  
**CALCULATION METHODOLOGY FOR REDUCED REMITTANCES**  
**PURSUANT TO 20/20 PROGRAM**

**1. Reimbursement of 20/20 Program Rebate Costs.**

DWR agrees that Utility shall recover the amount of Customer credits under the 20/20 Program as follows:

On the **30th** day after the presentation of credits on Utility Bills, Utility shall reduce any Remittances to DWR under the Act or Commission Decision 01-03-081 by the daily amount equal to the total of such Customer credits. If the amount that Utility is entitled to offset on any day exceeds the funds otherwise due to DWR, the balance will be carried over to the next day. If it appears that the amount Utility is entitled to offset will exceed the funds due to DWR for more than three consecutive days, then Utility will invoice DWR with an estimate of the amount due to Utility. DWR will pay such invoice within one Business Day of receipt. For purposes of this Attachment F, the credits or payments shall refer to the 20 % reduction applied to Customers' total net electric power and energy charges (including applicable rate surcharges), and shall include credits or payments made to resolve Customer disputes or reflect corrected Utility Bills following the end of the 20/20 Program.

**2. Reimbursement of 20/20 Program Implementation Costs.**

DWR agrees to pay to Utility the following initial implementation fee and recurring administrative fees associated with the 20/20 Program as provided for in Section 4.3 of the 2003 Servicing Order. The initial implementation fee shall be \$1,563,500 and the recurring administrative fees shall be \$809,000 each month June through September of 2001 (unless extended and then until such later date). The basis for these fees is set forth in Annex A to this Attachment F.

**3. Estimated Costs.**

The intent is to reimburse the actual, incremental costs incurred by PG&E. PG&E will exercise reasonably commercial efforts in managing their operations to minimize costs and keep within the budgeted costs shown in the table below:

- a. PG&E shall invoice DWR after a 20/20 Program implementation activity described below has been completed and will undertake reasonable commercial efforts to track and keep costs within the estimated costs shown in this Attachment F.
- b. For the majority of PG&E's 20/20 Implementation Costs (Page 1 of Annex A below), PG&E will invoice DWR based on actual costs and provide DWR with an invoice itemizing and documenting such costs.
- c. For cost items: Increased Call Volumes, Increased Calls to Language Lines, Increased Field Services and Adjustment/Exception Processing ("Increased Customer Inquiries" listed on Page 2 of Annex A below) PG&E is unable to track, itemize and provide detailed documentation of these monthly recurring costs without undertaking extensive system programming and hardware upgrades. Accordingly, DWR agrees, and PG&E is ordered to utilize the PG&E Estimated Costs shown in this Attachment F for PG&E's invoicing purposes without undertaking a true-up to actual costs. DWR agrees that invoicing for Increased Customer Inquiries will be handled in the following manner:

PG&E shall invoice DWR each month based on the Increased Customer Inquiries cost estimates shown below, with a signed statement from management asserting to an informal review and to their belief that the estimated costs still represent the best estimate for the period being invoiced. If however, PG&E experiences a significantly higher or lower difference in activity levels of customer inquiries, PG&E will notify DWR and provide to DWR documentation reasonably necessary to establish such different activity levels. Promptly thereafter, PG&E is ordered, and DWR agrees to negotiate a mutually acceptable adjustment based on an estimate of reasonably foreseeable costs for Increased Customer Inquiries.

#### **4. 20/20 Program Reporting.**

- a. **Daily** – To the extent reasonably possible, within three Business Days Utility shall provide DWR with a report for a given billing day showing the aggregated dollar amounts of 20/20 Program credits applied to Utility Bills and the number of Customers that received credits under the 20/20 Program
- b. **Monthly** – To the extent reasonably possible, Utility shall provide DWR with monthly reports showing the aggregated dollar amount of 20/20 Program credits applied to Utility Bills and the number of Customers that received credits under the 20/20 Program. In addition Utility will provide a prior year and current year comparison showing system wide average monthly kWh savings. Monthly reports will be completed and submitted to DWR on the Business Day immediately following the 20th day of each month.

- c. **Other** – To the extent reasonably possible, Utility shall provide DWR with a report at the completion of the 20/20 Program showing the reduction in kWh related to credits provided to Customers under the 20/20 Program.

Annex A to Attachment F

<b>Cost Element</b>	<b>Description</b>	<b>One-Time Implementation Costs</b>	<b>Monthly Recurring Costs</b>
<i>IT Programming</i>	Analysis and design, programming, unit and system testing for multiple billing systems (Genesis, LCIS, WL, ABS and Customer Care Support Systems) Includes modifications to OLBH, TP, EDI Display on Energy Statement and/or Detail of Bill.	\$995,000	
<i>PGE.com website</i>	Modify PGE.com to integrate new web pages (20/20 Rebate Reward Eligibility Rules). Develop graphics and maintain appropriate links to CA website. Includes usability testing. Manage incoming emails from customers, repair broken links, and modify content as appropriate.	\$7,000	\$7,000
<i>Bill Inserts</i>	20/20 Program two panel bill insert for electric residential customers.	\$60,000	
<i>Overprint</i>	Overprint of the bill insert to be used as a mail out for customer service requests. Projected volume 500,000 requests.	\$6,500	
<i>Direct Mailing for CIA customers.</i>	20/20 Program letter to commercial, industrial and agricultural customers (CIA). Assumes \$1.00 per letter including postage and mailing for 400,000 CIA customers.	\$400,000	

<i>CSR Training (includes local office and call center)</i>	Incl. development, delivery and materials. Training 35K Materials/Dev 20K	\$55,000	
<i>Increased Call Volumes</i>	\$4.30 per call with an average call time 3.5 minutes, assuming 10% of customers will call.		\$500,000
<i>Increased calls to language lines</i>	(Chinese, Spanish and Vietnamese) 24,000 calls @ \$7.00		\$168,000
<i>Increased Field Services (Meter rereads, meter tests)</i>	Estimate based on 5% of 200 Account Service Representatives		\$100,000
<i>Adjustment/ Exception Processing</i>	Responds to customer requests to verify or recalculate if eligible for program (This should include Consumer Affairs costs as well) (1M at 10% rate, 625 per FTE. Incr. Volume at end of 4 month period (4 FTE)		\$34,000
<i>Reporting</i>	Performance Reporting		\$10,000

## ATTACHMENT G

### PACIFIC GAS AND ELECTRIC COMPANY

#### PG&E FEE SCHEDULE

DWR shall reimburse PG&E for the costs incurred by PG&E in providing Services under this Servicing Order. PG&E will exercise commercially reasonable efforts in managing its operations to minimize such costs and keep such costs within the estimated amounts referenced below.

**1. Charges for Utility Billing Service.** The Set-Up Fees and Recurring Fees set forth below are PG&E's estimate of its costs of providing Utility Billing Service as described in Sections 3 and 4 of the Servicing Order and Service Attachment 1; provided, however, that such estimate does not include any Additional Charges contemplated under those provisions. PG&E shall have no obligation to track the actual costs for Recurring Services and items where the cost of tracking is burdensome or requires the development of new cost-accounting procedures. The foregoing sentence notwithstanding, if the responsible manager at PG&E becomes aware that the actual costs of providing such services are 10% greater or less than the estimates set forth below, PG&E shall give DWR written notice of (1) the reason(s) for such greater or lesser costs, and (2) PG&E's revised estimate of the Set-Up Fees and/or Recurring Fees corresponding to such greater or lesser costs. Upon receipt of such notice, DWR may either accept the revised fees or, in cooperation with PG&E, examine alternatives for reducing fees. Upon DWR's agreement, not to be unreasonably delayed or withheld, revised Set-Up Fees and/or Recurring Fees shall be effective. DWR agrees that Set-Up Fees and Recurring Fees, as set forth below or in a notice given pursuant to this Section 1, shall be due and payable as provided in Section 7 of the Servicing Order.

**a. Set-Up Fees.** The Set-Up Fees for programming PG&E's billing and related customer care systems to implement Utility Billing Service, for modifying PG&E's electronic data interchange system to implement Utility Billing Service, and for implementing facilities and procedures for fielding Customer inquiries regarding DWR Charges pursuant to Section 3.4, will total \$1,756,500. The basis for this fee is set forth in Annex A to this Attachment G.

**b. Recurring Fees.** The Recurring Fees for processing Remittances and fielding Customer inquiries regarding DWR Charges will total \$79,500 in 2001 and \$115,000 per calendar year in each subsequent year. These Recurring Fees do not include any additional amounts for call center operations relating to DWR Charges, which shall be separately invoiced as Additional Charges, as appropriate.

**2. Additional Charges.** The Additional Charges set forth below are PG&E's estimate of its costs of providing the relevant services under the Servicing Order. PG&E shall have no obligation to track the actual costs of such services, other than those specified in subsection c., below. The foregoing sentence notwithstanding, if the responsible manager at PG&E becomes aware that the costs of providing such services are 10% greater or less than the estimates set forth below, PG&E shall give DWR written notice of (1) the reason(s) for such greater or lesser costs, and (2) PG&E's revised estimate of the Additional Charges necessary to cover such greater or lesser costs, which revised Additional Charges shall be effective upon delivery of such

notice. Additional Charges, as set forth below or in a notice given pursuant to this Section 2, shall be due and payable as provided in Section 7 of the Servicing Order and Section 2.c below.

**a. Specified Additional Charges.**

Not Applicable.

**b. Other Additional Charges.** PG&E shall provide DWR with estimates of all other Additional Charges as and when such information becomes available.

**c. Invoicing; Payment.** PG&E will invoice DWR for Additional Charges, and DWR agrees to pay such invoiced Additional Charges, in the manner set forth in Section 7 of the Servicing Order. Subject to the foregoing sentence, each invoice will:

(1) include or enclose documentation showing the basis of Additional Charges, provided, however, that where providing such documentation would be burdensome, the relevant invoice(s) may instead disclose PG&E's reasonable method of approximating the Additional Charges;

(2) specify PG&E's hourly labor rates and estimated total hours for completion of a given task; and

(3) include or enclose invoices/vendor receipts for equipment purchases.

DWR shall not unreasonably withhold or delay approval or payment of any invoiced Additional Charges.

**d. Contact for Invoices.** Invoices shall be addressed to:

Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: Russell Mills,  
Chief Financial Management Office  
Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Email: millsr@water.ca.gov

With a copy to:

Michael Wofford,  
Chief IOU Remittance Section  
Telephone: (916) 574-0317  
Facsimile: (916) 574-2214  
Email: mwofford@water.ca.gov

ANNEX A TO ATTACHMENT G

<u>Items</u>	<b>SETUP</b>		
	<b>2001</b>	<b>2001</b>	<b>2002 and Annually thereafter</b>
Billing Systems Programming: Analysis and design, programming, unit and system testing for multiple billing systems and programming to display DWR Charges on Energy Statement and Detail of Bill.	\$1,650,000		
EDI Modification: Programming and testing of EDI. Communication with trading partners.	\$5,500		
Revenue Reporting and Remittance Processes: Following initial modifications to revenue reporting processes and development of new reports, ongoing costs include monthly revenue reporting and invoice processing.	\$46,000	\$79,500	\$115,000
Call Center Training: Development and delivery of training materials for Customer contact personnel. Training labor - \$35K Development and Materials \$20K	\$55,000		
<b>Total Costs</b>	<b>\$1,756,500</b>	<b>\$79,500</b>	<b>\$115,000</b>
<b>Total Actual Payment*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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\* No actual payments were invoiced by PG&E and, as a result, have not been paid by DWR to date.

## **ATTACHMENT H**

Not applicable. This Servicing Order contains no Attachment H.

## ATTACHMENT I

### REAL-TIME ENERGY AND ISO INVOICED CHARGES

Attachment I governs certain aspects of the relationship between the California Energy Resources Scheduling ("CERS") division of the California Department of Water Resources ("CDWR"), acting solely under the authority and powers granted by AB1-X, codified as Sections 80000 through 80270 of the California Water Code, as amended (the "Act"), including but not limited to its authority to make payments from amounts in the Department of Water Resources Electric Power Fund (the "Electric Power Fund") available for the purposes set forth in Attachment I, but not under its powers and responsibilities with respect to the State Water Resources Development System, and Pacific Gas and Electric Company, a corporation organized and existing under the laws of the State of California ("PG&E"). The Act, together with any subsequent legislation which extends such authorization, is referred to herein collectively as the "Extended Act."

Attachment I addresses CDWR's and PG&E's respective rights and obligations with respect to (a) real-time electric energy procured by the California Independent System Operator Corporation ("ISO") used to serve PG&E's retail load that has not been, and, is not, served by PG&E generation resources beginning on 10:00 p.m. (the "last PG&E charge responsibility hour") on January 17, 2001 ("Imbalance Energy") and (b) a portion of certain other costs relating specifically to PG&E invoiced to CDWR ("Other ISO Invoiced Charges" and collectively with Imbalance Energy costs, the "ISO Invoiced Charges") which ISO charges were invoiced to CDWR by the ISO pursuant to that certain Federal Energy Regulatory Commission ("FERC") order dated November 7, 2001 (Docket Nos. ER01-3013 and ER01-889). Attachment I specifically does not address the financial responsibilities as to certain transmission, distribution and administrative costs also included in the ISO invoices submitted to CDWR.

CDWR agrees, and with respect to PG&E it is ordered (each a "Party" and collectively the "Parties") that (a) each Party will have the ability to recover revenues necessary through appropriate regulatory or judicial proceedings from PG&E's retail customers to assume financial responsibility as provided in Attachment I and (b) the designation of financial responsibility as set forth in Exhibit A of this Attachment I will not cause double-billing of PG&E retail customers for the ISO Invoiced Charges.

As authorized under the Act and other authorizing acts, commencing on the last PG&E charge responsibility hour on January 17, 2001, CDWR has procured, or caused to be procured through the ISO, electric energy to serve PG&E's retail load that has not been, and is not, served by PG&E generation resources. This Attachment I allocates financial responsibility for the cost of a portion of such procured electric energy constituting Imbalance Energy and allocates financial responsibility for the Other ISO Invoiced Charges. In addition, this Attachment I sets forth the remittance obligations of PG&E from its ratepayers on behalf of CDWR for Imbalance Energy used to serve PG&E's retail load.

SECTION 1. CDWR Payment of Imbalance Energy Costs and PG&E Remittance of Related Revenues to CDWR. Pursuant to the November 7, 2001 FERC order, CDWR has received invoices from the ISO for ISO Invoiced Charges, including costs related to Imbalance Energy. Upon effectiveness of this Attachment I and during the term of this Attachment I as provided in Section 13 hereof, after the last PG&E charge responsibility hour, CDWR agrees to be responsible for the procurement cost for Imbalance Energy delivered to PG&E's retail customers and associated costs and charges for which financial responsibility has been accepted by CDWR as set forth in Exhibit A.

During the term of this Attachment I, after the last PG&E charge responsibility hour, PG&E shall have no financial responsibility related to the procurement of such Imbalance Energy and any associated costs and charges for which financial responsibility has been accepted by CDWR as set forth in Exhibit A while the Extended Act was in effect. CDWR agrees to indemnify PG&E and hold it harmless from any claims for payment by the ISO for ISO Invoiced Charges, for which CDWR has assumed responsibility, to the extent permitted by law.

In accordance with such Decisions<sup>1</sup> related to Imbalance Energy, PG&E shall make remittances ("Imbalance Energy Remittances") to CDWR at the appropriate rate determined by the CPUC pursuant to the methodology for payment described in Exhibit B attached hereto, as further provided in Attachment B of the Servicing Order, by and between the Parties, and relevant CPUC orders and decisions. The term Imbalance Energy Remittances, however, shall not include remittances described as IE Transition Lump Sum described below. CDWR agrees to, and PG&E shall comply with any subsequent CPUC decisions affecting the rate paid to CDWR for power deliveries to PG&E's retail customers.

In addition to Imbalance Energy Remittances, CDWR agrees, and PG&E is ordered to implement the following adjustments: (i) as of the date ("Collection Curve Implementation Date") of implementing the Collection Curve remittance methodology ("Collection Curve Methodology") and for the period six-months prior to such date, determine the remittances payable in accordance with the methodology described in Exhibit B attached hereto ("IE Transition Lump Sum," and together with Imbalance Energy Remittances, "Imbalance Energy Lump Sum Remittances"), all as further provided in Exhibit B hereto; (ii) Total Offsets during the Adjustment Period, as provided in Exhibit C hereto; (iii) franchise fee remittance adjustment, as provided in Exhibit D hereto; and (iv) adjustments due to changes in methodology, as provided in Exhibit E hereto. Imbalance Energy Lump Sum Remittances, together with the other adjustments described in clauses (ii) through (iv) are referred to in this Attachment I collectively as "Lump Sum Remittances." In addition, the period between January 17, 2001 through the later of the (A) Collection Curve Implementation Date or (B) another date on which PG&E implemented the new CPUC rate, is referred to in this Attachment I as the "Lump Sum Period."

Unless otherwise ordered by the CPUC, PG&E shall make Lump Sum Remittances in monthly installments by September 3, 2002. The first two such installment payments have been made on March 29, 2002 and April 30, 2002, each in the amount of \$97,059,294.86. PG&E

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<sup>1</sup> Ordering Paragraph 7 of Decision 02-02-052, as clarified in Decisions 02-03-003 and 02-03-062.

shall continue to make such installment payments on the first business day of each succeeding month, commencing June 3, 2002. PG&E shall pay the remaining balance due under this Attachment I in four approximately equal installments on the first business day of each such month beginning June 3, 2002, provided that the final payment due on September 3, 2002 shall include all amounts that then remain owing as Lump Sum Remittances under this Attachment I.

In the event the remittances for the IE Lump Sum Transition Period extend past September 3, 2002 due to unavailability of the ISO settlement statements necessary to determine the amount of Imbalance Energy to be included in the IE Transition Lump Sum, the Parties agree to meet and develop an expeditious payment schedule for any remaining payments. Each installment payment by PG&E of the Lump Sum Remittances as set forth in this Section shall reduce proportionately the principal amount due for each of the components of the Lump Sum Remittances described in Exhibit B, C, D, and E. PG&E may pay any remaining balance ahead of the schedule indicated above without penalty.

PG&E shall comply with all provisions related to collection and segregation requirements as set forth in the Act and in accordance with the remittance methodology contained in the Servicing Order. In addition, PG&E shall provide any necessary work papers to CDWR to substantiate each component of the Lump Sum Remittances upon CDWR's request.

Subject to the last paragraph of Section 1 and Section 8 below, either Party shall be entitled to seek enforcement of any changed rate adopted in any appropriate judicial or regulatory forum to the extent provided by law.

**SECTION 2. Other ISO Invoiced Charges.** During the term of this Attachment I, CDWR agrees to be responsible for the charges set forth in Exhibit A as they relate to PG&E's retail load obligations. In the event that the ISO provides separate invoices to CDWR and PG&E for ISO charges that are inconsistent with the financial responsibility designation contained in Exhibit A, CDWR agrees, and PG&E is ordered to coordinate in the payment of such invoices and to make any payment adjustments between themselves that are necessary to implement the financial responsibility designations contained in Exhibit A, to the extent allowed by applicable law. CDWR does not assume responsibility for any ISO charges invoiced relating to or with respect to the ISO Scheduling Coordinator IDs PGAE or PGAB.

**SECTION 3. Settlement Information.** Pursuant to the November 7, 2001 FERC order, CDWR has received (a) Final Settlement Statements for the period beginning January 17 through September 30, 2001 from the ISO relating to the ISO Scheduling Coordinator identification PXC3, PCG1 and PCGB, (b) Preliminary and Final Settlement Statements for dates on and after October 1, 2001 from the ISO relating to ISO Scheduling Coordinator identification PXC3, PCG1 and PCGB and (c) certain Settlement Statements related to ISO Scheduling Coordinator identification PGAE and PGAB (collectively, the "Settlement Information"). CDWR agrees, and PG&E is ordered to treat the Settlement Information as Confidential Information, as defined in the Servicing Order, in accordance with Section 6.1.

The State Controller, Bureau of State Audits, or other entities authorized under State law to verify expenditure of public funds relating to the activities authorized under the Extended Act may need to have access to confidential Settlement Information received by CDWR. Upon

receipt of such request, CDWR will provide a written notice of such request to PG&E, and PG&E [in the exercise of its reasonable discretion], it will provide CDWR with written consent to make available all or a portion of the confidential Settlement Information related to PG&E to such State entities as soon as reasonably practicable, provided that any such State entity agrees to be bound by the terms and conditions and the intent set forth in this Section 3 or another agreement mutually acceptable to PG&E and such State entity regarding the treatment of confidential Settlement Information related to PG&E.

To the fullest extent permitted by law, CDWR expressly agrees to maintain confidential treatment of all Settlement Information related to PG&E provided under this Attachment I when requested to produce any such information pursuant to the California Public Records Act. Upon receipt of any request for such Settlement Information related to PG&E under the California Public Records Act, CDWR agrees to notify PG&E in a timely manner and as far as reasonably practicable in advance of disclosure if CDWR determines that it must release such Settlement Information related to PG&E provided to CDWR under this Agreement. The Parties will then endeavor to reach agreement as to the intended disclosure, including appropriate redaction of Settlement Information related to PG&E so that the document may be disclosed. If the Parties cannot reach a mutually acceptable agreement to allow the disclosure of requested Settlement Information related to PG&E, then CDWR agrees to provide PG&E with sufficient time to take appropriate action to protect its interests prior to disclosing any such Settlement Information related to PG&E.

SECTION 4. Financial Responsibility. Pursuant to this Attachment I, CDWR agrees, and PG&E is ordered to notify the ISO that CDWR has assumed financial responsibility for ISO Invoiced Charges as provided in Exhibit A of this Attachment I. To that end, the Parties will request that the ISO designate CDWR as the financially responsible party for the charges listed on Exhibit A related to retail load obligations for all future purposes of disputes, adjustments or refunds or other modifications to payments permitted under the ISO Tariff, FERC orders or other governmental or regulatory authorities.

CDWR agrees, and PG&E is ordered to coordinate their settlement and payment activities hereunder and exchange relevant information to prevent the double payment of any ISO charge. Although the Parties have no responsibility for the ISO's remittance of revenue to third parties, CDWR agrees, and PG&E is ordered to advise the other if it becomes aware of any ISO overpayment or duplicate payment to third parties. CDWR agrees, and PG&E is ordered to work together to promptly reverse any such overpayment or duplicate payment by the ISO.

This Attachment I specifically does not address the financial responsibilities as to certain transmission, distribution and administrative costs also included in the ISO invoices submitted to CDWR. The Parties should continue to meet and confer in good faith to finalize the allocation of such remaining financial responsibilities as soon as practicable.

SECTION 5. Amendment to the Servicing Order. Simultaneously with the effectiveness of the Servicing Order, the Parties agree to the effectiveness of this Attachment I. The CPUC may order amendments to this Attachment I or the Servicing Order

SECTION 6. Conditions to Effectiveness. Effectiveness of this Attachment I as to other payments shall be conditioned upon the effectiveness of the Servicing Order. The condition set forth in this Section may be waived by written agreement of PG&E.

SECTION 7. Filing of Attachment I. CDWR at its discretion may file this Attachment I with CPUC so as to update its revenue requirement which filing by CDWR shall not constitute a waiver by PG&E of any of its rights or reservations under this Attachment I. To the extent CDWR receives interest payments from PG&E at the PG&E Average Investment Return Rate as provided in this Attachment I, CDWR shall ensure that such accrued interest payments are included in updates to CDWR's revenue requirements.

Upon payment of the Lump Sum Remittances as provided in this Attachment I, CDWR also agrees to withdraw or amend with respect to partial payments, as appropriate, its claims from PG&E's bankruptcy proceedings to reflect such payments.

SECTION 8. No Waiver. The remittance by PG&E to CDWR of any amounts hereunder shall not constitute or be deemed a waiver of the right of either party to contest, stay, enforce or otherwise litigate in any appropriate forum the level of any such retail rate component to be paid to CDWR for any and all periods, including past periods. Moreover nothing herein shall limit PG&E's rights to challenge the enforceability of any CPUC ruling, decision or order concerning such matters or jurisdiction of the CPUC with respect to the subject matter hereof or any issue raised hereby.

The failure to object to a breach of a provision in this Attachment I by either Party shall not be deemed to be a waiver any other rights of such Party contained in this Attachment I.

SECTION 9. Good Faith Negotiations Upon Amendment. Upon the effective date of this Attachment I, if there is any amendment or modification of a related condition required by any governmental body having jurisdiction, the Parties will enter into good faith negotiations as soon as practicable to develop and enter into a new arrangement which preserves the respective rights, obligations and benefits under this Attachment I as nearly as possible, and submit such amendment or modification to the CPUC for approval.

SECTION 10. Dispute Resolution. Should any dispute arise between the Parties as to the specific amounts to be remitted under Section 1 hereof, or should any dispute between the Parties arise from the exercise of either Party's audit rights contained in Section 12 hereof, the Parties shall remit any undisputed amounts and agree to enter into good faith negotiations as soon as practicable to resolve such disputes within (10) business days so as to fully allocate and pay appropriate amounts to each other or to the ISO as appropriate within the timeframes provided under this Attachment I, or as soon as possible thereafter.

SECTION 11. ISO Disputes. Nothing in this Attachment I is intended to extinguish any rights of CDWR or PG&E to file disputes with the ISO related to the ISO invoices or the related settlement data which do not relate to the charges set forth in Exhibit A attached hereto. Furthermore, PG&E may review all ISO settlement statements pertaining to the Scheduling Coordinator identification PGX3, PCG1, PCGB, PGAE and PGAB and file disputes as necessary.

SECTION 12. Audit Rights. CDWR agrees, and with respect to PG&E it is ordered that each shall have the right to undertake, or request the undertaking by a competent independent party of an audit of the ISO invoices relating to this Attachment I, final settlement data concerning such ISO invoices and related settlement information with regard to any allocation, cost or financial obligation of either Party resulting from this Attachment I, the cost of which audit shall be paid by the Party requesting such audit. In addition, CDWR's audit rights as described in Section 8.2 of the Servicing Order shall apply to any information required for implementing this Attachment I, including the right to audit PG&E records and procedures containing information bearing upon PG&E's performance of its obligations under this Attachment I. The audit rights provided in this paragraph shall extend one year beyond the date of termination of this Attachment I.

SECTION 13. Term. Upon the earlier of (a) PG&E becoming creditworthy (as defined by the ISO tariff) and obtaining CPUC approval of PG&E's resumption of the procurement function for its retail customers or (b) expiration of CDWR's authority under the Extended Act to enter into contracts for the cost of electric power and transmission, scheduling, and other related expenses incurred by CDWR from amounts in the Electric Power Fund available for purposes set forth herein, this Attachment I and the rights and obligations of each Party hereunder shall automatically terminate. Upon such event, nothing in this Attachment I shall establish, bind or allocate financial responsibility to either Party for ISO Invoiced Charges from such time forward.

SECTION 14. Governing Law. This Attachment I shall be governed by and construed in accordance with the laws of the State of California.

SECTION 15. Assignment. DWR agrees, and with respect to PG&E it is ordered that neither shall assign this Attachment I or its rights or obligations hereunder without the prior written consent of the other, which consent may be withheld in the exercise of its sole discretion.

SECTION 16. Severability. In the event that any of the terms, covenants or conditions of this Attachment I, or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court, regulatory agency, or other regulatory body having jurisdiction, all other terms, covenants, or conditions of this Attachment I and their application shall not be affected thereby, but shall remain in full force and effect, unless a court, regulatory agency, or other regulatory body holds that the provisions are not separable from all other provisions of this Attachment I.

SECTION 17. Limited Liability. Any liability of CDWR arising in connection with this Attachment I or any claim based thereon or with respect thereto arising as the result of any breach or default hereunder, and any other payment obligation or liability of or judgment against CDWR hereunder, shall be satisfied solely from the Electric Power Fund. Neither the full faith and credit nor the taxing power of the State of California are or may be pledged for any payment hereunder. Revenues and assets of the State Water Resources Development System shall not be liable for or available to make any payments or satisfy any obligation arising hereunder.

**EXHIBIT A**

Charge	Responsible Party
<p><b>1. Ancillary Services:</b> From January 17, 2001 forward, CERS will assume financial responsibility for Ancillary Services (currently CT (Charge Type) 111-Spinning Reserve due ISO; 112-Non-Spinning Reserve due ISO; 114-Replacement Reserve due ISO; 115-Regulation Up due ISO; 116-Regulation Down due ISO).</p> <p>A. Net of Ancillary Service revenue derived from utility retained generation (<i>i.e.</i>, currently CT 1-Day Ahead Spinning Reserve due SC; 2-Day Ahead Non-Spinning Reserve due SC; 4-Day Ahead Replacement Reserve due SC; 5-Hour Ahead Regulation Up due SC; 6-Day Ahead Regulation Down due SC; 51-Hour Ahead Spinning Reserve due SC; 52-Hour Ahead Non-Spinning Reserve due SC; 54-Hour Ahead Replacement Reserve due SC; 55-Hour Ahead Regulation Up due SC; 56-Hour Ahead Regulation Down due SC); 24-Dispatched Replacement Reserve (Bid-In) Capacity Withhold; 124-Dispatched Replacement Reserve (Self-Provided) Capacity Withhold.</p> <p>B. As adjusted by Rational Buyer, RMR Preemption, <i>i.e.</i>, CT 1011-Ancillary Service Rational Buyer Adjustment; 1061-Distribution of Preempted Spinning Reserve; 1062-Distribution of Preempted Non-Spinning Reserve; 1064-Distribution of Preempted Replacement Reserve; 1065-Distribution of Preempted Regulation Up; 1066-Distribution of Preempted Regulation Down; 1012-RMR Preemption Revenue Allocation; 61- Hour Ahead RMR Preemption of Spinning Reserve; 62- Hour Ahead RMR Preemption of Non-Spinning Reserve; 64- Hour Ahead RMR Preemption of Replacement Reserve; 65- Hour Ahead RMR Preemption of Regulation Up; 66- Hour Ahead RMR Preemption of Regulation Down; 71- Real Time RMR Preemption of Spinning Reserve; 72- Real Time RMR Preemption of Non-Spinning Reserve; 74- Real Time RMR Preemption of Replacement Reserve; 75- Real Time RMR Preemption of Regulation Up; 76- Real Time RMR Preemption of Regulation Down; 81- Real Time RMR Preemption of Spinning Reserve; 82- Real Time RMR Preemption of Non-Spinning Reserve; 84- Real Time RMR Preemption of Replacement Reserve; 85- Real Time RMR Preemption of Regulation Up; 86-Real</p>	<p><b>CERS</b></p>

Charge	Responsible Party
<p>Time RMR Preemption of Regulation Down.  C. As further adjusted by No Pay and Noncompliance, <i>i.e.</i>, CT 141-No Pay Charge Spinning Reserve; 142-No Pay Charge-Non-Spinning Reserve; 144-No Pay Charge- Replacement Reserve; 145-Non Compliance Charge for Regulation Up; 146-Non Compliance Charge for Regulation Down; 1030-No Pay Provision Market Refund</p>	
<p><b>2. Imbalance Energy and Unaccounted For Energy (UFE):</b> From January 17, 2001 forward, with respect to PG&amp;E’s retail customer load, CERS will assume financial responsibility for Imbalance Energy, <i>i.e.</i>, currently CT 406-SC Unaccounted for Energy; 407-Uninstructed Energy; 487-Allocation of Excess Cost for Uninstructed Energy; 591-Emissions Cost Recovery; and 592-Start-Up Cost Recovery—as netted against current CT 401- Instructed Energy; 481-Excess Cost for Instructed Energy; 593- Emissions Cost Due Trustee; and 594-Start-Up Cost due Trustee revenues received by the IOUs from their utility retained generation.</p>	<b>CERS</b>
<p><b>3. Neutrality:</b> From January 17, 2001 forward, with respect to PG&amp;E’s retail customer load, CERS will assume responsibility for CT 1010-Neutrality; 1210-Existing Contracts Cash Neutrality Charge/Refund.</p>	<b>CERS</b>
<p><b>4. Interest:</b> CERS will assume responsibility for CT 3999 Interest and Penalty Charges for those charges set forth in Exhibit A and with respect to such charges related to PG&amp;E’s retail customer load that CERS has assumed responsibility as set forth in Exhibit A-2. CERS will not pay interest accrued on past due principal amounts prior to January 17, 2001.</p>	<b>CERS</b>

## EXHIBIT B

### **Imbalance Energy Remittances for the Lump Sum Period**

DWR and PG&E shall agree on the kilowatt-hours of Imbalance Energy bought or sold for PG&E's retail customers by the ISO for each hour of the Lump Sum Period, including each hour of the IE Lump Sum Transition Period. The term "IE Lump Sum Transition Period" shall mean the remittances accrued during the six-month period prior to the Curve Collection Implementation Date but not collected during the six-month period after the Curve Collection Implementation Date.

For the purposes of this Attachment I, Imbalance Energy shall include Uninstructed Energy (ISO Charge Type 407) quantities and Instructed Energy (ISO Charge Type 401) quantities. Notwithstanding the foregoing, Imbalance Energy bought or sold by PG&E in connection with its non-retail obligations shall not be considered Imbalance Energy hereunder, unless expressly agreed to between the Parties. During the IE Lump Sum Transition Period, the kilowatt-hours of Imbalance Energy shall be the portion of Imbalance Energy each hour which is not recovered using the Collection Curve Methodology as described in Attachment B of the Servicing Order for the six months prior to the Collection Curve Implementation Date.

PG&E shall determine the weighted-average Distribution Loss Factor for each hour of the Lump Sum Period, including the IE Lump Sum Transition Period ("Hourly DLF"), as follows: subtract (a) PG&E's aggregated retail usage from (b) PG&E's retail usage reported to the ISO and divide this total by (b) PG&E's retail usage reported to the ISO.

PG&E shall multiply the kilowatt-hours of Imbalance Energy bought or sold for PG&E's retail customers by the ISO by the factor of one minus the Hourly DLF to determine the "Hourly Imbalance Energy Purchases/Sales At Retail." For each day of the Lump Sum Period, including the IE Lump Sum Transition Period, PG&E shall net the Hourly Imbalance Energy Purchases/Sales At Retail to determine the "Daily Imbalance Energy Purchases/Sales At Retail."

PG&E shall multiply the Daily Imbalance Energy Purchases/Sales At Retail by the rate that PG&E paid CDWR for scheduled energy delivered that day and the resulting dollar amount shall be multiplied by a factor of one minus the applicable CPUC authorized uncollectibles factor to determine the "Daily Imbalance Energy Payable/Receivable." PG&E shall net the Daily Imbalance Energy Payable/Receivable for each day of the Lump Sum Period, including the IE Lump Sum Transition Period to determine the Imbalance Energy Lump Sum Remittances due to CDWR. Even if otherwise not expressly provided for under this Servicing Order, PG&E may make whatever further adjustments are necessary to reflect uncollectibles in calculating its Energy Lump Sum Remittances.

Interest shall be applied to all Imbalance Energy Lump Sum Remittances less Total Offsets as calculated in Exhibit C attached hereto. Interest shall be due to CDWR beginning 45 days from the date the energy was delivered to PG&E's customers until the date paid. The interest shall accrue daily at the PG&E Average Investment Return Rate.

PG&E shall provide CDWR with work papers to validate PG&E calculations of Hourly DLFs and uncollectibles.

The Parties acknowledge that as of the effective date of this Attachment I, ISO settlement statements will not be available for all days of the IE Lump Sum Transition Period. Therefore, the above calculations will be trued-up and revised as necessary as ISO settlement statements become available for the entire Lump Sum Period. Such true-up payments described in this provision shall be made on or before September 3, 2002.

## EXHIBIT C

### **Total Offsets**

Offsets for the period January 17, 2001 through May 31, 2001 (“Adjustment Period”).

PG&E shall calculate the following offsets and provide CDWR with appropriate work papers to validate PG&E’s calculations:

**C.1 Loss Adjustment For Scheduled Energy for the Adjustment Period.**

Prior to June 1, 2001, remittances to CDWR by PG&E were based on the total quantity of scheduled energy without adjustments for distribution losses. The Loss Adjustment For Scheduled Energy is intended to compensate PG&E for payments that PG&E previously made to CDWR for scheduled energy that was not delivered to PG&E’s retail customers as a result of distribution losses.

The “Hourly Loss Adjustment For Scheduled Energy” shall be determined by multiplying the scheduled energy for which CDWR was paid by PG&E for each hour of the Adjustment Period by the Hourly DLF and by the rate (in dollars per megawatt-hours) CDWR was paid for such scheduled energy.

The “Loss Adjustment For Scheduled Energy” shall be the summation of the Hourly Loss Adjustment For Scheduled Energy over all hours of the Adjustment Period.

**C.2 Uncollectibles Adjustment For Scheduled Energy for the Adjustment Period.**

Prior to June 1, 2001, remittances to CDWR by PG&E for scheduled energy deliveries to retail customers were not adjusted for amounts that were not collectible from retail customers. The Uncollectibles Adjustment For Scheduled Energy is intended to compensate PG&E for payments that PG&E previously made to CDWR for scheduled energy, but did not collect from its retail customers.

The “Hourly Adjusted Scheduled Energy Payable” shall be determined by multiplying the scheduled energy for which CDWR was paid by PG&E for each hour of the Adjustment Period by a factor of one minus the Hourly DLF and by the rate (in dollars per megawatt-hours) that CDWR was paid for such Scheduled Energy.

The “Hourly Uncollectibles Adjustment For Scheduled Energy” shall be determined by multiplying the Hourly Adjusted Scheduled Energy Payable by a factor of one minus the applicable CPUC authorized uncollectibles factor.

The “Uncollectibles Adjustment For Scheduled Energy” shall be the sum of the Hourly Uncollectibles Adjustment For Scheduled Energy over all hours of the Adjustment Period.

**C.3 Total Offsets.**

The sum of the Loss Adjustment For Scheduled Energy and the Uncollectibles Adjustment For Scheduled Energy shall be defined as the “Total Offsets.” The Total Offsets shall reduce the principal amount due in Exhibit B, attached hereto.

**EXHIBIT D**

**Franchise Fee Remittance Adjustments**

For the period beginning January 17, 2001 through the appropriate end date of the franchise fee offset, PG&E shall remit to CDWR all amounts previously offset by PG&E to pay franchise fees. Amounts previously withheld shall be remitted to CDWR with interest accrued at the rate PG&E earned on these funds from the first date of offsets made to pay the franchise fees. The interest shall accrue until paid as Lump Sum Remittances. Even if otherwise not expressly provided for under this Servicing Order, PG&E may make whatever further adjustments are necessary to reflect uncollectibles in calculating its Franchise Fee Remittance.

**EXHIBIT E**

**Adjustments Due to Changes in Methodology**

From time to time, PG&E and CDWR may agree that Methodology Adjustments are needed to conform any previously remittance methodology used by PG&E to the methodology described in Attachment B of the Servicing Order. The Parties agree to meet and confer so as to agree upon any other adjustments necessary to correct errors or discrepancies or to adjust or amend existing methodologies, including the methodologies provided in this Attachment I and in the Servicing Order or to implement new methodologies as mutually agreeable to the Parties.

## EXHIBIT F

### 2006 CLARIFICATIONS TO ORIGINAL AGREEMENT AND EXHIBIT A THERETO

**Part 1.** Section 11 of the Original Agreement contained in Attachment I refers to certain Scheduling Coordinator identifications. The reference to “PGX3” contained in such Section 11 is amended to reflect CDWR and PG&E’s past practices which resulted in the use of the Scheduling Coordinator identification “PXC3” rather than “PGX3” as referred to therein.

**Part 2.** After the adoption of the provisions contained in this Attachment I, certain additional charge types were introduced by the ISO during calendar year 2002. Consistent with the principles set forth in Attachment I, the Parties have paid and/or satisfied the ISO invoiced amounts and this Exhibit F has been prepared to memorialize such subsequently introduced charge types and the financial responsibility of the Parties. The Charge column of the existing Exhibit A is hereby supplemented as provided below:

Charge	Responsible Party
<p><b>2. Imbalance Energy and Unaccounted For Energy (UFE):</b></p> <p>At the end of the current text, the following text is added: “; 595-Minimum Load Cost Allocation Due ISO; 410-RMR Imbalance Energy Payment Withheld for Unscheduled RMR Energy.”</p>	<p><b>CERS; however, responsibility for CT 401, 481 Instructed Energy credits and charges to be determined by the CPUC as described in Section 3.</b></p>
<p><b>3. Neutrality:</b></p> <p>At the end of the current text, the following text is added: “; 1481-Excess Cost Neutrality Allocation.”</p>	<p><b>CERS</b></p>
<p><b>4. Interest:</b></p> <p>In the first sentence, the underlined text is added and the struck text is deleted: “CERS will assume responsibility for CT 3999 and <u>CT 2999</u> Interest and Penalty Charges for those charges set forth in Exhibit A and with respect to such charges related to PG&amp;E’s retail customer load that CERS has assumed responsibility as set forth in Exhibit A-2.”</p>	<p><b>CERS</b></p>

# **ATTACHMENT 3**

**2010 SERVICING ORDER**

**CONCERNING**

**STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES**

**And**

**SAN DIEGO GAS & ELECTRIC COMPANY**

THIS ORDER HAS BEEN ISSUED BY THE CALIFORNIA PUBLIC UTILITIES COMMISSION (“COMMISSION”) FOR USE BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES (“DWR”) AND SAN DIEGO GAS & ELECTRIC COMPANY (“UTILITY”).

Date of Commission Approval:

Effective Date:

**2010 SERVICING ORDER  
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## **2010 SERVICING ORDER**

**THIS 2010 SERVICING ORDER** (this “Servicing Order” or the “2010 Servicing Order”) concerns the State of California Department of Water Resources (“DWR”), separate and apart from its powers and responsibilities with respect to the State Water Resources Development System, and San Diego Gas & Electric Company, a California corporation (“Utility” or “SDG&E”). This Servicing Order amends and restates that certain 2007 Servicing Order adopted pursuant to D.07-03-025 (the “2007 Servicing Order”) to amend and restate that certain 2003 Servicing Order adopted pursuant to D.02-12-070 on December 19, 2002 (the “2003 Servicing Order”), further amending and restating that certain First Amended and Restated Servicing Agreement, between DWR and Utility, approved by the Commission on April 22, 2002 pursuant to D.02-04-048, as amended by the Amendment No. 1 thereto, approved by the Commission on July 17, 2002. DWR and Utility are sometimes collectively referred to as the “Parties” and individually referred to as a “Party.”

### **BACKGROUND**

A. Under the Act, DWR is authorized to sell electric power and energy to Customers. Amounts payable by DWR under this Servicing Order are payable solely from the Department of Water Resources Electric Power Fund established pursuant to Section 80200 of the California Water Code or other appropriated amounts legally available therefor.

B. Utility is engaged in, among other things, the transmission and distribution of electrical services to certain of the Customers in its service territory, the billing and collection for electrical services and other charges, and the ownership, installation and reading of electrical meters for certain of such Customers.

C. Under the Act, DWR is authorized to enter into contracts with the Utility to provide transmission and distribution of all power sold or made available for sale by DWR to certain of the Customers, and, upon request of DWR, the Commission has ordered Utility to provide such transmission and distribution services, including the provision of billing, collection and related services, as agent for DWR, on terms and conditions that reasonably compensate Utility for its services.

D. On June 23, 2001, the Parties entered into a Servicing Agreement, as amended and approved by the Commission pursuant to D.01-09-013, to set forth the terms under which Utility will provide for the transmission and distribution of DWR Power as well as billing and related services.

E. On February 21, 2002, the Commission adopted D.02-02-051, approving and adopting a Rate Agreement between the Commission and DWR.

F. On April 22, 2002, the Commission approved the First Amended and Restated Servicing Agreement, pursuant to D.02-04-048, to comply with D.01-09-013 to implement certain provisions of the Rate Agreement. Said First Amended and Restated Servicing Agreement was further amended by Amendment No. 1 approved by the Commission on July 17, 2002, pursuant to D.02-07-038 to provide for a separate line item on the Utility Bills for Bond

Charges and to implement the 2002 20/20 Program as ordered by the Commission pursuant to Resolution E-3770.

G. On September 19, 2002, the Commission adopted D.02-09-053 relating to the allocation of DWR's power contracts, ordering the Parties to modify the previously approved servicing agreement to reflect the new operational arrangements under said contract allocation decision issued by the Commission.

H. On December 19, 2002, pursuant to D.02-12-069, the Commission adopted an Operating Order which established the respective rights and responsibilities with respect to the Utility's administration of the Allocated Contracts and, on that same date, the Commission further adopted D.02-12-070, imposing the 2003 Servicing Order on the Utility.

I. Through other proceedings, the Commission also determined the cost responsibility of certain Customers, other than Bundled Customers, for Bond Charge and the ongoing DWR power charge component.

J. Section 10(a) of the 2003 Servicing Order provided that Parties are to negotiate appropriate amendments to effectuate the required changes upon certain events, including the implementation of Bond Charges and the imposition of a DWR Charge upon customers of ESPs or other third-parties.

K. In Appendices D-1, D-2, E-1 and E-2 to Attachment B and in reporting templates contained in Attachment C of the 2007 Servicing Order, DWR has identified and included certain Customer Types who do not currently remit DWR Charges. Unless specifically provided elsewhere in this Servicing Order, the Utility and DWR acknowledge that the collection and remittance of DWR Charges from such Customer Types will not begin until Applicable Commission Orders that require the Utility to perform such services are final and effective.

L. DWR and Utility amended the 2003 Servicing Order to reflect the remittance methodologies and obligations applicable to DWR Revenues, consisting of DWR Charges collected from Customers and DWR Surplus Energy Sales Revenues, all as previously provided in Applicable Commission Orders and State law, and such amendments were adopted in the 2007 Servicing Order adopted pursuant to D.07-03-025.

M. To reflect the changes resulting from the ISO implementation of Market Redesign and Technology Upgrade, DWR desires to amend the 2007 Servicing Order and the Operating Order, consistent with the principles memorialized in that certain Memorandum of Understanding, dated as of February 4, 2009, which has been approved by the Commission on March 13, 2009.

**NOW, THEREFORE,** DWR agrees, and Utility is ordered to do as follows:

**Section 1. Definitions.**

The following terms, when used herein (and in the attachments hereto) with initial capitalization, shall have the meaning specified in this Section 1. Certain additional terms are defined in the attachments hereto. The singular shall include the plural and the

masculine shall include the feminine and neuter, and vice versa. “Includes” or “including” shall mean “including without limitation.” References to a section or attachment shall mean a section or attachment of this 2010 Servicing Order, as the case may be, unless the context requires otherwise, and reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made (except as otherwise specifically provided herein). Unless the context otherwise requires, references to Applicable Laws or Applicable Tariffs shall be deemed references to such laws or tariffs as they may be amended, replaced or restated from time to time. References to the time of day shall be deemed references to such time as measured by prevailing Pacific Time.

**ACH** - Automated Clearing House, a nationwide payment and collection system which provides for the electronic distribution and settlement of funds.

**Act** - Chapter 4 of Statutes of 2001 (Assembly Bill 1 of the First 2001-02 Extraordinary Session) of the State of California, as amended from time to time.

**Additional Charges** - Additional Charges shall have the meaning set forth in Section 7.2 below.

**Aggregate Power** - DWR Power, Utility-Provided Electric Power, and, subject to Section 4.3 of the Rate Agreement, ESP Power or other third-party provided Power for customers located within that Utility’s service territory, to the extent DWR Charges are authorized to be imposed on any such Power by Applicable Commission Orders or State or federal law.

**Allocated Contracts** - The long-term power purchase agreements, listed on Schedule 1 of the Operating Order, allocated to Utility under the Contract Allocation Order.

**Applicable Commission Orders** - Such rules, regulations, decisions, resolutions, opinions or orders as the Commission may lawfully issue or promulgate from time to time, which further define the rights and obligations of the Parties under or in connection with the Servicing Order, including any advice letters in furtherance thereof that are approved by the Commission.

**Applicable Law** - The Act, Applicable Commission Orders and any other applicable statute, constitutional provision, rule, regulation, ordinance, order, decision or code of a Governmental Authority.

**Applicable Tariffs** - Utility’s tariffs, including all rules, rate schedules, contracts, and preliminary statements, governing electric energy service to Customers in Utility’s service territory, as filed with and approved by the Commission and, if applicable, the Federal Energy Regulatory Commission.

**Assign(s)** - Assign(s) shall have the meaning set forth in Section 14.3(c).

**Billing Services** - mean Utility Billing Services.

**Bond Charges** - Bond Charges shall have the meaning set forth in the Rate Agreement and shall include Bond Charges to be remitted by Customers, including Bundled Customers, Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers and Community Choice Aggregation Customers who are required to remit Bond Charges under Applicable Law.

**Bundled Customers** - Customers who purchase Power from Utility.

**Bureau** - Bureau shall have the meaning set forth in Section 8.2(b).

**Business Days** - Regular Monday through Friday weekdays which are customary working days, excluding State government holidays and holidays established by Applicable Tariffs; provided, however, the terms “**DWR Business Days**” or “**Utility Business Days**” shall refer to Business Days that are customary working days as related to DWR or Utility, as appropriate.

**Business Hours** - The period on a Business Day from 9:00 a.m. until 5:00 p.m.

**CERS** - California Energy Resources Scheduling, a division of DWR.

**Charges** - DWR Charges and Utility Charges.

**Claims** - Claims shall have the meaning set forth in Section 12.

**Commission** - The California Public Utilities Commission.

**Community Choice Aggregation Customers or CCA Customers** - Customers whose energy requirements are served by governmental entities formed by cities and counties pursuant to Assembly Bill 117 (2002 Stats., ch. 838), all as further provided in D.04-12-046 adopted on December 16, 2004, and D.05-12-041, adopted on December 15, 2005, as such decisions may be amended or supplemented from time to time.

**Confidential Information** - Confidential Information shall have the meaning set forth in Section 6.1(c).

**Contract Allocation Order** - D.02-09-053 of the Commission, adopted on September 19, 2002, as such decision may be amended or supplemented from time to time by the Commission.

**Contracts** - The Allocated Contracts.

**Cost Responsibility Surcharges or CRS** - For purposes of this Servicing Order, “Cost Responsibility Surcharges” or “CRS” refers to DWR Charges imposed under and pursuant to Applicable Law on Customers for the recovery of costs other than as related to the contemporaneous provisions of electrical products or services, including but not limited to (i) Bond Charge authorized or required to be imposed and (ii) any cost determined to be the ongoing DWR power charge component to be paid by such Customer or any other such similar charge. The Parties agree that under Applicable Commission Orders relating to Cost Responsibility

Surcharges, the Commission has dealt with several other components to be collected by Utility, including such components which are the property of the Utility, and further agree that the use of the term Cost Responsibility Surcharges or CRS in this Servicing Order is only intended to include the components of CRS that are the property of DWR.

**Customer** - A retail end-use customer that purchases (or is deemed to purchase) Aggregate Power, as established by Applicable Law.

**Customer Generation Departing Load Customers or CGDL Customers** - Customers who (a) discontinue or reduce their purchases of Utility or Direct Access services; (b) purchase or consume electricity supplied and delivered by "Customer Generation" to replace the Utility or Direct Access purchases; and (c) remain physically located at the same location or elsewhere within the Utility's service territory, all as further provided in D.03-04-030 adopted on April 3, 2003, as such decision may be amended or supplemented from time to time.

**Customer Type** - Refers to Customers who may be Bundled Customers, Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers or Community Choice Aggregation Customers.

**Daily Remittance** - Daily Remittance shall have the meaning set forth in Attachment B hereto.

**Daily Remittance Report** - Daily Remittance Report shall have the meaning set forth in Attachment B hereto and shall be in the form set forth in Attachment C hereto.

**Day-Ahead Market** - The daily ISO forward market for which energy and ancillary services are scheduled for delivery on the following calendar day, as such market operated prior to the MRTU Effective Date.

**Delinquent Payment** - Delinquent Payment shall mean the payment of any amount due under this Servicing Order after the time when payment is required to be made hereunder, as further described and/or limited hereunder.

**Direct Access Customers or DA Customers** - Customers who subscribe to direct access service from Electric Service Providers, all as further provided in D.02-03-055 adopted on March 21, 2002, as such decision may be amended or supplemented from time to time.

**Discloser** - Discloser shall have the meaning set forth in Section 6.1(c).

**DWR Charges** - Bond Charges, Power Charges and any other amounts authorized to be collected from Customers pursuant to the Rate Agreement, Applicable Commission Orders and Applicable Law in order to meet DWR's revenue requirements under the Act.

**DWR Power** - The electric power and energy, including but not limited to capacity and output, supplied by DWR to Bundled Customers pursuant to the Act, Applicable Commission Orders and State and federal law.

**DWR Revenues** - Those DWR Charges collected from Customers required to be remitted to DWR through Utility Bills or Non-Utility Bills, as the case may be, and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues.

**DWR Surplus Energy Sales Revenues or Surplus Revenues** - Revenues received by Utility for the sale of surplus Power to third parties that Utility is required to remit to DWR, consistent with the Contract Allocation Order and Exhibit C of the Operating Order, prior to the MRTU Effective Date.

**DWR's Agent** - DWR's Agent shall have the meaning set forth in Section 8.2(b).

**Effective Date** - The date this Servicing Order is effective in accordance with Section 14.16, as such date is set forth on the cover page hereof.

**Electrical Corporation** - Electrical Corporation shall have the meaning ascribed thereto in Section 218 of the Public Utilities Code, including any successor and assign thereof.

**Electric Service Provider or ESP** - Electric Service Provider means an entity that provides electrical service to one or more retail customers located within the Service Areas of Pacific Gas and Electric Company, Southern California Edison Company, or San Diego Gas & Electric Company or any of their respective successors, except that Electric Service Provider excludes: DWR, any other public agency to the extent that it offers electrical service to customers within its jurisdiction or within the service territory of a local publicly owned electric utility, and Electrical Corporations. Electric Service Provider includes the unregulated affiliates and subsidiaries of an Electrical Corporation.

**ESP Customers** - Customers served by ESP Power.

**ESP Power** - Power provided by an Electric Service Provider to Customers.

**Event of Default** - Event of Default shall have the meaning set forth in Section 5.2.

**Final Hour-Ahead Schedule** - The final schedule of DWR Power submitted by DWR and Utility and published by the ISO for the Hour-Ahead Market, prior to the MRTU Effective Date.

**Fund** - Fund shall have the meaning set forth in Section 13.2.

**Fund Type** - Refers to Bond Charges or Power Charges.

**Governmental Authority** - Any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government, including the Commission.

**Governmental Program** - Any program or directive established by Applicable Law which directly or indirectly affects the rights or obligations of the Parties under this Servicing Order and which obligates or authorizes DWR to make payments or give credits to Customers or other third parties under such programs or directives.

**Hour-Ahead Market** - The ISO forward market for which energy and ancillary services are scheduled for subsequent hours for delivery on the current calendar day, as such market operated prior to the MRTU Effective Date.

**Indemnified Party** - Indemnified Party shall have the meaning set forth in Section 12.

**Indemnifying Party** - Indemnifying Party shall have the meaning set forth in Section 12.

**Insolvency Event** - With respect to Utility, (a) the filing of a decree or order for relief by a court having jurisdiction in its premises or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for it or for any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive calendar days; or (b) the commencement by it of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by it to the entry of an order for relief in an involuntary case under any such law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for it or for any substantial part of its property, or the making by it of any general assignment for the benefit of creditors, or the taking of action by it in furtherance of any of the foregoing.

**ISO** - The California Independent System Operator Corporation.

**Late Payment Rate** - The Prime Rate plus 3%.

**MRTU** - ISO's Market Redesign and Technology Upgrade.

**MRTU Effective Date** - The first trade date upon MRTU implementation by the ISO.

**Municipal Departing Load Customers or MDL Customers** - Customers who departed Utility service on and after February 1, 2001 to take service from a municipal utility, all as further provided in D.03-07-028 adopted on July 10, 2003, as such decision may be amended or supplemented from time to time.

**Non-Utility** - Any third-party service provider under Applicable Tariff or servicing arrangement with the Utility to perform any portion of Services contemplated under this Servicing Order, including but not limited to ESPs and other third-party energy providers.

**Non-Utility Bill** - A bill calculated and prepared by the Utility but either (i) presented to a Non-Utility or (ii) consolidated and presented by a Non-Utility to a Customer, in either case, under and pursuant to a servicing arrangement and/or Applicable Tariff or Applicable Law which facilitates the collection of any component of DWR Charges.

**Operating Order** - The Operating Order adopted on December 19, 2002, pursuant to D.02-12-069, including that certain Operating Agreement executed on April 17, 2003, by and between DWR and Utility, as the same may be amended from time to time and approved by the Commission, including such amendments to be incorporated consistent with the principles

memorialized in that certain Memorandum of Understanding, dated as of February 4, 2009, as further amended, supplemented and clarified as set forth in the Operating Order submitted to the Commission concurrently with this 2010 Servicing Order.

**Operating Order Effective Date** - The date that the Operating Order is effective in accordance with the provisions thereof.

**Power** - Electric power and energy, including but not limited to capacity and output.

**Power Charges** - Power Charges shall have the meaning set forth in the Rate Agreement, and shall include Energy Payments as referred to in Exhibit C of the Operating Order and shall further include the ongoing DWR power charge component of the CRS imposed by the Commission upon certain customers for the above-market costs of DWR Power.

**Prime Rate** - The rate which Morgan Guaranty Trust Company of New York, or its successor, announces from time to time in New York, New York as its prime lending rate, the Prime Rate to change when and as such prime lending rate changes. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer.

**Rate Agreement** - The Rate Agreement between DWR and the Commission adopted by the Commission on February 21, 2002 pursuant to D.02-02-051, as the same may be amended and adopted by subsequent Commission proceedings.

**Recipient** - Recipient shall have the meaning set forth in Section 6.1(c).

**Recurring Fees** - Recurring Fees shall have the meaning set forth in Section 7.1.

**Remittance** - A payment of DWR Charges by Utility to DWR or its Assign(s) and, prior to the MRTU Effective Date, all DWR Surplus Energy Sales Revenues, in accordance with this Servicing Order.

**Scheduling Coordinator-to-Scheduling Coordinator Trade** - Schedules for energy transferred from one ISO scheduling coordinator to another. Such schedules are deemed delivered by the ISO upon publication by the ISO of the Final Hour-Ahead Schedules.

**Service Area** - Service Area means the geographic area in which an Electrical Corporation distributes electricity.

**Services** - Billing Services, metering services and meter reading services which may be performed by Utility or Non-Utility, as the case may be, and related collection, remittance and other services provided by Utility for DWR pursuant to this Servicing Order.

**Servicing Order or 2010 Servicing Order** - This 2010 Servicing Order including all attachments hereto.

**State** - The State of California.

**Set-Up Fee** - Set-Up Fee shall have the meaning set forth in Section 7.1.

**Term** - The term of this Servicing Order as set forth in Section 5.1.

**20/20 Program** - 20/20 Program shall have the meaning set forth in Section 4.3.

**Utility Bill** - A bill calculated, prepared and presented by Utility to a Customer that includes both the Customer's Utility Charges and DWR Charges; provided, however, that to the extent appropriate under Applicable Commission Orders, all Utility Bills sent to Customers shall reflect DWR Charges on a consolidated basis.

**Utility Billing Service** - Billing service through the use of Utility Bills or Non-Utility Bills as described in Service Attachment 1 to this Servicing Order.

**Utility Charges** - Charges incurred by a Customer for electricity-related services and products provided by Utility to the Customer, as approved by the Commission and, as applicable, the Federal Energy Regulatory Commission or other Governmental Authority (including, but not limited to, any Competition Transition Charges or Fixed Transition Amount Charges owing to Utility or its affiliates, as those terms are defined under the California Public Utilities Code). Utility Charges shall not include DWR Revenues or charges for retail natural gas sales.

**Utility-Provided Electric Power** - Utility-Provided Electric Power shall refer to electricity from Utility's own generation, qualifying facility contracts, other power purchase agreements and bilateral contracts. Utility-Provided Electric Power shall not include DWR Power, ESP Power or any third-party provided power for Customers.

The terms used in the attachments, but not specifically defined herein or elsewhere in this Servicing Order, should be understood by the Parties to have their ordinary meanings.

## **Section 2. Energy Delivery, Surplus Energy Sales and Ownership.**

### **2.1. Delivery of Power.**

Pursuant to the Act and Applicable Commission Orders, Utility is ordered to transmit, or provide for the transmission of, and distribute DWR Power to Bundled Customers over Utility's transmission and distribution system in accordance with Applicable Law, Applicable Tariffs and any agreements between the Parties.

### **2.2. Data and Information Communications Procedures.**

(a) Prior to the Operating Order Effective Date, Utility estimated customer usage and Utility-retained generation for a given trade day and communicated the net of such estimate to DWR by 7:00 a.m. on the preceding Utility Business Day. In the event that DWR observed a persistent deviation between estimated customer usage and actual customer usage, or between estimated Utility-retained generation and actual Utility-retained generation, DWR requested Utility to review, and Utility promptly commenced the review of, Utility's forecast methodology and reported the results of such review to

DWR; provided, however, that Utility had no obligation to correct or minimize such deviation except as provided in Attachment H of the 2003 Servicing Order.

(b) Prior to the Operating Order Effective Date, DWR agreed to send to Utility in writing each day the Scheduling Coordinator-to-Scheduling Coordinator Trade between DWR and Utility. This information was delivered no later than 9:30 a.m. for trades in the Day-Ahead Market for the following day, and no later than two hours and twenty minutes prior to the start of the delivery hour for trades in the Hour-Ahead Market. Utility was ordered, and DWR agreed to separately provide these schedules to the ISO prior to the close of the respective markets. The above deadlines for DWR were set because the ISO Day-Ahead Market closed at 10:00 a.m. on the day before delivery and the ISO Hour-Ahead Market closed two hours before the delivery hour. If these closing times should change, the deadlines for submission of DWR data to Utility were to have changed proportionately, which revised deadlines were to be confirmed in writing by DWR and Utility. DWR agreed that, upon Utility's request, DWR would supply information to Utility substantiating to Utility's reasonable satisfaction (i) the total amount of energy purchased by DWR in the Day-Ahead Market and Hour-Ahead Market; and (ii) other such information that may be required for Utility to verify the DWR Charges, or any component thereof, including information regarding the allocation of such energy among Customers and other third parties to the extent so required.

Notwithstanding the provisions of paragraphs (a) and (b) of this Section 2.2, upon the Operating Order Effective Date, Utility is to schedule and dispatch Power as provided in the Operating Order and the Utility is directed to comply with the data and information communications procedures set forth in the Operating Order.

(c) Consistent with Applicable Commission Orders and as provided elsewhere in this Servicing Order, on and after the Effective Date of the 2007 Servicing Order, Utility was ordered to remit each component of DWR Charges from each Customer Type, all as further provided in Attachment B hereto and each of the Appendices appended thereto. Each component of DWR Charges was ordered to be remitted at the applicable Commission-approved rate. The basis for remittance of DWR Charges shall be amounts collected from Customers, consistent with Applicable Commission Orders. If either Party obtains actual knowledge of a material flaw in the procedures or methods set forth in this Servicing Order, and such flaw has a material adverse effect on (i) the delivery of Services (including, without limitation, the timely and accurate remittance of DWR Charges and DWR Surplus Energy Sales Revenues to DWR), or (ii) the timely and accurate payment to Utility of compensation for Services hereunder, the discovering Party shall bring such flaw to the attention of the other Party within a reasonable time. Upon the delivery of such notice, the Parties shall conduct good faith negotiations to resolve such flaw. Without limiting any other terms, express or implied, of this Servicing Order or any other agreement between the Parties, the Parties acknowledge that the two preceding sentences do not impose an independent obligation to perform any investigation or monitoring to discover any such flaw.

(d) Prior to the MRTU Effective Date, Utility shall perform surplus Power sales consistent with the Contract Allocation Order and the Operating Order. Utility shall also

calculate and remit DWR Surplus Energy Sales Revenues consistent with the Contract Allocation Order and the Operating Order. The basis for remittance of DWR Surplus Energy Sales Revenues shall be amounts collected by Utility from third parties for sales of surplus Power, consistent with the principles set forth in Exhibit C of the Operating Order and in accordance with the Contract Allocation Order, all as further provided in Service Attachment 2 hereto.

(e) On and after the MRTU Effective Date, Utility shall remit each component of DWR Charges from each Customer Type, all as further provided in this 2010 Servicing Order, consistent with the amendments set forth in the Operating Order submitted to the Commission concurrently with this 2010 Servicing Order. These amendments are consistent with the principles set forth in that certain Memorandum of Understanding, dated as of February 4, 2009.

(f) All data and information to be exchanged between the Parties in connection with scheduling and settlement of transactions shall be in the format agreed to by Utility and DWR and shall, except as otherwise provided by this Servicing Order or Applicable Tariffs, or as may be approved by Utility in its reasonable discretion, be submitted electronically. If a Party receives any information that is unreadable, or contains data that cannot be processed by the receiving Party's system, or is otherwise damaged, such receiving Party shall inform the sending Party of such problem. Until any such problem is corrected, the receiving Party shall not be responsible for processing information received in this condition. The foregoing notwithstanding, a receiving Party shall not be excused from its obligation to process information if the receiving Party cannot read or otherwise process the information sent by the sending Party as a result of defects, errors, bugs, or viruses in the receiving Party's systems or software or due to negligence or wrongful act(s) or failure(s) to act on the part of the receiving Party's employees, agents, independent contractors, subcontractors or assigns.

### **2.3. Ownership of DWR Power, Surplus Power, Utility-Provided Electric Power and DWR Revenues.**

Notwithstanding any other provision herein, and in accordance with the Act and Section 80110 of the California Water Code, DWR shall retain title to all DWR Power sold by DWR to Bundled Customers or, prior to the MRTU Effective Date, any surplus Power sold by Utility on DWR's behalf, in accordance with the terms of the Operating Order and consistent with the Contract Allocation Order. In accordance with the terms hereof and the Operating Order, as the case may be, Utility is acting solely as the servicing agent for DWR with respect to all components of DWR Charges collected from Customers and, prior to the MRTU Effective Date, with respect to sales of surplus Power to third-party purchasers, and nothing in this Servicing Order should be construed to suggest other than that DWR shall retain title to all DWR Charges and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues.

In accordance with the Act and Section 80104 of the California Water Code, upon the delivery of DWR Power to Bundled Customers or, prior to the MRTU Effective Date, the sale of surplus Power to third-party power purchasers made by Utility on behalf of DWR,

those Bundled Customers and third-party power purchasers, shall be deemed to have purchased that power from DWR, and payment for any such sale shall be a direct obligation of such Customers or third-party purchasers, as the case may be, to DWR. In accordance with Applicable Law, Cost Responsibility Surcharges are recovered from Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers or Community Choice Aggregation Customers. Utility shall collect and remit such Cost Responsibility Surcharges, all as further provided in this Servicing Order.

All DWR Revenues and DWR Charges shall constitute property of DWR. To the extent any monies are received by the Utility during the process of collection, and pending their transfer to DWR, including any amounts collected under Non-Utility Bills and remitted to Utility by a Non-Utility, the monies shall be held by the Utility in trust for the benefit of DWR (whether or not held together with other monies). Notwithstanding any other provision herein, Utility shall retain title to all Utility-Provided Electric Power supplied by Utility to Customers and all surplus Power provided by Utility.

#### **2.4. Allocation of DWR Power and DWR Surplus Energy Sales Revenues.**

DWR Power will be allocated pursuant to the Act and other Applicable Law and Applicable Tariffs. On and after the Operating Order Effective Date, DWR Power and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues shall be allocated consistent with the Contract Allocation Order, and as provided in the Operating Order and the Servicing Order then in effect.

On and after the MRTU Effective Date, DWR Power shall be allocated consistent with the amendments to the Operating Order, implementing the principles set forth in that certain Memorandum of Understanding, dated as of February 4, 2009.

#### **2.5. Treatment of ISO Charges.**

Prior to the Operating Order Effective Date, the allocation of cost responsibility with respect to certain ISO charges, as between the Parties, have been governed by the Restated Letter Agreement described in Attachment E. On and after the Operating Order Effective Date, this Section shall be superseded by the provisions relating to such ISO charges provided in the Operating Order, including Exhibit D of the Operating Order.

#### **2.6. DWR Surplus Energy Sales Revenues.**

Prior to the MRTU Effective Date, the treatment of surplus Power shall be governed by the Contract Allocation Order and the Operating Order, and as further provided in Service Attachment 2 hereto.

### **Section 3. Billing Services.**

#### **3.1. Provision of Services by Utility.**

(a) Except to the extent that such Services are provided by a third-party, Utility shall provide metering services, meter reading services and Billing Services relating to (i) the Power Charge remittances with respect to each applicable Customer Type provided in the Appendices to Attachment B hereto, and (ii) the Bond Charge remittances with respect to each applicable Customer Type provided in the Appendices to Attachment B hereto. If Non-Utility Bills are involved in the Utility's performance of Billing Services, Utility shall calculate the amount of any applicable DWR Charges to be collected through Non-Utility Bills, all as further provided in this Servicing Order. Utility-provided metering services, meter reading services and Billing Services shall be provided in accordance with Applicable Law, Applicable Commission Orders, Applicable Tariffs and Service Attachment 1 hereto, as well as Attachment B and its Appendices.

(b) In the case where Non-Utility Bills are used by the Utility in the billing and collection of any component of DWR Charges under Applicable Law, Utility shall include such necessary and appropriate provisions in the Applicable Tariffs and any applicable servicing arrangements so that any component of DWR Charges billed and collected by such Non-Utility are remitted to Utility. Utility is directed to accept payment from such Non-Utility in respect of each applicable component of DWR Charges billed and collected through Non-Utility Bills in such forms and methods and at such times and places as the Utility and each Non-Utility shall mutually agree in accordance with Applicable Commission Orders and Applicable Tariffs. Upon remittance of any amounts by the Non-Utility to Utility for any applicable component of DWR Charges, Utility is directed to hold such charges in trust for the benefit of DWR (whether or not held together with other monies) and promptly remit and account for such amounts to DWR consistent with Applicable Law.

(c) Prior to the MRTU Effective Date, Utility shall sell surplus Power on behalf of DWR, and provide invoicing and collection of amounts owed by third parties for such surplus Power sales made by Utility on DWR's behalf and the allocation of such revenues to DWR. Surplus Power sales made by Utility on DWR's behalf, including the invoicing and collection of amounts owed by third parties and credit risk management, shall be conducted by Utility in accordance with Applicable Commission Orders, including but not limited to, the Contract Allocation Order, Applicable Tariffs, the Operating Order and Service Attachment 2 hereto.

(d) On behalf of DWR, Utility shall (i) follow its customary standards, policies and procedures in performing its duties hereunder and (ii) perform its duties hereunder using the same degree of care and diligence that Utility exercises for its own account.

(e) For surplus Power sales to third parties, prior to the MRTU Effective Date, Utility shall apply prudent credit risk management criteria to ensure that such purchasers meet or exceed DWR credit criteria, or in the absence of such DWR designated criteria, and then consistent with industry accepted credit standards. If Utility sells surplus Power to an entity that requires collateral, the cost and obligation to post such collateral shall be Utility's responsibility.

(f) Prior to the MRTU Effective Date, Utility shall be responsible for all transaction fees or other costs associated with the sale of surplus Power imposed by third-party purchasers or any agents of Utility or such purchaser, all as further provided in Exhibit C of the Operating Order.

### **3.2. Modification of Billing and Metering Systems.**

Utility shall have the right to modify and replace its billing and metering systems, subject to the requirements of Applicable Law, if any. However, to the extent that such modifications and replacements materially interrupt Services provided by Utility to DWR, Utility shall provide to DWR, as soon as reasonably practicable, prior written notice of any such changes, including, but not limited to, such changes as are required by Applicable Law or Applicable Commission Order(s). Moreover, to the extent any such modifications would affect the collection of DWR Charges or, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues, in a manner which is different from the collection of Utility Charges or other Utility revenues, such as revenue from the sale of Power, Utility shall obtain DWR's prior written consent to such modifications, which consent DWR agrees shall not be unreasonably withheld or delayed.

### **3.3. Customer Inquiries.**

Utility shall address all Customer inquiries regarding DWR Charges. DWR agrees to provide all necessary information to Utility in order to permit Utility to respond to all Customer inquiries on a timely basis. In extraordinary circumstances, Utility will refer Customer inquiries to DWR in a manner to be agreed upon by the Parties. In the event that either (i) DWR's failure to provide all such necessary information to Utility, (ii) DWR's provision of inaccurate information or (iii) DWR's failure to handle Customer inquiries referred to it by Utility in extraordinary circumstances in the manner agreed upon by the Parties results in Utility's non-compliance with its obligations under this Section 3.3, such non-compliance will not constitute a material breach of this Servicing Order and will not give DWR the right to terminate this Servicing Order.

### **3.4. Inquiries from Third Party Power Purchasers.**

So long as Utility, as agent to DWR, sells surplus Power to third-party purchasers, Utility shall address all third-party purchasers' inquiries regarding such surplus Power sales. If Utility and any third-party purchaser should have a dispute with respect to the sale of surplus Power, Utility shall resolve all such disputes. Utility shall apply the same practices to the resolution of such disputes as Utility uses to resolve disputes related to any other transaction with such third-party purchaser.

## **Section 4. DWR Revenues; Remittance of DWR Revenues.**

### **4.1. DWR Revenues.**

DWR Revenues required to be remitted to DWR under this Servicing Order shall be based upon DWR Charges in effect from time to time pursuant to Applicable Law and Attachment B to this Servicing Order and the Appendices to such Attachment B. Prior to

the MRTU Effective Date, in addition to the remittance of DWR Charges, DWR Surplus Energy Sales Revenues also shall be remitted based upon the principles set forth in Exhibit C of the Operating Order and as further provided in Service Attachment 2 hereto.

#### **4.2. Remittance of DWR Revenues.**

(a) Utility shall determine the Daily Remittance amount for each Fund Type and for each applicable Customer Type, consistent with the provisions of the Appendices of Attachment B hereto. As of the Effective Date of the 2007 Servicing Order, DWR Charge components relating to the following Fund Types for the Customer Types have been identified by DWR and Utility; however, the collection and remittance of DWR Charges from the Customer Types identified below will not begin until Applicable Commission Orders that require the Utility to perform such services are final and effective:

(1) Bundled Customers - Bond Charge. Utility is directed to remit Bond Charge for Bundled Customers to DWR, all as further provided in Attachment B and as further provided in Appendix A-1 to Attachment B of this Servicing Order.

(2) Bundled Customers - Power Charge. Prior to the Operating Order Effective Date, Utility remitted Power Charge for Bundled Customers to DWR based on the amounts collected from Bundled Customers for actual DWR Power supplied, all as further described in Attachment B of the 2003 Servicing Order. On and after the Operating Order Effective Date, Utility is directed to remit Power Charge for Bundled Customers, consistent with the principles set forth in Exhibit C of the Operating Order and as further provided in Attachment B and in Appendix A-2 to Attachment B of this Servicing Order.

(3) Direct Access Customers - Bond Charge. Utility is directed to remit Bond Charge for Direct Access Customers to DWR, all as further provided in Attachment B and as further provided in Appendix B-1 to Attachment B of this Servicing Order.

(4) Direct Access Customers - Power Charge. Utility is directed to remit Power Charge for Direct Access Customers to DWR, all as further provided in Attachment B and as further provided in Appendix B-2 to Attachment B of this Servicing Order.

(5) Customer Generation Departing Load - Bond Charge. Utility is directed to remit Bond Charge for Customer Generation Departing Load to DWR, all as further provided in Attachment B and as further provided in Appendix C-1 to Attachment B of this Servicing Order.

(6) Customer Generation Departing Load -Power Charge. Utility is directed to remit Power Charge for Customer Generation Departing Load to DWR, all as further provided in Attachment B and as further provided in Appendix C-2 to Attachment B of this Servicing Order.

(7) Municipal Departing Load - Bond Charge. Upon commencement of billing and collection of Bond Charge for Municipal Departing Load, to the extent that Utility is involved, the Parties intend to revise and update Appendix D-1 to Attachment B of this Servicing Order and reflect applicable remittance methods as an event contemplated under Section 10(a)(vi) of this Servicing Order.

(8) Municipal Departing Load - Power Charge. Upon commencement of billing and collection of Power Charge for Municipal Departing Load, to the extent that Utility is involved, the Parties intend to revise and update Appendix D-2 to Attachment B of this Servicing Order and reflect applicable remittance methods as an event contemplated under Section 10(a)(vi) of this Servicing Order.

(9) Community Choice Aggregation - Bond Charge. Upon commencement of billing and collection of Bond Charge for Community Choice Aggregation, the Parties intend to revise and update Appendix E-1 to Attachment B of this Servicing Order and reflect applicable remittance methods, as an event contemplated under Section 10(a)(vi) of this Servicing Order.

(10) Community Choice Aggregation - Power Charge. Upon commencement of billing and collection of Power Charge for Community Choice Aggregation, the Parties intend to revise and update Appendix E-2 to Attachment B of this Servicing Order and reflect applicable remittance methods, as an event contemplated under Section 10(a)(vi) of this Servicing Order.

If the Utility determines that it has remitted amounts to DWR in error or DWR becomes aware of a material discrepancy in the remitted amounts, then DWR or the Utility, as the case may be, may provide notice of such event to the other Party (accompanied by an explanation of the facts surrounding such erroneous deposit), and the other Party will review such notice and information as soon as practicable and reach agreement as to such amount to be repaid. Such agreement shall not be unreasonably withheld or delayed by either Party.

(b) Each Remittance shall be accompanied by a Daily Remittance Report, substantially in the form set forth in Attachment C hereto. Utility will not be required at any time to advance or pay any of its own funds in the fulfillment of its responsibilities hereunder with respect to DWR Charges, except to the extent provided otherwise in the Attachments hereto.

(c) Utility, from time to time, will make adjustments regarding amounts remitted as described in Attachment B and Appendices thereto. In addition, on and after the Effective Date, Monthly Billing Reports and Monthly Late Payment Charge Reports shall be filed with DWR by Utility, all as further provided in Attachments B and C hereto.

(d) Except as expressly provided in this Servicing Order (including Attachments hereto) or as otherwise expressly agreed to in writing by DWR, Utility shall not deduct from amounts due to DWR hereunder any amounts owing by DWR to Utility which relate to arrangements within or outside the scope of this Servicing Order, or any other

amounts, and Utility expressly waives any right to do so. The foregoing shall not limit Utility's rights to seek any other remedies permitted under other arrangements with DWR.

(e) Prior to the MRTU Effective Date, Utility shall calculate and remit DWR Surplus Energy Sales Revenues determined consistent with the Contract Allocation Order and Exhibit C of the Operating Order and as further provided in Service Attachment 2 hereto. Each monthly Remittance for surplus Power sold on behalf of DWR shall be accompanied by written reports in forms set forth in Attachment C hereto.

#### **4.3. 20/20 Program and Future Similar Programs.**

To the extent that the program established in the California Governor's Executive Order D-30-01, dated March 13, 2001, and Executive Order D-33-01, dated April 26, 2001, as the foregoing orders may be amended, supplemented, extended or otherwise modified (the "20/20 Program"), obligated DWR to make payments or extend credits to Customers or other third parties under such program, Remittances to DWR may have been reduced by such payments to the extent of DWR's responsibility as required by Applicable Law and Applicable Tariffs. DWR acknowledges that Utility's reasonable initial implementation and recurring administrative costs associated with such program has been paid by DWR in the same manner and at the same times as Utility's Set-Up Fee and Recurring Fees, respectively, as described in Sections 7.2 and 7.3 below. Additionally, Utility has invoiced DWR for any other costs incurred by Utility under such program, and DWR has paid such invoices as Additional Charges, in the manner contemplated in Section 7 below. The method for calculating reduced Remittances to DWR under this Section 4.3, as well as Utility's implementation and administration costs, shall be as set forth in Attachment F hereto.

To the extent that, in the future, programs similar to the 20/20 Program are established which expressly obligate DWR under Applicable Law and Applicable Tariffs to make payments or extend credits to Customers or other third parties under such programs, DWR and Utility will implement processes similar to those used for the 20/20 Program as set forth in the immediately preceding paragraph or such other process, as may be mutually agreed upon by the Parties.

### **Section 5. Term and Termination; Events of Default.**

#### **5.1. Term.**

The term of this Servicing Order (the "Term") shall commence on the Effective Date and shall terminate on the earlier of (a) 180 calendar days after the last date DWR Charges are imposed on Customers, or (b) the earlier termination of this Servicing Order pursuant to this Section 5. This Servicing Order will also terminate as to each Contract, solely and individually, that is novated to Utility, without further action of either Party, but subject to Section 5.1(a) above with respect to such Contract.

#### **5.2. Events of Default by Utility.**

The following events shall constitute “Events of Default” by Utility under this Servicing Order:

(a) any failure by Utility to remit to DWR or its Assign(s) any required Remittance in the manner and at the time specified in this Servicing Order (except to the extent otherwise allowed under Sections 4.3 and 7.2) that continues unremedied for three (3) Utility Business Days after the earlier of the day Utility receives written notice thereof from DWR or the day the responsible manager at Utility first has actual knowledge of such failure; or

(b) any failure by Utility to duly observe or perform in any material respect any other term or condition of Utility set forth in this Servicing Order, which failure (i) materially and adversely affects the interests or rights of DWR or its Assign(s), and (ii) continues unremedied for a period of sixty (60) calendar days after written notice of such failure has been given to Utility by DWR or its Assign(s).

### **5.3. Consequences of Utility Events of Default.**

Upon any Event of Default by Utility, DWR may, in addition to exercising any other remedies available under this Servicing Order or under Applicable Law, (i) apply to the Commission for appropriate relief, including but not limited to the termination of this Servicing Order in whole or in part (including Service Attachments); and (ii) apply to the Commission and, if necessary, any court of competent jurisdiction for sequestration and payment to DWR or its Assign(s) of DWR Revenues. Remittances not made to DWR by Utility on the date due (except to the extent Remittances were not made by operation of Sections 4.3, 7.2, 14.4 or Attachment B hereto) shall bear interest at the Prime Rate from the first day after the due date until the third Utility Business Day after the due date, and at the Late Payment Rate thereafter until paid.

### **5.4. Defaults by DWR.**

DWR agrees that it shall be in default under this Servicing Order upon:

(a) subject to subsections (b), (c), (d) and (e) below, DWR’s failure to cure its material breach of any provision of this Servicing Order within sixty (60) calendar days after receiving written notice thereof from Utility;

(b) Except for amounts to which DWR has objected in writing pursuant to Section 7.2, DWR’s failure to pay to Utility the Set-Up Fee or Recurring Fees within three (3) DWR Business Days after the date they are due hereunder, as provided in Section 7;

(c) Except for amounts to which DWR has objected in writing pursuant to Section 7.2, DWR’s failure to pay to Utility the initial implementation and recurring administrative costs associated with Utility’s implementation of the 20/20 Program, as provided in Section 4.3;

(d) Except for amounts to which DWR has objected in writing pursuant to Section 7.2, DWR’s failure to fulfill any other monetary obligation hereunder within fifteen (15)

calendar days after receiving written notice from Utility that such obligation is past due;  
or

(e) DWR's failure to comply with the terms and conditions of Section 2.2 within fifteen (15) calendar days after receiving written notice thereof from Utility.

Upon any default by DWR under this Section 5.4, Utility may exercise any remedies available under this Servicing Order or under Applicable Law, provided that Utility shall have no right to terminate this Servicing Order either in whole or in part (including Service Attachment 1) or any obligation hereunder. DWR agrees that, except for amounts to which DWR has objected in writing pursuant to Section 7.2 and which are determined not to be owed, any Set-Up Fee or Recurring Fees, or any initial implementation and recurring administrative costs associated with Utility's implementation of the 20/20 Program, as provided in Section 4.3, which are not paid to Utility on the date due shall bear interest at the Prime Rate from the first day after the due date until the third DWR Business Day after the date they are required to be made hereunder, and at the Late Payment Rate thereafter until paid. DWR further agrees that, except for amounts to which DWR has objected in writing pursuant to Section 7.2 and which are determined not to be owed, any other monetary obligation payable to Utility by DWR shall bear interest at the Prime Rate from the date due until 15 days after receiving written notice from Utility that such amount is overdue, and thereafter at the Late Payment Rate. DWR further agrees that when and to the extent that any amounts to which DWR has objected in writing pursuant to Section 7.2 are determined to be owing, such amounts shall bear interest from the due date at the rates described above for the applicable category of obligation.

#### **5.5. Survival of Payment Obligations.**

Upon termination of this Servicing Order, DWR agrees that it, and it is ordered that Utility, shall remain liable to the other Party for all amounts owing under this Servicing Order. Utility shall continue to collect or cause to be collected and, in each case, remit, pursuant to the terms of this Servicing Order, including but not limited to Attachment B and Service Attachments hereto, any DWR Charges billed to Customers before the effective date of termination, and DWR Surplus Energy Sales Revenues attributable to surplus Power sales made prior to the MRTU Effective Date, except as provided in Attachment B hereto.

### **Section 6. Confidentiality.**

#### **6.1. Proprietary Information.**

(a) Nothing in this Servicing Order shall affect Utility's obligations to observe any Applicable Law prohibiting the disclosure of Confidential Information regarding its Customers.

(b) Nothing in this Servicing Order, and in particular nothing in Sections 6.1(e)(x) through 6.1(e)(z) of this Servicing Order, shall affect the rights of the Commission to obtain from Utility, pursuant to Applicable Law, information requested by the

Commission, including Confidential Information provided by DWR to Utility. Applicable Law, and not this Servicing Order, will govern what information the Commission may disclose to third parties, subject to any confidentiality agreement between DWR and the Commission.

(c) Each Party may acquire information and material that is the other Party's confidential, proprietary or trade secret information. As used herein, "Confidential Information" means any and all technical, commercial, financial and customer information disclosed by one Party to the other (or obtained from one Party's inspection of the other Party's records or documents), including any patents, patent applications, copyrights, trade secrets and proprietary information, techniques, sketches, drawings, maps, reports, specifications, designs, records, data, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, object code, source code, and information related to the current, future and proposed products and services of each of the Parties, and includes, without limitation, the Parties' respective information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, business forecasts, sales and merchandising, and marketing plans and information. In all cases, Confidential Information includes proprietary or confidential information of any third party disclosing such information to either Party in the course of such third party's business or relationship with such Party. Utility's Confidential Information also includes any and all lists of Customers, and any and all information about Customers, both individually and aggregated, including but not limited to Customers' names, street addresses of Customer residences and/or facilities, email addresses, identification numbers, Utility account numbers and passwords, payment histories, energy usage, rate schedule history, allocation of energy uses among Customer residences and/or facilities, and usage of DWR Power. DWR agrees, and it is ordered with respect to Utility, that all Confidential Information disclosed by the disclosing Party ("Discloser") will be considered Confidential Information by the receiving Party ("Recipient") if identified as confidential and received from Discloser.

(d) DWR agrees, and Utility is ordered to take all steps reasonably necessary to hold in trust and confidence the other Party's Confidential Information. Without limiting the generality of the immediately preceding sentence, DWR agrees, and Utility is ordered (i) to hold the other Party's Confidential Information in strict confidence, not to disclose it to third parties or to use it in any way, commercially or otherwise, other than as permitted under this Servicing Order; and (ii) to limit the disclosure of the Confidential Information to those of its employees, agents or directly related subcontractors with a need to know who have been advised of the confidential nature thereof and who have acknowledged their express obligation to maintain such confidentiality.

(e) DWR agrees, and it is ordered with respect to Utility that the foregoing two paragraphs will not apply to any item of Confidential Information if: (i) it has been published or is otherwise readily available to the public other than by a breach of this Servicing Order ; (ii) it has been rightfully received by Recipient from a third party without breach of confidentiality obligations of such third party and outside the context

of the provision of Services under this Servicing Order; (iii) it has been independently developed by Recipient personnel having no access to the Confidential Information; or (iv) it was known to Recipient prior to its first receipt from Discloser. DWR agrees, and it is ordered with respect to Utility that, in addition, Recipient may disclose Confidential Information if and to the extent required by law or a Governmental Authority, provided that (x) Recipient shall give Discloser a reasonable opportunity to review and object to the disclosure of such Confidential Information, (y) Discloser may seek a protective order or confidential treatment of such Confidential Information, and (z) Recipient shall make commercially reasonable efforts to cooperate with Discloser in seeking such protective order or confidential treatment. DWR agrees, and it is ordered with respect to Utility that Discloser shall pay Recipient its reasonable costs of cooperating.

## **6.2. No License.**

DWR agrees, and it is ordered with respect to Utility that nothing contained in this Servicing Order shall be construed as granting to a Party a license, either express or implied, under any patent, copyright, trademark, service mark, trade dress or other intellectual property right, or to any Confidential Information now or hereafter owned, obtained, controlled by, or which is or may be licensable by, the other Party.

## **6.3. Survival of Provisions.**

DWR agrees, and it is ordered with respect to Utility that the provisions of this Section 6 shall survive the termination of this Servicing Order.

## **Section 7. Payment of Fees and Charges.**

### **7.1. Utility Fees.**

DWR agrees that it will pay to Utility a fee, calculated in accordance with Attachment G hereto (the "Set-Up Fee"), in order to cover Utility's costs of establishing the procedures, systems, and mechanisms necessary to perform Services. In addition, DWR also agrees to pay to Utility an annual fee, calculated in accordance with Attachment G hereto, payable monthly in arrears (unless a different payment schedule is mutually agreed upon by the Parties) as provided in Section 7.2 hereof (the "Recurring Fees") for Services rendered pursuant to Section 3.1, Section 3.4 and Service Attachments to this Servicing Order. Additional fees to cover changes in costs or the costs of other services provided hereunder shall be as set forth in Attachment G, which from time to time may be modified by mutual agreement of the Parties or as provided in Applicable Commission Order. In the event that additional fees or costs are identified by Utility which have not been identified and included in Attachment G hereto, the Parties hereby agree to negotiate in good faith to determine the amount of such fees or costs. Except to the extent provided otherwise in subsequent agreements between the Parties, if the Parties are unable to resolve any disputes relating to such additional fees, either Party may, upon giving seven calendar days advance written notice to the other, submit the dispute to the Commission for proposed resolution, in accordance with Applicable Law. However, in the event such a dispute is submitted to the Commission by either Party, and prior to the

Commission's action, DWR agrees to continue to pay to Utility fees that will permit recovery of the Utility's incremental cost of establishing procedures, systems and mechanisms necessary to perform Services as set forth in Attachment G. The Utility shall file these fees with the Commission. Utility acknowledges that the Commission may adjust, with notice to Utility and an opportunity for Utility to be heard, Utility's rates to avoid double recovery of any costs paid by DWR hereunder which have already been included in Utility's rates.

## **7.2. Payment of Utility Fees and Charges.**

The Set-Up Fee was due and payable on the effective date of the Servicing Agreement approved by the Commission pursuant to D.01-09-013, and DWR has paid Utility the Set-Up Fee, in the manner provided in Section 7.3 below. After receipt of Utility's invoice thirty (30) days in advance, DWR agrees to pay to Utility its Recurring Fees in monthly installments by the 10th day of each month in the manner provided in Section 7.3 below. Additionally, with respect to all other fees and charges which are expressly identified as owing by DWR to Utility under this Servicing Order or such other amounts as mutually agreed to by the Parties (the "Additional Charges"), unless a different payment schedule is mutually agreed upon by the Parties, Utility shall (in paper format or, at DWR's option, electronically) submit to DWR an invoice reflecting such Additional Charges for such calendar month. Any invoiced amount for Recurring Fees or Additional Charges shall be due and payable within three (3) DWR Business Days after presentation, and any invoiced amount and the Set-Up Fee shall be considered past due thirty (30) calendar days after presentation, after which interest shall accrue as provided in Section 7.4. To the extent that any invoiced amounts described in this Section 7.2 are not fully paid within forty-five (45) days after presentation, and DWR has not objected to Utility in writing by such date, DWR agrees that Utility shall have the right to deduct from any future Remittance(s) the unpaid and overdue amount which is not the subject of any such objection by such date, until such invoice is paid in full or until the dispute over the amount due has been resolved. In addition, upon written agreement of DWR, any amount payable under this Servicing Order may be deducted from any future Remittance(s) or be paid in such other periodic basis, all as expressly directed by DWR.

## **7.3. Method of Payment.**

(a) Except as otherwise expressly provided herein or unless a different payment schedule is mutually agreed upon by the Parties, DWR agrees, and with respect to Utility it is ordered, that any payment from either Party to the other Party under this Servicing Order shall be made by ACH or, if ACH is unavailable, then by wire transfer of immediately available funds to the bank account designated by the receiving Party or, if mutually agreed, paid by means of a check or warrant sent to the recipient's address indicated in accordance with Section 14.14 hereof. Where the Parties have made arrangements for a bank or other third party to remit funds from one Party to the other Party, DWR agrees, and with respect to Utility it is ordered that proper identification of the bank or third party, including the account number, shall be furnished in writing. DWR agrees, and with respect to Utility it is ordered that the remitting Party shall reasonably

cooperate in correcting any bank or other third-party errors and shall not be relieved of its payment responsibilities because of such errors.

(b) Except as expressly provided otherwise herein or under any Applicable Law, Utility shall be required to pay all expenses incurred by it in connection with its activities under this Servicing Order (including any fees to and disbursements by accountants, counsel, or any other person, any taxes, fees, surcharges or levies imposed on Utility, and any expenses incurred in connection with reports to be provided hereunder) out of the compensation paid to it pursuant to this Section 7, and Utility shall not be entitled to any extra payment or reimbursement therefor. Notwithstanding anything to the contrary above, if and to the extent any additional taxes (excluding taxes on Utility's income), fees or charges are imposed on Utility due solely to Utility's performance of Services hereunder with respect to DWR Charges (such as franchise fees or taxes on DWR Power, the State of California electric energy surcharge, local utility user taxes, or Commission fees), to the extent these taxes, fees, or charges are not already included in Utility's rates and Utility has not been reimbursed therefor and is not authorized to seek reimbursement from Customers therefor, DWR agrees to reimburse Utility therefor as "Additional Charges" in accordance with Section 7.2.

#### **7.4. Interest.**

DWR agrees, and with respect to Utility it is ordered that except as provided in Sections 5.3, 5.4 or 7.5, any Delinquent Payment under this Servicing Order (whether or not a regularly scheduled payment) shall bear interest at the Late Payment Rate.

#### **7.5. Reconciliation Amounts.**

If a change in Applicable Law (but only if and to the extent such change is expressly intended to be retroactive in effect) or the discovery of a "Material Flaw" results in a discrepancy between any amount paid hereunder and the amount that would have been paid if the changed Applicable Law had been in effect or the Material Flaw had been corrected, such discrepancy (a "Reconciliation Amount") shall be paid by the party that benefited from the superseded Applicable Law or Material Flaw to the other party. Reconciliation Amounts shall be paid in full within 30 days after receipt of an invoice therefore unless a different payment schedule is mutually agreed upon between the parties. Interest on any Reconciliation Amount shall accrue from the original date on which the incorrect payment or remittance produced by the Material Flaw was due until such Reconciliation Amount is paid. Interest on any Reconciliation Amount shall be calculated on the basis of a 365- or 366- day year, as applicable, for the actual days elapsed. For a Reconciliation Amount due from Utility to DWR, interest shall accrue at the rate of interest on Commercial Paper (Financial, three-month maturity) published in the Federal Reserve Statistical Release H.15 as described in Utility's Preliminary Statement, II. Balancing Accounts, Section L, Energy Resource Recovery Account (ERRA), Subsection 5(q), or such other superseding account then in effect. Should the publication of the interest rate on Commercial Paper (Financial, three-month maturity) be discontinued, interest shall accrue at the rate of the most recent monthly interest rate on commercial paper that most closely approximates the rate that was discontinued, and

which is published in the Federal Reserve Statistical Release H.15, or its successor publication or such other rate as may be mutually agreed by the Parties. For a Reconciliation Amount due from DWR to Utility, interest shall accrue at the State's Pooled Money Investment Account Rate in effect from time to time. If an outstanding Reconciliation Amount is not paid in full as of the date agreed upon by the Parties, any overdue amounts on and after such agreed upon date shall be considered Delinquent Payments and interest shall accrue at the Late Payment Rate from the date such overdue amount was due until paid, in accordance with Section 7.4.

For purposes of this Section, a "Material Flaw" is a procedure or method set forth in this Servicing Order, or an aspect thereof, which results in the payment or remittance of amounts to either Party (or the failure so to remit or pay) in a time, manner or amount that is inconsistent with Applicable Law. It is expressly agreed and understood that the undercollection or overcollection of amounts required to be collected under Section 80134 of the California Water Code due to incorrect projections of DWR's revenue requirements or due to incorrect projections in the setting of DWR Charges shall not constitute a Material Flaw and are intended to be trued-up in subsequent revenue requirements.

## **Section 8. Records; Audit Rights; Annual Certification.**

### **8.1. Records.**

Utility shall maintain accurate records and accounts relating to DWR Revenues (including separate accounting of Bond Charges and Power Charges) in sufficient detail to permit recordation of Bond Charges and Power Charges billed to or caused to be billed to each Customer Type identified in the Appendices to Attachment B hereto and DWR Revenues from Bond Charges and Power Charges, respectively, remitted by Utility to DWR reflecting separate accounting with respect to each Customer Type. Prior to the MRTU Effective Date, Utility shall maintain accurate records and accounts relating to DWR Surplus Energy Sales Revenues (including separate accounting of surplus Power sales transactions by counterparty) in sufficient detail to permit recordation of DWR Surplus Energy Sales Revenues separate from other DWR Revenues, remitted by Utility to DWR. Utility shall provide to DWR and its Assign(s) access to such records. Access shall be afforded without charge, upon reasonable request made pursuant to Section 8.2. DWR agrees that access shall be afforded only during Business Hours and in such a manner so as not to interfere unreasonably with Utility's normal operations. Utility shall not treat DWR Revenues as income or assets of the Utility or any affiliate for any tax, financial reporting or regulatory purposes, and the financial books or records of Utility and affiliates shall be maintained in a manner consistent with the absolute ownership of DWR Revenues by DWR and Utility's holding of DWR Revenues in trust for DWR (whether or not held together with other monies).

### **8.2. Audit Rights.**

(a) Upon thirty (30) calendar days' prior written notice, DWR may request an audit, conducted by DWR or its agents (at DWR's expense), of Utility's records and

procedures, which shall be limited to records and procedures containing information bearing upon: (i) DWR Charges being billed or caused to be billed to each Customer Type identified in the Appendices to Attachment B hereto by Utility (and payments of DWR Charges separately accounted for each Customer Type); (ii) fees to Utility for Services provided by Utility pursuant to this Servicing Order; (iii) Utility's performance of its obligations under this Servicing Order; (iv) amount of Aggregate Power that is the basis for DWR Charges with respect to each Customer Type pursuant hereto or Applicable Law; (v) projection or calculation of DWR's revenue requirements as described in Sections 80110 and 80134 of the California Water Code from time to time; (vi) prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues collected from third-party purchasers and the collection and allocation of such revenues; and (vii) such other matters as may be permitted by Applicable Commission Orders, Applicable Tariffs or as DWR or its Assign(s) may reasonably request. The audit shall be conducted during Business Hours without interference with Utility's normal operations, and in compliance with Utility's security procedures.

(b) As provided in the Act, the State of California Bureau of State Audits (the "Bureau") conducted a financial and performance audit of DWR's implementation of Division 27 (commencing with Section 80000) of the California Water Code, such audit was to be completed prior to December 31, 2001, and the Bureau issued a final report on or before March 31, 2003. In addition, as provided in Section 8546.7 of the California Government Code, pursuant to this Section 8.2, Utility is ordered to permit DWR or the State of California Department of General Services, the Bureau, or their designated representative ("DWR's Agent") to review and to copy (at DWR's expense) any non-confidential records and supporting documentation pertaining to the performance of this Servicing Order and to conduct an on site review of any Confidential Information pursuant to Sections 8.3 and 8.8 hereof. Utility shall maintain such records for such possible audit for three (3) years after final Remittance to DWR. Utility shall allow such auditor(s) access to such records during Business Hours and shall allow interviews of any employees who might reasonably have information related to such records. Further, Utility shall include a similar right for DWR or DWR's Agent to audit records and interview staff in any contract between Utility and a subcontractor related to performance of this Servicing Order.

### **8.3. Confidentiality.**

Materials reviewed by either Party or its agents in the course of an audit may contain Confidential Information subject to Section 6 above. DWR agrees, and with respect to Utility it is ordered that the use of all materials provided to DWR or Utility or their agents, as the case may be pursuant to this Section 8, shall comply with the provisions in Section 6 and shall be limited to use in conjunction with the conduct of the audit and preparation of a report for appropriate distribution of the results of the audit consistent with Applicable Law.

### **8.4. DWR Requested Independent Reports.**

On or after the Effective Date of this Servicing Order and at the request and expense of DWR, Utility shall cause a firm of independent certified public accountants (which may provide other services to Utility) to prepare, and Utility will deliver to DWR and its Assign(s), a report addressed to Utility (which may be included as part of Utility's customary auditing activities), for the information and use of DWR, to the effect that such firm has performed certain procedures (the scope of which shall be agreed upon with DWR) in connection with Utility's compliance with its obligations under this Servicing Order during the preceding year, identifying the results of such procedures and including any exceptions noted. Utility will deliver a copy of each report prepared hereunder to the Commission (at the address specified in section 14.14) at the same time it delivers each such report to DWR. Utility shall not be obligated to complete more than one report per year under this Section.

**8.5. Annual Certifications.**

On or after the Effective Date of this Servicing Order, at least annually, and in no event later than the 30<sup>th</sup> day after the end of the calendar year, Utility shall deliver to DWR, with a copy to the Commission, a certificate of an authorized representative certifying that to the best of such representative's knowledge, after a review of Utility's performance under this Servicing Order, Utility has fulfilled its obligations under this Servicing Order in all material respects and is in compliance herewith in all material respects.

**8.6. Additional Applicable Laws.**

DWR agrees, and Utility is ordered to make an effort to promptly notify the other Party in writing to the extent such Party becomes aware of any new Applicable Laws or changes (or proposed changes) in Applicable Tariffs hereafter enacted, adopted or promulgated that may have a material adverse effect on either Party's ability to perform its duties under this Servicing Order. DWR agrees, and with respect to Utility it is ordered that a Party's failure to so notify the other Party pursuant to this Section 8.6 will not constitute a material breach of this Servicing Order, and will not give rise to any right to terminate this Servicing Order or cause either Party to incur any liability to the other Party or any third party.

**8.7. Other Information.**

Upon the reasonable request of DWR or its Assign(s), Utility shall provide to the Commission and to DWR or its Assign(s) any public financial information in respect of the Utility applicable to Services provided by Utility under this Servicing Order, or any material information regarding the sale of DWR Power, surplus Power (prior to the MRTU Effective Date) or the collection of DWR Charges to the extent such information is reasonably available to Utility, which (i) is reasonably necessary and permitted by Applicable Law to monitor the performance by Utility hereunder, or (ii) otherwise relates to the exercise of DWR's rights or the discharge of DWR's duties under this Servicing Order or any Applicable Law. In particular, but without limiting the foregoing, Utility shall provide to DWR, with a copy to the Commission, any such information that is

necessary or useful to calculate DWR's revenue requirements (as described in Sections 80110 and 80134 of the California Water Code) or DWR Charges and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues.

#### **8.8. Customer Confidentiality.**

Nothing in this Section 8 shall affect the obligation of Utility to observe any Applicable Law prohibiting disclosure of information regarding Customers, and the failure of Utility to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8 or this Servicing Order.

#### **Section 9. Reserved.**

#### **Section 10. Amendment Upon Changed Circumstances.**

(a) The Parties are informed that compliance with any Commission decision, legislative action or other governmental action (whether issued before or after the Effective Date of this Servicing Order) affecting the operation of this Servicing Order, including but not limited to (i) dissolution of the ISO, (ii) changes in the ISO market structure, including but not limited to the Market Redesign and Technology Upgrade or a reversion related thereto, (iii) a decision regarding the "Fixed Department of Water Resources Set-Aside" as such term is defined in Section 360.5 of the California Public Utilities Code, (iv) the establishment of other Governmental Programs, (v) the establishment or implementation of Bond Charge or related charges ordered by the Commission to additional Customer Types than currently reflected in the Appendices to Attachment B and as further contemplated in Section 2.4 of Service Attachment 1 hereto, (vi) the imposition or modification of a charge or similar DWR Charge upon customers of Electric Service Providers or upon any other third party, (vii) the modification of the Operating Order, or (viii) the modification of provisions related to the sales of surplus Power made on behalf of DWR to third parties by Utility, may require that amendment(s) be made to this Servicing Order. If either Party reasonably determines that such a decision or action would materially affect the Services to be provided hereunder or the reasonable costs thereof, then upon the issuance of such decision or the approval of such action (unless and until it is stayed), DWR agrees, and Utility is ordered to negotiate the amendment(s) to this Servicing Order that is (or are) appropriate in order to effectuate the required changes in Services to be provided or the reimbursement thereof.

Notwithstanding Section 5.4, if the Parties are unable to reach agreement on such amendments within sixty (60) days after the issuance of such decision or approval of such action, DWR may, and Utility shall, submit the disagreement to the Commission for proposed resolution, in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party's choosing.

(b) The Parties are informed that this Servicing Order has not been reviewed by the rating agencies which are rating DWR's bonds. If the rating agencies request changes to this Servicing Order, DWR agrees, and Utility is ordered to negotiate to amend this

Servicing Order to accommodate the rating agency requests and will cooperate in obtaining approval of the Commission for such amendments.

(c) The Parties are informed that this Servicing Order has been modified to implement the California Governor's Executive Order D-39-01, dated June 9, 2001, concerning load curtailment programs. Such previously negotiated amendments to this Servicing Order are incorporated in Attachment F hereto.

(d) DWR agrees, and Utility is ordered to bring to the other Party's attention any errors or discrepancies that are discovered affecting the operation or implementation of this Servicing Order, and DWR agrees, and Utility is ordered to meet and confer upon such event to negotiate any amendments to this Servicing Order that are appropriate to correct such errors or discrepancies. If the Parties are unable to reach agreement on such amendments within sixty (60) days after the discovery of such errors or discrepancies, either party may, in the exercise of its sole discretion, submit the disagreement to the Commission for proposed resolution, in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party's choosing.

#### **Section 11. Data Retention.**

DWR agrees, and with respect to Utility is ordered that all data associated with the provision and receipt of services pursuant to this Servicing Order shall be maintained for the greater of (a) the retention time required by Applicable Law or Applicable Tariffs for maintaining such information, or (b) three years.

#### **Section 12. Indemnity.**

It is ordered that Utility and, to the extent allowed under Applicable Law, DWR agrees that it (each, the "Indemnifying Party") shall defend, indemnify, and hold the other Party, together with its affiliates, and each of their respective officers, agents, employees, assigns and successors in interest (collectively, the "Indemnified Party"), harmless from and against all claims, losses, demands, actions and expenses, damages and liabilities of any nature whatsoever (collectively "Claims") with respect to the acts or omissions of the Indemnifying Party, or its officers, agents, contractors and employees, with respect to Indemnifying Party's performance of its obligations under this Servicing Order. DWR agrees, and with respect to Utility it is ordered that notwithstanding the above, the provisions of this Section 12 shall not apply to any Claims to the extent they involve the negligence, gross negligence, recklessness, willful misconduct or breach of this Servicing Order by either Indemnified Party. DWR agrees, and with respect to Utility it is ordered that each Indemnified Party shall bear its own attorneys' fees and costs under this Section 12. DWR agrees, and with respect to Utility it is ordered that the Indemnifying Party's obligations under this Section 12 shall survive termination of this Servicing Order. This Section 12 notwithstanding, DWR has made no representation that it has the express or implied legal authority to perform any obligation under this Section 12.

## **Section 13. Limitations on Liability.**

### **13.1. Consequential Damages.**

DWR agrees, and with respect to Utility it is ordered that in no event will either Party be liable to the other Party for any indirect, special, exemplary, incidental, punitive, or consequential damages under any theory. Nothing in this Section 13.1 shall limit either Party's rights as provided in Section 12 above.

### **13.2. Limited Obligations of DWR and Utility.**

DWR agrees that it will be liable for all amounts owing to Utility for the Services hereunder, irrespective of (a) any Customer's failure to make full and timely payments owed for DWR Charges, or (b) Utility's rights under Sections 4.3 and 7.2 to deduct certain amounts in calculating Remittances owing by Utility to DWR under Attachment B. Utility will not be required at any time to advance or pay any of its own funds in the fulfillment of its responsibilities hereunder with respect to DWR Charges, except to the extent provided otherwise in Attachment B hereto. DWR agrees that any amounts payable by DWR under this Servicing Order shall be payable solely from monies on deposit in the Department of Water Resources Electric Power Fund established pursuant to Section 80200 of the California Water Code (the "Fund"). Neither the full faith and credit nor the taxing power of the State of California are or may be pledged for any payment under this Servicing Order. Revenues and assets of the State Water Resources Development System are not available to make payments under this Servicing Order. If monies on deposit in the Fund are insufficient to pay all amounts payable by DWR under this Servicing Order, or if DWR has reason to believe such funds may become insufficient to pay all amounts payable by DWR under this Servicing Order, DWR agrees to diligently pursue an increase to its revenue requirements as permitted under the Act from the appropriate Governmental Authority as soon as practicable.

## **Section 14. Miscellaneous.**

### **14.1. Independent Contractor.**

Utility and its agents and employees shall perform their obligations under this Servicing Order as independent contractors and not as officers or employees of the State of California. Notwithstanding the above, Utility shall act as the agent of DWR in billing and collecting DWR Charges or, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues hereunder, as provided in the Act and Section 80106 of the California Water Code.

### **14.2. Remedies Cumulative.**

DWR agrees, and with respect to Utility, it is ordered that except as otherwise provided in this Servicing Order, all rights of termination, cancellation, or other remedies in this Servicing Order are cumulative. DWR agrees, and with respect to Utility, it is ordered that the use of any remedy shall not preclude any other remedy available under this Servicing Order.

### 14.3. Assignment.

(a) DWR agrees, and with respect to Utility, it is ordered that except as provided in paragraphs (b), (c) and (d) below, neither Party shall assign or otherwise dispose of this Servicing Order, its right, title or interest herein or any part hereof to any entity, without the prior written consent of the other Party. DWR agrees, and with respect to Utility, it is ordered that no assignment of this Servicing Order shall relieve the assigning Party of any of its obligations under this Servicing Order until such obligations have been assumed by the assignee. DWR agrees, and with respect to Utility, it is ordered that when duly assigned in accordance with this Section 14.3(a) and when accepted by the assignee, this Servicing Order shall be binding upon and shall inure to the benefit of the assignee. DWR agrees, and with respect to Utility, it is ordered that any assignment in violation of this Section 14.3(a) shall be void.

(b) Notwithstanding the provisions of this Section 14.3, Utility may delegate its duties under this Servicing Order to an agent or subcontractor, provided that Utility shall remain fully responsible for performance of any delegated duties and shall provide DWR with 30 calendar days' prior written notice of any such delegation, and further provided that such delegation does not, in the sole discretion of DWR, materially adversely affect DWR's or its Assigns' interests hereunder.

(c) DWR agrees, and with respect to Utility, it is ordered that DWR may assign or pledge its rights to receive performance (including payment of Remittances) hereunder to a trustee or another party ("Assign(s)") in order to secure DWR's obligations under its bonds (as that term is defined in the Act), and any such Assign shall be a third party beneficiary of this Servicing Order; provided, however, that this authority to assign or pledge rights to receive performance hereunder shall in no event extend to any person or entity that sells power or other goods or services to DWR. Notwithstanding the immediately preceding sentence, DWR may assign or pledge its rights to receive Remittances hereunder to another party in order to secure DWR's other obligations under the Act.

(d) Any person (i) into which Utility may be merged or consolidated, (ii) which may result from any merger or consolidation to which Utility shall be a party or (iii) which may succeed to the properties and assets of Utility substantially as a whole, which person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Utility hereunder, shall be the successor to Utility under this Servicing Order without further act on the part of any of the Parties to this Servicing Order; provided, however, that Utility shall have delivered to DWR and its Assign(s) an opinion of counsel reasonably acceptable to DWR stating that such consolidation, merger or succession and such agreement of assumption complies with this Section 14.3(d) and that all of Utility's obligations hereunder have been validly assumed and are binding on any such successor or assign.

(e) Notwithstanding anything to the contrary herein, DWR's rights and obligations hereunder shall be transferred, without any action or consent of either Party hereto, to any

entity created by the State legislature which is required under Applicable Law to assume the rights and obligations of DWR under Division 27 of the California Water Code.

**14.4. Force Majeure.**

Neither Party shall be liable for any delay or failure in performance of any part of this Servicing Order (including the obligation to remit money at the times specified herein) from any cause beyond its reasonable control, including but not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, restraint by court order or Government Authority, or any combination of these causes, which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to overcome. An Insolvency Event shall not constitute force majeure. Notwithstanding anything to the contrary above, DWR agrees, and with respect to Utility it is ordered that, each Party's obligation to pay money hereunder shall continue to the extent such Party is able to make such payment, and any amounts owed by Utility hereunder and received by Utility shall be held in trust for DWR (whether or not held together with other monies) and remitted to DWR as soon as reasonably practicable. DWR agrees, and with respect to Utility it is ordered that, any amounts paid or remitted pursuant to this Section 14.4 shall not bear interest which would otherwise accrue under Section 7.

**14.5. Severability.**

DWR agrees, and with respect to Utility, it is ordered that in the event that any one or more of the provisions of this Servicing Order shall for any reason be held to be unenforceable in any respect under Applicable Law, such unenforceability shall not affect any other provision of this Servicing Order, but this Servicing Order shall be construed as if such unenforceable provision or provisions had never been contained herein.

**14.6. Third-Party Beneficiaries.**

The provisions of this Servicing Order are exclusively for the benefit of the Parties and any permitted assignee of either Party.

**14.7. Governing Law.**

This Servicing Order shall be interpreted, governed and construed under the laws of the State of California as if executed and performed wholly within the State of California.

**14.8. Reserved.**

**14.9. Section Headings.**

Section and paragraph headings appearing in this Servicing Order are inserted for convenience only and shall not be construed as interpretations of text.

#### **14.10. Applicable Law.**

This Servicing Order and the Parties' obligations hereunder shall be subject in all cases to the provisions of Applicable Law, except that this Servicing Order shall have no effect on the terms of any agreement between DWR and Utility, as modified from time to time after the Effective Date hereof. Furthermore, no default under any such other agreement between the Parties shall constitute a default hereunder, and each party hereby waives any right to set off any amounts owing to it under any such other agreement against any amounts owing hereunder.

Should a conflict exist between the provisions contained in this Servicing Order (including the attachments hereto) and either Applicable Law or the 20/20 Program, the provisions of Applicable Law or the 20/20 Program, as the case may be, shall govern. In the event of a conflict between the provisions of this Servicing Order and any Attachments hereto (including each of the Service Attachments), then the provisions of the Attachments shall govern. Nothing in this paragraph shall relieve the Parties from complying with their obligations under Section 10 to make amendments to this Servicing Order to reflect changed circumstances, including any amendments necessary due to amendments or supplements to the Operating Order or due to necessary reconciliation with the Operating Order.

#### **14.11. Reserved.**

#### **14.12. Waivers.**

DWR agrees, and with respect to Utility, it is ordered that none of the provisions of this Servicing Order shall be considered waived by either Party unless the Party against whom such waiver is claimed gives such waiver in writing. DWR agrees, and with respect to Utility, it is ordered that the failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Servicing Order or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect. DWR agrees, and with respect to Utility, it is ordered that waiver by either Party of any default by the other Party shall not be deemed a waiver of any other default.

#### **14.13. Reserved.**

#### **14.14. Notices and Demands.**

(a) DWR agrees, and with respect to Utility, it is ordered that except as otherwise provided under this Servicing Order, all notices, demands, or requests pertaining to this Servicing Order shall be in writing and shall be deemed to have been given (i) on the date delivered in person, (ii) on the date when sent by facsimile (with receipt confirmed by telephone by the intended recipient or his or her authorized representative) or electronic transmission (with receipt confirmed telephonically or electronically by the intended recipient or his or her authorized representative) or by special messenger, or (iii) seventy-

two (72) hours following delivery to a United States post office when sent by certified or registered United States mail postage prepaid, and addressed as set forth below:

Utility: San Diego Gas & Electric Company  
8315 Century Park Court, CP21D  
San Diego, California 92123-1548

Attn: Matt Burkhart  
Vice President - Electric and Fuel Procurement  
Telephone: (858) 650-6150  
Facsimile: (858) 650-6191  
Email: mattburkhart@semprautilities.com

DWR: State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: Mr. Russell Mills  
Chief Financial Management Office  
Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Email: millsr@water.ca.gov

(b) DWR agrees, and with respect to Utility, it is ordered that each Party shall be entitled to specify as its proper address any other address in the United States, or specify any change to the above information, upon written notice to the other Party complying with this Section 14.14.

(c) DWR agrees, and with respect to Utility, it is ordered that each Party shall designate on Attachment A the person(s) to be contacted with respect to specific operational matters. Each Party shall be entitled to specify any change to such person(s) upon written notice to the other Party complying with this Section 14.14.

(d) DWR agrees, and with respect to Utility, it is ordered that copies of documents required by this Servicing Order to be delivered to the Commission shall be delivered in accordance with this Section 14.14 and shall be addressed as set forth below:

California Public Utilities  
Commission 505 Van Ness Avenue,  
4th Floor San Francisco, California  
94102

Attn: Ms. Julie Fitch  
Energy Division Director  
Telephone: (415) 703-2059  
Facsimile: (415) 703-2200  
Email: jf2@cpuc.ca.gov

**14.15. Good Faith.**

DWR agrees to, and Utility is ordered to, perform all its actions, obligations and duties in connection with this Servicing Order in good faith.

**14.16. Approval.**

This 2010 Servicing Order, which amends and restates the 2007 Servicing Order, shall be effective when approved by the Commission. Except as expressly provided otherwise herein, neither Party may commence performance hereunder until such date. Any delay in the commencement of performance hereunder as a consequence of waiting for such approval(s) and the expiry of any waiting period shall not be a breach or default under this 2010 Servicing Order.

All references to the “Servicing Agreement” or to the “Agreement” in the original Servicing Agreement or in the 2003 Servicing Order or the 2007 Servicing Order shall hereafter mean this 2010 Servicing Order, unless the context requires a different interpretation. The Parties intend this 2010 Servicing Order to amend and restate the original Servicing Agreement, the 2003 Servicing Order and the 2007 Servicing Order and in the event of irreconcilable conflict between the terms of the original Servicing Agreement, the 2003 Servicing Order, the 2007 Servicing Order and this 2010 Servicing Order, the terms of this 2010 Servicing Order shall control. The 2010 Servicing Order shall be effective at such time it has been approved by the Commission, and until such time, the 2007 Servicing Order shall remain in full force and effect, except as the 2007 Servicing Order shall have been modified by that certain Memorandum of Understanding dated as of February 4, 2009, and approved by the Commission on March 13, 2009.

**14.17. Attachments.**

The following attachments are incorporated in this Servicing Order:

Service Attachment 1 – Utility Billing Services.....	SA1-1
Service Attachment 2 – DWR Surplus Energy Sales Revenues Remittance .....	SA2-1
Attachment A – Representatives and Contacts .....	A-1
Attachment B – Remittances of DWR Charges.....	B-1
Appendix A-1: Bill Determination - Bundled Customers Bond Charge.....	A-1-1
Appendix A-2: Bill Determination - Bundled Customers Power Charge.....	A-2-1
Appendix B-1: Bill Determination - Direct Access Customers Bond Charge.....	B-1-1
Appendix B-2: Bill Determination - Direct Access Customers Power Charge .....	B-2-1

Appendix C-1:	Bill Determination - Customer Generation Departing Load Bond Charge .....	C-1-1
Appendix C-2:	Bill Determination - Customer Generation Departing Load Power Charge.....	C-2-1
Appendix D-1:	Bill Determination - Municipal Departing Load Bond Charge.....	D-1-1
Appendix D-2:	Bill Determination - Municipal Departing Load Power Charge .....	D-2-1
Appendix E-1:	Bill Determination - Community Choice Aggregation Bond Charge .....	E-1-1
Appendix E-2:	Bill Determination - Community Choice Aggregation Power Charge .....	E-2-1
Attachment C	- Sample Daily and Monthly Reports.....	C-1
Attachment D	- [Reserved] .....	D-1
Attachment E	- Additional Provisions.....	E-1
Attachment F	- Calculation Methodology for Reduced Remittances Pursuant to 20/20 Program .....	F-1
Attachment G	- SDG&E Fee Schedule.....	G-1
Attachment H	- [Not Applicable].....	H-1

**SERVICE ATTACHMENT 1**  
**SAN DIEGO GAS & ELECTRIC COMPANY**  
**UTILITY BILLING SERVICES**

**Section 1. Establishment and Maintenance of Utility Billing Services.**

To the extent appropriate under Applicable Commission Orders, under Utility Billing Services with respect to Customers, Utility will include DWR Charges with its Utility Charges on such Customers' Utility Bills on a consolidated basis. In addition, to the extent appropriate under Applicable Commission Orders, Utility will calculate appropriate DWR Charges under or pursuant to Applicable Law with respect to all Customers and collect DWR Charges by preparing and presenting Utility Bills or by causing to be prepared and presented Non-Utility Bills. In the event that any portions of DWR Charges are to be collected by a Non-Utility, with bills that have been calculated and prepared by Utility, Utility will cause the appropriate DWR Charges to be included in such Non-Utility Bills for collection on behalf of DWR.

**Section 2. Utility Billing Services Procedures.**

**2.1. Compliance with Metering Standards.** Except to the extent that such Services are provided by a third-party:

- (a) Utility shall comply with all metering standards pursuant to Applicable Tariffs.
- (b) Utility shall read and validate data from meters, and edit and estimate such data, under the terms of Applicable Tariffs.
- (c) Utility shall maintain, store and provide current and historical meter and usage data as required by Applicable Tariffs.

**2.2. Presentation of DWR Charges on Utility Bill.**

- (a) DWR Charges shall appear on all Utility Bills or Non-Utility Bills on consolidated basis with Utility Charges in the manner and at the time required by Applicable Law and Applicable Tariffs.
- (b) Notwithstanding subsection (a) above, the Utility may change the manner of bill presentation of DWR Charges upon the agreement of DWR or at the request of DWR and upon agreement by the Utility. Such agreement by DWR or Utility is not to be unreasonably withheld.
- (c) Notwithstanding subsections (a) and (b) above, no change shall be made to Utility Bill formats without the approval of the Commission, if the Commission's approval is required under Applicable Law and Applicable Tariffs.

(d) Notwithstanding subsections (a), (b), and (c) above, the Utility Bill shall (i) at all times contain a separate line item for Bond Charge, if applicable, and (ii) (A) so long as DWR is providing Power to Bundled Customers, contain a statement to the effect that the Utility Bills include charges for power provided by DWR for which DWR is collecting “X” cents per kilowatt hour (where X = the applicable Power Charge rate) or, (B) in the case of Customers other than Bundled Customers who are subject to any cost determined to be ongoing DWR power charge component of CRS, then indicate that Utility Bills include Cost Responsibility Surcharge for which DWR is collecting “X” cents per kilowatt hour (where X = the applicable CRS component rate).

### **2.3. Billing Costs.**

DWR agrees that Utility shall be reimbursed for the reasonable costs of the Billing Services it performs for DWR under this Servicing Order, except for those costs that would have been incurred in providing Billing Services for Customers in the absence of this Servicing Order. DWR agrees that the Commission has jurisdiction to address any dispute concerning the reasonableness of the costs of Billing Services charged to DWR under this Servicing Order.

### **2.4. Adjustments to DWR Charges.**

Utility will resolve all disputes with Customers subject to Utility Billing Service relating to DWR Charges consistent with Applicable Tariffs and prevailing industry standards. Utility will not waive any late payment fee or modify the terms of payment of any amounts payable by Customers subject to Utility Billing Services unless such action is consistent with the action taken with respect to its own Charges and Applicable Tariffs.

In the event that DWR is entitled by Applicable Law to collect any additional charge as a component of DWR Charges, DWR agrees, and Utility is ordered to negotiate the amendment(s) to this Servicing Order that is (or are) appropriate in order to facilitate the calculation and collection of such a charge, and any such amendment shall be submitted to the Commission for approval. For purposes of this paragraph of Section 2.4, “charge” means any amount that DWR is entitled, under Applicable Law, to assess and collect from a Customer and is intended to be included in the term DWR Charges.

### **2.5. Format of Utility Bills.**

Utility shall conform to such requirements in respect of the format, structure and text of Utility Bills as Applicable Law and Applicable Tariffs shall from time to time prescribe. Utility shall, subject to the requirements of Sections 1 and 2 of this Service Attachment 1, determine the format and text of Utility Bills in accordance with its reasonable business judgment, and its policies and practices with respect to its own charges.

### **2.6. Customer Notices.**

(a) If DWR Charges are revised at any time, Utility shall, to the extent and in the manner and timeframe required by Applicable Law, provide Customers subject to Utility Billing Services with notice announcing such revised DWR Charges. Such notice shall,

as appropriate, include publication, inserts to or in the text of the bills or on the reverse side of bills delivered to such Customers, and/or such other means as Utility may from time to time use to communicate with its Customers subject to Utility Billing Services. The format of any such notice shall be determined by the mutual agreement of the Parties, subject to approval by the Commission's public advisor.

(b) In addition, at least once each year, to the extent permitted by Applicable Law, Utility shall cause to be prepared and delivered to Customers subject to Utility Billing Services a notice stating, in effect, that DWR Power and DWR Charges, including such CRS components of DWR Charges, are owned by DWR and not the Utility, in the case where Utility Bills are presented. Such notice shall be included, in a manner and format to be agreed upon by the Parties, subject to approval by the Commission's public advisor, either as an insert to or in the text of the bills or on the reverse side of bills delivered to such Customers subject to Utility Billing Services or shall be delivered to such Customers by electronic means or such other means as Utility may from time to time use to communicate with such Customers.

(c) To the extent that any DWR Charges are collected through Non-Utility Bills, Utility shall notify the Non-Utility as to any notices and provide inserts or the text of such notices to be sent to Customers. At least once each year, such notice to be sent by a Non-Utility shall consist of the notice described in Section 2.6(b) above, stating, in effect, that DWR Power and DWR Charges, including such CRS components of DWR Charges, are owned by DWR and not the Non-Utility performing the billing and collection services.

## **2.7. Delivery.**

Utility shall deliver or cause to be delivered all Utility Bills (i) by United States Mail in such class or classes as are consistent with policies and practices followed by Utility with respect to its own charges or (ii) by any other means, whether electronic or otherwise, that Utility may from time to time use to present its own charges to Customers. In the case of Utility Billing Service, Utility shall pay from its own funds all costs of issuance and delivery of Utility Bills, including but not limited to printing and postage costs as the same may increase or decrease from time to time, except to the extent that the presentation of DWR Charges and any associated bill messages or notices (including, without limitation, bill inserts and published notices) materially increase the costs in which case such increase in costs shall be borne solely by DWR. To the extent practicable, Utility agrees to give DWR seven calendar days prior written notice of any such additional costs. Any such increased costs shall be invoiced to DWR as Additional Charges and shall be subject to the provisions of Section 7 of the Servicing Order.

## **Section 3. Customer Payments.**

Utility shall permit Customers receiving Utility Bills to pay DWR Charges through any of the payment options then offered by Utility to such Customers for payment of Utility Charges appearing on the Utility Bill. Utility shall not permit Customers to direct how partial payments of balances due on Utility Bills will be applied. Utility will credit all

payments received from a Customer as set forth in Attachment B hereto and Appendices thereto.

#### **Section 4. Collection and Nonpayment.**

##### **4.1. Collection of DWR Charges.**

Utility will collect or cause to be collected DWR Charges in accordance with its standard practices, and will notify Customers subject to Utility Bills of amounts overdue for DWR Charges in accordance with such practices. Such collection practices shall conform to all requirements of Applicable Law and Applicable Tariffs. Utility will post all payments for DWR Charges as promptly as practicable, including all payments received from any Non-Utility which are components of DWR Charges, but in no case less promptly than Utility posts payments for Utility Charges.

##### **4.2. Termination of Customer's Electrical Service.**

Utility shall adhere to and carry out disconnection policies in accordance with Applicable Law.

#### **Section 5. Taxes and Fees Service.**

Subject to Section 7.3, Utility will calculate and collect through Utility Bills or Non-Utility Bills and remit to the various authorities the taxes and fees assessed to Customers on DWR Charges.

#### **Section 6. Late Payments.**

In the event that Utility receives late payment interest charges from a Customer subject to Utility Billing Service, such payment shall be allocated to DWR based upon the same proportion that DWR Charges bear to the total Utility Charges on the Utility Bill. Other than the third-party fees or costs set forth in Section C3 of Attachment B hereto, Utility shall not allocate to DWR any other additional late payment service charges or collection fees (including but not limited to disconnection or reconnection services or similar charges related to Customer defaults).

## SERVICE ATTACHMENT 2

### SAN DIEGO GAS & ELECTRIC COMPANY

#### DWR SURPLUS ENERGY SALES REVENUES REMITTANCE

Consistent with the principles set forth in Exhibits C and D of the Operating Order (as such Exhibits may be amended or supplemented on or after the Effective Date of the 2007 Servicing Order), prior to the MRTU Effective Date Utility shall determine and remit DWR Surplus Energy Sales Revenues, consisting of a Preliminary Monthly Surplus Energy Sales Remittance Amount and a Delivery Month Surplus Energy Sales True-up Amount with respect to each Delivery Month, all as further provided in this Service Attachment 2. Each “Delivery Month” consists of all days prior to the MRTU Effective Date within a calendar month of the Term, including the calendar month of the date immediately preceding the MRTU Effective Date. Any capitalized term used but not defined in this Service Attachment 2 shall have the meanings provided in Exhibit C of the Operating Order or this Servicing Order.

#### 1. Definitions.

“Preliminary Hourly DWR Surplus Energy Sales Amount” is the product of (i) the Preliminary Hourly DWR Surplus Energy Percentage multiplied by (ii) the hourly Surplus Energy Sales Revenues resulting from Forward Market Sales determined in accordance with the principles in Exhibit C of the Operating Order. The Preliminary Hourly DWR Surplus Energy Percentage is the DWR Surplus Energy Percentage determined in accordance with the principles in Exhibit C of the Operating Order using the most up-to-date scheduled DWR Supply and Utility Supply information available to Utility and a reasonable estimate of ISO Uninstructed Energy.

“Final Hourly DWR Surplus Energy Sales Amount” is DWR’s share of the hourly Surplus Energy Sales Revenues resulting from the Forward Market Sales and the ISO Real-Time Market Sales determined in accordance with the principles in Exhibits C and D of the Operating Order.

2. Preliminary Monthly Surplus Energy Sales Remittance Amount. By the 23<sup>rd</sup> day of the month, or if such date is not a Utility Business Day then the immediately succeeding Utility Business Day, during the Term (each, a “Monthly Settlement Date”), Utility shall calculate and notify DWR in writing as to the “Preliminary Monthly Surplus Energy Sales Remittance Amount,” which is the aggregation of all Preliminary Hourly DWR Surplus Energy Sales Amounts within the subject Delivery Month. By the Monthly Settlement Date, the calculation of the Preliminary Monthly Surplus Energy Sales Remittance Amount shall be presented to DWR in the Preliminary Surplus Energy Sales Calculation Summary Report substantially in the form set forth in Section 2B of Attachment C to this Servicing Order.

By the second Utility Business Day following each Monthly Settlement Date, Utility shall remit to DWR the Preliminary Monthly Surplus Energy Sales Remittance Amount to the extent that Utility received such revenues as of the Monthly Settlement Date. The remittance of the Preliminary Monthly Surplus Energy Sales Remittance Amount shall be accompanied by an

entry in the Surplus Energy Sales Payment Report, substantially in the form set forth in Section 2A of Attachment C to this Servicing Order.

3. Final Monthly Surplus Energy Sales Remittance Amount. By the Monthly Settlement Date, Utility shall also calculate the “Final Monthly Surplus Energy Sales Remittance Amount,” which is the aggregation of all Final Hourly DWR Surplus Energy Sales Amounts with respect to a Delivery Month that is the same calendar month as the ISO trade month for which the ISO Final Market Invoice is due before the Monthly Settlement Date, as well as any Additional Adjustments contemplated in Section 6 of this Service Attachment 2. The ISO Final Market Invoice due dates are specified in the ISO annual payment calendar. By the Monthly Settlement Date, Utility shall (a) present the calculation of the Final Monthly Surplus Energy Sales Remittance Amount to DWR in the Final Surplus Energy Sales Calculation Summary Report substantially in the form set forth in Section 2C of Attachment C to this Servicing Order and (b) submit to DWR the Real Time Surplus Energy Sales Calculation Supporting Workbook substantially in the form set forth in Section 2D of Attachment C to this Servicing Order. Utility will also provide to DWR the Real Time Surplus Energy Sales Calculation Resource Location ID Master List in accordance to the timeline and substantially in the form set forth in Section 2E of Attachment C to this Servicing Order.

4. Delivery Month Surplus Energy Sales True-up Amount. By each Monthly Settlement Date, Utility will subtract the Preliminary Monthly Surplus Energy Sales Remittance Amount previously remitted to DWR for the subject Delivery Month from the Final Monthly Surplus Energy Sales Remittance Amount as set forth in Section 3 of this Service Attachment 2 to determine the “Delivery Month Surplus Energy Sales True-up Amount” and present such calculation as appropriate entries in the Final Surplus Energy Sales Calculation Summary Report as specified in Section 2C of Attachment C to this Servicing Order. By the second Utility Business Day following the Monthly Settlement Date of each month, Utility shall remit such Delivery Month Surplus Energy Sales True-up Amount to DWR if the amount is positive, to the extent that Utility received such revenues as of the Monthly Settlement Date. If the Delivery Month Surplus Energy Sales True-up Amount is negative, this negative True-up Amount may be used to offset the prospective Preliminary Monthly Surplus Energy Sales Remittance Amount and, if the negative True-up Amount exceeds the prospective Preliminary Monthly Surplus Energy Sales Remittance Amount, the Utility and DWR shall confer concerning the offset of the excess amount. Any remittances or request for DWR payment to be prepared under this Section 4 shall be accompanied by an appropriate entry in the Surplus Energy Sales Payment Report as specified in Section 2A of Attachment C to this Servicing Order.

5. Adjustments and True-ups. If for any period of three consecutive months, the absolute value of the difference between the three-month aggregate Preliminary Monthly Surplus Energy Sales Remittance Amount and the three-month aggregate Final Monthly Surplus Energy Sales Remittance Amount resulting from Forward Market Sales is greater than 10% for such period, the Parties shall negotiate changes to the methodology provided in this Service Attachment 2 so as to reasonably reduce the Forward Market Sales portion of the Delivery Month Surplus Energy Sales True-up Amount for future months. Either Party may, in addition to any other remedies available to the Party, submit the matter to the Commission or other appropriate forum for resolution in the event that the Parties cannot mutually agree to a revised methodology.

6. Additional Adjustments. The Final Monthly Surplus Energy Sales Remittance Amount of a month may also reflect any Additional Adjustments to the Surplus Energy Sales Revenue of a month for which a prior Delivery Month Surplus Energy Sales True-up Amount has been remitted. Additional Adjustments shall consist of any Delivery Month Surplus Energy Sales True-up Amount that Utility received after a prior Delivery Month Surplus Energy Sales True-up Amount remittance and those adjustments mutually agreed to by the Parties, adjustments as a result of settled disputes between the Utility and the third-party purchaser of surplus Power or adjustments expressly permitted under the Contract Allocation Order or by Applicable Law or the Operating Order, as may be amended from time to time.

Each Additional Adjustment shall be accompanied by a detailed written report in a form to be mutually acceptable to the receiving Party. As reasonably requested by DWR, Utility shall provide supporting documentation of any Additional Adjustments.

7. DWR Right to Verify Monthly Surplus Energy Sales Remittance Amount. DWR agrees that it shall have the right but not the obligation following the receipt of the Final Surplus Energy Sales Calculation Summary Report for each Delivery Month to conduct such verification procedures as determined reasonably necessary. In the event that DWR does not agree with the Final Monthly Surplus Energy Sales Remittance Amount following its verification, and to the extent that informal procedures do not resolve the differences identified by DWR, DWR agrees that it will notify Utility in writing of a dispute with respect to such remitted amount. If the Parties are unable to resolve any disputes relating to such DWR Surplus Sales Energy Revenues, either Party may, upon giving five Business Days' notice to the other Party pursue such appropriate remedies including the submission of the dispute to the Commission or other appropriate forum for proposed resolution.

**ATTACHMENT A**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**REPRESENTATIVES AND CONTACTS**

A. Parties Representatives:

Utility Representative:

San Diego Gas & Electric Company  
Electric and Fuel Procurement  
8315 Century Park Court  
San Diego, California 92123

Attn: Michael Strong  
Manager, Settlements & Systems  
Telephone: (858) 654-6154  
Facsimile: (858) 654-6190  
Email: mgstrong@semprautilities.com

DWR Representative:

State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: Russell Mills  
Chief Financial Management Office  
Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Cellular: (916) 539-8198  
Email: millsr@water.ca.gov

B. Utility Contact Persons:

The Utility shall make the following contact person(s) available with respect to the operational matters described below:

1. Billing Services:

San Diego Gas & Electric Company  
Financial Reporting & Remittance:  
Financial Accounting  
101 Ash Street, PZ05B  
San Diego, California 92101

Attn: Alan Burye  
Principal Accountant  
Telephone: (619) 696-2221  
Facsimile: (619) 696-4182  
Email: aburye@semprautilities.com

For Utility Fees & Charges:

San Diego Gas & Electric Company  
Customer Operations - South  
8306 Century Park Court CP42I  
San Diego, California 92123

Attn: Brad Baugh  
Billing Manager  
Telephone: (858) 654-8330  
Facsimile: (858) 654-8393  
Email: bbaugh@semprautilities.com

2. Scheduling, Delivery and Transmission:

San Diego Gas & Electric Company  
Electric and Fuel Procurement  
8315 Century Park Court, CP21D  
San Diego, California 92123

Attn: Vince Bartolomucci  
Manager - Energy Supply & Dispatch  
Telephone: (858) 650-6164  
Facsimile: (858) 650-6190  
Email: vbartolomucci@semprautilities.com

3. Surplus Energy Power Sales Remittances:

San Diego Gas & Electric Company  
Electric and Fuel Procurement  
8315 Century Park Court, CP21D  
San Diego, California 92123

Attn: Sue Garcia  
Settlements & Administration Manager  
Telephone: (858) 650-6189  
Facsimile: (858) 650-6190  
Email: [sgarcia@semprautilities.com](mailto:sgarcia@semprautilities.com)

4. Utility Filings Impacting DWR Charges:

San Diego Gas & Electric Company  
Rates, Revenues & Tariffs  
8330 Century Park Court, CP32C  
San Diego, California 92123

Attn: Megan Caulson  
Regulatory Tariff Manager  
Telephone: (858) 654-1748  
Facsimile: (858) 654-1788  
Email: [mcaulson@semprautilities.com](mailto:mcaulson@semprautilities.com)

C. DWR Contact Persons:

DWR will make the following contact persons available with respect to each of the operational matters described in Section B above:

State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: Russell Mills  
Chief Financial Management Office  
Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Cellular: (916) 539-8198  
Email: [millsr@water.ca.gov](mailto:millsr@water.ca.gov)

With a copy to:

Michael Wofford,  
Chief IOU Remittance Section  
Telephone: (916) 574-0317  
Facsimile: (916) 574-2214  
Email: [mwofford@water.ca.gov](mailto:mwofford@water.ca.gov)

**ATTACHMENT B**  
**SAN DIEGO GAS & ELECTRIC COMPANY**  
**REMITTANCES OF DWR CHARGES**

Consistent with the remittance methodology set forth in this Attachment B, SDG&E shall remit DWR Charges, consisting of all applicable Fund Types with respect to each applicable Customer Type, on each Utility Business Day of the Term.

A. Billing and Remittance of DWR Charges

In providing Utility Billing Services set forth in Service Attachment 1, the amount included in Utility Bills for the applicable Fund Type of the Customer Type of the DWR Charge shall be calculated by SDG&E as provided in the corresponding Appendix to this Attachment B. By the 7th Utility Business Day after the end of a billing month during the Term, SDG&E will provide to DWR a Monthly Billing Report substantially in the form set forth in Section 1C of Attachment C.

Customer payments for DWR Charges will be collected by SDG&E on behalf of DWR, all as further provided in this Servicing Order. SDG&E shall remit payments for DWR Charges on a daily basis following the process described in Section B of this Attachment B.

Customer payments for Utility Bills shall be allocated and applied using SDG&E's payment posting priority process described below in Section G of this Attachment B. All partial payments to SDG&E for Utility Bills will be prorated based on the said payment posting priority. During SDG&E's nightly processing during any Utility Business Day, payments for DWR Charges that SDG&E collects on behalf of DWR will be identified and aggregated separately for each Fund Type on all applicable Customer Types, and be credited to DWR's account and be transmitted on the next Utility Business Day, separately for each Fund Type on all Customer Types by electronic funds transfer. The Parties' first preference for electronic funds transfer will be by ACH and their secondary preference will be by wire transfer. SDG&E process timing will dictate which electronic funds transfer will be used.

With respect to each Daily Remittance of DWR Charges, SDG&E shall clearly identify the appropriate Fund Type. In determining the Daily Remittance amount of a Fund Type from an applicable Customer Type, SDG&E may net the amount due to DWR against the amount owed to SDG&E only if the adjustment amount belongs to the same Fund Type from the same Customer Type and SDG&E has obtained prior consent from DWR, which consent shall be given on a case by case basis.

B. Proposed Process and Timeline for DWR Automated Daily Remittance

1. Utility Business Day 0 – SDG&E receives Customer payment and payments are processed. SDG&E's billing system identifies payments and applies DWR portion based on pre-established payment posting criteria, representing a constructive account for DWR. The Parties acknowledge that payments received from Customers consist of payments to SDG&E and

payments to DWR and that until DWR's portion is remitted to DWR, such funds will be held together by SDG&E. Until remitted to DWR, SDG&E shall hold DWR's portion of payments in trust for the benefit of DWR (whether or not held together with other monies), consistent with Applicable Law.

2. Utility Business Day 1 - Payments are sent to DWR by 12:00 noon based on remittance schedule. DWR acknowledges delays of up to 3 Utility Business Days may occur due to errors, system failures and other factors. DWR agrees that such delays shall not constitute a default pursuant to Section 5.2 of the Servicing Order; provided, however, that SDG&E shall undertake commercially reasonable efforts to rectify any cause for such delay. SDG&E shall promptly notify DWR when any such delay occurs and the expected date for returning to the normal schedule. In cases where ACH electronic payment is remitted, SDG&E will remit to its bank on Utility Business Day 1. DWR agrees that this payment meets SDG&E's remittance schedule requirements pursuant to this Attachment B.

3. Adjustments for misapplied payments, returned checks, payment transfers, and miscellaneous adjustments will be reflected in the Remittance with respect to each Fund Type of applicable Customer Type, as those adjustments are made in SDG&E's billing system.

4. Daily Remittances shall be accompanied by a single Daily Remittance Report separately identifying the remitted amounts of DWR Charges of each Fund Type of each Customer Type, substantially in the form set forth in Section 1A of Attachment C. Each Daily Remittance Report shall be accompanied by the Remittance Netting Report, substantially in the form set forth in Section 1B of Attachment C.

#### C. Collection of DWR Charges

1. As permitted by Applicable Law, SDG&E will disconnect Customers' electric service for unpaid DWR Charges. Disconnection for DWR Charges will be performed in the same manner as SDG&E disconnects for its own charges and consistent with Applicable Tariffs.

2. Responsibility for collection of any DWR Charges that remain unpaid 180 calendar days after the final statement was issued shall become the sole responsibility of DWR. However, Customer payments received by SDG&E after such reversion to DWR will continue to be applied on a pro-rata basis to DWR.

3. SDG&E may use collection agency services to recover outstanding balances on Customers' closed accounts. When DWR receives benefit of such services through recovery of payments to Customer accounts, Parties agree that DWR's Remittances will be adjusted to account for the pro-rata share of collection agency fees associated with DWR's portion of recovered charges.

By the 7th Utility Business Day after the end of a billing month during the Term, SDG&E will provide to DWR a Monthly DWR Charge-Off and Recovery Report, substantially in the form set forth in Section 1E of Attachment C.

#### D. Survival of Payment Obligations

SDG&E has the right but not the obligation to pursue collection of DWR Charges after 180 calendar days following the termination of this Servicing Order pursuant to Section 5. Provided, however, SDG&E may continue collection services for a period of 3 years after the Customer's account was closed if prior to the termination of this Servicing Order the Parties reach a mutually satisfactory arrangement either to (i) reimburse SDG&E for its estimated reasonable costs to continue with collection and allocation activities for such period or (ii) estimate the amount of collections that are reasonably likely to be recovered, which amount (including discounts for cash flow impacts) SDG&E shall promptly remit to DWR in full satisfaction of its collection services.

E. Deposits Securing DWR Charges

In accordance with Applicable Tariffs, SDG&E shall collect security deposits from Customers and return those security deposits to Customers. Such security deposits will be applied pro rata to DWR Charges in the event a Customer's billing account with SDG&E is closed.

F. Other Operating Revenue Collected by SDG&E

DWR shall have no rights in or entitlements to charges associated with SDG&E's collection or payment activities, including but not limited to, returned check charge, reconnection of service charge, field assignment charge, and other service charges related to billing, payment, or collections. However, pursuant to Section 6 of Service Attachment 1, late payment interest charges will be applied pro-rata to DWR Charges. By the 7<sup>th</sup> Utility Business Day of each billing month during the Term, SDG&E will provide to DWR a Monthly Late Payment Charge Report presenting the calculation of pro-rata sharing of late payments for the preceding month substantially in the form set forth in Section 1D of Attachment C.

G. Payment Posting Priority for Utility Billing

1. Priority

Payment posting rules for Utility Bills will assign equal priority to SDG&E gas and electric energy and service charges and DWR Charges to the extent that such charges are presented on a Utility Bill. To the extent a Customer's security deposit request has been included on the customer's monthly billing statement, the Customer's payment will be first applied to the outstanding deposit amount. Thereafter, payments will be prorated among disconnectible SDG&E gas and electric energy and service charges and DWR Charges based on the amount owing in each statement, beginning with the oldest statement. SDG&E's payment posting priority enables SDG&E to make timely payments to SDG&E, DWR, and other agencies/Cities where SDG&E is required to collect surcharges, fees and taxes. Any other outstanding disconnectible and non-disconnectible charges will be paid with any remaining credit balance.

2. Payment Posting Rules for Utility Billing

a. Payments will be applied to outstanding charges from the oldest statement first.

b. The amount of payment applied to SDG&E's gas and electric energy/service charges on a Utility Bill will be applied on a pro-rata basis between SDG&E gas and electric energy/service charges in the following illustrative manner:

<u>Sample:</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
Bill Date 1/10/06	\$100.00	\$100.00	\$200.00
% of Total	50%	50%	100%
Payment 1/25/06	\$50.00	\$50.00	\$100.00
% of Total	50%	50%	100%

3. To the extent that SDG&E's Utility Bill also includes applicable DWR Charges, the amount of payment/credit applied for electric energy/services on such Utility Bill will be prorated among all unpaid disconnectible SDG&E electric energy/service charges and DWR Charges based on the amount owing in each category in the following illustrative manner:

<u>Sample:</u>	<u>SDG&amp;E</u>	<u>Sum of All DWR Charges</u>	<u>FF/Taxes</u>	<u>Total</u>
Bill Date 1/10/06	\$35.00	\$60.00	\$5.00	\$100.00
% of Total Billed	35%	60%	5%	100%
Payment 1/25/06	\$17.50	\$30.00	\$2.50	\$50.00
% of Total Payment	35%	60%	5%	100%

4. The payment/credit for the sum of all DWR Charges determined in Step 3 above shall be further prorated between unpaid DWR Power Charge and Bond Charge of a Customer Types in the following illustrative manner:

<u>Sample:</u>	<u>Power Charge</u>	<u>Bond Charge</u>	<u>Total</u>
Bill Date 1/10/06	\$54.00	\$6.00	\$60.00
% of Total Billed DWR Charges	90%	10%	100%
Total Payment Credited to DWR 1/25/06	\$27.00	\$3.00	\$30.00
% of Total Payment Credit to DWR 1/25/06	90%	10%	100%

H. Reporting of DWR Charges Billing, Collection and Remittance

Prior to the Effective Date of the 2007 Servicing Order, SDG&E sent e-mail notices to DWR at least monthly that provided the following billing data or information of DWR Charges as such charges became effective.

- Daily aggregate of billed individual Customer consumptions for each Customer Type relating to DWR Charges;
- Daily aggregate of billed individual Customer consumptions subject to each Fund Type on each applicable Customer Type, excluding Customer consumptions relating to Power Charge and Bond Charge on Bundled Customers;
- DWR's share of daily aggregate of billed individual Bundled Customer consumptions for determining Power Charge on Bundled Customers; and
- Daily aggregate of billed dollar amounts for each Fund Type on each applicable Customer Type.

In addition, the billed individual Customer consumption and dollar amount for a Fund Type on a Customer Type in the billing data or information listed above would have been and will continue to be determined consistent with the methodology provided in the appropriate Appendix to this Attachment B.

Further, SDG&E sent e-mail notices to DWR each Utility Business Day prior to the Effective Date of the 2007 Servicing Order that provided the following remittance information of DWR Charges as such charges became effective.

- Remittance processing date;
- Daily Remittance amounts for each Fund Type on each applicable Customer Type; and
- Previous month recovery of charged off amounts.

Also prior to the Effective Date of the 2007 Servicing Order, SDG&E sent e-mail notices to DWR each month that provided a Monthly Late Payment Charge Report presenting the calculation of pro-rata sharing of late payment charge collection and a Monthly DWR Charge and Recovery Report presenting information concerning the charge-off and recovery of DWR Charges.

On and after the Effective Date of the 2007 Servicing Order, SDG&E provided the reports contemplated in this Attachment B, substantially in the forms set forth in Attachment C of the 2007 Servicing Order or as may from time to time be modified as mutually agreed to by the Parties or ordered by the Commission.

On and after the MRTU Effective Date, SDG&E provides the reports contemplated in this Attachment B, substantially in the forms set forth in Attachment C of this 2010 Servicing Order.

To the extent that a different collection rate is to be applied to a sub-group within a Customer Type identified in the Servicing Order pursuant to a future Applicable Commission Order, unless SDG&E and DWR mutually agree to a different reporting format, SDG&E will

provide the same information identified in the reporting form related to the original Customer Type as to any sub-group identified within that Customer Type.

Unless expressly provided otherwise, on and after the Effective Date of the 2007 Servicing Order, SDG&E was directed to transmit to DWR all the reports contemplated in Attachment B via secure electronic means or email (password protected or otherwise, as more specifically provided in Attachment C), provided in Microsoft Excel® workbook file format or, to the extent necessary from time to time in comma separated value or fixed width text files, all as further provided in Attachment C.

I. Historical Remittance Methodologies

Historical remittance methodologies for specific Fund Types on specific Customer Types for specific historical time periods may differ from the remittance methodologies described in this Attachment B. Such historical remittance methodologies are included in the appropriate Appendices to this Attachment B.

J. Utility Filings Impacting DWR Charges

To the extent that SDG&E intends to revise (i) any effective remittance rate for any DWR Charge or (ii) any SDG&E collected rates which would modify effective remittance rate for any CRS component, in either case, applicable to a Customer Type being collected under the 2007 Servicing Order through a filing prepared and submitted by SDG&E to the Commission (hereinafter “DWR Charge Revision”), SDG&E will notify DWR of any such future Commission filings as provided in this Paragraph. Unless the Commission fails to provide SDG&E with at least two (2) Utility Business Days’ notice of a requirement to file a DWR Charge Revision, no less than two (2) Utility Business Days prior to SDG&E’s submission of the filing to the Commission, SDG&E will notify the DWR Contact Persons listed in Section C of Attachment A (“DWR Contact Persons”) or other DWR representative as mutually agreed to by the Parties, that SDG&E intends to submit a filing to the Commission that changes the effective DWR Charge remittance rate; provided, however, that in the event that SDG&E has less than two (2) Utility Business Days’ notice of a requirement to file, SDG&E will notify DWR as soon as is practicable. In the event that the Commission has directed SDG&E and DWR to work collaboratively on the DWR Charge Revision, SDG&E will provide the relevant supporting work papers for the DWR Charge Revision to DWR no later than the time SDG&E provides notice as specified in this paragraph. With respect to all other DWR Charge Revisions filed by SDG&E, after filing of the DWR Charge Revision with the Commission, SDG&E will provide the relevant supporting work papers for a DWR Charge Revision if such papers are requested by DWR. Upon submission of the filing to the Commission, SDG&E will forward a copy of the final SDG&E filing to the DWR Contact Persons within two (2) Utility Business Days of the filing date. When the Commission notifies SDG&E of its action concerning the filing, SDG&E will provide a copy of the Commission’s letter, resolution, or other document concerning the filing to the DWR Contact Persons within five (5) Utility Business Days of receipt thereof. SDG&E further agrees to maintain a summary of its Commission filings concerning DWR Charges and other matters covered by the 2007 Servicing Order, and SDG&E will forward an updated copy of such summary to the DWR Contact Persons within 30 days of the end of each calendar quarter. SDG&E’s non-compliance with its obligations under this Paragraph J will not

constitute a material breach under the 2007 Servicing Order and shall not be considered an Event of Default under the 2007 Servicing Order.

K. Collection of DWR Charges through Non-Utility Bills

In the event that any component of DWR Charges are calculated by SDG&E but billed and collected through Non-Utility Bills, SDG&E will agree to provide daily and monthly reports with respect to collections remitted through Non-Utility Bills in the same format as the Fund Type of the Customer Type provided in Attachment C of the 2007 Servicing Order. To the extent that any of the requested data included in the reports are not reasonably available to SDG&E, upon notification by SDG&E, DWR agrees to modify the affected reports to be able to reasonably address the concerns of the Parties.

**APPENDIX A-1**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**BILL DETERMINATION - BUNDLED CUSTOMER BOND CHARGE**

This Appendix A-1 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed dollar amount of Bond Charge on a Bundled Customer.

The dollar amount of Bond Charge billed or re-billed to a Bundled Customer is the product of (i) the electric consumption subject to Bond Charge billed or re-billed to the Bundled Customer and (ii) the Bundled Customer Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a Bundled Customer is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the Bundled Customer Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a Bundled Customer, SDG&E shall apply each of the differing Bundled Customer Bond Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

## APPENDIX A-2

## SAN DIEGO GAS &amp; ELECTRIC COMPANY

## BILL DETERMINATION - BUNDLED CUSTOMER POWER CHARGE

This Appendix A-2 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed dollar amount of Power Charge on a Bundled Customer. In addition, this Appendix A-2 provides an account of historical remittance methodologies for Bundled Customer Power Charge applicable for specific historical time periods. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix A-2 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix A-2.

**A. Determination of Billed Dollar Amount for Power Charge on a Bundled Customer**

The dollar amount of Power Charge billed or re-billed to a Bundled Customer shall be the product of (i) the electric consumption billed or re-billed to the Bundled Customer (ii) the Bundled Customer Power Charge rate in dollar per kilowatt-hour applicable to the period of the consumption and (iii) the corresponding “Individual Customer Billing Cycle Average DWR Percentage” (described below).

In cases in which the Bundled Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a Bundled Customer, SDG&E shall apply each of the differing Bundled Customer Power Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

SDG&E shall determine the “Individual Customer Billing Cycle Average DWR Percentage” over the period of electric consumption subject to Power Charge billed or re-billed to a Bundled Customer as the average of all hourly “Rate Group Average DWR Energy Percentages” over such period weighted by the statistical or dynamic load profile of the rate group of the Bundled Customer over the same period. SDG&E shall calculate each hourly “Rate Group Average DWR Energy Percentage” of a rate group as the rate group *pro rata* share of the Hourly Percentage Factor described in Part I and Part II of this Appendix A-2, in proportion to the rate group’s statistical or dynamic load profile in the same hour as further detailed in SDG&E’s Tariff.

SDG&E shall determine the “Hourly Percentage Factor” in accordance with the principles set forth in Attachment H of the 2003 Servicing Order, which included Part I that provides the detailed process of the More Precise Remittance Methodology applicable for Power Charges from Bundled Customers before the Operating Order Effective Date and Part II that provides the detailed process of the Post-Transition Remittance Methodology applicable for Power Charges on Bundled Customers on and after the Operating Order Effective Date. With formatting changes, Attachment H of the 2003 Servicing Order is provided below in Part I and Part II of Part A of this Appendix A-2.

Part I: More Precise Remittance Methodology

The methodology in this Part I shall be applied for remittance of Power Charges from Bundled Customers before the Operating Order Effective Date.

a). SDG&E Remittance Percentage Calculation and True-up

In accordance with SDG&E's Schedule EECC, as it may be modified or superseded by the Commission from time to time, SDG&E calculates each hour the percentage of Bundled Customers electricity use that is supplied by DWR (the "Hourly Percentage Factor"). This percentage is calculated using Final Hour-Ahead Schedules that reflect estimated Customer electricity use. "Estimated Customer Use" shall be defined as the forecasted Customer usage used to establish the Final Hour-Ahead Schedule adjusted using other data that may become available within one day of the Trade Day, as appropriate, to more accurately reflect actual Bundled Customer usage. As final settlement statements reflecting actual meter data and electricity deliveries are received from the ISO, SDG&E will calculate the actual Hourly Percentage Factors. For each hour, the estimated Hourly Percentage Factor will be subtracted from the actual Hourly Percentage Factor to determine the Hourly Percentage Factor difference. At the end of each month, a weighted average Hourly Percentage Factor difference will be calculated using all trade dates for which SDG&E has received from the ISO final settlement statements during such month. This weighted average difference will then be adjusted, if necessary, by commodity revenue dollars for the different periods to obtain an adjustment percentage that will be applied as an hourly adjustment in the next month's calculations of Hourly Percentage Factors.

b). Detailed Process

1. Hourly Percentage Factor Calculation - This calculation is performed on **T+1** (the day after the energy is used).

For each day **T** (trade date) SDG&E will retrieve from ISO published CERS hour-ahead final schedule the amount of DWR energy that is scheduled from SDG&E.

For each day **T** SDG&E will develop estimates of Bundled Customer usage and imbalance energy for each hour.

These two components, along with output from the True-up Process, will be used to calculate the Hourly Percentage Factor. SDG&E will calculate the Hourly Percentage Factor for each hour of a trade day **T** by: (i) dividing the CERS' Final Hour Ahead Schedule plus estimated imbalance energy schedule for such hour by the SDG&E Estimated Customer Usage for such hour; and (ii) adding the true-up adjustment percentage applicable for the current month, calculated in accordance with Section B.2, below.

2. True-up Process. The ISO publishes final settlement statements on **T + 51** Utility Business Days. The actual meter data on the final settlement statements will be used to calculate the actual Hourly Percentage Factor. The CERS Hour Ahead Final Schedule quantity will be divided by the actual meter data to obtain the actual Hourly Percentage Factor, except that during the term of the Restated Letter Agreement, the sum of the CERS Hour Ahead Final Schedule

quantity and the imbalance energy for each corresponding hour will be divided by the actual meter data to obtain the actual Hourly Percentage Factor.

For each hour, the estimated Hourly Percentage Factor will be subtracted from the actual Hourly Percentage Factor to determine the Hourly Percentage Factor difference.

At the end of each month, a weighted average Hourly Percentage Factor difference will be calculated using all trade dates for which final settlement statements were received during that current month. The weight for the average will be the total Customer load, based on actual meter data for each hour. For all trade dates, for which final settlement statements were received during the current month, the actual meter data will be obtained. For each hour, the Hourly Percentage Factor difference will be multiplied by the actual meter data for that hour and then divided by the sum of actual meter data for all hours in the month. All the individual hour weighted results for that month will then be summed to obtain the weighted average Hourly Percentage Factor difference.

The Hourly Percentage Factor will then be adjusted by the commodity revenue dollars for the two time periods: (i) trade dates for which final settlement statements were received, and (ii) next calendar month). Average commodity revenue dollars represent the combined billed electric commodity revenues for both SDG&E and DWR (in dollars). The weighted average Hourly Percentage Factor difference will be multiplied by commodity revenue dollars for the trade dates for which final settlement statements were received divided by next forecasted average commodity revenue dollars for the next calendar month.

This adjusted percentage will then be applied as the true-up adjustment percentage in the next month's Hourly Percentage Factor calculations. The true-up adjustment percentage will be added to the calculation of the Hourly Percentage Factor in accordance with Item 1 of this Part I.

Part II: Post-Transition Remittance Methodology

The methodology in this Part II shall be applied for remittance of Power Charge on Bundled Customers on and after the Operating Order Effective Date.

a). SDG&E Remittance Percentage Calculation and True-up

In accordance with SDG&E's Schedule EECC, as it may be modified or superseded by the CPUC from time to time, SDG&E calculates each hour the percentage of Bundled Customers electricity use that is supplied by DWR (the "Hourly Percentage Factor").

1. Prior to the MRTU Effective Date. This percentage is calculated using Final Hour-Ahead Schedules and other information reasonably available to SDG&E within one day of the Trade Day that reflect estimated dispatched quantities of SDG&E integrated portfolio resources including the Allocated Contracts as well as estimated Bundled Customer electricity use. "Estimated Customer Use" shall be defined as the forecasted Customer usage used to establish the Final Hour-Ahead Schedule adjusted using other data that may become available within one day of the Trade Day, as appropriate, to more accurately reflect actual Customer usage. As final settlement statements reflecting actual meter data and electricity deliveries are received from the ISO, SDG&E will calculate the actual Hourly Percentage Factor. For each

hour, the estimated Hourly Percentage Factor will be subtracted from the actual Hourly Percentage Factor to determine the Hourly Percentage Factor difference. At the end of each month, a weighted average Hourly Percentage Factor difference will be calculated using all trade dates for which SDG&E has received from the ISO final settlement statements during such month. This weighted average difference will then be adjusted, if necessary, by commodity revenue dollars for the different periods to obtain an adjustment percentage that will be applied as an hourly adjustment in the next month's calculations of Hourly Percentage Factor.

2. On and after the MRTU Effective Date. The term "Hourly Percentage Factor" is replaced by the term "DWR Percentage Calculation" which is the percentage of DWR Contract power relative to the total Estimated Bundled Customer Load, as further described in Section A of Part II of Exhibit C of the 2010 Operating Order. The amount applied to determine DWR Percentage Calculation for DWR Remittance Basis and Estimated Bundled Customer Load shall be as shown in DWR Remittance Basis Calculation Report, substantially in the form set forth in Section 3B of Attachment C.

More specifically as to SDG&E, the Estimated Bundled Customer Load is calculated hourly, using the integration of actual area MW load for one hour obtained from SDG&E's Energy Management System ("EMS") and subtracting out hourly transmission losses, which include hourly Palo Verde flow losses and forecasted hourly Non-Bundled Customer Load, consisting of Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers and Community Choice Aggregation Customers, as such Customer Types are specifically defined in the Servicing Order and may exist from time to time with respect to SDG&E.

b). Detailed Process - Prior to the MRTU Effective Date. The following provisions shall apply prior to the MRTU Effective Date:

1. Hourly Percentage Factor Calculation. This calculation is performed on **T + 1** (the day after the energy is used).

For each day **T** (trade date) SDG&E will retrieve from ISO published hour-ahead final schedules of SDG&E integrated portfolio resources including the Allocated Contracts.

For each day **T**, SDG&E will develop estimates of Bundled Customer usage.

These two components, along with output from the True-up Process, will be used to calculate the Hourly Percentage Factor. SDG&E will calculate the Hourly Percentage Factor for each hour of a trade day **T** in accordance with the principles provided in Exhibit C of the Operating Order; and (ii) adding the true-up adjustment percentage applicable for the current month, calculated in accordance with Item.2 below.

2. True-up Process. The ISO publishes final settlement statements on **T + 51** Utility Business Days. The actual meter data on the final settlement statements will be used to calculate the actual Hourly Percentage Factor in accordance with the principles provided in Exhibit C of the Operating Order.

For each hour the estimated Hourly Percentage Factor will be subtracted from the actual Hourly Percentage Factor to determine the Hourly Percentage Factor difference.

At the end of each month, a weighted average Hourly Percentage Factor difference will be calculated using all trade dates for which final settlement statements were received during that current month. The weight for the average will be the total Bundled Customer load, based on actual meter data for each hour. For all trade dates, for which final settlement statements were received during the current month, the actual meter data will be obtained. For each hour, the Hourly Percentage Factor difference will be multiplied by the actual meter data for that hour and then divided by the sum of actual meter data for all hours in the month. All the individual hour weighted results for that month will then be summed to obtain the weighted average Hourly Percentage Factor difference.

The Hourly Percentage Factor will then be adjusted by the commodity revenue dollars for the two time periods: (i) trade dates for which final settlement statements were received, and (ii) next calendar month. Average commodity revenue dollars represent the combined billed electric commodity revenues for both SDG&E and DWR (in dollars). The weighted average Hourly Percentage Factor difference will be multiplied by commodity revenue dollars for the trade dates for which final settlement statements were received divided by next forecasted average commodity revenue dollars for the next calendar month.

This adjusted percentage will then be applied as the true-up adjustment percentage in the next month's Hourly Percentage Factor calculations. The true-up adjustment percentage will be added to the calculation of the Hourly Percentage Factor in accordance with Sub-section (b)(1) above.

c). Detailed Process - On and after the MRTU Effective Date. The following provisions shall apply on and after the MRTU Effective Date:

On and after the MRTU Effective Date, there will not be true-ups of Estimated Bundled Customer Load component that is applied to determine DWR Percentage Calculation. Actual DWR Remittance Basis will be adjusted, corrected or updated as set forth in the SDG&E IST True-Up Report or in the DWR Remittance Basis True-up Report, described in Section 3(B) or 3(D) of Attachment C of this Servicing Order.

In addition, SDG&E will provide DWR with a monthly report indicating the daily Estimated Bundled Customer Load, the ISO metered load, and a monthly simple average of the daily variance amounts.

**B. Additional Applicable Methodologies**

1. Transition Period. The Parties recognize that prior to October 1, 2001, SDG&E has been remitting Power Charge for Bundled Customers to DWR based upon the interim remittance methodologies described in Decision 01-03-081, adopted by the Commission on March 27, 2001, and Decision 01-05-064, adopted by the Commission on May 15, 2001 (collectively the "Interim Remittance Methodologies"). SDG&E shall reconcile the amounts remitted pursuant to the Interim Remittance Methodologies at the time and in the manner set forth in Attachment B to the 2003 Servicing Order.

2. Transition to Billing Effective Date and Reconciliation. The Parties recognize that prior to the date on which SDG&E mailed a consolidated Utility Bill which reflected a separate line item or denotation of DWR Charges (the “Billing Effective Date”), SDG&E has remitted DWR Charges based upon the remittance methodology set forth in the Restated Letter Agreement, dated June 18, 2001 and referenced in Attachment E to this Servicing Order (the “Restated Letter Agreement”). Commencing on the Business Day following the Billing Effective Date, SDG&E commenced daily remittances based upon the procedures set forth herein and in Section 4.2 of the Servicing Agreement approved by the Commission pursuant to Decision 01-09-013, as amended from time to time (“More Precise Billing Methodology”).

3. Post-Transition Remittance Methodology. On and after the Operating Order Effective Date, SDG&E shall transition from using the More Precise Remittance Methodology to using the Post-Transition Remittance Methodology as provided in Attachments B and H attached to the 2003 Servicing Order, consistent with the Contract Allocation Order and the Settlement Principles for Remittances and Surplus Revenues as set forth in Exhibit C of the Operating Order, and as further set forth this Servicing Order and Attachment B and this Appendix A-2. This transition will include the continuation of the More Precise Remittance Methodology true-up after the Operating Order Effective Date as long as necessary or appropriate (the “Transition Period”) to account for DWR Power provided to Bundled Customers prior to the Operating Order Effective Date. True-Up remittances during the Transition Period using the More Precise Remittance Methodology shall be made in addition to Remittances made in accordance with the Post Transition Remittance Methodology set forth in Attachment H of the 2003 Servicing Order.

4. 2003 One Time Bill Credit. Pursuant to Commission Decision 03-09-018 and consistent with SDG&E Advice Letter 1523-E, SDG&E implemented a one-time bill credit in the aggregate amount of \$135,366,371 to refund DWR Power Charge to Bundled Customers who pay DWR Bond Charge in SDG&E’s service territory. With the agreement of DWR and to fund this one-time bill credit, SDG&E withheld then on-going daily DWR Power Charge remittances SDG&E collected from Bundled Customers and Direct Access Customers commencing on September 18, 2003 and ending on November 18, 2003, inclusive, during which period SDG&E remitted no Power Charge from Bundled Customers and Direct Access Customers to DWR. The one-time bill credit procedures are further provided in that certain letter agreement, dated August 30, 2004, between DWR and SDG&E. Pursuant to the letter agreement, SDG&E credited DWR the undistributed One Time Bill Credit in the amount of \$1,731,082.27 against amount DWR owed to SDG&E for DWR Charges related billing and collection system changes.

**APPENDIX B-1**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**BILL DETERMINATION - DIRECT ACCESS BOND CHARGE**

This Appendix B-1 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed dollar amount of Bond Charge on a Direct Access Customer.

The dollar amount of Bond Charge billed or re-billed to a DA Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Bond Charge billed to the DA Customer and (ii) the DA Customer Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a DA Customer is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the DA Customer Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a DA Customer, SDG&E shall apply each of the differing DA Customer Bond Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

The DA Customer Bond Charge is one of three SDG&E rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. As determined by Applicable Commission Orders, the DA Customer Bond Charge component received the first billing priority within the capped level that can be billed. The billing priority of DA Customer Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

**APPENDIX B-2**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**BILL DETERMINATION - DIRECT ACCESS POWER CHARGE**

This Appendix B-2 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed amount of Power Charge on a Direct Access Customer.

The dollar amount of Power Charge billed or re-billed to a DA Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Power Charge billed to the DA Customer and (ii) the DA Customer Power Charge rate applicable to the period of such electric consumption. All electric consumption of a DA Customer is subject to Power Charge unless exempt by Applicable Commission Orders.

In cases in which the DA Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a DA Customer, SDG&E shall apply each of the differing DA Customer Power Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

The DA Customer Power Charge is one of three SDG&E rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. As determined by Applicable Commission Order, the DA Customer Power Charge component received the third billing priority within the capped level that can be billed. The billing priority of DA Customer Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

**APPENDIX C-1**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**BILL DETERMINATION - CUSTOMER GENERATION DEPARTING  
LOAD BOND CHARGE**

This Appendix C-1 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed amount of Bond Charge on Customer Generation Departing Load Customers.

The dollar amount of Bond Charge billed or re-billed to a CGDL shall be the product of (i) the metered consumption in kilowatt-hours subject to Bond Charge billed to the CGDL and (ii) the CGDL Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a CGDL is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the CGDL Customer Bond Charge rate changes during the period of the metered consumption subject to Bond Charge billed or re-billed to a CGDL Customer, SDG&E shall apply each of the differing CGDL Customer Bond Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

The CGDL Bond Charge is one of three SDG&E rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. As determined by Applicable Commission Orders, the CGDL Bond Charge component received the first billing priority within the capped level that can be billed. The billing priority of CGDL Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

**APPENDIX C-2**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**BILL DETERMINATION - CUSTOMER GENERATION DEPARTING  
LOAD POWER CHARGE**

This Appendix C-2 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed amount of Power Charge on Customer Generation Departing Load Customers.

The dollar amount of Power Charge billed or re-billed to a CGDL shall be the product of (i) the metered consumption in kilowatt-hours subject to Power Charge billed to the CGDL and (ii) the CGDL Power Charge rate applicable to the period of such electric consumption. All electric consumption of a CGDL is subject to Power Charge unless exempt by Applicable Commission Orders.

In cases in which the CGDL Customer Power Charge rate changes during the period of the metered consumption subject to Power Charge billed or re-billed to a CGDL Customer, SDG&E shall apply each of the differing CGDL Customer Power Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

The CGDL Power Charge is one of three SDG&E rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of CGDL Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

**APPENDIX D-1**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**BILL DETERMINATION OF - MUNICIPAL DEPARTING LOAD BOND CHARGE**

Commission Decision 03-07-028, as amended, clarified or modified by Decision 03-08-076, Decision 04-11-014, Decision 04-12-059 and Decision 05-07-038 impose a CRS, including Bond Charge on certain Municipal Departing Load for load that departed bundled service on and after February 1, 2001.

Upon effectiveness of Applicable Commission Order relating to the remittance of Bond Charge by Municipal Departing Load and to the extent SDG&E is involved, the Parties intend to update this Appendix D-1 to reflect the applicable remittance methods. The Parties further agree that the commencement of billing and collection of Bond Charge on Municipal Departing Load is an event contemplated under Section 10(a)(vi) of this Servicing Order to the extent that SDG&E is involved in the transaction.

**APPENDIX D-2**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**BILL DETERMINATION -MUNICIPAL DEPARTING LOAD POWER CHARGE**

Commission Decision 03-07-028, as amended, clarified or modified by Decision 03-08-076, Decision 04-11-014, Decision 04-12-059 and Decision 05-07-038 impose a CRS, including Power Charge on certain Municipal Departing Load for load that departed bundled service on and after February 1, 2001.

Upon effectiveness of Applicable Commission Order relating to the remittance of Power Charge by Municipal Departing Load, and to the extent SDG&E is involved, the Parties intend to update this Appendix D-2 to reflect the applicable remittance methods. The Parties further agree that the commencement of billing and collection of Power Charge on Municipal Departing Load is an event contemplated under Section 10(a)(vi) of this Servicing Order to the extent SDG&E is involved in the transaction.

**APPENDIX E-1**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**BILL DETERMINATION - COMMUNITY CHOICE AGGREGATION BOND CHARGE**

This Appendix E-1 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed dollar amount of Bond Charge on a Community Choice Aggregation Customer if and when a CCA establishes service within SDG&E's service territory.

The dollar amount of Bond Charge billed or re-billed to a CCA Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Bond Charge billed to the CCA Customer and (ii) the CCA Customer Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a CCA Customer is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the CCA Customer Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a CCA Customer, SDG&E shall apply each of the differing CCA Customer Bond Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

**APPENDIX E-2**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**BILL DETERMINATION - COMMUNITY CHOICE AGGREGATION POWER  
CHARGE**

This Appendix E-2 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed amount of Power Charge on a Community Choice Aggregation Customer.

The dollar amount of Power Charge billed or re-billed to a CCA Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Power Charge billed to the CCA Customer and (ii) the CCA Customer Power Charge rate applicable to the period of such electric consumption. All electric consumption of a CCA Customer is subject to Power Charge unless exempt by Applicable Commission Orders.

In cases in which the CCA Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a CCA Customer, SDG&E shall apply each of the differing CCA Customer Power Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

## ATTACHMENT C

### SAN DIEGO GAS & ELECTRIC COMPANY SAMPLE DAILY AND MONTHLY REPORTS

SDG&E will provide daily and monthly reports as further described in this Attachment C to DWR. The sample report templates included in this Attachment C have been included for illustrative purposes only. Variations of reports specifications from those in this Attachment C may be implemented upon mutual agreement of the Parties. The report specifications in this Attachment C include all contemplated categories of DWR Charges from Customer Types identified and currently pending in Commission proceedings as well as DWR's sharing of surplus energy sales (prior to the MRTU Effective Date). Upon approval of the Servicing Order by the Commission, actual reports submitted by SDG&E will only include categories of DWR Charges active during the reporting period.

Prior to the approval of the 2007 Servicing Order, SDG&E did not provide all remittance information and data in Microsoft Excel® workbook format. SDG&E has implemented Microsoft Excel® workbook format as specified in this Attachment C by no later than six months after the Effective Date of the 2007 Servicing Order. From time to time, if the need for a new format is identified by SDG&E or DWR, DWR agrees to discuss and agree to additional time as reasonably requested by SDG&E.

On and after the MRTU Effective Date, certain additional information shall be provided to DWR, all as provided in Section 3 of this Attachment C.

Unless otherwise specifically provided elsewhere in this Attachment C, SDG&E will submit all reports by secure electronic means or password protected e-mails addressed to "IOU\_Remmit@water.ca.gov" and, in either case, in a Microsoft Excel® workbook format, or to the extent necessary from time to time, in comma separated value or fixed width text files, with the appropriate filename and subject line, all as further provided in this Attachment C.

#### **Section 1. End-Use Customer Reports**

##### **A. Daily Remittance Report**

The Daily Remittance Report is to be prepared and submitted to DWR as a part of the Remittance Netting Report described in Sub-section B below on each Utility Business Day of the Term.

- (i) Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address "fmr@water.ca.gov" (or by such secure electronic means as reasonably determined appropriate by SDG&E) with the following filename and subject line:

- The format of the filename: <utility name> - Daily Remittance Report  
yyyymmdd v#.xls

*Example: SDG&E - Daily Remittance Report 20090902 v1.xls*

- The subject line of e-mail: <utility name> - Daily Remittance Report for  
yyyymmdd

*Example: SDG&E - Daily Remittance Report for 20090902*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the daily report with the subsequent version number.

*Example: SDG&E - Daily Remittance Report 20090902 v2.xls*

- (ii) **Required Information and Timeline** - SDG&E shall report the daily cash balance amounts of DWR Charges with a separate entry for each Fund Type on each applicable Customer Type in the Daily Remittance Reports. The following table defines such daily cash balance amounts. SDG&E shall remit any positive daily cash balance amount due to DWR according to the timeline specified in the Attachment B of the Servicing Order.

DWR Account Reference	Fund Type	Customer Type	Collection Type	Description of Daily Cash
8021360001	Power	Bundled	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for Bundled Customers Power Charge
8021360002	Power	DA	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for DA Customers Power Charge
8021360003	Power	CGDL	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for CGDL Power Charge
8021360004	Power	CCA	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for CCA Power Charge
8021360010	Power	MDL	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for MDL Power Charge
8021360001	Power	Bundled	Late Payment Charge	Daily balance of late payment charges on Bundled Customers Power Charge
8021360002	Power	DA	Late Payment Charge	Daily balance of late payment charges on DA Customers Power Charge
8021360003	Power	CGDL	Late Payment Charge	Daily balance of late payment charges on CGDL Customers Power Charge
8021360004	Power	CCA	Late Payment Charge	Daily balance of late payment charges on CCA Customers Power Charge
8021360010	Power	MDL	Late	Daily balance of late payment charges on MDL Customers

DWR Account Reference	Fund Type	Customer Type	Collection Type	Description of Daily Cash
			Payment Charge	Power Charge
8021360001	Power	Bundled	Charge-off Recovery	Daily balance of recovered charge-off on Bundled Customers Power Charge
8021360002	Power	DA	Charge-off Recovery	Daily balance of recovered charge-off on DA Customers Power Charge
8021360003	Power	CGDL	Charge-off Recovery	Daily balance of recovered charge-off on CGDL Power Charge
8021360004	Power	CCA	Charge-off Recovery	Daily balance of recovered charge-off on CCA Power Charge
8021360010	Power	MDL	Charge-off Recovery	Daily balance of recovered charge-off on MDL Power Charge
8059000000	Bond	Bundled	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for Bundled Customers Bond Charge
8059000001	Bond	DA	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for DA Customers Bond Charge
8059000003	Bond	CGDL	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for CGDL Bond Charge
8059000004	Bond	CCA	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for CCA Bond Charge
8059000005	Bond	MDL	Remittance	Daily balance of Customer payment netted against any amount due to SDG&E for MDL Bond Charge
8059000000	Bond	Bundled	Late Payment Charge	Daily balance of late payment charges on Bundled Customers Bond Charge
8059000001	Bond	DA	Late Payment Charge	Daily balance of late payment charges on DA Customers Bond Charge
8059000003	Bond	CGDL	Late Payment Charge	Daily balance of late payment charges on CGDL Customers Bond Charge
8059000004	Bond	CCA	Late Payment Charge	Daily balance of late payment charges on CCA Customers Bond Charge
8059000005	Bond	MDL	Late Payment Charge	Daily balance of late payment charges on MDL Customers Bond Charge
8059000000	Bond	Bundled	Charge-off Recovery	Daily balance of recovered charge-off on Bundled Customers Bond Charge
8059000001	Bond	DA	Charge-off Recovery	Daily balance of recovered charge-off on DA Customers Bond Charge
8059000003	Bond	CGDL	Charge-off Recovery	Daily balance of recovered charge-off on CGDL Bond Charge
8059000004	Bond	CCA	Charge-off Recovery	Daily balance of recovered charge-off on CCA Bond Charge
8059000005	Bond	MDL	Charge-off Recovery	Daily balance of recovered charge-off on MDL Bond Charge

Example:

Daily Remittance Report				
Date:	9/2/2009			
Utility Name:	SDG&E			
DWR Account Reference	Fund Type	Customer Type	Collection Type	Daily Cash
8021360001	Power	Bundled	Remittance	\$xxx,xxx.xx
8021360002	Power	DA	Remittance	\$xxx,xxx.xx
8021360003	Power	CGDL	Remittance	\$xxx,xxx.xx
8021360004	Power	CCA	Remittance	\$xxx,xxx.xx
8021360010	Power	MDL	Remittance	\$xxx,xxx.xx
8021360001	Power	Bundled	Late Payment Charge	\$xxx,xxx.xx
8021360002	Power	DA	Late Payment Charge	\$xxx,xxx.xx
8021360003	Power	CGDL	Late Payment Charge	\$xxx,xxx.xx
8021360004	Power	CCA	Late Payment Charge	\$xxx,xxx.xx
8021360010	Power	MDL	Remittance	\$xxx,xxx.xx
8021360001	Power	Bundled	Charge Off Recovery	\$xxx,xxx.xx
8021360002	Power	DA	Charge Off Recovery	\$xxx,xxx.xx
8021360003	Power	CGDL	Charge Off Recovery	\$xxx,xxx.xx
8021360004	Power	CCA	Charge Off Recovery	\$xxx,xxx.xx
8021360010	Power	MDL	Charge Off Recovery	\$xxx,xxx.xx
Power Charge Remittance Amount				\$x,xxx,xxx.xx
8059000000	Bond	Bundled	Remittance	\$xxx,xxx.xx
8059000001	Bond	DA	Remittance	\$xxx,xxx.xx
8059000003	Bond	CGDL	Remittance	\$xxx,xxx.xx
8059000004	Bond	CCA	Remittance	\$xxx,xxx.xx
8059000005	Bond	MDL	Remittance	\$xxx,xxx.xx
8059000000	Bond	Bundled	Late Payment Charge	\$xxx,xxx.xx
8059000001	Bond	DA	Late Payment Charge	\$xxx,xxx.xx
8059000003	Bond	CGDL	Late Payment Charge	\$xxx,xxx.xx
8059000004	Bond	CCA	Late Payment Charge	\$xxx,xxx.xx
8059000005	Bond	MDL	Late Payment Charge	\$xxx,xxx.xx
8059000000	Bond	Bundled	Charge Off Recovery	\$xxx,xxx.xx
8059000001	Bond	DA	Charge Off Recovery	\$xxx,xxx.xx
8059000003	Bond	CGDL	Charge Off Recovery	\$xxx,xxx.xx
8059000004	Bond	CCA	Charge Off Recovery	\$xxx,xxx.xx
8059000005	Bond	MDL	Charge Off Recovery	\$xxx,xxx.xx
Bond Charge Remittance Amount				\$x,xxx,xxx.xx

iii) Wiring or ACH transfer Information - The following information should appear in the wire or ACH transmittal:

<Utility Name> <Fund Type><Collection Date yyyyymmdd>

*Example: SDG&E DWR Power 20090902*

**B. Remittance Netting Report**

The Remittance Netting Report, which will include the items in the Daily Remittance Report described in Sub-section A, is to be submitted to DWR on any Utility Business Day of the Term on which SDG&E nets amount owed by DWR to SDG&E against the amount of Customer payment for a Charge Type on an applicable Customer Type.

**(i) Delivery Mechanism and Naming Convention** - The Remittance Netting Report should be attached to the same e-mail transmitting the Daily Remittance Report.

- The format of the filename: <utility name> - Remittance Netting Report yyyyymmdd v#.xls

*Example: SDG&E - Remittance Netting Report 20090902 v1.xls*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the daily report with the subsequent version number.

**(ii) Required Information** – The required information is shown in the following example. Except for the Remittance Adjustment and Daily Remittance values, other required information is identical to that for the Daily Remittance Report. The following table defines Remittance Adjustment and Daily Remittance.

Column	Description
Adjustments	Adjustment applied in determining the daily remittance amount
Net Cash	Actual dollar amount remitted to DWR on the given day for a DWR Charge Fund Type on an applicable Customer Type, equal to the difference between the Daily Cash and the Remittance Adjustment

*Example:*

**DAILY  
REMITTANCE  
REPORT**

DATE: 9/1/2009  
UTILITY NAME SDGE

DWR ACCOUNT REFERENCE	FUND TYPE	CUSTOMER TYPE	COLLECTION TYPE	DAILY CASH (a)	ADJUSTMENTS (b)	NET CASH (a-b)
8021360001	POWER	BUNDLED	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360002	POWER	DA	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360003	POWER	CGDL	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360004	POWER	CCA	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360010	POWER	MDL	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360001	POWER	BUNDLED	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360002	POWER	DA	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360003	POWER	CGDL	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360004	POWER	CCA	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360010	POWER	MDL	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360001	POWER	BUNDLED	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360002	POWER	DA	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360003	POWER	CGDL	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360004	POWER	CCA	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8021360010	POWER	MDL	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
<b>POWER CHARGE REMITTANCE AMOUNT</b>				<b>\$x,xxx,xxx.xx</b>	<b>\$x,xxx,xxx.xx</b>	<b>\$x,xxx,xxx.xx</b>
8059000000	BOND	BUNDLED	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000001	BOND	DA	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000003	BOND	CGDL	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000004	BOND	CCA	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000005	BOND	MDL	REMITTANCE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000000	BOND	BUNDLED	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000001	BOND	DA	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000003	BOND	CGDL	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000004	BOND	CCA	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000005	BOND	MDL	LATE PAYMENT CHARGE	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000000	BOND	BUNDLED	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000001	BOND	DA	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000003	BOND	CGDL	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000004	BOND	CCA	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
8059000005	BOND	MDL	CHARGE-OFF RECOVERY	\$xxx,xxx.xx	\$xxx,xxx.xx	\$xxx,xxx.xx
<b>BOND CHARGE REMITTANCE AMOUNT</b>				<b>\$x,xxx,xxx.xx</b>	<b>\$x,xxx,xxx.xx</b>	<b>\$x,xxx,xxx.xx</b>
<b>GRAND TOTAL</b>				<b>\$x,xxx,xxx.xx</b>	<b>\$x,xxx,xxx.xx</b>	<b>\$x,xxx,xxx.xx</b>

C. Monthly Billing Report

- (i) **Naming Convention** - The transmittal of this report should use the following naming convention.

- The format of the filename: <utility-name> - Monthly Billing Report  
yyyyymm#v#.xls

*Example: SDG&E – Monthly Billing Report 200909v1.xls*

- The subject line of e-mail: <utility-name> - Monthly Billing Report for  
yyyyymm

*Example: SDG&E – Monthly Billing Report for 200909*

**(ii) Required Information and Timeline** - The Monthly Billing Report submitted to DWR by the seventh Utility Business Day of a delivery month. SDG&E shall report the data columns specified in the following table for each Fund Type of DWR Charges on each applicable Customer Type with daily quantities in the Monthly Billing Report. This table is followed by a screen shot of a sample report in Excel.

Column #	Column	Description
1	Date	Utility Business Day (MM/DD/YY)
2	Total Bundled Billed kWh	Sum of all individual Bundled Customer electric consumptions in kilowatt-hours billed in a month
3	Bundled Power Billed kWh	Sum of all Individual Bundled Power Charge Billed kWhs in a month
4	Bundled Power Billed Amount (\$)	Sum of all Individual Bundled Power Charge Billed Dollar Amounts in a month
5	Bundled Bond Billed kWh	Sum of all Individual Bundled Bond Charge Billed kWhs in a month
6	Bundled Bond Billed Amount (\$)	Sum of all Individual Bundled Bond Charge Billed Dollar Amounts
7	Total DA Billed kWh	Sum of all individual DA Customer electric consumptions in kilowatt-hours billed in a month
8	DA Power Billed kWh	Sum of all Individual DA Power Charge Billed kWhs in a month
9	DA Power Billed Amount (\$)	Sum of all Individual DA Power Charge Billed Dollar Amounts in a month
10	DA Bond Billed kWh	Sum of all Individual DA Bond Charge Billed kWhs in a month
11	DA Bond Billed Amount	Sum of all Individual DA Bond Charge Billed Dollar Amounts in a month
12	Total CGDL Billed kWh	Sum of all individual CGDL electric consumptions in kilowatt-hours billed in a month
13	CGDL Power Billed kWh	Sum of all Individual CGDL Power Charge Billed kWhs in a month
14	CGDL Power Billed Amount (\$)	Sum of all Individual CGDL Power Charge Billed Dollar Amounts in a month
15	CGDL Bond Billed kWh	Sum of all Individual CGDL Bond Charge Billed kWhs in a month
16	CGDL Bond Billed Amount	Sum of all Individual CGDL Bond Charge Billed Dollar Amounts in a month
17	Total MDL Billed kWh	Sum of all individual MDL electric consumptions in kilowatt-hours billed in a month

Column #	Column	Description
18	MDL Power Billed kWh	Sum of all Individual MDL Power Charge Billed kWhs in a month
19	MDL Power Billed Amount (\$)	Sum of all Individual MDL Power Charge Billed Dollar Amounts in a month
20	MDL Bond Billed kWh	Sum of all Individual MDL Bond Charge Billed kWhs in a month
21	MDL Bond Billed Amount	Sum of all Individual MDL Bond Charge Billed Dollar Amounts in a month
22	Total CCA Billed kWh	Sum of all individual CCA electric consumptions in kilowatt-hours billed in a month
23	CCA Power Billed kWh	Sum of all Individual CCA Power Charge Billed kWhs in a month
24	CCA Power Billed Amount (\$)	Sum of all Individual CCA Power Charge Billed Dollar Amounts in a month
25	CCA Bond Billed kWh	Sum of all Individual CCA Bond Charge Billed kWhs in a month
26	CCA Bond Billed Amount	Sum of all Individual CCA Bond Charge Billed Dollar Amounts in a month

Example:

Date	Bundled	Bundled Power Charge		Bundled Bond Charge		DA	DA Power Charge		DA Bond Charge	
	Total Bundled Billed kWh	Bundled Power Billed kWh	Bundled Power Billed Amount (\$)	Bundled Bond Billed kWh	Bundled Bond Billed Amount (\$)	Total DA Billed kWh	DA Power Billed kWh	DA Power Billed Amount (\$)	DA Bond Billed kWh	DA Bond Billed Amount (\$)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
7/2/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
7/3/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
7/4/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
7/5/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

Total CGDL Billed (kWh)	CGDL Power Charge		CGDL Bond Charge		MDL	MDL Power Charge		MDL Bond Charge	
	CGDL Power Billed kWh	CGDL Power Billed Amount (\$)	CGDL Bond Billed kWh	CGDL Bond Billed Amount (\$)	Total MDL Billed (kWh)	MDL Power Billed kWh	MDL Power Billed Amount (\$)	MDL Bond Billed kWh	MDL Bond Billed Amount (\$)
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

CCA	CCA Power Charge		CCA Bond Charge	
Total CCA Billed (kWh)	CCA Power Billed kWh	CCA Power Billed Amount (\$)	CCA Bond Billed kWh	CCA Bond Billed Amount (\$)
(22)	(23)	(24)	(25)	(26)
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

D. Monthly Late Payment Charge Report

(i) Naming Convention - The transmittal of this report should use the following naming convention.

- The format of the filename: <utility-name> - Monthly Late Payment Charge Report yyyyymmvx.xls

*Example: SDG&E – Monthly Late Payment Charge Report 200909v1.xls*

- The subject line of e-mail: <utility-name> - Monthly Late Payment Charge Report for yyyyymm

*Example: SDG&E – Monthly Late Payment Charge Report for 200909*

(ii) Required Information and Timeline - The Monthly Late Payment Charge Report will be provided to DWR on the 7<sup>th</sup> Utility Business Day after the end of a month of the term. The table below lists the data columns that will be required for the Monthly Late Payment Charge Report and explains the formulas to be used for the calculated values in certain data columns.

Column #	Column Title	Description
1	Business Month	The SDG&E Business Month
2	LPC Bill	Total LPC billed in the Business Month
3	DWR Commodity Bill	DWR Bundled Power Charge Billed in the Business Month
4	DWR Bond Charge Bill	DWR Bond Charge billed to all applicable Customer Types the Business Month
5	DWR CRS Power Charge Bill	The Power Charge component of Customer Responsibility Surcharge billed to all applicable Customer Types in the Business Month
6	Total DWR Bill	Total amount of DWR Charge bills (Sum of values in Columns 3, 4 and 5 in the Business Month)
7	Utility Bill	SDG&E revenue billed in the Business Month
8	DWR LPC Share %	DWR's share of LPC billed in the Business Month (Column 6 value in the preceding Business Month divided by Column 7 value in the preceding Business Month)
9	Gross DWR LPC Collection	The DWR's Share of LPC collected in the Business Month (Column 8 value in the preceding Business Month multiplied

<b>Column #</b>	<b>Column Title</b>	<b>Description</b>
		by Column 2 value in the preceding Business Month)
10	C&I Charge-Off %	Percentage of the bad debt charge-off for amounts billed to commercial and industrial customers in the Business Month
11	DWR LPC Charge-Off	DWR's share of late payment charge bad debt (Column 9 value in the Business Month multiplied by Column 10 value in the same Business Month)
12	DWR LPC Collection Cost	DWR's share of collection agency commission for collecting the late payment charge in the Business Month
13	Net DWR LPC Collection	Net DWR LPC collection in the Business Month (Column 9 value in the Business Month less Column 12 value in the same Business Month and less Column 11 value six Business Months ago)
14	DWR LPC Collection – Commodity	Net DWR LPC collection in the Business Month attributed to Power Charge billed to Bundled Customers (Column 13 value in the Business Month multiplied by the ratio of the Column 3 value two Business Months ago to the Column 6 value two Business Months ago)
15	DWR LPC Collection – Bond	Net DWR LPC collection in the Business Month attributed to Bond Charge billed to all Customer Types (Column 13 multiplied by the ratio of the Column 4 value two Business Months ago to the Column 6 value two Business Months ago)
16	CWR LPC Collection – CRS Power	Net DWR LPC collection in the Business Month attributed to the Power Charge component of the Cost Responsibility Surcharge billed to all Customer Types (Column 13 multiplied by the ratio of the Column 5 value two Business Months ago to the Column 6 value two Business Months ago)

*Example:*

**SDG&E Electric Late Payment Charges  
DWR Prorata Share of Derived Revenue**

Business Month	DWR LPC Bill	DWR Commodity Bill	DWR Bond Charge Bill	DWR CRS Power Charge Bill	Total DWR Bill	Utility Revenue	DWR LPC Share %	Gross DWR LPC Collection	C&I Charge Off %	DWR LPC Charge-Off	DWR LPC Collection Cost	Net DWR LPC Collection	DWR LPC Collection - Commodity	DWR LPC Collection - Bond	DWR LPC Collection - CRS Power
m	(a)	(b)	(c)	(d)	(e) = (c)+(d)	(f)	(g) <sub>m-1</sub> = (e) <sub>m-2</sub> /(f) <sub>m-2</sub>	(h) = (g) <sub>m-1</sub> *(a) <sub>m-1</sub>	(i)	(j) = (i)*(a)	(k)	(l) <sub>m</sub> = (h) <sub>m</sub> - (j) <sub>m-6</sub> - (k) <sub>m</sub>	(n) <sub>m</sub> = (l) <sub>m</sub> *(b) <sub>m-1</sub> /(e) <sub>m-1</sub>	(o) <sub>m</sub> = (l) <sub>m</sub> *(c) <sub>m-1</sub> /(e) <sub>m-1</sub>	(p) <sub>m</sub> = (l) <sub>m</sub> *(d) <sub>m-1</sub> /(e) <sub>m-1</sub>
Jan-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Feb-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Mar-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Apr-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
May-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Jun-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Jul-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Aug-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Sep-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Oct-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Nov-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Dec-03	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Jan-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Feb-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Mar-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Apr-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
May-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Jun-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Jul-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Aug-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Sep-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Oct-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Nov-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Dec-04	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Jan-05	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Feb-05	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Mar-05	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Apr-05	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
May-05	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Jun-05	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx
Jul-05	xx,xxx	xx,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	xxx,xxx,xxx	xx.xx%	xx,xxx	x.xxx%	xx	x,xxx	xx,xxx	xx,xxx	x,xxx	x,xxx

Note: the subscripts in the formulas denote month.

**E. Monthly DWR Charge-Off and Recovery Report**

**(i) Naming Convention** - The transmittal of this report should use the following naming convention.

- The format of the filename: <utility-name> - Monthly DWR Charge-Off and Recovery Report yyyyymmvx.xls

*Example: SDG&E – Monthly DWR Charge-Off and Recovery Report 200909v1.xls*

- The subject line of e-mail: <utility-name> - Monthly DWR Charge-Off and Recovery Report for yyyyymm

*Example: SDG&E – Monthly DWR Charge-Off and Recovery Report for 200909*

**(ii) Required Information and Timeline** - The Monthly DWR Charge-Off and Recovery Report will be provided to DWR on the 7<sup>th</sup> Utility Business Day after the end of a month of the term. The table below lists the data items that will be required for the Monthly DWR Charge-Off and Recovery Report.

<b>Item #</b>	<b>Item</b>	<b>Description</b>
1	Process Date	Date the report is created
2	Report Run Date	Date the report is printed
3	DWR Charge Off Information - Residential	Bad debt charge-off for DWR Power Charge to Bundled Customer, DWR Bond Charge or DWR CRS Power Charge on residential customers
4	DWR Charge Off Information – Commercial & Industrial	Bad debt charge-off for DWR Power Charge to Bundled Customers, DWR Bond Charge or DWR CRS Power Charge on commercial and industrial customers
5	DWR Charge Off Information – Total Charge Off	Sum of Items 3 and 4
6	Recovery Through Agency – Residential Bad Debt	Amount of bad debt recovered from residential customers by collection agencies for DWR Power Charge to Bundled Customer, DWR Bond Charge or DWR CRS Power Charge
7	Recovery Through Agency – Commercial & Industrial Bad Debt	Amount of bad debt recovered from commercial and industrial customers by collection agencies for DWR Power Charge to Bundled Customer, DWR Bond Charge or DWR CRS Power Charge
8	Total Bad Debt Recovery Thru Agency	Sum of Items 6 and 7
9	Recovery Non-Agency – Residential Bad Debt	Amount of bad debt recovered from residential customers by SDG&E for DWR Power Charge to Bundled Customer, DWR Bond Charge or DWR CRS Power Charge
10	Recovery Non-Agency – Commercial & Industrial Bad Debt	Amount of bad debt recovered from commercial and industrial customers by SDG&E for DWR Power Charge to Bundled Customer, DWR Bond Charge or DWR CRS Power Charge
11	Total Bad Debt Recovery Non-Agency	Sum of Items 9 and 10
12	DWR Total Recovery on Charged Off Accounts	Sum of Items 8 and 11
13	DWR Total Recovery on Final Accounts Through Agency	Amount of all outstanding balances of final accounts recovered by collection agencies for DWR Power Charge to Bundled Customer, DWR Bond Charge or DWR CRS Power Charge
14	DWR Recovery by Collection Agency – Charge Off Accounts	Item 8
15	DWR Recovery by Collection Agency – Final Accounts	Item 13
16	DWR Recovery by Collection Agency – Total to Base Collection Agency Fees on	Sum of Items 14 and 15

*Example:*

SAN DIEGO GAS & ELECTRIC COMPANY				
MONTHLY DWR CHARGE OFF/RECOVERY REPORT				
		Process Date	8/1/2005	
		Report Run Date	8/1/2005	
DWR CHARGE OFF INFORMATION:	DWR COMMODITY	DWR BOND	DWR CRS	Power
RESIDENTIAL:	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
COMMERCIAL & INDUSTRIAL	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
TOTAL CHARGE OFF:	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
DWR RECOVERIES ON CHARGED OFF ACCOUNTS				
RECOVERY THROUGH AGENCY				
RESIDENTIAL BAD DEBT:	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
COMMERCIAL & INDUSTRIAL BAD DEBT	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
TOTAL BAD DEBT RECOVERY THRU AGENCY	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
RECOVERY NON-AGENCY				
RESIDENTIAL BAD DEBT:	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
COMMERCIAL & INDUSTRIAL BAD DEBT:	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
TOTAL BAD DEBT RECOVERY NON-AGENCY	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
DWR TOTAL RECOVERY ON CHARGED OFF ACCOUNTS	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
DWR TOTAL RECOVERY ON FINAL ACCOUNTS THROUGH AGENCY	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
DWR RECOVERY BY COLLECTION AGENCY				
CHARGE OFF ACCOUNTS:	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
FINAL ACCOUNTS:	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx
TOTAL TO BASE COLLECTION AGENCY FEES ON:	\$xx,xxx.xx	\$x,xxx.xx		\$x.xx

## Section 2. Surplus Energy Sales Reports - Prior to the MRTU Effective Date Only

The provisions set forth in this Section 2 shall be applicable prior to the MRTU Effective Date only.

### A. Surplus Energy Sales Payment Report

- (i) **Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address "fmr@water.ca.gov" (or by such secure electronic means as reasonably determined appropriate by SDG&E) with the following filename and subject line.

- The format of the filename: <utility name> - SS Payment Report yyyyymm v#.xls

*Example: SDG&E – SS Payment Report 200507 v1.xls*

- The subject line of e-mail: <utility name> - Surplus Energy Sales Payment Report for yyyyymm

*Example: SDG&E - Surplus Energy Sales Payment Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

- (ii) **Required Information and Timeline** - The Surplus Energy Sales Payment Report is to be submitted to DWR monthly on the day SDG&E remits to DWR the Preliminary Surplus Energy Sales Remittance Amount and the Delivery Month Surplus Energy Sales True-Up Amount. The report should be consistent in form and substance to the example screenshot below.

*Example:*

***San Diego Gas & Electric Company  
Surplus Energy Sales Payment Report***

***July 21, 2005 Payment Date***

**DWR Account Reference:** 8021360006

<b>Description</b>	<b>Delivery Month</b>	<b>Credit*</b>	<b>Debit†</b>	<b>Net Payment</b>	<b>Note</b>
Preliminary Payment	June-05	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	
True-Up Payment	April-05	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	
<b>Total</b>				<b>\$x,xxx,xxx.xx</b>	

\* Surplus Energy Sales payment amount before being netted with “Debit”

† Surplus Energy Sales payment reduction for amount owned by DWR to SDG&E.

- (iii) **Wiring or ACH Transfer Information** - The fund identification information to accompany the Electronic Transfer of Funds should follow similar format to the information of the Surplus Energy Sales Payment Report. It should appear on the wire or ACH transmittal as follows.

<Utility Name> <DWR Account Reference> Surplus Energy Sales <Payment Date yyyyymmdd>

*Example: SDG&E 8021360006 DWR Surplus Energy Sales 20050720*

The electronic transfer of funds for Surplus Energy Sales payment shall be completed by 12:00 noon, Pacific Prevailing Time.

**B. Preliminary Surplus Energy Sales Calculation Summary Report**

- (i) **Naming Convention** - The transmittal of this report should use the following naming convention.

- The format of the filename: <utility name> - Preliminary SS Calculation Summary yyyyymm v#.xls

*Example: SDG&E – Preliminary SS Calculation Summary 200507 v1.xls*

- The subject line of e-mail: <utility name> - Preliminary Surplus Energy Sales Calculation Summary Report for yyyyymm

*Example: SDG&E - Preliminary Surplus Energy Sales Calculation Summary Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

- (ii) Required Information and Timeline - The Preliminary Surplus Energy Sales Calculation Summary Report is to be submitted to DWR by the Monthly Settlement Date of the delivery month. The report should be consistent in form and substance to the example screenshot below.

*Example:*

<b>San Diego Gas &amp; Electric Company DWR Surplus Sales Calculation Summary Preliminary mmm-yyyy</b>		
<b>Summary Data</b>		
	<b>MWH</b>	<b>Amount</b>
Total Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
DWR Share of Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
SDG&E Share of Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
Costs Associated with Surplus Sales		\$xxx,xxx.xx
DWR Share of Costs		\$xxx,xxx.xx
DWR Share of Surplus Sales Less Costs		\$xxx,xxx.xx
<b>Preliminary Forward Surplus Sales Payment</b>		<b>\$xxx,xxx.xx</b>

C. Final Surplus Energy Sales Calculation Summary Report

(i) Naming Convention - The transmittal of this report should use the following naming convention.

- The format of the filename: <utility name> - Final SS Calculation Summary yyyyymm v#.xls

*Example: SDG&E – Final SS Calculation Summary 200507 v1.xls*

- The subject line of e-mail: <utility name> - Final Surplus Energy Sales Calculation Summary Report for yyyyymm

*Example: SDG&E - Final Surplus Energy Sales Calculation Summary Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

ii) Required Information and Timeline - The Final Surplus Energy Sales Calculation Summary Report is to be submitted to DWR monthly by the Final Monthly Settlement Date of the delivery month. The report should be consistent in form and substance to the example screenshot below.

Example:

<b>San Diego Gas &amp; Electric Company DWR Surplus Sales Calculation Summary Final mmm-yyyy</b>		
<b>Summary Data</b>		
	<b>MWH</b>	<b>Amount</b>
Total Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
Total Real Time Surplus Sales	xxx,xxx	\$xxx,xxx.xx
Total Surplus Sales	xxx,xxx	\$xxx,xxx.xx
DWR Share of Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
DWR Share of Real Time Surplus Sales	xxx,xxx	\$xxx,xxx.xx
DWR Share of Surplus Sales	xxx,xxx	\$xxx,xxx.xx
SDG&E Share of Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
SDG&E Share of Real Time Surplus Sales	xxx,xxx	\$xxx,xxx.xx
SDG&E Share of Surplus Sales	xxx,xxx	\$xxx,xxx.xx
Costs Associated with Surplus Sales		\$xxx,xxx.xx
DWR Share of Costs		\$xxx,xxx.xx
DWR Share of Surplus Sales Less Costs		\$xxx,xxx.xx
Preliminary Forward Surplus Sales Payment		\$xxx,xxx.xx
<b>Surplus Energy Sales True-Up Amount for mm-yyyy</b>		<b>\$xxx,xxx.xx</b>

D. Real Time Surplus Energy Sales Calculation Supporting Workbook

- (i) Naming Convention - The transmittal of this report should use the following naming convention.
- The format of the filename: <utility name> - RT SS Calculation Supporting Workbook yyyyymm v#.xls

*Example: SDG&E – RT SS Calculation Supporting Workbook 200507 v1.xls*

- The subject line of e-mail: <utility name> - RT SS Calculation Supporting Workbook for yyyyymm

*Example: SDG&E - RT SS Calculation Supporting Workbook for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

- (ii) Required Information and Timeline - The Real Time Surplus Energy Sales Calculation Supporting Workbook is to be submitted to DWR by Final Monthly Settlement Date of the delivery month. The report should be

consistent in form and substance to the example screenshot below. The 25<sup>th</sup> hour in the example below is intended for the Pacific Daylight Saving Time to Pacific Standard Time switching date in the fall and should be left blank on any other day.

Example:

San Diego Gas & Electric Company  
**DWR Surplus Sales Calculation**  
 Final mmm-yyyy

<b>Total</b>		<b>xxx,xxx</b>	<b>xxx,xxx</b>	<b>xxx,xxx</b>	<b>xxx,xxx</b>		<b>xxx,xxx</b>	<b>xxx,xxx</b>
		<b>MWH</b>						
		<b>DWR Contract Mwh</b>	<b>Total Retail Load Mwh</b>	<b>Total Forward Surplus Sales Mwh</b>	<b>Total Real Time Surplus Sales Mwh</b>	<b>DWR Hourly Percentage %</b>	<b>DWR Forward Surplus Sales Mwh</b>	<b>DWR Real Time Surplus Sales Mwh</b>
<b>Date</b>	<b>Hour</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E=A/(B+C+D)</b>	<b>F=C*E</b>	<b>G=D*E</b>
x/x/xxxx	1	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	2	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	3	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	4	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	5	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	6	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	7	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	8	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	9	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	10	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	11	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	12	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	13	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	14	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	15	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	16	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	17	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	18	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	19	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	20	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	21	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	22	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	23	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	24	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx
x/x/xxxx	25	x,xxx	x,xxx	x,xxx	xxx	.xxxx	xxx	xxx





### **Section 3. Additional Reports - On and after the MRTU Effective Date**

The reports described in this Section 3 may be submitted as a single document or as individual documents within a workbook, so long as available reports are prepared and submitted to DWR within the timeline described below. For any report not ready for submission within the timeline described below, the Utility will notify DWR as to the date on which such report is reasonably expected to be available.

#### **A. IST Report**

The IST Report is to be submitted to DWR within 5 Utility Business Days after the end of each calendar month during the Term.

**(i) Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remmit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by SDG&E) with the following filename and subject line:

- The format of the filename: <utility name> - IST Report yyyyymm v#.xls

*Example: SDG&E - IST Report 200904 v1.xls*

- The subject line of e-mail: <utility name> - IST Report for yyyyymm

*Example: SDG&E - IST Report for 200904*

If significant modifications are required to a submitted report then this will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

*Example: SDG&E - IST Report 200904 v2.xls*

**(ii) Required Information and Timeline** - SDG&E shall report the Inter-SC Trade amounts of DWR Contracts with a separate entry for each hour of the date and for each Contract in the IST Reports. SDG&E shall report the data columns specified in the following table for each Inter-SC Trade Amounts. The report should be consistent in form and substance to the following table in Excel format.

Example:

Market (DA/RT )	DATE	H R	Product Type	Selling SC	Buying SC	Trading Location	Submitted Qty.	Adjusted Qty.	Counter Qty.
XX	XX/XX/XXXX	1	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	2	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	3	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	4	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	5	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	6	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	7	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	8	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	9	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	10	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	11	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	12	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	13	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	14	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	15	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	16	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	17	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	18	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	19	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	20	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	21	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	22	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	23	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	24	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX
XX	XX/XX/XXXX	25	XXXXX	XXXXX	XXXX	XXXX	XX.XX	XX.XX	XX.XX





- The subject line of e-mail: <utility name> - IST Report for yyyyymm

*Example: SDG&E - IST True-up Report for 200904*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

*Example: SDG&E - IST True-up Report 200904 v2.xls*

**(ii) Required Information and Timeline** - SDG&E shall report the Inter-SC Trade amounts of DWR Contracts with a separate entry for each hour of the date and for each Contract in the IST Reports where a correction is required. SDG&E shall report the data columns specified in the following table for each Inter-SC Trade Amounts. The report should be consistent in form and substance to the following table in Excel format.

*Example:*

Date	Hour	Contract	Original Amount (Remittance Basis Report)	Revised Amount (Remittance Basis Report)	Correction Remittance Basis Report (E - D)
A	B	C	D	E	F
mm/dd/yyyy	xx	XXXXXX	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
mm/dd/yyyy	xx	XXXXXX	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
mm/dd/yyyy	xx	XXXXXX	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
mm/dd/yyyy	xx	XXXXXX	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
mm/dd/yyyy	xx	XXXXXX	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx

Original IST Report	Revised IST Report	Correction to IST Report (I = H-G)	Comments
G	H	I	J
xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	

**C. DWR Remittance Basis Calculation Report**

The DWR Remittance Basis Calculation Report is to be submitted to DWR within 15 Utility Business Days after the end of each calendar month during the Term.

**(i) Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by SDG&E) with the following filename and subject line:

- The format of the filename: <utility name> - DWR Remittance Basis Calculation Report yyyyymm v#.xls

*Example: SDG&E - DWR Remittance Basis Calculation Report 200904 v1.xls*

- The subject line of e-mail: <utility name> - DWR Remittance Basis Calculation Report for yyyyymm

*Example: SDG&E - DWR Remittance Basis Calculation Report for 200904*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the monthly report with the subsequent version number.

*Example: SDG&E - DWR Remittance Basis Calculation Report 200904 v2.xls*

**(ii) Required Information and Timeline** - SDG&E shall report the daily Remittance Basis and Estimated Bundled Customer Load amounts for Bundled Customers in the DWR Remittance Basis Calculation Reports. SDG&E shall report the data columns specified in the following table for the hourly quantities of each DWR Contract, the Estimated Bundled Customer Load and the DWR Percentage Calculation. The report should be consistent in form and substance to the following table in Excel format.

Example:

**DWR Remittance Basis Calculation Report**  
**Date**

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
		Bear - Energy		CalPeak - Generation			Shell - Wind		Sunrise OMAR Data
	Estimated Load	Bear B	Bear C	Border	Enterprise	El Cajon	Whitewater Hill	Whitewater Cabazon	SUNRIS2PL1X3 Generation
Hour Ending									
1	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
2	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
3	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
4	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
5	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
6	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
7	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
8	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
9	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
10	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
11	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
12	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
13	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
14	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
15	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
16	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
17	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
18	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx
19	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx	xxx,xxx.xx

20	xxx,xxx.xx									
21	xxx,xxx.xx									
22	xxx,xxx.xx									
23	xxx,xxx.xx									
24	xxx,xxx.xx									
	xxx,xxx.xx									

**Source:**

<b>Column 1</b>	Represents Estimated Meter Load based on Actual EMS Data
<b>Column 2</b>	From SIBR represents Bear B DA ISTs
<b>Column 3</b>	From SIBR represents Bear C DA ISTs
<b>Column 4</b>	From SIBR represents CalPeak (Border) RTM ISTs*
<b>Column 5</b>	From SIBR represents CalPeak (Enterprise) RTM ISTs*
<b>Column 6</b>	From SIBR represents CalPeak (El Cajon) RTM ISTs*
<b>Column 7</b>	From SIBR represents (WIND) Whitewater Hill RTM ISTs
<b>Column 8</b>	From SIBR represents (WIND) Whitewater Cabazon RTM ISTs
<b>Column 9</b>	Data represents Sunrise Generation (SUNRIS2PL1X3) as shown in OMAR System - Channel 4
<b>Column 10</b>	Total Sum of Columns (2 thru 9)
<b>Column 11</b>	True-up Adjustment for Previous Period Corrections
<b>Column 12</b>	Total With Adjustments (10 and 11)
<b>Column 13</b>	Total percentage for DWR - (Column 12 divided by Column 1)
<b>Column 14</b>	Total percentage SDGE - (1 - Column 13)

**Note:**

\* Upon appointment of SDG&E as the Scheduling Coordinator for the CalPeak (Border), CalPeak (Enterprise) and CalPeak (El Cajon) Contracts, the data for these Contracts will represent the amount of Generation for each Contract as shown in OMAR System rather than the quantities described above.



**D. DWR Remittance Basis True-up Report**

The DWR Remittance Basis True-up Report is to be submitted to DWR within 15 Utility Business Days after the end of each calendar month during the Term.

**(i) Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by SDG&E) with the following filename and subject line:

- The format of the filename: <utility name> - DWR Remittance Basis True-up Report yyyyymm v#.xls

*Example: SDG&E - DWR Remittance Basis True-up Report 200904 v1.xls*

- The subject line of e-mail: <utility name> - DWR Remittance Basis True-up Report for yyyyymm

*Example: SDG&E - DWR Remittance Basis True-up Report for 200904*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the monthly report with the subsequent version number.

*Example: SDG&E - DWR Remittance Basis True-up Report 200904 v2.xls*

**(ii) Required Information and Timeline** - SDG&E shall report the hourly corrections of energy from DWR Contracts amounts used to calculate DWR Percentage and Day and Hour when the correction was made to DWR percentage. SDG&E shall report the data columns specified in the following table for the hourly quantities of the original amount of DWR Contract, the revised amount quantity of DWR Contract, the correction required, the day and hour the correction is made and the reason for the correction. Corrections are not to be made such that they will cause the hourly DWR percentage to become negative. The report should be consistent in form and substance to the following table in Excel format.





**E. EBCL Deviation Report**

The EBCL Deviation Report is to be submitted to DWR within 5 Utility Business Days after the end of each calendar month during the Term.

- (i) **Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remmit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by SDG&E) with the following filename and subject line:

- The format of the filename: <utility name> - EBCL Deviation Report  
yyyymm v#.xls

*Example: SDG&E - EBCL Deviation Report 200904 v1.xls*

- The subject line of e-mail: <utility name> - EBCL Deviation Report for  
yyyymm

*Example: SDG&E - EBCL Deviation Report for 200904*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the monthly report with the subsequent version number.

*Example: SDG&E - EBCL Deviation Report 200904 v2.xls*

- (ii) **Required Information and Timeline** - SDG&E shall report the monthly Estimated Bundled Customer Load and the final ISO submitted Bundled Customer Load information in the EBCL Deviation Reports. SDG&E shall report the data columns specified in the following table for the monthly quantities of the Estimated Bundled Customer Load, the Final ISO Submitted Bundled Customer Load, and the deviation percentage as further described below. The report should be consistent in form and substance to the following table in Excel format.

Example:

**SDG&E  
Monthly Load Deviation  
Final - yyyy**

<b>Month</b>	<b>Estimated Bundled Customer Load</b>	<b>Final CAISO Submitted Bundled Customer Load</b>	<b>Final Deviation</b>
	<b>MWh</b>	<b>MWh</b>	<b>%</b>
	<b>A</b>	<b>B</b>	<b>C=ABS((B-A)/B)</b>
December yyyy-1	xxx,xxx	xxx,xxx	xx.xx
January	xxx,xxx	xxx,xxx	xx.xx
February	xxx,xxx	xxx,xxx	xx.xx
March	xxx,xxx	xxx,xxx	xx.xx
April	xxx,xxx	xxx,xxx	xx.xx
May	xxx,xxx	xxx,xxx	xx.xx
June	xxx,xxx	xxx,xxx	xx.xx
July	xxx,xxx	xxx,xxx	xx.xx
August	xxx,xxx	xxx,xxx	xx.xx
September	xxx,xxx	xxx,xxx	xx.xx
October	xxx,xxx	xxx,xxx	xx.xx
November	xxx,xxx	xxx,xxx	xx.xx
December	xxx,xxx	xxx,xxx	xx.xx

**ATTACHMENT D**

[Reserved]

## ATTACHMENT E

### SAN DIEGO GAS & ELECTRIC COMPANY

#### ADDITIONAL PROVISIONS

1. The Restated Letter Agreement between San Diego Gas & Electric Company (SDG&E) and the California Department of Water Resources (DWR), dated June 18, 2001, as it may be amended or modified from time to time (the "Restated Letter Agreement"). The Restated Letter Agreement provides for continued DWR procurement for SDG&E customers of SDG&E's "full net short" (consisting of substantially all of the power and ancillary services not provided by SDG&E's retained generation) through December 31, 2002. The reference to the Restated Letter Agreement in this Attachment E provides no independent basis for enforcement of the Restated Letter Agreement.
2. Memorandum of Understanding (MOU) with the California Department of Water Resources (DWR), dated June 18, 2001, San Diego Gas & Electric Company (SDG&E) and its parent Company, Sempra Energy. The MOU contemplates the implementation of a series transactions and regulatory settlements and actions to resolve many of the issues affecting SDG&E and its customers arising out of the California energy crisis. The MOU contemplates, among other matters, the sale of SDG&E's transmission system to DWR or another state agency. The MOU also contemplates that DWR's net-short procurement obligations contained in the Restated Letter Agreement are subject to earlier termination upon the satisfaction of regulatory and other conditions intended to assure SDG&E's timely recovery of costs incurred in resuming power procurement for its customers. The reference to the MOU in this Attachment E provides no independent basis for enforcement of the MOU.
3. Letter Agreement between the California Department of Water Resources (DWR) and San Diego Gas & Electric Company (SDG&E). This Letter Agreement provides for the payment of SDG&E's costs to (i) implement and maintain a billing system to remit customer payments to DWR, (ii) implement the 20/20 program, and (iii) implement load curtailment programs under Assembly Bill (AB) IX, related Executive Orders, and California Public Utilities Commission (CPUC) orders and decisions.
4. Notwithstanding (i) the terms, execution or operation of the Servicing Order, (ii) the approval of, any modification to, or any other action taken with respect to or having an effect on the Servicing Order by the Commission or any other Governmental Authority, or (iii) any other action taken by a Governmental Authority, Utility hereby reserves all rights (if any) in any forum to contest, oppose, appeal, comment on, or otherwise seek to revisit, alter, modify or set aside any present or future decisions, orders, opinions, rulings, or actions or omissions to act by the Commission or any other Governmental Authority, whether in draft, interim or final form, arising out of, relating to, or connected with (x) the calculation of DWR Charges or DWR Revenues and the allocation of costs and amounts of electric capacity and output among the customers of electrical corporations, (y) the interpretation and/or legality of Applicable Law or Applicable Orders, or (z) remittance of such calculated amounts by Utility to DWR or its Assign(s) under Applicable Law or Applicable Commission Orders in a manner inconsistent with this Servicing Order or Utility's ability to perform its utility functions.

**ATTACHMENT F**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**CALCULATION METHODOLOGY FOR REDUCED REMITTANCES**

**PURSUANT TO 20/20 PROGRAM**

A. Reimbursement of 20/20 Rebate Costs

1. DWR agrees that Utility shall recover the amount of customer credits under the 20/20 Program as follows:

a. Under the remittance provision of Attachment B of this Servicing Order, Utility shall reduce any remittances to DWR under the Act or the California Public Utilities Commission (CPUC) Resolution E-3770 by the daily amount equal to the total of such customer credits on the following Business Day after the presentation of credits on customer bill.

b. If the amount that Utility is entitled to offset on any day exceeds the funds otherwise due to DWR, the balance will be carried over to the next day. If it appears that the amount Utility is entitled to offset will exceed the funds due to DWR for more than 3 consecutive days, then Utility will invoice DWR with an estimate of the amount due to Utility. DWR will pay such invoice within 1 Business Day of receipt. For purposes of this Attachment F, the credits or payments shall refer to the 20 percent reduction applied to customers' total net electric charges (including applicable rate surcharges), and shall include credits or payments made to resolve Customer disputes or reflect corrected bills following the end of the program.

B. Customer credits under the 20/20 Program will be applied to Customer accounts as follows:

Customer credits under the 20/20/ Program will be applied to customer accounts at time of billing and allocated to DWR according to the same payment posting priority set forth in Attachment B, Section G. In those instances in which the credit exceeds the outstanding charges, the excess credit will remain on the account and be applied to future charges in the same manner.

C. Reimbursement of 20/20 Program Implementation Costs

DWR agrees to pay to Utility an implementation fee and recurring fees in order to cover Utility's reasonable development and on-going costs for the procedures, systems and mechanisms that are necessary to implement and support the 20/20 Program. Utility shall invoice DWR for payment of the implementation fee and recurring fees with reasonable supporting documentation in accordance with Section 7.2 of the Servicing Order. Final invoice to be submitted to DWR no later than February 28, 2003.

D. Estimated Costs:

1. The intent is to reimburse the actual, incremental costs incurred by SDG&E. SDG&E will exercise reasonable commercial efforts in managing their operations to minimize costs and keep within the budgeted costs shown in the table below.

2. SDG&E shall invoice DWR after a 20/20 Program implementation activity described below has been completed and will undertake reasonable commercial efforts to track and keep costs within the estimated costs shown in this Attachment F.

3. SDG&E will invoice DWR based on actual costs and provide DWR with an invoice itemizing and documenting such costs.

4. With the exception of Customer Service Representative calls, SDG&E is unable to track, itemize and document costs for Customer Bill Inquiries without undertaking extensive system programming and hardware upgrades. Specifically, these types of inquiries include field calls, meter re-reads, re-bills and meter tests. Based on 2001 20/20 Program activity levels, SDG&E does not anticipate any incremental increase in costs for these activities. Accordingly, SDG&E has not included cost estimates for these types of Customer Bill Inquiries in the table below. However, DWR agrees that if SDG&E should experience a significant increase in activity levels for the types of customer bill inquiries described above, SDG&E will notify DWR and provide to DWR documentation reasonably necessary to establish such activity levels. SDG&E and DWR shall negotiate a mutually acceptable adjustment based on an estimate of reasonable costs for the applicable increased Customer Bill Inquiries.

**Estimated DWR / 20/20 Rebate Program Budgeted Costs**

2002

	<u>Expense Items</u>	<u>Quantity or Unit Costs</u>	
1	Systems Programming	One Time Fee	\$16,100 - \$18,500
2	Customer Communications (FAQ Sheets, Bill Inserts, Mailing Costs & Other Communications)	One Time Fee	\$484,750 - \$686,300
3	Additional Postage for Bill Insert	One Time Fee	\$280,000 - \$300,000
4	Customer Service Representative Calls & Training	Ongoing	\$35,600 - \$47,750
5	Advertising Campaign	Ongoing	See Footnote below.
6	Total Estimated Admin. Costs	Ongoing	\$816,450 - \$1,052,550 (does not include advertising costs)

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Footnote: SDG&E will receive a percentage of the presently estimated \$3 million cost to implement a statewide advertising campaign which is contemplated by the CPUC and the Governor. This cost will be proportionately allocated among the three utilities.

E. 20/20 Program Reporting

**1. Daily** - To the extent reasonably possible, each Business Day SDG&E shall provide DWR with a report showing the aggregated dollar amount and number of 20/20 Program credits applied to Customer accounts.

**2. Monthly** - To the extent reasonably possible, SDG&E shall provide DWR with monthly reports showing the monthly total number of customer accounts by rate schedule and the corresponding 20/20 Program credit amount and energy use statistics as identified in the sample monthly report below. Monthly reports will be completed within 10 Business Days after the first of each month.

**3. Program Summary** - To the extent that SDG&E completes any additional analysis of the results of the 20/20 Program, SDG&E will provide to DWR such analysis. Any additional findings, including “lessons learned” and recommendations for future similar programs, will also be provided to DWR.

## ATTACHMENT G

### SAN DIEGO GAS & ELECTRIC COMPANY

#### FEE SCHEDULE

##### A. DWR Billing Agent Cost Estimates:

The following chart provides an estimate of SDG&E's implementation and administrative costs ("Billing Service Implementation Costs") associated with providing Billing Services to DWR pursuant to the Servicing Order.

1. SDG&E shall invoice DWR in accordance with Section 7.2 of the Servicing Order after a Billing Service activity has been completed and will exercise commercially reasonable efforts to track and keep costs within the estimated Billing Service Implementation Costs shown in this Attachment G.

2. For the majority of SDG&E's Billing Service Implementation Costs, SDG&E will invoice DWR based on actual costs and provide DWR with an invoice itemizing and documenting such costs.

3. In certain circumstances SDG&E is unable to track, itemize and document Billing Services Implementation Costs without undertaking extensive system programming and hardware upgrades. Accordingly, DWR agrees that in these circumstances SDG&E shall utilize the SDG&E Estimated Billing Service Implementation Costs shown in this Attachment G for SDG&E's invoicing purposes without undertaking a true-up to actual costs. However, DWR reserves the right to dispute all or any portion of such invoice in which event Section 7.1 shall govern the resolution of any such dispute. Provided, however, DWR and SDG&E shall undertake in good faith efforts to resolve any dispute prior to resorting to such dispute resolution process.

##### B. Billing Service Implementation Costs

Additional Charges reflect SDG&E's estimated costs for Billing Services, which the Parties agree may be used when SDG&E would incur increased costs as a result of performing DWR Billing Services pursuant to the Servicing Order. The items listed are intended to facilitate contract management and are not intended to reflect an exhaustive and inclusive list of Additional Charges that may arise.

<b>Description</b>	<b>Set-Up Cost Estimate</b>	<b>Additional Charges</b>	<b>Comments</b>
Energy Data Management	\$32,000		
DWR Remittance & Reporting			
Customer Billing/Payment Processing	300,000		
Training	12,000		
Fact Sheet	11,000		
Bill Insert	5,500		Shared cost due to multiple communication - DWR @ 20%
Brochure Revision	2,500		Shared cost due to multiple communication - DWR @ 20%
Website Changes	3,500		
Direct Mail		\$700,000	Each mailing to all customers
DWR Revenue Req. Ntc	500,000		May/June direct mailing to large & small customers
Bill Insert		26,500	One bill insert to all customers
Customer Contacts		6.25	Per contact
Customer Contract		40.00	Per hour per employee
Training			
Rebilling - Load Profile		3.00	Per month, per meter
Rebilling - IDR Metering		49.00	Per month, per meter
Increased Postage		Current Postage Rate	Per piece mailed. Postage rate consistent with rate used to mail SDG&E customer bills.
Actual Invoice Cost of Annual Report (Section 8.4)		TBD	Cost dependent on audit requirements
<b>Total - 2003 SO</b>	<b>\$866,500</b>		
<b>2006 SO Requirements</b>			
Enhanced Reporting	\$10,000		
<b>Total - 2006 SO</b>	<b>\$10,000</b>		

C. DWR Bond Charge Implementation Cost Estimates:

The following chart provides an estimate for SDG&E's implementation costs associated with the November 15, 2002 implementation of the DWR Bond Charge. SDG&E will provide DWR with additional estimates in the future for the implementation costs associated with the second phase of DWR Bond Charge implementation for issues such as Direct Access and Departed Load Customers.

D. Reimbursement of DWR Bond Charge Costs:

1. DWR will pay SDG&E an implementation fee and recurring fees in order to cover SDG&E's reasonable development and on-going costs for the procedures, systems and mechanisms that are necessary to implement the DWR Bond Charge on November 15, 2002. SDG&E shall invoice DWR for payment of the implementation fee and recurring fees with reasonable supporting documentation in accordance with Section 7.2 of the Servicing Order.

2. The intent is to reimburse the actual, incremental costs incurred by SDG&E. SDG&E will exercise reasonable commercial efforts in managing their operations to minimize costs and keep within the budgeted costs shown in the table below.

3. SDG&E shall invoice DWR after a DWR Bond Charge implementation activity described below has been completed and will undertake reasonable commercial efforts to track and keep costs within the estimated costs shown in Section C of this Attachment G.

4. SDG&E will invoice DWR based on actual costs and provide DWR with an invoice itemizing and documenting such costs.

5. SDG&E is unable to track, itemize and document costs for Customer Bill Inquiries related to the DWR Bond Charge without undertaking extensive system programming and hardware upgrades. At this time, SDG&E does not anticipate any incremental increase in costs for these activities. Accordingly, SDG&E has not included cost estimates for Customer Bill Inquiries in the table below. However, DWR agrees that if SDG&E should experience a significant increase in customer bill inquiries associated with the DWR Bond Charge, SDG&E will notify DWR and provide to DWR documentation reasonably necessary to establish such activity levels. SDG&E and DWR shall negotiate a mutually acceptable adjustment based on an estimate of reasonable costs for the applicable increased Customer Bill Inquiries.

DWR Bond Charge Implementation Costs:

<b>Item Number</b>	<b>Expense Items</b>	<b>Quantity or Unit Costs</b>	<b>2002</b>
1	Systems Programming	One Time Fee	\$110,000
2	Additional Postage for Bill Messages	One-Time	\$ 20,000
4	Customer Service Representative Training	One-Time	\$ 10,000

**Total Estimated Admin Costs****\$140,000**

E. Summary of Estimated Costs from the 2003 Servicing Order and Actual Payments to SDG&E for Billing Services:

<u>Charges</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Initial Set-up	\$866,500	\$132,000	\$132,000	\$132,000	\$132,000
Bond Charge Set-up	--	140,000	--	--	--
\$1 Billion Refund Set-up	--	--	168,000	--	--
LPP System Correction	--	--	--	--	500,000
<b>Total Estimated Amount</b>	<b>\$866,500</b>	<b>\$272,000</b>	<b>\$300,000</b>	<b>\$132,000</b>	<b>\$632,000</b>
<b>Total Actual Payment</b>	<b>\$732,003</b>	<b>\$0</b>	<b>\$77,200</b>	<b>\$69,545</b>	<b>\$578,348</b>

## **ATTACHMENT H**

[Provisions of Attachment H have been incorporated in Appendix A-2 of Attachment B of the Servicing Order.]

# **ATTACHMENT 4**

**2010 SERVICING ORDER**

**CONCERNING**

**STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES**

**And**

**SOUTHERN CALIFORNIA EDISON COMPANY**

THIS ORDER HAS BEEN ISSUED BY THE CALIFORNIA PUBLIC UTILITIES COMMISSION (“COMMISSION”) FOR USE BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES (“DWR”) AND SOUTHERN CALIFORNIA EDISON COMPANY (“UTILITY”).

Date of Commission Approval:

Effective Date:

**2010 SERVICING ORDER  
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## 2010 SERVICING ORDER

**THIS 2010 SERVICING ORDER** (this “Servicing Order” or the “2010 Servicing Order”) concerns the State of California Department of Water Resources (“DWR”), separate and apart from its powers and responsibilities with respect to the State Water Resources Development System, and Southern California Edison Company, a California corporation (“Utility” or “SCE”). This Servicing Order amends and restates that certain 2007 Servicing Order adopted pursuant to D.07-03-025 (the “2007 Servicing Order”), to amend and restate that certain 2003 Servicing Order adopted pursuant to D.02-12-071 on December 19, 2002 (the “2003 Servicing Order”), further amending and restating that certain First Amended and Restated Servicing Agreement, between DWR and Utility, approved by the Commission on April 22, 2002 pursuant to D.02-04-047, as amended by the Amendment No. 1 thereto, approved by the Commission on July 17, 2002. DWR and Utility are sometimes collectively referred to as the “Parties” and individually referred to as a “Party.”

### BACKGROUND

A. Under the Act, DWR is authorized to sell electric power and energy to Customers. Amounts payable by DWR under this Servicing Order are payable solely from the Department of Water Resources Electric Power Fund established pursuant to Section 80200 of the California Water Code or other appropriated amounts legally available therefor.

B. Utility is engaged in, among other things, the transmission and distribution of electrical services to certain of the Customers in its service territory, the billing and collection for electrical services and other charges, and the ownership, installation and reading of electrical meters for certain of such Customers.

C. Under the Act, DWR is authorized to enter into contracts with the Utility to provide transmission and distribution of all power sold or made available for sale by DWR to certain of the Customers, and, upon request of DWR, the Commission has ordered Utility to provide such transmission and distribution services, including the provision of billing, collection and related services, as agent for DWR, on terms and conditions that reasonably compensate Utility for its services.

D. On June 23, 2001, the Parties entered into a Servicing Agreement, as amended and approved by the Commission pursuant to D.01-09-014, to set forth the terms under which Utility will provide for the transmission and distribution of DWR Power as well as billing and related services.

E. On February 21, 2002, the Commission adopted D.02-02-051, approving and adopting a Rate Agreement between the Commission and DWR.

F. On April 22, 2002, the Commission approved the First Amended and Restated Servicing Agreement, pursuant to D.02-04-047, to comply with D.01-09-014 to implement certain provisions of the Rate Agreement and to provide for cost responsibility allocation consistent with the Letter Agreement attached as Attachment I thereto. Said First Amended and

Restated Servicing Agreement was further amended by Amendment No. 1 approved by the Commission on July 17, 2002, pursuant to D.02-07-039 to provide for a separate line item on the Utility Bills for Bond Charges and to implement the 2002 20/20 Program as ordered by the Commission pursuant to Resolution E-3770.

G. On September 19, 2002, the Commission adopted D.02-09-053 relating to the allocation of DWR's power contracts, ordering the Parties to modify the previously approved servicing agreement to reflect the new operational arrangements under said contract allocation decision issued by the Commission.

H. On December 19, 2002, pursuant to D.02-12-069, the Commission adopted an Operating Order which established the respective rights and responsibilities with respect to the Utility's administration of the Allocated Contracts and, on that same date, the Commission further issued D.02-12-071, imposing the 2003 Servicing Order on the Utility.

I. Through other proceedings, the Commission also determined the cost responsibility of certain Customers, other than Bundled Customers, for Bond Charge and the ongoing DWR power charge component.

J. Section 10(a) of the 2003 Servicing Order provided that Parties are to negotiate appropriate amendments to effectuate the required changes upon certain events, including the implementation of Bond Charges and the imposition of a DWR Charge upon customers of ESPs or other third-parties.

K. In the Appendices to Attachment B, DWR has identified and included Customer Types who currently remit DWR Charges. Unless specifically provided elsewhere in this Servicing Order, the Utility and DWR acknowledge that the collection and remittance of DWR Charges from such Customer Types will be consistent with Applicable Commission Orders that require the Utility to perform such services.

L. DWR and Utility amended the 2003 Servicing Order to reflect the remittance methodologies and obligations applicable to DWR Revenues, consisting of DWR Charges collected from Customers and DWR Surplus Energy Sales Revenues, all as previously provided in Applicable Commission Orders and State law, and such amendments were adopted in the 2007 Servicing Order adopted pursuant to D.07-03-025.

M. To reflect the changes resulting from the ISO implementation of Market Redesign and Technology Upgrade, DWR desires to amend the 2007 Servicing Order and the Operating Order, consistent with the principles memorialized in that certain Memorandum of Understanding, dated as of February 4, 2009, which has been approved by the Commission on March 13, 2009.

**NOW, THEREFORE,** DWR agrees, and Utility is ordered to do as follows:

## **Section 1. Definitions.**

The following terms, when used herein (and in the attachments hereto) with initial capitalization, shall have the meaning specified in this Section 1. Certain additional terms are defined in the attachments hereto. The singular shall include the plural and the masculine shall include the feminine and neuter, and vice versa. "Includes" or "including" shall mean "including without limitation." References to a section or attachment shall mean a section or attachment of this 2010 Servicing Order, as the case may be, unless the context requires otherwise, and reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made (except as otherwise specifically provided herein). Unless the context otherwise requires, references to Applicable Laws or Applicable Tariffs shall be deemed references to such laws or tariffs as they may be amended, replaced or restated from time to time. References to the time of day shall be deemed references to such time as measured by prevailing Pacific Time.

**ACH** - Automated Clearing House, a nationwide payment and collection system which provides for the electronic distribution and settlement of funds.

**Act** - Chapter 4 of Statutes of 2001 (Assembly Bill 1 of the First 2001-02 Extraordinary Session) of the State of California, as amended from time to time.

**Additional Charges** - Additional Charges shall have the meaning set forth in Section 7.2 below.

**Aggregate Power** - DWR Power, Utility-Provided Electric Power, and, subject to Section 4.3 of the Rate Agreement, ESP Power or other third-party provided Power for customers located within that Utility's service territory, to the extent DWR Charges are authorized to be imposed on any such Power by Applicable Commission Orders or State or federal law.

**Allocated Contracts** - The long-term power purchase agreements, listed on Schedule 1 of the Operating Order, allocated to Utility under the Contract Allocation Order.

**Applicable Commission Orders** - Such rules, regulations, decisions, resolutions, opinions or orders as the Commission may lawfully issue or promulgate from time to time, which further define the rights and obligations of the Parties under or in connection with the Servicing Order, including any advice letters in furtherance thereof that are approved by the Commission.

**Applicable Law** - The Act, Applicable Commission Orders and any other applicable statute, constitutional provision, rule, regulation, ordinance, order, decision or code of a Governmental Authority.

**Applicable Tariffs** - Utility's tariffs, including all rules, rate schedules, contracts and preliminary statements, governing electric energy service to Customers in Utility's service

territory, as filed with and approved by the Commission and, if applicable, the Federal Energy Regulatory Commission.

**Assign(s)** - Assign(s) shall have the meaning set forth in Section 14.3(c).

**Billing Services** - mean Utility Billing Services.

**Bond Charges** - Bond Charges shall have the meaning set forth in the Rate Agreement and shall include Bond Charges to be remitted by Customers, including Bundled Customers, Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers and Community Choice Aggregation Customers who are required to remit Bond Charges under Applicable Law.

**Bundled Customers** - Customers who purchase Power from Utility.

**Bureau** - Bureau shall have the meaning set forth in Section 8.2(b).

**Business Days** - Regular Monday through Friday weekdays which are customary working days, excluding State government holidays and holidays established by Applicable Tariffs; provided, however, the terms “**DWR Business Days**” or “**Utility Business Days**” shall refer to Business Days that are customary working days as related to DWR or Utility, as appropriate.

**Business Hours** - The period on a Business Day from 9:00 a.m. until 5:00 p.m.

**CERS** - California Energy Resources Scheduling, a division of DWR.

**Charges** - DWR Charges and Utility Charges.

**Claims** - Claims shall have the meaning set forth in Section 12.

**Commission** - The California Public Utilities Commission.

**Community Aggregation Cerritos Customers or CA Cerritos Customers** - Customers that departed bundled service in accordance with Assembly Bill 80 approved on September 24, 2002.

**Community Choice Aggregation Customers or CCA Customers** - Customers whose energy requirements are served by governmental entities formed by cities and counties pursuant to Assembly Bill 117 (2002 Stats., ch. 838), all as further provided in D.04-12-046 adopted on December 16, 2004, and D.05-12-041 adopted on December 15, 2005, as such decisions may be amended or supplemented from time to time.

**Confidential Information** - Confidential Information shall have the meaning set forth in Section 6.1(c).

**Contract Allocation Order** - D.02-09-053 of the Commission, adopted on September 19, 2002, as such decision may be amended or supplemented from time to time by the Commission.

**Contracts** - The Allocated Contracts.

**Cost Responsibility Surcharges or CRS** - For purposes of this Servicing Order, “Cost Responsibility Surcharges” or “CRS” refers to DWR Charges imposed under and pursuant to Applicable Law on Customers for the recovery of costs other than as related to the contemporaneous provisions of electrical products or services, including but not limited to (i) Bond Charge authorized or required to be imposed and (ii) any cost determined to be the ongoing DWR power charge component to be paid by such Customer or any other such similar charge. The Parties agree that under Applicable Commission Orders relating to Cost Responsibility Surcharges, the Commission has dealt with several other components to be collected by Utility, including such components which are the property of the Utility, and further agree that the use of the term Cost Responsibility Surcharges or CRS in this Servicing Order is only intended to include the components of CRS that are the property of DWR.

**Customer** - A retail end-use customer that purchases (or is deemed to purchase) Aggregate Power, as established by Applicable Law.

**Customer Generation Departing Load Customers or CGDL Customers** - Customers who (a) discontinue or reduce their purchases of Utility or Direct Access services; (b) purchase or consume electricity supplied and delivered by “Customer Generation” to replace the Utility or Direct Access purchases; and (c) remain physically located at the same location or elsewhere within the Utility’s service territory, all as further provided in D.03-04-030 adopted on April 3, 2003, as such decision may be amended or supplemented from time to time.

**Customer Type** - Refers to Customers who may be Bundled Customers, Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers or Community Choice Aggregation Customers.

**Daily Remittances** - Daily Remittances shall have the meaning set forth in Attachment B hereto.

**Daily Remittance Report** - Daily Remittance Report shall have the meaning set forth in Attachment B hereto and shall be in the form set forth in Attachment C hereto.

**Day-Ahead Market** - The daily ISO forward market for which energy and ancillary services are scheduled for delivery on the following calendar day, as such market operated prior to the MRTU Effective Date.

**Delinquent Payment** - Delinquent Payment shall mean the payment of any amount due under this Servicing Order after the time when payment is required to be made hereunder, as further described and/or limited hereunder.

**Direct Access Customers or DA Customers** - Customers who subscribe to direct access service from Electric Service Providers, all as further provided in D.02-03-055 adopted on March 21, 2002, as such decision may be amended or supplemented from time to time.

**Discloser** - Discloser shall have the meaning set forth in Section 6.1(c).

**DWR Charges** - Bond Charges, Power Charges and any other amounts authorized to be collected from Customers pursuant to the Rate Agreement, Applicable Commission Orders and Applicable Law in order to meet DWR's revenue requirements under the Act.

**DWR Power** - The electric power and energy, including but not limited to capacity and output, supplied by DWR to Bundled Customers pursuant to the Act, Applicable Commission Orders, and State and federal law.

**DWR Revenues** - Those DWR Charges collected from Customers required to be remitted to DWR through Utility Bills or Non-Utility Bills, as the case may be, and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues.

**DWR Surplus Energy Sales Revenues or Surplus Revenues** - Revenues received by Utility for the sale of surplus Power to third parties that Utility is required to remit to DWR, consistent with the Contract Allocation Order and Exhibit C of the Operating Order, prior to the MRTU Effective Date.

**DWR's Agent** - DWR's Agent shall have the meaning set forth in Section 8.2(b).

**Effective Date** - The date this Servicing Order is effective in accordance with Section 14.16, as such date is set forth on the cover page hereof.

**Electrical Corporation** - Electrical Corporation shall have the meaning ascribed thereto in Section 218 of the Public Utilities Code, including any successor and assign thereof.

**Electric Service Provider or ESP** - Electric Service Provider means an entity that provides electrical service to one or more retail customers located within the Service Areas of Pacific Gas and Electric Company, Southern California Edison Company, or San Diego Gas & Electric Company or any of their respective successors, except that Electric Service Provider excludes: DWR, any other public agency to the extent that it offers electrical service to customers within its jurisdiction or within the service territory of a local publicly owned electric utility, and Electrical Corporations. Electric Service Provider includes the unregulated affiliates and subsidiaries of an Electrical Corporation.

**ESP Customers** - Customers served by ESP Power.

**ESP Power** - Power provided by an Electric Service Provider to Customers.

**Event of Default** - Event of Default shall have the meaning set forth in Section 5.2.

**Final Hour-Ahead Schedule** - The final schedule of DWR Power submitted by DWR and Utility and published by the ISO for the Hour-Ahead Market, prior to the MRTU Effective Date.

**Fund** - Fund shall have the meaning set forth in Section 13.2.

**Fund Type** - Refers to Bond Charges or Power Charges.

**Governmental Authority** - Any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government, including the Commission.

**Governmental Program** - Any program or directive established by Applicable Law which directly or indirectly affects the rights or obligations of the Parties under this Servicing Order and which obligates or authorizes DWR to make payments or give credits to Customers or other third parties under such programs or directives.

**Hour-Ahead Market** - The ISO forward market for which energy and ancillary services are scheduled for subsequent hours for delivery on the current calendar day, as such market operated prior to the MRTU Effective Date.

**Imbalance Energy** - Imbalance Energy shall have the meaning set forth in the Letter Agreement, as amended, attached as Attachment I hereto.

**Indemnified Party** - Indemnified Party shall have the meaning set forth in Section 12.

**Indemnifying Party** - Indemnifying Party shall have the meaning set forth in Section 12.

**Insolvency Event** - With respect to Utility, (a) the filing of a decree or order for relief by a court having jurisdiction in its premises or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for it or for any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive calendar days; or (b) the commencement by it of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by it to the entry of an order for relief in an involuntary case under any such law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for it or for any substantial part of its property, or the making by it of any general assignment for the benefit of creditors, or the taking of action by it in furtherance of any of the foregoing.

**ISO** - The California Independent System Operator Corporation.

**Late Payment Rate** - The Prime Rate plus 3%.

**MRTU** - ISO's Market Redesign and Technology Upgrade.

**MRTU Effective Date** - The first trade date upon MRTU implementation by the ISO.

**Municipal Departing Load Customers or MDL Customers** - Customers who departed Utility service on and after February 1, 2001 to take service from a municipal utility, all as further provided in D.03-07-028 adopted on July 10, 2003, as such decision may be amended or supplemented from time to time.

**Non-Utility** - Any third-party service provider under Applicable Tariff or servicing arrangement with the Utility to perform any portion of Services contemplated under this Servicing Order, including but not limited to ESPs and other third-party energy providers.

**Non-Utility Bill** - A bill calculated and prepared by the Utility but either (i) presented to a Non-Utility or (ii) consolidated and presented by a Non-Utility to a Customer, in either case, under and pursuant to a servicing arrangement and/or Applicable Tariff or Applicable Law which facilitates the collection of any component of DWR Charges.

**Operating Order** - The Operating Order adopted on December 19, 2002, pursuant to D.02-12-069, as the same may be amended from time to time and approved by the Commission, including such amendments to be incorporated consistent with the principles memorialized in that certain Memorandum of Understanding, dated as of February 4, 2009, as further amended, supplemented and clarified as set forth in the Operating Order submitted to the Commission concurrently with this 2010 Servicing Order.

**Operating Order Effective Date** - The date that the Operating Order is effective in accordance with the provisions thereof.

**Power** - Electric power and energy, including but not limited to capacity and output.

**Power Charges** - Power Charges shall have the meaning set forth in the Rate Agreement, and shall include Energy Payments as referred to in Exhibit C of the Operating Order and shall further include the ongoing DWR power charge component of the CRS imposed by the Commission upon certain customers for the above-market costs of DWR Power.

**Prime Rate** - The rate which Morgan Guaranty Trust Company of New York, or its successor, announces from time to time in New York, New York as its prime lending rate, the Prime Rate to change when and as such prime lending rate changes. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer.

**Rate Agreement** - The Rate Agreement between DWR and the Commission adopted by the Commission on February 21, 2002 pursuant to D.02-02-051, as the same may be amended and adopted by subsequent Commission proceedings.

**Recipient** - Recipient shall have the meaning set forth in Section 6.1(c).

**Recurring Fees** - Recurring Fees shall have the meaning set forth in Section 7.1.

**Remittance** - A payment of DWR Charges by Utility to DWR or its Assign(s) and, prior to the MRTU Effective Date, all DWR Surplus Energy Sales Revenues, in accordance with this Servicing Order.

**Scheduling Coordinator-to-Scheduling Coordinator Trade** - Schedules for energy transferred from one ISO scheduling coordinator to another. Such schedules are deemed delivered by the ISO upon publication by the ISO of the Final Hour-Ahead Schedules.

**Service Area** - Service Area means the geographic area in which an Electrical Corporation distributes electricity.

**Services** - Billing Services, metering services and meter reading services which may be performed by Utility or Non-Utility, as the case may be, and related collection, remittance and other services provided by Utility for DWR pursuant to this Servicing Order.

**Servicing Order or 2010 Servicing Order** - This 2010 Servicing Order, including all attachments hereto.

**State** - The State of California.

**Set-Up Fee** - Set-Up Fee shall have the meaning set forth in Section 7.1.

**Term** - The term of this Servicing Order as set forth in Section 5.1.

**20/20 Program** - 20/20 Program shall have the meaning set forth in Section 4.3.

**Utility Bill** - A bill calculated, prepared and presented by Utility to a Customer that includes both the Customer's Utility Charges and DWR Charges; provided, however, that to the extent appropriate under Applicable Commission Orders, all Utility Bills sent to Customers shall reflect DWR Charges on a consolidated basis.

**Utility Billing Service** - Billing service through the use of Utility Bills or Non-Utility Bills as described in Service Attachment 1 to this Servicing Order.

**Utility Charges** - Charges incurred by a Customer for electricity-related services and products provided by Utility to the Customer, as approved by the Commission and, as applicable, the Federal Energy Regulatory Commission or other Governmental Authority (including, but not limited to, any Competition Transition Charges or Fixed Transition Amount Charges owing to Utility or its affiliates, as those terms are defined under the California Public Utilities Code). Utility Charges shall not include DWR Revenues or charges for retail natural gas sales.

**Utility-Provided Electric Power** - Utility-Provided Electric Power shall refer to electricity from Utility's own generation, qualifying facility contracts, other power purchase agreements and bilateral contracts. Utility-Provided Electric Power shall not include DWR Power, ESP Power or any third-party provided power for Customers.

The terms used in the attachments, but not specifically defined herein or elsewhere in this Servicing Order, should be understood by the Parties to have their ordinary meanings.

## **Section 2. Energy Delivery, Surplus Energy Sales and Ownership.**

### **2.1. Delivery of Power.**

Pursuant to the Act and Applicable Commission Orders, Utility is ordered to transmit, or provide for the transmission of, and distribute DWR Power to Bundled Customers over Utility's transmission and distribution system in accordance with Applicable Law, Applicable Tariffs and any agreements between the Parties.

### **2.2. Data and Information Communications Procedures.**

(a) Prior to the Operating Order Effective Date, Utility estimated customer usage and Utility-retained generation for a given trade day and communicated the net of such estimate to DWR by 7:00 a.m. on the preceding Utility Business Day. In the event that DWR observed a persistent deviation between estimated customer usage and actual customer usage, or between estimated Utility-retained generation and actual Utility-retained generation, DWR requested Utility to review, and Utility promptly commenced the review of, Utility's forecast methodology and reported the results of such review to DWR; provided, however, that Utility had no obligation to correct or minimize such deviation except as provided in Attachment H of the 2003 Servicing Order.

(b) Prior to the Operating Order Effective Date, DWR agreed to send to Utility in writing each day the Scheduling Coordinator-to-Scheduling Coordinator Trade between DWR and Utility. This information was delivered no later than 9:30 a.m. for trades in the Day-Ahead Market for the following day, and no later than two hours and twenty minutes prior to the start of the delivery hour for trades in the Hour-Ahead Market. Utility was ordered, and DWR agreed to separately provide these schedules to the ISO prior to the close of the respective markets. The above deadlines for DWR were set because the ISO Day-Ahead Market closed at 10:00 a.m. on the day before delivery and the ISO Hour-Ahead Market closed two hours before the delivery hour. If these closing times should change, the deadlines for submission of DWR data to Utility were to have changed proportionately, which revised deadlines were to be confirmed in writing by DWR and Utility. DWR agreed that, upon Utility's request, DWR would supply information to Utility substantiating to Utility's reasonable satisfaction (i) the total amount of energy purchased by DWR in the Day-Ahead Market and Hour-Ahead Market; and (ii) other such information that may be required for Utility to verify the DWR Charges, or any component thereof, including information regarding the allocation of such energy among Customers and other third parties to the extent so required.

Notwithstanding the provisions of paragraphs (a) and (b) of this Section 2.2, upon the Operating Order Effective Date, Utility is to schedule and dispatch Power as provided in the Operating Order and the Utility is directed to comply with the data and information communications procedures set forth in the Operating Order.

(c) Consistent with Applicable Commission Orders and as provided elsewhere in this Servicing Order, on and after the Effective Date of the 2007 Servicing Order, Utility was ordered to remit each component of DWR Charges from each Customer Type, all as further provided in Attachment B hereto and each of the Appendices appended thereto. Each component of DWR Charges was ordered to be remitted at the applicable Commission-approved rate. The basis for remittance of DWR Charges shall be amounts collected from Customers, consistent with Applicable Commission Orders. If either Party obtains actual knowledge of a material flaw in the procedures or methods set forth in this Servicing Order, and such flaw has a material adverse effect on (i) the delivery of Services (including, without limitation, the timely and accurate remittance of DWR Charges and DWR Surplus Energy Sales Revenues to DWR), or (ii) the timely and accurate payment to Utility of compensation for Services hereunder, the discovering Party shall bring such flaw to the attention of the other Party within a reasonable time. Upon the delivery of such notice, the Parties shall conduct good faith negotiations to resolve such flaw. Without limiting any other terms, express or implied, of this Servicing Order or any other agreement between the Parties, the Parties acknowledge that the two preceding sentences do not impose an independent obligation to perform any investigation or monitoring to discover any such flaw.

(d) Prior to the MRTU Effective Date, Utility shall perform surplus Power sales consistent with the Contract Allocation Order and the Operating Order. Utility shall also calculate and remit DWR Surplus Energy Sales Revenues consistent with the Contract Allocation Order and the Operating Order. The basis for remittance of DWR Surplus Energy Sales Revenues shall be amounts collected by Utility from third parties for sales of surplus Power, consistent with the principles set forth in Exhibit C of the Operating Order and in accordance with the Contract Allocation Order, all as further provided in Service Attachment 2 hereto.

(e) On and after the MRTU Effective Date, Utility shall remit each component of DWR Charges from each Customer Type, all as further provided in this 2010 Servicing Order, consistent with the amendments set forth in the Operating Order submitted to the Commission concurrently with this 2010 Servicing Order. These amendments are consistent with the principles set forth in that certain Memorandum of Understanding, dated as of February 4, 2009.

(f) All data and information to be exchanged between the Parties in connection with scheduling and settlement of transactions shall be in the format agreed to by Utility and DWR and shall, except as otherwise provided by this Servicing Order or Applicable Tariffs, or as may be approved by Utility in its reasonable discretion, be submitted electronically. If a Party receives any information that is unreadable, or contains data that cannot be processed by the receiving Party's system, or is otherwise damaged, such receiving Party shall inform the sending Party of such problem. Until any such problem is corrected, the receiving Party shall not be responsible for processing information received in this condition. The foregoing notwithstanding, a receiving Party shall not be excused from its obligation to process information if the receiving Party cannot read or otherwise process the information sent by the sending Party as a result of defects, errors, bugs, or viruses in the receiving Party's systems or software or due to negligence or

wrongful act(s) or failure(s) to act on the part of the receiving Party's employees, agents, independent contractors, subcontractors or assigns.

**2.3. Ownership of DWR Power, Surplus Power, Utility-Provided Electric Power and DWR Revenues.**

Notwithstanding any other provision herein, and in accordance with the Act and Section 80110 of the California Water Code, DWR shall retain title to all DWR Power sold by DWR to Bundled Customers or, prior to the MRTU Effective Date, any surplus Power sold by Utility on DWR's behalf, in accordance with the terms of the Operating Order and consistent with the Contract Allocation Order. In accordance with the terms hereof and the Operating Order, as the case may be, Utility is acting solely as the servicing agent for DWR with respect to all components of DWR Charges collected from Customers and, prior to the MRTU Effective Date, with respect to sales of surplus Power to third-party purchasers, and nothing in this Servicing Order should be construed to suggest other than that DWR shall retain title to all DWR Charges and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues.

In accordance with the Act and Section 80104 of the California Water Code, upon the delivery of DWR Power to Bundled Customers or, prior to the MRTU Effective Date, the sale of surplus Power to third-party power purchasers made by Utility on behalf of DWR, those Bundled Customers and third-party power purchasers, shall be deemed to have purchased that power from DWR, and payment for any such sale shall be a direct obligation of such Customers or third-party purchasers, as the case may be, to DWR. In accordance with Applicable Law, Cost Responsibility Surcharges are recovered from Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers or Community Choice Aggregation Customers. Utility shall collect and remit such Cost Responsibility Surcharges, all as further provided in this Servicing Order.

All DWR Revenues and DWR Charges shall constitute property of DWR. To the extent any monies are received by the Utility during the process of collection, and pending their transfer to DWR, including any amounts collected under Non-Utility Bills and remitted to Utility by a Non-Utility, the monies shall be held by the Utility in trust for the benefit of DWR (whether or not held together with other monies). Notwithstanding any other provision herein, Utility shall retain title to all Utility-Provided Electric Power supplied by Utility to Customers and all surplus Power provided by Utility.

#### **2.4. Allocation of DWR Power and DWR Surplus Energy Sales Revenues.**

DWR Power will be allocated pursuant to the Act and other Applicable Law and Applicable Tariffs. On and after the Operating Order Effective Date, DWR Power and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues shall be allocated consistent with the Contract Allocation Order, and as provided in the Operating Order and the Servicing Order then in effect.

On and after the MRTU Effective Date, DWR Power shall be allocated consistent with the amendments to the Operating Order, implementing the principles set forth in that certain Memorandum of Understanding, dated as of February 4, 2009.

#### **2.5. ISO Charges and Imbalance Energy.**

The treatment of Imbalance Energy and the allocation of cost responsibility with respect to certain ISO charges, as between the Parties, shall be governed by the Letter Agreement, dated February 28, 2002, as amended by the Letter Amendment, dated as of March 18, 2002, between the Utility and DWR, incorporated by reference in Attachment I, as the same may be hereafter amended by written agreement of the Parties; provided, however, on and after the Operating Order Effective Date, this Section shall be superseded by the provisions relating to such ISO charges provided in the Operating Order, including Exhibit D of the Operating Order.

#### **2.6. DWR Surplus Energy Sales Revenues.**

Prior to the MRTU Effective Date, the treatment of surplus Power shall be governed by the Contract Allocation Order and the Operating Order, and as further provided in Service Attachment 2 hereto.

### **Section 3. Billing Services.**

#### **3.1. Provision of Services by Utility.**

(a) Except to the extent that such Services are provided by a third-party, Utility shall provide metering services, meter reading services and Billing Services relating to (i) the Power Charge remittances with respect to each applicable Customer Type provided in the Appendices to Attachment B hereto, and (ii) the Bond Charge remittances with respect to each applicable Customer Type provided in the Appendices to Attachment B hereto. If Non-Utility Bills are involved in the Utility's performance of Billing Services, Utility shall calculate the amount of any applicable DWR Charges to be collected through Non-Utility Bills, all as further provided in this Servicing Order. Utility-provided metering services, meter reading services and Billing Services shall be provided in accordance with Applicable Law, Applicable Commission Orders, Applicable Tariffs and Service Attachment 1 hereto, as well as Attachment B and its Appendices.

(b) In the case where Non-Utility Bills are used by the Utility in the billing and collection of any component of DWR Charges under Applicable Law, Utility shall include such necessary and appropriate provisions in the Applicable Tariffs and any

applicable servicing arrangements so that any component of DWR Charges billed and collected by such Non-Utility are remitted to Utility. Utility is directed to accept payment from such Non-Utility in respect of each applicable component of DWR Charges billed and collected through Non-Utility Bills in such forms and methods and at such times and places as the Utility and each Non-Utility shall mutually agree in accordance with Applicable Commission Orders and Applicable Tariffs. Upon remittance of any amounts by the Non-Utility to Utility for any applicable component of DWR Charges, Utility is directed to hold such charges in trust for the benefit of DWR (whether or not held together with other monies) and promptly remit and account for such amounts to DWR consistent with Applicable Law.

(c) Prior to the MRTU Effective Date, Utility shall sell surplus Power on behalf of DWR, and provide invoicing and collection of amounts owed by third parties for such surplus Power sales made by Utility on DWR's behalf and the allocation of such revenues to DWR. Surplus Power sales made by Utility on DWR's behalf, including the invoicing and collection of amounts owed by third parties and credit risk management, shall be conducted by Utility in accordance with Applicable Commission Orders, including but not limited to, the Contract Allocation Order, Applicable Tariffs, the Operating Order and Service Attachment 2 hereto.

(d) On behalf of DWR, Utility shall (i) follow its customary standards, policies and procedures in performing its duties hereunder and (ii) perform its duties hereunder using the same degree of care and diligence that Utility exercises for its own account.

(e) For surplus Power sales to third parties prior to the MRTU Effective Date, Utility shall apply prudent credit risk management criteria to ensure that such purchasers meet or exceed DWR credit criteria, or in the absence of such DWR designated criteria, and then consistent with industry accepted credit standards. If Utility sells surplus Power to an entity that requires collateral, the cost and obligation to post such collateral shall be Utility's responsibility.

(f) Prior to the MRTU Effective Date, Utility shall be responsible for all transaction fees or other costs associated with the sale of surplus Power imposed by third-party purchasers or any agents of Utility or such purchaser, all as further provided in Exhibit C of the Operating Order.

### **3.2. Modification of Billing and Metering Systems.**

Utility shall have the right to modify and replace its billing and metering systems, subject to the requirements of Applicable Law, if any. However, to the extent that such modifications and replacements materially interrupt Services provided by Utility to DWR, Utility shall provide to DWR, as soon as reasonably practicable, prior written notice of any such changes, including, but not limited to, such changes as are required by Applicable Law or Applicable Commission Order(s). Moreover, to the extent any such modifications would affect the collection of DWR Charges or, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues, in a manner which is different from the collection of Utility Charges or other Utility revenues, such as revenue from the

sale of Power, Utility shall obtain DWR's prior written consent to such modifications, which consent DWR agrees shall not be unreasonably withheld or delayed.

### **3.3. Customer Inquiries.**

Utility shall address all Customer inquiries regarding DWR Charges. DWR agrees to provide all necessary information to Utility in order to permit Utility to respond to all Customer inquiries on a timely basis. In extraordinary circumstances, Utility will refer Customer inquiries to DWR in a manner to be agreed upon by the Parties. In the event that either (i) DWR's failure to provide all such necessary information to Utility, (ii) DWR's provision of inaccurate information or (iii) DWR's failure to handle Customer inquiries referred to it by Utility in extraordinary circumstances in the manner agreed upon by the Parties results in Utility's non-compliance with its obligations under this Section 3.3, such non-compliance will not constitute a material breach of this Servicing Order and will not give DWR the right to terminate this Servicing Order.

### **3.4. Inquiries from Third Party Power Purchasers.**

So long as Utility, as agent to DWR, sells surplus Power to third-party purchasers, Utility shall address all third-party purchasers' inquiries regarding such surplus Power sales. If Utility and any third-party purchaser should have a dispute with respect to the sale of surplus Power, Utility shall resolve all such disputes. Utility shall apply the same practices to the resolution of such disputes as Utility uses to resolve disputes related to any other transaction with such third-party purchaser.

## **Section 4. DWR Revenues; Remittance of DWR Revenues.**

### **4.1. DWR Revenues.**

DWR Revenues required to be remitted to DWR under this Servicing Order shall be based upon DWR Charges in effect from time to time pursuant to Applicable Law and Attachment B to this Servicing Order and the Appendices to such Attachment B. Prior to the MRTU Effective Date, in addition to the remittance of DWR Charges, DWR Surplus Energy Sales Revenues also shall be remitted based upon the principles set forth in Exhibit C of the Operating Order and as further provided in Service Attachment 2 hereto.

### **4.2. Remittance of DWR Revenues.**

(a) Utility shall determine the Daily Remittance amount for each Fund Type and for each applicable Customer Type, consistent with the provisions of the Appendices of Attachment B hereto. As of the Effective Date of the 2007 Servicing Order, DWR Charge components relating to the following Fund Types for the Customer Types have been identified by DWR and Utility; however, the collection and remittance of DWR Charges from the Customer Types identified below will not begin until Applicable Commission Orders that require the Utility to perform such services are final and effective:

(1) Bundled Customers - Bond Charge. Utility is directed to remit Bond Charge for Bundled Customers to DWR, all as further provided in Attachment B and as further provided in Appendix A-1 to Attachment B of this Servicing Order.

(2) Bundled Customers - Power Charge. Prior to the Operating Order Effective Date, Utility remitted Power Charge for Bundled Customers to DWR based on the amounts collected from Bundled Customers for actual DWR Power supplied, all as further described in Attachment B of the 2003 Servicing Order.

On and after the Operating Order Effective Date, Utility is directed to remit Power Charge for Bundled Customers, consistent with the principles set forth in Exhibit C of the Operating Order and as further provided in Attachment B and in Appendix A-2 to Attachment B of this Servicing Order.

(3) Direct Access Customers - Bond Charge. Utility is directed to remit Bond Charge for Direct Access Customers to DWR, all as further provided in Attachment B and as further provided in Appendix B-1 to Attachment B of this Servicing Order.

(4) Direct Access Customers - Power Charge. Utility is directed to remit Power Charge for Direct Access Customers to DWR, all as further provided in Attachment B and as further provided in Appendix B-2 to Attachment B of this Servicing Order.

(5) Customer Generation Departing Load - Bond Charge. Utility is directed to remit Bond Charge for Customer Generation Departing Load to DWR, all as further provided in Attachment B and as further provided in Appendix C-1 to Attachment B of this Servicing Order.

(6) Customer Generation Departing Load -Power Charge. Utility is directed to remit Power Charge for Customer Generation Departing Load to DWR, all as further provided in Attachment B and as further provided in Appendix C-2 to Attachment B of this Servicing Order.

(7) Municipal Departing Load - Bond Charge. Utility is directed to remit Bond Charge for Municipal Departing Load to DWR, all as further provided in Attachment B and as further provided in Appendix D-1 to Attachment B of this Servicing Order.

(8) Municipal Departing Load - Power Charge. Utility is directed to remit Power Charge for Municipal Departing Load to DWR, all as further provided in Attachment B and as further provided in Appendix D-2 to Attachment B of this Servicing Order.

(9) Community Choice Aggregation - Bond Charge. Utility is directed to remit Bond Charge for Community Choice Aggregation, all as further provided in Appendix E-1 to Attachment B of this Servicing Order.

(10) Community Choice Aggregation - Power Charge. Utility is directed to remit Power Charge for Community Choice Aggregation, all as further provided in Appendix E-2 to Attachment B of this Servicing Order.

If the Utility determines that it has remitted amounts to DWR in error or DWR becomes aware of a material discrepancy in the remitted amounts, then DWR or the Utility, as the case may be, may provide notice of such event to the other Party (accompanied by an explanation of the facts surrounding such erroneous deposit), and the other Party will review such notice and information as soon as practicable and reach agreement as to such amount to be repaid. Such agreement shall not be unreasonably withheld or delayed by either Party.

(b) Each Remittance shall be accompanied by a Daily Remittance Report, substantially in the form set forth in Attachment C hereto. Utility will not be required at any time to advance or pay any of its own funds in the fulfillment of its responsibilities hereunder with respect to DWR Charges, except to the extent provided otherwise in the Attachments hereto.

(c) Utility, from time to time, will make adjustments regarding amounts remitted as described in Attachment B and Appendices thereto. In addition, Daily Remittance Reports and Monthly Consolidated Reports shall be filed with DWR by Utility, all as further provided in Attachments B and C hereto.

(d) Except as expressly provided in this Servicing Order (including Attachments hereto) or as otherwise expressly agreed to in writing by DWR, Utility shall not deduct from amounts due to DWR hereunder any amounts owing by DWR to Utility which relate to arrangements within or outside the scope of this Servicing Order, or any other amounts, and Utility expressly waives any right to do so. The foregoing shall not limit Utility's rights to seek any other remedies permitted under other arrangements with DWR.

(e) Prior to the MRTU Effective Date, Utility shall calculate and remit DWR Surplus Energy Sales Revenues determined consistent with the Contract Allocation Order and Exhibit C of the Operating Order and as further provided in Service Attachment 2 hereto. Each monthly Remittance for surplus Power sold on behalf of DWR shall be accompanied by written reports in forms set forth in Attachment C hereto.

#### **4.3. 20/20 Program and Future Similar Programs.**

To the extent that the program established in the California Governor's Executive Order D-30-01, dated March 13, 2001, and Executive Order D-33-01, dated April 26, 2001, as the foregoing orders may be amended, supplemented, extended or otherwise modified (the "20/20 Program"), obligated DWR to make payments or extend credits to Customers or other third parties under such program, Remittances to DWR may have been reduced by such payments to the extent of DWR's responsibility as required by Applicable Law and Applicable Tariffs. DWR acknowledges that Utility's reasonable initial implementation and recurring administrative costs associated with such program has been paid by DWR in the same manner and at the same times as Utility's Set-Up Fee and Recurring Fees, respectively, as described in Sections 7.2 and 7.3 below. Additionally, Utility has invoiced DWR for any other costs incurred by Utility under such program, and DWR has paid such invoices as Additional Charges, in the manner contemplated in Section 7 below. The method for calculating reduced Remittances to DWR under this Section 4.3, as well as Utility's implementation and administration costs, shall be as set forth in Attachment F hereto.

To the extent that, in the future, programs similar to the 20/20 Program are established which expressly obligate DWR under Applicable Law and Applicable Tariffs to make payments or extend credits to Customers or other third parties under such programs, DWR and Utility will implement processes similar to those used for the 20/20 Program as set forth in the immediately preceding paragraph or such other process, as may be mutually agreed upon by the Parties.

### **Section 5. Term and Termination; Events of Default.**

#### **5.1. Term.**

The term of this Servicing Order (the "Term") shall commence on the Effective Date and shall terminate on the earlier of (a) 180 calendar days after the last date DWR Charges are imposed on Customers, or (b) the earlier termination of this Servicing Order pursuant to this Section 5. This Servicing Order will also terminate as to each Contract, solely and individually, that is novated to Utility as currently contemplated in a Commission proceeding, without further action of either Party, but subject to Section 5.1(a) above.

#### **5.2. Events of Default by Utility.**

The following events shall constitute "Events of Default" by Utility under this Servicing Order:

(a) any failure by Utility to remit to DWR or its Assign(s) any required Remittance in the manner and at the time specified in this Servicing Order (except to the extent otherwise allowed under Sections 4.3 and 7.2) that continues unremedied for three (3) Utility Business Days after the earlier of the day Utility receives written notice thereof from DWR or the day the responsible manager at Utility first has actual knowledge of such failure; or

(b) any failure by Utility to duly observe or perform in any material respect any other term or condition of Utility set forth in this Servicing Order, which failure (i) materially and adversely affects the interests or rights of DWR or its Assign(s), and (ii) continues unremedied for a period of sixty (60) calendar days after written notice of such failure has been given to Utility by DWR or its Assign(s).

### **5.3. Consequences of Utility Events of Default.**

Upon any Event of Default by Utility, DWR may, in addition to exercising any other remedies available under this Servicing Order or under Applicable Law, (i) apply to the Commission for appropriate relief, including but not limited to the termination of this Servicing Order in whole or in part (including Service Attachments); and (ii) apply to the Commission and, if necessary, any court of competent jurisdiction for sequestration and payment to DWR or its Assign(s) of DWR Revenues. Remittances not made to DWR by Utility on the date due (except to the extent Remittances were not made by operation of Sections 4.3, 7.2, 14.4 or Attachment B hereto) shall bear interest at the Prime Rate from the first day after the due date until the third Utility Business Day after the due date, and at the Late Payment Rate thereafter until paid.

### **5.4. Defaults by DWR.**

DWR agrees that it shall be in default under this Servicing Order upon:

(a) subject to subsections (b), (c), (d) and (e) below, DWR's failure to cure its material breach of any provision of this Servicing Order within sixty (60) calendar days after receiving written notice thereof from Utility;

(b) Except for amounts to which DWR has objected in writing pursuant to Section 7.2, DWR's failure to pay to Utility the Set-Up Fee or Recurring Fees within three (3) DWR Business Days after the date they are due hereunder, as provided in Section 7;

(c) Except for amounts to which DWR has objected in writing pursuant to Section 7.2, DWR's failure to pay to Utility the initial implementation and recurring administrative costs associated with Utility's implementation of the 20/20 Program, as provided in Section 4.3;

(d) Except for amounts to which DWR has objected in writing pursuant to Section 7.2, DWR's failure to fulfill any other monetary obligation hereunder within fifteen (15) calendar days after receiving written notice from Utility that such obligation is past due; or

(e) DWR's failure to comply with the terms and conditions of Section 2.2 within fifteen (15) calendar days after receiving written notice thereof from Utility.

Upon any default by DWR under this Section 5.4, Utility may exercise any remedies available under this Servicing Order or under Applicable Law, provided that Utility shall have no right to terminate this Servicing Order either in whole or in part (including Service Attachment 1) or any obligation hereunder. DWR agrees that, except for

amounts to which DWR has objected in writing pursuant to Section 7.2 and which are determined not to be owed, any Set-Up Fee or Recurring Fees, or any initial implementation and recurring administrative costs associated with Utility's implementation of the 20/20 Program, as provided in Section 4.3, which are not paid to Utility on the date due shall bear interest at the Prime Rate from the first day after the due date until the third DWR Business Day after the date they are required to be made hereunder, and at the Late Payment Rate thereafter until paid. DWR further agrees that, except for amounts to which DWR has objected in writing pursuant to Section 7.2 and which are determined not to be owed, any other monetary obligation payable to Utility by DWR shall bear interest at the Prime Rate from the date due until 15 days after receiving written notice from Utility that such amount is overdue, and thereafter at the Late Payment Rate. DWR further agrees that when and to the extent that any amounts to which DWR has objected in writing pursuant to Section 7.2 are determined to be owing, such amounts shall bear interest from the due date at the rates described above for the applicable category of obligation.

#### **5.5. Survival of Payment Obligations.**

Upon termination of this Servicing Order, DWR agrees that it, and it is ordered that Utility, shall remain liable to the other Party for all amounts owing under this Servicing Order. Utility shall continue to collect or cause to be collected and, in each case, remit, pursuant to the terms of this Servicing Order, including but not limited to Attachment B and Service Attachments hereto, any DWR Charges billed to Customers before the effective date of termination, and DWR Surplus Energy Sales Revenues attributable to surplus Power sales made prior to the MRTU Effective Date, except as provided in Attachment B hereto.

### **Section 6. Confidentiality.**

#### **6.1. Proprietary Information.**

(a) Nothing in this Servicing Order shall affect Utility's obligations to observe any Applicable Law prohibiting the disclosure of Confidential Information regarding its Customers.

(b) Nothing in this Servicing Order, and in particular nothing in Sections 6.1(e)(x) through 6.1(e)(z) of this Servicing Order, shall affect the rights of the Commission to obtain from Utility, pursuant to Applicable Law, information requested by the Commission, including Confidential Information provided by DWR to Utility. Applicable Law, and not this Servicing Order, will govern what information the Commission may disclose to third parties, subject to any confidentiality agreement between DWR and the Commission.

(c) Each Party may acquire information and material that is the other Party's confidential, proprietary or trade secret information. As used herein, "Confidential Information" means any and all technical, commercial, financial and customer information disclosed by one Party to the other (or obtained from one Party's inspection

of the other Party's records or documents), including any patents, patent applications, copyrights, trade secrets and proprietary information, techniques, sketches, drawings, maps, reports, specifications, designs, records, data, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, object code, source code, and information related to the current, future and proposed products and services of each of the Parties, and includes, without limitation, the Parties' respective information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, business forecasts, sales and merchandising, and marketing plans and information. In all cases, Confidential Information includes proprietary or confidential information of any third party disclosing such information to either Party in the course of such third party's business or relationship with such Party. Utility's Confidential Information also includes any and all lists of Customers, and any and all information about Customers, both individually and aggregated, including but not limited to Customers' names, street addresses of Customer residences and/or facilities, email addresses, identification numbers, Utility account numbers and passwords, payment histories, energy usage, rate schedule history, allocation of energy uses among Customer residences and/or facilities, and usage of DWR Power. DWR agrees, and it is ordered with respect to Utility, that all Confidential Information disclosed by the disclosing Party ("Discloser") will be considered Confidential Information by the receiving Party ("Recipient") if identified as confidential and received from Discloser.

(d) DWR agrees, and Utility is ordered to take all steps reasonably necessary to hold in trust and confidence the other Party's Confidential Information. Without limiting the generality of the immediately preceding sentence, DWR agrees, and Utility is ordered (i) to hold the other Party's Confidential Information in strict confidence, not to disclose it to third parties or to use it in any way, commercially or otherwise, other than as permitted under this Servicing Order; and (ii) to limit the disclosure of the Confidential Information to those of its employees, agents or directly related subcontractors with a need to know who have been advised of the confidential nature thereof and who have acknowledged their express obligation to maintain such confidentiality.

(e) DWR agrees, and it is ordered with respect to Utility that the foregoing two paragraphs will not apply to any item of Confidential Information if: (i) it has been published or is otherwise readily available to the public other than by a breach of this Servicing Order ; (ii) it has been rightfully received by Recipient from a third party without breach of confidentiality obligations of such third party and outside the context of the provision of Services under this Servicing Order; (iii) it has been independently developed by Recipient personnel having no access to the Confidential Information; or (iv) it was known to Recipient prior to its first receipt from Discloser. DWR agrees, and it is ordered with respect to Utility that, in addition, Recipient may disclose Confidential Information if and to the extent required by law or a Governmental Authority, provided that (x) Recipient shall give Discloser a reasonable opportunity to review and object to the disclosure of such Confidential Information, (y) Discloser may seek a protective order or confidential treatment of such Confidential Information, and (z) Recipient shall make commercially reasonable efforts to cooperate with Discloser in seeking such protective

order or confidential treatment. DWR agrees, and it is ordered with respect to Utility that Discloser shall pay Recipient its reasonable costs of cooperating.

**6.2. No License.**

DWR agrees, and it is ordered with respect to Utility that nothing contained in this Servicing Order shall be construed as granting to a Party a license, either express or implied, under any patent, copyright, trademark, service mark, trade dress or other intellectual property right, or to any Confidential Information now or hereafter owned, obtained, controlled by, or which is or may be licensable by, the other Party.

**6.3. Survival of Provisions.**

DWR agrees, and it is ordered with respect to Utility that the provisions of this Section 6 shall survive the termination of this Servicing Order.

**Section 7. Payment of Fees and Charges.**

**7.1. Utility Fees.**

DWR agrees that it will pay to Utility a fee, calculated in accordance with Attachment G hereto (the “Set-Up Fee”), in order to cover Utility’s costs of establishing the procedures, systems, and mechanisms necessary to perform Services. In addition, DWR also agrees to pay to Utility an annual fee, calculated in accordance with Attachment G hereto, payable monthly in arrears (unless a different payment schedule is mutually agreed upon by the Parties) as provided in Section 7.2 hereof (the “Recurring Fees”) for Services rendered pursuant to Section 3.1, Section 3.4 and Service Attachments to this Servicing Order. Additional fees to cover changes in costs or the costs of other services provided hereunder shall be as set forth in Attachment G, which from time to time may be modified by mutual agreement of the Parties or as provided in Applicable Commission Order. In the event that additional fees or costs are identified by Utility which have not been identified and included in Attachment G hereto, the Parties hereby agree to negotiate in good faith to determine the amount of such fees or costs. Except to the extent provided otherwise in subsequent agreements between the Parties, if the Parties are unable to resolve any disputes relating to such additional fees, either Party may, upon giving seven calendar days advance written notice to the other, submit the dispute to the Commission for proposed resolution, in accordance with Applicable Law. However, in the event such a dispute is submitted to the Commission by either Party and, prior to the Commission’s action, DWR agrees to continue to pay to Utility fees that will permit recovery of the Utility’s incremental cost of establishing procedures, systems and mechanisms necessary to perform Services as set forth in Attachment G. The Utility shall file these fees with the Commission. Utility acknowledges that the Commission may adjust, with notice to Utility and an opportunity for Utility to be heard, Utility’s rates to avoid double recovery of any costs paid by DWR hereunder which have already been included in Utility’s rates.

**7.2. Payment of Utility Fees and Charges.**

The Set-Up Fee was due and payable on the effective date of the Servicing Agreement approved by the Commission pursuant to D.01-09-014 and DWR has paid Utility the Set-Up Fee, in the manner provided in Section 7.3 below. After receipt of Utility's invoice thirty (30) days in advance, DWR agrees to pay to Utility its Recurring Fees in monthly installments by the 10th day of each month in the manner provided in Section 7.3 below. Additionally, with respect to all other fees and charges which are expressly identified as owing by DWR to Utility under this Servicing Order or such other amounts as mutually agreed to by the Parties (the "Additional Charges"), unless a different payment schedule is mutually agreed upon by the Parties, Utility shall (in paper format or, at DWR's option, electronically) submit to DWR an invoice reflecting such Additional Charges for such calendar month. Any invoiced amount for Recurring Fees or Additional Charges shall be due and payable within three (3) DWR Business Days after presentation, and any invoiced amount and the Set-Up Fee shall be considered past due thirty (30) calendar days after presentation, after which interest shall accrue as provided in Section 7.4. To the extent that any invoiced amounts described in this Section 7.2 are not fully paid within forty-five (45) days after presentation, and DWR has not objected to Utility in writing by such date, DWR agrees that Utility shall have the right to deduct from any future Remittance(s) the unpaid and overdue amount which is not the subject of any such objection by such date, until such invoice is paid in full or until the dispute over the amount due has been resolved. In addition, upon written agreement of DWR, any amount payable under this Servicing Order may be deducted from any future Remittance(s) or be paid in such other periodic basis, all as expressly directed by DWR.

### **7.3. Method of Payment.**

(a) Except as otherwise expressly provided herein or unless a different payment schedule is mutually agreed upon by the Parties, DWR agrees, and with respect to Utility it is ordered, that any payment from either Party to the other Party under this Servicing Order shall be made by ACH or, if ACH is unavailable, then by wire transfer of immediately available funds to the bank account designated by the receiving Party or, if mutually agreed, paid by means of a check or warrant sent to the recipient's address indicated in accordance with Section 14.14 hereof. Where the Parties have made arrangements for a bank or other third party to remit funds from one Party to the other Party, DWR agrees, and with respect to Utility it is ordered that proper identification of the bank or third party, including the account number, shall be furnished in writing. DWR agrees, and with respect to Utility it is ordered that the remitting Party shall reasonably cooperate in correcting any bank or other third-party errors and shall not be relieved of its payment responsibilities because of such errors.

(b) Except as expressly provided otherwise herein or under any Applicable Law, Utility shall be required to pay all expenses incurred by it in connection with its activities under this Servicing Order (including any fees to and disbursements by accountants, counsel, or any other person, any taxes, fees, surcharges or levies imposed on Utility, and any expenses incurred in connection with reports to be provided hereunder) out of the compensation paid to it pursuant to this Section 7, and Utility shall not be entitled to any extra payment or reimbursement therefor. Notwithstanding anything to the contrary above, if and to the extent any additional taxes (excluding taxes on Utility's income), fees

or charges are imposed on Utility due solely to Utility's performance of Services hereunder with respect to DWR Charges (such as franchise fees or taxes on DWR Power, the State of California electric energy surcharge, local utility user taxes, or Commission fees), to the extent these taxes, fees, or charges are not already included in Utility's rates and Utility has not been reimbursed therefor and is not authorized to seek reimbursement from Customers therefor, DWR agrees to reimburse Utility therefor as "Additional Charges" in accordance with Section 7.2.

#### **7.4. Interest.**

DWR agrees, and with respect to Utility it is ordered that except as provided in Sections 5.3, 5.4 or 7.5, any Delinquent Payment under this Servicing Order (whether or not a regularly scheduled payment) shall bear interest at the Late Payment Rate.

#### **7.5. Reconciliation Amounts.**

If a change in Applicable Law (but only if and to the extent such change is expressly intended to be retroactive in effect) or the discovery of a "Material Flaw" results in a discrepancy between any amount paid hereunder and the amount that would have been paid if the changed Applicable Law had been in effect or the Material Flaw had been corrected, such discrepancy (a "Reconciliation Amount") shall be paid by the party that benefited from the superseded Applicable Law or Material Flaw to the other party. Reconciliation Amounts shall be paid in full within 30 days after receipt of an invoice therefore unless a different payment schedule is mutually agreed upon between the parties. Interest on any Reconciliation Amount shall accrue from the original date on which the incorrect payment or remittance produced by the Material Flaw was due until such Reconciliation Amount is paid. Interest on any Reconciliation Amount shall be calculated on the basis of a 365- or 366- day year, as applicable, for the actual days elapsed. For a Reconciliation Amount due from Utility to DWR, interest shall accrue at the rate of interest on Commercial Paper (Financial, three-month maturity) published in the Federal Reserve Statistical Release H.15. Should the publication of the interest rate on Commercial Paper (Financial, three-month maturity) be discontinued, interest shall accrue at the rate of the most recent monthly interest rate on Commercial Paper that most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release H.15, or its successor publication or such other rate as may be mutually agreed by the Parties. For a Reconciliation Amount due from DWR to Utility, interest shall accrue at the State's Pooled Money Investment Account Rate(s) in effect from time to time. If an outstanding Reconciliation Amount is not paid in full as of the date agreed upon by the Parties, any overdue amounts on and after such agreed upon date shall be considered Delinquent Payments and interest shall accrue at the Late Payment Rate from the date such overdue amount was due until paid, in accordance with Section 7.4.

For purposes of this Section, a "Material Flaw" is a procedure or method set forth in this Servicing Order, or an aspect thereof, which results in the payment or remittance of amounts to either Party (or the failure so to remit or pay) in a time, manner or amount that is inconsistent with Applicable Law. It is expressly agreed and understood that the

undercollection or overcollection of amounts required to be collected under Section 80134 of the California Water Code due to incorrect projections of DWR's revenue requirements or due to incorrect projections in the setting of DWR Charges shall not constitute a Material Flaw and are intended to be trued-up in subsequent revenue requirements.

## **Section 8. Records; Audit Rights; Annual Certification.**

### **8.1. Records.**

Utility shall maintain accurate records and accounts relating to DWR Revenues (including separate accounting of Bond Charges and Power Charges) in sufficient detail to permit recordation of Bond Charges and Power Charges billed to or caused to be billed to each Customer Type identified in the Appendices to Attachment B hereto and DWR Revenues from Bond Charges and Power Charges, respectively, remitted by Utility to DWR reflecting separate accounting with respect to each Customer Type. Prior to the MRTU Effective Date, Utility shall maintain accurate records and accounts relating to DWR Surplus Energy Sales Revenues (including separate accounting of surplus Power sales transactions by counterparty) in sufficient detail to permit recordation of DWR Surplus Energy Sales Revenues separate from other DWR Revenues, remitted by Utility to DWR. Utility shall provide to DWR and its Assign(s) access to such records. Access shall be afforded without charge, upon reasonable request made pursuant to Section 8.2. DWR agrees that access shall be afforded only during Business Hours and in such a manner so as not to interfere unreasonably with Utility's normal operations. Utility shall not treat DWR Revenues as income or assets of the Utility or any affiliate for any tax, financial reporting or regulatory purposes, and the financial books or records of Utility and affiliates shall be maintained in a manner consistent with the absolute ownership of DWR Revenues by DWR and Utility's holding of DWR Revenues in trust for DWR (whether or not held together with other monies).

### **8.2. Audit Rights.**

(a) Upon thirty (30) calendar days' prior written notice, DWR may request an audit, conducted by DWR or its agents (at DWR's expense), of Utility's records and procedures, which shall be limited to records and procedures containing information bearing upon: (i) DWR Charges being billed or caused to be billed to each Customer Type identified in the Appendices to Attachment B hereto by Utility (and payments of DWR Charges separately accounted for each Customer Type); (ii) fees to Utility for Services provided by Utility pursuant to this Servicing Order; (iii) Utility's performance of its obligations under this Servicing Order; (iv) amount of Aggregate Power that is the basis for DWR Charges with respect to each Customer Type pursuant hereto or Applicable Law; (v) projection or calculation of DWR's revenue requirements as described in Sections 80110 and 80134 of the California Water Code from time to time; (vi) prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues collected from third-party purchasers and the collection and allocation of such revenues; and (vii) such other matters as may be permitted by Applicable Commission Orders, Applicable Tariffs or as DWR or its Assign(s) may reasonably request. The audit shall be conducted

during Business Hours without interference with Utility's normal operations, and in compliance with Utility's security procedures.

(b) As provided in the Act, the State of California Bureau of State Audits (the "Bureau") conducted a financial and performance audit of DWR's implementation of Division 27 (commencing with Section 80000) of the California Water Code, such audit was to be completed prior to December 31, 2001, and the Bureau issued a final report on or before March 31, 2003. In addition, as provided in Section 8546.7 of the California Government Code, pursuant to this Section 8.2, Utility is ordered to permit DWR or the State of California Department of General Services, the Bureau, or their designated representative ("DWR's Agent") to review and to copy (at DWR's expense) any non-confidential records and supporting documentation pertaining to the performance of this Servicing Order and to conduct an on site review of any Confidential Information pursuant to Sections 8.3 and 8.8 hereof. Utility shall maintain such records for such possible audit for three (3) years after final Remittance to DWR. Utility shall allow such auditor(s) access to such records during Business Hours and shall allow interviews of any employees who might reasonably have information related to such records. Further, Utility shall include a similar right for DWR or DWR's Agent to audit records and interview staff in any contract between Utility and a subcontractor related to performance of this Servicing Order.

### **8.3. Confidentiality.**

Materials reviewed by either Party or its agents in the course of an audit may contain Confidential Information subject to Section 6 above. DWR agrees, and with respect to Utility it is ordered that the use of all materials provided to DWR or Utility or their agents, as the case may be pursuant to this Section 8, shall comply with the provisions in Section 6 and shall be limited to use in conjunction with the conduct of the audit and preparation of a report for appropriate distribution of the results of the audit consistent with Applicable Law.

### **8.4. DWR Requested Independent Reports.**

On or after the Effective Date of this Servicing Order and at the request and expense of DWR, Utility shall cause a firm of independent certified public accountants (which may provide other services to Utility) to prepare, and Utility will deliver to DWR and its Assign(s), a report addressed to Utility (which may be included as part of Utility's customary auditing activities), for the information and use of DWR, to the effect that such firm has performed certain procedures (the scope of which shall be agreed upon with DWR) in connection with Utility's compliance with its obligations under this Servicing Order during the preceding year, identifying the results of such procedures and including any exceptions noted. Utility will deliver a copy of each report prepared hereunder to the Commission (at the address specified in section 14.14) at the same time it delivers each such report to DWR. Utility shall not be obligated to complete more than one report per year under this Section.

### **8.5. Annual Certifications.**

On or after the Effective Date of this Servicing Order, at least annually, and in no event later than the 30<sup>th</sup> day after the end of the calendar year, Utility shall deliver to DWR, with a copy to the Commission, a certificate of an authorized representative certifying that to the best of such representative's knowledge, after a review of Utility's performance under this Servicing Order, Utility has fulfilled its obligations under this Servicing Order in all material respects and is in compliance herewith in all material respects.

**8.6. Additional Applicable Laws.**

DWR agrees, and Utility is ordered to make an effort to promptly notify the other Party in writing to the extent such Party becomes aware of any new Applicable Laws or changes (or proposed changes) in Applicable Tariffs hereafter enacted, adopted or promulgated that may have a material adverse effect on either Party's ability to perform its duties under this Servicing Order. DWR agrees, and with respect to Utility it is ordered that a Party's failure to so notify the other Party pursuant to this Section 8.6 will not constitute a material breach of this Servicing Order, and will not give rise to any right to terminate this Servicing Order or cause either Party to incur any liability to the other Party or any third party.

**8.7. Other Information.**

Upon the reasonable request of DWR or its Assign(s), Utility shall provide to the Commission and to DWR or its Assign(s) any public financial information in respect of the Utility applicable to Services provided by Utility under this Servicing Order, or any material information regarding the sale of DWR Power, surplus Power (prior to the MRTU Effective Date) or the collection of DWR Charges to the extent such information is reasonably available to Utility, which (i) is reasonably necessary and permitted by Applicable Law to monitor the performance by Utility hereunder, or (ii) otherwise relates to the exercise of DWR's rights or the discharge of DWR's duties under this Servicing Order or any Applicable Law. In particular, but without limiting the foregoing, Utility shall provide to DWR, with a copy to the Commission, any such information that is necessary or useful to calculate DWR's revenue requirements (as described in Sections 80110 and 80134 of the California Water Code) or DWR Charges and, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues.

**8.8. Customer Confidentiality.**

Nothing in this Section 8 shall affect the obligation of Utility to observe any Applicable Law prohibiting disclosure of information regarding Customers, and the failure of Utility to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8 or this Servicing Order.

**Section 9. Reserved.**

**Section 10. Amendment Upon Changed Circumstances.**

(a) The Parties are informed that compliance with any Commission decision, legislative action or other governmental action (whether issued before or after the Effective Date of this Servicing Order) affecting the operation of this Servicing Order, including but not limited to (i) dissolution of the ISO, (ii) changes in the ISO market structure, including but not limited to the Market Redesign and Technology Upgrade or a reversion related thereto, (iii) a decision regarding the “Fixed Department of Water Resources Set-Aside” as such term is defined in Section 360.5 of the California Public Utilities Code, (iv) the establishment of other Governmental Programs, (v) the establishment or implementation of Bond Charge or related charges ordered by the Commission to additional Customer Types than currently reflected in the Appendices to Attachment B and as further contemplated in Section 2.4 of Service Attachment 1 hereto, (vi) the imposition or modification of a charge or similar DWR Charge upon customers of Electric Service Providers or upon any other third party, (vii) the modification of the Operating Order, or (viii) the modification of provisions related to the sales of surplus Power made on behalf of DWR to third parties by Utility, may require that amendment(s) be made to this Servicing Order. If either Party reasonably determines that such a decision or action would materially affect the Services to be provided hereunder or the reasonable costs thereof, then upon the issuance of such decision or the approval of such action (unless and until it is stayed), DWR agrees, and Utility is ordered to negotiate the amendment(s) to this Servicing Order that is (or are) appropriate in order to effectuate the required changes in Services to be provided or the reimbursement thereof. Notwithstanding Section 5.4, if the Parties are unable to reach agreement on such amendments within sixty (60) days after the issuance of such decision or approval of such action, DWR may, and Utility shall, submit the disagreement to the Commission for proposed resolution, in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party’s choosing.

(b) The Parties are informed that this Servicing Order has not been reviewed by the rating agencies which are rating DWR’s bonds. If the rating agencies request changes to this Servicing Order, DWR agrees, and Utility is ordered to negotiate to amend this Servicing Order to accommodate the rating agency requests and will cooperate in obtaining approval of the Commission for such amendments.

(c) The Parties are informed that this Servicing Order has been modified to implement the California Governor’s Executive Order D-39-01, dated June 9, 2001, concerning load curtailment programs. Such previously negotiated amendments to this Servicing Order are incorporated in Attachment F hereto.

(d) DWR agrees, and Utility is ordered to bring to the other Party’s attention any errors or discrepancies that are discovered affecting the operation or implementation of this Servicing Order, and DWR agrees, and Utility is ordered to meet and confer upon such event to negotiate any amendments to this Servicing Order that are appropriate to correct such errors or discrepancies. If the Parties are unable to reach agreement on such amendments within sixty (60) days after the discovery of such errors or discrepancies, either party may, in the exercise of its sole discretion, submit the disagreement to the Commission for proposed resolution, in accordance with Applicable Law. Nothing

herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party's choosing.

### **Section 11. Data Retention.**

DWR agrees, and with respect to Utility is ordered that all data associated with the provision and receipt of services pursuant to this Servicing Order shall be maintained for the greater of (a) the retention time required by Applicable Law or Applicable Tariffs for maintaining such information, or (b) three years.

### **Section 12. Indemnity.**

It is ordered that Utility and, to the extent allowed under Applicable Law, DWR agrees that it (each, the "Indemnifying Party") shall defend, indemnify, and hold the other Party, together with its affiliates, and each of their respective officers, agents, employees, assigns and successors in interest (collectively, the "Indemnified Party"), harmless from and against all claims, losses, demands, actions and expenses, damages and liabilities of any nature whatsoever (collectively "Claims") with respect to the acts or omissions of the Indemnifying Party, or its officers, agents, contractors and employees, with respect to Indemnifying Party's performance of its obligations under this Servicing Order. DWR agrees, and with respect to Utility it is ordered that notwithstanding the above, the provisions of this Section 12 shall not apply to any Claims to the extent they involve the negligence, gross negligence, recklessness, willful misconduct or breach of this Servicing Order by either Indemnified Party. DWR agrees, and with respect to Utility it is ordered that each Indemnified Party shall bear its own attorneys' fees and costs under this Section 12. DWR agrees, and with respect to Utility it is ordered that the Indemnifying Party's obligations under this Section 12 shall survive termination of this Servicing Order. This Section 12 notwithstanding, DWR has made no representation that it has the express or implied legal authority to perform any obligation under this Section 12.

### **Section 13. Limitations on Liability.**

#### **13.1. Consequential Damages.**

DWR agrees, and with respect to Utility it is ordered that in no event will either Party be liable to the other Party for any indirect, special, exemplary, incidental, punitive, or consequential damages under any theory. Nothing in this Section 13.1 shall limit either Party's rights as provided in Section 12 above.

#### **13.2. Limited Obligations of DWR and Utility.**

DWR agrees that it will be liable for all amounts owing to Utility for the Services hereunder, irrespective of (a) any Customer's failure to make full and timely payments owed for DWR Charges, or (b) Utility's rights under Sections 4.3 and 7.2 to deduct certain amounts in calculating Remittances owing by Utility to DWR under Attachment B. Utility will not be required at any time to advance or pay any of its own funds in the fulfillment of its responsibilities hereunder with respect to DWR Charges, except to the

extent provided otherwise in Attachment B hereto. DWR agrees that any amounts payable by DWR under this Servicing Order shall be payable solely from monies on deposit in the Department of Water Resources Electric Power Fund established pursuant to Section 80200 of the California Water Code (the "Fund"). Neither the full faith and credit nor the taxing power of the State of California are or may be pledged for any payment under this Servicing Order. Revenues and assets of the State Water Resources Development System are not available to make payments under this Servicing Order. If monies on deposit in the Fund are insufficient to pay all amounts payable by DWR under this Servicing Order, or if DWR has reason to believe such funds may become insufficient to pay all amounts payable by DWR under this Servicing Order, DWR agrees to diligently pursue an increase to its revenue requirements as permitted under the Act from the appropriate Governmental Authority as soon as practicable.

#### **Section 14. Miscellaneous.**

##### **14.1. Independent Contractor.**

Utility and its agents and employees shall perform their obligations under this Servicing Order as independent contractors and not as officers or employees of the State of California. Notwithstanding the above, Utility shall act as the agent of DWR in billing and collecting DWR Charges or, prior to the MRTU Effective Date, DWR Surplus Energy Sales Revenues hereunder, as provided in the Act and Section 80106 of the California Water Code.

##### **14.2. Remedies Cumulative.**

DWR agrees, and with respect to Utility, it is ordered that except as otherwise provided in this Servicing Order, all rights of termination, cancellation, or other remedies in this Servicing Order are cumulative. DWR agrees, and with respect to Utility, it is ordered that the use of any remedy shall not preclude any other remedy available under this Servicing Order.

##### **14.3. Assignment.**

(a) DWR agrees, and with respect to Utility, it is ordered that except as provided in paragraphs (b), (c) and (d) below, neither Party shall assign or otherwise dispose of this Servicing Order, its right, title or interest herein or any part hereof to any entity, without the prior written consent of the other Party. DWR agrees, and with respect to Utility, it is ordered that no assignment of this Servicing Order shall relieve the assigning Party of any of its obligations under this Servicing Order until such obligations have been assumed by the assignee. DWR agrees, and with respect to Utility, it is ordered that when duly assigned in accordance with this Section 14.3(a) and when accepted by the assignee, this Servicing Order shall be binding upon and shall inure to the benefit of the assignee. DWR agrees, and with respect to Utility, it is ordered that any assignment in violation of this Section 14.3(a) shall be void.

(b) Notwithstanding the provisions of this Section 14.3, Utility may delegate its duties under this Servicing Order to an agent or subcontractor, provided that Utility shall

remain fully responsible for performance of any delegated duties and shall provide DWR with 30 calendar days' prior written notice of any such delegation, and further provided that such delegation does not, in the sole discretion of DWR, materially adversely affect DWR's or its Assigns' interests hereunder.

(c) DWR agrees, and with respect to Utility, it is ordered that DWR may assign or pledge its rights to receive performance (including payment of Remittances) hereunder to a trustee or another party ("Assign(s)") in order to secure DWR's obligations under its bonds (as that term is defined in the Act), and any such Assign shall be a third party beneficiary of this Servicing Order; provided, however, that this authority to assign or pledge rights to receive performance hereunder shall in no event extend to any person or entity that sells power or other goods or services to DWR. Notwithstanding the immediately preceding sentence, DWR may assign or pledge its rights to receive Remittances hereunder to another party in order to secure DWR's other obligations under the Act.

(d) Any person (i) into which Utility may be merged or consolidated, (ii) which may result from any merger or consolidation to which Utility shall be a party or (iii) which may succeed to the properties and assets of Utility substantially as a whole, which person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Utility hereunder, shall be the successor to Utility under this Servicing Order without further act on the part of any of the Parties to this Servicing Order; provided, however, that Utility shall have delivered to DWR and its Assign(s) an opinion of counsel reasonably acceptable to DWR stating that such consolidation, merger or succession and such agreement of assumption complies with this Section 14.3(d) and that all of Utility's obligations hereunder have been validly assumed and are binding on any such successor or assign.

(e) Notwithstanding anything to the contrary herein, DWR's rights and obligations hereunder shall be transferred, without any action or consent of either Party hereto, to any entity created by the State legislature which is required under Applicable Law to assume the rights and obligations of DWR under Division 27 of the California Water Code.

#### **14.4. Force Majeure.**

Neither Party shall be liable for any delay or failure in performance of any part of this Servicing Order (including the obligation to remit money at the times specified herein) from any cause beyond its reasonable control, including but not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, restraint by court order or Government Authority, or any combination of these causes, which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to overcome. An Insolvency Event shall not constitute force majeure. Notwithstanding anything to the contrary above, DWR agrees, and with respect to Utility it is ordered that, each Party's obligation to pay money hereunder shall continue to the extent such Party is able to make such payment, and any amounts owed by Utility hereunder and received by Utility shall

be held in trust for DWR (whether or not held together with other monies) and remitted to DWR as soon as reasonably practicable. DWR agrees, and with respect to Utility it is ordered that, any amounts paid or remitted pursuant to this Section 14.4 shall not bear interest which would otherwise accrue under Section 7.

**14.5. Severability.**

DWR agrees, and with respect to Utility, it is ordered that in the event that any one or more of the provisions of this Servicing Order shall for any reason be held to be unenforceable in any respect under Applicable Law, such unenforceability shall not affect any other provision of this Servicing Order, but this Servicing Order shall be construed as if such unenforceable provision or provisions had never been contained herein.

**14.6. Third-Party Beneficiaries.**

The provisions of this Servicing Order are exclusively for the benefit of the Parties and any permitted assignee of either Party.

**14.7. Governing Law.**

This Servicing Order shall be interpreted, governed and construed under the laws of the State of California as if executed and performed wholly within the State of California.

**14.8. Reserved.**

**14.9. Section Headings.**

Section and paragraph headings appearing in this Servicing Order are inserted for convenience only and shall not be construed as interpretations of text.

**14.10. Applicable Law.**

This Servicing Order and the Parties' obligations hereunder shall be subject in all cases to the provisions of Applicable Law, except that this Servicing Order shall have no effect on the terms of any agreement between DWR and Utility, as modified from time to time after the Effective Date hereof. Furthermore, no default under any such other agreement between the Parties shall constitute a default hereunder, and each party hereby waives any right to set off any amounts owing to it under any such other agreement against any amounts owing hereunder.

Should a conflict exist between the provisions contained in this Servicing Order (including the attachments hereto) and either Applicable Law or the 20/20 Program, the provisions of Applicable Law or the 20/20 Program, as the case may be, shall govern. In the event of a conflict between the provisions of this Servicing Order and any Attachments hereto (including each of the Service Attachments), then the provisions of the Attachments shall govern. Nothing in this paragraph shall relieve the Parties from complying with their obligations under Section 10 to make amendments to this Servicing Order to reflect changed circumstances, including any amendments necessary due to

amendments or supplements to the Operating Order or due to necessary reconciliation with the Operating Order.

**14.11. Reserved.**

**14.12. Waivers.**

DWR agrees, and with respect to Utility, it is ordered that none of the provisions of this Servicing Order shall be considered waived by either Party unless the Party against whom such waiver is claimed gives such waiver in writing. DWR agrees, and with respect to Utility, it is ordered that the failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Servicing Order or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect. DWR agrees, and with respect to Utility, it is ordered that waiver by either Party of any default by the other Party shall not be deemed a waiver of any other default.

**14.13. Reserved.**

**14.14. Notices and Demands.**

(a) DWR agrees, and with respect to Utility, it is ordered that except as otherwise provided under this Servicing Order, all notices, demands, or requests pertaining to this Servicing Order shall be in writing and shall be deemed to have been given (i) on the date delivered in person, (ii) on the date when sent by facsimile (with receipt confirmed by telephone by the intended recipient or his or her authorized representative) or electronic transmission (with receipt confirmed telephonically or electronically by the intended recipient or his or her authorized representative) or by special messenger, or (iii) seventy-two (72) hours following delivery to a United States post office when sent by certified or registered United States mail postage prepaid, and addressed as set forth below:

Utility: Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2D  
Rosemead, California 91770

Attn: Stephen Regalado  
Project Manager  
Telephone: (626) 302-4534  
Facsimile: (626) 302-8972  
Email: Stephen.Regalado@sce.com

DWR: State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: Mr. Russell Mills  
Chief Financial Management Office  
Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Email: millsr@water.ca.gov

(b) DWR agrees, and with respect to Utility, it is ordered that each Party shall be entitled to specify as its proper address any other address in the United States, or specify any change to the above information, upon written notice to the other Party complying with this Section 14.14.

(c) DWR agrees, and with respect to Utility, it is ordered that each Party shall designate on Attachment A the person(s) to be contacted with respect to specific operational matters. Each Party shall be entitled to specify any change to such person(s) upon written notice to the other Party complying with this Section 14.14.

(d) DWR agrees, and with respect to Utility, it is ordered that copies of documents required by this Servicing Order to be delivered to the Commission shall be delivered in accordance with this Section 14.14 and shall be addressed as set forth below:

California Public Utilities  
Commission 505 Van Ness Avenue,  
4th Floor San Francisco, California  
94102

Attn: Ms. Julie Fitch  
Energy Division Director  
Telephone: (415) 703-2059  
Facsimile: (415) 703-2200  
Email: jf2@cpuc.ca.gov

#### **14.15. Good Faith.**

DWR agrees to, and Utility is ordered to, perform all its actions, obligations and duties in connection with this Servicing Order in good faith.

#### **14.16. Approval.**

This 2010 Servicing Order, which amends and restates the 2007 Servicing Order, shall be effective when approved by the Commission. Except as expressly provided otherwise herein, neither Party may commence performance hereunder until such date. Any delay in the commencement of performance hereunder as a consequence of waiting for such approval(s) and the expiry of any waiting period shall not be a breach or default under this 2010 Servicing Order.

All references to the "Servicing Agreement" or to the "Agreement" in the original Servicing Agreement, the 2003 Servicing Order or the 2007 Servicing Order shall

hereafter mean this 2010 Servicing Order, unless the context requires a different interpretation. The Parties intend this 2010 Servicing Order to amend and restate the original Servicing Agreement, the 2003 Servicing Order, and the 2007 Servicing Order and in the event of irreconcilable conflict between the terms of the original Servicing Agreement, the 2003 Servicing Order, the 2007 Servicing Order and this 2010 Servicing Order, the terms of this 2010 Servicing Order shall control. The 2010 Servicing Order shall be effective at such time it has been approved by the Commission, and until such time, the 2007 Servicing Order shall remain in full force and effect, except as the 2007 Servicing Order shall have been modified by that certain Memorandum of Understanding dated as of February 4, 2009, and approved by the Commission on March 13, 2009.

**14.17. Attachments.**

The following attachments are incorporated in this Servicing Order:

Service Attachment 1 – Utility Billing Services.....	SA1-1
Service Attachment 2 – DWR Surplus Energy Sales Revenues Remittance .....	SA2-1
Attachment A – Representatives and Contacts .....	A-1
Attachment B – Remittances of DWR Charges .....	B-1
Appendix A-1: Bill Determination - Bundled Customers Bond Charge.....	A-1-1
Appendix A-2: Bill Determination - Bundled Customers Power Charge .....	A-2-1
Appendix B-1: Bill Determination - Direct Access Customers Bond Charge.....	B-1-1
Appendix B-2: Bill Determination - Direct Access Customers Power Charge .....	B-2-1
Appendix C-1: Bill Determination - Customer Generation Departing Load Bond Charge .....	C-1-1
Appendix C-2: Bill Determination - Customer Generation Departing Load Power Charge .....	C-2-1
Appendix D-1: Bill Determination - Municipal Departing Load Bond Charge.....	D-1-1
Appendix D-2: Bill Determination - Municipal Departing Load Power Charge .....	D-2-1
Appendix E-1: Bill Determination - Community Choice Aggregation Bond Charge .....	E-1-1
Appendix E-2: Bill Determination - Community Choice Aggregation Power Charge .....	E-2-1
Attachment C – Sample Daily and Monthly Reports.....	C-1
Attachment D – [Reserved] .....	D-1
Attachment E – Additional Provisions.....	E-1
Attachment F – Calculation Methodology for Reduced Remittances Pursuant to 20/20 Program for 2001 and 2002.....	F-1
Attachment G – SCE Fee Schedule .....	G-1
Attachment H – [Not Applicable].....	H-1
Attachment I – Letter Agreement dated February 28, 2002, and Amended as of March 18, 2002 .....	I-1

**SERVICE ATTACHMENT 1**  
**SOUTHERN CALIFORNIA EDISON COMPANY**  
**UTILITY BILLING SERVICES**

**Section 1. Establishment and Maintenance of Utility Billing Services.**

To the extent appropriate under Applicable Commission Orders, under Utility Billing Services with respect to Customers, Utility will include DWR Charges with its Utility Charges on such Customers' Utility Bills on a consolidated basis. In addition, to the extent appropriate under Applicable Commission Orders, Utility will calculate appropriate DWR Charges under or pursuant to Applicable Law with respect to all Customers and collect DWR Charges by preparing and presenting Utility Bills or by causing to be prepared and presented Non-Utility Bills. In the event that any portions of DWR Charges are to be collected by a Non-Utility, with bills that have been calculated and prepared by Utility, Utility will cause the appropriate DWR Charges to be included in such Non-Utility Bills for collection on behalf of DWR.

**Section 2. Utility Billing Services Procedures.**

**2.1. Compliance with Metering Standards.** Except to the extent that such Services are provided by a third party:

- (a) Utility shall comply with all metering standards pursuant to Applicable Tariffs.
- (b) Utility shall read and validate data from meters, and edit and estimate such data, under the terms of Applicable Tariffs.
- (c) Utility shall maintain, store and provide current and historical meter and usage data as required by Applicable Tariffs.

**2.2. Presentation of DWR Charges on Utility Bill.**

- (a) DWR Charges shall appear on all Utility Bills or Non-Utility Bills on consolidated basis with Utility Charges in the manner and at the time required by Applicable Law and Applicable Tariffs.
- (b) Notwithstanding subsection (a) above, the Utility may change the manner of bill presentation of DWR Charges upon the agreement of DWR or at the request of DWR and upon agreement by the Utility. Such agreement by DWR or Utility is not to be unreasonably withheld.
- (c) Notwithstanding subsections (a) and (b) above, no change shall be made to Utility Bill formats without the approval of the Commission, if the Commission's approval is required under Applicable Law and Applicable Tariffs.

(d) Notwithstanding subsections (a), (b), and (c) above, the Utility Bill shall (i) at all times contain a separate line item for Bond Charge, if applicable, and (ii) (A) so long as DWR is providing Power to Bundled Customers, contain a statement to the effect that the Utility Bills include charges for power provided by DWR for which DWR is collecting “X” cents per kilowatt hour (where X = the applicable Power Charge rate) or, (B) in the case of Customers other than Bundled Customers who are subject to any cost determined to be ongoing DWR power charge component of CRS, then indicate that Utility Bills include Cost Responsibility Surcharge for which DWR is collecting “X” cents per kilowatt hour (where X = the applicable CRS component rate).

### **2.3. Billing Costs.**

DWR agrees that Utility shall be reimbursed for the reasonable costs of the Billing Services it performs for DWR under this Servicing Order, except for those costs that would have been incurred in providing Billing Services for Customers in the absence of this Servicing Order. DWR agrees that the Commission has jurisdiction to address any dispute concerning the reasonableness of the costs of Billing Services charged to DWR under this Servicing Order.

### **2.4. Adjustments to DWR Charges.**

Utility will resolve all disputes with Customers subject to Utility Billing Service relating to DWR Charges consistent with Applicable Tariffs and prevailing industry standards. Utility will not waive any late payment fee or modify the terms of payment of any amounts payable by Customers subject to Utility Billing Services unless such action is consistent with the action taken with respect to its own Charges and Applicable Tariffs.

In the event that DWR is entitled by Applicable Law to collect any additional charge as a component of DWR Charges, DWR agrees, and Utility is ordered to negotiate the amendment(s) to this Servicing Order that is (or are) appropriate in order to facilitate the calculation and collection of such a charge, and any such amendment shall be submitted to the Commission for approval. For purposes of this paragraph of Section 2.4, “charge” means any amount that DWR is entitled, under Applicable Law, to assess and collect from a Customer and is intended to be included in the term DWR Charges.

### **2.5. Format of Utility Bills.**

Utility shall conform to such requirements in respect of the format, structure and text of Utility Bills as Applicable Law and Applicable Tariffs shall from time to time prescribe. Utility shall, subject to the requirements of Sections 1 and 2 of this Service Attachment 1, determine the format and text of Utility Bills in accordance with its reasonable business judgment, and its policies and practices with respect to its own charges.

### **2.6. Customer Notices.**

(a) If DWR Charges are revised at any time, Utility shall, to the extent and in the manner and timeframe required by Applicable Law, provide Customers subject to Utility Billing Services with notice announcing such revised DWR Charges. Such notice shall,

as appropriate, include publication, inserts to or in the text of the bills or on the reverse side of bills delivered to such Customers, and/or such other means as Utility may from time to time use to communicate with its Customers subject to Utility Billing Services. The format of any such notice shall be determined by the mutual agreement of the Parties, subject to approval by the Commission's public advisor.

(b) In addition, at least once each year, to the extent permitted by Applicable Law, Utility shall cause to be prepared and delivered to Customers subject to Utility Billing Services a notice stating, in effect, that DWR Power and DWR Charges, including such CRS components of DWR Charges, are owned by DWR and not the Utility, in the case where Utility Bills are presented. Such notice shall be included, in a manner and format to be agreed upon by the Parties, subject to approval by the Commission's public advisor, either as an insert to or in the text of the bills or on the reverse side of bills delivered to such Customers subject to Utility Billing Services or shall be delivered to such Customers by electronic means or such other means as Utility may from time to time use to communicate with such Customers.

(c) To the extent that any DWR Charges are collected through Non-Utility Bills, Utility shall notify the Non-Utility as to any notices and provide inserts or the text of such notices to be sent to Customers. At least once each year, such notice to be sent by a Non-Utility shall consist of the notice described in Section 2.6(b) above, stating, in effect, that DWR Power and DWR Charges, including such CRS components of DWR Charges, are owned by DWR and not the Non-Utility performing the billing and collection services.

## **2.7. Delivery.**

Utility shall deliver or cause to be delivered all Utility Bills (i) by United States Mail in such class or classes as are consistent with policies and practices followed by Utility with respect to its own charges or (ii) by any other means, whether electronic or otherwise, that Utility may from time to time use to present its own charges to Customers. In the case of Utility Billing Service, Utility shall pay from its own funds all costs of issuance and delivery of Utility Bills, including but not limited to printing and postage costs as the same may increase or decrease from time to time, except to the extent that the presentation of DWR Charges and any associated bill messages or notices (including, without limitation, bill inserts and published notices) materially increase the costs in which case such increase in costs shall be borne solely by DWR. To the extent practicable, Utility agrees to give DWR seven calendar days' prior written notice of any such additional costs. Any such increased costs shall be invoiced to DWR as Additional Charges and shall be subject to the provisions of Section 7 of the Servicing Order.

## **Section 3. Customer Payments.**

Utility shall permit Customers receiving Utility Bills to pay DWR Charges through any of the payment options then offered by Utility to such Customers for payment of Utility Charges appearing on the Utility Bill. Utility shall not permit Customers to direct how partial payments of balances due on Utility Bills will be applied. Utility will credit all

payments received from a Customer as set forth in Attachment B hereto and Appendices thereto.

#### **Section 4. Collection and Nonpayment.**

##### **4.1. Collection of DWR Charges.**

Utility will collect or cause to be collected DWR Charges in accordance with its standard practices, and will notify Customers subject to Utility Bills of amounts overdue for DWR Charges in accordance with such practices. Such collection practices shall conform to all requirements of Applicable Law and Applicable Tariffs. Utility will post all payments for DWR Charges as promptly as practicable, including all payments received from any Non-Utility which are components of DWR Charges, but in no case less promptly than Utility posts payments for Utility Charges.

##### **4.2. Termination of Customer's Electrical Service.**

Utility shall adhere to and carry out disconnection policies in accordance with Applicable Law.

#### **Section 5. Taxes and Fees Service.**

Subject to Section 7.3, Utility will calculate and collect through Utility Bills or Non-Utility Bills and remit to the various authorities the taxes and fees assessed to Customers on DWR Charges.

#### **Section 6. Late Payments.**

In the event that Utility receives late payment interest charges from a Customer subject to Utility Billing Service, such payment shall be allocated to DWR based upon the same proportion that DWR Charges bear to the total Utility Charges on the Utility Bill. Utility shall not allocate to DWR any other late payment service charges or collection fees (including but not limited to disconnection or reconnection services or similar charges related to Customer defaults).

## SERVICE ATTACHMENT 2

### SOUTHERN CALIFORNIA EDISON COMPANY

#### DWR SURPLUS ENERGY SALES REVENUES REMITTANCE

Consistent with the principles set forth in Exhibits C and D of the Operating Order (as such Exhibits may be amended or supplemented on or after the Effective Date of the 2007 Servicing Order), prior to the MRTU Effective Date Utility shall determine and remit DWR Surplus Energy Sales Revenues, consisting of Preliminary Forward Monthly Surplus Energy Sales Remittance Amount, Delivery Month Forward Surplus Energy Sales True-up Amount and Monthly Real Time Surplus Energy Sales Remittance Amount with respect to each Delivery Month, all as further provided in this Service Attachment 2. Each "Delivery Month" consists of all days prior to the MRTU Effective Date within a calendar month of the Term, including the calendar month of the date immediately preceding the MRTU Effective Date. Any capitalized term used but not defined in this Service Attachment 2 shall have the meanings provided in Exhibit C of the Operating Order or this Servicing Order.

#### 1. Definitions.

"Preliminary Hourly DWR Forward Surplus Energy Sales Amount" is the product of (i) the Preliminary Hourly DWR Surplus Energy Percentage multiplied by (ii) the hourly Surplus Energy Sales Revenues resulting from Forward Market Sales determined in accordance with the principles in Exhibit C of the Operating Order. The Preliminary Hourly DWR Surplus Energy Percentage is the DWR Surplus Energy Percentage determined in accordance with the principles in Exhibit C of the Operating Order using the most up-to-date scheduled DWR Supply and Utility Supply information available to Utility and a reasonable estimate of ISO Uninstructed Energy.

"Final Hourly DWR Forward Surplus Energy Sales Amount" is the product of (i) the Final Hourly DWR Surplus Energy Percentage multiplied by (ii) the hourly Surplus Energy Sales Revenues resulting from Forward Market Sales determined in accordance with the principles in Exhibit C of the Operating Order. The Final Hourly DWR Surplus Energy Percentage is the DWR Surplus Energy Percentage determined in accordance with the principles in Exhibit C of the Operating Order using the final scheduled DWR Supply and Utility Supply and ISO Uninstructed Energy from the ISO Final Settlement Statements and supporting details.

"Hourly DWR Real Time Surplus Energy Sales Amount" is DWR's share of the hourly Surplus Energy Sales Revenues resulting from the ISO Real Time Market Sales determined in accordance with the principles in Exhibits C and D of the Operating Order.

2. Preliminary Monthly Forward Surplus Energy Sales Remittance Amount. By the 23rd day or the following Utility Business Day of the month immediately following each Delivery Month (each, a "Monthly Settlement Date"), Utility shall calculate and notify DWR in writing as to the "Preliminary Monthly Forward Surplus Energy Sales Remittance Amount," which is the aggregation of all Preliminary Hourly DWR Forward Surplus Energy Sales Amounts within the Delivery Month. By the Monthly Settlement Date, the calculation of the Preliminary Monthly Forward Surplus Energy Sales Remittance Amount shall be presented to

DWR in the Preliminary Forward Surplus Energy Sales Calculation Summary Report substantially in the form set forth in Section 2C of Attachment C to this Servicing Order.

By the Monthly Settlement Date, Utility shall remit to DWR the Preliminary Monthly Forward Surplus Energy Sales Remittance Amount to the extent that Utility received such revenues as of the Monthly Settlement Date. The remittance of the Preliminary Monthly Forward Surplus Energy Sales Remittance Amount shall be accompanied by an entry in the Forward Surplus Energy Sales Payment Report, substantially in the form set forth in Section 2A of Attachment C to this Servicing Order.

3. Final Monthly Forward Surplus Energy Sales Remittance Amount. By the Monthly Settlement Date that immediately follows a due date of the ISO Monthly Final Market Invoice for a Delivery Month (each, a “Final Monthly Settlement Date”), Utility shall calculate the “Final Monthly Forward Surplus Energy Sales Remittance Amount,” which is the aggregation of all Final Hourly DWR Forward Surplus Energy Sales Amounts within the subject Delivery Month (which is the same period as the subject trade month of the ISO Invoice) and any Additional Adjustments contemplated in Section 7 of this Service Attachment 2 that pertain to Forward Market Sales. By the same date, Utility shall present the calculation of the Final Monthly Forward Surplus Energy Sales Remittance Amount to DWR in the Final Forward Surplus Energy Sales Calculation Summary Report substantially in the form set forth in Section 2D of Attachment C to this Servicing Order.

4. Delivery Month Forward Surplus Energy Sales True-up Amount. By the Final Monthly Settlement Date for a Delivery Month, Utility will subtract the Preliminary Monthly Forward Surplus Energy Sales Remittance Amount previously remitted to DWR for the subject Delivery Month from the Final Monthly Forward Surplus Energy Sales Remittance Amount as set forth in Section 3 of this Service Attachment 2 to determine the “Delivery Month Forward Surplus Energy Sales True-up Amount” and present such calculation as appropriate entries in the Final Forward Surplus Energy Sales Calculation Summary Report as specified in Section 2D of Attachment C to this Servicing Order. By the same date, Utility shall either remit the Delivery Month Forward Surplus Energy Sales True-up Amount to DWR if the amount is positive and to the extent that Utility received such revenues as of the Final Monthly Settlement Date. If the Delivery Month Forward Surplus Energy Sales True-up Amount is negative, this negative True-up Amount may be used to offset the prospective Preliminary Monthly Forward Surplus Energy Sales Remittance Amount, and if the negative True-up Amount exceeds the prospective Preliminary Monthly Forward Surplus Energy Sales Remittance Amount, the Utility and DWR shall confer concerning the offset of the excess amount. Any remittances or request for DWR payment pertaining to Forward Market Sales to be prepared under this Section 4 shall be accompanied by an appropriate entry in the Forward Surplus Energy Sales Payment Report as specified in Section 2A of Attachment C to this Servicing Order.

5. Monthly Real Time Surplus Energy Sales Remittance Amount. By the fifteenth (15<sup>th</sup>) Utility Business Day following the due date of the ISO Monthly Final Market Invoice for a Delivery Month, (each, a “Real Time Surplus Energy Sales Settlement Date”), Utility shall calculate the “Monthly Real Time Surplus Energy Sales Remittance Amount”, which is the aggregation of all Hourly DWR Real Time Surplus Energy Sales Amounts within the subject Delivery Month and any Additional Adjustments contemplated in Section 7 of this Service

Attachment 2 that pertain to Real Time Market Sales. By the Real Time Surplus Energy Sales Settlement Date, Utility shall present the calculation of the Monthly Real Time Surplus Energy Sales Remittance Amount to DWR in the Real Time Surplus Energy Sales Summary Report substantially in the form set forth in Section 2E of Attachment C to this Servicing Order. By the same date, Utility shall either remit the Monthly Real Time Surplus Energy Sales Remittance Amount to DWR if the amount is positive and to the extent that Utility received such revenues as of the date, or cause DWR to pay the Monthly Real Time Surplus Energy Sales Remittance Amount to Utility if the amount is negative. Any remittances or request for DWR payment pertaining to Real Time Market Sales to be prepared under this Section 5 shall be accompanied by an appropriate entry in the Real Time Surplus Energy Sales Payment Report as specified in Section 2B of Attachment C to this Servicing Order. Utility may net the Monthly Real Time Surplus Energy Sales Remittance Amount against any amount DWR owes the Utility only if such amount resulted from Real Time Market Sales and Utility has obtained explicit consent by DWR on a case by case basis.

Utility shall also provide to DWR the Real Time Surplus Energy Sales Calculation Resource Location ID Master List in accordance to the timeline and substantially in the form set forth in Section 2F of Attachment C to this Servicing Order.

6. Adjustments and True-ups. If for any period of three consecutive months, the absolute value of the difference between the three-month aggregate Preliminary Monthly Surplus Energy Sales Remittance Amount and the three-month aggregate Final Monthly Surplus Energy Sales Remittance Amount resulting from Forward Market Sales is greater than 10% for such period, the Parties shall negotiate changes to the methodology provided in this Service Attachment 2 so as to reasonably reduce the Forward Market Sales portion of the Delivery Month Surplus Energy Sales True-up Amount for future months. Either Party may, in addition to any other remedies available to the Party, submit the matter to the Commission or other appropriate forum for resolution in the event that the Parties cannot mutually agree to a revised methodology.

7. Additional Adjustments. The Final Monthly Forward Surplus Energy Sales Remittance Amount and the Monthly Real Time Surplus Energy Sales Remittance Amount of a month may also reflect any Additional Adjustments that occur after the Final Monthly Settlement Date for any Delivery Month and the Real Time Surplus Energy Sales Settlement Date, respectively. Additional Adjustments shall consist of any Delivery Month Forward Surplus Energy Sales True-up Amount that Utility received after the Final Monthly Settlement Date, any Real Time Surplus Energy Sales adjustments that Utility received after the Real Time Surplus Energy Sales Settlement Date, and those adjustments mutually agreed to by the Parties, adjustments as a result of settled disputes between the Utility and the third-party purchaser of surplus Power or adjustments expressly permitted under the Contract Allocation Order or by Applicable Law or the Operating Order, as may be amended from time to time.

Each Additional Adjustment shall be accompanied by a detailed written report in a form to be mutually acceptable to the receiving Party. As reasonably requested by DWR, Utility shall provide supporting documentation of any Additional Adjustments.

8. DWR Right to Verify Monthly Surplus Energy Sales Remittance Amount. DWR agrees that it shall have the right but not the obligation following the receipt of the Final Surplus Energy Sales Calculation Summary Report for each Delivery Month to conduct such verification procedures as determined reasonably necessary. In the event that DWR does not agree with the Final Monthly Surplus Energy Sales Remittance Amount following its verification and to the extent that informal procedures do not resolve the differences identified by DWR, DWR agrees that it will notify Utility in writing of a dispute with respect to such remitted amount. If the Parties are unable to resolve any disputes relating to such DWR Surplus Sales Energy Revenues, either Party may, upon giving five Business Days' notice to the other Party pursue such appropriate remedies including the submission of the dispute to the Commission or other appropriate forum for proposed resolution.

**ATTACHMENT A**  
**SOUTHERN CALIFORNIA EDISON COMPANY**  
**REPRESENTATIVES AND CONTACTS**

A. Parties Representatives:

Utility Representative:

Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2D  
Rosemead, CA 91770

Attn: Stephen Regalado, Project Manager  
Telephone: (626) 302-4534  
Facsimile: (626) 302-8972  
Email: Stephen.Regalado@sce.com

DWR Representative:

State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, CA 95825

Attn: Russell Mills  
Chief Financial Management Office  
Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Cellular: (916) 539-8198  
Email: millsr@water.ca.gov

B. Utility Contact Persons:

The Utility shall make the following contact person(s) available with respect to the operational matters described below:

1. Billing Services:

Primary Utility Contact:  
Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2D  
Rosemead, CA 91770

Attn: Stephen Regalado, Project Manager  
Telephone: (626) 302-4534  
Facsimile: (626) 302-8972  
Email: Stephen.Regalado@sce.com

Secondary Utility Contact:  
Southern California Edison Company  
P.O. Box 6109,  
Covina, CA 91722

Attn: Isabel Correa-Zaragosa, Tariff Compliance & Implementation  
Telephone: (626) 967-8210  
Facsimile: (626) 967-8261  
Email: Isabel.Correazaragosa@sce.com

2. Scheduling, delivery and transmission:

Primary Utility Contact:  
Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2D  
Rosemead, CA 91770

Attn: Stephen Regalado, Project Manager  
Telephone: (626) 302-4534  
Facsimile: (626) 302-8972  
Email: Stephen.Regalado@sce.com

Secondary Utility Contact:  
Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2B  
Rosemead, CA 91770

Attn: Mark Reardon, Energy Supply and Marketing  
Telephone: (626) 302-3288  
Facsimile: (626) 302-3276  
Email: Mark.Reardon@sce.com

3. Surplus Energy Power Sales Remittances:

Primary Utility Contact:  
Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2D  
Rosemead, CA 91770

Attn: Stephen Regalado, Project Manager  
Telephone: (626) 302-4534  
Facsimile: (626) 302-8972  
Email: Stephen.Regalado@sce.com

Secondary Utility Contact:  
Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2B  
Rosemead, CA 91770

Attn: Mark Reardon, Energy Supply and Marketing  
Telephone: (626) 302-3288  
Facsimile: (626) 302-3276  
Email: Mark.Reardon@sce.com

4. Utility Filings Impacting DWR Charges:

Primary Utility Contact:  
Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2D  
Rosemead, CA 91770

Attn: Stephen Regalado, Project Manager  
Telephone: (626) 302-4534  
Facsimile: (626) 302-8972  
Email: Stephen.Regalado@sce.com

Secondary Utility Contact:  
Southern California Edison Company  
2244 Walnut Grove Ave.  
Rosemead, CA 91770

Attn: Doug Snow, Regulatory Policy and Affairs  
Telephone: (626) 302-2035  
Facsimile: (626) 302-1626  
Email: Douglas.Snow@sce.com

C. DWR Contact Persons:

DWR will make the following contact persons available with respect to each of the operational matters described in Section B above:

State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: Russell Mills,  
Chief Financial Management Office  
Telephone: (916) 574-2756  
Facsimile: (916) 574-0301  
Cellular: (916) 539-8198  
Email: [millsr@water.ca.gov](mailto:millsr@water.ca.gov)

With a copy to:

Michael Wofford,  
Chief IOU Remittance Section  
Telephone: (916) 574-0317  
Facsimile: (916) 574-2214  
Email: [mwofford@water.ca.gov](mailto:mwofford@water.ca.gov)

**ATTACHMENT B**  
**SOUTHERN CALIFORNIA EDISON COMPANY**  
**REMITTANCES OF DWR CHARGES**

Consistent with the remittance methodology set forth in this Attachment B, SCE shall remit DWR Charges, consisting of all applicable Fund Types with respect to each applicable Customer Type, on each Utility Business Day of the Term.

A. Billing and Remittances of DWR Charges

In providing Utility Billing Services set forth in Service Attachment 1, SCE shall calculate the amount included in individual customer bills for each applicable DWR Charge Fund Type of the Customer Type as provided in the corresponding Appendix to this Attachment B. By the seventh (7<sup>th</sup>) Utility Business Day after the end of a trade month, SCE will provide a written report to DWR (the “Monthly Consolidated Report”) substantially in the form set forth in Section 1C of Attachment C and a “Monthly Billing Report” substantially in the form set forth in Section 1B of Attachment C.

Customer payments for DWR Charges will be collected by SCE as an agent for DWR. SCE shall remit payments for DWR Charges on each Utility Business Day following the process described in Section B of this Attachment B. Payments for Utility Bills will be allocated and applied using SCE’s payment posting priority process described below. All partial payments to SCE for Utility Bills will be prorated based on the payment posting priority. During SCE’s nightly Account Receivables System process on any Utility Business Day, payments that SCE collects on behalf of DWR will be identified and aggregated separately for each Fund Type on each Customer Type and applied as DWR Charges. On the next Utility Business Day, SCE will identify and process payments to DWR for amounts collected. DWR will receive a separate payment for DWR Charges of each Fund Type on each Customer Type directly from SCE on the second (2nd) Utility Business Day for an electronic funds transfer credits to DWR. The Parties’ first preference for electronic funds transfer will be by ACH and its secondary preference will be by wire transfer. SCE process timing will dictate which electronic funds transfer will be used.

With respect to each Daily Remittance of DWR Charges, SCE shall clearly identify the appropriate Fund Type and Customer Type. In determining the Daily Remittance amount of a Fund Type on an applicable Customer Type, SCE may net the amount due to DWR against the amount owed to SCE only if both amounts belong to the same Fund Type on the same applicable Customer Type and SCE has obtained explicit consent from DWR on a case by case basis; provided, however, under certain circumstances as mutually determined appropriate by SCE and DWR, SCE may net a component of DWR Charges due to DWR from a different Fund Type and Customer Type than as contemplated in this paragraph.

DWR Outbound Payment: Proposed Process for Wire Transfer and Timeline

1. Customer statements are sent out.

2. Utility Business Day 0 - SCE receives payment.
3. Utility Business Day 0 - SCE Accounts Receivable System allocates payments per SCE's payment posting priority and applies DWR portion to pre-established AR reporting categories.
4. Utility Business Day 1 – Daily report of payments applied to DWR Charges from previous nights payment processing is generated by approximately 9:00 A.M.
5. Utility Business Day 1 - Cash vouchers for DWR payments generated by approximately 10:00 A.M.
6. Utility Business Day 1 – Cash vouchers approved and DWR payments entered into Accounts Payable system for processing by approximately 11:00 A.M.
7. Utility Business Day 2 – SCE Cash Management receives DWR Accounts Payable instructions by 10:00 A.M. Note: All SCE payables (cash vouchers) for the day must be received by 10:00 A.M. to be processed and analyzed to ensure funds are available.
8. Utility Business Day 2 - Wire Payment is sent to DWR no later than 12:00 P.M.

#### DWR Outbound Payment: ACH Process and Timeline

1. Customer statements are sent out.
2. Utility Business Day 0 - SCE receives payment.
3. Utility Business Day 0 - SCE Account Receivables System allocates payments per SCE's payment posting priority and applies DWR portion to pre-established AR reporting categories.
4. Utility Business Day 1 – Daily report of payments applied to DWR Charges from previous nights payment processing is generated by approximately 9:00 A.M.
5. Utility Business Day 1 – EDI file is prepared for Mellon Bank for DWR. ACH payment generated by approximately 10:00 A.M.
6. Utility Business Day 1 – Mellon Bank receives EDI file and schedules ACH payment for DWR by approximately 11:00 A.M.
7. Utility Business Day 2 – ACH payment is sent to DWR by 12:00 P.M.

Adjustments for misapplied payments, returned checks, payment transfers, miscellaneous adjustments, excess 20/20 credits greater than DWR Charges, and any routine billing or payment corrections will be reflected in Daily Remittance of the appropriate Fund Type of the Customer Type as those adjustments are made in SCE's billing system.

All Daily Remittances of DWR Charges shall be accompanied by a single Daily Remittance Report substantially in the form set forth in Section 1A of Attachment C separately identifying the remitted amounts of individual Fund Types on each applicable Customer Type.

B. Collection of DWR Charges

SCE will follow its existing collection policies and practices consistent with Applicable Law and Applicable Tariffs and apply them to both SCE and DWR Charges. As permitted by Applicable Law and Applicable Tariffs, SCE will disconnect Customers' electric service for unpaid DWR Charges, in the same manner as SCE disconnects for its own charges.

For accounting purposes, SCE's uncollectible balances are written off 180 days after the final statement is issued. At this time, SCE will continue to present uncollected DWR Charges on the Monthly Consolidated Report. SCE will continue to collect and remit DWR payments as received until any one of the following occur:

- Three years after the final statement is issued
- Notification of a customer's death
- Notification of a customer's filing for bankruptcy protection
  - DWR is responsible for filing claim on DWR Charges included in a bankruptcy filing.
  - SCE will continue to bill and pursue post petition DWR charges.
- Total balance due is \$15.00 or less

Responsibility for collection of any DWR Charges that remain unpaid after one of the above conditions occurs will revert to DWR.

C. Deposits Securing DWR Charges

SCE will collect security deposits from Customers and return those security deposits to Customers in accordance with Applicable Tariffs. Such security deposits will be applied based on SCE's payment posting priority in the event a security deposit is applied to a customer's energy account.

D. Other Operating Revenue Collected by SCE

DWR shall have no rights to charges associated with SCE's collection or payment activities, including but not limited to, returned check charge, reconnection of service charge, field assignment charge, and QuickCheck charge. However, in accordance with Section 6 of Service Attachment 1, late payment interest charges assessed on DWR Charges will be remitted to DWR when collected.

E. Payment Posting Priority Process for Utility Billing

Payment posting rules for Utility Bills will assign equal priority to DWR Power Charge, DWR Bond Charge, SCE Energy, Utility User’s Tax (“UUT”), and Edison On Call (“EOC”) charges (together, “Priority Charges”) by statement. Payments will be prorated among all categories of unpaid Priority Charges based on the amount owing in each statement. Priority Charges are paid first statement by statement. Any other non-priority charges will be paid with any remaining credit balance.

*Payment Posting Rules*

1. Payments will be applied to the oldest statements and payment arrangements, first.
2. For customer accounts with no ESP charges outstanding, within each statement or Payment Arrangement installment, the payment/credit will be prorated among all unpaid Priority Charges based on the amount owing in each category, in the following illustrative manner.

Example 1: Customer Without Outstanding ESP Charge(s)

<b>Sample:</b>	SCE	DWR Power Charge	DWR Bond Charge	UUT	EOC	Total
Bill due 6/10/05	\$30.00	\$50.00	\$10.00	\$5.00	\$5.00	\$100.00
% Of Total Charges	30%	50%	10%	5%	5%	100%
Payment 6/25/05	\$15.00	\$25.00	\$5.00	\$2.50	\$2.50	\$50.00
% Of Total Payment	30%	50%	10%	5%	5%	100%

3. For customer accounts with ESP charges outstanding, within each statement or Payment Arrangement installment, the payment/credit will be prorated among all unpaid disconnectable Priority Charges (SCE and all DWR Customer/Fund types) based on the amount owing in each category. After all disconnectable Priority Charges are paid for a statement/installment, the remaining payment/credit will be prorated amount all non-disconnectable charges (ESP, UUT, and EOC), in the following illustrative manner.

Example 2: Customer With Outstanding ESP Charge(s)

<b>Sample:</b>	SCE	DWR DA CRS Power Charge	DWR DA CRS Bond Charge	ESP	UUT	EOC	Total
Bill due 6/10/05	\$30.00	\$30.00	\$10.00	\$20.00	\$5.00	\$5.00	\$100.00
% Of Total Charges	30%	30%	10%	20%	5%	5%	100%
Payment 6/25/05	\$15.00	\$15.00	\$5.00	\$0.00	\$0.00	\$0.00	\$35.00
% Of 6/25/05 Payment	43%	43%	14%	0%	0%	0%	100%
Payment 6/30/05	\$15.00	\$15.00	\$5.00	\$10.00	\$2.50	\$2.50	\$50.00

% Of 6/30/05 Payment	30%	30%	10%	20%	5%	5%	100%
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F. Reporting of DWR Charges Billing, Collection and Remittance

Prior to the Effective Date of the 2007 Servicing Order, SCE sent e-mail notices to DWR each week beginning with data from January 22, 2003 that provided the following billing data or information of DWR Charges as such charges became effective.

- Daily aggregate of billed individual Customer electric consumptions (Total and DWR) for the following customer categories:
  - Bundled
  - Direct Access
  - Community Choice Aggregation (effective June 15, 2005)
- Daily aggregate of billed individual Customer consumptions exempt from Bundled Customer Bond Charges for each of the customer categories identified above, for service periods where Bundled Bond charges were effective.

Further, SCE sent e-mail notices to DWR on each Utility Business Day that provided the following remittance information of DWR Charges as such charges became effective:

- Remittance processing date
- Daily remittance amounts for each Fund Type on each applicable Customer Type, with the exception that CGDL Bond Charge remittance amount was combined with the Bond Charge remittance amount of Bundled Customers
- DWR Percentage (see Appendix A-2 for definition)

Also prior to the Effective Date of the 2007 Servicing Order, SCE sent by e-mail to DWR Monthly Consolidated Report with billing, collection and remittance data or information for each Fund Type on each applicable Customer Type as such charges became effective, with the exception that the reporting of CGDL Bond Charge billing and collection information were included in the reporting for Bundled Customers and not separately identified. SCE provided a manual report to separately present to DWR the billing, but not collection, data of CGDL Bond Charge.

1. Billing

- Prior month and year-to-date aggregates of billed dollar amounts
- Prior month and year-to-date aggregates of billed dollar amounts for late payment charge,
- Prior month and year-to-date aggregates of dollar amounts of unbillables and
- Prior month and year-to-date aggregates of dollar amounts of billing adjustments.

2. Collection

- Prior month and year-to-date aggregates of collected dollar amounts and

- Prior month and year-to-date aggregates of collected dollar amounts of late payment charge.
3. Remittance
    - Prior month and year-to-date aggregates of adjustments to remittance and
    - Prior month and year-to-date aggregates of dollar amounts remitted to DWR.
  4. Outstanding Receivables
    - Outstanding receivables reported for the following aging durations:
      - Pending bill presentation
      - Aged between 0 to 30 days
      - Aged between 31 to 60 days
      - Aged between 61 to 90 days
      - Aged between 91 to 120 days
      - Aged between 121 to 180 days
      - Aged between 181 days to 3 years
  5. Pending bill presentation amounts for the following age durations:
    - Aged between 0 to 35 days
    - Aged between 36 to 70 days
    - Aged between 71 days to 3 years

In addition, the billed individual Customer consumption and dollar amount for a DWR Charge Fund Type of a Customer Type in the billing data or information listed above will have been and will continue to be determined consistent with the methodology provided in the appropriate Appendix to this Attachment B.

On and after the Effective Date of the 2007 Servicing Order, SCE provided a Monthly Consolidated Report for all Fund Types on all applicable Customer Types to DWR no later than on the seventh (7<sup>th</sup>) Utility Business Day of the following month. SCE will provide this report and other reports contemplated in Attachment B substantially in the forms set forth in Attachment C or as may from time to time be modified as mutually agreed to by the Parties or ordered by the Commission. To the extent that a different Power Charge or Bond Charge rate is to be applied to a sub-group within a Customer Type identified in the 2007 Servicing Order pursuant to a future Applicable Commission Order, unless SCE and DWR mutually agrees to a different reporting format, SCE will provide the same type of information for any sub-group identified within that Customer Type that is reported for the original Customer Type.

#### G. Historical Remittance Methodologies

Historical remittance methodologies for specific Fund Types on specific Customer Types for specific historical time periods may differ from the remittance methodologies described in

this Attachment B. Such historical remittance methodologies are included in the appropriate Appendices to this Attachment B.

#### H. Utility Filings Impacting DWR Charges.

To the extent that SCE intends to revise (i) any effective remittance rate for any DWR Charge or (ii) any SCE collected rates which would modify the effective remittance rate for any CRS component, in either case, applicable to a Customer Type being collected under the 2007 Servicing Order through a filing prepared and submitted by SCE to the Commission (hereinafter “DWR Charge Revision”), SCE will notify DWR of any such future Commission filings as provided in this Paragraph. Unless the Commission fails to provide SCE with at least two (2) Utility Business Days’ notice of a requirement to file a DWR Charge Revision, no less than two (2) Utility Business Days prior to SCE’s submission of the filing to the Commission, SCE will notify the DWR Contact Persons listed in Section C of Attachment A (“DWR Contact Persons”) or other DWR representative as mutually agreed to by the Parties, that SCE intends to submit a filing to the Commission that changes the effective DWR Charge remittance rate; provided, however, that in the event that SCE has less than two (2) Utility Business Days’ notice of a requirement to file, SCE will notify DWR as soon as is practicable. In the event that the Commission has directed SCE and DWR to work collaboratively on the DWR Charge Revision, SCE will provide the relevant supporting work papers for the DWR Charge Revision to DWR no later than the time SCE provides notice as specified in this paragraph. With respect to all other DWR Charge Revisions filed by SCE, after filing of the DWR Charge Revision with the Commission, SCE will provide the relevant supporting work papers for a DWR Charge Revision if such papers are requested by DWR. Upon submission of the filing to the Commission, SCE will forward a copy of the final SCE filing to the DWR Contact Persons within two (2) Utility Business Days of the filing date. When the Commission notifies SCE of its action concerning the filing, SCE will provide a copy of the Commission’s letter, resolution, or other document concerning the filing to the DWR Contact Persons within five (5) Utility Business Days of receipt thereof. SCE further agrees to maintain a summary of its Commission filings concerning DWR Charges and other matters covered by the 2007 Servicing Order, and SCE will forward an updated copy of such summary to the DWR Contact Persons within 30 days of the end of each calendar quarter. SCE’s non-compliance with its obligations under this Paragraph H will not constitute a material breach under the 2007 Servicing Order and shall not be considered an Event of Default under the 2007 Servicing Order.

#### I. Collection of DWR Charges through Non-Utility Bills

In the event that any component of DWR Charges are calculated by SCE but billed and collected through Non-Utility Bills that are not required to be remitted at the “billed amount”, SCE will provide daily and monthly reports with respect to collections remitted through Non-Utility Bills in the same format as the Fund Type of the Customer Type provided in Attachment C of the 2007 Servicing Order. To the extent that any of the requested data included in the reports are not reasonably available to SCE, upon notification by SCE, DWR agrees to modify the affected reports to be able to reasonably address the concerns of the Parties.

## APPENDIX A-1

## SOUTHERN CALIFORNIA EDISON COMPANY

**BILL DETERMINATION - BUNDLED CUSTOMER BOND CHARGE**

This Appendix A-1 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed dollar amount of Bond Charge on a Bundled Customer. In addition, this Appendix A-1 provides an account of historical remittance methodologies for Bundled Customer Bond Charge applicable for specific historical time periods. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix A-1 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix A-1.

**A. Determination of Billed Dollar Amount for Bond Charge on a Bundled Customer**

The dollar amount of Bond Charge billed or re-billed to a Bundled Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Bond Charge billed or re-billed to the Bundled Customer and (ii) the Bundled Customer Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a Bundled Customer is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the Bundled Customer Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a Bundled Customer, SCE shall apply each of the differing Bundled Customer Bond Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

**B. Historical Remittance Methodologies for Bond Charge on Bundled Customers**

The Parties recognize that prior to the system implementation of the long term Bond Charge process (December 21, 2002), SCE calculated and began remitting DWR Bond Charges to DWR based upon “the Bond Charge Interim Remittance Methodology”. The Bond Charge Interim Remittance Methodology was based on total billed usage, minus exemptions, on and after November 15, 2002; however, Bond Charge would not yet be displayed on customers’ bills. Remittance calculated pursuant to the Bond Charge Interim Remittance Methodology assumed an average payment lag of 15 days from the date billed and adopted the CPUC approved uncollectible factor of .312023%. The Parties recognize that SCE continued to make Wire Transfer remittances to DWR pursuant to the Bond Charge Interim Remittance Methodology for all billed usage from November 15, 2002 through December 20, 2002, and for some billed usage until February 13, 2003, with the first remittance pursuant to this interim remittance methodology occurring on December 4, 2002 and final remittance occurring on February 28, 2003. A true-up remittance for the amounts billed under the Bond Charge Interim Remittance Methodology was issued by SCE on June 25, 2003. SCE also began making ACH remittances for DWR Bond Charges beginning December 23, 2002 utilizing the method set forth in Attachment B and its Appendix A-1 of this Servicing Order.

## APPENDIX A-2

## SOUTHERN CALIFORNIA EDISON COMPANY

**BILL DETERMINATION - BUNDLED CUSTOMER POWER CHARGE**

This Appendix A-2 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed dollar amount of Power Charge on a Bundled Customer. In addition, this Appendix A-2 provides an account of historical remittance methodologies for Bundled Customer Power Charge applicable for specific historical time periods. All capitalized terms shall have the meanings set forth in the body of the Servicing Order or Attachment B; provided that any capitalized terms specifically defined and used in this Appendix A-2 shall have the meanings set forth herein and, unless otherwise stated, such defined terms shall only apply in this Appendix A-2.

**A. Determination of Billed Dollar Amount for Power Charge on a Bundled Customer**

The dollar amount of Power Charge billed or re-billed to a Bundled Customer shall be the product of (i) the “Billed kWh for Power Charge on a Bundled Customer” (described below in this paragraph) and (ii) the Bundled Customer Power Charge rate in dollar per kilowatt-hour applicable to the period of the Billed kWh for Power Charge on a Bundled Customer. The Billed kWh for Power Charge on a Bundled Customer is the product of (iii) the electric consumption over a given period of time (“Billing Period”) billed or re-billed to the Bundled Customer and (iv) the corresponding “Individual Billing Period Average DWR Percentage (described below).” By January 2, 2007, SCE shall calculate the “Individual Billing Period Average DWR Percentage” as the “Estimated Daily Bundled Customer Usage” (see definition in Part II, Subsection 1b) weighted average of all the daily “DWR Percentages” (described below) from the first day of the Billing Period to the next to last day of the Billing Period. If SCE becomes aware that it will be unable to implement this calculation methodology as of the date provided in the foregoing sentence, SCE will immediately notify DWR and the Parties shall mutually agree upon a new implementation date for the calculation methodology. Prior to the implementation of the methodology provided in this Paragraph, SCE will continue to determine the Power Charge on Bundled Customers as provided in Section B, Paragraph 3, entitled “Post-Transition Remittance Methodology” below.

In cases in which the Bundled Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a Bundled Customer, SCE shall apply each of the differing Bundled Customer Power Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

SCE shall determine daily “DWR Percentage” in accordance with the principles set forth in Attachment H of the 2003 Servicing Order, which included Part I that provides the detailed process of the More Precise Remittance Methodology applicable for Power Charges from Bundled Customers before the Operating Order Effective Date and Part II that provides the detailed process of the Post-Transition Remittance Methodology applicable for Power Charges on Bundled Customers on and after the Operating Order Effective Date. With formatting

changes, Attachment H of the 2003 Servicing Order is provided in the following sub-sections of this Appendix A-2, “SCE Remittance Percentage Calculation and True-Up” and “Approach to Estimate Bundled Customer Usage and Imbalance Energy.” The procedures in these two subsections operate by modifying the DWR Power quantity for a future day to account for the difference between the estimated and actual quantities of DWR Power for a particular day. This adjustment to DWR power through true-up procedure will be reflected in SCE’s Utility Bills.

### ***SCE Remittance Percentage Calculation and True-Up***

The DWR Percentage will be used by SCE to determine the amount of DWR Power provided by DWR to Bundled Customers for each day and the corresponding Power Charges to be remitted to DWR for such energy deliveries.

#### **Part I. More Precise Billing Methodology**

The methodology in this Part I shall be applied for remittance of DWR Power Charges on Bundled Customers before the Operating Order Effective Date.

The daily DWR Percentage calculation is performed on  $t+1$  (the day after the energy is used) by SCE as indicated below. All references in this Appendix to the addition or summation process shall mean addition or summation taking into account whether the quantities being added or summed carry a positive or negative sign. Imbalance Energy shall be a positive quantity if DWR provided additional energy to Bundled Customers than was scheduled by DWR to SCE and a negative quantity if DWR provided less energy to Bundled Customers than was scheduled by DWR to SCE.

#### **1. Estimated Energy Deliveries On Day $t$**

- a. For each hour of each day  $t$ , SCE will determine from the ISO-published DWR Final Hour-Ahead Schedule the quantity of energy that is scheduled from DWR to SCE (“Estimated Hourly Scheduled Energy”). This energy is scheduled from DWR to SCE in the form of a Scheduling Coordinator-to-Scheduling Coordinator trade. The summation of Estimated Hourly Scheduled Energy for all hours of day  $t$  shall be defined as the “Estimated Daily Scheduled Energy” for day  $t$ .
- b. For each hour of each day  $t$ , SCE will estimate the Imbalance Energy provided by DWR to Bundled Customers (“Estimated Hourly Imbalance Energy”). The summation of Estimated Hourly Imbalance Energy for all hours of day  $t$  shall be defined as the “Estimated Daily Imbalance Energy” for day  $t$ .
- c. For each hour of each day  $t$ , SCE will estimate Bundled Customer energy usage (“Estimated Hourly Bundled Customer Usage”). The summation of Estimated Hourly Bundled Customer Usage for all hours of day  $t$  shall be defined as the “Estimated Daily Bundled Customer Usage” for day  $t$ .

#### **2. True-Up Energy For Day $t-90$**

- a. Since the DWR Percentage calculated for a particular day reflects an estimate of Imbalance Energy and Bundled Customer energy usage delivered on that day, rather than actual values, an adjustment or true-up shall be performed as provided herein. This adjustment or true-up will be made, as provided herein, by modifying the DWR Percentage for the 90<sup>th</sup> day after the energy usage date.
- b. Final Settlement Statements from the ISO should have been received and validated 90 days after DWR energy is delivered to Bundled Customers. These validated ISO Final Settlement Statements shall be used as the source for determining actual energy quantities for the purposes of Attachment H to the 2003 Servicing Order.
- c. The True-Up Energy for day **t-90** shall be calculated on day **t+1** as follows:
  - i. The “Energy Upon Which DWR Power Charge Remittances Were Based” for day **t-90** is the DWR Percentage for day **t-90** multiplied by the actual Bundled Customer metered usage for **t-90**.
  - ii. The “Energy For Which DWR Should Receive Power Charge Remittances” for day **t-90** is the DWR Final Hour-Ahead Schedule from DWR to SCE for day **t-90** plus the actual Imbalance Energy provided by DWR to Bundled Customers on day **t-90** plus the True-Up Energy, defined below, for day **t-180**. The actual Imbalance Energy provided by DWR to Bundled Customers for all days prior to the Effective Date of the First Amended And Restated Servicing Agreement shall be deemed to be zero for the purposes of Attachment H to the 2003 Servicing Order. SCE’s remittances to DWR for Imbalance Energy provided to Bundled Customers prior to such Effective Date are addressed in the Letter Agreement, as amended, which is attached to the First Amended And Restated Servicing Agreement as Attachment I. Including the True-Up Energy component for day **t-180** in the calculation of Energy For Which DWR Should Receive Power Charge Remittances for day **t-90** is required because Attachment H to 2003 Servicing Order procedure operates to modify the DWR Percentage ninety days after the day of energy deliveries (“Day Of Energy Deliveries”) to account for the difference between the energy for which DWR was actually paid for the Day Of Energy Deliveries and the energy for which DWR should be paid for the Day Of Energy Deliveries.
  - iii. “True-Up Energy” for day **t-90** is the Energy For Which DWR Should Receive Power Charge Remittances for day **t-90** minus the Energy Upon Which DWR Power Charge Remittances Were Based. True-Up Energy may carry a positive or negative sign.

3. Daily DWR Percentage For Day **t**

- a. The “DWR Percentage” for day  $t$  shall be calculated on day  $t+1$  and shall be obtained by summing the Estimated Scheduled Energy for day  $t$ , the Estimated Imbalance Energy for day  $t$ , and the True-Up Energy for day  $t-90$  and dividing the result by the Estimated Daily Bundled Customer Usage for day  $t$ .

Part II. Post-Transition Remittance Methodology

**Section A. Prior to the MRTU Effective Date**

The methodology in this Section A of Part II shall be applied for remittance of DWR Power Charges on and after the Operating Order Effective Date but prior to the MRTU Effective Date.

The daily DWR Percentage calculation is performed on  $t+1$  (the day after the energy is used) by SCE as indicated below. All references in this Appendix A-2 or Attachment H to the 2003 Servicing Order to the addition or summation process shall mean addition or summation taking into account whether the quantities being added or summed carry a positive or negative sign.

1. Estimated Energy Deliveries On Day  $t$

- a. For each hour of each day  $t$ , SCE will estimate from the ISO-published Final Hour-Ahead Final Schedules and other information reasonably available to SCE on day  $t$  the dispatched quantities of SCE’s integrated portfolio, consisting of URG and Contracts, and calculate the “Estimated Hourly DWR Power” applying the principles set forth in Exhibit C of the Operating Order. The summation of Estimated Hourly DWR Power for all hours of day  $t$  shall be defined as the “Estimated Daily DWR Power” for day  $t$ .
- b. For each hour of each day  $t$ , SCE will estimate Bundled Customer energy usage (“Estimated Hourly Bundled Customer Usage”). The summation of Estimated Hourly Bundled Customer Usage for all hours of day  $t$  shall be defined as the “Estimated Daily Bundled Customer Usage” for day  $t$ .

2. True-Up Energy For Day  $t-90$

- a. Since the DWR Percentage calculated for a particular day reflects an estimate of Bundled Customer energy usage delivered on that day, rather than actual values, an adjustment or true-up shall be performed as provided herein. This adjustment or true-up will be made, as provided herein, by modifying the DWR Percentage for the 90<sup>th</sup> day after the energy usage date.
- b. Final Settlement Statements from the ISO should have been received and validated 90 days after Power is delivered to Bundled Customers. These validated ISO Final Settlement Statements shall be used as the source for determining actual dispatched quantities for the purposes of Attachment H of the 2003 Servicing Order and this Appendix A-2.

- c. The True-Up Energy for day t-90 shall be calculated on day t+1 as follows:
- i. The “Energy Upon Which DWR Power Charge Remittances Were Based” for day t-90 is the trued up DWR Percentage for day t-90 multiplied by the actual Bundled Customer metered usage for t-90.
  - ii. The “Energy For Which DWR Should Receive Power Charge Remittances” for day t-90 is the Energy Upon Which DWR Power Charge Remittances Were Based for day t-90 plus the True-Up Energy, defined below, for day t-180. Including the True-Up Energy component for day t-180 in the calculation of Energy For Which DWR Should Receive Power Charge Remittances for day t-90 is required because Attachment H to the 2003 Servicing Order or this Appendix A-2 procedure operates to modify the DWR Percentage ninety days after the day of energy deliveries (“Day Of Energy Deliveries”) to account for the difference between the energy for which DWR was actually paid for the Day Of Energy Deliveries and the energy for which DWR should be paid for the Day Of Energy Deliveries.
  - iii. “True-Up Energy” for day t-90 is the Energy For Which DWR Should Receive Power Charge Remittances for day t-90 minus the Energy Upon Which DWR Power Charge Remittances Were Based. True-Up Energy may carry a positive or negative sign.

3. Daily DWR Percentage For Day t

- a. The “DWR Percentage” for day t shall be calculated on day t+1 and shall be obtained by summing the Estimated Energy Delivery on Day t, and the True-Up Energy for day t-90 and dividing the result by the Estimated Daily Bundled Customer Usage for day t.

SCE shall utilize the DWR Percentage on day **t+1** for purposes of determining remittances of Power Charges from Bundled Customers to DWR.

**Section B. On and after the MRTU Effective Date**

The methodology in this Section B of Part II shall be applied for remittance of DWR Power Charges on and after the Operating Order Effective Date and on and after the MRTU Effective Date.

The daily DWR Percentage Calculation is performed on t+1 (the day after the energy is used) by SCE, in accordance with the principles provided in Section A of Part II of Exhibit C of the 2010 Operating Order. The term “DWR Percentage Calculation” is the percentage of DWR Contract power relative to the total Estimated Bundled Customer Load as indicated below. SCE shall utilize the DWR Percentage Calculation on day **t+1** for purposes of determining remittances of Power Charges from Bundled Customers to DWR. The amount applied to determine DWR Percentage Calculation for DWR Remittance Basis and Estimated Bundled

Customer Load shall be as shown in Monthly DWR Percentage Calculation Report, substantially in the form set forth in Section 3(C) of Attachment C.

On and after the MRTU Effective Date, there will not be true-ups of Estimated Bundled Customer Load that are applied to determine DWR Percentage Calculation. Actual DWR Remittance Basis will be adjusted, corrected or updated as set forth in the Monthly True-up Discrepancy Report.

In addition, SCE will provide DWR with a monthly report indicating the daily Estimated Bundled Customer Load, the ISO metered load, and a monthly simple average of the daily variance amounts.

***Approach to Estimating Bundled Customer Usage***

1. Prior to the MRTU Effective Date. SCE relied on data from SCE's energy management system to estimate Bundled Customer usage on day  $t+1$ . SCE agreed to monitor the accuracy of its  $t+1$  estimates and report the results to DWR. If True-up Energy amounts become significant or indicate consistent over-estimates or under-estimates, SCE agreed to review its methodologies for estimating quantities to determine if improvements in such methodologies may be made to yield better quality estimates at no cost. Notwithstanding the foregoing review, SCE shall not be obligated to modify its estimation methodologies unless both SCE and DWR agree that such a modification is necessary and appropriate. In addition, SCE shall not be obligated to expend funds to improve its estimation methodologies.

2. On and after the MRTU Effective Date. SCE will determine the Estimated Bundled Customer Load hourly, as described in this paragraph. The starting point is actual net Edison System MW load obtained from SCE's EMS (Harris Load) system, which is derived from in-area generation and the net flows at the boundaries of SCE's territory. Based upon historical Harris Load data, forecasters combine multiple forecasting model outputs to derive SCE's best forecast of the Harris System Load at the generation level. The Harris Load forecast is then converted to the ISO level by utilizing a historical conversion factor to account for transmission losses and UFE (total Harris System Load Forecast at ISO level). The next step is to forecast Non-Bundled Customer Load (re-sales to cities, DA, CCA, MDL and CGDL) and then subtract it from the total Harris System Load Forecast at ISO level to arrive at the Forecast Bundled Customer Load.

Every hour the Bundled Customer Load Forecast is adjusted by a ratio based upon the actual hourly metered Harris Load to the forecast Harris Load in order to convert the Bundled Customer Load Forecast to reflect the best estimate of bundled customer load. The result is Estimated Bundled Customer Load.

**B. Historical Remittance Methodologies on Power Charge on Bundled Customers**

1. Interim Remittance Methodologies. The Parties recognize that prior to June 3, 2001, SCE had been remitting DWR Charges to DWR based upon the interim remittance methodologies described in Decision 01-03-081, adopted by the Commission on March 27, 2001, and Decision 01-05-064, adopted by the Commission on May 15, 2001 (collectively the

"Interim Remittance Methodologies"). SCE began making remittances on March 28, 2001. SCE was to continue making remittances to DWR pursuant to the Interim Remittance Methodologies for usage through June 2, 2001, with the final remittance pursuant to the Interim Remittance Methodologies to occur on July 17, 2001. Imbalance energy and scheduled energy true-up remittances were also issued in 2002.

2. More Precise Billing Methodology. Beginning June 4, 2001, SCE has also made Remittances utilizing the method ("More Precise Billing Methodology") set forth in Section 2.2 and Attachments B and H of the Servicing Agreement approved by the Commission pursuant to Decision 01-09-014, as amended from time to time. With the More Precise Billing Methodology, SCE determined the Individual Billing Period Average DWR Percentage as the simple average of all the daily "DWR Percentages" from the first day of the Billing Period to the next to last day of the Billing Period.

3. Post-Transition Remittance Methodology. On and after the Operating Order Effective Date, SCE transitioned from using the More Precise Remittance Methodology to using the Post-Transition Remittance Methodology as provided in Attachments B and H attached to the 2003 Servicing Order, consistent with the Contract Allocation Order and the Settlement Principles for Remittances and Surplus Revenues as set forth in Exhibit C of the Operating Order, and as further set forth in this Servicing Order, Attachment B and this Appendix A-2, except that SCE has continued to determine the Individual Billing Period Average DWR Percentage as in the More Precise Billing Methodology until such time when SCE completes the necessary system changes to calculate the Individual Billing Period Average DWR Percentage in accordance with the first Paragraph of Section A of this Appendix A-2. This transition included the continuation of the More Precise Remittance Methodology true-up after the Operating Order Effective Date as long as necessary or appropriate (the "Transition Period") to account for DWR Power provided to Bundled Customers prior to the Operating Order Effective Date. True-Up remittances during the Transition Period using the More Precise Remittance Methodology shall be made in addition to Remittances made in accordance with the Post Transition Remittance Methodology set forth in Attachment H of the 2003 Servicing Order.

4. 2003 One Time Bill Credit. Pursuant to Commission Decision 03-09-018 and consistent with SCE Advice Letter 1744-E, SCE implemented a one-time bill credit process to refund \$422,450,353 DWR Power Charge to Bundled Customers who pay DWR Bond Charge in SCE's service territory. SCE issued a total of \$421,878,934.29 in bill credits through December 31, 2005. With the agreement of DWR, to fund the one-time bill credit, SCE withheld the then ongoing daily DWR Power Charge revenues SCE collected from Bundled Customers that would otherwise have been remitted to DWR commencing on September 22, 2003 and ending on November 25, 2003, inclusive, during which period SCE remitted no Power Charge on Bundled Customers to DWR. A portion of the total credit was funded via closed account credits applied in 2004-2005, by offsetting the credit applied to the customer account from that day's remittance.

**APPENDIX B-1****SOUTHERN CALIFORNIA EDISON COMPANY****BILL DETERMINATION - DIRECT ACCESS BOND CHARGE**

This Appendix B-1 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed dollar amount of Bond Charge on a Direct Access Customer. In addition, this Appendix B-1 provides an account of historical remittance methodologies for DA Customer Bond Charge applicable for specific historical time periods.

**A. Determination of Billed Amount for Bond Charge on a DA Customer**

The dollar amount of Bond Charge billed or re-billed to a DA Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Bond Charge billed to the DA Customer and (ii) the DA Customer Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a DA Customer is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the DA Customer Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a DA Customer, SCE shall apply each of the differing DA Customer Bond Charge rates over such period to a portion of such electric consumption in proportion to the number of calendar days within the period that each rate was effective.

**B. Historical Remittance Methodologies of Bond Charge on DA Customers**

The Parties recognize that before the system implementation of the Direct Access Bond Charge processes on December 18, 2003, from September 1, 2003 through December 17, 2003 SCE billed all Power Charge and Bond Charge applicable to DA Customers subject to Power Charge and Bond Charge as a combined DWR Cost Responsibility Surcharge. SCE continued to make ACH Transfer remittances to DWR for the combined DWR Cost Responsibility Surcharge billed to Direct Access Customers between September 1, 2003 and December 17, 2003, inclusive. SCE also began making ACH remittances for Direct Access Power Charge and Bond Charge separately beginning December 19, 2003 utilizing the method set forth in Attachment B and its Appendix B-1 of this Servicing Order.

**C. CRS Cap**

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. As determined by Applicable Commission Orders, the DA Customer Bond Charge component received the highest billing priority within the capped level that can be billed. The billing priority of DA Customer Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

**APPENDIX B-2****SOUTHERN CALIFORNIA EDISON COMPANY****BILL DETERMINATION - DIRECT ACCESS POWER CHARGE**

This Appendix B-2 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed amount of Power Charge on a Direct Access Customer.

**A. Determination of Billed Amount for Power Charge on a DA Customer**

The dollar amount of Power Charge billed or re-billed to a DA Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Power Charge billed to the DA Customer and (ii) the DA Customer Power Charge rate applicable to the period of such electric consumption. All electric consumption of a DA Customer is subject to Power Charge unless exempt by Applicable Commission Orders.

In cases in which the DA Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a DA Customer, SCE shall apply each of the differing DA Customer Power Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

**B. Historical Remittance Methodologies of Power Charge on DA Customers**

Decision 02-11-022 established a surcharge applicable to DA customers. This surcharge was required to hold DA customers responsible for their share of costs DWR incurred to procure energy on their behalf while they were taking bundled service between January 17, 2001 to and including September 20, 2001.

SCE implemented an interim process for remittances of the DA CRS in early 2003. This process provided DWR with 3 advance payments prior to implementation of the automated DA CRS billing/collection/remittance process on March 20, 2003.

SCE began making Wire Transfer Payments for the DA Customer Power Charge on February 18, 2003 through April 21, 2003. SCE also began making ACH remittances for DA Customer Power Charge beginning April 22, 2003 utilizing the method set forth in Attachment B and its Appendix B-1 of this Servicing Order.

The Parties recognize that before the system implementation of DA Power Charge processes on December 18, 2003, from September 1, 2003 through December 17, 2003 SCE billed all Power Charge and Bond Charge applicable to DA Customers subject to Power Charge and Bond Charge as a combined DWR Cost Responsibility Surcharge. SCE continued to make ACH remittances to DWR for the Combined DWR Cost Responsibility Surcharge billed to DA Customers from between September 1, 2003 and December 17, 2003, inclusive. SCE also began making ACH remittances for DA Power Charge and Bond Charge separately beginning

December 19, 2003 utilizing the method set forth in Attachment B and this Appendix B-2 of the Servicing Order.

**C. CRS Cap**

As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. As determined by Applicable Commission Order, the DA Customer Power Charge component received last billing priority within the capped level that can be billed. The billing priority of DA Customer Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

**APPENDIX C-1**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**BILL DETERMINATION - CUSTOMER GENERATION DEPARTING  
LOAD BOND CHARGE**

This Appendix C-1 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed amount of Bond Charge on a Customer Generation Departing Load Customers.

The dollar amount of Bond Charge billed or re-billed to a CGDL shall be the product of (i) the electric consumption in kilowatt-hours subject to Bond Charge billed to the CGDL and (ii) the CGDL Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a CGDL is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the CGDL Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a CGDL, SCE shall apply each of the differing CGDL Bond Charge rates over such period to a portion of consumption in proportion to the number of calendar days within the period that each rate was effective.

The CGDL Bond Charge is one of SCE rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. As determined by Applicable Commission Orders, the CGDL Bond Charge component received the first billing priority within the capped level that can be billed. The billing priority of CGDL Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

**APPENDIX C-2**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**BILL DETERMINATION - CUSTOMER GENERATION DEPARTING  
LOAD POWER CHARGE**

Commission Decision 03-04-030, corrected by Decision 03-04-041 and clarified in Decision 03-05-039, imposes a Cost Responsibility Surcharge, including Bond Charge and Power Charge on Customer Generation Departing Load for load that departed bundled service on or after February 1, 2001. In compliance with Commission Resolution E-3831, SCE filed Advice Letter 1700-E-A and 1700-E-B, on July 19, 2004 and August 9, 2004, respectively, both effective on July 19, 2004, for billing CRS on non-exempt CGDL.

This Appendix C-2 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed amount of Power Charge on a Customer Generation Departing Load Customers.

The dollar amount of Power Charge billed or re-billed to a CGDL shall be the product of (i) the electric consumption in kilowatt-hours subject to Power Charge billed to the CGDL and (ii) the CGDL Power Charge rate applicable to the period of such electric consumption. All electric consumption of a CGDL is subject to Power Charge unless exempt by Applicable Commission Orders.

In cases in which the CGDL Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a CGDL, SCE shall apply each of the differing CGDL Power Charge rates over such period to a portion of consumption in proportion to the number of calendar days within the period that each rate was effective.

The CGDL Power Charge is one of SCE rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of CGDL Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

**APPENDIX D-1**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**BILL DETERMINATION OF - MUNICIPAL DEPARTING LOAD BOND CHARGE**

Commission Decision 03-07-028, as amended, clarified or modified by Decision 03-08-076, Decision 04-11-014, Decision 04-12-059 and Decision 05-07-038 impose a CRS, including Bond Charge on certain Municipal Departing Load for load that departed bundled service on and after February 1, 2001.

This Appendix D-1 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed amount of Bond Charge on a Municipal Departing Load Customers.

The dollar amount of Bond Charge billed or re-billed to a MDL shall be the product of (i) the electric consumption in kilowatt-hours subject to Bond Charge billed to the MDL and (ii) the MDL Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a MDL is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the MDL Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a MDL, SCE shall apply each of the differing MDL Bond Charge rates over such period to a portion of consumption in proportion to the number of calendar days within the period that each rate was effective.

The MDL Bond Charge is one of SCE rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of MDL Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

As provided under Resolution E-3999 related to Transferred Municipal Departing Load and Resolution E-4064 related to New Municipal Departing Load, SCE entered into certain bilateral agreements with certain publicly owned utilities ("POUs") to settle Municipal Departing Load ("MDL") obligations, including DWR Bond Charge and DWR Power Charge on behalf of certain customers subject to MDL obligations.

As of August 1, 2010, the Cities of Azusa, Corona, Moreno Valley, Rancho Cucamonga and Victorville have finalized and entered into such bilateral agreements to settle MDL obligations with SCE, including DWR Bond Charge and DWR Power Charge. As a result, SCE has remitted and/or will remit such amounts to DWR as provided in the bilateral agreements. As to these and any future bilateral agreements entered into by SCE and other POUs, SCE has remitted and will remit such amounts to DWR, in accordance with any Applicable Commission Orders and the terms of the bilateral agreements.

**APPENDIX D-2**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**BILL DETERMINATION -MUNICIPAL DEPARTING LOAD POWER CHARGE**

Commission Decision 03-07-028, as amended, clarified or modified by Decision 03-08-076, Decision 04-11-014, Decision 04-12-059 and Decision 05-07-038 impose a CRS, including Power Charge on certain Municipal Departing Load for load that departed bundled service on and after February 1, 2001.

This Appendix C-2 to Attachment B of the Servicing Order sets forth specific methodology to be applied in determining the billed amount of Power Charge on a Municipal Departing Load Customers.

The dollar amount of Power Charge billed or re-billed to a MDL shall be the product of (i) the electric consumption in kilowatt-hours subject to Power Charge billed to the MDL and (ii) the MDL Power Charge rate applicable to the period of such electric consumption. All electric consumption of a MDL is subject to Power Charge unless exempt by Applicable Commission Orders.

In cases in which the MDL Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a MDL, SCE shall apply each of the differing MDL Power Charge rates over such period to a portion of consumption in proportion to the number of calendar days within the period that each rate was effective.

The MDL Power Charge is one of SCE rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of MDL Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

As provided under Resolution E-3999 related to Transferred Municipal Departing Load and Resolution E-4064 related to New Municipal Departing Load, SCE entered into certain bilateral agreements with certain publicly owned utilities ("POUs") to settle Municipal Departing Load ("MDL") obligations, including DWR Bond Charge and DWR Power Charge on behalf of certain customers subject to MDL obligations.

As of August 1, 2010, the Cities of Azusa, Corona, Moreno Valley, Rancho Cucamonga and Victorville have finalized and entered into such bilateral agreements to settle MDL obligations with SCE, including DWR Bond Charge and DWR Power Charge. As a result, SCE has remitted and/or will remit such amounts to DWR as provided in the bilateral agreements. As to these and any future bilateral agreements entered into by SCE and other POUs, SCE has remitted and will remit such amounts to DWR, in accordance with any Applicable Commission Orders and the terms of the bilateral agreements.

**APPENDIX E-1**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**BILL DETERMINATION - COMMUNITY CHOICE AGGREGATION BOND CHARGE**

Commission Decision 04-12-046 imposes a CRS, including Bond Charge on Community Choice Aggregation load that departed bundled service. Commission Decision 05-01-009 imposes a CRS, including Bond Charge on Community Aggregation (“CA”) Cerritos load that departed bundled service in accordance with Assembly Bill 80. This Appendix E-1 to Attachment B of the Servicing Order sets forth the specific methodology to be applied in determining the billed dollar amount of Bond Charge on a Community Choice Aggregation Customer and a CA Cerritos Customer.

The dollar amount of Bond Charge billed or re-billed to a CCA Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Bond Charge billed to the CCA Customer and (ii) the CCA Customer Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a CCA Customer is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the CCA Customer Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a CCA Customer, SCE shall apply each of the differing CCA Customer Bond Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

The CCA Bond Charge is one of SCE rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of CCA Bond Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

The dollar amount of Bond Charge billed or re-billed to a CA Cerritos Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Bond Charge billed to the CA Cerritos Customer and (ii) the CA Cerritos Customer Bond Charge rate applicable to the period of such electric consumption. All electric consumption of a CA Cerritos Customer is subject to Bond Charge unless exempt by Applicable Commission Orders.

In cases in which the CA Cerritos Customer Bond Charge rate changes during the period of the electric consumption subject to Bond Charge billed or re-billed to a CA Cerritos Customer, SCE shall apply each of the differing CA Cerritos Customer Bond Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

**APPENDIX E-2**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**BILL DETERMINATION - COMMUNITY CHOICE AGGREGATION POWER CHARGE**

Commission Decision 04-12-046 imposes a CRS, including Power Charge on Community Choice Aggregation load that departed bundled service. Commission Decision 05-01-009 imposes a CRS, including Power Charge on Community Aggregation (“CA”) Cerritos load that departed bundled service in accordance with Assembly Bill 80. This Appendix E-2 to Attachment B of the Servicing Order sets forth the specific methodology to be applied in determining the billed amount of Power Charge on a Community Choice Aggregation Customer and a CA Cerritos Customer..

The dollar amount of Power Charge billed or re-billed to a CCA Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Power Charge billed to the CCA Customer and (ii) the CCA Customer Power Charge rate applicable to the period of such electric consumption. All electric consumption of a CCA Customer is subject to Power Charge unless exempt by Applicable Commission Orders.

In cases in which the CCA Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a CCA Customer, SCE shall apply each of the differing CCA Customer Power Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

The CCA Power Charge is one of SCE rate components known as the Customer Responsibility Surcharge. As determined by Applicable Commission Orders, the CRS was capped at a specific amount with specific billing priorities. The billing priority of CCA Power Charge, including the application of capped level that can be billed, will be as determined by the Commission from time to time.

The dollar amount of Power Charge billed or re-billed to a CA Cerritos Customer shall be the product of (i) the electric consumption in kilowatt-hours subject to Power Charge billed to the CA Cerritos Customer and (ii) the CA Cerritos Customer Power Charge rate applicable to the period of such electric consumption. All electric consumption of a CA Cerritos Customer is subject to Power Charge unless exempt by Applicable Commission Orders.

In cases in which the CA Cerritos Customer Power Charge rate changes during the period of the electric consumption subject to Power Charge billed or re-billed to a CA Cerritos Customer, SCE shall apply each of the differing CA Cerritos Customer Power Charge rates over such period to a portion of such consumption in proportion to the number of calendar days within the period that each rate was effective.

## ATTACHMENT C

### SOUTHERN CALIFORNIA EDISON COMPANY SAMPLE DAILY AND MONTHLY REPORTS

SCE will provide daily and monthly reports as further described in this Attachment C to DWR. The sample report templates included in this Attachment C have been included for illustrative purposes only. Variations of reports specifications from those in this Attachment C may be implemented upon mutual agreement of the Parties. The report specifications in this Attachment C include all contemplated categories of DWR Charges currently effective or pending in Commission proceedings. Upon approval of this Servicing Order by the Commission, actual reports submitted by SCE will only include categories of DWR Charges active during the reporting period.

Unless otherwise specifically provided elsewhere in this Attachment C, SCE will submit all reports by secure electronic means or password protected emails addressed to [IOU\\_Remit@water.ca.gov](mailto:IOU_Remit@water.ca.gov) and, in either case, in Microsoft Excel® workbook format or, to the extent necessary from time to time, in comma separated value or fixed-width text format, with the appropriate filename and subject line, all as further provided in this Attachment C.

#### **Section 1. End Use Customer Reports**

##### **A. Daily Remittance Report**

The Daily Remittance Report is to be submitted to DWR on each Utility Business Day during the Term.

(i) Delivery Mechanism and Naming Convention - This report should be sent by email to the email address [fmr@water.ca.gov](mailto:fmr@water.ca.gov) (or by such secure electronic means as reasonably determined appropriate by SCE) in Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - Daily Remittance Report yyyyymmdd v#.xls (or .txt)

*Example: SCE - Daily Remittance Report 20050720 v1.xls (or .txt)*

- The subject line of email: <utility name> - Daily Remittance Report for yyyyymmdd

*Example: SCE - Daily Remittance Report for 20050720*

Modifications to a report will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

Example: SCE - Daily Remittance Report 20050720 v2.xls (or .txt)

(ii) Required Information and Timeline - SCE shall present the daily remittance amount of DWR Charges with a separate entry for each Fund Type on each applicable Customer Type in the Daily Remittance Reports and submit the report to DWR by 12:00 noon, Pacific Prevailing Time, on the day when the remittance is transmitted to DWR.

The following table lists known components of DWR Charges that should be included in the Daily Remittance Report when effective.

DWR Account Reference*	Fund Type	Customer Type	Description
8021360001	Power	Bundled	Remittance Amount of Bundled Customers Power Charge, including late payment charge <sup>†</sup> on Bundled Customer Power Charge
8021360002	Power	DA	Remittance Amount of DA Customers Power Charge, including late payment charge <sup>†</sup> on DA Customer Power Charge
8021360003	Power	CGDL	Remittance Amount of CGDL Power Charge, including late payment charge <sup>†</sup> on CGDL Power Charge
8021360004	Power	CCA	Remittance Amount of CCA/CA Cerritos Power Charge, including late payment charge <sup>†</sup> on CCA/CA Cerritos Power Charge
8021360010	Power	MDL	Remittance Amount of MDL Power Charge, including late payment charge <sup>†</sup> on MDL Power Charge
8059000000	Bond	Bundled	Remittance Amount of Bundled Customers Bond Charge, including late payment charge <sup>†</sup> on Bundled Customer Bond Charge
8059000001	Bond	DA	Remittance Amount of DA Customers Bond Charge, including late payment charge <sup>†</sup> on DA Customer Bond Charge
8059000003	Bond	CGDL	Remittance Amount of CGDL Bond Charge, including late payment charge <sup>†</sup> on CGDL Bond Charge
8059000004	Bond	CCA	Remittance Amount of CCA/CA Cerritos Bond Charge, including late payment charge <sup>†</sup> on CCA/CA Cerritos Bond Charge
8059000005	Bond	MDL	Remittance Amount of MDL Bond Charge, including late payment charge <sup>†</sup> on MDL Bond Charge

\* The DWR Account Reference a fixed 10 digit text field associated with each Payment Type and are provided by DWR.

† Upon DWR's request, SCE shall also provide a report separately identifying the daily late payment charge remittance amounts by Process Date.

Based on the existing SCE system limitations, SCE is unable to report the remittance amounts of DWR Charges on CGDLs and MDLs separately. As a result, SCE's current system facilitates the reporting of the daily remittance of Bond Charge on CGDLs and MDLs as part of the daily remittance of Bond Charge on Bundled Customers.

Example:

Daily Remittance Report			
Process Date:	7/20/2005		
Utility Name:	SCE		
DWR Account Reference	Fund Type	Customer Type	Remittance
8021360001	Power	Bundled	\$xxx,xxx.xx
8021360002	Power	DA	\$xxx,xxx.xx
8021360003	Power	CGDL	\$xxx,xxx.xx
8021360004	Power	CCA	\$xxx,xxx.xx
8021360010	Power	MDL	\$xxx,xxx.xx
8059000000	Bond	Bundled	\$xxx,xxx.xx
8059000001	Bond	DA	\$xxx,xxx.xx
8059000003	Bond	CGDL*	\$xxx,xxx.xx
8059000004	Bond	CCA	\$xxx,xxx.xx
8059000005	Bond	MDL*	\$xxx,xxx.xx

\* Combined with the remittance amount of Bond Charge on Bundled Customers in the interim implementation.

In the above example, "Process Date" is the date customer payment was applied and allocated to DWR.

(iii). Wiring Information - The fund identification information to accompany the Electronic Transfer of Funds should follow similar format as the information of the Daily Remittance Report. It should appear on the wire as follows;

<Utility Name> <DWR Account Reference> <Fund Type – Customer Type><Process Date yyyymmdd>

Example: *SCE 8021360001 DWR Bundled Power 20050720*

The electronic transfer of funds for Daily Remittance shall be completed by 12:00 noon, Pacific Prevailing Time.

#### B. Monthly Billing Report

(i) Naming Convention - This report should be sent in Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Billing Report –yyyymm v#.xls (or .txt)

*Example: SCE – Monthly Billing Report –200507 v1.xls (or .txt)*

- The subject line of email: <utility-name> - Monthly Billing Report for yyyymm

*Example: SCE – Monthly Billing Report for –200507*

(ii) Required Information and Timeline - The Monthly Billing Report should be submitted to DWR by the seventh (7<sup>th</sup>) Utility Business Day of a month during the Term. The table below lists the data items that should be included in the Monthly Billing Report.

Item #	Item	Description*
1	Date	Utility Business Day (MM/DD/YY)
2	Total Bundled Billed kWh	Total electric consumption of Bundled Customers in kWh billed on the Utility Business Day
3	Bundled Power Billed kWh	Sum of all “Billed kWhs for Power Charge on a Bundled Customer” on the Utility Business Day (See Appendix A-2 to Attachment B for definition)
4	Bundled Power Billed Amount (\$)	Sum of all “Billed Dollar Amount for Power Charge on a Bundled Customer” on the Utility Business Day (See Appendix A-2 to Attachment B for definition)
5	Bundled Bond Billed kWh	Sum of all billed kWhs for Bond Charge on individual Bundled Customers on the Utility Business Day
6	Bundled Bond Billed Amount (\$)	Sum of all billed dollar amounts for Bond Charge on individual Bundled Customers on the Utility Business Day
7	Total DA Billed kWh	Total electric consumption of DA Customers in kWh billed on the Utility Business Day
8	DA Power Charge Billed kWh	Sum of all billed kWhs for Power Charge on individual DA Customers on the Utility Business Day
9	DA Power Billed Amount (\$)	Sum of all billed dollar amounts for Power Charge on individual DA Customers on the Utility Business Day
10	DA Bond Charge Billed kWh	Sum of all billed kWhs for Bond Charge on individual DA Customers on the Utility Business Day
11	DA Bond Billed Amount	Sum of all billed dollar amounts for Bond Charge on individual DA Customers on the Utility Business Day
12	Total CGDL Billed kWh	Total metered electric load of CGDLs in kWh billed on the Utility Business Day
13	CGDL Power Billed kWh	Sum of all billed kWhs for Power Charge on individual CGDLs on the Utility Business Day
14	CGDL Power Billed Amount (\$)	Sum of all billed dollar amounts for Power Charge on individual CGDLs on the Utility Business Day
15	CGDL Bond Billed kWh	Sum of all billed kWhs for Bond Charge on individual CGDLs on the Utility Business Day
16	CGDL Bond Billed Amount	Sum of all billed dollar amounts for Bond Charge on individual CGDLs on the Utility Business Day
17	Total CCA Billed kWh	Total electric consumption of CCAs/CA Cerrito Customers in kWh billed on the Utility Business Day
18	CCA Power Charge Billed kWh	Sum of all billed kWhs for Power Charge on individual CCAs/CA Cerritos Customers on the Utility Business Day

Item #	Item	Description*
19	CCA Power Billed Amount (\$)	Sum of all billed dollar amounts for Power Charge on individual CCAs/CA Cerritos Customers on the Utility Business Day
20	CCA Bond Charge Billed kWh	Sum of all billed kWhs for Bond Charge on individual CCAs/CA Cerritos Customers on the Utility Business Day
21	CCA Bond Billed Amount	Sum of all billed dollar amounts for Bond Charge on individual CCAs/CA Cerritos Customers on the Utility Business Day
22	Total MDL Billed kWh	Total electric consumption of MDLs in kWh billed on the Utility Business Day including the kWhs exempt from, and subject to, Power Charge and Bond Charge
23	MDL Power Billed kWh	Sum of all billed kWhs for Power Charge on MDLs on the Utility Business Day
24	MDL Power Billed Amount (\$)	Sum of all billed dollar amounts for Power Charge on individual MDLs on the Utility Business Day
25	MDL Bond Billed kWh	Sum of all billed kWhs for Bond Charge on individual MDLs on the Utility Business Day
26	MDL Bond Billed Amount	Sum of all billed dollar amounts for Bond Charge on individual MDLs on the Utility Business Day

\* "Billed" in this column means SCE "service-billed" kWhs or dollar amounts.

Based on the existing SCE system limitations, SCE is unable to report the daily billed kWhs or dollar amounts of DWR Charges on CGDLs and MDLs separately. As a result, SCE's system facilitates the reporting of the daily billed kWhs and dollar amounts of Bond Charge on CGDLs and MDLs as part of the daily billed kWh and dollar amount, respectively, of Bond Charge on Bundled Customers. SCE, however, provides to DWR a manually generated report of monthly billed kWhs and dollar amounts of Bond Charge on CGDLs.

*Example:*

Date	Bundled	Bundled Power		Bundled Bond		DA	DA Power		DA Bond	
	Total Bundled Billed kWh	Bundled Power Billed kWh	Bundled Power Billed Amount (\$)	Bundled Bond Billed kWh	Bundled Bond Billed Amount (\$)	Total DA Billed kWh	DA Power Charge Billed kWh	DA Power Billed Amount (\$)	DA Bond Charge Billed kWh	DA Bond Billed Amount (\$)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
07/02/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
07/03/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
07/04/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
07/05/05	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

CGDL	CGDL Power		CGDL Bond		CCA	CCA Power		CCA Bond	
Total CGDL Billed kWh	CGDL Power Billed kWh	CGDL Power Billed Amount (\$)	CGDL Bond Billed kWh	CGDL Bond Billed Amount (\$)	Total CCA Billed kWh	CCA Power Charge Billed kWh	CCA Power Billed Amount (\$)	CCA Bond Charge Billed kWh	CCA Bond Billed Amount (\$)
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

MDL	MDL Power		MDL Bond	
Total MDL Billed kWh	MDL Power Billed kWh	MDL Power Billed Amount (\$)	MDL Bond Billed kWh	MDL Bond Billed Amount (\$)
(22)	(23)	(24)	(25)	(26)
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx
xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx	xxx,xxx,xxx

C. Monthly Consolidated Report

(i) Naming Convention - The information should be sent in Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility-name> - Monthly Consolidated Report yyyyymm#.xls (or .txt)

*Example: SCE – Monthly Consolidated Report 200507v1.xls (or .txt)*

- The subject line of email: <utility-name> - Monthly Consolidated Report yyyyymm

*Example: SCE – Monthly Consolidated Report for 200507*

(ii) Required Information and Timeline - The Monthly Consolidated Report will be provided to DWR by the seventh (7<sup>th</sup>) Utility Business Day after the end of a delivery month. The information shown in the following example should be provided in the

Monthly Consolidated Report. All billed amounts in the following example are SCE “service-billed” amounts.





*Example: SCE – Forward SS Payment Report 200507 v1.xls (or .txt)*

- The subject line of email: <utility name> - Forward Surplus Energy Sales Payment Report for yyyyymm

*Example: SCE – Forward Surplus Energy Sales Payment Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

(ii) Required Information and Timeline - The Forward Surplus Energy Sales Payment Report is to be submitted to DWR monthly by 12:00 noon, Pacific Prevailing Time, on the day SCE remits to DWR the Preliminary Monthly Forward Surplus Energy Sales Remittance Amount or the Delivery Month Forward Surplus Energy Sales True-Up Amount. The report should be consistent in form and substance to the example screenshot below.

*Example:*

***Southern California Edison Company  
Forward Surplus Energy Sales Payment Report***

***July 21, 2005 Payment Date***

**DWR Account Reference: 8021360006**

<b>Description</b>	<b>Delivery Month</b>	<b>Credit</b>	<b>Debit</b>	<b>Net Payment</b>	<b>Note</b>
Preliminary Payment	June-05	\$x,xxx,xxx.xx	0	\$x,xxx,xxx.xx	
True-Up Payment	April-05	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	
Total				\$x,xxx,xxx.xx	

(iii) Wiring Information - The fund identification information to accompany the Electronic Transfer of Funds should follow similar format to the information of the Forward Surplus Energy Sales Payment Report. It should appear on the wire as follows:

<Utility Name> <DWR Account Reference> DWR Forward Surplus Energy Sales <Payment Date yyyyymmdd>

*Example: SCE 8021360006 DWR Forward Surplus Energy Sales 20050720*

The electronic transfer of funds for Forward Surplus Energy Sales payment shall be completed by 12:00 noon, Pacific Prevailing Time.

B. Real Time Surplus Energy Sales Payment Report

(i) Naming Convention - This report should be sent by email to the email address [fmr@water.ca.gov](mailto:fmr@water.ca.gov) (or by such secure electronic means as reasonably determined appropriate by SCE) in Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - Real Time SS Payment Report yyyyymm v#.xls (or .txt)

*Example: SCE – Real Time SS Payment Report 200507 v1.xls (or .txt)*

- The subject line of email: <utility name> - Real Time Surplus Energy Sales Payment Report for yyyyymm

*Example: SCE – Real Time Surplus Energy Sales Payment Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

(ii) Required Information and Timeline - The Real Time Surplus Energy Sales Payment Report is to be submitted to DWR monthly by 12:00 noon, Pacific Prevailing Time, on the day SCE remits to DWR the Monthly Real Time Surplus Energy Sales. The report should be consistent in form and substance to the example screenshot below.

*Example:*

***Southern California Edison Company  
Real Time Surplus Energy Sales Payment Report***

***July 21, 2005 Payment Date***

**DWR Account Reference: 8213606**

<b>Description</b>	<b>Delivery Month</b>	<b>Credit</b>	<b>Debit</b>	<b>Net Payment</b>	<b>Note</b>
Real Time SS Payment	Apr-05	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$x,xxx,xxx.xx	

(iii) Wiring Information - The fund identification information to accompany the Electronic Transfer of Funds should follow similar format to the information of the Real Time Surplus Energy Sales Payment Report. It should appear on the wire as follows:

<Utility Name> <DWR Account Reference> DWR Real Time Surplus Energy Sales <Payment Date yyyyymmdd>

*Example: SCE 8021360006 DWR Real Time Surplus Energy Sales 20050720*

The electronic transfer of funds for Real Time Surplus Energy Sales payment shall be completed by 12:00 noon, Pacific Prevailing Time.

C. Preliminary Forward Surplus Energy Sales Calculation Summary Report

(i) Naming Convention - This report should be sent in Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - Preliminary Forward SS Calculation Summary yyyyymm v#.xls (or .txt)

*Example: SCE – Preliminary Forward SS Calculation Summary 200507  
v1.xls (or .txt)*

- The subject line of email: <utility name> - Preliminary Forward Surplus Energy Sales Calculation Summary Report for yyyyymm

*Example: SCE - Preliminary Forward Surplus Energy Sales Calculation  
Summary Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

(ii) Required Information and Timeline - The Preliminary Forward Surplus Energy Sales Calculation Summary Report is to be submitted to DWR by the Monthly Settlement Date of the delivery month. The report should be consistent in form and substance to the example screenshot below.

Example:

<b>Southern California Edison DWR Surplus Sales Calculation Summary Preliminary mmm-yyyy</b>		
<b>Summary Data</b>		
	<b>MWH</b>	<b>Amount</b>
Total Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
DWR Share of Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
SCE Share of Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
Costs Associated with Surplus Sales		\$xxx,xxx.xx
DWR Share of Costs		\$xxx,xxx.xx
DWR Share of Surplus Sales Less Costs		\$xxx,xxx.xx
<b>Preliminary Forward Surplus Sales Payment</b>		<b>\$xxx,xxx.xx</b>

D. Final Forward Surplus Energy Sales Calculation Summary Report

(i) Naming Convention - This report should be sent in Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - Final Forward SS Calculation Summary yyyyymm v#.xls (or .txt)

*Example: SCE – Final Forward SS Calculation Summary 200507 v1.xls (or .txt)*

- The subject line of email: <utility name> - Final Forward Surplus Energy Sales Calculation Summary Report for yyyyymm

*Example: SCE - Final Forward Surplus Energy Sales Calculation Summary Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

(ii) Required Information and Timeline - The Final Forward Surplus Energy Sales Calculation Summary Report is to be submitted to DWR monthly by the Final Monthly Settlement Date of the delivery month. The report should be consistent in form and substance to the two example screenshots below. The 25<sup>th</sup> hour in the second screenshot of the example below is intended for the Pacific Daylight Saving

Time to Pacific Standard Time switching date in the fall and should be left blank on any other day.

*Example:*

<b>Southern California Edison DWR Surplus Sales Calculation Summary Final mm-yyyy</b>		
<b>Summary Data</b>		
	<b>MWH</b>	<b>Amount</b>
Total Final Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
DWR Share of Final Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
SCE Share of Final Forward Surplus Sales	xxx,xxx	\$xxx,xxx.xx
Final Costs Associated with Surplus Sales		\$xxx,xxx.xx
DWR Share of Final Costs		\$xxx,xxx.xx
DWR Share of Final Surplus Sales Less Costs		\$xxx,xxx.xx
Preliminary Forward Surplus Sales Payment		\$xxx,xxx.xx
<b>Delivery Month Forward Surplus Energy Sales True-Up Amount</b>		<b>\$xxx,xxx.xx</b>

Southern California Edison  
**DWR Forward Surplus Energy Sales Calculation**  
 Final mmm-yyyy

Total		xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx	\$xxx,xxx	xxx,xxx	\$xxx,xxx
		DWR Surplus Energy Percentage			Total Forward Surplus Sales		DWR Forward Surplus Sales	
Date	Hour	DWR Contract Mwh	Total Utility Supply Mwh	DWR Surplus Energy Percentage %	MWh	\$	MWh	\$
		A	B	C=A/(A+B)	D	E	F=C*D	G=C*E
x/x/xxxx	1	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	2	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	3	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	4	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	5	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	6	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	7	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	8	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	9	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	10	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	11	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	12	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	13	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	14	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	15	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	16	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	17	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	18	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	19	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	20	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	21	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	22	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	23	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	24	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx
x/x/xxxx	25	x,xxx	x,xxx	.xxxx	x,xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx

E. Real Time Surplus Energy Sales Calculation Summary Report

(i) Naming Convention - This report should be sent in Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - RT SS Calculation Summary Report yyyyymm v#.xls (or .txt)

*Example: SCE – RT SS Calculation Summary Report 200507 v1.xls (or .txt)*

- The subject line of email: <utility name> - RT SS Calculation Summary Report for yyyyymm

*Example: SCE - RT SS Calculation Summary Report for 200507*

Modifications to a submitted report should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

(ii) Required Information and Timeline - The Real Time Surplus Energy Sales Calculation Summary Report is to be submitted to DWR by the Real-Time Surplus Energy Sales Settlement Date of the delivery month. The report should be consistent

in form and substance to the two example screenshots below. Note that Column C in the second screenshot in the following example should have values identical to those in Column E of the second screenshot for the Final Forward Surplus Energy Sales Calculation Summary Report. The 25<sup>th</sup> hour in the second screenshot of the example below is intended for the Pacific Daylight Saving Time to Pacific Standard Time switching date in the fall and should be left blank on any other day.

*Example:*

<b>Southern California Edison DWR Surplus Sales Calculation Summary Real Time mm-yyyy</b>		
<b>Summary Data</b>		
	<b>MWH</b>	<b>Amount</b>
Total Real Time Surplus Sales	Xxx,xxx	\$xxx,xxx.xx
DWR Share of Real Time Surplus Sales	Xxx,xxx	\$xxx,xxx.xx
SCE Share of Real Time Surplus Sales	Xxx,xxx	\$xxx,xxx.xx
Real Time Surplus Sales Costs		\$xxx,xxx.xx
DWR Share of Real Time Surplus Sales Costs		\$xxx,xxx.xx
DWR Share of Real Time Surplus Sales Less Costs		\$xxx,xxx.xx

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**DWR Real Time Surplus Sales Calculation**  
 Final mmm-yyyy

<b>Total</b>		<b>xxx,xxx</b>			<b>\$xxx,xxx</b>		<b>xxx,xxx</b>		<b>\$xxx,xxx</b>	
		<b>Total Real Time Surplus Sales</b>			<b>DWR Real Time Surplus Sales</b>					
<b>Date</b>	<b>Hour</b>	<b>DWR Surplus Energy Percentage</b>		<b>MWh</b>	<b>\$</b>	<b>MWh</b>	<b>\$</b>			
		<b>%</b>	<b>A</b>					<b>B</b>	<b>C</b>	<b>D=A*B</b>
x/x/xxxx	1	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	2	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	3	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	4	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	5	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	6	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	7	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	8	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	9	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	10	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	11	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	12	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	13	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	14	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	15	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	16	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	17	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	18	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	19	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	20	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	21	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	22	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	23	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	24	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			
x/x/xxxx	25	.xxxx		xxx	\$xxx,xxx.xx	xxx	\$xxx,xxx.xx			

F. Real Time Surplus Energy Sales Calculation Resource Location ID Master List

(i) Naming Convention - This report should be sent in a Microsoft Excel® workbook format with the following filename and subject line.

- The format of the filename: <utility name> - RT SS Location IDs v#.xls (or .txt)

*Example: SCE – RT SS Location IDs v1.xls (or .txt)*

- The subject line of email: <utility name> - RT SS Location IDs Version #

*Example: SCE - RT SS Location IDs Version 1*

Updates to a submitted list should be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.



Example: December 2009 - IST Report – v1.xls

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

Example: December 2009 - IST Report - v2.xls

- (ii) **Required Information and Timeline** - SCE shall report the Inter-SC Trade amounts of DWR Contracts with a separate entry for each hour of the date and for each Contract in the IST Reports. SCE shall report the data columns specified in the following table for each Inter-SC Trade Amounts. The report should be consistent in form and substance to the following table in Excel format.

Example:

Market (DA/RT)	DATE	HR	Product Type	Selling SC	Buying SC	Trading Location	Submitted Qty.	Adjusted Qty.	Counter Qty.
xx	xx/xx/xxxx	1	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	2	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	3	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	4	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	5	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	6	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	7	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	8	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	9	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	10	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	11	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	12	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	13	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	14	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	15	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	16	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	17	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	18	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	19	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	20	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	21	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	22	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	23	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	24	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx
xx	xx/xx/xxxx	25	xxxxx	xxxxx	xxxx	xxxx	xx.xx	xx.xx	xx.xx





Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

*Example: December 2009 - Sempra Report - v2.xls*

**(ii) Required Information and Timeline** - SCE shall report the Sempra Contract trade activities with a separate entry for each hour of the date and for amount that comes in to the CAISO area from outside on the Sempra Reports. SCE shall report the data columns specified in the following table. The report should be consistent in form and substance to the following table in Excel format.

Example:

Day	Date	Hr	SCE PV WEST*	SCE PV-WEST HASP*	SCE ELDORADO*	SCE-ELDORADO HASP*
dddddd	mm/dd/yyyy	1	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	2	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	3	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	4	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	5	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	6	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	7	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	8	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	9	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	10	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	11	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	12	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	13	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	14	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	15	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	16	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	17	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	18	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	19	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	20	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	21	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	22	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	23	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
dddddd	mm/dd/yyyy	24	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx



C. JP Morgan Report - JP Morgan Report is to be submitted to DWR within 5 Utility Business Days after the end of each calendar month during the Term.

(i) **Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remmit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by SCE) with the following filename and subject line:

- The format of the filename: <month> <year> - JP Morgan Report - v#.xls

*Example: December 2009 - JP Morgan Report - v1.xls*

- The subject line of e-mail: <month> <year> - JP Morgan Report – v#.xls

*Example: December 2009 - JP Morgan Report – v1.xls*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

*Example: December 2009 - JP Morgan Report - v2.xls*

(ii) **Required Information and Timeline** - SCE shall report the JP Morgan Contract activities with a separate entry for each hour of the date and for the metered amount that reflects the OMAR quantity as generated from the JP Morgan Contract activities. SCE shall report the data columns specified in the following table. The report should be consistent in form and substance to the following table in Excel format.



electronic means as reasonably determined appropriate by SCE) with the following filename and subject line:

- The format of the filename: <month> <year> - True-up Report - v#.xls

*Example: December 2009 – True-up Report - v1.xls*

- The subject line of e-mail: <month> <year> - True-up Report – v1.xls

*Example: December 2009 - True-up Report – v1.xls*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the report with the subsequent version number.

*Example: December 2009 – True-up Report - v2.xls*

**(ii) Required Information and Timeline** - SCE shall report the true-up activities with a separate entry for each hour of the date and for the corrected amount that reflects the changes to previously reported amounts to DWR Contract activities generated from book-outs, errors of entry, IST and any other corrections to DWR Percentage Calculation. SCE shall report the data columns specified in the following table. The report should be consistent in form and substance to the following table in Excel format.

*Example:*





*Example: December 2009 - Monthly DWR Percentage Calculation Report - v1.xls*

- The subject line of e-mail: <month> <year> - Monthly DWR Percentage Calculation Report – v#.xls

*Example: December 2009 – Monthly DWR Percentage Calculation Report – v1.xls*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the monthly report with the subsequent version number.

*Example: December 2009 - Monthly DWR Percentage Calculation Report - v2.xls*

- (ii) Required Information and Timeline** - SCE shall report the daily Remittance Basis and Estimated Bundled Customer Load amounts for Bundled Customers in the Monthly DWR Percentage Calculation Reports. SCE shall report the data columns specified in the following table for the monthly total quantities of each DWR Contract, the Estimated Bundled Customer Load and the DWR Percentage Calculation. The report should be consistent in form and substance to the following table in Excel format.





F. Contract Name Abbreviation Report - The Contract Name Abbreviation Report is to be submitted to DWR within 5 Utility Business Days after the end of each calendar month during the Term.

(i) **Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remmit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by SCE) with the following filename and subject line:

- The format of the filename: **Contract Name Abbr** Report v#.xls

*Example: Contract Name Abbr v1.xls*

- The subject line of e-mail: <utility name> - Contract Name Abbreviation Report

*Example: SCE – Contract Name Abbreviation Report*

(ii) **Required Information and Timeline** - SCE shall report the abbreviated Contract names as they appear in the other reports being submitted to DWR. The report should be consistent in form and substance to the following table in Excel format.

Example:

Contract/Intertie Name	Contract Abbreviation	Schedule 1 of Operating Order Contract Name
HIGH DESERT	HDPP	High Desert
MTWIND_1_UNIT 1	MTWIND1	Mountain View (Wind)
MTWIND_1_UNIT 2	MTWIND2	Mountain View (Wind)
Sempra (TERMEX_2_PL1X3)	SGEN	Sempra - Import
JARON	ARON	Allegheny
COLTON	COLTON	Colton - Drews Colton-Century
PV(DAM) SCE1_PVWEST_I_F_SER001 and PV(DAM) SCE1_PVWEST_I_F_SER002 and SCE1_PVWEST_I_F_SER003 and SCE1_PVWEST_I_F_SER004	SCE PV WEST	Sempra
PV(HASP) SCE1_PVWEST_I_F_SER001 and PV(HASP) SCE1_PVWEST_I_F_SER002	SCE PV WEST HASP	Sempra
SCE1_ELDORADO230_I_F_SER001 OR El Dorado (DAM) SCE1_ELDORADO230_I_F_030303	SCE ELDORADO	Sempra
El Dorado (HASP) SCE1_ELDORADO230_I_F_030303	SCE ELDORADO HASP	Sempra
SCE1_MEAD230_I_F_030303 and SCE1_MEAD230_I_F_111111	SCE MEAD	Sempra
SCE1_FOURCORNE345_I_F_404040 and SCE1_FOURCORNE345_I_F_363636 and SCE1_FOURCORNE345_I_F_111111 and SCE1_FOURCORNE345_I_F_030303	SCE FOURCORNERS	Sempra
JP Morgan	JPMorgan	JP Morgan D (all)

G. EBCL Deviation Report - The EBCL Deviation Report is to be submitted to DWR within 5 Utility Business Days after the end of each calendar month during the Term.

(i) **Delivery Mechanism and Naming Convention** - This report should be sent by e-mail to the e-mail address “IOU\_Remmit@water.ca.gov” (or by such secure electronic means as reasonably determined appropriate by SCE) with the following filename and subject line:

- The format of the filename: <month> <year> - EBCL Deviation Report - v#.xls

*Example: December 2009 - EBCL Deviation Report - v1.xls*

- The subject line of e-mail: <month> <year> - EBCL Deviation Report – v#.xls

*Example: December 2009 - EBCL Deviation Report – v1.xls*

Modifications to a submitted report will be accomplished by resending all the data including the necessary modifications and renaming the monthly report with the subsequent version number.

*Example: December 2009 - EBCL Deviation Report - v2.xls*

(ii) **Required Information and Timeline** - SCE shall report the monthly Estimated Bundled Customer Load and the final ISO submitted Bundled Customer Load information in the EBCL Deviation Reports. SCE shall report the data columns specified in the following table for the monthly quantities of the Estimated Bundled Customer Load, the Final ISO Submitted Bundled Customer Load, and the deviation percentage as further described below. The report should be consistent in form and substance to the following table in Excel format.

Example:

SCE  
**Monthly Load Deviation**  
 Final - yyyy

<b>Month</b>	<b>Estimated Bundled Customer Load</b>	<b>Final CAISO Submitted Bundled Customer Load</b>	<b>Final Deviation</b>
	<b>MWh</b>	<b>MWh</b>	<b>%</b>
	A	B	$C=ABS((B-A)/B)$
December yyyy-1	xxx,xxx	xxx,xxx	xx.xx
January	xxx,xxx	xxx,xxx	xx.xx
February	xxx,xxx	xxx,xxx	xx.xx
March	xxx,xxx	xxx,xxx	xx.xx
April	xxx,xxx	xxx,xxx	xx.xx
May	xxx,xxx	xxx,xxx	xx.xx
June	xxx,xxx	xxx,xxx	xx.xx
July	xxx,xxx	xxx,xxx	xx.xx
August	xxx,xxx	xxx,xxx	xx.xx
September	xxx,xxx	xxx,xxx	xx.xx
October	xxx,xxx	xxx,xxx	xx.xx
November	xxx,xxx	xxx,xxx	xx.xx
December	xxx,xxx	xxx,xxx	xx.xx

**ATTACHMENT D**

[Reserved]

## ATTACHMENT E

### SOUTHERN CALIFORNIA EDISON COMPANY

#### ADDITIONAL PROVISIONS

##### **Section 1. Memorandum of Understanding**

Memorandum of Understanding, entered as of April 9, 2001, by and among the California Department of Water Resources and Southern California Edison Company, a California corporation, and, as to Sections 5, 8, and 12, Edison International, a California corporation (“MOU”). The MOU sets forth the understandings of the parties about a plan to provide affordable and reliable electricity to customers of SCE. In the event the MOU is not approved as required by its own terms, the reference to the MOU in this Attachment E provides no independent basis for enforcement of the MOU.

##### **Section 2. [Reserved]**

##### **Section 3. Reservation of Rights**

Notwithstanding (i) the terms, execution or operation of the Servicing Order, (ii) the approval of, any modification to, or any other action taken with respect to or having an effect on the Servicing Order by the Commission or any other Governmental Authority, or (iii) any other action taken by a Governmental Authority, Utility hereby reserves all rights (if any) in any forum to contest, oppose, appeal, comment on, or otherwise seek to revisit, alter, modify or set aside any present or future decisions, orders, opinions, rulings, or actions or omissions to act by the Commission or any other Governmental Authority, whether in draft, interim or final form, arising out of, relating to, or connected with (x) the calculation of DWR Charges or DWR Revenues and the allocation of costs and amounts of electric capacity and output among the customers of electrical corporations, (y) the interpretation and/or legality of Applicable Law or Applicable Commission Orders, or (z) remittance of such calculated amounts by Utility to DWR or its Assign(s) under Applicable Law or Applicable Commission Orders in a manner inconsistent with this Servicing Order or Utility’s ability to perform its utility functions.

##### **Section 4. Orders of the Federal Energy Regulatory Commission**

Nothing in the Agreement shall operate to modify any of the requirements of any order of the Federal Energy Regulatory Commission. Without limiting the generality of the foregoing, nothing in the Servicing Order shall obligate Utility to pay for costs that would be inconsistent with any order of the Federal Energy Regulatory Commission or the ISO tariff.

## **ATTACHMENT F**

### **SOUTHERN CALIFORNIA EDISON COMPANY**

#### **CALCULATION METHODOLOGY FOR REDUCED REMITTANCES PURSUANT TO 20/20 PROGRAM FOR 2001 AND 2002**

##### **Reimbursement of 20/20 Rebate Costs for 2001 and 2002 Programs**

DWR agrees that Utility will utilize the method set forth in Attachment B to remit DWR Revenues to DWR. Payments to DWR (less the 20/20 rebate deduction) for DWR Charges will be remitted as the bills are paid by the customer. The 20/20 rebate will credit (reduce) the current DWR Charges on the Customer's bill. If the current DWR Charges on the Customer's bill are less than the 20/20 rebate, the remaining rebate will be applied to older DWR Charges. If there is still a remaining credit after all DWR Charges are offset, the remaining rebate will be applied as a credit pursuant to Utility payment posting priority rules and will offset other charges. Because DWR is funding the rebate program, Utility will recover any excess rebate amount by deducting it from the Daily Remittance(s) made to DWR. This will be reflected in the Utility's monthly summary report as "previously remitted adjustment." If, upon or after termination of this Servicing Order, excess rebates are owed, Utility will invoice DWR for such rebates as Additional Charges pursuant to Section 7 of the Servicing Order.

##### **Reimbursement of 20/20 Implementation Costs for 2001 and 2002 Programs**

DWR agrees to pay to Utility an implementation fee and recurring fees in order to cover Utility's reasonable development and on-going costs for the procedures, systems and mechanisms that are necessary to implement the 20/20 Program. Utility shall invoice DWR for payment of the implementation fee and recurring fees with reasonable supporting documentation in accordance with Section 7.2 of the Servicing Order.

##### **20/20 Fee Schedule for 2001 Program**

The intent is to reimburse the actual, incremental costs incurred by Southern California Edison (SCE). SCE will exercise its best efforts in managing their operations to minimize costs and keep within the budgeted costs shown below:

Estimated 20/20 Governor's Executive Order (March 13, 2001)

Incremental Costs

O&M Expense Items			Start Up	Ongoing			
			2001	2001	2002	2003	2004
1	Billing Infrastructure Maintenance	Annual Cost	--	--	182,801	181,199	172,068
2	Billing Application System Maintenance	Annual Cost	--	12,171	33,378	34,720	36,039
3	Bundled Svc/C&I Letters, Postage, Internet Access	Annual Cost	--	288,766	--	--	--
4	Rebills	Annual Cost	--	84,698	--	--	--
5	Field Visit	Annual Cost	--	108,844	--	--	--
6	Call Center Billing Inquiry	Annual Cost	--	315,742	--	--	--
7	Call Center Training Development, Delivery and Materials	One Time Fee	98,049	--	--	--	--
Total O&M Expenses			98,049	710,220	216,179	215,919	208,108
<b>Capital Items</b>							
1	Billing System Infrastructure Upgrade	One Time Purchase	898,825				
2	Billing Application System Development	One Time Fee	514,500				
Total Capital			1,413,325				
Total O&M Expenses and Capital			1,511,374	710,220	216,179	215,919	208,108

**Key Cost Assumptions for 2001 Program:**

- 20/20 Rebate Program effective date June 1, 2001; termination date Oct. 31, 2001.
- Billing Infrastructure includes CSS and CRISS systems upgrade.
- Programming costs include changes to SCE billing system for residential and non-residential customers to establish and display rebate information, including prior usage, baseline allowance, credit, etc.

- Survival of Payment Obligation Clause: System infrastructure and application will be maintained up to 2004 with the anticipation of continued rebill and collection activities. CCO (Customer Communication Org.) anticipates average 30% increase of handle time.
- TURN ON/OFF calls; average 20% increase in billing inquiries from July to October; average 30% of Billing Inquiries (BI) will be escalated to BI cases demanding higher level involvement for resolution.
- Average 10% of BI cases will result in field visits.
- Anticipate an average of additional 3,000 monthly rebills. Rebills will be continued up to 2004, as part of our continued ongoing operation.
- Costs are estimated. SCE reserves the right to adjust costs as needed.

Estimated 20/20 Governor's Executive Order (May 23, 2002)

Incremental Costs

O&M	Expense Items		Start Up	Ongoing			
			2002	2002	2003	2004	2005
1	Billing Infrastructure Maintenance	One Time Fee & Annual Cost	2,000	102,400	221,100	238,800	257,900
2	Billing Application System Development and Maintenance	One Time Fee & Annual Cost	201,100	--	5,700	5,900	6,200
3	Program Management	Annual Cost	--	16,640	--	--	--
4	Refills	Annual Cost	--	54,700	--	--	--
5	Field Visit	Annual Cost	--	103,100	--		
6	Call Center Billing Inquiry	Annual Cost		162,000			
7	Bill Inserts	Annual Cost		31,163			
8*	Medial Campaign - SCE's Respective Share of the \$3 Million Media Fund						
	Total O&M Expenses		203,100	470,003	226,800	244,700	264,100

(\*) SCE will receive a percentage of the presently estimated \$3 million cost to implement a statewide advertising campaign, which is contemplated by the CPUC and the Governor. This cost will be proportionally allocated among the three utilities.

<b>Capital Items</b>							
1	Billing Infrastructure Maintenance	One Time Purchase					
2	Billing Application System Development	One Time Fee					
	Total Capital						
	Total O&M Expenses and Capital		203,100	470,003	226,800	244,700	264,100

**Key Cost Assumptions for 2002 Program:**

- 20/20 Rebate Program applies to residential customers only and is effective on July 1, 2002 and terminates on October 31, 2002.
- 20/20 Rebate Program is applicable only to residential customers served under both time-of-use and non-time-of-use rate schedules except for direct access, self-generation (E-Net), and unmetered customers.
- 20/20 Rebate Program applies to customers who reduce their consumption over the comparable period in 2000 by 20 percent. If the customer has no comparable usage in 2000, its usage each month will be compared with the baseline allowance for its baseline zone.
- Programming costs include changes to SCE billing system for residential customers to establish and display rebate information, including prior usage, baseline allowance, credit, etc.
- Survival of Payment Obligation Clause: System infrastructure and application will be maintained up to 2005 with the anticipation of continued rebill and collection activities.
- CCO (Customer Communication Organization) anticipates an average 15% increase of handle time from TURN ON/OFF calls; average 10% increase in billing inquiries from July to November; average 15% of Billing Inquiries (BI) will be escalated to BI cases demanding higher level involvement for resolution.
- Average 10% of BI cases will result in field visits, 2.5% of BI cases will result in meter tests.
- Anticipate an average of additional 1,800 monthly rebills. Rebills will be continued up to 2005, as part of our continued ongoing operation to support customer inquiries.
- Costs are estimated. SCE reserves the right to adjust costs as needed.

## **Expense Tracking and Costs Assumptions for 2001 and 2002 20/20 Programs.**

If SCE's monthly expense tracking systems or mechanisms shows that costs are running greater than 15% higher or lower than estimated, SCE shall notify DWR of the reasons for the variance. SCE will invoice as "additional fees" or refund to DWR on a quarterly basis for any over or under collection of fees if greater than 15% or as agreed upon by the parties. Requests for additional services, not provided for in the Agreement or Attachment G, will be mutually agreed upon by the parties prior to rendering service to determine labor and systems constraints. Cost for additional services shall be negotiated in good faith by the parties prior to rendering service.

Approved costs will be reimbursed in accordance with Section 7.2 of the Servicing Order. Each invoice for additional costs must include:

- Appropriate documentation for fixed amounts where tracking these costs is burdensome.
- Hourly labor rates and total hours to complete a task acceptable, such as programming the billing systems (Estimates should always cover maximum effort expected with any contingencies. This will avoid having to come back and amend service agreement if total authorized amounts are exceeded).
- Provide invoices or vendor receipts for equipment purchases.

## **20/20 Program Reporting for 2001 and 2002 Programs**

1. Bi Monthly – To the extent reasonably possible, SCE shall provide DWR with a report showing the aggregated dollar amount and number of 20/20 credits applied to Customer accounts at least twice monthly.
2. Monthly – To the extent reasonably possible, SCE shall provide DWR with monthly reports showing the monthly total number of Customer accounts by customer class, average percent amount and average credit amount of 20/20 credits. In addition, SCE will provide prior year and current years system wide monthly kWh average. Monthly reports will be completed within 10 Business Days after the first of each month.
3. Program Summary – To the extent that SCE completes any additional analysis of the results of the 20/20 Program, such as by qualification type, SCE will provide to DWR such analysis. Any additional findings, including "lessons learned" and recommendations for future similar programs, will also be provided to DWR.

**ATTACHMENT G**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**FEE SCHEDULE**

The intent is to reimburse the actual, incremental costs incurred by Southern California Edison Company (SCE). This reimbursement for actual ongoing costs will continue through the life of this Servicing Order, however, as of the date herewith, costs were estimated through 2004, and DWR Bond Charges are continuing through 2023. SCE will exercise its best efforts in managing its operations to minimize costs and keep within the budgeted costs shown below:

Estimated DWR Power and DWR Bond Charge Incremental Costs:

O&M Expense Items		Qty or Unit Cost	Start Up	Estimated Ongoing				Actual Ongoing 2005 <sup>(1)</sup>
				2001	2002	2003	2004	
1	Billing Infrastructure Maintenance	Annual Cost	0	0	96,380	86,433	78,084	0
2	Billing Application System Maintenance – Power Charge	Annual Cost	0	32,124	57,207	59,507	61,768	0
3	Billing Application System Maintenance – Bond Charge	Annual Cost	0	0	0	30,000	30,000	0
4	Billing Application System Maintenance Bond/Power Charge	Annual Cost	0	0	0	30,000	30,000	32,891
5	Billing Application System Development Bond/Power Charge	Annual Cost	0	0	0	0	0	153,373
6	Bank Charges – Wire Transfer or ACH	Annual Cost	0	1,285	2,227	1,140	771	0
7	Remittance Process	Annual Cost	0	948	1,642	841	569	97,888
8	Call Center DWR Line Item Billing Inquiry	Annual Cost	0	94,530	67,673	67,673	67,673	0
9	Call Center Training Development, Delivery and Materials	One Time Fee	30,003	0	0	0	0	0
	<b>Total O&amp;M Expenses</b>		<b>30,003</b>	<b>128,887</b>	<b>225,129</b>	<b>245,594</b>	<b>238,865</b>	<b>284,152</b>

Capital Items		Qty or Unit Cost	Start Up	Estimated Ongoing				Actual Ongoing 2005 <sup>(1)</sup>
				2001	2002	2003	2004	
1	Billing System Infrastructure Upgrade	One Time Purchase	564,846	0	0	0	0	0
2	Billing Application System Development for DWR Power Charges	One Time Fee	1,236,400	0	0	0	0	0
3	Billing Application System Development for DWR Bond Charge	One Time Fee	405,062	0	0	0	0	0
Total Capital			2,206,308	0	0	0	0	0
Total O&M Expenses and Capital			2,236,311	128,887	225,129	245,594	238,865	284,152
(1) includes \$9.9K recorded in Dec '04								

### COMPARISON OF BUDGETED AND ACTUAL PAYMENTS

	Start-Up	2001	2002	2003	2004	2005
Total Budgeted O&M Expenses and Capital	\$2,236,311	\$128,887	\$225,129	\$245,594	\$238,865	\$284,152
Total Actual Payment	--	92,061	1,568,596	197,672	--	284,152

#### Key Cost Assumptions:

- ⇒ Service Agreement effective date June 3, 2001; Remittance for DWR funds can occur for up to 3 years after final bill presentation.
- ⇒ Billing Infrastructure includes CSS (Customer Service System) and CRRIS (Revenue Reporting System) systems upgrade.
- ⇒ Programming costs include changes to SCE billing system for residential and non-residential customers and presentation of a DWR line item on the bill.
- ⇒ Remittances will be on a daily basis via wire transfer or ACH using the “precise billing method” described in the March 27, 2001 decision (D.01-03-081) and further defined in SCE Attachment B.
- ⇒ CCO (Customer Communication Organization) anticipates an average 12% increase in Billing Inquiries (BI) the first 7 months, with diminishing inquiries down to 6% the 2nd year.
- ⇒ Excludes 20/20 Rebate programming and service costs.

- ⇒ Includes DWR Bond Charge programming and service costs as of November 15, 2002. Existing O&M estimates are sufficient to cover ongoing costs at this time.
- ⇒ Excludes DA Bond Charge and Power Charge costs (through 2004).
- ⇒ Costs are estimated, SCE reserve the right to adjust costs as needed. All actual DWR-related incremental costs are included for 2005; however, there is no cost separation by Customer Type or Fund Type.
- ⇒ Ongoing cost will continue for the length of this Agreement. DWR Bond Charges are continuing through 2023.

If SCE's monthly expense tracking systems or mechanisms show that costs are running greater than 15% higher or lower than estimated, SCE shall notify DWR of the reasons for the variance. SCE will invoice as "additional fees" or refund to DWR on a quarterly basis for any over or under collection of fees if greater than 15% or as agreed upon by the parties. Requests for additional services, not provided for in the Servicing Order or Attachment G, will be mutually agreed upon by the parties prior to rendering service to determine labor and systems constraints. Cost for additional services will be negotiated in good faith by the parties prior to rendering service.

Approved costs will be reimbursed in accordance with Section 7.2 of the Servicing Order. Each invoice for additional costs must include:

- Appropriate documentation for fixed amounts where tracking these costs is burdensome. For example: CCO (Customer Communication Organization) assumes increase in billing related inquiries from June 3, 2001 to December 31, 2001 will be approximately 12.21% or 23,544 additional calls. The CCO cost per call in 2001 is approximately \$4.02 per call. 2001 annual total of \$94,530 to be paid monthly by DWR.
- Hourly labor rates and total hours to complete a task acceptable, such as programming the billing systems (Estimates should always cover maximum effort expected with any contingencies. This will avoid having to come back and amend service agreement if total authorized amounts are exceeded).
- Provide invoices or vendor receipts for equipment purchases.

## **ATTACHMENT H**

[Provisions of Attachment H have been incorporated in  
Appendix A-2 of Attachment B of this 2006 Servicing Order.]

**ATTACHMENT I**  
**SOUTHERN CALIFORNIA EDISON**  
**LETTER AGREEMENT DATED FEBRUARY 28, 2002,**  
**AND AMENDED AS OF MARCH 18, 2002**

**[Note: Although these two documents are not attached to this Servicing Order, they are incorporated herein by reference.]**

## EXHIBIT A

### 2005 CLARIFICATIONS TO ORIGINAL EXHIBITS A-1 AND A-2 TO ATTACHMENT I

After the adoption of the provisions referenced in this Attachment I, certain additional charge types were introduced by the ISO during calendar year 2002. Consistent with the principles set forth in the documents referenced in Attachment I, the Parties have paid and/or satisfied the ISO invoiced amounts, and this Exhibit A to Attachment I has been prepared to memorialize such subsequently introduced charge types and the financial responsibility of the Parties. The Charge columns of the existing Exhibit A-1 and A-2 are hereby supplemented as provided below:

#### EXHIBIT A-1

Charge	Responsible Party
<p><b>2. Imbalance Energy and UFE:</b></p> <p>At the end of the current text, the following text is added: “; 595-Minimum Load Cost Allocation due ISO.”</p>	<p><b>CERS; however, responsibility for CT 401, 481 Instructed Energy credits and charges to be determined by the CPUC as described in Section 3.</b></p>
<p><b>3. Neutrality:</b></p> <p>At the end of the current text, the following text is added: “; 1481 - Excess Cost Neutrality Allocation.”</p>	<p><b>CERS</b></p>
<p><b>4. Interest:</b></p> <p>In the first sentence, the underlined text is added: “CERS will assume responsibility for CT 3999 <u>and CT 2999</u> Interest and Penalty Charges for those charges set forth in Exhibit A-1 and with respect to such charges related to the net short of SCE that CERS has assumed responsibility as set forth in Exhibit A-2.”</p>	<p><b>CERS</b></p>

**EXHIBIT A-2**

Charge	Responsible Party
<p><b>4. Inter-Zonal and Intra-Zonal Congestion:</b></p> <p>At the end of the current text, the following text is added: “; 271- Real-Time Intra-zonal Congestion INC/DEC Settlement; 272- Real-Time Above MCP Cost for Non-Market Dispatches; 1277- Real-Time Intra-zonal Congestion Charge/Refund (Grid Operations Charge); 1278- Allocation of Above MCP Cost for Real-Time Non-Market Dispatch.”</p>	<p><b>SCE</b></p>

# **ATTACHMENT 5**

**2010 OPERATING ORDER**

CONCERNING

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

And

PACIFIC GAS AND ELECTRIC COMPANY

THIS ORDER HAS BEEN FILED WITH AND APPROVED BY THE CALIFORNIA PUBLIC UTILITIES COMMISSION (“COMMISSION”) FOR USE BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES (“DWR”) AND PACIFIC GAS AND ELECTRIC COMPANY (“UTILITY”).

Date of Commission Approval:

Effective Date:

## 2010 OPERATING ORDER

This **2010 OPERATING ORDER** (this “Order” or “2010 Operating Order”) concerns the State of California Department of Water Resources (“DWR”), acting solely under the authority and powers granted by AB1X, codified as Sections 80000 through 80270 of the Water Code, and not under its powers and responsibilities with respect to the State Water Resources Development System, and Pacific Gas and Electric Company, a California corporation (“Utility”). This 2010 Operating Order amends and restates that certain 2004 Operating Agreement filed with the Commission on November 12, 2004 as directed in Decision 04-10-020, clarifying and revising that certain original Operating Agreement filed with the Commission on April 17, 2003, consistent with Decision 03-04-029, which replaced that certain Operating Order adopted pursuant to Decision 02-12-069, as amended and supplemented from time to time (collectively, the “Existing Operating Arrangement”). DWR and Utility are sometimes collectively referred to herein as the “Parties” and individually referred to as a “Party.” Unless otherwise noted, all capitalized terms shall have the meanings set forth in Article I of this Order.

### RECITALS

WHEREAS, under the Act, DWR has entered into a number of long-term power purchase agreements for the purpose of providing the net short requirements to the retail ratepayers of the State’s electrical corporations, including Utility; and

WHEREAS, the Contract Allocation Order of the Commission provides that such long-term power purchase agreements are to be operationally allocated among the State’s electrical corporations, including Utility, solely for the purpose of causing the State’s electrical corporations to perform certain specified functions on behalf of DWR, as DWR’s limited agent, including dispatching, scheduling, billing and settlements functions, and, prior to the MRTU Effective Date, to sell surplus energy, all as such functions relate to those certain power purchase agreements that are operationally allocated to each electrical corporation under the Contract Allocation Order; and

WHEREAS, DWR wishes to provide for the performance of such functions under the Allocated Contracts by Utility on behalf of DWR in accordance with such long-term power purchase agreements as provided in this Order; and

WHEREAS, consistent with the Contract Allocation Order and prior to the date that any Contract is novated to Utility, DWR will retain legal and financial obligations, together with ongoing responsibility for any other functions not explicitly provided in this Order to be performed by Utility, with respect to each of the Allocated Contracts and it is the intent of DWR and the Utility that the provisions of this Order will not constitute an “assignment” of the Allocated Contracts or Interim Contracts, if any, to Utility; and

WHEREAS, consistent with the Interim Contract Order of the Commission, DWR entered into certain Interim Contracts prior to January 1, 2003, and the Existing Operating Arrangement provided for the administration of such Interim Contracts by Utility until the termination of such Interim Contracts; and

WHEREAS, to reflect the changes resulting from the ISO implementation of Market Redesign and Technology Upgrade, DWR desires to amend the Existing Operating Arrangement and the Servicing Arrangement, consistent with the principles memorialized in that certain Memorandum of Understanding, dated as of February 4, 2009, which has been approved by the Commission on March 13, 2009.

**NOW, THEREFORE,** DWR agrees and Utility is ordered to do as follows:

## **ARTICLE I DEFINITIONS**

Section 1.01. Definitions. The following terms shall have the respective meanings in this Order:

The following terms, when used herein (and in the attachments hereto) with initial capitalization, shall have the meaning specified in this Section 1.01. Certain additional terms are defined in the attachments hereto. The singular shall include the plural and the masculine shall include the feminine and neuter, and *vice versa*. “Includes” or “including” shall mean “including without limitation.” References to a section or attachment shall mean a section or attachment of this Order, as the case may be, unless the context requires otherwise, and reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made (except as otherwise specifically provided herein). Unless the context otherwise requires, references to Applicable Laws or Applicable Tariffs shall be deemed references to such laws or tariffs as they may be amended, replaced or restated from time to time. References to the time of day shall be deemed references to such time as measured by prevailing Pacific Time.

“Act” means Chapter 4 of Statutes of 2001 (Assembly Bill 1 of the First 2001-02 Extraordinary Session) of the State of California, as amended.

“Allocated Contracts” mean the long-term power purchase agreements (as such agreements may be amended, supplemented, modified or clarified from time to time) operationally allocated to Utility under the Contract Allocation Order, without legal and financial assignment of such agreements to Utility, as provided in Schedule 1 attached hereto.

“Allocated Power” means all power and energy, including the use of such power or energy as ancillary services, delivered or to be delivered under the Contracts.

“Applicable Commission Orders” mean such rules, regulations, decisions, opinions or orders as the Commission may lawfully issue or promulgate from time to time, which further define the rights and obligations of the Parties under this Order.

“Applicable Law” means the Act, Applicable Commission Orders and any other applicable statute, constitutional provision, rule, regulation, ordinance, order, decision or code of a Governmental Authority.

“Applicable Tariffs” mean Utility’s tariffs, including all rules, rates, schedules and preliminary statements, governing electric energy service to Utility’s customers in its service

territory, as filed with and approved by the Commission and, if applicable, the Federal Energy Regulatory Commission.

“Assign(s)” shall have the meaning set forth in Section 14.01.

“Bonds” shall have the meaning set forth in the Rate Agreement.

“Bond Charges” shall have the meaning set forth in the Rate Agreement.

“Business Day” means the regular Monday through Friday weekdays that are customary working days, excluding holidays, as established by Applicable Tariffs.

“Commission” means the California Public Utilities Commission.

“Confidential Information” shall have the meaning set forth in Section 11.01(c).

“Contracts” mean the Allocated Contracts and the Interim Contracts.

“Contract Allocation Order” means Decision 02-09-053 of the Commission, issued on September 19, 2002, as such Decision may be modified, revised, amended, supplemented or superseded from time to time by the Commission.

“DWR Power” shall have the same meaning set forth in the Servicing Arrangement with such amendments to incorporate the Settlement Principles for Remittances and Surplus Revenues, as provided in Exhibit C of this Order.

“DWR Revenues” mean those amounts required to be remitted to DWR by Utility in accordance with this Order and as further provided in the Servicing Arrangement.

“Effective Date” means the effective date of this Order in accordance with Section 14.13, as such date is set forth on the cover page hereof.

“Fund” means the Department of Water Resources Electric Power Fund established by Section 80200 of the California Water Code.

“Good Utility Practice” means 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 does not require the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the Western Electric Coordinating Council region.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government, including the Commission.

“Governmental Program” means any program or directive established by Applicable Law which directly or indirectly affects the rights or obligations of the Parties under this Order and which obligates or authorizes DWR to make payments or give credits to customers or other third parties under such programs or directives.

“ISO” means the California Independent System Operator Corporation.

“Interim Contract Order” means Decision 02-08-071 of the Commission, issued on August 22, 2002, as such Decision may be amended or supplemented from time to time by the Commission.

“Interim Contracts” mean the power purchase or exchange arrangements between DWR and various Suppliers entered into by DWR at the request of Utility and consistent with the Interim Contract Order, as listed in Schedule 2 attached hereto.

“MRTU” means the ISO’s Market Redesign and Technology Upgrade.

“MRTU Effective Date” means the first trade date upon MRTU implementation by the ISO.

“Operating Order” or “Order” means this 2010 Operating Order, which amends and restates that certain 2004 Operating Agreement filed with the Commission on November 12, 2004 as directed in Decision 04-10-020, clarifying and revising that certain original Operating Agreement filed with the Commission on April 17, 2003, consistent with Decision 03-04-029, which replaced that certain Operating Order adopted pursuant to Decision 02-12-069, as amended and supplemented from time to time.

“Power Charges” shall have the meaning set forth in the Rate Agreement.

“Priority Long Term Power Contract” shall have the meaning set forth in the Rate Agreement.

“Rate Agreement” means the Rate Agreement between DWR and the Commission adopted by the Commission on February 21, 2002 in Decision 02-02-051.

“Remittance” means a payment by Utility to DWR or its Assign(s) in accordance with the Servicing Arrangement.

“Servicing Arrangement” means the Servicing Order as specified in Commission Decision 02-05-048, dated May 16, 2002, as amended and restated by the Servicing Order adopted pursuant to Decision 02-12-072 dated December 19, 2002, as further amended and restated by Decision 07-03-025 and certain further amended and restated 2010 Servicing Order submitted and pending the Commission approval.

“Supplier” means those certain third parties who are supplying power pursuant to the Contracts.

“Term” means term provided in Section 2.05 hereof.

“URG” means utility-retained generation, including without limitation Utility’s portfolio of generation resources and power purchase agreements prior to or after the Effective Date by Utility.

Section 1.02. Undefined Terms. Capitalized terms not otherwise defined in Section 1.01 herein shall have the meanings set forth in the Act or the Servicing Arrangement.

**ARTICLE II**  
**OPERATIONAL ALLOCATION OF POWER PURCHASE AGREEMENTS;  
MANAGEMENT OF THE CONTRACTS; ALLOCATED POWER; TERM**

Section 2.01. Operational Allocation and Management of Power Purchase Agreements. On behalf of DWR, as its limited agent, Utility will perform certain day-to-day scheduling and dispatch functions, billing and settlements and surplus energy sales (prior to the MRTU Effective Date) and certain other tasks with respect to the Allocated Contracts and each Interim Contract, as more fully set forth in this Order.

As further provided in Contract Administration and Performance Test Monitoring Protocols set forth in Exhibit E, except as otherwise transferred to the Utility as referenced in Exhibit E, DWR will continue to monitor and audit the Supplier performance under the Contracts. Upon development of a mutually agreeable plan, Utility will monitor the performance of Suppliers, as further provided in Exhibit E, subject, however, to DWR’s right but not the obligation to audit and monitor all functions contemplated to be performed by Utility, all as further provided in this Order.

Section 2.02. Standard of Contract Management.

- (a) Prior to the date that any Contract is novated to Utility, Utility agrees to perform the functions specified in this Order relating to the Allocated Contracts and Interim Contracts, if any, in a commercially reasonable manner, exercising Good Utility Practice, and in a fashion reasonably designed to serve the overall best interests of retail electric customers. Utility shall provide to DWR such information specifically provided in Exhibit F hereto to facilitate DWR’s verification of Utility’s compliance with this Section 2.02.
- (b) To the extent requested by Utility, DWR shall provide evidence in Commission proceedings describing Utility’s and DWR’s performance, rights and obligations under this Order.
- (c) DWR acknowledges the Commission’s exclusive authority over whether the Utility has managed Allocated Power available under the Contracts in a just and reasonable manner and DWR and Utility agree that none of the provisions of this Order shall be interpreted to reduce, diminish, or otherwise limit the scope of any Commission authority or to give DWR any authority over such matters. In addition, the Parties acknowledge that DWR is not subject to the Commission’s jurisdiction, and the Parties agree that none of the provisions of this Order, including Section 13.04 herein, shall be interpreted to subject DWR to the Commission’s jurisdiction or authority.

- (d) The Utility acknowledges DWR's separate and independent right to evaluate and enforce Utility's commercial performance under this Order.
- (e) Utility agrees to provide any information not otherwise required herein that is reasonably necessary to allow DWR to exercise its rights in subsection (d) above, provided that all such information shall be used solely for the purposes of exercising such rights.

Section 2.03. Good Faith. Each Party hereby covenants that it shall perform its actions, obligations and duties in connection with this Order in good faith.

Section 2.04. DWR Power. During the term of this Order, the electric power and energy, including but not limited to capacity, and output, or any of them from the Contracts delivered to retail end-use customers in Utility's service area shall constitute DWR Power for all purposes of the Servicing Arrangement. Prior to the MRTU Effective Date, Utility shall arrange for transmission service to accommodate surplus sales to the extent that transmission service is available and cost effective, all as further provided in Exhibit A.

Section 2.05. Term.

- (a) The Term of this Order shall commence on the Effective Date and shall terminate on the earlier of (a) the termination of the Servicing Arrangement, or (b) the termination of this Order by DWR upon ninety days' written notice to Utility and the Commission, or (c) upon consultation with the Commission, the termination of the Order by DWR upon reasonable written notice to Utility no shorter than 30 days, or (d) pursuant to Article VII hereof, the termination of this Order by a non-defaulting Party after an Event of Default.

In addition, this Order will terminate as to each Contract that terminates in accordance with its terms, has been terminated by a party to that Contract, or has been novated. Provided, however, whether a Contract is terminated or novated, the rights and obligations of the Parties that arise or relate to Utility's performance of its duties under this Order in respect of any terminated or novated Contract shall survive until the expiration of any such right or obligation.

- (b) If an event occurs which has the effect of materially altering and materially adversely impacting the economic position of the Parties or either of them under this Order, then the affected Party may, by written notice, request that the Commission approve amendments to this Order or other arrangements incidental to this Order as necessary to preserve or restore the economic position under this Order held by the affected Party immediately prior to such event. Such notice shall describe the event and shall include reasonable

particulars as to the manner and extent to which the economic position of the Party giving notice has been adversely affected.

### **ARTICLE III LIMITED AGENCY / NO ASSIGNMENT**

Section 3.01. Limited Agency. Utility is hereby appointed as DWR's agent for the limited purposes set forth in this Order. Utility shall not be deemed to be acting, and shall not hold itself out, as agent for DWR for any purpose other than those described in this Order. Utility's duties and obligations shall be limited to those duties and obligations that are specified in this Order.

Section 3.02. No Assignment. Prior to the date that any Contract is novated to Utility, DWR shall remain legally and financially responsible for performance under each of the Contracts and shall retain liability to the counterparty for any failure of Utility to perform the functions referred to in this Order on behalf of DWR as its limited agent, under such Contracts in accordance with the terms thereof. It is the intent of DWR and Utility that the provisions of this Order shall not constitute or result in an "assignment" of the Allocated Contracts in any respect.

### **ARTICLE IV LIMITED DUTIES OF UTILITY**

Section 4.01. Limited Duties of Utility as to the Contracts. During the Term of this Order, Utility shall:

- (a) Prior to the MRTU Effective Date, on behalf of DWR, as its limited agent, perform the day-to-day scheduling and dispatch functions, including day-ahead, hour-ahead and real time trading, scheduling transactions with all involved parties, under the Allocated Contracts, perform billing and settlements functions and obtain relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 hereto, all as more specifically provided in the Operating Protocols attached hereto as Exhibit A;

On and after the MRTU Effective Date, on behalf of DWR, as its limited agent, perform the day-to-day tasks, including the submission or the coordination of Bids and/or Inter-SC Trades, in the ISO's Day-Ahead Market, Hour-Ahead Scheduling Process and/or Real-Time Market (as such terms are defined under ISO's MRTU tariff), related to, and consistent with the terms of, the Allocated Contracts, perform billing and settlements functions and obtain relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 hereto, all as more specifically provided in the Operating Protocols attached hereto as Exhibit A;

- (b) On behalf of DWR, as its limited agent, enter into transactions for the purchase (or sale, as the case may be) of gas, gas transmission services, gas storage services and financial hedges, and perform the operational and administrative responsibilities for such purchases under gas tolling provisions under the

Allocated Contracts, including the review of fuel plans and consideration of alternative fuel supply, all as more specifically provided in the Fuel Management Protocols attached hereto as Exhibit B;

- (c) On behalf of DWR, as its limited agent, perform all necessary settlement functions under the Allocated Contracts in accordance with the terms of the applicable Allocated Contracts, consistent with the provisions of Exhibit C of this Order. In addition, perform all necessary billing and settlement functions related to DWR Revenues and remit DWR Revenues to DWR, consistent with the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C and the Servicing Arrangement;
- (d) Assume financial responsibility for the ISO charges listed on Exhibit D attached hereto;
- (e) On behalf of DWR, as its limited agent, upon development of a mutually agreeable plan, monitor the performance of Suppliers under the Allocated Contracts and undertake the administration of the Allocated Contracts, as more specifically provided in the Contract Administration and Performance Monitoring Protocols attached hereto as Exhibit E;
- (f) Provide to DWR the necessary information required by DWR as more specifically provided in the DWR Data Requirements From Utility attached hereto as Exhibit F to allow DWR to perform such internal procedures that are reasonable and determined appropriate by DWR to allow DWR to continue performance of financial obligations related to Allocated Contracts and to prepare and support reporting requirements set forth in Applicable Laws or agreements;
- (g) At all times in performing its obligations under this Order (i) comply with the provisions of each of the Allocated Contracts, (ii) follow Good Utility Practice, and (iii) comply with all Applicable Laws and Applicable Commission Orders;
- (h) Appoint a primary and secondary contact person, as set forth in Schedule 3 hereto, to coordinate the responsibilities listed in this Section 4.01;
- (i) Prior to the MRTU Effective Date, on behalf of DWR, as its limited agent, make surplus energy sales as more specifically provided in this Order;
- (j) Upon issuance of an Applicable Commission Order approving the novation of a Contract, Utility will submit in writing to DWR as to the effective novation date of such Contract; and
- (k) Prior to novation of the Interim Contracts by Utility in accordance with the terms of each such Interim Contract, comply with the provisions listed in paragraphs (a) through (i) of this Section 4.01, in each case substituting the defined term Interim Contract(s) for the term Allocated Contract(s).

Provided, however, in the event that DWR fails to provide or provides inaccurate information which results in Utility's non-compliance with its obligations under this Order, the resulting non-compliance by Utility shall not constitute an Event of Default under Section 7.01 hereof.

Section 4.02. Dispatch or Sale of Allocated Power. Subject to any existing or new ISO tariff provisions that may affect the dispatch of such Contracts, Allocated Power from all Contracts shall be dispatched or sold, as the case may be, by Utility pursuant to the Operating Protocols attached hereto as Exhibit A.

Section 4.03. DWR Revenues. DWR Revenues shall be accounted and remitted to DWR consistent with the principles provided in the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C and the provisions of the Servicing Arrangement. Unless otherwise specifically provided in this Order, Utility will not be required at any time to advance or pay any of its own funds in the fulfillment of its responsibilities under this Order.

Section 4.04. Ownership of Allocated Power. Notwithstanding any other provision herein, and in accordance with the Act and Section 80110 of the California Water Code, DWR shall retain title to all Allocated Power, including DWR Power. In accordance with the Act and Section 80104 of the California Water Code, upon the delivery of Allocated Power to Utility's customers, those customers shall be deemed to have purchased that power from DWR, and payment for such sale shall be a direct obligation of such customer to DWR. In addition, prior to the MRTU Effective Date, DWR shall retain title to any surplus Allocated Power sold by Utility as limited agent to DWR as provided in this Order.

## **ARTICLE V DUTIES OF DWR**

Section 5.01. Duties of DWR. Prior to the date that any Contract is novated to Utility and consistent with the Contract Allocation Order, during the Term of this Order, DWR shall:

- (a) Remain legally and financially responsible under each of the Contracts and cooperate with Utility in the transition from DWR to Utility the performance of the functions provided in this Order;
- (b) Assume legal and financial responsibilities and enter into or facilitate Utility's entering into transactions as DWR's limited agent, for the purchase (or sale, as the case may be) of gas, gas transmission services, gas storage services and financial hedges, and timely consent to or approve the Utility's performance of the operational and administrative responsibilities for such purchases under gas tolling provisions under the Allocated Contracts, including the review of fuel plans and consideration of alternative fuel supply, all as more specifically provided in the Fuel Management Protocols attached hereto as Exhibit B;
- (c) Pay invoices to the Suppliers and perform such internal procedures that are reasonable and determined appropriate by DWR, which may include validation, analysis and audit of the settlement functions to be performed on DWR's behalf, as its limited agent, by Utility relating to the Contracts. In addition, perform such internal procedures that are reasonable and determined appropriate by DWR,

which may include validation, analysis and audit of the billing and settlement functions to be performed on DWR's behalf, as its limited agent, by Utility related to DWR Revenues, consistent with the principles set forth in the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C;

- (d) Until such time as a mutually agreed upon plan may be entered into with Utility and approved by the Commission, and no earlier than January 1, 2004, continue to monitor the performance of Suppliers and conduct certain contract administration duties under the Allocated Contracts, all as more specifically provided in the Contract Administration and Performance Monitoring Protocols attached hereto as Exhibit E. In addition, continue to perform all other administrative functions related to Contracts not explicitly provided in this Order to be performed by Utility on behalf of DWR, as its limited agent;
- (e) Upon the termination of any Contract (other than a Contract that is novated to Utility or terminated on the Contract stated termination date shown on Schedule 1 attached to this Order), DWR will submit in writing to Utility a revised Schedule 1 to reflect the termination of any Contract. In the event that a Contract terminates on the Contract stated termination date shown on Schedule 1, then no further notice will be provided by DWR; and
- (f) Appoint a primary and secondary contact person, as set forth in Schedule 3 hereto, to coordinate the responsibilities listed in this Section 5.01.

## **ARTICLE VI SPECIAL CONTRACT TERMS**

Section 6.01. Special Contract Terms. In addition to the obligations set forth in this Order, Utility agrees to comply with the terms and provisions applicable to the Interim Contracts as set forth in Schedule 2 hereto.

## **ARTICLE VII EVENTS OF DEFAULT**

Section 7.01. Events of Default. The following events shall constitute "Events of Default" under this Order:

- (a) any material failure by a Party to pay any amount due and payable under this Order that continues unremedied for five (5) Business Days after the earlier of the day the defaulting Party receives written notice thereof from the non-defaulting Party; or
- (b) any material failure by Utility to schedule and dispatch Contracts, consistent with the principles set forth in Exhibit A; or
- (c) any failure (except as provided in (a) or (b)) by a Party to duly observe or perform in any material respect any other term or condition of such Party set forth in this Order, which

failure continues unremedied for a period of 15 calendar days after written notice of such failure has been given to such Party by the non-defaulting Party; or

(d) any material representation or warranty made by a Party shall prove to be false, misleading or incorrect in any material respect as of the date made; or

(e) an Event of Default (as defined under the Servicing Arrangement) shall have occurred and is continuing under the Servicing Arrangement.

Section 7.02. Consequences of Utility Event of Default. Upon any Event of Default by Utility, DWR may, in addition to exercising any other remedies available under this Order or under Applicable Law, (i) apply to the Commission for appropriate relief, including but not limited to the termination of this Order in whole or in part; and (ii) apply to the Commission and, if necessary, any court of competent jurisdiction for sequestration and payment to DWR or its Assign(s) of DWR Revenues or for specific performance of the functions related to the Contracts to be performed by Utility on behalf of DWR, as its limited agent, as provided in this Order.

Section 7.03. Consequences of DWR Event of Default. Upon an Event of Default by DWR (other than an Event of Default under 7.01(a)), Utility may request that the Commission terminate this Order in whole or in part, Section 2.05 notwithstanding.

Section 7.04. Remedies. Subject to Article XIII of this Order, upon any Event of Default, the non-defaulting Party may exercise any other legal or equitable right or remedy that may be available to it under applicable law or under this Order, including, but not limited to, the termination of this Order.

Section 7.05. Remedies Cumulative. Except as otherwise provided in this Order, all rights of termination, cancellation, or other remedies in this Order are cumulative. Use of any remedy shall not preclude any other remedy available under this Order.

Section 7.06. Waivers. None of the provisions of this Order shall be considered waived by either Party unless the Party against whom such waiver is claimed gives such waiver in writing. The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Order or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect. Waiver by either Party of any default by the other Party shall not be deemed a waiver of any other default.

## **ARTICLE VIII PAYMENT OF FEES AND CHARGES**

Section 8.01. Utility Fees and Charges. As noted in the Contract Allocation Order, the details of the amount and recovery of administrative costs to Utility associated with the Contracts are expected to be considered in another Commission proceeding. As such, the Parties agree that the administrative costs to Utility will be recovered pursuant to such Commission proceeding. Utility shall enter the cost of such fees and charges in its Purchased Electric Commodity Account, or its successor or another account designated by the Commission on a current basis, for recovery in retail rates subject to subsequent Commission review.

**ARTICLE IX  
REPRESENTATIONS AND WARRANTIES**

Section 9.01. Representations and Warranties of DWR. DWR represents and warrants that it will use its best efforts to obtain all necessary and appropriate notices, inducements, undertakings, approvals, and consents from each Supplier to the Contract allocated to Utility in order for Utility to undertake its duties set forth in this Order in a timely and appropriate fashion.

**ARTICLE X  
LIMITATIONS ON LIABILITY**

Section 10.01. Consequential Damages. In no event will either Party be liable to the other Party for any indirect, special, exemplary, incidental, punitive, or consequential damages under any theory. Nothing in this Section 10.01 shall limit either Party's rights as provided in Article VII above.

Section 10.02. Limited Obligations of DWR. Any amounts payable by DWR under this Order shall be payable solely from moneys on deposit in the Department of Water Resources Electric Power Fund established pursuant to Section 80200 of the California Water Code (the "Fund").

Section 10.03. Sources of Payment; No Debt of State. DWR's obligation to make payments hereunder shall be limited solely to the Fund and shall be payable as an operating expense of the Fund solely from Power Charges subject and subordinate to each Priority Long Term Power Contract in accordance with the priorities and limitations established with respect to the Fund's operating expenses in any indenture providing for the issuance of Bonds and in the Rate Agreement and in the Priority Long Term Power Contracts. Any liability of DWR arising in connection with this Order or any claim based thereon or with respect thereto, including, but not limited to, any payment arising as the result of any breach or Event of Default under this Order, and any other payment obligation or liability of or judgment against DWR hereunder, shall be satisfied solely from the Fund. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA ARE OR MAY BE PLEDGED FOR ANY PAYMENT UNDER THIS ORDER. Revenues and assets of the State Water Resources Development System, and Bond Charges under the Rate Agreement, shall not be liable for or available to make any payments or satisfy any obligation arising under this Order. If moneys on deposit in the Fund are insufficient to pay all amounts payable by DWR under this Order, or if DWR has reason to believe such funds may become insufficient to pay all amounts payable by DWR under this Order, DWR shall diligently pursue an increase to its revenue requirements as permitted under the Act from the appropriate Governmental Authority as soon as practicable. To the extent DWR's obligations are "administrative costs," they will require annual appropriation by the legislature.

Section 10.04. Cap on Liability. In no event will Utility be liable to DWR for damages under this Order, including indemnification obligations, whether in contract, warranty, tort (including negligence), strict liability or otherwise (referred to as "Damages" for purposes of this Section), in an amount in excess of: 1) on an annual calendar year basis, \$5 million plus ten

percent of Damages in excess of \$5 million and 2) for the entire term of this Order, \$50 million in total payments of Damages to DWR. For example, if Damages for an event are \$100 million, Utility's total liability for this event would be \$14.5 million (\$5 million plus 10% of \$95 million) and that would be the full extent of Utility's liability for such Damages. All Damages associated with an event will apply only to the annual limit in the first year in which Damages for that event were assessed. For example, if Damages for an event were paid as follows: \$15 million in year 1 and \$10 million in year 2, the Utility would pay DWR \$7 million (\$5 million plus 10% of \$10 million for year 1 and 10% of \$10 million for year 2). In this example, the \$1 million paid to DWR in year 2 (10% of \$10 million) does not count against the year 2 \$5 million calendar year threshold. DWR hereby releases Utility from any liability for Damages in excess of the limitations on liability set forth in this Section 10.04, provided however, that this limitation on Utility liability shall not apply to the extent the liability is a result of Utility's gross negligence or willful misconduct.

## **ARTICLE XI CONFIDENTIALITY**

### Section 11.01. Proprietary Information.

- (a) Nothing in this Order shall affect Utility's obligations to observe any Applicable Law prohibiting the disclosure of Confidential Information regarding its customers.
- (b) Nothing in this Order, and in particular nothing in Sections 11.01(e)(x) through 11.01(e)(z) of this Order, shall affect the rights of the Commission to obtain from Utility, pursuant to Applicable Law, information requested by the Commission, including Confidential Information provided by DWR to Utility. Applicable Law, and not this Order, will govern what information the Commission may disclose to third parties, subject to any confidentiality agreement between DWR and the Commission.
- (c) The Parties acknowledge that each Party may acquire information and material that is the other Party's confidential, proprietary or trade secret information. As used herein, "Confidential Information" means any and all technical, commercial, financial and customer information disclosed by one Party to the other (or obtained from one Party's inspection of the other Party's records or documents), including any patents, patent applications, copyrights, trade secrets and proprietary information, techniques, sketches, drawings, maps, reports, specifications, designs, records, data, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, object code, source code, and information related to the current, future and proposed products and services of each of the Parties, and includes, without limitation, the Parties' respective information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, business forecasts, sales and merchandising, and marketing plans and information. In all cases, Confidential Information includes proprietary or confidential information

of any third party disclosing such information to either Party in the course of such third party's business or relationship with such Party. Utility's Confidential Information also includes any and all lists of customers, and any and all information about customers, both individually and aggregated, including but not limited to customers' names, street addresses of customer residences and/or facilities, email addresses, identification numbers, Utility account numbers and passwords, payment histories, energy usage, rate schedule history, allocation of energy uses among customer residences and/or facilities, and usage of DWR Power. All Confidential Information disclosed by the disclosing Party ("Discloser") will be considered Confidential Information by the receiving Party ("Recipient") if identified as confidential and received from Discloser.

- (d) Each Party agrees to take all steps reasonably necessary to hold in trust and confidence the other Party's Confidential Information. Without limiting the generality of the immediately preceding sentence, each Party agrees (i) to hold the other Party's Confidential Information in strict confidence, not to disclose it to third parties or to use it in any way, commercially or otherwise, other than as permitted under this Order; and (ii) to limit the disclosure of the Confidential Information to those of its employees, agents or directly related subcontractors with a need to know who have been advised of the confidential nature thereof and who have acknowledged their express obligation to maintain such confidentiality. DWR shall not disclose Confidential Information to employees, agents or subcontractors that are in any respect responsible for power marketing or trading activities associated with the State Water Resources Development System.
- (e) The foregoing two paragraphs will not apply to any item of Confidential Information if: (i) it has been published or is otherwise readily available to the public other than by a breach of this Order; (ii) it has been rightfully received by Recipient from a third party without breach of confidentiality obligations of such third party and outside the context of the provision of services under this Order; (iii) it has been independently developed by Recipient personnel having no access to the Confidential Information; (iv) it was known to Recipient prior to its first receipt from Discloser, or (v) it has been summarized, processed and incorporated for incorporation into reports, discussions, statements or any other further work product. In addition, Recipient may disclose Confidential Information if and to the extent required by law or a Governmental Authority, provided that (x) Recipient shall give Discloser a reasonable opportunity to review and object to the disclosure of such Confidential Information, (y) Discloser may seek a protective order or confidential treatment of such Confidential Information, and (z) Recipient shall make commercially reasonable efforts to cooperate with Discloser in seeking such protective order or confidential treatment. Discloser shall pay Recipient its reasonable costs of cooperating.

Section 11.02. No License. Nothing contained in this Order shall be construed as granting to a Party a license, either express or implied, under any patent, copyright, trademark, service mark, trade dress or other intellectual property right, or to any Confidential Information

now or hereafter owned, obtained, controlled by, or which is or may be licensable by, the other Party.

Section 11.03. Survival of Provisions. The provisions of this Article XI shall survive the termination of this Order.

## **ARTICLE XII RECORDS AND AUDIT RIGHTS**

Section 12.01. Records. Utility shall maintain accurate records and accounts relating to the Contracts in sufficient detail to permit DWR to audit and monitor the functions to be performed by Utility on behalf of DWR, as its limited agent, under this Order. In addition, Utility shall maintain accurate records and accounts relating to DWR Revenues to be remitted by Utility to DWR, consistent with the Settlement Principles for Remittances and Surplus Revenues set forth in Exhibit C hereto. Utility shall provide to DWR and its Assign(s) access to such records. Access shall be afforded without charge, upon reasonable request made pursuant to Section 12.02. Access shall be afforded only during Business Hours and in such a manner so as not to interfere unreasonably with Utility's normal operations. Utility shall not treat DWR Revenues as income or assets of Utility or any affiliate for any tax, financial reporting or regulatory purposes, and the financial books or records of Utility and affiliates shall be maintained in a manner consistent with the absolute ownership of DWR Revenues by DWR and Utility's holding of DWR Revenues in trust for DWR (whether or not held together with other monies).

Section 12.02. Audit Rights.

- (a) Upon 30 calendar days' prior written notice, DWR may request an audit, conducted by DWR or its agents (at DWR's expense), of Utility's records and procedures, which shall be limited to records and procedures containing information bearing upon Utility's performance of its obligations under this Order. The audit shall be conducted during Business Hours without interference with Utility's normal operations, and in compliance with Utility's security procedures.
- (b) As provided in the Act, the State of California Bureau of State Audits (the "Bureau") shall conduct a financial and performance audit of DWR's implementation of Division 27 (commencing with Section 80000) of the California Water Code, and the Bureau shall issue a final report on or before March 31, 2003. In addition, as provided in Section 8546.7 of the California Government Code, pursuant to this Section 12.02, DWR or the State of California Department of General Services, the Bureau, or their designated representative ("DWR's Agent") shall have the right to review and to copy (at DWR's expense) any non-confidential records and supporting documentation pertaining to the performance of this Order and to conduct an on-site review of any Confidential Information pursuant to Section 12.03 hereof. Utility agrees to maintain such records for such possible audit for three years after final Remittance to DWR. Utility agrees to allow such auditor(s) access to such records during Business

Hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Utility shall include a similar right for DWR or DWR's Agent to audit records and interview staff in any contract between Utility and a subcontractor directly related to performance of this Order.

Section 12.03. Confidentiality. Materials reviewed by either Party or its agents in the course of an audit may contain Confidential Information subject to Article XI above. The use of all materials provided to DWR or Utility or their agents, as the case may be pursuant to this Article XII, shall comply with the provisions in Article XI and shall be limited to use in conjunction with the conduct of the audit and preparation of a report for appropriate distribution of the results of the audit consistent with Applicable Law.

Section 12.04. Annual Certifications. At least annually, and in no event later than the 30th day after the end of the calendar year, Utility shall deliver to DWR, with a copy to the Commission, a certificate of an authorized representative certifying that to the best of such representative's knowledge, after a review of Utility performance under this Order, Utility has fulfilled its obligations under this Order in all material respects and is in compliance herewith in all material respects.

Section 12.05. Additional Applicable Laws. Each Party shall make an effort to promptly notify the other Party in writing to the extent such Party becomes aware of any new Applicable Laws or changes (or proposed changes) in Applicable Tariffs hereafter enacted, adopted or promulgated that may have a material adverse effect on either Party's ability to perform its duties under this Order. A Party's failure to so notify the other Party pursuant to this Section 12.05 will not constitute a material breach of this Order, and will not give rise to any right to terminate this Order or cause either Party to incur any liability to the other Party or any third party.

Section 12.06. Other Information. Upon the reasonable request of DWR or its Assign(s), Utility shall provide to DWR or its Assign(s) any public financial information in respect of Utility applicable to services provided by Utility under this Order, to the extent such information is reasonably available to Utility, which (i) is reasonably necessary and permitted by Applicable Law to monitor the performance by Utility hereunder, or (ii) otherwise relates to the exercise of DWR's rights or the discharge of DWR's duties under this Order or any Applicable Law. In particular, but without limiting the foregoing, Utility shall provide to DWR any such information that is necessary or useful to calculate DWR's revenue requirements (as described in Sections 80110 and 80134 of the California Water Code).

Section 12.07. Data and Information Retention. All data and information associated with the provision and receipt of services pursuant to this Order shall be maintained for the greater of (a) the retention time required by Applicable Law or Applicable Tariffs for maintaining such information, or (b) three (3) years.

## **ARTICLE XIII DISPUTE RESOLUTION**

Section 13.01. Dispute Resolution. Should any dispute arise between the Parties or should any dispute between the Parties arise from the exercise of either Party's audit rights

contained in Section 12.02 hereof, the Parties shall remit any undisputed amounts and agree to enter into good faith negotiations as soon as practicable to resolve such disputes within (10) Business Days so as to resolve such disputes, as appropriate, within the timeframes provided under this Order, or as soon as possible thereafter. For any disputed Remittances, if such resolution cannot be made before the remittance date, Utility shall remit the undisputed portion to DWR. In addition, the disputed portion of the Remittances shall be deposited into an escrow account held by a qualified, independent escrow holder. Upon resolution of such disputes, the Party that escrowed the disputed amount shall reimburse the other Party from the escrow account as necessary.

Section 13.02. ISO Settlements and Disputes. Prior to the MRTU Effective Date, Utility shall review, validate and verify all ISO charges/credits contained on all ISO settlement statements, including any charges/credits resulting from functions related to the Contracts to be performed by Utility as provided in the Existing Operating Arrangement. Utility shall inform DWR of any discrepancies and shall dispute any such discrepancies with the ISO in accordance with the ISO's tariff and protocols. Except as provided in Section 13.03, if any ISO charge type settlement amount appearing on a Preliminary or Final Settlement Statement (as defined in the ISO tariff) resulting or relating to the Utility's performance of functions related to the Contracts under the Existing Operating Arrangement is in dispute, it shall be the responsibility of Utility, on behalf of DWR, as its limited agent, to seek resolution of said dispute through the ISO dispute resolution process as provided in the ISO's tariff.

On and after the MRTU Effective Date, consistent with the parameters of settlements procedures as further provided in Exhibit C attached hereto, DWR agrees and Utility is ordered to perform the following as related to ISO invoices and Settlement Statements (as such term is defined in the ISO tariff then in effect) issued to Utility in its role as load serving entity.

On and after the MRTU Effective Date, Utility shall review, validate and verify such ISO data or charges/credits contained on all ISO Settlement Statements related to Inter-SC Trades with respect to the Allocated Contracts and to provide such data or information as specified under the caption "Schedule / Bilateral Invoice" in Part II of Exhibit F attached to this Order. As to such data or information described under the caption "Schedule / Bilateral Invoice" in Part II of Exhibit F, Utility shall inform DWR of any discrepancies and shall dispute any such discrepancies with the ISO in accordance with the ISO's tariff and protocols.

At all times, for disputes affecting Utility's Remittances to DWR, including, prior to the MRTU Effective Date, disputes on ISO charges to non-DWR parties related to Surplus Revenues that would affect Remittances to DWR, Utility shall provide to DWR: a) notification of submission of the dispute through the ISO dispute resolution process, identifying, among other items, the dispute type, quantity, price and allocation; b) a copy of the submitted dispute and all supporting data; and c) a copy of all ensuing documentation resulting from the ongoing dispute resolution process. Utility shall track and validate all disputed ISO charges involving any financial responsibility of DWR.

Section 13.03. Supplier Invoice Disputes. DWR shall continue to be responsible for all dispute resolution relating to Supplier invoices. In addition, except as specifically provided in Exhibit E of this Order, all other contract administration functions shall remain DWR's responsibility.

Section 13.04. Good-Faith Negotiations. Should any dispute arise between the Parties relating to this Order, the Parties shall undertake good-faith negotiations to resolve such dispute. If the Parties are unable to resolve such dispute through good-faith negotiations, either Party may submit a detailed written summary of the dispute to the other Party. Upon such written presentation, each Party shall designate an executive with authority to resolve the matter in dispute. If the Parties are unable to resolve such dispute within 30 days from the date that a detailed summary of such dispute is presented in writing to the other Party, and the dispute relates solely to Utility's conduct, performance, acts and/or omissions (and not to DWR's conduct performance, acts and/or omissions), then DWR may, at its sole discretion, present the dispute to the Commission for resolution, in accordance with Applicable Law. All other disputes shall be brought in a court of competent jurisdiction or a forum mutually acceptable to the Parties in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party's choosing.

Section 13.05. Costs. Each Party shall bear its own respective costs and attorney fees in connection with respect to any dispute resolution process undertaken by it pursuant to this Article. Provided, however, DWR shall reimburse Utility all reasonably incurred costs, including, but not limited to, in-house and retained attorneys, consultants, witnesses, and arbitration costs, arising from or pertaining to all disputes relating to ISO charges/credits contained on all ISO settlement statements resulting from the operational, dispatch and administrative functions related to the Contracts performed by Utility on behalf of DWR, as its limited agent, pursuant to the standards set forth in Section 2.02 herein and consistent with the provisions of the ISO tariff, as may be amended from time to time, including, prior to the MRTU Effective Date, disputes on ISO charges to non-DWR parties related to Surplus Revenues that would affect Remittances to DWR. These costs shall be recorded and invoiced in the manner set forth in Section 8.01 hereof.

## **ARTICLE XIV MISCELLANEOUS**

### Section 14.01. Assignment

- (a) Except as provided in paragraphs (b) (c), (d) and (e) below, neither Party shall assign or otherwise dispose of this Order, its right, title or interest herein or any part hereof to any entity, without the prior written consent of the Commission. No assignment of this Order shall relieve the assigning Party of any of its obligations under this Order until such obligations have been assumed by the assignee. When duly assigned in accordance with this Section 14.01(a) and when accepted by the assignee, this Order shall be binding upon and shall inure to the benefit of the assignee. Any assignment in violation of this Section 14.01 (a) shall be void.
- (b) DWR may assign or pledge its rights to receive performance hereunder to a trustee or another party ("Assign(s)") in order to secure DWR's obligations under its bonds (as that term is defined in the Act), and any such Assign shall be a third party beneficiary of this Order; provided, however, that this authority to assign or

pledge rights to receive performance hereunder shall in no event extend to any person or entity that sells power or other goods or services to DWR.

- (c) Any person (i) into which Utility may be merged or consolidated, (ii) which may result from any merger or consolidation to which Utility shall be a party or (iii) which may succeed to the properties and assets of Utility substantially as a whole, which person in any of the foregoing cases executes an agreement of assumption to perform every obligation of Utility hereunder, shall be the successor to Utility under this Order without further act on the part of any of the Parties to this Order; provided, however, that Utility shall have delivered to the Commission, DWR and DWR's Assign(s) an opinion of counsel reasonably acceptable to the Commission and DWR stating that such consolidation, merger or succession and such agreement of assumption complies with this Section 13.01(c) and that all of Utility's obligations hereunder have been validly assumed and are binding on any such successor or assign.
- (d) Notwithstanding anything to the contrary herein, DWR's rights and obligations hereunder shall be transferred, without any action or consent of either Party hereto, to any entity created by the State legislature which is required under Applicable Law to assume the rights and obligations of DWR under Division 27 of the California Water Code.
- (e) Notwithstanding anything to the contrary herein, Utility's rights and obligations under this Order may be assigned to the reorganized debtor under a plan of reorganization approved by the Bankruptcy Court for Utility without any action or consent of either Party hereto.

Section 14.02. Force Majeure. Neither Party shall be liable for any delay or failure in performance of any part of this Order (including the obligation to remit money at the times specified herein) from any cause beyond its reasonable control, including but not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, restraint by court order or Government Authority, or any combination of these causes, which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to overcome.

Section 14.03. Severability. In the event that any one or more of the provisions of this Order shall for any reason be held to be unenforceable in any respect under applicable law, such unenforceability shall not affect any other provision of this Order, but this Order shall be construed as if such unenforceable provision or provisions had never been contained herein.

Section 14.04. Survival of Payment Obligations. Upon termination of this Order, each Party shall remain liable to the other Party for all amounts owing under this Order. Utility shall continue to collect and remit, pursuant to the terms of the Servicing Arrangement and the principles provided in the Settlement Principles for Remittances and Surplus Revenues provided in Exhibit C hereto and any DWR Charges billed to customers or, prior to the MRTU Effective

Date, any DWR Surplus Energy Sales Revenues attributable to sales entered into before the effective date of termination of the Servicing Arrangement.

Section 14.05. Third-Party Beneficiaries. The provisions of this Order are exclusively for the benefit of the Parties and any permitted assignee of either Party.

Section 14.06. Governing Law. This Order shall be interpreted, governed and construed under the laws of the State of California without regard to choice of law provisions.

Section 14.07. [Reserved.]

Section 14.08. Section Headings. Section and paragraph headings appearing in this Order are inserted for convenience only and shall not be construed as interpretations of text.

Section 14.09. Amendments. No amendment, modification, or supplement to this Order shall be effective unless it is in writing and signed by the authorized representatives of both Parties and approved as required, and by reference incorporates this Order and identifies the specific portions that are amended, modified, or supplemented or indicates that the material is new. No oral understanding or agreement not incorporated in this Order is binding on either of the Parties.

Section 14.10. Amendment Upon Changed Circumstances. (a) The Parties acknowledge that compliance with any Commission decision, legislative action or other governmental action (whether issued before or after the Effective Date of this Order) affecting the operation of this Order, including but not limited to (i) dissolution of the ISO, (ii) changes in the ISO market structure, including but not limited to MRTU or a reversion related thereto, (iii) a decision regarding direct access currently pending before the Commission, (iv) the establishment of other Governmental Programs, or (v) a modification to the Contract Allocation Order may require that amendment(s) be made to this Order. If either Party reasonably determines that such a decision or action would materially affect the services to be provided hereunder or the reasonable costs thereof, then upon the issuance of such decision or the approval of such action (unless and until it is stayed), the Parties shall negotiate the amendment(s) to this Order that is (or are) appropriate in order to effectuate the required changes in services to be provided or the reimbursement thereof. If the Parties are unable to reach agreement on such amendments within 60 days after the issuance of such decision or approval of such action, either Party may, in the exercise of its sole discretion, submit the disagreement to the Commission for proposed resolution, in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party's choosing.

(b) The Parties shall, if the rating agencies request changes to this Order which the Parties reasonably determine are necessary and appropriate, negotiate in good faith, but will be under no obligation to reach agreement or to ask the Commission to amend this Order to accommodate the rating agency requests. The Parties will cooperate in obtaining any required approvals of the Commission or other entities for such amendments.

(c) Upon request of DWR, the Utility agrees to a meet and confer for any reasonable issues identified by DWR as necessary and appropriate for DWR as related to its financial

reporting and fiduciary responsibilities and any rights and obligations related to this Operating Order. In addition, upon the reasonable request of DWR, the Utility will provide to DWR any information in respect of Utility that is applicable to the rights and obligations of the Parties under this Operating Order or any material information that is reasonably necessary for DWR to monitor and manage their risks and perform their fiduciary responsibilities. Likewise, upon the reasonable request of Utility, DWR will provide to Utility any information in respect of DWR that is applicable to the rights and obligations of the Parties under this Operating Order or any material information that is reasonably necessary for Utility to operationally administer the Allocated Contracts. If the joint analysis of this information and the “meet and confer” process indicate DWR should, in its judgment, revise its revenue requirement determination for submittal to the Commission, the Utility agrees to support an appropriate revised determination by DWR.

DWR and the Utility agree that as MRTU moves forward either DWR or Utility may identify further changes required to properly administer the Allocated Contracts under MRTU. DWR and the Utility shall meet and confer on mutual solutions to such changes, implement such solutions, and include them in modifications to the Servicing Arrangement and/or this Operating Order.

#### Section 14.11. Indemnification.

- (a) Indemnification of DWR. Utility (the “Indemnitor”) shall at all times protect, indemnify, defend and hold harmless DWR, and its elected officials, appointed officers, employees, representatives, agents and contractors (each, an “Indemnified Party” or an “Indemnitee”) from and against (and pay the full amount of) any and all claims (whether in tort, contract or otherwise), demands, expenses (including, without limitation, in-house and retained attorneys’ fees) and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed), to third parties arising from or in connection with (or alleged to arise from in connection with): (1) any failure by Utility to perform its material obligations under this Order; (2) any material representation or warranty made by Utility shall prove to be false, misleading or incorrect in any material respect as of the date made; (3) the gross negligence or willful misconduct of Utility or any of its officers, directors, employees, agents, representatives, subcontractors or assignees in connection with this Order; and (4) any violation of or failure by Utility or Indemnitor to comply with any Applicable Commission Orders or Applicable Law; provided, however, that the foregoing indemnifications and protections shall not extend to any losses arising from gross negligence or willful misconduct of any Indemnified Party.
- (b) Obligation of Utility. Consistent with the Contract Allocation Order, Utility shall not, in acting as limited agent of DWR hereunder be required to perform any obligations of any Supplier or on behalf of any Supplier under any Allocated Contract or to make any payments on behalf of such Supplier or as the result of the failure of such Supplier to perform under any Allocated Contract, except as otherwise explicitly noted in the Operating Protocols attached as Exhibit A and as further provided in Section B of Part III of Exhibit C attached hereto.

- (c) Indemnification of Utility. To the extent permitted by law, DWR (“Indemnitor”) shall at all times protect, indemnify, defend and hold harmless Utility, and its officers, employees, representatives, agents and contractors (each, an “Indemnified Party” or “Indemnitee”), from and against (and pay the full amount of) any and all claims (whether in tort, contract or otherwise), demands, expenses (including, without limitation, in-house and retained attorneys’ fees) and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed), to third parties arising from or in connection with (or alleged to arise from or in connection with): (1) any failure by DWR to perform its material obligations under this Order or any Allocated Contract and any Interim Contract, if any; (2) any material representation or warranty made by DWR shall prove to be false, misleading or incorrect in any material respect as of the date made; (3) the gross negligence or willful misconduct of the DWR or any of its officers, directors or employees, agents, representatives, subcontractors or assignees in connection with this Order; (4) any action claiming Utility failed to perform any Supplier’s obligations under a Contract; and (5) any violation of or failure by DWR or Indemnitor to comply with any Applicable Law; and provided, however, that the foregoing indemnifications and protections shall not extend to any losses arising from the gross negligence or willful misconduct of any Indemnified Party.
- (d) Indemnification Procedures. Indemnitee shall promptly give notice to Indemnitor of any claim or action to which it seeks indemnification from Indemnitor. Indemnitor shall defend any such claim or action brought against it, and may also defend such claim or action on behalf of the Indemnitee (with counsel reasonably satisfactory to Indemnitor) unless there is any actual or potential conflict between Indemnitor and Indemnitee with respect to such claim or action. If there is any actual or potential conflict between Indemnitor and Indemnitee with respect to such claim or action, Indemnitee shall have the opportunity to assume (at Indemnitor’s expense) defense of any claim or action brought against Indemnitee by a third party; however, failure by Indemnitee to request defense of such claim or action by the Indemnitor shall not affect Indemnitee’s right to indemnity under this Section 14.11. In any action or claim involving Indemnitee, Indemnitor shall not settle or compromise any claim without the prior written consent of Indemnitee.

Section 14.12. Notices and Demands. (a) Except as otherwise provided under this Order, all notices, demands, or requests pertaining to this Order shall be in writing and shall be deemed to have been given (i) on the date delivered in person, (ii) on the date when sent by facsimile (with receipt confirmed by telephone by the intended recipient or his or her authorized representative) or electronic transmission (with receipt confirmed telephonically or electronically by the intended recipient or his or her authorized representative) or by special messenger, or (iii) 72 hours following delivery to a United States post office when sent by certified or registered United States mail postage prepaid, and addressed as set forth below:

Utility: Pacific Gas and Electric Company  
Mail Code: N12E

P.O. Box 770000  
San Francisco, California 94177-0001

Attn: Candice Chan  
Director, Energy Contract Management and Settlements  
Telephone: (415) 973-7780  
Facsimile: (415) 972-5507  
Email: cww9@pge.com

DWR: State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: John Pacheco  
Acting Deputy Director  
Telephone: (916) 574-0311  
Facsimile: (916) 574-2512  
Email: jpacheco@water.ca.gov

- (a) DWR agrees and with respect to the Utility it is ordered that each Party shall be entitled to specify as its proper address any other address in the United States, or specify any change to the above information, upon written notice to the other Party complying with this Section 14.12.
- (b) DWR agrees and with respect to the Utility it is ordered that each Party shall designate on Attachment A the person(s) to be contacted with respect to specific operational matters. Each Party shall be entitled to specify any change to such person(s) upon written notice to the other Party complying with this Section 14.12.

Section 14.13. Effective Date. This Order shall be effective on the effective date set forth in the decision in which the Commission adopts this Order. Except as expressly provided otherwise herein, neither Party may commence performance hereunder until such date. Any delay in the commencement of performance hereunder as a consequence of waiting for such adoption(s) shall not be a breach or default under this Order.

Section 14.14. Government Code and Public Contract Code Inapplicable. DWR has determined, pursuant to Section 80014(b) of the California Water Code, that application of certain provisions of the Government Code and Public Contract Code applicable to State contracts, including but not limited to advertising and competitive bidding requirements and prompt payment requirements, would be detrimental to accomplishing the purposes of Division 27 (commencing with Section 80000) of the California Water Code and that such provisions and requirements are therefore not applicable to or incorporated in this Order.

Section 14.15. Annual Review. The provisions of the Exhibits are subject to annual review by DWR and Utility to ensure their relevance and usefulness. In the event that the Parties mutually agree that certain provisions of the Exhibits should be amended or supplemented, an amendment to the Exhibit should be executed and Utility shall submit to the Commission for approval.

Section 14.16. [Reserved]

Schedule 1

**ALLOCATED CONTRACTS**

<b>PG&amp;E Contracts</b>	<b>Contract Name</b>	<b>Contract Bidding and Operations Summary**</b>	<b>Remittance Basis</b>	<b>Contract Stated Termination Date</b>
Must-Take Contract	Coral	IST in Day Ahead at P-node or NP15 or SP15 Gen Hub <sup>2</sup>	IST Quantity <sup>1</sup>	6/30/2012
Large Dispatchable	PPM	Scheduled at COB/Malin plus IST (in Day Ahead and/or HASP) at the NP15 Gen Hub <sup>2</sup>	Scheduled Quantity (including Real Time Adjustments) at COB/Malin and IST Quantities	6/30/2011
Small Dispatchable (Peakers)	Calpine 3	Self-scheduled into market for all hours (with IST) (in Day Ahead and/or HASP) at P-node or NP15 Gen Hub (substitute energy) <sup>2</sup>	IST Quantities <sup>1,7</sup>	7/31/2011
	Calpine 2 - Los Esteros	Bid or self-scheduled into market for all hours (with IST when self-scheduled) (in Day Ahead and/or HASP) at P-node <sup>3,4</sup>	IST and Economic Bid Quantities <sup>1,6,7</sup>	12/31/2012
	Wellhead - Fresno, Gates, Panoche	Bid or self-scheduled into market for all hours (with IST when self-scheduled) (in Day Ahead) at P-node <sup>5</sup>	IST Quantities <sup>1</sup>	10/31/2011
	Calpeak - Panoche, Vaca-Dixon	Bid or self-scheduled into market for all hours (with IST when self-scheduled) (in Day Ahead and/or HASP) at P-node <sup>3,4</sup>	IST and Economic Bid Quantities <sup>1,6,7</sup>	1/1/2012
	GWF - Phase I,II, III	Bid or self-scheduled into market for all hours (with IST when self-scheduled) (in Day Ahead and/or HASP) at P-node <sup>3,4</sup>	IST and Economic Bid Quantities <sup>1,6,7</sup>	Phases I & II - 12/31/2011 Phase III - 10/31/2012
	Kings River Conservation District	Bid or self-scheduled into market for all hours (with IST when self-scheduled) (in Day Ahead and/or HASP) at P-node <sup>3,4</sup>	IST and Economic Bid Quantities <sup>1,6,7</sup>	9/18/2015

<sup>1</sup> IST quantities include CPT quantities, if any, in the ISO Day-Ahead Market will be included in Remittance Basis.

<sup>2</sup> Self Schedule with corresponding IST.

<sup>3</sup> A schedule reduction in HASP can only be accomplished by DEC bids.

<sup>4</sup> Market Revenues generated by Economic Bid awards will be paid to DWR by the counterparty and, in turn, the ISO Day Ahead Market Revenue portion will be transferred by DWR to PG&E.

<sup>5</sup> Market Revenues generated by Economic Bid awards will be retained by the Counterparty.

<sup>6</sup> Effective February 1, 2010, Economic Bid award quantity from the ISO Day-Ahead Market will be included in Remittance Basis.

<sup>7</sup> Incremental IST quantities in the HASP have been included in Remittance Basis beginning April 1, 2009.

\*\* Delivery locations based on Seller's Choice selections or contract language.



Schedule 2

**INTERIM CONTRACTS**

As of the MRTU Effective Date, there are no Interim Contracts.

Schedule 3

**REPRESENTATIVES AND CONTACTS**

Pacific Gas and Electric Company  
Mail Code: N12E  
P.O. Box 770000  
San Francisco, California 94177-0001

Primary Contact:

Ted Yura  
Manager, Contract Management  
Email address: thy1@pge.com  
Phone Number: 415-973-8660

Secondary Contact:

AnnMarie Roldan  
Contract Management Analyst  
Email address: abr5@pge.com  
Phone Number: 415-973-5046

**DWR/PG&E EXHIBIT A**  
**OPERATING PROTOCOLS**

## EXHIBIT A

### OPERATING PROTOCOLS

Pursuant to Section 4.01 of the Operating Order, on behalf of DWR as its limited agent, Utility shall perform the day-to-day scheduling and dispatch functions, including day-ahead, hour-ahead and real-time trading, scheduling of transactions with all involved parties, making surplus energy sales (prior to the MRTU Effective Date) and obtaining relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 to the Operating Order, and the Interim Contracts, if any, set forth in Schedule 2, all as more specifically provided below and in compliance with the provisions of each of the Contracts:

- I. Resource Commitment and Dispatch. Utility agrees to use good faith efforts to dispatch Allocated Contracts, and Interim Contracts, if any, based on the principle of “least cost dispatch” to retail customers, consistent with the Contract Allocation Order and other Applicable Commission Orders. Utility shall undertake these least cost dispatch functions both of the Contracts and its URG so as to minimize the cost of service to retail customers based on circumstances known or that reasonably could have been known by Utility at the time dispatch decisions are made. DWR shall have no role in enforcement or review of Utility least cost dispatch under the Operating Order and all issues of Utility compliance with least cost dispatch shall be within the sole review of the Commission.
  - A. Annual, Quarterly and Weekly Load and Resource Assessment Studies. Utility shall provide to DWR copies of its annual and quarterly load and resource assessment studies. Provided that Utility submits substantially the same information to the Commission, copies of the Commission submission will be simultaneously sent to DWR to satisfy requirements of this section. In addition, Utility will provide a weekly commitment and dispatch plan for informational purposes to DWR in the same form that such plan is used internally.
  - B. Scheduling Protocols.
    1. DWR is responsible for notifying the counter-party to each of the Allocated Contracts that scheduling under the Allocated Contracts will be performed by Utility before the first day that schedules are due to be submitted by Utility. DWR is responsible for notifying Utility of any changes to the Allocated Contracts that it has negotiated, including changes to the scheduling terms. DWR agrees to provide such notice as soon as possible following the negotiation of any changed provisions and in any case prior to the time that any changed provisions become effective.

To the extent that any of the Interim Contracts are amended or modified by DWR or Utility, including changes to the scheduling terms, DWR and Utility agree to provide such notice to the other Party as soon as possible following the negotiation of any changed provisions and in any case prior to the time that any such changed provisions become effective.

2. Utility agrees to schedule Contracts in accordance with their terms and in accordance with the requirements of the Control Area operator or operators with whom the Contract must be scheduled to provide for power delivery.
- II. ISO Ancillary Service (AS) Market. Among the Contracts are resources that are or may be qualified to be bid into the ISO's Ancillary Services ("AS") market or that Utility may use in its self-provision of AS. Utility is authorized to develop protocols and procedures for the use of DWR resources for AS. Utility shall, upon DWR's request, provide to DWR such information concerning Utility's intended use of DWR resources for AS as DWR may reasonably request for planning and revenue requirement purposes.
- III. Surplus Energy Sales and Energy Exchanges - Prior to MRTU Effective Date. The provisions set forth under this Section III shall be applicable prior to the MRTU Effective Date.
- A. Over-generation. If the ISO announces an over-generation situation Utility will back down resources in accordance with the ISO tariff and Good Utility Practice. In order to reduce the need for physical curtailment in over-generation situations, DWR and Utility shall develop pay for curtailment protocols and procedures that will enable Utility to instruct a must-take resource not to deliver energy under specified conditions. The costs and charges associated with mitigation of an over-generation situation shall be allocated among the Parties on a pro-rata basis consistent with the surplus sales allocation principles set forth in Exhibit C.
  - B. Energy Exchange Arrangements. Existing non-DWR/CERS exchanges and those that might be transacted post-2002, will be considered URG exchanges. The accounting of energy necessary to support energy exchanges is addressed in Exhibit C.
  - C. Surplus Energy Sales Arrangement. Utility shall on a monthly basis prepare a sales plan addressing all surplus sales, including without limitation sales to manage over-generation, contemplated by the Utility for review by DWR. Such plan shall address sales of power from the combined portfolio of URG resources and Contracts, which will be administered by Utility on its own behalf and acting as DWR's limited agent. As specified in Section 2.02 of the Operating Order, Utility shall pursue surplus sales in a fashion reasonably designed to serve the overall best interests of retail electric customers based on information known or could have been known by Utility at the time. Utility agrees to include sufficient details in the sales plans to allow DWR to satisfy its financial management and reporting requirements. To the extent there is surplus power uncommitted to a forward energy surplus sales transaction, Utility shall be required to bid such surplus energy in the day-ahead, hour-ahead or real-time market. Utility shall arrange for transmission service to accommodate surplus sales to the extent that transmission service is available and cost effective. The costs of transmission service, ISO charges and the costs of firm transmission rights associated with such surplus energy sales transactions shall be treated in accordance with the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C.

- IV. Outage Coordination and Determination of Resource Availability of Contracts. Utility shall communicate with the Scheduling Coordinator of each Contract to coordinate, approve, document and report planned Contract outages. For those Contracts where resource availability affects capacity payments, Utility will use good faith efforts to verify Supplier's actual resource availability, and keep records of resource availability as reported by Supplier. In addition, Utility shall document all outages (forced and planned) and notices of outages of DWR contract resources and provide such documents to DWR within five (5) business days after the end of each calendar month.
- V. Interim Contracts. Utility and DWR agree that the Attachments and data requirements associated with the Operating Order will be updated as needed to incorporate the addition of new Interim Contracts entered into after the issuance date of the Operating Order.

**DWR/PG&E EXHIBIT B**  
**FUEL MANAGEMENT PROTOCOLS**

## **EXHIBIT B**

### **FUEL MANAGEMENT PROTOCOLS**

Certain of the Contracts listed on Schedule 1 of the Operating Order provide DWR the option of either (i) letting the Supplier provide the necessary natural gas for its generating units at an index-based price or agreed upon fixed price or (ii) DWR procuring the gas supply and causing such supply to be delivered to the Supplier under a tolling arrangement (“Fuel Option”). Certain of the Contracts with Fuel Option provide that DWR can decide on a monthly basis whether to procure the gas and others provide that the decision be made annually or semi-annually when DWR reviews the Supplier’s proposed fuel plan.

The purpose of this Exhibit B is to describe the relationship which will exist between DWR and Utility and the specific responsibilities of each as they all relate to managing the natural gas provisions of the Contracts which include Fuel Options. Specifically, this Exhibit B will address responsibilities for the following activities: (i) determining types and lengths of gas contracts, (ii) nominating deliveries, (iii) contracting for gas transportation and storage, (iv) managing imbalances, (v) reviewing, authorizing and making payment of gas invoices and (vi) determining and implementing hedge strategies, as appropriate.

#### **I. Operating Relationship Between DWR and Utility**

While DWR will retain legal and financial responsibility for gas and related services, Utility shall, as a limited agent acting for DWR, perform the administrative and operational activities, as further specified below, required to ensure adequate gas is supplied to Suppliers’ generating units, consistent with the tolling provisions included in the Contracts. The intent of this relationship is to provide Utility sufficient flexibility and authority to execute normal day-to-day activities associated with managing the fuel provisions of tolling Contracts and procurement of natural gas and related services, as a limited agent acting on behalf of DWR without direct involvement by DWR but in a manner consistent with Utility Gas Supply Plans which have been reviewed and approved by DWR and the Commission.

#### **II. Fuel Activities**

Consistent with the terms of the Contracts with Fuel Options, Utility shall have administrative and operational authority to act, as a limited agent, for fuel supply related activities, consistent with the following goals and guidelines whenever Utility has recommended, and DWR has reviewed and approved such recommendation that gas for a Contract with Fuel Option be caused to be supplied by Utility from a list of approved providers.

1. Utility shall use reasonable commercial efforts to secure delivery of gas in a reliable manner and consistent with gas requirements for producing scheduled energy.
2. Utility shall develop a portfolio of gas supply for the Contracts that contain Fuel Options and where Utility is to supply gas, acting as limited agent on behalf of

DWR, consistent with the approved Utility Gas Supply Plans. Such portfolio should be diversified in terms of price mechanism, period of performance, and gas suppliers.

3. Utility shall develop a portfolio of supply which is reasonably priced relative to the market and in accordance with an approved Utility Gas Supply Plan.

### **III. Review of Supplier Fuel Plans**

In accordance with the terms of each of the Contracts with Fuel Options, Utility, acting as a limited agent on behalf of DWR, shall review each fuel plan prepared and submitted by the Supplier, and forwarded to the Utility by DWR, and determine whether to recommend (i) approval of the Supplier Fuel Plan and authorization for the Supplier to provide gas to its generating unit(s), or (ii) procurement and management of gas supplies to the generating unit(s) by Utility. Utility, acting as a limited agent on behalf of DWR, shall advise DWR and the Commission on a timely basis of its recommendation regarding responsibility for supplying natural gas. DWR shall, on a timely basis, review Utility's recommendation and either approve or identify requested changes. Once approved, Utility shall advise the Supplier in accordance with the time requirements included in the appropriate Contract with Fuel Option. In addition, for any Supplier Fuel Plans which have been implemented and are operative as of the Effective Date, and where DWR has previously elected to be responsible for gas supply, Utility may advise DWR that it would rather have Supplier provide the gas as of the Effective Date. DWR shall coordinate with Utility and Supplier to revise such Supplier Fuel Plans, to the extent possible, prior to the Effective Date.

### **IV. Fuel Procurement Strategies**

Under the Contracts with Fuel Option, upon Utility's recommendation, and DWR's review and approval of such recommendation, Utility will be responsible for procuring the natural gas fuel from a list of approved gas providers. Utility shall, acting as the limited agent of DWR, have administrative and operational responsibility for determining its gas procurement strategies, including but not limited to (i) types of contracts, (ii) length of contracts, (iii) pricing terms, (iv) use of storage, (v) types of gas transportation, (vi) delivery point(s), (vii) whether and how to obtain gas price forecasts, (viii) if and what risk management tools are to be used, and (ix) how to maintain current market intelligence.

Utility shall consolidate these strategies and submit them to DWR and the Commission as a "Utility Gas Supply Plan" by April 17, 2003 and, thereafter on a semi-annual basis initially but was subsequently revised to be submitted on an annual basis during the Term. Utility may also provide a copy of such Gas Supply Plan to DWR in advance of the filing with the Commission so as to be able to indicate DWR's approval of such plan. Utility shall indicate in its Advice Letter filing to the Commission whether DWR has approved such plan as appropriate. DWR shall also formally notify the Commission when it has approved such plan.

DWR and the Commission will review and approve the Utility Gas Supply Plans. In the event of conflicting guidance between the Commission and DWR regarding various aspects of the Gas Supply Plan they respectively approve or reject, where DWR only approves a subset of what the Commission approves, then Utility shall operate within the sphere of DWR's approval. If, however, the Commission explicitly rejects portions of the Gas Supply Plan that DWR would authorize, then Utility must operate within the limitations of the Commission's decision. After a reasonable period of time operating within the framework of the Gas Supply Plans and the Commission's and DWR's respective approval and/or rejection of various pieces of the Gas Supply Plan, the Parties agree to meet and confer to determine whether the approval process may need to be revised in some manner, and Utility shall submit to Commission any such proposed revisions. Once approved, Utility may act within such Utility Gas Supply Plan without further DWR involvement, except as provided below.

## **V. Gas Purchasing**

Utility and DWR shall jointly determine a list of approved gas providers who can be used to supply gas under the Contracts with Fuel Options. Master agreements intended to cover normal day-to-day volumes will then be executed with such approved providers. While DWR will be the executing party under all DWR gas contracts, such agreements shall specifically authorize Utility to act for and on behalf of DWR, as a limited agent, in negotiating specific prices, quantities and delivery periods for specific purchases under such master agreements; provided however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to provide to Utility in writing and in advance of such negotiations any limits, including without limitation any terms, that may be required by DWR. If Utility determines it would be beneficial to enter into any DWR gas contract which exceeds 3 months or have a total value exceeding \$10 million, it shall negotiate such agreement(s) and submit them to DWR for advance approval and execution.

## **VI. Gas Transportation**

Utility shall have responsibility for recommending to DWR which pipelines should transport gas if Utility, acting as limited agent on behalf of DWR is to supply gas under a Contract with Fuel Option. Following approval of or revision of Utility Gas Supply Plan, Utility shall negotiate firm and/or interruptible agreements with such pipelines, consistent with the Utility Gas Supply Plan and submit them to DWR for execution. While DWR will be the executing party, such agreements with pipelines shall specifically authorize Utility to act for and on behalf of DWR in nominating gas deliveries, making imbalance trades and managing gas volumes transported under such agreements provided, however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to provide to Utility in writing and in advance of such negotiations any limits, including without limitation any terms, that may be required by DWR.

## **VII. Gas Scheduling**

If permitted under the Contracts, the Utility shall have full administrative and operational responsibility for scheduling gas deliveries, whether to a specific generating plant or to

storage for all gas contracts entered into by DWR or by Utility on DWR's behalf pursuant to this Exhibit B. This function includes use of interstate and intrastate gas pipeline provider websites, confirming via telephone, and all other activities required to move gas from the designated delivery point, as determined by the Utility, to its destination, as determined by the Utility.

#### **VIII. Storage Capacity, Injections and Withdrawals**

Utility shall have responsibility for devising plans for gas storage, if Utility, acting as limited agent on behalf of DWR, is to supply gas under Contracts with Fuel Option from a list of approved providers. Following approval of the Utility Gas Supply Plans, Utility shall negotiate firm and/or interruptible agreements with such storage service providers and submit them to DWR for execution. While DWR will be the executing party with DWR remaining the principal under such contracts, such agreements with storage service providers shall specifically authorize Utility to act for and on behalf of DWR in nominating gas injections and withdrawals under such agreements; provided, however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to provide to Utility in writing and in advance of such negotiations any limits, including without limitation any terms, that may be required by DWR.

#### **IX. Managing Gas Delivery/Usage Imbalances**

For gas that it purchases and transports on behalf of DWR, Utility shall have full administrative and operational responsibility for monitoring and managing the daily status of gas usage vs. gas deliveries (i.e. gas imbalances). In addition, to the extent that gas transportation providers issue operational flow orders or require adjustments in scheduled gas deliveries due to system constraints, Utility, acting as limited agent on behalf of DWR, shall be responsible for compliance with such orders. Utility shall also be responsible for any penalties imposed by gas transportation providers for imbalances caused by Utility, due to its failure to exercise prudent gas management practices.

#### **X. Invoice Review, Approval and Payment**

For natural gas, pipeline transportation and storage services it purchases in accordance with this Exhibit B, Utility, acting as limited agent on behalf of DWR, shall have responsibility for receiving invoices from gas, transportation and storage suppliers, reviewing them for accuracy, approving/rejecting invoices for payment and forwarding to DWR for payment; provided, however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to cause Utility to be authorized to receive such information from Suppliers. Utility shall provide DWR sufficient documentation to verify payment of the invoices.

#### **XI. Forecasting**

Utility shall be responsible for all gas price, demand and supply forecasts which Utility believes are consistent with any accepted gas supply responsibilities.

## **XII. Risk Management**

Utility shall develop and include in its Gas Supply Plans, plans for the hedging of DWR Fuel Supply costs. Final decisions relating to the use or non-use of financial tools such as futures, options and swaps to hedge future gas price exposure on any gas volumes not hedged by Utility under the Utility Gas Supply Plans shall be made and implemented by DWR. Any such contracts executed by DWR on a “portfolio basis” should be utility-specific.

## **XIII. Market Intelligence**

Any and all efforts to obtain, analyze and utilize market intelligence for decision-making purposes shall be the responsibility of Utility.

## **XIV. Payment of Gas Costs**

For natural gas, pipeline transportation, financial hedges and storage services that are purchased and provided by a Supplier under an approved Fuel Supply Plan, DWR shall pay such gas related costs as part of the invoice for commodity, product, or services submitted by the Supplier. For natural gas, pipeline transportation and storage services provided under DWR contracts and administered by Utility on behalf of DWR, DWR shall pay invoices after they have been reviewed and approved for payment by Utility.

## **XV. Allocation of Existing DWR Gas Contracts**

From time to time, DWR enters into fuel supply, transportation and storage contract, consistent with the Gas Supply Plans submitted to the Commission by the Utility. DWR will continue to enter into such contracts in connection with the administration of DWR Contracts. The Utility will administer such fuel supply, transportation and storage contracts and perform such functions including but not limited to (i) scheduling gas transportation, (ii) confirming gas deliveries, (iii) nominating gas withdrawals from and injections into storage, if applicable, and (iv) reviewing and approving invoices for payment. When approved, invoices shall be transmitted to DWR for payment within 10 days of receipt of invoice from the gas supplier, gas storage or gas transportation provider.

## **XVI. Pre-existing Financial Hedge Instruments**

If DWR has entered into any financial hedge transactions that will remain operable after the Effective Date of the Existing Operating Arrangement or this 2010 Operating Order, DWR shall retain full administrative and operational control over such transactions.

**DWR/PG&E EXHIBIT C**  
**SETTLEMENT PRINCIPLES**  
**FOR REMITTANCES AND**  
**SURPLUS REVENUES**

## EXHIBIT C

### SETTLEMENT PRINCIPLES FOR REMITTANCES AND SURPLUS REVENUES

This Exhibit C outlines the principles by which Utility will calculate revenues associated with surplus energy sales prior to the MRTU Effective Date, and DWR energy delivered to retail customers. This Exhibit C also addresses the information that Utility will provide to DWR to support DWR payment of Contract invoices, and invoices from natural gas supplier(s) for fuel provided to service DWR Contracts where tolling options have been implemented.

This Exhibit C works in conjunction with the applicable Servicing Arrangement with Utility for purposes of determining the remittance amounts by Utility, which serves as DWR's billing and collection agent.

Prior to the MRTU Effective Date, in accordance with the Contract Allocation Order<sup>1</sup>, Part I of this Exhibit C provides that:

- Revenues will be allocated for both surplus sales and retail customer deliveries
- Revenues will be allocated pro rata, based on dispatched quantities of energy
- The principle of balancing least cost economic dispatch while maintaining reliability is reinforced through these revenue allocation protocols.
- Surplus sales quantities will be calculated as the difference between Utility's Energy Delivery Obligations (EDO) and the combination of energy from URG and energy dispatched from the Contracts.

Where Utility's Energy Delivery Obligations is defined as: (1) Utility's retail load<sup>2</sup> which includes distribution losses, (2) all pump-back loads, (3) energy exchange transactions between Utility and counter parties, (4) wholesale obligations, existing as of January 1, 2003, and (5) transmission losses.

On and after the MRTU Effective Date, as further provided in that certain Memorandum of Understanding, dated as of February 4, 2009, which was approved by the Commission on March 13, 2009 ("MOU"), Remittances to DWR will be allocated as further provided in Part II hereof.

The principles herein, together with the applicable methods and calculations contained in the Servicing Arrangement, form a substantive component of the accounting protocols required to implement the Contract Allocation Order, as certain of the principles are modified on and after the MRTU Effective Date as provided in this 2010 Operating Order and the Servicing Arrangement. This Exhibit should also be read in conjunction with Exhibit F ("Data Requirements").

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<sup>1</sup> Contract Allocation Order is CPUC Decision (D.) 02-09-053.

<sup>2</sup> PG&E retail load obligations per CPUC May 2002 Service Order (D.02-05-048) includes Western Area Power Administration (WAPA) load, although this load is not retail load.

Exhibit F may periodically be modified to include all data that DWR will require to verify Remittances to DWR or to implement protocol changes. Utility and DWR agree to modify Exhibit F to include or exclude information reasonably determined by DWR to allow DWR to verify Net DWR Retail Supply and, prior to the MRTU Effective Date, the surplus remittances. On and after the MRTU Effective Date, Utility and DWR further agree to review and modify Exhibit F, from time to time, to include or exclude such information so as to allow DWR to perform such internal procedures that are reasonable and determined appropriate by DWR, and such validation, analysis and audit of the settlement functions to be performed by Utility, as DWR's limited agent, consistent with the principles and parameters set forth in Part III of this Exhibit C.

## **I. Utility Remittance to DWR - Prior to the MRTU Effective Date**

The provisions under this Part I shall be effective to but not including the MRTU Effective Date. On and after the MRTU Effective Date, the provisions under Part II shall control.

Utility shall remit to DWR an Energy Payment for the delivery of Contract energy to Utility retail customers (including the delivery of Contract energy to WAPA) and a separate payment for DWR's share of Surplus Energy Sales Revenues. The principles for the remittances to DWR of Surplus Energy Sales Revenue and Energy Payment are contained in Sections A and B, respectively, of this Part I of this Exhibit C. The details for determination of the remittances to DWR by Utility are contained in the Servicing Arrangement.

### **A. Utility Remittance to DWR of Revenue from Surplus Energy Sales**

#### Surplus Energy and Revenues

Surplus energy exists when dispatched supply from Utility portfolio and DWR Contracts exceeds Utility's Energy Delivery Obligations. When such a condition exists, the revenues from the sale of surplus energy shall be shared between Utility and DWR. Surplus sale revenues can occur either through a forward market sale or a delivery of the excess energy into the ISO real time market. In addition to the sharing of surplus energy revenues, the quantity of any surplus energy shall likewise be shared between Utility and DWR, and used in the determination of the Hourly Percentage Factor described in Section B of this Part I.

Surplus energy sales revenues shall be placed by Utility into a separate account (Surplus Sales Fund) to be held in trust and shall be disbursed by Utility to DWR in accordance with the pro-rata allocation principles in this Exhibit C and consistent with the provisions of Service Attachment 2 of the Servicing Arrangement. For surplus energy sales to third parties, Utility shall apply reasonable credit risk management criteria that is consistent with industry accepted credit standards.

#### Surplus Energy Quantity

The Surplus Energy quantity shall be determined by subtracting Utility's Energy Delivery Obligations from the sum of dispatched URG energy and dispatched DWR Supply. URG energy shall include dispatched energy from URG, new Utility contracts and Utility market purchases plus adjustments for Ancillary Services and ISO Instructed Energy as described under "Definitions and Adjustments." DWR Supply shall include dispatched energy from DWR must take and dispatchable contracts plus adjustments described below.

DWR Surplus Energy quantity shall be the product of Surplus Energy quantity multiplied by the DWR Surplus Energy Percentage. Utility Surplus Energy quantity shall be the remaining portion of Surplus Energy. Both Utility and DWR Surplus Energy quantities shall be applied to the respective Party's energy supply quantities for determination of the Hourly Percentage Factor described in Section B of this Part I.

#### Surplus Energy Sales Revenues

Surplus Energy Sales Revenues shall be shared between Utility and DWR in the same manner as Surplus Energy.

#### Forward Market Sale

DWR share of revenues from a forward market sale of surplus energy shall be the product of the net revenue multiplied by the DWR Surplus Energy Percentage. Utility share of these revenues shall be net revenue less DWR share of net revenues. Revenues from a forward market sale shall not be distributed to the Parties until after Utility receives the revenues from the sales and pays sale-related charges. Shared revenues from forward market sales shall be net of transmission costs and broker fees.

#### ISO Real Time Market Sales

Revenues from delivery of surplus energy to the ISO real time market shall be determined from the product of positive load or supply deviation multiplied by the ISO real time market price. These revenues will be netted against any ISO charges related to the load deviation, including a negative ISO price. Load deviation is determined by subtracting the Utility metered load from the Final Hour Ahead Load Schedule, however only positive quantities, where schedule exceeds meter, reflect surplus conditions for revenue sharing. Supply deviation is determined by subtracting the Final Hour Ahead Supply Schedule (adjusted by real time instructions) from metered supply, however, only positive quantities, where meter exceeds the adjusted schedule, reflect surplus conditions for revenue sharing.

DWR share of revenues from delivery of surplus energy to ISO real time market shall be the product of the net revenues multiplied by the DWR Surplus Energy Percentage. Utility share of these net revenues shall be the net revenue less DWR share of net revenues. Revenues from delivery of surplus energy to the ISO real-

time market shall not be distributed to the Parties until after the Utility received payment for final monthly invoice from the ISO for the month in which the surplus energy was delivered.

#### Over-generation Periods

During periods of over-generation condition as announced by the ISO, surplus sales may be made at very low, zero or even negative prices. In such conditions, the surplus sale revenue calculations as described above still hold. However it is recognized that the sales may result in little or no revenue. Sales could even be done at a cost to the seller. That seller could be Utility or the ISO selling in an “out-of-market” condition. During these conditions, ISO-related charges assigned to Utility for such sales (e.g. – ISO selling out-of-market) are included in the surplus sales revenue as a cost. During over-generation conditions there may be no market in which to sell surplus energy. In that event, or in expectation of that event, Utility shall declare that no valid market exists for surplus energy and shall begin curtailing must-take resources in accordance with Utility’s procedures for mitigating over-generation conditions. Such mitigation measures shall be consistent with good utility practice, specifically hydroelectric facilities at spill or near-spill conditions and nuclear facilities scheduled by Utility are the last resources to be reduced in power output.

Over-generation for purposes of this Exhibit C is defined as the condition in which total supply exceeds total loads in the ISO control area.

Revenues or costs from delivery of surplus energy to the ISO real time market under an over-generation condition shall not be distributed to the Parties until after Utility receives payment for final monthly invoice from the ISO for the month in which the surplus energy was delivered.

#### Calculation of Surplus Energy Percentage

DWR Surplus Energy Percentage shall be equal to the pro rata share of DWR Supply to the sum of Utility Supply and DWR Supply, expressed as follows:

$$DWR \text{ Surplus Energy Percentage} = DWR \text{ Supply} / (Utility \text{ Supply} + DWR \text{ Supply})$$

Where:

DWR Supply is total energy dispatched from DWR Contracts with adjustments for transmission losses, Ancillary Services and ISO Instructed Energy transactions described below.

Utility Supply is total energy dispatched from URG, new Utility contracts and Utility market purchases with adjustments for transmission losses, existing wholesale obligations, WAPA load, Ancillary Services and ISO Instructed

Energy, exchange transactions, all pumping loads, and ISO Uninstructed Energy as described below.

## **B. Definitions and Adjustments**

Certain energy and capacity transactions, which may be conducted by Utility in its normal course of business, may affect the Utility and DWR Supply quantities used in pro rata calculations.

Exchanges are transactions where energy is delivered to a third party in one period and a similar, but not necessarily equal, amount of energy is returned by third party in a different period. For the purposes of pro rata share calculation, exchanges use and supplement energy from the Utility Supply.

Forward Sales are transactions where energy is sold in a forward market to balance supply with demand. In general, for the purposes of remittance determination, forward sales are made using energy from the joint Utility/DWR portfolio.

Ancillary Services are transactions where capacity from certain qualifying resources is sold to ISO for ancillary services rather than being used as energy to serve retail load. Resources from both Utility portfolio and DWR Contracts may qualify for use as ancillary services. Since the capacity used for ancillary services does not serve retail energy load, ancillary service capacity is not considered as a joint Utility/DWR portfolio transaction for the purpose of remittance determination. If Utility or DWR Contract resource capacity is used for ancillary services, the capacity quantity will not be included in the supply quantity of the owning party for the purpose of pro rata share calculations, and owning party will retain all the revenues from the ancillary services as well as all associated transaction costs and ISO charges.

ISO Instructed Energy is a transaction where certain qualifying resources are able to sell energy from unused capacity to the ISO in the real time market. The energy delivered from these resources is directed by the ISO in real time to balance supply and load imbalances on the grid. Either Utility portfolio or DWR Contracts may contain resources that have ability to provide instructed energy to ISO. Since instructed energy is resource specific and does not directly serve the retail load of any utility, instructed energy is not considered as a joint Utility/DWR portfolio transaction for the purpose of remittance determination. If Utility or DWR Contract resources are dispatched as instructed energy, the energy quantity will not be included in the supply quantity of the owning party for the purpose of pro rata share calculations, and owning party will retain all the revenues from the instructed energy as well as all associated transaction costs and ISO charges.

ISO Uninstructed Energy is a transaction where energy is delivered or received from the ISO grid in the real time based on the actual consumption of retail load and actual deliveries of supply resources.

### Uninstructed Retail Load Deviations

Uninstructed Load Deviations are the difference between scheduled load and metered load. If retail load deviations are positive (schedule exceeds meter), it is considered that any excess supply (less any positive uninstructed supply deviation) was dispatched from the joint Utility/DWR portfolio in excess of quantity needed to serve retail load, and that the ISO credit for the excess supply should be shared pro rata as described above. If retail load deviations are negative (meter exceed schedule), to the extent deviations are not compensated by a positive uninstructed supply deviation, it is considered that Utility had to procure additional supply from ISO real time market. The negative load deviation quantity procured from ISO real time market is considered a Utility market purchase and the quantity will be included in Utility Supply for pro rata share calculation purposes.

### Uninstructed Supply Deviations

Uninstructed Supply Deviations are the difference between scheduled supply and metered supply plus an ISO allocation for transmission losses. If Utility's net supply deviations<sup>3</sup> are positive (meter exceeds schedule), to the extent not needed to compensate a negative uninstructed retail load deviation, it is considered that excess supply was a Utility market sale and will not be included in Utility Supply for pro rate calculation purposes. If Utility's net supply deviations are negative (schedule exceeds meter), to the extent not balanced by a positive uninstructed retail load deviation, it is considered that Utility had to procure additional supply from the ISO real time market. The negative supply deviation quantity procured from the ISO real time market is considered a Utility market purchase and the quantity will be included in Utility Supply for pro rata share calculation purposes.

### Transmission Losses

Transmission loss is defined as Energy that is lost due to the process of transmitting energy from supply source to load. Therefore, supply resources from DWR Contracts and Utility Supply have distinct and identifiable quantity of transmission losses. Utility and DWR Supply should be net of transmission losses because of energy that is delivered to retail customers (i.e. load) equals quantity of supply less losses.

## **C. Utility Remittance to DWR for Sales of DWR Energy to Utility Retail Customers –Energy Payment**

Utility shall remit to DWR its Energy Payments according to the terms of each Utility's respective Servicing Arrangement.

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<sup>3</sup> Net positive and negative deviations of all supply resources.

The DWR Energy Payment is billed by each utility to customers in accordance with the terms of each applicable Utility Servicing Arrangement. The DWR Energy Payment is billed kWhs served by Net DWR Supply at the applicable CPUC approved DWR rate. Net DWR Supply is total DWR Supply less DWR share of surplus energy. The DWR Energy Payment is allocated based on the percentage of energy supplied by DWR to Utility, which is the “Hourly Percentage Factor” multiplied by the retail load of each customer. The Hourly Percentage Factor is determined by calculating the percentage of net energy supplied by DWR to Utility to serve retail load, as expressed below:

$$\text{Hourly Percentage Factor} = \text{Net DWR Supply} / (\text{Net Utility Supply} + \text{Net DWR Supply})$$

Where:

Net DWR Supply is DWR Supply quantity used for the determination of DWR Surplus Energy Percentage less DWR share of surplus energy quantity, which is determined by the product of surplus energy multiplied by DWR Surplus Energy Percentage.

Net Utility Supply is Utility Supply quantity used for the determination of DWR Surplus Energy Percentage less Utility share of surplus energy quantity, which is total surplus energy less the DWR share of surplus energy quantity.

In the Event of any conflict between the formulas and procedures in this Exhibit C and the formulas and procedures in Utility’s Servicing Arrangement, those contained in Utility’s Servicing Arrangement shall govern.

**D. Other**

In the Event of any conflict between the formulas and procedures in this Part I of Exhibit C and the formulas and procedures in Utility’s Servicing Arrangement, those contained in Utility’s Servicing Arrangement shall govern.

**II. Utility Remittance to DWR - On and After the MRTU Effective Date**

On and after the MRTU Effective Date, Utility shall make Remittances to DWR for the delivery of Contract energy to Utility retail customers, all as set forth under this Part II of Exhibit C. The details for determination of the Remittances to DWR by Utility are contained in the Servicing Arrangement. For purposes of calculations under this Part II, WAPA load shall not be included in the total “Estimated Bundled Customer Load.”

**A. DWR Remittances**

For billing purposes, Bundled Customers’ energy usage for DWR Bundled Customer Power Charge shall be based on “DWR Percentage Calculation” and shall be billed by each Utility to Customers in accordance with the terms of each applicable Servicing Arrangement. DWR Percentage Calculation determines the

percentage of DWR Contract power relative to the total “Estimated Bundled Customer Load” as expressed below:

*DWR Percentage Calculation = Summation of Hourly DWR Remittance Basis Power (MWh), divided by Summation of Hourly Estimated Bundled Customer Load (MWh)*

The term “DWR Remittance Basis” refers to the aggregated quantity and amount of energy (MWh) set forth in the table in Schedule 1 of this 2010 Operating Order in the column noted as “Remittance Basis” and as may be further modified under Section B entitled “Real Time Energy Dispatch Charges & Credits” below.

The term “Estimated Bundled Customer Load” is an estimate of Power purchased on behalf of the Utility’s Bundled Customers within the Utility’s Service Area. The Estimated Bundled Customer Load is calculated hourly using the actual Service Area MW load from the Utility’s Energy Management System (EMS). Estimated Bundled Customer Load is derived from in-area generation and net power flows at the Utility’s boundary and adjusted by removing actual pumping load (from EMS), estimate of Transmission Losses, and estimate of “Non-Bundled Customer Load”, consisting of Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers and Community Choice Aggregation Customers, as such Customer Types are specifically defined in the 2007 Servicing Orders and may exist from time to time with respect to each Utility, and excluding WAPA load and other specified categories as further provided in the 2010 Servicing Order.

The term “Hourly Estimated Bundled Customer Load” refers to:

*Hourly Estimated Bundled Customer Load (MW) = EMS Service Area Load (MW) – Actual IOU pumping load - Transmission Losses (MW) - DA Customers (MW) - CGDL Customers (MW) - MDL Customers - CCA Customers (MW)<sup>4</sup>*

Further details of the Estimated Bundled Customer Load are provided for the Utility in Appendix A-2 of Attachment B of the Utility’s Servicing Arrangement.

Utility Representations as to Estimated Bundled Customer Load. The Utility represents that the Estimated Bundled Customer Load as presented to DWR for each trade month, commencing on April 1, 2009, has been determined consistent with that general description set forth in Exhibit C, Part II(A) of the Operating Order. The Utility further represents that the same information is used by PG&E to support PG&E’s daily procurement activities, including in determining PG&E’s short position for any given hour and PG&E scheduling of retail load in the ISO market.

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<sup>4</sup> WAPA load is to be accounted for and excluded.

In the event that the Utility expects to terminate the use of Estimated Bundled Customer Load to support daily procurement activities as generally described above, the Utility agrees to provide reasonable written notice to DWR so that a mutually agreeable arrangement related to the submission of Hourly Estimated Bundled Customer Load can be discussed; provided that, if the Utility provides such written notice, Utility shall not be limited in any manner to make such a termination.

The load forecast used by PG&E to support daily procurement activities and the estimated actual load are composed of the identical elements. The former uses SCADA load data for the PG&E service area, recorded and forecast temperatures as input to a set of neural network load forecasting models to arrive at a load forecast for the total PG&E service area. Factors and estimates of non-PG&E served load in the area are subtracted from the total PG&E service area load forecast to derive a bundled customer load forecast. The estimated actual loads are based on the same SCADA load data as used in the forecast model. The same factors and estimates of non-PG&E served load in the area are used to adjust the actual SCADA load data to derive the estimated actual retail load.

The load forecast is used to represent PG&E's short position for any given hour, which subsequently is used to schedule retail load in the ISO market. The estimated actual retail load is used in regression analysis, and as the basis for the Estimated Bundled Customer Load used in the CDWR Power Charge remittance calculation.

In addition, in the event the Parties "meet and confer" under the heading "Meet and Confer Obligation for Significant Load Deviations" in Exhibit C, Part II(A) of the Operating Order, the scope of such meet and confer shall include DWR's ability to review and audit the hourly assumptions used by the Utility to determine Hourly Estimated Bundled Customer Load provided to DWR. The Parties agree that such review or audit of the hourly assumptions shall occur at the Utility's offices.

#### Billed Amount

The Billed Amount for DWR Bundled Customer Power Charge will be the product of the DWR Percentage Factor, the Bundled Customer's electric consumption and the Bundled Customer Power Charge rate in dollars per kilowatt-hours.

*Billed Amount for DWR Bundled Customers Power Charge = DWR Percentage Factor x Bundled Customer's electric consumption (kWh) x Bundled Customer Power Charge rate (\$/kWh)*

#### Remittances for DWR Bundled Customer Power Charge

The Daily Remittance of DWR Bundled Customer Power Charge shall be determined based upon the Billed Amount for DWR Bundled Customers by each

Utility by either applying a collection curve factor to the Billed Amount for DWR Bundled Customers, or by remitting the actual amounts collected from Bundled Customers, all as more specifically set forth in the appropriate 2007 Servicing Order.

#### Meet and Confer Obligation for Significant Load Deviations

The Utility will provide a monthly report of the load information, as more fully described in Appendix A-2 of Attachment B and Attachment C of the Servicing Arrangement. The Utility will provide such monthly reports to the DWR by the fifth Business Day following the publication of the ISO's Recalculation Settlement Statement for the last trade date of a calendar month.

Individual Utility Deviation. If, for a period of two consecutive months, the monthly simple average of the Utility's ISO metered load (submitted to the ISO at 43 calendar days currently and such other interval as may be required after the ISO implementation of "Payment Acceleration" procedures) deviates by at least three percent (3%) from the Estimated Bundled Customer Load value for the Utility (as such term is described under this Section A), DWR and the Utility shall meet and confer to discuss the cause of the deviation, upon written request by either Party.

Average Deviation Amount for All Utilities. If, for any one month, the monthly simple averages of each of the three (3) Utilities' ISO metered load, individually, deviates by at least three percent (3%) from the Estimated Bundled Customer Load values for the respective Utilities (as such term is described in this Section A), DWR and each Utility shall meet and confer to discuss the cause of the deviations, upon written request by any of the Parties.

Scope of Meet and Confer. For the purposes of this section, the "meet and confer" shall mean the affected Utility or Utilities, as the case may be, will engage in a conference call with DWR to discuss: (i) the Utility's or Utilities' efforts to determine the root cause of the variance between Estimated Bundled Customer Load values and ISO metered load, and (ii) corrective action, if any, planned by the Utility or Utilities to address the variance. In addition, in the event the variance between Estimated Bundled Customer Load values and ISO metered load requires DWR to revise its revenue requirement determination for the year in which the variance occurs, the Utilities agree to support an appropriate revised determination by DWR.

#### **B. Real Time Energy Dispatch Charges & Credits**

The provisions under this Section B apply to Dispatchable Units - and as to Instructed and Uninstructed Real Time Energy, distinguished by whether the Utility is to act as the Scheduling Coordinator ("SC") under the Contract or not.

1. When Utility is SC for the contracts identified in Section B of Part III of this Exhibit C:

Utility will pay retail Remittances on the metered amount and Utility will retain ISO market revenues / charges, consistent with the terms of the applicable Contract.

2. If the Utility is not the SC for the Dispatchable Unit:

DWR or the counterparty, as provided by the Contract, will receive market revenues for the real time energy via the SC and DWR will not be paid retail Remittances from the Utility for the real time dispatch

### **C. Transmission Losses**

Under MRTU, transmission losses are converted from physical adjustments to financial adjustments. To simplify the process and maintain equity across parties, the Parties agree to the following principles:

- DWR revenue requirement, which previously reduced the quantity of energy based upon transmission losses, will not reduce the quantity of energy to adjust for transmission losses.
- This change should be clearly identified or footnoted within future DWR Revenue Requirement documents.

### **D. Other**

In the Event of any conflict between the formulas and procedures in this Part II of this Exhibit C and the formulas and procedures in Utility's Servicing Arrangement, those contained in Utility's Servicing Arrangement shall govern.

## **III. Bilateral Settlement**

Under the Contract Allocation Order but prior to the date that any Contract is novated to Utility, DWR remains financially obligated for the Contracts. DWR will continue to pay Suppliers and this requires DWR to apply appropriate procedures and controls to ensure that payments are made accurately and in a timely manner. Information supporting Contract settlements will be provided by Utility, and additional information may also be required to address contract performance issues (such as availability and other items as discussed in Exhibit E) and to allow DWR to settle disputes in an appropriate manner, as set forth in Section 13.03 of the body of this Operating Order.

DWR requires sufficient information to support payment requests so that it can meet the accountability requirements of the State Controller's Office and the State Auditor, and simultaneously comply with the applicable statutes concerning disbursement of public monies. The Utility shall reconcile schedules with Suppliers invoice. DWR shall make the associated payments to Suppliers after performing its verification prior to the MRTU Effective Date, and, on and after the MRTU Effective Date, such internal procedures that are reasonable and determined appropriate by DWR, and such validation, analysis and audit of the settlement function performed by Utility, as DWR's limited agent, consistent

with the principles and parameters set forth in this Part III of this Exhibit C. In addition, the Utility will also provide the data as required in Exhibit F to allow DWR to perform its duties in a timely manner as set forth herein.

Prior to the MRTU Effective Date, DWR shall continue to perform validation of settlement data and invoices and pay Contract costs directly to the Suppliers upon validation of invoices.

On and after the MRTU Effective Date, the Parties have agreed to the specific provisions related to Real Time Energy Dispatch Charges and Credits as set forth in Section B of Part II of this Exhibit C. In addition, the Parties agree to the following principles related to Contract settlements:

**A. Ancillary Services**

- If the Utility is not the SC under the Contract: Revenues from ancillary services are passed through from the counterparty to DWR (to the extent so provided by the Contract) and, in turn, to the Utility, via the Utility Specific Balancing Accounts
- When the Utility is SC for the Contracts as identified in Section B of Part III of this Exhibit C, then: Revenues for ancillary services (to the extent so provided by the Contract) will be allocated to the Utility to the extent that DWR is entitled to such revenues

**B. Responsibility for ISO Charges and Credits - Generation Invoices**

As to the Contracts specifically identified in Attachment A of the MOU, to the extent PG&E, SCE, or SDG&E becomes the SC for certain Contracts, the Utility that becomes the SC will take responsibility for the payment/receipt of ISO invoice charges and credits that are allocated to DWR under and consistent with the terms of the applicable Contract. The Utilities have agreed to such responsibilities, to the extent they become the SC for the Contracts referenced in Attachment A of the MOU, but more recently updated as: (1) Sunrise, (2) JP Morgan D AL 1, AL5, (3) JP Morgan D HB1, and (4) JP Morgan D RB6.

In the event that a Utility or another entity identified by DWR becomes the SC for Contracts (other than those Contracts identified in the immediately preceding paragraph above), responsibility for ISO invoice charges and credits allocable to DWR shall be explicitly addressed at the time and in the document appointing such new SC.

1. Applicable to: SDG&E and SCE (when the Utility is SC for the contracts identified in the first paragraph under this Section B)
  - As SC, the Utility will be responsible for paying all ISO invoices in a timely manner.

- Utility will be responsible for ISO charges and credits, as allocated between DWR and the counterparty pursuant to the Contract
  - With respect to ISO charges allocated to the counterparty pursuant to the Contract, in the event the counterparty does not pay such charges to the Utility, then the Utility and DWR shall refer to the procedure described in Section D below that reimburses the Utility and to provide DWR with sufficient information to collect those charges from the counterparty.
2. Applicable to all 3 Utilities and when the Utility is the SC, for any Contracts other than those identified in the first paragraph of this Section B:
- DWR and the appropriate Utility will agree upon the Remittance Basis and the treatment of market revenues for energy and Ancillary Services
  - DWR and the appropriate Utility will agree upon the responsibility for ISO charges and rights to ISO credits

**C. Bilateral Settlement Parameters On and After the MRTU Effective Date**

1. General. On behalf of DWR, as its limited agent, Utility will perform all necessary settlement functions related to and in accordance with the terms of the applicable Allocated Contracts, and provide recommendations to allow DWR to make payments accurately and in a timely manner. Utility shall perform such settlement functions consistent with Good Utility Practice.

Settlement functions shall include but are not limited to verification or appropriate review, as the case may be, of energy and related fuel charges, capacity, transmission charges, ISO charges and credits (as further described below), and contract performance related costs and credits, as further set forth in this Section C.

2. ISO Market Activity Related Settlements Parameters. Settlement functions in the cases where Utility is the Suppliers' Scheduling Coordinator, shall also include verification of ISO market activity in accordance with the terms of the Contracts.

In addition, verification activities shall be performed as to each Contract's ISO market activity where the Utility is not the Supplier's Scheduling Coordinator, and where the Contract provides for the necessary information and appropriate timing to perform such activities. These activities shall be limited to ISO charges or credits where DWR is financially responsible or has the right to receive under the Contract. Settlement processing of the ISO market activity of the Contracts may include but is not limited to the review, validation or verification, as appropriate, of charges or credits to confirm reasonableness and

consistency with the operating history and record maintained by the Utility. In addition, the Utility shall review such types of charges or revenues for consistency under provisions of the Contracts. The types of charges or revenues may include but is not limited to:

- 1) Volume and prices of uninstructed imbalance energy charged or credited as invoiced;
- 2) Volume and prices of instructed imbalance energy charged or credited as invoiced;
- 3) Volume and prices of Ancillary Services charged or credited as invoiced;
- 4) Compensation for start up cost and minimum load cost compensation as invoiced;
- 5) Compensation for exceptional dispatch uplift compensation as invoiced;
- 6) Verification of volume and prices of load uplift obligation trade offset and bid cost recovery charged or credited as invoiced; and
- 7) Resource performance penalties such as uninstructed deviation penalties and ancillary service no pay penalties.

3. Insufficient ISO Data for Settlement Verification. In the event that the Utility determines that some of the data is not available for the Utility to verify certain ISO charges and credits, the Utility shall notify DWR and provide sufficient description of the ISO data reasonably necessary to complete the verification activities above. DWR will request and facilitate Utility's receipt of such ISO data from the counterparty. In the event that DWR subsequently is successful in obtaining such Utility notified necessary ISO data, upon receipt of such ISO data, the Utility shall commence its settlements verification of such ISO market activity prospectively.

4. Recommendations on Invoice Payment. The Utility shall provide recommendations to DWR on payment of bilateral invoices, including ISO charges and credits consistent with Section C of Part III of this Exhibit C, no later than five calendar days before the required contract payment date, or such other timeline that is mutually agreeable to both parties. In the event the Utility recommendation for payment is different than the Supplier invoice, Utility shall provide a detailed explanation with support information to CDWR sufficiently in advance to allow DWR to settle disputes with the Contract counterparty in an appropriate manner.

#### **D. Additional Provisions Related to ISO Settlement Statements**

1. ISO Settlement Statements issued to Utility as Scheduling Coordinator of Specified Allocated Contracts. As to the Allocated Contracts specifically identified in Annex 1 attached hereto, as such Annex 1 may be amended from

time to time, to the extent that Utility becomes the Scheduling Coordinator as contemplated in Section II(G) of that certain Memorandum of Understanding, dated as of February 4, 2009, Utility will take responsibility for the timely payment, if any, to the ISO, taking into account such ISO charges and credits that are allocated to DWR and (i) any net payments owed to the Utility by the Supplier or (ii) any net credit owed to the Supplier by the Utility (collectively, "Supplier Portion of ISO Charges").

- a. Within five (5) Business Days of the Utility's receipt of an ISO Invoice, the Utility shall determine the Supplier Portion of ISO Charges and (i) invoice DWR for such amount or (ii) advise DWR as to the net credit to be paid to DWR. In each case, the Utility shall also provide the Supplier and DWR of such agreed-upon data.
- b. In the case of any net payment owed to the Utility, within ten (10) Business Days of DWR receipt of an invoice from the Utility, DWR will pay the Utility the entire Supplier Portion of ISO Charges.
- c. In the case of a net credit owed to the Supplier, within ten (10) Business Days of DWR receipt of such credit advice, the Utility will submit net credit payment.
- d. In either instance as described in (b) or (c) above, the same amount of the Supplier Portion of ISO Charges will be accounted and either credited to DWR (in the case of net payment owed by the Supplier as described in (b) above) or debited to DWR (in the case of net credit owed to the Supplier as described in (c) above) in DWR's succeeding month's Supplier's invoice, consistent with the procedures agreed to between DWR and the Supplier.
- e. In the event that the Supplier shall dispute the Utility determined Supplier Portion of ISO Charges, in the case net payment owed by the Supplier as described in (b) above, DWR agrees to pay the entire Utility determined Supplier Portion of ISO Charges to the Utility initially and pursue dispute resolution with the Utility. In the case of dispute as to the net credit owed to the Supplier as described in (c) above, Utility will pay the Utility determined amount.

As to the disputed portion, DWR agrees to enter into dispute resolution process with the Supplier, with such back-up data and information from the Utility, to resolve such dispute of the Supplier. Upon resolution of such dispute by DWR, the disputed portion shall be communicated to the Supplier and the Utility.

- f. Utility agrees to reconcile and account for such disputed portion in the succeeding month's determination of the Supplier Portion of ISO Charges to address the adjusted amount, either positive or negative. Such adjustment will be specifically noted in the notice to DWR and the Supplier described in (a) of this Section D and reflected in the immediately succeeding month's invoice to DWR.

Appropriate adjustments to the Supplier's invoice will also be reflected, consistent with the agreement between DWR and Supplier.

2. ISO Settlement Statement issued to Suppliers' Non-Utility Scheduling Coordinators. So long as appropriate settlement statements and necessary supporting details to validate and verify ISO Settlement Statements issued with respect to the Contracts to the Suppliers' Scheduling Coordinators are available to Utility, Utility shall review, validate and verify all ISO charges/credits contained on all ISO Settlement Statements related to the Allocated Contracts.

In the event that the settlement statements or supporting details available to the Utility with respect to the Supplier's ISO Settlement Statements issued with respect to a Supplier are not determined to be sufficient as mutually determined by DWR and Utility, the Utility shall review the available data for reasonableness which review shall be commensurate with the quality and the quantity of the data available to the Utility.

The obligations described in this Section D(2) of Part III of this Exhibit C shall be performed consistent with the Bilateral Settlement Parameters provided in Section C of Part III of this Exhibit C, which protocols may be modified, clarified or amended from time to time as determined appropriate by the Parties.

3. ISO Day-Ahead Market Revenue Transfer Process

The provisions of this Section D(3) of Part III of this Exhibit C are applicable only as to the transfer of ISO Day-Ahead Market Revenue transfer as contemplated in Footnote 4 of Schedule 1 of the Body of this Operating Order. The procedures described below are not intended to describe the scope of bilateral settlements related to DWR Contracts described elsewhere in this Operating Order.

A. DWR to Supply Appropriate Data to PG&E. Consistent with Part II of Exhibit F of the Operating Order, PG&E will identify such data necessary in the validation of ISO market revenues associated with Small Dispatchable Contracts identified in Footnote 4 of Schedule 1 of PG&E's Operating Order ("ISO Market Revenues"). Based on the ISO Market Revenues, PG&E will further determine the portion that is attributable to Economic Bid awards from the ISO Day-Ahead Market (the "ISO Day Ahead Market Revenues"). DWR will have or will cause to have such PG&E identified data available to PG&E for its use. The data may be forwarded to PG&E by DWR or be available through the grant of digital certificate by the counterparty. For purposes of this Section D(3) of Part III of this Exhibit C, any reference to such Small Dispatchable Contracts shall exclude Calpine 3 and Wellhead Contracts.

B. Invoice Mechanism. Based on the data available to PG&E, PG&E will determine the accuracy of the amount of ISO Day Ahead Market Revenues as to each applicable counterparty. In the event of multiple Contracts as to any counterparty, such ISO Day Ahead Market Revenues will be determined as to

each Contract of that counterparty prior to computing the aggregate amount as to that counterparty. By the 5<sup>th</sup> Business Day after DWR and PG&E receipt of counterparty's invoice under the Contract (the "Energy Invoice") and consistent with counterparty invoice validation process, PG&E will notify DWR as to PG&E's accuracy assessment of the amount of ISO Day Ahead Market Revenues credited in each counterparty's Energy Invoice. In addition, PG&E shall present an ISO Day Ahead Market Revenues invoice to DWR by the end of such 5th Business Day ("PG&E Market Revenues Invoice"), together with the Market Activities Report, in the form set forth in Attachment C of the Servicing Order.

For purposes of PG&E's review of ISO Day Ahead Market Revenues and, for ease in administration, the amount in PG&E's Market Revenue Invoice is intended to reflect the aggregate ISO Day Ahead Market Revenues shown in all ISO invoices received, due and payable by the counterparties within the same calendar month as the subject month of the Energy Invoice. To the extent practicable, PG&E will present the ISO Day Ahead Market Revenues as to all applicable counterparties for each month in a single PG&E Market Revenues Invoice. To the extent that this process is not followed by the counterparty, DWR will work with the counterparty to conform to this procedure.

C. Review of PG&E Market Revenues Invoice and Payment by DWR. Within 2 Business Days after DWR's receipt of PG&E Market Revenue Invoice, DWR will review and communicate DWR's results to PG&E.

If the amount of ISO Day Ahead Market Revenues reflected in the Energy Invoice is agreed to by PG&E and DWR, and the agreed-upon amount is shown in PG&E Market Revenues Invoice, DWR will cause such amount to be sent to PG&E within 5 Business Days.

If the amount of ISO Day Ahead Market Revenues reflected in the Energy Invoice and, in turn, reflected in PG&E Market Revenues Invoice amount is not agreed to by DWR and PG&E, then the dispute process and payment amount set forth in Sub-section D below shall govern.

D. Disputes. In the event of disagreement as to the ISO Day Ahead Market Revenues shown in the Energy Invoice by PG&E or DWR and, in turn, the PG&E Market Revenues Invoice submitted by PG&E by DWR, DWR shall follow the dispute process set forth in the applicable Contract as to any portion of ISO Day Ahead Market Revenues not in agreement by PG&E or DWR. PG&E and DWR agree to cooperate and resolve such disputes with the counterparty so as to be able to resolve such differences in a timely manner. Until such disputes are resolved among all parties, PG&E agrees to revise and re-submit its PG&E Market Revenues Invoice to reflect the agreed-upon portion of the ISO Day Ahead Market Revenues. Upon resolution of such dispute, a revised PG&E Market Revenues Invoice shall be submitted to DWR.

#### **IV. Fuel Cost Verification and Settlement**

Exhibit B provides a detailed discussion concerning Utility's responsibility for fuel management. Prior to the date that any Contract is novated to Utility, DWR will continue to pay fuel suppliers and others involved in providing fuel management services for the delivery of fuel for those DWR Contracts where the Fuel Option has been elected. Consistent with the above, Utility will perform settlements activities to reconcile quantities and associated charges, and DWR will perform verification, audit and monitoring to support its disbursement of funds prior to the MRTU Effective Date. On and after the MRTU Effective Date, DWR will perform such internal procedures that are reasonable and determined appropriate by DWR, and such validation, analysis and audit of the settlement functions to be performed by Utility, as DWR's limited agent, to support DWR disbursement of funds. Utility will comply with the requirements contained in Exhibit F to provide DWR with the necessary information to apply appropriate procedures and controls to ensure that fuel payments and payments for fuel management services are made accurately and in a timely manner and to allow DWR to settle disputes in an appropriate manner.

**ANNEX 1 TO EXHIBIT C**

**Contracts Subject to Part III, Section D(1)  
as of the Effective Date of the 2010 Operating Order**

Pacific Gas and Electric Company:           None

**DWR/PG&E EXHIBIT D**  
**ISO SCHEDULING COORDINATOR CHARGES**

## **EXHIBIT D**

### **ISO SCHEDULING COORDINATOR CHARGES**

The financial obligation for ISO charges incurred as of January 1, 2003 has been allocated to the Utility. Unless specifically provided in Exhibit C hereto, all ISO charges incurred after January 1, 2003 attributable to load and resources shall be the responsibility of Utility.

Utility agrees that any refunds, reruns or credits through the ISO attributable to costs incurred by DWR for trade dates beginning Hour Ending 2200, January 17, 2001 up to January 1, 2003, which are separate from ISO charges subject to Commission Decision No. 02-05-048, shall belong to DWR and Utility shall take all necessary action to remit such refunds or credits to DWR within reasonable time. In addition, DWR shall be responsible for any ISO charges incurred during this period pursuant to the existing letter agreement between the Parties. Utility shall invoice DWR for such ISO charges within a reasonable period of time and DWR shall pay Utility for such ISO charges within 10 days of receipt of such invoice. Without making any assurances as to Commission action, DWR agrees to take appropriate action to ensure that such refunds or credits are applied consistent with DWR's Revenue Requirement cost allocation method for the same trade dates.

DWR agrees that any refunds, reruns, or credits through the ISO attributable to ISO charges invoiced to DWR under the November 7, 2001 order of the Federal Energy Regulatory Commission and subsequent orders but which are further subject to Commission Decision No.02-05-048, which directs Utility to directly reimburse DWR for such ISO charges incurred starting Hour Ending 2200, January 17, 2001 up to January 1, 2003, shall belong to Utility and DWR shall take all necessary action to remit such refunds or credits directly to Utility within reasonable time.

On and after the MRTU Effective Date, all ISO charges attributable to Load (as defined under the ISO MRTU tariff) will be paid by the Utility. Revenues associated with Inter-SC Trades related to Energy, Ancillary Services or IFM Load Uplift Obligation (as defined under the ISO MRTU tariff) from DWR Contract will be applied by Utility to offset ISO charges allocated to Load.

**DWR/PG&E EXHIBIT E**  
**CONTRACT MANAGEMENT AND**  
**ADMINISTRATION PROTOCOLS**

## EXHIBIT E

### CONTRACT MANAGEMENT AND ADMINISTRATION PROTOCOLS

Except as specifically noted below, DWR will retain all contract management, administration and monitoring responsibilities for the Contracts, including due diligence, performance testing, contract performance assessment, formal correspondence and notifications with Suppliers, exercise of contract options, contract interpretation and dispute resolution, and financial reporting. In the event Utility and DWR agree in the future to transition the Due Diligence and Performance Test Monitoring functions set forth in this Exhibit E from DWR to the Utility, the Parties will first develop a mutually acceptable plan of performance, a transition schedule, and a transition plan for transfer of such functions from DWR to the Utility for review and approval by the Commission. Upon agreement of the Parties to an acceptable plan and completion of the transition period, the agreed upon functions will transfer from DWR to the Utility (the "Transition Date").

Pursuant to Advice 3189-E dated January 3, 2008 as to PG&E, responsibilities set forth in Paragraph II.A of this Exhibit E have been transferred from DWR to the Utility.

#### I. Due-Diligence

The Due Diligence function assesses the progress of permitting, construction and performance capability of new generating facilities under to the Contracts. Due Diligence includes (i) monitoring activities associated with the development, construction, and performance of new generating facilities; (ii) identification and tracking of key projects milestones including permitting, equipment procurement, construction, commissioning, and performance testing; (iii) coordination with permitting agencies and the Suppliers, review of project documents, physical inspections, and witnessing of acceptance tests, (iv) verification that the new facilities can perform in a manner that is consistent with the obligations under the appropriate Contract and (v) review and approval of commercial operation dates and documentation.

#### II. Performance Test Monitoring

##### A. Annual Performance Tests

Annual Performance Tests verify ongoing compliance with the Contracts and establish plants capacities and efficiencies that are used to calculate contract payments, either for capacity or energy. Annual Performance Test responsibilities generally consist of (i) verification of testing procedures, (ii) witness of performance tests, (iii) review of test results and test reports for compliance with Contract terms and conditions, and (iv) identification of contract non-compliance for dispute resolution with the Supplier. Prior to the Transition Date, the Utility will cooperate and assist DWR with scheduling of upcoming Annual Performance Tests, and the Utility may have its staff witness such testing.

##### B. Scheduled Performance Tests

Prior to the Transition Date, on occasion, DWR may request that Utility schedule a peaking or dispatchable generating facility for testing (to assure that such generation facility is available according to the terms of the contract between such generation facility and DWR). The Utility will cooperate and shall coordinate with the DWR on a mutually acceptable date for performance of the test. On the date agreed upon, the Utility shall schedule the specified facility or unit for operation to test the availability, reliability, and performance of the scheduled unit.

**C. Test Procedures and Protocols**

Prior to January 1, 2003, Utility shall meet with DWR staff to review, discuss, and verify test procedures and protocols developed by DWR.

III. Contract Performance Assessments

DWR shall continue to perform an after-the-fact review (“Performance Assessment”) of each Contract on a periodic basis. The purpose of the Performance Assessment is to assess, analyze, and document the overall performance of each contract Supplier, assure that the Supplier is satisfying the terms and conditions of their respective Contract(s), and identify potential issues, disputes, and other matters that may require corrective action by either Utility or DWR as part of contract administration.

IV. Other Administrative Matters

**A. Correspondence with Suppliers**

Utility and DWR agree to copy each other on all written correspondence and written notifications sent to or received from a Supplier of an Allocated Contract or Interim Contract related to the activities described in this Exhibit E. The Parties agree to provide additional information as requested related to verification and support of the activities described in this Exhibit E.

**B. Reports**

Results of the activities described in this Exhibit E will be documented by DWR in written reports (“Reports”) and shall be discussed periodically between DWR and the Utility. Such Reports may include, but are not limited to, summary of test results, status of projects, recommendations for operational changes, procedural changes, dispute resolution, and results of Performance Assessments.

Such Reports, documentation, or other material developed by either Party shall be shared and reviewed with the other Party on a timely basis.

**DWR/PG&E EXHIBIT F**  
**DWR DATA REQUIREMENTS FROM UTILITY**

## **EXHIBIT F**

### **DWR DATA REQUIREMENTS FROM UTILITY**

To effectively fulfill its legal and financial responsibilities, DWR requires access to standard and reliable information on a timely basis. Post transition, DWR remains statutorily and contractually obligated to collect, account for, and remit funds for the power it provides to the Utility's retail customers. More specifically, post transition, DWR must have readily available access to information that is currently available in-house due to DWR's operational responsibilities. The primary source of this information post transition will be the three utilities.

#### **I. Prior to the MRTU Effective Date**

Prior to the MRTU Effective Date, the information being requested is required to:

- Verify, audit, monitor and authorize payment for bilateral invoices for allocated DWR contracts;
- Manage disputes between DWR and the bilateral counterparties;
- Verify, audit, monitor and authorize payment for fuel procured by the utilities relating to DWR allocated contracts;
- Verify, audit, monitor, collect and Utility remittances relating to repayment of Energy Supplied and Bond Funds;
- Forecast, manage and monitor DWR monetary requirements and associated accounts;
- Ongoing reporting responsibilities under AB1X, the rate agreement and bond indenture;
- Audit and monitor long-term contract performance and associated risks prior to contract assignment or novation.

The table below contains a brief description of the information to be provided by Utility, the frequency for which Utility shall provide such information to DWR, and the effective date for when Utility shall provide such information to DWR.

The following table outlines DWR data requirements relating to general contract/trade information:

Contract/Trade				
Requirement	Description	Freq	Effective	Delivery Method
Surplus Energy Sales Plan	Monthly utility's surplus energy sales plan updated weekly. Sales plan will outline all surplus sales contemplated by the utility, including but not limited to balance of month, weekly balance of week and other short-term sales.	Monthly plan, updated weekly	1/1/2003	Email/Fax - Standard Form TBD
Surplus Energy Sales	Contract/Deal information relating to the forward sale of DWR surplus energy. This would include but is not limited to Counter party, Term (Start/End Date), Hourly Contract Volumes, Hourly Price, Location, any fee information, etc.	When executed	All surplus forward sales entered into after 1/1/2003	Email/Fax - Standard Form TBD

The following table outlines DWR data requirements relating to long-term contract schedule information and associated bilateral invoices:

Schedule/Bilateral Invoice				
Requirement	Description	Freq	Effective	Delivery Method
Final Schedule Volumes, Long Term Contracts	<p>For all long-term contracts allocated to the utilities and any surplus energy sales, the detailed hourly final schedule volumes and pricing information by contract by counterparty, by day.</p> <p>Final schedule volumes are defined as the final volume for the hour at the completion of the real-time market. These volumes represent the hour ahead scheduled volumes adjusted to include any real-time market adjustments by the ISO. Absent any real time adjustments, this data will be the same as Final Hour Ahead Schedule.</p> <p>File should include, but is not limited to; Utility identifier, file type identifier (i.e. final, HA), SC identifier, counterparty identifier, contract identifier, schedule type identifier (i.e. sale), delivery location, date, volume</p>	T+1 (Daily)	1/2/2003	Secure Electronic – Format TBD

	scheduled by hour, price per hour.			
Hour Ahead Schedule Volumes, Long Term Contracts	For all long-term contracts allocated to the utilities and any surplus energy sales, the detailed hour ahead final schedule volumes and pricing information by contract, by counterparty, by day.  Format and data elements of the file provided should be identical to what was specified above in Final Schedule volumes.  (Note: This cannot be the ISO Hour Ahead Final Schedule template as this file does not provide transactional level details but consolidates/collapses information based on certain ISO rules.)	T+1 (Daily)	1/2/2003	Secure  Electronic –  Format TBD
Reconciled Monthly bilateral invoices	Monthly invoice and supporting documentation for bilateral contracts relating to DWR long-term contracts, reviewed and approved by utility for payment by DWR to the counterparty.	Monthly – 5 business days prior to payment due date	Feb 03	TBD

In the event of a bilateral invoice dispute with the counterparty, DWR may also request from the utility the additional schedule information. This information would be in the same format as outlined in the table above. As mentioned above, DWR is requesting transactional level information and not the associated ISO template files due to the consolidation/collapsing of schedules with the template files. Schedule information required would include :

- Hour Ahead Preferred Schedule Volumes
- Day Ahead Final Schedule Volumes
- Day Ahead Adjusted Schedule Volumes
- Day Ahead Revised Preferred Schedule Volumes
- Day Ahead Preferred Schedule Volumes

The following table outlines DWR data requirements relating to the verification of fuel costs. It assumes DWR will retain legal and financial responsibility for gas and related services while the utility will perform administrative and operational responsibilities as outlined in Exhibit B.

Fuel Costs				
Requirement	Description	Freq	Effective	Delivery Method
Generator fuel plan proposal	Proposal and supporting analysis on whether or not to accept or reject of generator fuel plan.	Based on individual contracts	Jan-03	TBD
Utility Fuel Procurement Plan	Utility will provide a bi-annual fuel procurement plan for utility supplied fuel.	Bi-Annual	Jan-03	TBD
Tolling agreement Settlement Report	Monthly report on each DWR tolling agreement that includes but is not limited to: tolling contract identifier, who provided the gas (generator/utility) and daily quantity of gas supplied.	Monthly	Feb-03	Electronic Format TBD
Reconciled Monthly Gas Invoice	Suppliers monthly invoice and supporting documentation for fuel procurement relating to DWR tolling agreements, reviewed and approved by Utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic – Format TBD
Gas Transportation Contract Information	Details relating to the Utility negotiated firm and/or interruptible transportation agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/2003	E-mail/Fax Standard Form TBD
Gas Storage Contract Information	Details relating to the Utility/negotiated firm and/or interruptible storage agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/03	E-mail/Fax Standard Form TBD
Reconciled Monthly gas transportation invoices	Suppliers monthly invoice and supporting documentation for natural gas transportation costs relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic – Format TBD
Reconciled Monthly gas storage invoices	Supplier's monthly invoice and supporting documentation for storage relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic – Format TBD

The following table outlines additional DWR data relating to utility revenue remittance:

<b>Utility Revenue Remittance</b>				
<b>Requirement</b>	<b>Description</b>	<b>Freq</b>	<b>Effective</b>	<b>Delivery Method</b>
Utility ISO Preliminary Settlement and Supporting Files	The complete Utility preliminary settlement statement and supporting files in original ISO template format.	T + 38 business days	Ongoing	Secure Electronic-ISO Template Direct from ISO
Utility Final ISO Settlement Statement and Supporting Files	The complete Utility final ISO settlement statement and supporting files in ISO original template format. This information also required for remittance calculation purposes.	T + 45 business days	Ongoing	Secure Electronic-ISO Template Direct from ISO
Scheduled Retail Load by hour	Utilities estimated retail load information by hour, by day used for the preliminary remittance.	T + 1	1/1/2003	TBD
Hourly aggregate final schedule of Utility's resource portfolio	Utilities total hourly scheduled volumes for the entire Utilities portfolio. This is an aggregate total for the day, by hour and represents the total volume supplied by the utility.	T+1 (Daily)	1/2/2003	TBD
Wholesale Obligation Volumes	Utilities total hourly scheduled volumes for pre-existing wholesale commitments in aggregate by the hour for each day.	T+1 (Daily)	1/2/03	TBD
Hourly Distribution Loss Factor	Utility DLF % by hour	When changes required	1/1/2003	TBD
Estimated DWR remittance %	Utility estimated remittance percentage.	When changes required	1/1/2003	TBD
Energy Sales billed (kWh)*	Monthly kWh billed by Utility to end users	Monthly	Ongoing	Standard DWR Form/File (TBD)
DWR Power Charge volumes*	Monthly kWh billed by Utility to end users	Monthly	Ongoing	Standard DWR Form/File (TBD)
DWR Power Charge billed to Customer*	Monthly dollar amount of DWR Power Charge being billed to customer including identification of dates billed.	Monthly	Ongoing	Standard DWR Form/File (TBD)

DWR Power Charge Remitted to DWR*	Daily dollar amount being remitted by Utility to DWR for the DWR Power Charge collected from customers including identification of dates billed.	Daily	Ongoing	Standard DWR Form/File (TBD)
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\*This information is already provided pursuant to the Servicing Arrangement, and supports the daily remittance calculation for each month and subsequent true-ups. The Servicing Arrangement will be modified as necessary to conform to the Operating Order.

As various Commission proceedings are finalized DWR will also require specific data related to Bond Charge remittances and to Direct Access exit fees. The specific nature and format of this data will be agreed with between the utilities and DWR.

The following table outlines DWR data requirements relating to resource information:

Resource Information				
Requirement	Description	Freq	Effective	Delivery Method
Load and Resource Assessment Studies	Copies of Utilities annual and quarter load and resource assessment studies as provided to the PUC.	Annually and quarterly	Jan-03	TBD
Update Description of Resources	Updated description of URG resources.	Annually or when significant changes	Jan 1, 04	TBD
Unit Commitment Studies	As provided to the PUC.	Weekly	Jan-03	TBD
DWR Non-Dispatched Resources Report	Report of Resources that were economic to run, but were not dispatched.	Ad hoc	1/1/03	TBD
DWR Resource Unavailability Form	Utility notification to DWR for resources within an allocated contracts becoming unavailable, or scheduled to become unavailable.  Note: This information could be provided directly from the generator to DWR and would therefore not be required from Utility.	As outlined in operating agreement	1/1/2003	Standard DWR Form – Email/Fax

## II. On and After the MRTU Effective Date

This Part II contains a brief description of the information to be provided by Utility, as well as the frequency, name of the report or source and the delivery method with respect to such information to be provided to DWR.

The following table outlines DWR data requirements relating to long-term contract schedule information and associated bilateral invoices after MRTU go-live (4/1/2009):

Schedule/Bilateral Invoice				
Requirement	Description	Frequency	Report Name/Source	Delivery Method
<b>Utility is the Generator Scheduling Coordinator</b>				
Day Ahead IFM Award Volumes, Long Term Contracts	For all long-term contracts allocated to the utilities where the Utility is the SC, the detailed Day Ahead IFM Award Volumes and pricing information pursuant to a bid.  Final IFM award volumes are defined as the award volume that clears the ISO IFM.  File should include, but is not limited to; Utility identifier, file type identifier (i.e. final, DA), SC identifier, counterparty identifier, contract identifier, schedule type identifier (i.e. sale), delivery location, date, volume scheduled by hour, price per hour.	M+10 Calendar Days	CMRI Report	Excel Format per Existing Protocol
ISO Expected Energy File	For Contracts allocated to PG&E where the Utility is the SC, the ISO Expected Energy File.	Ad Hoc, upon request of DWR	CMRI Report	Excel format by email

<b>Utility is Not the Generator SC</b>				
Requirement	Description	Frequency	Report Name/Source	Delivery Method
Requested and Final Day Ahead Inter-SC Trade Volumes	For all long-term contracts allocated to the utilities, all the IST information downloaded from SIBR.  File should include, but is not limited to; Market, Date, Hour, Product Type, Selling SC, Buying SC, Trading Location, Submitted Qty., Adjusted Qty., Counter Qty., Trade Name, Trade Type, Depend on Trade, Submit SC, Trade Status, Submitted, Market Status, Physical/APN ISTs,	M+10 Calendar Days	IST Report	Excel Format per existing Protocol

	CPTs, IST Quantities not considered for Remittance, and IST Quantities for Remittance Basis			
Requested and Final HASP Inter-SC Trade Volumes	For all long-term contracts allocated to the utilities, the IST information downloaded from SIBR. File should include, but is not limited to; Market, Date, Hour, Product Type, Selling SC, Buying SC, Trading Location, Submitted Qty., Adjusted Qty., Counter Qty., Trade Name, Trade Type, Depend on Trade, Submit SC, Trade Status, Submitted, Market Status, Physical/APN ISTs, CPTs, IST Quantities not considered for Remittance, and IST Quantities for Remittance Basis	M+10 Calendar Days	IST Report	Excel Format per existing Protocol –
Reconciled Monthly bilateral invoices	Monthly invoice and supporting documentation for bilateral contracts relating to DWR long-term contracts, reviewed and approved by utility for payment by DWR to the counterparty.	Monthly 5 Calendar days prior to payment due date		Format per existing Protocol

The following table outlines the data to be transferred to the Utility upon receipt by DWR from certain of the Suppliers :

Requirement	Description	Frequency	Report Name/Source	Delivery Method
<b>Data to be Provided by DWR to Utility when the Utility is Not the Generator SC Relating to Small Dispatchable Contracts</b>				
ISO Expected Energy File	For Contracts Allocated to Utility where the Utility is not the SC and market bids are directed to be submitted by Utility	M + 10 Calendar Days	CMRI Report	Excel format by email or Secure Electronic ISO Template Directly from ISO

In the event of a bilateral invoice dispute with the counterparty, DWR may also request from the utility the additional schedule information. This information would be in the same format as outlined in the table above. In the cases the Utility is the generator SC, CDWR may request additional ISO data for dispute resolution.

The following table outlines DWR data requirements relating to the verification of fuel costs. It assumes DWR will retain legal and financial responsibility for gas and related services while the utility will perform administrative and operational responsibilities as outlined in Exhibit B.

Fuel Costs				
Requirement	Description	Freq	Effective	Delivery Method
Generator fuel plan proposal	Proposal and supporting analysis on whether or not to accept or reject of generator fuel plan.	Based on individual contracts	Jan-03	E-mail or overnight mail
Utility Fuel Procurement Plan	Utility will provide a bi-annual fuel procurement plan for utility supplied fuel.	Bi-Annual	Jan-03	E-mail
Tolling agreement Settlement Report	Monthly report on each DWR tolling agreement that includes but is not limited to: tolling contract identifier, who provided the gas (generator/utility) and daily quantity of gas supplied.	Monthly	Feb-03	Electronic Transmission
Reconciled Monthly Gas Invoice	Suppliers monthly invoice and supporting documentation for fuel procurement relating to DWR tolling agreements, reviewed and approved by Utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic Transmission
Gas Transportation Contract Information	Details relating to the Utility negotiated firm and/or interruptible transportation agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/2003	E-mail / Fax / Overnight Mail
Gas Storage Contract Information	Details relating to the Utility/negotiated firm and/or interruptible storage agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/03	E-mail/Fax
Reconciled Monthly gas transportation invoices	Suppliers monthly invoice and supporting documentation for natural gas transportation costs relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic Transmission or overnight mail
Reconciled Monthly gas storage invoices	Supplier's monthly invoice and supporting documentation for storage relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic Transmission or overnight mail

The following table outlines additional DWR data relating to utility revenue remittance:

<b>Utility Revenue Remittance</b>				
<b>Requirement</b>	<b>Description</b>	<b>Freq</b>	<b>Report Name/Source</b>	<b>Delivery Method</b>
Utility Preliminary ISO Settlement Statement and Supporting Files	Related to Prior Day Adjustments (or similar adjustments) for trade hours between January 17, 2001 through December 31, 2002	Continuous	ISO	Secure Electronic - ISO Template Direct from ISO or other secure method
Utility Final ISO Settlement Statement and Supporting Files	Related to Prior Day Adjustments (or similar adjustments) for trade hours between January 17, 2001 through December 31, 2002	Continuous	ISO	Secure Electronic - ISO Template Direct from ISO or other secure method
ISO Digital Certificate for OMAR	ISO electronic certificate to access ISO OMAR system to retrieve the Utility's load meter information.	Continuous	ISO	Secure Electronic-ISO Template Direct from ISO
ISO SIBR - IST	Access ISO SIBR data to access Utility's transaction information for DWR Contracts.	Ad Hoc	ISO	On-site Audit by DWR
DWR Remittance Basis	Agreed upon method for determining volume of energy from DWR Contracts. This is an aggregate total for the day, by hour and represents the total volume of energy supplied to the utility from DWR Contracts.	Monthly	DWR Remittance Basis Report and Monthly Intertie and IST Reports	Standard DWR Form/File
Estimated Bundled Customer Load	Utility estimated retail load information by hour, by day used for the DWR Percentage Calculation, including other detailed components as provided in Monthly EBCL Report.	Monthly	Monthly EBCL Report	Standard DWR Form/File
Estimated Bundled Customer Load Deviation	Utility calculated deviation of Estimated Bundled Customer Load to Actual reported load for the same period.	Monthly	EBCL Deviation Report	Standard DWR Form/File

Hourly Distribution Loss Factor	Utility DLF % by hour	When changes required	IOU	Standard IOU Form/File
DWR Percentage Factor	Utility calculated DWR Percentage Factor (or DWR Percentage Calculation) and applied to customers' bills to determine DWR Remittances.	Monthly	DWR Percentage Calculation Report	Standard DWR Form/File
Energy Sales billed (kWh)	Monthly kWh billed by Utility to end users	Monthly	Monthly Billing Report	Standard DWR Form/File
DWR Power Charge volumes	Monthly kWh billed by Utility to end users	Monthly	Monthly Billing Report	Standard DWR Form/File
DWR Power Charge billed to Customer	Monthly dollar amount of DWR Power Charge being billed to customer including identification of dates billed.	Monthly	Monthly Billing Report	Standard DWR Form/File
DWR Power Charge Remitted to DWR	Daily dollar amount being remitted by Utility to DWR for the DWR Power Charge collected from customers including identification of dates billed.	Daily	Daily Remittance Report	Standard DWR Form/File

Some of this information is provided pursuant to the Servicing Arrangement, and supports the daily remittance calculation for each month and subsequent true-ups. The Servicing Arrangement will be modified as necessary to conform to this Operating Agreement.

As various Commission proceedings are finalized DWR will also require specific data related to Power and Bond Charge remittances and to Direct Access Departing Load exit fees. The specific nature and format of this data will be agreed with between the utilities and DWR.

The following table outlines DWR data requirements relating to resource information:

Resource Information				
Requirement	Description	Freq	Effective	Delivery Method
Load and Resource Assessment Studies	Copies of Utilities annual and quarter load and resource assessment studies as provided to the PUC.	Annually and quarterly	Jan-03	E-mail or other transmission
Update Description of Resources	Updated description of URG resources.	Annually or when significant changes	Jan 1, 04	E-mail or other transmission

Unit Commitment Studies	As provided to the PUC.	Weekly	Jan-03	E-mail or other transmission
DWR Non-Dispatched Resources Report	Report of Resources that were economic to run, but were not dispatched. Applicable as to PG&E and SDG&E only.	Ad hoc	1/1/03	E-mail or other transmission
DWR Resource Unavailability Form	Utility notification to DWR for resources within an allocated contracts becoming unavailable, or scheduled to become unavailable.  Note: This information could be provided directly from the generator to DWR and would therefore not be required from Utility.	As outlined in operating agreement	1/1/2003	Standard DWR Form – Email/Fax

### III. Additional Provisions

Upon the reasonable request of DWR, Utility will provide to DWR any information in respect of Utility that is applicable to the rights and obligations of the Parties under the Operating Order or any material information that is reasonably necessary for DWR to monitor and manage their risks and perform their fiduciary responsibilities. Upon the reasonable request of Utility, DWR will provide to Utility any information in respect of DWR that is applicable to the rights and obligations of the Parties under the Operating Order or any material information that is reasonably necessary for Utility to operationally administer Contracts under the Operating Order.

For the information identified above, or any additional information identified through the Term of the Operating Order, standard submission formats will be used or be developed by DWR for use by each of the investor-owned utilities, including Utility. In the cases where the information requirements result in a large volume of data (e.g., schedule information), DWR will use or develop standard detailed file definitions for use by all of the investor-owned utilities, including Utility. At all times, data will be submitted to DWR by Utility through a secure electronic communication medium, unless other medium is reasonably requested by DWR.

As a result of the relative short implementation timeframes at the time of implementing the requirements under the Existing Operating Arrangement, interim delivery protocols (e.g., comma delimited file via email, compact diskettes) were utilized until the final data transmission media were in place. DWR worked jointly with Utility to ensure the required data was available by January 1, 2003.

On and after the MRTU Effective Date, interim delivery protocols and templates were utilized. On and after the Effective Date of this 2010 Operating Order, the Utility and DWR will work to ensure that the required data described in Part II of this Exhibit F will be available to DWR.

In the event that DWR incurs additional costs, including but not limited to penalties, interest or other such costs, due to Utility's failure to timely provide the data set forth in this Exhibit F, any such direct cost increase invoiced or assessed to DWR shall be borne by Utility.

The provisions of this Exhibit are subject to annual review by DWR and Utility to ensure that data reporting remains relevant and useful.

# **ATTACHMENT 6**

**2010 OPERATING ORDER**

CONCERNING

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

And

SAN DIEGO GAS & ELECTRIC COMPANY

THIS ORDER HAS BEEN FILED WITH AND APPROVED BY THE CALIFORNIA PUBLIC UTILITIES COMMISSION (“COMMISSION”) FOR USE BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES (“DWR”) AND SAN DIEGO GAS & ELECTRIC COMPANY (“UTILITY”).

Date of Commission Approval:

Effective Date:

## 2010 OPERATING ORDER

This **2010 OPERATING ORDER** (this “Order” or “2010 Operating Order”) concerns the State of California Department of Water Resources (“DWR”), acting solely under the authority and powers granted by AB1X, codified as Sections 80000 through 80270 of the Water Code, and not under its powers and responsibilities with respect to the State Water Resources Development System, and San Diego Gas & Electric Company, a California corporation (“Utility”). This 2010 Operating Order amends and restates that certain 2004 Operating Agreement filed with the Commission on November 12, 2004 as directed in Decision 04-10-020, clarifying and revising that certain original Operating Agreement filed with the Commission on April 17, 2003, consistent with Decision 03-04-029, which replaced that certain Operating Order adopted pursuant to Decision 02-12-069, as amended and supplemented from time to time (collectively, the “Existing Operating Arrangement”). DWR and Utility are sometimes collectively referred to herein as the “Parties” and individually referred to as a “Party.” Unless otherwise noted, all capitalized terms shall have the meanings set forth in Article I of this Order.

### RECITALS

WHEREAS, under the Act, DWR has entered into a number of long-term power purchase agreements for the purpose of providing the net short requirements to the retail ratepayers of the State’s electrical corporations, including Utility; and

WHEREAS, the Contract Allocation Order of the Commission provides that such long-term power purchase agreements are to be operationally allocated among the State’s electrical corporations, including Utility, solely for the purpose of causing the State’s electrical corporations to perform certain specified functions on behalf of DWR, as DWR’s limited agent, including dispatching, scheduling, billing and settlements functions, and, prior to the MRTU Effective Date, to sell surplus energy, all as such functions relate to those certain power purchase agreements that are operationally allocated to each electrical corporation under the Contract Allocation Order; and

WHEREAS, DWR wishes to provide for the performance of such functions under the Allocated Contracts by Utility on behalf of DWR in accordance with such long-term power purchase agreements as provided in this Order; and

WHEREAS, consistent with the Contract Allocation Order and prior to the date that any Contract is novated to Utility, DWR will retain legal and financial obligations, together with ongoing responsibility for any other functions not explicitly provided in this Order to be performed by Utility, with respect to each of the Allocated Contracts and it is the intent of DWR and the Utility that the provisions of this Order will not constitute an “assignment” of the Allocated Contracts to Utility; and

WHEREAS, to reflect the changes resulting from the ISO implementation of Market Redesign and Technology Upgrade, DWR desires to amend the Existing Operating Arrangement and the Servicing Arrangement, consistent with the principles memorialized in that certain Memorandum of Understanding, dated as of February 4, 2009, which has been approved by the Commission on March 13, 2009.

**NOW, THEREFORE,** DWR agrees and Utility is ordered to do as follows:

**ARTICLE I  
DEFINITIONS**

Section 1.01. Definitions. The following terms shall have the respective meanings in this Order:

The following terms, when used herein (and in the attachments hereto) with initial capitalization, shall have the meaning specified in this Section 1.01. Certain additional terms are defined in the attachments hereto. The singular shall include the plural and the masculine shall include the feminine and neuter, and *vice versa*. “Includes” or “including” shall mean “including without limitation.” References to a section or attachment shall mean a section or attachment of this Order, as the case may be, unless the context requires otherwise, and reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made (except as otherwise specifically provided herein). Unless the context otherwise requires, references to Applicable Laws or Applicable Tariffs shall be deemed references to such laws or tariffs as they may be amended, replaced or restated from time to time. References to the time of day shall be deemed references to such time as measured by prevailing Pacific Time.

“Act” means Chapter 4 of Statutes of 2001 (Assembly Bill 1 of the First 2001-02 Extraordinary Session) of the State of California, as amended.

“Allocated Contracts” mean the long-term power purchase agreements (as such agreements may be amended, supplemented, modified or clarified from time to time) operationally allocated to Utility under the Contract Allocation Order, without legal and financial assignment of such agreements to Utility, as provided in Schedule 1 attached hereto.

“Allocated Power” means all power and energy, including the use of such power or energy as ancillary services, delivered or to be delivered under the Contracts.

“Applicable Commission Orders” mean such rules, regulations, decisions, opinions or orders as the Commission may lawfully issue or promulgate from time to time, which further define the rights and obligations of the Parties under this Order.

“Applicable Law” means the Act, Applicable Commission Orders and any other applicable statute, constitutional provision, rule, regulation, ordinance, order, decision or code of a Governmental Authority.

“Applicable Tariffs” mean Utility’s tariffs, including all rules, rates, schedules and preliminary statements, governing electric energy service to Utility’s customers in its service territory, as filed with and approved by the Commission and, if applicable, the Federal Energy Regulatory Commission.

“Assign(s)” shall have the meaning set forth in Section 14.01.

“Bonds” shall have the meaning set forth in the Rate Agreement.

“Bond Charges” shall have the meaning set forth in the Rate Agreement.

“Business Day” means the regular Monday through Friday weekdays that are customary working days, excluding holidays, as established by Applicable Tariffs.

“Commission” means the California Public Utilities Commission.

“Confidential Information” shall have the meaning set forth in Section 11.01(c).

“Contracts” mean the Allocated Contracts.

“Contract Allocation Order” means Decision 02-09-053 of the Commission, issued on September 19, 2002, as such Decision may be modified, revised, amended, supplemented or superseded from time to time by the Commission.

“DWR Power” shall have the same meaning set forth in the Servicing Arrangement with such amendments to incorporate the Settlement Principles for Remittances and Surplus Revenues, as provided in Exhibit C of this Order.

“DWR Revenues” mean those amounts required to be remitted to DWR by Utility in accordance with this Order and as further provided in the Servicing Arrangement.

“Effective Date” means the effective date of this Order in accordance with Section 14.13, as such date is set forth on the cover page hereof.

“Fund” means the Department of Water Resources Electric Power Fund established by Section 80200 of the California Water Code.

“Good Utility Practice” means 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 does not require the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the Western Electric Coordinating Council region.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government, including the Commission.

“Governmental Program” means any program or directive established by Applicable Law which directly or indirectly affects the rights or obligations of the Parties under this Order and which obligates or authorizes DWR to make payments or give credits to customers or other third parties under such programs or directives.

“ISO” means the California Independent System Operator Corporation.

“MRTU” means the ISO’s Market Redesign and Technology Upgrade.

“MRTU Effective Date” means the first trade date upon MRTU implementation by the ISO.

“Operating Order” or “Order” means this 2010 Operating Order, which amends and restates that certain 2004 Operating Agreement filed with the Commission on November 12, 2004 as directed in Decision 04-10-020, clarifying and revising that certain original Operating Agreement filed with the Commission on April 17, 2003, consistent with Decision 03-04-029, which replaced that certain Operating Order adopted pursuant to Decision 02-12-069, as amended and supplemented from time to time.

“Power Charges” shall have the meaning set forth in the Rate Agreement.

“Priority Long Term Power Contract” shall have the meaning set forth in the Rate Agreement.

“Rate Agreement” means the Rate Agreement between DWR and the Commission adopted by the Commission on February 21, 2002 in Decision 02-02-051.

“Remittance” means a payment by Utility to DWR or its Assign(s) in accordance with the Servicing Arrangement.

“Servicing Arrangement” means the Servicing Order as specified in Commission Decision 02-12-070, dated December 19, 2002, as further amended and restated by Decision 07-03-025 and certain further amended and restated 2010 Servicing Order submitted and pending the Commission approval.

“Supplier” means those certain third parties who are supplying power pursuant to the Contracts.

“Term” means term provided in Section 2.05 hereof.

“URG” means utility-retained generation, including without limitation Utility’s portfolio of generation resources and power purchase agreements prior to or after the Effective Date by Utility.

Section 1.02. Undefined Terms. Capitalized terms not otherwise defined in Section 1.01 herein shall have the meanings set forth in the Act or the Servicing Arrangement.

## **ARTICLE II OPERATIONAL ALLOCATION OF POWER PURCHASE AGREEMENTS; MANAGEMENT OF THE CONTRACTS; ALLOCATED POWER; TERM**

Section 2.01. Operational Allocation and Management of Power Purchase Agreements. On behalf of DWR, as its limited agent, Utility will perform certain day-to-day scheduling and dispatch functions, billing and settlements and surplus energy sales (prior to the MRTU Effective

Date) and certain other tasks with respect to the Allocated Contracts, as more fully set forth in this Order.

As further provided in Contract Administration and Performance Test Monitoring Protocols set forth in Exhibit E, except as otherwise transferred to the Utility as referenced in Exhibit E, DWR will continue to monitor and audit the Supplier performance under the Contracts. Upon development of a mutually agreeable plan, Utility will monitor the performance of Suppliers, as further provided in Exhibit E, subject, however, to DWR's right but not the obligation to audit and monitor all functions contemplated to be performed by Utility, all as further provided in this Order.

Section 2.02. Standard of Contract Management.

- (a) Prior to the date that any Contract is novated to Utility, Utility agrees to perform the functions specified in this Order relating to the Allocated Contracts, in a commercially reasonable manner, exercising Good Utility Practice, and in a fashion reasonably designed to serve the overall best interests of retail electric customers. Utility shall provide to DWR such information specifically provided in Exhibit F hereto to facilitate DWR's verification of Utility's compliance with this Section 2.02.
- (b) To the extent requested by Utility, DWR shall provide evidence in Commission proceedings describing Utility's and DWR's performance, rights and obligations under this Order.
- (c) DWR acknowledges the Commission's exclusive authority over whether the Utility has managed Allocated Power available under the Contracts in a just and reasonable manner and DWR and Utility agree that none of the provisions of this Order shall be interpreted to reduce, diminish, or otherwise limit the scope of any Commission authority or to give DWR any authority over such matters. In addition, the Parties acknowledge that DWR is not subject to the Commission's jurisdiction, and the Parties agree that none of the provisions of this Order, including Section 13.04 herein, shall be interpreted to subject DWR to the Commission's jurisdiction or authority.
- (d) The Utility acknowledges DWR's separate and independent right to evaluate and enforce Utility's commercial performance under this Order.
- (e) Utility agrees to provide any information not otherwise required herein that is reasonably necessary to allow DWR to exercise its rights in subsection (d) above, provided that all such information shall be used solely for the purposes of exercising such rights.

Section 2.03. Good Faith. Each Party hereby covenants that it shall perform its actions, obligations and duties in connection with this Order in good faith.

Section 2.04. DWR Power. During the term of this Order, the electric power and energy, including but not limited to capacity, and output, or any of them from the Contracts

delivered to retail end-use customers in Utility's service area shall constitute DWR Power for all purposes of the Servicing Arrangement. Prior to the MRTU Effective Date, Utility shall arrange for transmission service to accommodate surplus sales to the extent that transmission service is available and cost effective, all as further provided in Exhibit A.

Section 2.05. Term.

- (a) The Term of this Order shall commence on the Effective Date and shall terminate on the earlier of (a) the termination of the Servicing Arrangement, or (b) the termination of this Order by DWR upon ninety days' written notice to Utility and the Commission, or (c) upon consultation with the Commission, the termination of the Order by DWR upon reasonable written notice to Utility no shorter than 30 days, or (d) pursuant to Article VII hereof, the termination of this Order by a non-defaulting Party after an Event of Default.

In addition, this Order will terminate as to each Contract that terminates in accordance with its terms, has been terminated by a party to that Contract, or has been novated. Provided, however, whether a Contract is terminated or novated, the rights and obligations of the Parties that arise or relate to Utility's performance of its duties under this Order in respect of any terminated or novated Contract shall survive until the expiration of any such right or obligation.

- (b) If an event occurs which has the effect of materially altering and materially adversely impacting the economic position of the Parties or either of them under this Order, then the affected Party may, by written notice, request that the Commission approve amendments to this Order or other arrangements incidental to this Order as necessary to preserve or restore the economic position under this Order held by the affected Party immediately prior to such event. Such notice shall describe the event and shall include reasonable particulars as to the manner and extent to which the economic position of the Party giving notice has been adversely affected.

**ARTICLE III  
LIMITED AGENCY / NO ASSIGNMENT**

Section 3.01. Limited Agency. Utility is hereby appointed as DWR's agent for the limited purposes set forth in this Order. Utility shall not be deemed to be acting, and shall not hold itself out, as agent for DWR for any purpose other than those described in this Order. Utility's duties and obligations shall be limited to those duties and obligations that are specified in this Order.

Section 3.02. No Assignment. Prior to the date that any Contract is novated to Utility, DWR shall remain legally and financially responsible for performance under each of the

Contracts and shall retain liability to the counterparty for any failure of Utility to perform the functions referred to in this Order on behalf of DWR as its limited agent, under such Contracts in accordance with the terms thereof. It is the intent of DWR and Utility that the provisions of this Order shall not constitute or result in an “assignment” of the Allocated Contracts in any respect.

#### **ARTICLE IV LIMITED DUTIES OF UTILITY**

Section 4.01. Limited Duties of Utility as to the Contracts. During the Term of this Order, Utility shall:

- (a) Prior to the MRTU Effective Date, on behalf of DWR, as its limited agent, perform the day-to-day scheduling and dispatch functions, including day-ahead, hour-ahead and real time trading, scheduling transactions with all involved parties, under the Allocated Contracts, perform billing and settlements functions and obtain relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 hereto, all as more specifically provided in the Operating Protocols attached hereto as Exhibit A;

On and after the MRTU Effective Date, on behalf of DWR, as its limited agent, perform the day-to-day tasks, including the submission or the coordination of Bids and/or Inter-SC Trades, in the ISO’s Day-Ahead Market, Hour-Ahead Scheduling Process and/or Real-Time Market (as such terms are defined under ISO’s MRTU tariff), related to, and consistent with the terms of, the Allocated Contracts, perform billing and settlements functions and obtain relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 hereto, all as more specifically provided in the Operating Protocols attached hereto as Exhibit A;

- (b) On behalf of DWR, as its limited agent, enter into transactions for the purchase (or sale, as the case may be) of gas, gas transmission services, gas storage services and financial hedges, and perform the operational and administrative responsibilities for such purchases under gas tolling provisions under the Allocated Contracts, including the review of fuel plans and consideration of alternative fuel supply, all as more specifically provided in the Fuel Management Protocols attached hereto as Exhibit B;
- (c) On behalf of DWR, as its limited agent, perform all necessary settlement functions under the Allocated Contracts in accordance with the terms of the applicable Allocated Contracts, consistent with the provisions of Exhibit C of this Order. In addition, perform all necessary billing and settlement functions related to DWR Revenues and remit DWR Revenues to DWR, consistent with the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C and the Servicing Arrangement;

- (d) Assume financial responsibility for the ISO charges listed on Exhibit D attached hereto;
- (e) On behalf of DWR, as its limited agent, upon development of a mutually agreeable plan, monitor the performance of Suppliers under the Allocated Contracts and undertake the administration of the Allocated Contracts, as more specifically provided in the Contract Administration and Performance Monitoring Protocols attached hereto as Exhibit E;
- (f) Provide to DWR the necessary information required by DWR as more specifically provided in the DWR Data Requirements From Utility attached hereto as Exhibit F to allow DWR to perform such internal procedures that are reasonable and determined appropriate by DWR to allow DWR to continue performance of financial obligations related to Allocated Contracts and to prepare and support reporting requirements set forth in Applicable Laws or agreements;
- (g) At all times in performing its obligations under this Order (i) comply with the provisions of each of the Allocated Contracts, (ii) follow Good Utility Practice, and (iii) comply with all Applicable Laws and Applicable Commission Orders;
- (h) Appoint a primary and secondary contact person, as set forth in Schedule 2 hereto, to coordinate the responsibilities listed in this Section 4.01;
- (i) Prior to the MRTU Effective Date, on behalf of DWR, as its limited agent, make surplus energy sales as more specifically provided in this Order; and
- (j) Upon issuance of an Applicable Commission Order approving the novation of a Contract, Utility will submit in writing to DWR as to the effective novation date of such Contract.

Provided, however, in the event that DWR fails to provide or provides inaccurate information which results in Utility's non-compliance with its obligations under this Order, the resulting non-compliance by Utility shall not constitute an Event of Default under Section 7.01 hereof.

Section 4.02. Dispatch or Sale of Allocated Power. Subject to any existing or new ISO tariff provisions that may affect the dispatch of such Contracts, Allocated Power from all Contracts shall be dispatched or sold, as the case may be, by Utility pursuant to the Operating Protocols attached hereto as Exhibit A.

Section 4.03. DWR Revenues. DWR Revenues shall be accounted and remitted to DWR consistent with the principles provided in the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C and the provisions of the Servicing Arrangement. Unless otherwise specifically provided in this Order, Utility will not be required at any time to advance or pay any of its own funds in the fulfillment of its responsibilities under this Order.

Section 4.04. Ownership of Allocated Power. Notwithstanding any other provision herein, and in accordance with the Act and Section 80110 of the California Water Code, DWR shall retain title to all Allocated Power, including DWR Power. In accordance with the Act and

Section 80104 of the California Water Code, upon the delivery of Allocated Power to Utility's customers, those customers shall be deemed to have purchased that power from DWR, and payment for such sale shall be a direct obligation of such customer to DWR. In addition, prior to the MRTU Effective Date, DWR shall retain title to any surplus Allocated Power sold by Utility as limited agent to DWR as provided in this Order.

## **ARTICLE V DUTIES OF DWR**

Section 5.01. Duties of DWR. Prior to the date that any Contract is novated to Utility and consistent with the Contract Allocation Order, during the Term of this Order, DWR shall:

- (a) Remain legally and financially responsible under each of the Contracts and cooperate with Utility in the transition from DWR to Utility the performance of the functions provided in this Order;
- (b) Assume legal and financial responsibilities and enter into or facilitate Utility's entering into transactions as DWR's limited agent, for the purchase (or sale, as the case may be) of gas, gas transmission services, gas storage services and financial hedges, and timely consent to or approve the Utility's performance of the operational and administrative responsibilities for such purchases under gas tolling provisions under the Allocated Contracts, including the review of fuel plans and consideration of alternative fuel supply, all as more specifically provided in the Fuel Management Protocols attached hereto as Exhibit B;
- (c) Pay invoices to the Suppliers and perform such internal procedures that are reasonable and determined appropriate by DWR, which may include validation, analysis and audit of the settlement functions to be performed on DWR's behalf, as its limited agent, by Utility relating to the Contracts. In addition, perform such internal procedures that are reasonable and determined appropriate by DWR, which may include validation, analysis and audit of the billing and settlement functions to be performed on DWR's behalf, as its limited agent, by Utility related to DWR Revenues, consistent with the principles set forth in the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C;
- (d) Until such time as a mutually agreed upon plan may be entered into with Utility and approved by the Commission, and no earlier than January 1, 2004, continue to monitor the performance of Suppliers and conduct certain contract administration duties under the Allocated Contracts, all as more specifically provided in the Contract Administration and Performance Monitoring Protocols attached hereto as Exhibit E. In addition, continue to perform all other administrative functions related to Contracts not explicitly provided in this Order to be performed by Utility on behalf of DWR, as its limited agent;
- (e) Upon the termination of any Contract (other than a Contract that is novated to Utility or terminated on the Contract stated termination date shown on Schedule 1

attached to this Order), DWR will submit in writing to Utility a revised Schedule 1 to reflect the termination of any Contract. In the event that a Contract terminates on the Contract stated termination date shown on Schedule 1, then no further notice will be provided by DWR; and

- (f) Appoint a primary and secondary contact person, as set forth in Schedule 3 hereto, to coordinate the responsibilities listed in this Section 5.01.

## **ARTICLE VI [RESERVED]**

Section 6.01. [Intentionally left blank.]

## **ARTICLE VII EVENTS OF DEFAULT**

Section 7.01. Events of Default. The following events shall constitute “Events of Default” under this Order:

- (a) any material failure by a Party to pay any amount due and payable under this Order that continues unremedied for five (5) Business Days after the earlier of the day the defaulting Party receives written notice thereof from the non-defaulting Party; or

- (b) any material failure by Utility to schedule and dispatch Contracts, consistent with the principles set forth in Exhibit A; or

- (c) any failure (except as provided in (a) or (b)) by a Party to duly observe or perform in any material respect any other term or condition of such Party set forth in this Order, which failure continues unremedied for a period of 15 calendar days after written notice of such failure has been given to such Party by the non-defaulting Party; or

- (d) any material representation or warranty made by a Party shall prove to be false, misleading or incorrect in any material respect as of the date made; or

- (e) an Event of Default (as defined under the Servicing Arrangement) shall have occurred and is continuing under the Servicing Arrangement.

Section 7.02. Consequences of Utility Event of Default. Upon any Event of Default by Utility, DWR may, in addition to exercising any other remedies available under this Order or under Applicable Law, (i) apply to the Commission for appropriate relief, including but not limited to the termination of this Order in whole or in part; and (ii) apply to the Commission and, if necessary, any court of competent jurisdiction for sequestration and payment to DWR or its Assign(s) of DWR Revenues or for specific performance of the functions related to the Contracts to be performed by Utility on behalf of DWR, as its limited agent, as provided in this Order.

Section 7.03. Consequences of DWR Event of Default. Upon an Event of Default by DWR (other than an Event of Default under 7.01(a)), Utility may request that the Commission terminate this Order in whole or in part, Section 2.05 notwithstanding.

Section 7.04. Remedies. Subject to Article XIII of this Order, upon any Event of Default, the non-defaulting Party may exercise any other legal or equitable right or remedy that may be available to it under applicable law or under this Order, including, but not limited to, the termination of this Order.

Section 7.05. Remedies Cumulative. Except as otherwise provided in this Order, all rights of termination, cancellation, or other remedies in this Order are cumulative. Use of any remedy shall not preclude any other remedy available under this Order.

Section 7.06. Waivers. None of the provisions of this Order shall be considered waived by either Party unless the Party against whom such waiver is claimed gives such waiver in writing. The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Order or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect. Waiver by either Party of any default by the other Party shall not be deemed a waiver of any other default.

## **ARTICLE VIII PAYMENT OF FEES AND CHARGES**

Section 8.01. Utility Fees and Charges. As noted in the Contract Allocation Order, the details of the amount and recovery of administrative costs to Utility associated with the Contracts are expected to be considered in another Commission proceeding. As such, the Parties agree that the administrative costs to Utility will be recovered pursuant to such Commission proceeding. Utility shall enter the cost of such fees and charges in its Purchased Electric Commodity Account, or its successor or another account designated by the Commission on a current basis, for recovery in retail rates subject to subsequent Commission review.

## **ARTICLE IX REPRESENTATIONS AND WARRANTIES**

Section 9.01. Representations and Warranties of DWR. DWR represents and warrants that it will use its best efforts to obtain all necessary and appropriate notices, inducements, undertakings, approvals, and consents from each Supplier to the Contract allocated to Utility in order for Utility to undertake its duties set forth in this Order in a timely and appropriate fashion.

## **ARTICLE X LIMITATIONS ON LIABILITY**

Section 10.01. Consequential Damages. In no event will either Party be liable to the other Party for any indirect, special, exemplary, incidental, punitive, or consequential damages under any theory. Nothing in this Section 10.01 shall limit either Party's rights as provided in Article VII above.

Section 10.02. Limited Obligations of DWR. Any amounts payable by DWR under this Order shall be payable solely from moneys on deposit in the Department of Water Resources

Electric Power Fund established pursuant to Section 80200 of the California Water Code (the “Fund”).

Section 10.03. Sources of Payment; No Debt of State. DWR’s obligation to make payments hereunder shall be limited solely to the Fund and shall be payable as an operating expense of the Fund solely from Power Charges subject and subordinate to each Priority Long Term Power Contract in accordance with the priorities and limitations established with respect to the Fund’s operating expenses in any indenture providing for the issuance of Bonds and in the Rate Agreement and in the Priority Long Term Power Contracts. Any liability of DWR arising in connection with this Order or any claim based thereon or with respect thereto, including, but not limited to, any payment arising as the result of any breach or Event of Default under this Order, and any other payment obligation or liability of or judgment against DWR hereunder, shall be satisfied solely from the Fund. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA ARE OR MAY BE PLEDGED FOR ANY PAYMENT UNDER THIS ORDER. Revenues and assets of the State Water Resources Development System, and Bond Charges under the Rate Agreement, shall not be liable for or available to make any payments or satisfy any obligation arising under this Order. If moneys on deposit in the Fund are insufficient to pay all amounts payable by DWR under this Order, or if DWR has reason to believe such funds may become insufficient to pay all amounts payable by DWR under this Order, DWR shall diligently pursue an increase to its revenue requirements as permitted under the Act from the appropriate Governmental Authority as soon as practicable. To the extent DWR’s obligations are “administrative costs,” they will require annual appropriation by the legislature.

Section 10.04. Cap on Liability. In no event will Utility be liable to DWR for damages under this Order, including indemnification obligations, whether in contract, warranty, tort (including negligence), strict liability or otherwise (referred to as “Damages” for purposes of this Section), in an amount in excess of: 1) on an annual calendar year basis, \$5 million plus ten percent of Damages in excess of \$5 million and 2) for the entire term of this Order, \$50 million in total payments of Damages to DWR. For example, if Damages for an event are \$100 million, Utility’s total liability for this event would be \$14.5 million (\$5 million plus 10% of \$95 million) and that would be the full extent of Utility’s liability for such Damages. All Damages associated with an event will apply only to the annual limit in the first year in which Damages for that event were assessed. For example, if Damages for an event were paid as follows: \$15 million in year 1 and \$10 million in year 2, the Utility would pay DWR \$7 million (\$5 million plus 10% of \$10 million for year 1 and 10% of \$10 million for year 2). In this example, the \$1 million paid to DWR in year 2 (10% of \$10 million) does not count against the year 2 \$5 million calendar year threshold. DWR hereby releases Utility from any liability for Damages in excess of the limitations on liability set forth in this Section 10.04, provided however, that this limitation on Utility liability shall not apply to the extent the liability is a result of Utility’s gross negligence or willful misconduct.

## **ARTICLE XI CONFIDENTIALITY**

Section 11.01. Proprietary Information.

- (a) Nothing in this Order shall affect Utility's obligations to observe any Applicable Law prohibiting the disclosure of Confidential Information regarding its customers.
- (b) Nothing in this Order, and in particular nothing in Sections 11.01(e)(x) through 11.01(e)(z) of this Order, shall affect the rights of the Commission to obtain from Utility, pursuant to Applicable Law, information requested by the Commission, including Confidential Information provided by DWR to Utility. Applicable Law, and not this Order, will govern what information the Commission may disclose to third parties, subject to any confidentiality agreement between DWR and the Commission.
- (c) The Parties acknowledge that each Party may acquire information and material that is the other Party's confidential, proprietary or trade secret information. As used herein, "Confidential Information" means any and all technical, commercial, financial and customer information disclosed by one Party to the other (or obtained from one Party's inspection of the other Party's records or documents), including any patents, patent applications, copyrights, trade secrets and proprietary information, techniques, sketches, drawings, maps, reports, specifications, designs, records, data, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, object code, source code, and information related to the current, future and proposed products and services of each of the Parties, and includes, without limitation, the Parties' respective information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, business forecasts, sales and merchandising, and marketing plans and information. In all cases, Confidential Information includes proprietary or confidential information of any third party disclosing such information to either Party in the course of such third party's business or relationship with such Party. Utility's Confidential Information also includes any and all lists of customers, and any and all information about customers, both individually and aggregated, including but not limited to customers' names, street addresses of customer residences and/or facilities, email addresses, identification numbers, Utility account numbers and passwords, payment histories, energy usage, rate schedule history, allocation of energy uses among customer residences and/or facilities, and usage of DWR Power. All Confidential Information disclosed by the disclosing Party ("Discloser") will be considered Confidential Information by the receiving Party ("Recipient") if identified as confidential and received from Discloser.
- (d) Each Party agrees to take all steps reasonably necessary to hold in trust and confidence the other Party's Confidential Information. Without limiting the generality of the immediately preceding sentence, each Party agrees (i) to hold the other Party's Confidential Information in strict confidence, not to disclose it to third parties or to use it in any way, commercially or otherwise, other than as permitted under this Order; and (ii) to limit the disclosure of the Confidential Information to those of its employees, agents or directly related subcontractors

with a need to know who have been advised of the confidential nature thereof and who have acknowledged their express obligation to maintain such confidentiality. DWR shall not disclose Confidential Information to employees, agents or subcontractors that are in any respect responsible for power marketing or trading activities associated with the State Water Resources Development System.

- (e) The foregoing two paragraphs will not apply to any item of Confidential Information if: (i) it has been published or is otherwise readily available to the public other than by a breach of this Order; (ii) it has been rightfully received by Recipient from a third party without breach of confidentiality obligations of such third party and outside the context of the provision of services under this Order; (iii) it has been independently developed by Recipient personnel having no access to the Confidential Information; (iv) it was known to Recipient prior to its first receipt from Discloser, or (v) it has been summarized, processed and incorporated for incorporation into reports, discussions, statements or any other further work product. In addition, Recipient may disclose Confidential Information if and to the extent required by law or a Governmental Authority, provided that (x) Recipient shall give Discloser a reasonable opportunity to review and object to the disclosure of such Confidential Information, (y) Discloser may seek a protective order or confidential treatment of such Confidential Information, and (z) Recipient shall make commercially reasonable efforts to cooperate with Discloser in seeking such protective order or confidential treatment. Discloser shall pay Recipient its reasonable costs of cooperating.

Section 11.02. No License. Nothing contained in this Order shall be construed as granting to a Party a license, either express or implied, under any patent, copyright, trademark, service mark, trade dress or other intellectual property right, or to any Confidential Information now or hereafter owned, obtained, controlled by, or which is or may be licensable by, the other Party.

Section 11.03. Survival of Provisions. The provisions of this Article XI shall survive the termination of this Order.

**ARTICLE XII  
RECORDS AND AUDIT RIGHTS**

Section 12.01. Records. Utility shall maintain accurate records and accounts relating to the Contracts in sufficient detail to permit DWR to audit and monitor the functions to be performed by Utility on behalf of DWR, as its limited agent, under this Order. In addition, Utility shall maintain accurate records and accounts relating to DWR Revenues to be remitted by Utility to DWR, consistent with the Settlement Principles for Remittances and Surplus Revenues set forth in Exhibit C hereto. Utility shall provide to DWR and its Assign(s) access to such records. Access shall be afforded without charge, upon reasonable request made pursuant to Section 12.02. Access shall be afforded only during Business Hours and in such a manner so as not to interfere unreasonably with Utility's normal operations. Utility shall not treat DWR Revenues as income or assets of Utility or any affiliate for any tax, financial reporting or regulatory purposes, and the financial books or records of Utility and affiliates shall be maintained in a manner consistent with the absolute ownership of DWR Revenues by DWR and Utility's holding of DWR Revenues in trust for DWR (whether or not held together with other monies).

Section 12.02. Audit Rights.

- (a) Upon 30 calendar days' prior written notice, DWR may request an audit, conducted by DWR or its agents (at DWR's expense), of Utility's records and procedures, which shall be limited to records and procedures containing information bearing upon Utility's performance of its obligations under this Order. The audit shall be conducted during Business Hours without interference with Utility's normal operations, and in compliance with Utility's security procedures.
- (b) As provided in the Act, the State of California Bureau of State Audits (the "Bureau") shall conduct a financial and performance audit of DWR's implementation of Division 27 (commencing with Section 80000) of the California Water Code, and the Bureau shall issue a final report on or before March 31, 2003. In addition, as provided in Section 8546.7 of the California Government Code, pursuant to this Section 12.02, DWR or the State of California Department of General Services, the Bureau, or their designated representative ("DWR's Agent") shall have the right to review and to copy (at DWR's expense) any non-confidential records and supporting documentation pertaining to the performance of this Order and to conduct an on-site review of any Confidential Information pursuant to Section 12.03 hereof. Utility agrees to maintain such records for such possible audit for three years after final Remittance to DWR. Utility agrees to allow such auditor(s) access to such records during Business Hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Utility shall include a similar right for DWR or DWR's Agent to audit records and interview staff in any contract between Utility and a subcontractor directly related to performance of this Order.

Section 12.03. Confidentiality. Materials reviewed by either Party or its agents in the course of an audit may contain Confidential Information subject to Article XI above. The use of all materials provided to DWR or Utility or their agents, as the case may be pursuant to this Article XII, shall comply with the provisions in Article XI and shall be limited to use in conjunction with the conduct of the audit and preparation of a report for appropriate distribution of the results of the audit consistent with Applicable Law.

Section 12.04. Annual Certifications. At least annually, and in no event later than the 30th day after the end of the calendar year, Utility shall deliver to DWR, with a copy to the Commission, a certificate of an authorized representative certifying that to the best of such representative's knowledge, after a review of Utility performance under this Order, Utility has fulfilled its obligations under this Order in all material respects and is in compliance herewith in all material respects.

Section 12.05. Additional Applicable Laws. Each Party shall make an effort to promptly notify the other Party in writing to the extent such Party becomes aware of any new Applicable Laws or changes (or proposed changes) in Applicable Tariffs hereafter enacted, adopted or promulgated that may have a material adverse effect on either Party's ability to perform its duties under this Order. A Party's failure to so notify the other Party pursuant to this Section 12.05 will not constitute a material breach of this Order, and will not give rise to any right to terminate this Order or cause either Party to incur any liability to the other Party or any third party.

Section 12.06. Other Information. Upon the reasonable request of DWR or its Assign(s), Utility shall provide to DWR or its Assign(s) any public financial information in respect of Utility applicable to services provided by Utility under this Order, to the extent such information is reasonably available to Utility, which (i) is reasonably necessary and permitted by Applicable Law to monitor the performance by Utility hereunder, or (ii) otherwise relates to the exercise of DWR's rights or the discharge of DWR's duties under this Order or any Applicable Law. In particular, but without limiting the foregoing, Utility shall provide to DWR any such information that is necessary or useful to calculate DWR's revenue requirements (as described in Sections 80110 and 80134 of the California Water Code).

Section 12.07. Data and Information Retention. All data and information associated with the provision and receipt of services pursuant to this Order shall be maintained for the greater of (a) the retention time required by Applicable Law or Applicable Tariffs for maintaining such information, or (b) three (3) years.

## **ARTICLE XIII DISPUTE RESOLUTION**

Section 13.01. Dispute Resolution. Should any dispute arise between the Parties or should any dispute between the Parties arise from the exercise of either Party's audit rights contained in Section 12.02 hereof, the Parties shall remit any undisputed amounts and agree to enter into good faith negotiations as soon as practicable to resolve such disputes within (10) Business Days so as to resolve such disputes, as appropriate, within the timeframes provided under this Order, or as soon as possible thereafter. For any disputed Remittances, if such resolution cannot be made before the remittance date, Utility shall remit the undisputed portion

to DWR. In addition, the disputed portion of the Remittances shall be deposited into an escrow account held by a qualified, independent escrow holder. Upon resolution of such disputes, the Party that escrowed the disputed amount shall reimburse the other Party from the escrow account as necessary.

Section 13.02. ISO Settlements and Disputes. Prior to the MRTU Effective Date, Utility shall review, validate and verify all ISO charges/credits contained on all ISO settlement statements, including any charges/credits resulting from functions related to the Contracts to be performed by Utility as provided in the Existing Operating Arrangement. Utility shall inform DWR of any discrepancies and shall dispute any such discrepancies with the ISO in accordance with the ISO's tariff and protocols. Except as provided in Section 13.03, if any ISO charge type settlement amount appearing on a Preliminary or Final Settlement Statement (as defined in the ISO tariff) resulting or relating to the Utility's performance of functions related to the Contracts under the Existing Operating Arrangement is in dispute, it shall be the responsibility of Utility, on behalf of DWR, as its limited agent, to seek resolution of said dispute through the ISO dispute resolution process as provided in the ISO's tariff.

On and after the MRTU Effective Date, consistent with the parameters of settlements procedures as further provided in Exhibit C attached hereto, DWR agrees and Utility is ordered to perform the following as related to ISO invoices and Settlement Statements (as such term is defined in the ISO tariff then in effect) issued to Utility in its role as load serving entity.

On and after the MRTU Effective Date, Utility shall review, validate and verify such ISO data or charges/credits contained on all ISO Settlement Statements related to Inter-SC Trades with respect to the Allocated Contracts and to provide such data or information as specified under the caption "Schedule / Bilateral Invoice" in Part II of Exhibit F attached to this Order. As to such data or information described under the caption "Schedule / Bilateral Invoice" in Part II of Exhibit F, Utility shall inform DWR of any discrepancies and shall dispute any such discrepancies with the ISO in accordance with the ISO's tariff and protocols.

At all times, for disputes affecting Utility's Remittances to DWR, including, prior to the MRTU Effective Date, disputes on ISO charges to non-DWR parties related to Surplus Revenues that would affect Remittances to DWR, Utility shall provide to DWR: a) notification of submission of the dispute through the ISO dispute resolution process, identifying, among other items, the dispute type, quantity, price and allocation; b) a copy of the submitted dispute and all supporting data; and c) a copy of all ensuing documentation resulting from the ongoing dispute resolution process. Utility shall track and validate all disputed ISO charges involving any financial responsibility of DWR.

Section 13.03. Supplier Invoice Disputes. DWR shall continue to be responsible for all dispute resolution relating to Supplier invoices. In addition, except as specifically provided in Exhibit E of this Order, all other contract administration functions shall remain DWR's responsibility.

Section 13.04. Good-Faith Negotiations. Should any dispute arise between the Parties relating to this Order, the Parties shall undertake good-faith negotiations to resolve such dispute. If the Parties are unable to resolve such dispute through good-faith negotiations, either Party may submit a detailed written summary of the dispute to the other Party. Upon such written

presentation, each Party shall designate an executive with authority to resolve the matter in dispute. If the Parties are unable to resolve such dispute within 30 days from the date that a detailed summary of such dispute is presented in writing to the other Party, and the dispute relates solely to Utility's conduct, performance, acts and/or omissions (and not to DWR's conduct performance, acts and/or omissions), then DWR may, at its sole discretion, present the dispute to the Commission for resolution, in accordance with Applicable Law. All other disputes shall be brought in a court of competent jurisdiction or a forum mutually acceptable to the Parties in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party's choosing.

Section 13.05. Costs. Each Party shall bear its own respective costs and attorney fees in connection with respect to any dispute resolution process undertaken by it pursuant to this Article. Provided, however, DWR shall reimburse Utility all reasonably incurred costs, including, but not limited to, in-house and retained attorneys, consultants, witnesses, and arbitration costs, arising from or pertaining to all disputes relating to ISO charges/credits contained on all ISO settlement statements resulting from the operational, dispatch and administrative functions related to the Contracts performed by Utility on behalf of DWR, as its limited agent, pursuant to the standards set forth in Section 2.02 herein and consistent with the provisions of the ISO tariff, as may be amended from time to time, including, prior to the MRTU Effective Date, disputes on ISO charges to non-DWR parties related to Surplus Revenues that would affect Remittances to DWR. These costs shall be recorded and invoiced in the manner set forth in Section 8.01 hereof.

#### **ARTICLE XIV MISCELLANEOUS**

##### Section 14.01. Assignment

- (a) Except as provided in paragraphs (b) (c) and (d) below, neither Party shall assign or otherwise dispose of this Order, its right, title or interest herein or any part hereof to any entity, without the prior written consent of the Commission. No assignment of this Order shall relieve the assigning Party of any of its obligations under this Order until such obligations have been assumed by the assignee. When duly assigned in accordance with this Section 14.01(a) and when accepted by the assignee, this Order shall be binding upon and shall inure to the benefit of the assignee. Any assignment in violation of this Section 14.01 (a) shall be void.
- (b) DWR may assign or pledge its rights to receive performance hereunder to a trustee or another party ("Assign(s)") in order to secure DWR's obligations under its bonds (as that term is defined in the Act), and any such Assign shall be a third party beneficiary of this Order; provided, however, that this authority to assign or pledge rights to receive performance hereunder shall in no event extend to any person or entity that sells power or other goods or services to DWR.
- (c) Any person (i) into which Utility may be merged or consolidated, (ii) which may result from any merger or consolidation to which Utility shall be a party or (iii)

which may succeed to the properties and assets of Utility substantially as a whole, which person in any of the foregoing cases executes an agreement of assumption to perform every obligation of Utility hereunder, shall be the successor to Utility under this Order without further act on the part of any of the Parties to this Order; provided, however, that Utility shall have delivered to the Commission, DWR and DWR's Assign(s) an opinion of counsel reasonably acceptable to the Commission and DWR stating that such consolidation, merger or succession and such agreement of assumption complies with this Section 13.01(c) and that all of Utility's obligations hereunder have been validly assumed and are binding on any such successor or assign.

- (d) Notwithstanding anything to the contrary herein, DWR's rights and obligations hereunder shall be transferred, without any action or consent of either Party hereto, to any entity created by the State legislature which is required under Applicable Law to assume the rights and obligations of DWR under Division 27 of the California Water Code.

Section 14.02. Force Majeure. Neither Party shall be liable for any delay or failure in performance of any part of this Order (including the obligation to remit money at the times specified herein) from any cause beyond its reasonable control, including but not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, restraint by court order or Government Authority, or any combination of these causes, which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to overcome.

Section 14.03. Severability. In the event that any one or more of the provisions of this Order shall for any reason be held to be unenforceable in any respect under applicable law, such unenforceability shall not affect any other provision of this Order, but this Order shall be construed as if such unenforceable provision or provisions had never been contained herein.

Section 14.04. Survival of Payment Obligations. Upon termination of this Order, each Party shall remain liable to the other Party for all amounts owing under this Order. Utility shall continue to collect and remit, pursuant to the terms of the Servicing Arrangement and the principles provided in the Settlement Principles for Remittances and Surplus Revenues provided in Exhibit C hereto and any DWR Charges billed to customers or, prior to the MRTU Effective Date, any DWR Surplus Energy Sales Revenues attributable to sales entered into before the effective date of termination of the Servicing Arrangement.

Section 14.05. Third-Party Beneficiaries. The provisions of this Order are exclusively for the benefit of the Parties and any permitted assignee of either Party.

Section 14.06. Governing Law. This Order shall be interpreted, governed and construed under the laws of the State of California without regard to choice of law provisions.

Section 14.07. [Reserved.]

Section 14.08. Section Headings. Section and paragraph headings appearing in this Order are inserted for convenience only and shall not be construed as interpretations of text.

Section 14.09. Amendments. No amendment, modification, or supplement to this Order shall be effective unless it is in writing and signed by the authorized representatives of both Parties and approved as required, and by reference incorporates this Order and identifies the specific portions that are amended, modified, or supplemented or indicates that the material is new. No oral understanding or agreement not incorporated in this Order is binding on either of the Parties.

Section 14.10. Amendment Upon Changed Circumstances. (a) The Parties acknowledge that compliance with any Commission decision, legislative action or other governmental action (whether issued before or after the Effective Date of this Order) affecting the operation of this Order, including but not limited to (i) dissolution of the ISO, (ii) changes in the ISO market structure, including but not limited to MRTU or a reversion related thereto, (iii) a decision regarding direct access currently pending before the Commission, (iv) the establishment of other Governmental Programs, or (v) a modification to the Contract Allocation Order may require that amendment(s) be made to this Order. If either Party reasonably determines that such a decision or action would materially affect the services to be provided hereunder or the reasonable costs thereof, then upon the issuance of such decision or the approval of such action (unless and until it is stayed), the Parties shall negotiate the amendment(s) to this Order that is (or are) appropriate in order to effectuate the required changes in services to be provided or the reimbursement thereof. If the Parties are unable to reach agreement on such amendments within 60 days after the issuance of such decision or approval of such action, either Party may, in the exercise of its sole discretion, submit the disagreement to the Commission for proposed resolution, in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party's choosing.

(b) The Parties shall, if the rating agencies request changes to this Order which the Parties reasonably determine are necessary and appropriate, negotiate in good faith, but will be under no obligation to reach agreement or to ask the Commission to amend this Order to accommodate the rating agency requests. The Parties will cooperate in obtaining any required approvals of the Commission or other entities for such amendments.

(c) Upon request of DWR, the Utility agrees to a meet and confer for any reasonable issues identified by DWR as necessary and appropriate for DWR as related to its financial reporting and fiduciary responsibilities and any rights and obligations related to this Operating Order. In addition, upon the reasonable request of DWR, the Utility will provide to DWR any information in respect of Utility that is applicable to the rights and obligations of the Parties under this Operating Order or any material information that is reasonably necessary for DWR to monitor and manage their risks and perform their fiduciary responsibilities. Likewise, upon the reasonable request of Utility, DWR will provide to Utility any information in respect of DWR that is applicable to the rights and obligations of the Parties under this Operating Order or any material information that is reasonably necessary for Utility to operationally administer the Allocated Contracts. If the joint analysis of this information and the "meet and confer" process

indicate DWR should, in its judgment, revise its revenue requirement determination for submittal to the Commission, the Utility agrees to support an appropriate revised determination by DWR.

DWR and the Utility agree that as MRTU moves forward either DWR or Utility may identify further changes required to properly administer the Allocated Contracts under MRTU. DWR and the Utility shall meet and confer on mutual solutions to such changes, implement such solutions, and include them in modifications to the Servicing Arrangement and/or this Operating Order.

Section 14.11. Indemnification.

- (a) Indemnification of DWR. Utility (the “Indemnitor”) shall at all times protect, indemnify, defend and hold harmless DWR, and its elected officials, appointed officers, employees, representatives, agents and contractors (each, an “Indemnified Party” or an “Indemnitee”) from and against (and pay the full amount of) any and all claims (whether in tort, contract or otherwise), demands, expenses (including, without limitation, in-house and retained attorneys’ fees) and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed), to third parties arising from or in connection with (or alleged to arise from in connection with): (1) any failure by Utility to perform its material obligations under this Order; (2) any material representation or warranty made by Utility shall prove to be false, misleading or incorrect in any material respect as of the date made; (3) the gross negligence or willful misconduct of Utility or any of its officers, directors, employees, agents, representatives, subcontractors or assignees in connection with this Order; and (4) any violation of or failure by Utility or Indemnitor to comply with any Applicable Commission Orders or Applicable Law; provided, however, that the foregoing indemnifications and protections shall not extend to any losses arising from gross negligence or willful misconduct of any Indemnified Party.
- (b) Obligation of Utility. Consistent with the Contract Allocation Order, Utility shall not, in acting as limited agent of DWR hereunder be required to perform any obligations of any Supplier or on behalf of any Supplier under any Allocated Contract or to make any payments on behalf of such Supplier or as the result of the failure of such Supplier to perform under any Allocated Contract, except as otherwise explicitly noted in the Operating Protocols attached as Exhibit A and as further provided in Section B of Part III of Exhibit C attached hereto.
- (c) Indemnification of Utility. To the extent permitted by law, DWR (“Indemnitor”) shall at all times protect, indemnify, defend and hold harmless Utility, and its officers, employees, representatives, agents and contractors (each, an “Indemnified Party” or “Indemnitee”), from and against (and pay the full amount of) any and all claims (whether in tort, contract or otherwise), demands, expenses (including, without limitation, in-house and retained attorneys’ fees) and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed), to third parties arising from or in connection with (or alleged to arise from on in

connection with): (1) any failure by DWR to perform its material obligations under this Order or any Allocated Contract; (2) any material representation or warranty made by DWR shall prove to be false, misleading or incorrect in any material respect as of the date made; (3) the gross negligence or willful misconduct of the DWR or any of its officers, directors or employees, agents, representatives, subcontractors or assignees in connection with this Order; (4) any action claiming Utility failed to perform any Supplier's obligations under a Contract; and (5) any violation of or failure by DWR or Indemnitor to comply with any Applicable Law; and provided, however, that the foregoing indemnifications and protections shall not extend to any losses arising from the gross negligence or willful misconduct of any Indemnified Party.

- (d) Indemnification Procedures. Indemnitee shall promptly give notice to Indemnitor of any claim or action to which it seeks indemnification from Indemnitor. Indemnitor shall defend any such claim or action brought against it, and may also defend such claim or action on behalf of the Indemnitee (with counsel reasonably satisfactory to Indemnitor) unless there is any actual or potential conflict between Indemnitor and Indemnitee with respect to such claim or action. If there is any actual or potential conflict between Indemnitor and Indemnitee with respect to such claim or action, Indemnitee shall have the opportunity to assume (at Indemnitor's expense) defense of any claim or action brought against Indemnitee by a third party; however, failure by Indemnitee to request defense of such claim or action by the Indemnitor shall not affect Indemnitee's right to indemnity under this Section 14.11. In any action or claim involving Indemnitee, Indemnitor shall not settle or compromise any claim without the prior written consent of Indemnitee.

Section 14.12. Notices and Demands. (a) Except as otherwise provided under this Order, all notices, demands, or requests pertaining to this Order shall be in writing and shall be deemed to have been given (i) on the date delivered in person, (ii) on the date when sent by facsimile (with receipt confirmed by telephone by the intended recipient or his or her authorized representative) or electronic transmission (with receipt confirmed telephonically or electronically by the intended recipient or his or her authorized representative) or by special messenger, or (iii) 72 hours following delivery to a United States post office when sent by certified or registered United States mail postage prepaid, and addressed as set forth below:

Utility: San Diego Gas & Electric Company  
Electric and Fuel Procurement  
8315 Century Park Court  
San Diego, California 92123

Attn: Michael Strong  
Manager - Settlements & Systems  
Telephone: (858) 650-6154  
Facsimile: (858) 650-6190  
Email: mgstrong@semprautilities.com

DWR: State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: John Pacheco  
Acting Deputy Director  
Telephone: (916) 574-0311  
Facsimile: (916) 574-2512  
Email: jpacheco@water.ca.gov

- (a) DWR agrees and with respect to the Utility it is ordered that each Party shall be entitled to specify as its proper address any other address in the United States, or specify any change to the above information, upon written notice to the other Party complying with this Section 14.12.
- (b) DWR agrees and with respect to the Utility it is ordered that each Party shall designate on Attachment A the person(s) to be contacted with respect to specific operational matters. Each Party shall be entitled to specify any change to such person(s) upon written notice to the other Party complying with this Section 14.12.

Section 14.13. Effective Date. This Order shall be effective on the effective date set forth in the decision in which the Commission adopts this Order. Except as expressly provided otherwise herein, neither Party may commence performance hereunder until such date. Any delay in the commencement of performance hereunder as a consequence of waiting for such adoption(s) shall not be a breach or default under this Order.

Section 14.14. Government Code and Public Contract Code Inapplicable. DWR has determined, pursuant to Section 80014(b) of the California Water Code, that application of certain provisions of the Government Code and Public Contract Code applicable to State contracts, including but not limited to advertising and competitive bidding requirements and prompt payment requirements, would be detrimental to accomplishing the purposes of Division 27 (commencing with Section 80000) of the California Water Code and that such provisions and requirements are therefore not applicable to or incorporated in this Order.

Section 14.15. Annual Review. The provisions of the Exhibits are subject to annual review by DWR and Utility to ensure their relevance and usefulness. In the event that the Parties mutually agree that certain provisions of the Exhibits should be amended or supplemented, an amendment to the Exhibit should be executed and Utility shall submit to the Commission for approval.

Section 14.16. [Reserved]

Schedule 1

**ALLOCATED CONTRACTS**

<b>SDG&amp;E Contracts</b>	<b>Contract Name</b>	<b>Contract Bidding and Operations Summary</b>	<b>Remittance Basis</b>	<b>Contract Stated Termination Date</b>
Must-Take Contract	JP Morgan B/C	IST in Day Ahead at SP15 Gen Hub	IST Quantity	12/31/2010
Large Dispatchable	Sunrise	Unit will be bid into Market	Metered Amount <sup>1</sup>	6/30/2012
Small Dispatchable (Peakers)	Calpeak - Border, El Cajon, Enterprise - SDG&E is SC*	Unit will be bid into Market	Metered Amount <sup>1</sup>	12/8/2011 - Escondido 12/12/2011 - Border 1/1/2012 - El Cajon
	Calpeak - Border, El Cajon, Enterprise - SDG&E is not SC	Bid or self-scheduled into market for all hours (with IST when self-scheduled) (in Day Ahead and/or HASP) at P-node <sup>4,5</sup>	IST Quantities <sup>2</sup>	12/8/2011 - Escondido 12/12/2011 - Border 1/1/2012 - El Cajon
PIRP	Shell Wind - Cabazon, Whitewater Hill	IST (in Day Ahead and/or HASP) at P-node <sup>3</sup>	IST Quantities <sup>2</sup>	12/31/2013

<sup>1</sup> IOU-SC will retain market revenues/charges.

<sup>2</sup> IST quantities include CPT quantities, if any.

<sup>3</sup> IOU will schedule PIRP units according to PIRP requirements.

<sup>4</sup> Market Revenues generated by Bid awards will be paid to DWR by the counterparty.

<sup>5</sup> A schedule reduction in HASP can only be accomplished by DEC bids.

\* Effective April 1, 2010, SDG&E became the SC for Calpeak Contracts.

Schedule 2

**REPRESENTATIVES AND CONTACTS**

San Diego Gas & Electric Company  
Electric and Fuel Procurement  
8315 Century Park Court  
San Diego, California 92123

Michael Strong  
Manager - Settlements & Systems  
Telephone: (858) 650-6154  
Facsimile: (858) 650-6190  
Email: mgstrong@semprautilities.com

Alternate Contact:

Sue Garcia  
Settlements & Administration Manager  
Telephone: (858) 650-6189  
Facsimile: (858) 650-6190  
Email: sgarcia@semprautilities.com

**DWR/SDG&E EXHIBIT A**  
**OPERATING PROTOCOLS**

## EXHIBIT A

### OPERATING PROTOCOLS

Pursuant to Section 4.01 of the Operating Order, on behalf of DWR as its limited agent, Utility shall perform the day-to-day scheduling and dispatch functions, including day-ahead, hour-ahead and real-time trading, scheduling of transactions with all involved parties, making surplus energy sales (prior to the MRTU Effective Date) and obtaining relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 to the Operating Order, all as more specifically provided below and in compliance with the provisions of each of the Contracts:

- I. Resource Commitment and Dispatch. Utility agrees to use good faith efforts to dispatch Allocated Contracts, based on the principle of “least cost dispatch” to retail customers, consistent with the Contract Allocation Order and other Applicable Commission Orders. Utility shall undertake these least cost dispatch functions both of the Contracts and its URG so as to minimize the cost of service to retail customers based on circumstances known or that reasonably could have been known by Utility at the time dispatch decisions are made. DWR shall have no role in enforcement or review of Utility least cost dispatch under the Operating Order and all issues of Utility compliance with least cost dispatch shall be within the sole review of the Commission.
  - A. Annual, Quarterly and Weekly Load and Resource Assessment Studies. Utility shall provide to DWR copies of its annual and quarterly load and resource assessment studies. Provided that Utility submits substantially the same information to the Commission, copies of the Commission submission will be simultaneously sent to DWR to satisfy requirements of this section. In addition, Utility will provide a weekly commitment and dispatch plan for informational purposes to DWR in the same form that such plan is used internally.
  - B. Scheduling Protocols.
    1. DWR is responsible for notifying the counter-party to each of the Allocated Contracts that scheduling under the Allocated Contracts will be performed by Utility before the first day that schedules are due to be submitted by Utility. DWR is responsible for notifying Utility of any changes to the Allocated Contracts that it has negotiated, including changes to the scheduling terms. DWR agrees to provide such notice as soon as possible following the negotiation of any changed provisions and in any case prior to the time that any changed provisions become effective.
    2. Utility agrees to schedule Contracts in accordance with their terms and in accordance with the requirements of the Control Area operator or operators with whom the Contract must be scheduled to provide for power delivery.
- II. ISO Ancillary Service (AS) Market. Among the Contracts are resources that are or may be qualified to be bid into the ISO’s Ancillary Services (“AS”) market or that Utility may use in its self-provision of AS. Utility is authorized to develop protocols and procedures

for the use of DWR resources for AS. Utility shall, upon DWR's request, provide to DWR such information concerning Utility's intended use of DWR resources for AS as DWR may reasonably request for planning and revenue requirement purposes.

III. Surplus Energy Sales and Energy Exchanges - Prior to MRTU Effective Date. The provisions set forth under this Section III shall be applicable prior to the MRTU Effective Date.

A. Over-generation. If the ISO announces an over-generation situation Utility will back down resources in accordance with the ISO tariff and Good Utility Practice. In order to reduce the need for physical curtailment in over-generation situations, DWR and Utility shall develop pay for curtailment protocols and procedures that will enable Utility to instruct a must-take resource not to deliver energy under specified conditions. The costs and charges associated with mitigation of an over-generation situation shall be allocated among the Parties on a pro-rata basis consistent with the surplus sales allocation principles set forth in Exhibit C.

B. Energy Exchange Arrangements. Existing non-DWR/CERS exchanges and those that might be transacted post-2002, will be considered URG exchanges. The accounting of energy necessary to support energy exchanges is addressed in Exhibit C.

C. Surplus Energy Sales Arrangement. Utility shall on a monthly basis prepare a sales plan addressing all surplus sales, including without limitation sales to manage over-generation, contemplated by the Utility for review by DWR. Such plan shall address sales of power from the combined portfolio of URG resources and Contracts, which will be administered by Utility on its own behalf and acting as DWR's limited agent. As specified in Section 2.02 of the Operating Order, Utility shall pursue surplus sales in a fashion reasonably designed to serve the overall best interests of retail electric customers based on information known or could have been known by Utility at the time. Utility agrees to include sufficient details in the sales plans to allow DWR to satisfy its financial management and reporting requirements. To the extent there is surplus power uncommitted to a forward energy surplus sales transaction, Utility shall be required to bid such surplus energy in the day-ahead, hour-ahead or real-time market. Utility shall arrange for transmission service to accommodate surplus sales to the extent that transmission service is available and cost effective. The costs of transmission service, ISO charges and the costs of firm transmission rights associated with such surplus energy sales transactions shall be treated in accordance with the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C.

IV. Outage Coordination and Determination of Resource Availability of Contracts. Utility shall communicate with the Scheduling Coordinator of each Contract to coordinate, approve, document and report planned Contract outages. For those Contracts where resource availability affects capacity payments, Utility will use good faith efforts to verify Supplier's actual resource availability, and keep records of resource availability as reported by Supplier. In addition, Utility shall document all outages (forced and planned)

and notices of outages of DWR contract resources and provide such documents to DWR within five (5) business days after the end of each calendar month.

**DWR/SDG&E EXHIBIT B**  
**FUEL MANAGEMENT PROTOCOLS**

## **EXHIBIT B**

### **FUEL MANAGEMENT PROTOCOLS**

Certain of the Contracts listed on Schedule 1 of the Operating Order provide DWR the option of either (i) letting the Supplier provide the necessary natural gas for its generating units at an index-based price or agreed upon fixed price or (ii) DWR procuring the gas supply and causing such supply to be delivered to the Supplier under a tolling arrangement (“Fuel Option”). Certain of the Contracts with Fuel Option provide that DWR can decide on a monthly basis whether to procure the gas and others provide that the decision be made annually or semi-annually when DWR reviews the Supplier’s proposed fuel plan.

The purpose of this Exhibit B is to describe the relationship which will exist between DWR and Utility and the specific responsibilities of each as they all relate to managing the natural gas provisions of the Contracts which include Fuel Options. Specifically, this Exhibit B will address responsibilities for the following activities: (i) determining types and lengths of gas contracts, (ii) nominating deliveries, (iii) contracting for gas transportation and storage, (iv) managing imbalances, (v) reviewing, authorizing and making payment of gas invoices and (vi) determining and implementing hedge strategies, as appropriate.

#### **I. Operating Relationship Between DWR and Utility**

While DWR will retain legal and financial responsibility for gas and related services, Utility shall, as a limited agent acting for DWR, perform the administrative and operational activities, as further specified below, required to ensure adequate gas is supplied to Suppliers’ generating units, consistent with the tolling provisions included in the Contracts. The intent of this relationship is to provide Utility sufficient flexibility and authority to execute normal day-to-day activities associated with managing the fuel provisions of tolling Contracts and procurement of natural gas and related services, as a limited agent acting on behalf of DWR without direct involvement by DWR but in a manner consistent with Utility Gas Supply Plans which have been reviewed and approved by DWR and the Commission.

#### **II. Fuel Activities**

Consistent with the terms of the Contracts with Fuel Options, Utility shall have administrative and operational authority to act, as a limited agent, for fuel supply related activities, consistent with the following goals and guidelines whenever Utility has recommended, and DWR has reviewed and approved such recommendation that gas for a Contract with Fuel Option be caused to be supplied by Utility from a list of approved providers.

1. Utility shall use reasonable commercial efforts to secure delivery of gas in a reliable manner and consistent with gas requirements for producing scheduled energy.
2. Utility shall develop a portfolio of gas supply for the Contracts that contain Fuel Options and where Utility is to supply gas, acting as limited agent on behalf of

DWR, consistent with the approved Utility Gas Supply Plans. Such portfolio should be diversified in terms of price mechanism, period of performance, and gas suppliers.

3. Utility shall develop a portfolio of supply which is reasonably priced relative to the market and in accordance with an approved Utility Gas Supply Plan.

### **III. Review of Supplier Fuel Plans**

In accordance with the terms of each of the Contracts with Fuel Options, Utility, acting as a limited agent on behalf of DWR, shall review each fuel plan prepared and submitted by the Supplier, and forwarded to the Utility by DWR, and determine whether to recommend (i) approval of the Supplier Fuel Plan and authorization for the Supplier to provide gas to its generating unit(s), or (ii) procurement and management of gas supplies to the generating unit(s) by Utility. Utility, acting as a limited agent on behalf of DWR, shall advise DWR and the Commission on a timely basis of its recommendation regarding responsibility for supplying natural gas. DWR shall, on a timely basis, review Utility's recommendation and either approve or identify requested changes. Once approved, Utility shall advise the Supplier in accordance with the time requirements included in the appropriate Contract with Fuel Option. In addition, for any Supplier Fuel Plans which have been implemented and are operative as of the Effective Date, and where DWR has previously elected to be responsible for gas supply, Utility may advise DWR that it would rather have Supplier provide the gas as of the Effective Date. DWR shall coordinate with Utility and Supplier to revise such Supplier Fuel Plans, to the extent possible, prior to the Effective Date.

### **IV. Fuel Procurement Strategies**

Under the Contracts with Fuel Option, upon Utility's recommendation, and DWR's review and approval of such recommendation, Utility will be responsible for procuring the natural gas fuel from a list of approved gas providers. Utility shall, acting as the limited agent of DWR, have administrative and operational responsibility for determining its gas procurement strategies, including but not limited to (i) types of contracts, (ii) length of contracts, (iii) pricing terms, (iv) use of storage, (v) types of gas transportation, (vi) delivery point(s), (vii) whether and how to obtain gas price forecasts, (viii) if and what risk management tools are to be used, and (ix) how to maintain current market intelligence.

Utility shall consolidate these strategies and submit them to DWR and the Commission as a "Utility Gas Supply Plan" by April 17, 2003 and, thereafter on a semi-annual basis initially but was subsequently revised to be submitted on an annual basis during the Term. Utility may also provide a copy of such Gas Supply Plan to DWR in advance of the filing with the Commission so as to be able to indicate DWR's approval of such plan. Utility shall indicate in its Advice Letter filing to the Commission whether DWR has approved such plan as appropriate. DWR shall also formally notify the Commission when it has approved such plan.

DWR and the Commission will review and approve the Utility Gas Supply Plans. In the event of conflicting guidance between the Commission and DWR regarding various aspects of the Gas Supply Plan they respectively approve or reject, where DWR only approves a subset of what the Commission approves, then Utility shall operate within the sphere of DWR's approval. If, however, the Commission explicitly rejects portions of the Gas Supply Plan that DWR would authorize, then Utility must operate within the limitations of the Commission's decision. After a reasonable period of time operating within the framework of the Gas Supply Plans and the Commission's and DWR's respective approval and/or rejection of various pieces of the Gas Supply Plan, the Parties agree to meet and confer to determine whether the approval process may need to be revised in some manner, and Utility shall submit to Commission any such proposed revisions. Once approved, Utility may act within such Utility Gas Supply Plan without further DWR involvement, except as provided below.

## **V. Gas Purchasing**

Utility and DWR shall jointly determine a list of approved gas providers who can be used to supply gas under the Contracts with Fuel Options. Master agreements intended to cover normal day-to-day volumes will then be executed with such approved providers. While DWR will be the executing party under all DWR gas contracts, such agreements shall specifically authorize Utility to act for and on behalf of DWR, as a limited agent, in negotiating specific prices, quantities and delivery periods for specific purchases under such master agreements; provided however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to provide to Utility in writing and in advance of such negotiations any limits, including without limitation any terms, that may be required by DWR. If Utility determines it would be beneficial to enter into any DWR gas contract which exceeds 3 months or have a total value exceeding \$10 million, it shall negotiate such agreement(s) and submit them to DWR for advance approval and execution.

## **VI. Gas Transportation**

Utility shall have responsibility for recommending to DWR which pipelines should transport gas if Utility, acting as limited agent on behalf of DWR is to supply gas under a Contract with Fuel Option. Following approval of or revision of Utility Gas Supply Plan, Utility shall negotiate firm and/or interruptible agreements with such pipelines, consistent with the Utility Gas Supply Plan and submit them to DWR for execution. While DWR will be the executing party, such agreements with pipelines shall specifically authorize Utility to act for and on behalf of DWR in nominating gas deliveries, making imbalance trades and managing gas volumes transported under such agreements provided, however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to provide to Utility in writing and in advance of such negotiations any limits, including without limitation any terms, that may be required by DWR.

## **VII. Gas Scheduling**

If permitted under the Contracts, the Utility shall have full administrative and operational responsibility for scheduling gas deliveries, whether to a specific generating plant or to

storage for all gas contracts entered into by DWR or by Utility on DWR's behalf pursuant to this Exhibit B. This function includes use of interstate and intrastate gas pipeline provider websites, confirming via telephone, and all other activities required to move gas from the designated delivery point, as determined by the Utility, to its destination, as determined by the Utility.

#### **VIII. Storage Capacity, Injections and Withdrawals**

Utility shall have responsibility for devising plans for gas storage, if Utility, acting as limited agent on behalf of DWR, is to supply gas under Contracts with Fuel Option from a list of approved providers. Following approval of the Utility Gas Supply Plans, Utility shall negotiate firm and/or interruptible agreements with such storage service providers and submit them to DWR for execution. While DWR will be the executing party with DWR remaining the principal under such contracts, such agreements with storage service providers shall specifically authorize Utility to act for and on behalf of DWR in nominating gas injections and withdrawals under such agreements; provided, however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to provide to Utility in writing and in advance of such negotiations any limits, including without limitation any terms, that may be required by DWR.

#### **IX. Managing Gas Delivery/Usage Imbalances**

For gas that it purchases and transports on behalf of DWR, Utility shall have full administrative and operational responsibility for monitoring and managing the daily status of gas usage vs. gas deliveries (i.e. gas imbalances). In addition, to the extent that gas transportation providers issue operational flow orders or require adjustments in scheduled gas deliveries due to system constraints, Utility, acting as limited agent on behalf of DWR, shall be responsible for compliance with such orders. Utility shall also be responsible for any penalties imposed by gas transportation providers for imbalances caused by Utility, due to its failure to exercise prudent gas management practices.

#### **X. Invoice Review, Approval and Payment**

For natural gas, pipeline transportation and storage services it purchases in accordance with this Exhibit B, Utility, acting as limited agent on behalf of DWR, shall have responsibility for receiving invoices from gas, transportation and storage suppliers, reviewing them for accuracy, approving/rejecting invoices for payment and forwarding to DWR for payment; provided, however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to cause Utility to be authorized to receive such information from Suppliers. Utility shall provide DWR sufficient documentation to verify payment of the invoices.

#### **XI. Forecasting**

Utility shall be responsible for all gas price, demand and supply forecasts which Utility believes are consistent with any accepted gas supply responsibilities.

## **XII. Risk Management**

Utility shall develop and include in its Gas Supply Plans, plans for the hedging of DWR Fuel Supply costs. Final decisions relating to the use or non-use of financial tools such as futures, options and swaps to hedge future gas price exposure on any gas volumes not hedged by Utility under the Utility Gas Supply Plans shall be made and implemented by DWR. Any such contracts executed by DWR on a “portfolio basis” should be utility-specific.

## **XIII. Market Intelligence**

Any and all efforts to obtain, analyze and utilize market intelligence for decision-making purposes shall be the responsibility of Utility.

## **XIV. Payment of Gas Costs**

For natural gas, pipeline transportation, financial hedges and storage services that are purchased and provided by a Supplier under an approved Fuel Supply Plan, DWR shall pay such gas related costs as part of the invoice for commodity, product, or services submitted by the Supplier. For natural gas, pipeline transportation and storage services provided under DWR contracts and administered by Utility on behalf of DWR, DWR shall pay invoices after they have been reviewed and approved for payment by Utility.

## **XV. Allocation of Existing DWR Gas Contracts**

From time to time, DWR enters into fuel supply, transportation and storage contract, consistent with the Gas Supply Plans submitted to the Commission by the Utility. DWR will continue to enter into such contracts in connection with the administration of DWR Contracts. In addition, consistent with Decision 03-10-016 dated October 2, 2003, issued by the Commission, the Utility will continue to administer the allocated portion of the Williams Energy Marketing and Trading Company’s gas supply contract (“Williams Gas Contract”), allocated as set forth in Attachment 1 to this Exhibit B. The Utility will administer such fuel supply, transportation and storage contracts, including the Williams Gas Contract, and perform such functions including but not limited to (i) scheduling gas transportation, (ii) confirming gas deliveries, (iii) nominating gas withdrawals from and injections into storage, if applicable, and (iv) reviewing and approving invoices for payment. When approved, invoices shall be transmitted to DWR for payment within 10 days of receipt of invoice from the gas supplier, gas storage or gas transportation provider.

## **XVI. Pre-existing Financial Hedge Instruments**

If DWR has entered into any financial hedge transactions that will remain operable after the Effective Date of the Existing Operating Arrangement or this 2010 Operating Order, DWR shall retain full administrative and operational control over such transactions.

Attachment 1  
to Exhibit B

Williams Gas Contract Allocation Table

Quarterly Allocation of Williams Gas Contract (rounded to nearest 5 percent)	2004		2005-2010 Average (after Dynegy contract)	
	SCE	SDG&E	SCE	SDG&E
Jan - Mar	100%	0%	85%	15%
Apr - Jun	95%	5%	85%	15%
Jul - Sep	60%	40%	35%	65%
Oct - Dec	90%	10%	50%	50%

**DWR/SDG&E EXHIBIT C**  
**SETTLEMENT PRINCIPLES**  
**FOR REMITTANCES AND**  
**SURPLUS REVENUES**

## **EXHIBIT C**

### **SETTLEMENT PRINCIPLES FOR REMITTANCES AND SURPLUS REVENUES**

This Exhibit C outlines the principles by which Utility will calculate revenues associated with surplus energy sales prior to the MRTU Effective Date, and DWR energy delivered to retail customers. This Exhibit C also addresses the information that Utility will provide to DWR to support DWR payment of Contract invoices, and invoices from natural gas supplier(s) for fuel provided to service DWR Contracts where tolling options have been implemented.

This Exhibit C works in conjunction with the applicable Servicing Arrangement with Utility for purposes of determining the remittance amounts by Utility, which serves as DWR's billing and collection agent.

Prior to the MRTU Effective Date, in accordance with the Contract Allocation Order<sup>1</sup>, Part I of this Exhibit C provides that:

- Revenues will be allocated for both surplus sales and retail customer deliveries
- Revenues will be allocated pro rata, based on dispatched quantities of energy
- The principle of balancing least cost economic dispatch while maintaining reliability is reinforced through these revenue allocation protocols.
- Surplus sales quantities will be calculated as the difference between Utility's Energy Delivery Obligations (EDO) and the combination of energy from URG and energy dispatched from the Contracts.

Where Utility's Energy Delivery Obligations is defined as: (1) Utility's retail load which includes distribution losses, (2) all pump-back loads, (3) energy exchange transactions between Utility and counter parties, (4) wholesale obligations, existing as of January 1, 2003, and (5) transmission losses.

On and after the MRTU Effective Date, as further provided in that certain Memorandum of Understanding, dated as of February 4, 2009, which was approved by the Commission on March 13, 2009 ("MOU"), Remittances to DWR will be allocated as further provided in Part II hereof.

The principles herein, together with the applicable methods and calculations contained in the Servicing Arrangement, form a substantive component of the accounting protocols required to implement the Contract Allocation Order, as certain of the principles are modified on and after the MRTU Effective Date as provided in this 2010 Operating Order and the Servicing Arrangement. This Exhibit should also be read in conjunction with Exhibit F ("Data Requirements").

Exhibit F may periodically be modified to include all data that DWR will require to verify Remittances to DWR or to implement protocol changes. Utility and DWR agree to modify

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<sup>1</sup> Contract Allocation Order is CPUC Decision (D.) 02-09-053.

Exhibit F to include or exclude information reasonably determined by DWR to allow DWR to verify Net DWR Retail Supply and, prior to the MRTU Effective Date, the surplus remittances. On and after the MRTU Effective Date, Utility and DWR further agree to review and modify Exhibit F, from time to time, to include or exclude such information so as to allow DWR to perform such internal procedures that are reasonable and determined appropriate by DWR, and such validation, analysis and audit of the settlement functions to be performed by Utility, as DWR's limited agent, consistent with the principles and parameters set forth in Part III of this Exhibit C.

## **I. Utility Remittance to DWR - Prior to the MRTU Effective Date**

The provisions under this Part I shall be effective to but not including the MRTU Effective Date. On and after the MRTU Effective Date, the provisions under Part II shall control.

Utility shall remit to DWR an Energy Payment for the delivery of Contract energy to Utility retail customers and a separate payment for DWR's share of Surplus Energy Sales Revenues. The principles for the remittances to DWR of Surplus Energy Sales Revenue and Energy Payment are contained in Sections A and B, respectively, of this Part I of this Exhibit C. The details for determination of the remittances to DWR by Utility are contained in the Servicing Arrangement.

### **A. Utility Remittance to DWR of Revenue from Surplus Energy Sales**

#### Surplus Energy and Revenues

Surplus energy exists when dispatched supply from Utility portfolio and DWR Contracts exceeds Utility's Energy Delivery Obligations. When such a condition exists, the revenues from the sale of surplus energy shall be shared between Utility and DWR. Surplus sale revenues can occur either through a forward market sale or a delivery of the excess energy into the ISO real time market. In addition to the sharing of surplus energy revenues, the quantity of any surplus energy shall likewise be shared between Utility and DWR, and used in the determination of the Hourly Percentage Factor described in Section B of this Part I.

Surplus energy sales revenues shall be placed by Utility into a separate account (Surplus Sales Fund) to be held in trust and shall be disbursed by Utility to DWR in accordance with the pro-rata allocation principles in this Exhibit C and consistent with the provisions of Service Attachment 2 of the Servicing Arrangement. For surplus energy sales to third parties, Utility shall apply reasonable credit risk management criteria that is consistent with industry accepted credit standards.

#### Surplus Energy Quantity

The Surplus Energy quantity shall be determined by subtracting Utility's Energy Delivery Obligations from the sum of dispatched URG energy and dispatched

DWR Supply. URG energy shall include dispatched energy from URG, new Utility contracts and Utility market purchases plus adjustments for Ancillary Services and ISO Instructed Energy as described under “Definitions and Adjustments.” DWR Supply shall include dispatched energy from DWR must take and dispatchable contracts plus adjustments described below.

DWR Surplus Energy quantity shall be the product of Surplus Energy quantity multiplied by the DWR Surplus Energy Percentage. Utility Surplus Energy quantity shall be the remaining portion of Surplus Energy. Both Utility and DWR Surplus Energy quantities shall be applied to the respective Party’s energy supply quantities for determination of the Hourly Percentage Factor described in Section B of this Part I.

#### Surplus Energy Sales Revenues

Surplus Energy Sales Revenues shall be shared between Utility and DWR in the same manner as Surplus Energy.

#### Forward Market Sale

DWR share of revenues from a forward market sale of surplus energy shall be the product of the net revenue multiplied by the DWR Surplus Energy Percentage. Utility share of these revenues shall be net revenue less DWR share of net revenues. Revenues from a forward market sale shall not be distributed to the Parties until after Utility receives the revenues from the sales and pays sale-related charges. Shared revenues from forward market sales shall be net of transmission costs and broker fees.

#### ISO Real Time Market Sales

Revenues from delivery of surplus energy to the ISO real time market shall be determined from the product of positive load or supply deviation multiplied by the ISO real time market price. These revenues will be netted against any ISO charges related to the load deviation, including a negative ISO price. Load deviation is determined by subtracting the Utility metered load from the Final Hour Ahead Load Schedule, however only positive quantities, where schedule exceeds meter, reflect surplus conditions for revenue sharing. Supply deviation is determined by subtracting the Final Hour Ahead Supply Schedule (adjusted by real time instructions) from metered supply, however, only positive quantities, where meter exceeds the adjusted schedule, reflect surplus conditions for revenue sharing.

DWR share of revenues from delivery of surplus energy to ISO real time market shall be the product of the net revenues multiplied by the DWR Surplus Energy Percentage. Utility share of these net revenues shall be the net revenue less DWR share of net revenues. Revenues from delivery of surplus energy to the ISO real-time market shall not be distributed to the Parties until after the Utility received

payment for final monthly invoice from the ISO for the month in which the surplus energy was delivered.

#### Over-generation Periods

During periods of over-generation condition as announced by the ISO, surplus sales may be made at very low, zero or even negative prices. In such conditions, the surplus sale revenue calculations as described above still hold. However it is recognized that the sales may result in little or no revenue. Sales could even be done at a cost to the seller. That seller could be Utility or the ISO selling in an “out-of-market” condition. During these conditions, ISO-related charges assigned to Utility for such sales (e.g. – ISO selling out-of-market) are included in the surplus sales revenue as a cost. During over-generation conditions there may be no market in which to sell surplus energy. In that event, or in expectation of that event, Utility shall declare that no valid market exists for surplus energy and shall begin curtailing must-take resources in accordance with Utility’s procedures for mitigating over-generation conditions. Such mitigation measures shall be consistent with good utility practice, specifically hydroelectric facilities at spill or near-spill conditions and nuclear facilities scheduled by Utility are the last resources to be reduced in power output.

Over-generation for purposes of this Exhibit C is defined as the condition in which total supply exceeds total loads in the ISO control area.

Revenues or costs from delivery of surplus energy to the ISO real time market under an over-generation condition shall not be distributed to the Parties until after Utility receives payment for final monthly invoice from the ISO for the month in which the surplus energy was delivered.

#### Calculation of Surplus Energy Percentage

DWR Surplus Energy Percentage shall be equal to the pro rata share of DWR Supply to the sum of Utility Supply and DWR Supply, expressed as follows:

$$\text{DWR Surplus Energy Percentage} = \text{DWR Supply} / (\text{Utility Supply} + \text{DWR Supply})$$

Where:

DWR Supply is total energy dispatched from DWR Contracts with adjustments for transmission losses, Ancillary Services and ISO Instructed Energy transactions described below.

Utility Supply is total energy dispatched from URG, new Utility contracts and Utility market purchases with adjustments for transmission losses, existing wholesale obligations, Ancillary Services and ISO Instructed Energy, exchange transactions, all pumping loads, and ISO Uninstructed Energy as described below.

## **B. Definitions and Adjustments**

Certain energy and capacity transactions, which may be conducted by Utility in its normal course of business, may affect the Utility and DWR Supply quantities used in pro rata calculations.

Exchanges are transactions where energy is delivered to a third party in one period and a similar, but not necessarily equal, amount of energy is returned by third party in a different period. For the purposes of pro rata share calculation, exchanges use and supplement energy from the Utility Supply.

Forward Sales are transactions where energy is sold in a forward market to balance supply with demand. In general, for the purposes of remittance determination, forward sales are made using energy from the joint Utility/DWR portfolio.

Ancillary Services are transactions where capacity from certain qualifying resources is sold to ISO for ancillary services rather than being used as energy to serve retail load. Resources from both Utility portfolio and DWR Contracts may qualify for use as ancillary services. Since the capacity used for ancillary services does not serve retail energy load, ancillary service capacity is not considered as a joint Utility/DWR portfolio transaction for the purpose of remittance determination. If Utility or DWR Contract resource capacity is used for ancillary services, the capacity quantity will not be included in the supply quantity of the owning party for the purpose of pro rata share calculations, and owning party will retain all the revenues from the ancillary services as well as all associated transaction costs and ISO charges.

ISO Instructed Energy is a transaction where certain qualifying resources are able to sell energy from unused capacity to the ISO in the real time market. The energy delivered from these resources is directed by the ISO in real time to balance supply and load imbalances on the grid. Either Utility portfolio or DWR Contracts may contain resources that have ability to provide instructed energy to ISO. Since instructed energy is resource specific and does not directly serve the retail load of any utility, instructed energy is not considered as a joint Utility/DWR portfolio transaction for the purpose of remittance determination. If Utility or DWR Contract resources are dispatched as instructed energy, the energy quantity will not be included in the supply quantity of the owning party for the purpose of pro rata share calculations, and owning party will retain all the revenues from the instructed energy as well as all associated transaction costs and ISO charges.

ISO Uninstructed Energy is a transaction where energy is delivered or received from the ISO grid in the real time based on the actual consumption of retail load and actual deliveries of supply resources.

#### Uninstructed Retail Load Deviations

Uninstructed Load Deviations are the difference between scheduled load and metered load. If retail load deviations are positive (schedule exceeds meter), it is

considered that any excess supply (less any positive uninstructed supply deviation) was dispatched from the joint Utility/DWR portfolio in excess of quantity needed to serve retail load, and that the ISO credit for the excess supply should be shared pro rata as described above. If retail load deviations are negative (meter exceed schedule), to the extent deviations are not compensated by a positive uninstructed supply deviation, it is considered that Utility had to procure additional supply from ISO real time market. The negative load deviation quantity procured from ISO real time market is considered a Utility market purchase and the quantity will be included in Utility Supply for pro rata share calculation purposes.

#### Uninstructed Supply Deviations

Uninstructed Supply Deviations are the difference between scheduled supply and metered supply plus an ISO allocation for transmission losses. If Utility's net supply deviations<sup>2</sup> are positive (meter exceeds schedule), to the extent not needed to compensate a negative uninstructed retail load deviation, it is considered that excess supply was a Utility market sale and will not be included in Utility Supply for pro rate calculation purposes. If Utility's net supply deviations are negative (schedule exceeds meter), to the extent not balanced by a positive uninstructed retail load deviation, it is considered that Utility had to procure additional supply from the ISO real time market. The negative supply deviation quantity procured from the ISO real time market is considered a Utility market purchase and the quantity will be included in Utility Supply for pro rata share calculation purposes.

#### Transmission Losses

Transmission loss is defined as Energy that is lost due to the process of transmitting energy from supply source to load. Therefore, supply resources from DWR Contracts and Utility Supply have distinct and identifiable quantity of transmission losses. Utility and DWR Supply should be net of transmission losses because of energy that is delivered to retail customers (i.e. load) equals quantity of supply less losses.

### **C. Utility Remittance to DWR for Sales of DWR Energy to Utility Retail Customers –Energy Payment**

Utility shall remit to DWR its Energy Payments according to the terms of each Utility's respective Servicing Arrangement.

The DWR Energy Payment is billed by each utility to customers in accordance with the terms of each applicable Utility Servicing Arrangement. The DWR Energy Payment is billed kWhs served by Net DWR Supply at the applicable CPUC approved DWR rate. Net DWR Supply is total DWR Supply less DWR

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<sup>2</sup> Net positive and negative deviations of all supply resources.

share of surplus energy. The DWR Energy Payment is allocated based on the percentage of energy supplied by DWR to Utility, which is the “Hourly Percentage Factor” multiplied by the retail load of each customer. The Hourly Percentage Factor is determined by calculating the percentage of net energy supplied by DWR to Utility to serve retail load, as expressed below:

$$\text{Hourly Percentage Factor} = \text{Net DWR Supply} / (\text{Net Utility Supply} + \text{Net DWR Supply})$$

Where:

Net DWR Supply is DWR Supply quantity used for the determination of DWR Surplus Energy Percentage less DWR share of surplus energy quantity, which is determined by the product of surplus energy multiplied by DWR Surplus Energy Percentage.

Net Utility Supply is Utility Supply quantity used for the determination of DWR Surplus Energy Percentage less Utility share of surplus energy quantity, which is total surplus energy less the DWR share of surplus energy quantity.

In the Event of any conflict between the formulas and procedures in this Exhibit C and the formulas and procedures in Utility’s Servicing Arrangement, those contained in Utility’s Servicing Arrangement shall govern.

**D. Other**

In the Event of any conflict between the formulas and procedures in this Part I of Exhibit C and the formulas and procedures in Utility’s Servicing Arrangement, those contained in Utility’s Servicing Arrangement shall govern.

**II. Utility Remittance to DWR - On and After the MRTU Effective Date**

On and after the MRTU Effective Date, Utility shall make Remittances to DWR for the delivery of Contract energy to Utility retail customers, all as set forth under this Part II of Exhibit C. The details for determination of the Remittances to DWR by Utility are contained in the Servicing Arrangement.

**A. DWR Remittances**

For billing purposes, Bundled Customers’ energy usage for DWR Bundled Customer Power Charge shall be based on “DWR Percentage Calculation” and shall be billed by each Utility to Customers in accordance with the terms of each applicable Servicing Arrangement. DWR Percentage Calculation determines the percentage of DWR Contract power relative to the total “Estimated Bundled Customer Load” as expressed below:

$$\text{DWR Percentage Calculation} = \text{Summation of Hourly DWR Remittance Basis Power (MWh)}, \text{ divided by Summation of Hourly Estimated Bundled Customer Load (MWh)}$$

The term “DWR Remittance Basis” refers to the aggregated quantity and amount of energy (MWh) set forth in the table in Schedule 1 of this 2010 Operating Order in the column noted as “Remittance Basis” and as may be further modified under Section B entitled “Real Time Energy Dispatch Charges & Credits” below.

The term “Estimated Bundled Customer Load” is an estimate of Power purchased on behalf of the Utility’s Bundled Customers within the Utility’s Service Area. The Estimated Bundled Customer Load is calculated hourly using the actual Service Area MW load from the Utility’s Energy Management System (EMS). Estimated Bundled Customer Load is derived from in-area generation and net power flows at the Utility’s boundary and adjusted by removing actual pumping load (from EMS), estimate of Transmission Losses, and estimate of “Non-Bundled Customer Load”, consisting of Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers and Community Choice Aggregation Customers, as such Customer Types are specifically defined in the 2007 Servicing Orders and may exist from time to time with respect to each Utility, and excluding other specified categories as further provided in the 2010 Servicing Order.

The term “Hourly Estimated Bundled Customer Load” refers to:

*Hourly Estimated Bundled Customer Load (MW) = EMS Service Area Load (MW) – Actual IOU pumping load - Transmission Losses (MW) - DA Customers (MW) - CGDL Customers (MW) - MDL Customers - CCA Customers (MW)*

Further details of the Estimated Bundled Customer Load are provided for the Utility in Appendix A-2 of Attachment B of the Utility’s Servicing Arrangement.

The Utility represents that the Hourly Estimated Bundled Customer Load as presented to DWR for each hour of each trade date, commencing on April 1, 2009, has been determined consistent with that general description set forth in Exhibit C, Part II(A) of the Operating Order. The Utility further represents that commencing April 1, 2009 it has submitted the same Hourly Estimated Bundled Customer Load to the ISO for Operational Meter Analysis and Reporting (“OMAR”) requirements related to Bundled Customer load for credit statement and payment acceleration purposes.

In the event that the Utility expects to terminate the submission of that Hourly Estimated Bundled Customer Load for OMAR requirements, the Utility agrees to provide reasonable written notice to DWR so that a mutually agreeable arrangement related to the submission of Hourly Estimated Bundled Customer Load can be discussed. In addition, in the event that a “meet and confer” shall occur as described under the heading “Meet and Confer Obligation for Significant Load Deviations” in Exhibit C, Part II(A) of the Operating Order, the scope of such meet and confer shall include DWR’s ability to review and audit of the hourly assumptions used by the Utility to determine Hourly Estimated Bundled Customer Load provided to DWR. The Parties agree that such review or audit of the hourly assumptions shall occur at the Utility offices.

### Billed Amount

The Billed Amount for DWR Bundled Customer Power Charge will be the product of the DWR Percentage Factor, the Bundled Customer's electric consumption and the Bundled Customer Power Charge rate in dollars per kilowatt-hours.

*Billed Amount for DWR Bundled Customers Power Charge = DWR Percentage Factor x Bundled Customer's electric consumption (kWh) x Bundled Customer Power Charge rate (\$/kWh)*

### Remittances for DWR Bundled Customer Power Charge

The Daily Remittance of DWR Bundled Customer Power Charge shall be determined based upon the Billed Amount for DWR Bundled Customers by each Utility by either applying a collection curve factor to the Billed Amount for DWR Bundled Customers, or by remitting the actual amounts collected from Bundled Customers, all as more specifically set forth in the appropriate 2007 Servicing Order.

### Meet and Confer Obligation for Significant Load Deviations

The Utility will provide a monthly report of the load information, as more fully described in Appendix A-2 of Attachment B and Attachment C of the Servicing Arrangement. The Utility will provide such monthly reports to the DWR by the fifth Business Day following the publication of the ISO's Recalculation Settlement Statement for the last trade date of a calendar month.

Individual Utility Deviation. If, for a period of two consecutive months, the monthly simple average of the Utility's ISO metered load (submitted to the ISO at 43 calendar days currently and such other interval as may be required after the ISO implementation of "Payment Acceleration" procedures) deviates by at least three percent (3%) from the Estimated Bundled Customer Load value for the Utility (as such term is described under this Section A), DWR and the Utility shall meet and confer to discuss the cause of the deviation, upon written request by either Party.

Average Deviation Amount for All Utilities. If, for any one month, the monthly simple averages of each of the three (3) Utilities' ISO metered load, individually, deviates by at least three percent (3%) from the Estimated Bundled Customer Load values for the respective Utilities (as such term is described in this Section A), DWR and each Utility shall meet and confer to discuss the cause of the deviations, upon written request by any of the Parties.

Scope of Meet and Confer. For the purposes of this section, the "meet and confer" shall mean the affected Utility or Utilities, as the case may be, will engage in a conference call with DWR to discuss: (i) the Utility's or Utilities' efforts to determine the root cause of the variance between Estimated Bundled Customer

Load values and ISO metered load, and (ii) corrective action, if any, planned by the Utility or Utilities to address the variance. In addition, in the event the variance between Estimated Bundled Customer Load values and ISO metered load requires DWR to revise its revenue requirement determination for the year in which the variance occurs, the Utilities agree to support an appropriate revised determination by DWR.

## **B. Real Time Energy Dispatch Charges & Credits**

The provisions under this Section B apply to Dispatchable Units - and as to Instructed and Uninstructed Real Time Energy, distinguished by whether the Utility is to act as the Scheduling Coordinator (“SC”) under the Contract or not.

1. When Utility is SC for the contracts identified in Section B of Part III of this Exhibit C:

Utility will pay retail Remittances on the metered amount and Utility will retain ISO market revenues / charges, consistent with the terms of the applicable Contract.

2. If the Utility is not the SC for the Dispatchable Unit:

DWR or the counterparty, as provided by the Contract, will receive market revenues for the real time energy via the SC and DWR will not be paid retail Remittances from the Utility for the real time dispatch.

## **C. Transmission Losses**

Under MRTU, transmission losses are converted from physical adjustments to financial adjustments. To simplify the process and maintain equity across parties, the Parties agree to the following principles:

- DWR revenue requirement, which previously reduced the quantity of energy based upon transmission losses, will not reduce the quantity of energy to adjust for transmission losses.
- This change should be clearly identified or footnoted within future DWR Revenue Requirement documents.

## **D. Other**

In the Event of any conflict between the formulas and procedures in this Part II of this Exhibit C and the formulas and procedures in Utility’s Servicing Arrangement, those contained in Utility’s Servicing Arrangement shall govern.

## **III. Bilateral Settlement**

Under the Contract Allocation Order but prior to the date that any Contract is novated to Utility, DWR remains financially obligated for the Contracts. DWR will continue to pay

Suppliers and this requires DWR to apply appropriate procedures and controls to ensure that payments are made accurately and in a timely manner. Information supporting Contract settlements will be provided by Utility, and additional information may also be required to address contract performance issues (such as availability and other items as discussed in Exhibit E) and to allow DWR to settle disputes in an appropriate manner, as set forth in Section 13.03 of the body of this Operating Order.

DWR requires sufficient information to support payment requests so that it can meet the accountability requirements of the State Controller's Office and the State Auditor, and simultaneously comply with the applicable statutes concerning disbursement of public monies. The Utility shall reconcile schedules with Suppliers invoice. DWR shall make the associated payments to Suppliers after performing its verification prior to the MRTU Effective Date, and, on and after the MRTU Effective Date, such internal procedures that are reasonable and determined appropriate by DWR, and such validation, analysis and audit of the settlement function performed by Utility, as DWR's limited agent, consistent with the principles and parameters set forth in this Part III of this Exhibit C. In addition, the Utility will also provide the data as required in Exhibit F to allow DWR to perform its duties in a timely manner as set forth herein.

Prior to the MRTU Effective Date, DWR shall continue to perform validation of settlement data and invoices and pay Contract costs directly to the Suppliers upon validation of invoices.

On and after the MRTU Effective Date, the Parties have agreed to the specific provisions related to Real Time Energy Dispatch Charges and Credits as set forth in Section B of Part II of this Exhibit C. In addition, the Parties agree to the following principles related to Contract settlements:

**A. Ancillary Services**

- If the Utility is not the SC under the Contract: Revenues from ancillary services are passed through from the counterparty to DWR (to the extent so provided by the Contract) and, in turn, to the Utility, via the Utility Specific Balancing Accounts
- When the Utility is SC for the Contracts as identified in Section B of Part III of this Exhibit C, then: Revenues for ancillary services (to the extent so provided by the Contract) will be allocated to the Utility to the extent that DWR is entitled to such revenues

**B. Responsibility for ISO Charges and Credits - Generation Invoices**

As to the Contracts specifically identified in Attachment A of the MOU, to the extent PG&E, SCE, or SDG&E becomes the SC for certain Contracts, the Utility that becomes the SC will take responsibility for the payment/receipt of ISO invoice charges and credits that are allocated to DWR under and consistent with the terms of the applicable Contract. The Utilities have agreed to such responsibilities, to the extent they become the SC for the Contracts referenced in

Attachment A of the MOU, but more recently updated as: (1) Sunrise, (2) JP Morgan D AL 1, AL5, (3) JP Morgan D HB1 and (4) JP Morgan D RB6.

In the event that a Utility or another entity identified by DWR becomes the SC for Contracts (other than those Contracts identified in the immediately preceding paragraph above), responsibility for ISO invoice charges and credits allocable to DWR shall be explicitly addressed at the time and in the document appointing such new SC.

1. Applicable to: SDG&E and SCE (when the Utility is SC for the contracts identified in the first paragraph under this Section B)

- As SC, the Utility will be responsible for paying all ISO invoices in a timely manner.
- Utility will be responsible for ISO charges and credits, as allocated between DWR and the counterparty pursuant to the Contract
- With respect to ISO charges allocated to the counterparty pursuant to the Contract, in the event the counterparty does not pay such charges to the Utility, then the Utility and DWR shall refer to the procedure described in Section D below that reimburses the Utility and to provide DWR with sufficient information to collect those charges from the counterparty.

2. Applicable to all 3 Utilities and when the Utility is the SC, for any Contracts other than those identified in the first paragraph of this Section B:

- DWR and the appropriate Utility will agree upon the Remittance Basis and the treatment of market revenues for energy and Ancillary Services
- DWR and the appropriate Utility will agree upon the responsibility for ISO charges and rights to ISO credits

**C. Bilateral Settlement Parameters On and After the MRTU Effective Date**

1. General. On behalf of DWR, as its limited agent, Utility will perform all necessary settlement functions related to and in accordance with the terms of the applicable Allocated Contracts, and provide recommendations to allow DWR to make payments accurately and in a timely manner. Utility shall perform such settlement functions consistent with Good Utility Practice.

Settlement functions shall include but are not limited to verification or appropriate review, as the case may be, of energy and related fuel charges, capacity, transmission charges, ISO charges and credits (as further described below), and contract performance related costs and credits, as further set forth in this Section C.

2. ISO Market Activity Related Settlements Parameters. Settlement functions in the cases where Utility is the Suppliers' Scheduling Coordinator, shall also include verification of ISO market activity in accordance with the terms of the Contracts.

In addition, verification activities shall be performed as to each Contract's ISO market activity where the Utility is not the Supplier's Scheduling Coordinator, and where the Contract provides for the necessary information and appropriate timing to perform such activities. These activities shall be limited to ISO charges or credits where DWR is financially responsible or has the right to receive under the Contract. Settlement processing of the ISO market activity of the Contracts may include but is not limited to the review, validation or verification, as appropriate, of charges or credits to confirm reasonableness and consistency with the operating history and record maintained by the Utility. In addition, the Utility shall review such types of charges or revenues for consistency under provisions of the Contracts. The types of charges or revenues may include but is not limited to:

- 1) Volume and prices of uninstructed imbalance energy charged or credited as invoiced;
- 2) Volume and prices of instructed imbalance energy charged or credited as invoiced;
- 3) Volume and prices of Ancillary Services charged or credited as invoiced;
- 4) Compensation for start up cost and minimum load cost compensation as invoiced;
- 5) Compensation for exceptional dispatch uplift compensation as invoiced;
- 6) Verification of volume and prices of load uplift obligation trade offset and bid cost recovery charged or credited as invoiced; and
- 7) Resource performance penalties such as uninstructed deviation penalties and ancillary service no pay penalties.

3. Insufficient ISO Data for Settlement Verification. In the event that the Utility determines that some of the data is not available for the Utility to verify certain ISO charges and credits, the Utility shall notify DWR and provide sufficient description of the ISO data reasonably necessary to complete the verification activities above. DWR will request and facilitate Utility's receipt of such ISO data from the counterparty. In the event that DWR subsequently is successful in obtaining such Utility notified necessary ISO data, upon receipt of such ISO data, the Utility shall commence its settlements verification of such ISO market activity prospectively.

4. Recommendations on Invoice Payment. The Utility shall provide recommendations to DWR on payment of bilateral invoices, including ISO charges and credits consistent with Section C of Part III of this Exhibit C, no later than five calendar days before the required contract payment date, or such other timeline that is mutually agreeable to both parties. In the event the Utility recommendation for payment is different than the Supplier invoice, Utility shall provide a detailed explanation with support information to CDWR sufficiently in advance to allow DWR to settle disputes with the Contract counterparty in an appropriate manner.

**D. Additional Provisions Related to ISO Settlement Statements**

1. ISO Settlement Statements issued to Utility as Scheduling Coordinator of Specified Allocated Contracts. As to the Allocated Contracts specifically identified in Annex 1 attached hereto, as such Annex 1 may be amended from time to time, to the extent that Utility becomes the Scheduling Coordinator as contemplated in Section II(G) of that certain Memorandum of Understanding, dated as of February 4, 2009, Utility will take responsibility for the timely payment, if any, to the ISO, taking into account such ISO charges and credits that are allocated to DWR and (i) any net payments owed to the Utility by the Supplier or (ii) any net credit owed to the Supplier by the Utility (collectively, "Supplier Portion of ISO Charges").

- a. Within five (5) Business Days of the Utility's receipt of an ISO Invoice, the Utility shall determine the Supplier Portion of ISO Charges and (i) invoice DWR for such amount or (ii) advise DWR as to the net credit to be paid to DWR. In each case, the Utility shall also provide the Supplier and DWR of such agreed-upon data.
- b. In the case of any net payment owed to the Utility, within ten (10) Business Days of DWR receipt of an invoice from the Utility, DWR will pay the Utility the entire Supplier Portion of ISO Charges.
- c. In the case of a net credit owed to the Supplier, within ten (10) Business Days of DWR receipt of such credit advice, the Utility will submit net credit payment.
- d. In either instance as described in (b) or (c) above, the same amount of the Supplier Portion of ISO Charges will be accounted and either credited to DWR (in the case of net payment owed by the Supplier as described in (b) above) or debited to DWR (in the case of net credit owed to the Supplier as described in (c) above) in DWR's succeeding month's Supplier's invoice, consistent with the procedures agreed to between DWR and the Supplier.
- e. In the event that the Supplier shall dispute the Utility determined Supplier Portion of ISO Charges, in the case net payment owed by the Supplier as described in (b) above, DWR agrees to pay the entire Utility determined Supplier Portion of ISO Charges to the Utility initially and pursue dispute resolution with the Utility. In the case of dispute as to the net credit owed

to the Supplier as described in (c) above, Utility will pay the Utility determined amount.

As to the disputed portion, DWR agrees to enter into dispute resolution process with the Supplier, with such back-up data and information from the Utility, to resolve such dispute of the Supplier. Upon resolution of such dispute by DWR, the disputed portion shall be communicated to the Supplier and the Utility.

- f. Utility agrees to reconcile and account for such disputed portion in the succeeding month's determination of the Supplier Portion of ISO Charges to address the adjusted amount, either positive or negative. Such adjustment will be specifically noted in the notice to DWR and the Supplier described in (a) of this Section D and reflected in the immediately succeeding month's invoice to DWR.

Appropriate adjustments to the Supplier's invoice will also be reflected, consistent with the agreement between DWR and Supplier.

2. ISO Settlement Statement issued to Suppliers' Non-Utility Scheduling Coordinators. So long as appropriate settlement statements and necessary supporting details to validate and verify ISO Settlement Statements issued with respect to the Contracts to the Suppliers' Scheduling Coordinators are available to Utility, Utility shall review, validate and verify all ISO charges/credits contained on all ISO Settlement Statements related to the Allocated Contracts.

In the event that the settlement statements or supporting details available to the Utility with respect to the Supplier's ISO Settlement Statements issued with respect to a Supplier are not determined to be sufficient as mutually determined by DWR and Utility, the Utility shall review the available data for reasonableness which review shall be commensurate with the quality and the quantity of the data available to the Utility.

The obligations described in this Section D(2) of Part III of this Exhibit C shall be performed consistent with the Bilateral Settlement Parameters provided in Section C of Part III of this Exhibit C, which protocols may be modified, clarified or amended from time to time as determined appropriate by the Parties.

#### **IV. Fuel Cost Verification and Settlement**

Exhibit B provides a detailed discussion concerning Utility's responsibility for fuel management. Prior to the date that any Contract is novated to Utility, DWR will continue to pay fuel suppliers and others involved in providing fuel management services for the delivery of fuel for those DWR Contracts where the Fuel Option has been elected. Consistent with the above, Utility will perform settlements activities to reconcile quantities and associated charges, and DWR will perform verification, audit and monitoring to support its disbursement of funds prior to the MRTU Effective Date. On and after the MRTU Effective Date, DWR will perform such internal procedures that are reasonable and determined appropriate by DWR, and such validation, analysis and audit of the settlement functions to be performed by Utility, as DWR's limited agent, to

support DWR disbursement of funds. Utility will comply with the requirements contained in Exhibit F to provide DWR with the necessary information to apply appropriate procedures and controls to ensure that fuel payments and payments for fuel management services are made accurately and in a timely manner and to allow DWR to settle disputes in an appropriate manner.

**ANNEX 1 TO EXHIBIT C**

**Contracts Subject to Part III, Section D(1)  
as of the Effective Date of the 2010 Operating Order**

San Diego Gas & Electric Company\*:          None

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\* SDG&E acting as Scheduling Coordinator for the Sunrise Contract will not be subject to the specified SC procedure provisions. Upon appointment of SDG&E as Scheduling Coordinator for the Calpeak Contracts allocated to SDG&E, SDG&E will not be subject to the specified SC procedure provisions set forth in this Exhibit C.

**DWR/SDG&E EXHIBIT D**  
**ISO SCHEDULING COORDINATOR CHARGES**

## **EXHIBIT D**

### **ISO SCHEDULING COORDINATOR CHARGES**

The financial obligation for ISO charges incurred as of January 1, 2003 has been allocated to the Utility. Unless specifically provided in Exhibit C hereto, all ISO charges incurred after January 1, 2003 attributable to load and resources shall be the responsibility of Utility.

Utility agrees that any refunds, reruns or credits through the ISO attributable to costs incurred by DWR for trade dates beginning February 7, 2001 up to January 1, 2003, under that certain Restated Letter Agreement, dated April 5, 2001, shall belong to DWR and Utility shall take all necessary action to remit such refunds or credits to DWR within reasonable time. In addition, DWR shall be responsible for any ISO charges incurred during this period pursuant to the existing letter agreement between the Parties. Utility shall invoice DWR for such ISO charges within a reasonable period of time and DWR shall pay Utility for such ISO charges within 10 days of receipt of such invoice. Without making any assurances as to Commission action, DWR agrees to take appropriate action to ensure that such refunds or credits are applied consistent with DWR's Revenue Requirement cost allocation method for the same trade dates.

On and after the MRTU Effective Date, all ISO charges attributable to Load (as defined under the ISO MRTU tariff) will be paid by the Utility. Revenues associated with Inter-SC Trades related to Energy, Ancillary Services or IFM Load Uplift Obligation (as defined under the ISO MRTU tariff) from DWR Contract will be applied by Utility to offset ISO charges allocated to Load.

**DWR/SDG&E EXHIBIT E**  
**CONTRACT MANAGEMENT AND**  
**ADMINISTRATION PROTOCOLS**

## EXHIBIT E

### CONTRACT MANAGEMENT AND ADMINISTRATION PROTOCOLS

Except as specifically noted below, DWR will retain all contract management, administration and monitoring responsibilities for the Contracts, including due diligence, performance testing, contract performance assessment, formal correspondence and notifications with Suppliers, exercise of contract options, contract interpretation and dispute resolution, and financial reporting. In the event Utility and DWR agree in the future to transition the Due Diligence and Performance Test Monitoring functions set forth in this Exhibit E from DWR to the Utility, the Parties will first develop a mutually acceptable plan of performance, a transition schedule, and a transition plan for transfer of such functions from DWR to the Utility for review and approval by the Commission. Upon agreement of the Parties to an acceptable plan and completion of the transition period, the agreed upon functions will transfer from DWR to the Utility (the “Transition Date”).

Pursuant to Advice Letter 2048-E dated December 12, 2008 as related to SDG&E, responsibilities set forth in Paragraph II.A of this Exhibit E have been transferred from DWR to the Utility.

#### I. Due-Diligence

The Due Diligence function assesses the progress of permitting, construction and performance capability of new generating facilities under to the Contracts. Due Diligence includes (i) monitoring activities associated with the development, construction, and performance of new generating facilities; (ii) identification and tracking of key projects milestones including permitting, equipment procurement, construction, commissioning, and performance testing; (iii) coordination with permitting agencies and the Suppliers, review of project documents, physical inspections, and witnessing of acceptance tests, (iv) verification that the new facilities can perform in a manner that is consistent with the obligations under the appropriate Contract and (v) review and approval of commercial operation dates and documentation.

#### II. Performance Test Monitoring

##### A. Annual Performance Tests

Annual Performance Tests verify ongoing compliance with the Contracts and establish plants capacities and efficiencies that are used to calculate contract payments, either for capacity or energy. Annual Performance Test responsibilities generally consist of (i) verification of testing procedures, (ii) witness of performance tests, (iii) review of test results and test reports for compliance with Contract terms and conditions, and (iv) identification of contract non-compliance for dispute resolution with the Supplier. Prior to the Transition Date, the Utility will cooperate and assist DWR with scheduling of upcoming Annual Performance Tests, and the Utility may have its staff witness such testing.

##### B. Scheduled Performance Tests

Prior to the Transition Date, on occasion, DWR may request that Utility schedule a peaking or dispatchable generating facility for testing (to assure that such generation facility is available according to the terms of the contract between such generation facility and DWR). The Utility will cooperate and shall coordinate with the DWR on a mutually acceptable date for performance of the test. On the date agreed upon, the Utility shall schedule the specified facility or unit for operation to test the availability, reliability, and performance of the scheduled unit.

### **C. Test Procedures and Protocols**

Prior to January 1, 2003, Utility shall meet with DWR staff to review, discuss, and verify test procedures and protocols developed by DWR.

## **III. Contract Performance Assessments**

DWR shall continue to perform an after-the-fact review (“Performance Assessment”) of each Contract on a periodic basis. The purpose of the Performance Assessment is to assess, analyze, and document the overall performance of each contract Supplier, assure that the Supplier is satisfying the terms and conditions of their respective Contract(s), and identify potential issues, disputes, and other matters that may require corrective action by either Utility or DWR as part of contract administration.

## **IV. Other Administrative Matters**

### **A. Correspondence with Suppliers**

Utility and DWR agree to copy each other on all written correspondence and written notifications sent to or received from a Supplier of an Allocated Contract related to the activities described in this Exhibit E. The Parties agree to provide additional information as requested related to verification and support of the activities described in this Exhibit E.

### **B. Reports**

Results of the activities described in this Exhibit E will be documented by DWR in written reports (“Reports”) and shall be discussed periodically between DWR and the Utility. Such Reports may include, but are not limited to, summary of test results, status of projects, recommendations for operational changes, procedural changes, dispute resolution, and results of Performance Assessments.

Such Reports, documentation, or other material developed by either Party shall be shared and reviewed with the other Party on a timely basis.

**DWR/SDG&E EXHIBIT F**  
**DWR DATA REQUIREMENTS FROM UTILITY**

## **EXHIBIT F**

### **DWR DATA REQUIREMENTS FROM UTILITY**

To effectively fulfill its legal and financial responsibilities, DWR requires access to standard and reliable information on a timely basis. Post transition, DWR remains statutorily and contractually obligated to collect, account for, and remit funds for the power it provides to the Utility's retail customers. More specifically, post transition, DWR must have readily available access to information that is currently available in-house due to DWR's operational responsibilities. The primary source of this information post transition will be the three utilities.

#### **I. Prior to the MRTU Effective Date**

Prior to the MRTU Effective Date, the information being requested is required to:

- Verify, audit, monitor and authorize payment for bilateral invoices for allocated DWR contracts;
- Manage disputes between DWR and the bilateral counterparties;
- Verify, audit, monitor and authorize payment for fuel procured by the utilities relating to DWR allocated contracts;
- Verify, audit, monitor, collect and Utility remittances relating to repayment of Energy Supplied and Bond Funds;
- Forecast, manage and monitor DWR monetary requirements and associated accounts;
- Ongoing reporting responsibilities under AB1X, the rate agreement and bond indenture;
- Audit and monitor long-term contract performance and associated risks prior to contract assignment or novation.

The table below contains a brief description of the information to be provided by Utility, the frequency for which Utility shall provide such information to DWR, and the effective date for when Utility shall provide such information to DWR.

The following table outlines DWR data requirements relating to general contract/trade information:

Contract/Trade				
Requirement	Description	Freq	Effective	Delivery Method
Surplus Energy Sales Plan	Monthly utility's surplus energy sales plan updated weekly. Sales plan will outline all surplus sales contemplated by the utility, including but not limited to balance of month, weekly balance of week and other short-term sales.	Monthly plan, updated weekly	1/1/2003	Email/Fax - Standard Form TBD
Surplus Energy Sales	Contract/Deal information relating to the forward sale of DWR surplus energy. This would include but is not limited to Counterparty, Term (Start/End Date), Hourly Contract Volumes, Hourly Price, Location, any fee information, etc.	When executed	All surplus forward sales entered into after 1/1/2003	Email/Fax - Standard Form TBD

The following table outlines DWR data requirements relating to long-term contract schedule information and associated bilateral invoices:

Schedule/Bilateral Invoice				
Requirement	Description	Freq	Effective	Delivery Method
Final Schedule Volumes, Long Term Contracts	<p>For all long-term contracts allocated to the utilities and any surplus energy sales, the detailed hourly final schedule volumes and pricing information by contract by counterparty, by day.</p> <p>Final schedule volumes are defined as the final volume for the hour at the completion of the real-time market. These volumes represent the hour ahead scheduled volumes adjusted to include any real-time market adjustments by the ISO. Absent any real time adjustments, this data will be the same as Final Hour Ahead Schedule.</p> <p>File should include, but is not limited to; Utility identifier, file type identifier (i.e. final, HA), SC identifier, counterparty identifier, contract identifier, schedule type identifier (i.e. sale), delivery location, date, volume</p>	T+1 (Daily)	1/2/2003	Secure Electronic – Format TBD

	scheduled by hour, price per hour.			
Hour Ahead Schedule Volumes, Long Term Contracts	<p>For all long-term contracts allocated to the utilities and any surplus energy sales, the detailed hour ahead final schedule volumes and pricing information by contract, by counterparty, by day.</p> <p>Format and data elements of the file provided should be identical to what was specified above in Final Schedule volumes.</p> <p>(Note: This cannot be the ISO Hour Ahead Final Schedule template as this file does not provide transactional level details but consolidates/collapses information based on certain ISO rules.)</p>	T+1 (Daily)	1/2/2003	Secure Electronic – Format TBD
Reconciled Monthly bilateral invoices	Monthly invoice and supporting documentation for bilateral contracts relating to DWR long-term contracts, reviewed and approved by utility for payment by DWR to the counterparty.	Monthly – 5 business days prior to payment due date	Feb 03	TBD

In the event of a bilateral invoice dispute with the counterparty, DWR may also request from the utility the additional schedule information. This information would be in the same format as outlined in the table above. As mentioned above, DWR is requesting transactional level information and not the associated ISO template files due to the consolidation/collapsing of schedules with the template files. Schedule information required would include :

- Hour Ahead Preferred Schedule Volumes
- Day Ahead Final Schedule Volumes
- Day Ahead Adjusted Schedule Volumes
- Day Ahead Revised Preferred Schedule Volumes
- Day Ahead Preferred Schedule Volumes

The following table outlines DWR data requirements relating to the verification of fuel costs. It assumes DWR will retain legal and financial responsibility for gas and related services while the utility will perform administrative and operational responsibilities as outlined in Exhibit B.

Fuel Costs				
Requirement	Description	Freq	Effective	Delivery Method
Generator fuel plan proposal	Proposal and supporting analysis on whether or not to accept or reject of generator fuel plan.	Based on individual contracts	Jan-03	TBD
Utility Fuel Procurement Plan	Utility will provide a bi-annual fuel procurement plan for utility supplied fuel.	Bi-Annual	Jan-03	TBD
Tolling agreement Settlement Report	Monthly report on each DWR tolling agreement that includes but is not limited to: tolling contract identifier, who provided the gas (generator/utility) and daily quantity of gas supplied.	Monthly	Feb-03	Electronic Format TBD
Reconciled Monthly Gas Invoice	Suppliers monthly invoice and supporting documentation for fuel procurement relating to DWR tolling agreements, reviewed and approved by Utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic – Format TBD
Gas Transportation Contract Information	Details relating to the Utility negotiated firm and/or interruptible transportation agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/2003	E-mail/Fax Standard Form TBD
Gas Storage Contract Information	Details relating to the Utility/negotiated firm and/or interruptible storage agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/03	E-mail/Fax Standard Form TBD
Reconciled Monthly gas transportation invoices	Suppliers monthly invoice and supporting documentation for natural gas transportation costs relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic – Format TBD
Reconciled Monthly gas storage invoices	Supplier's monthly invoice and supporting documentation for storage relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic – Format TBD

The following table outlines additional DWR data relating to utility revenue remittance:

<b>Utility Revenue Remittance</b>				
<b>Requirement</b>	<b>Description</b>	<b>Freq</b>	<b>Effective</b>	<b>Delivery Method</b>
Utility ISO Preliminary Settlement Statement and Supporting Files	The complete Utility preliminary settlement statement and supporting files in original ISO template format.	T + 38 business days	Ongoing	Secure Electronic-ISO Template Direct from ISO
Utility Final ISO Settlement Statement and Supporting Files	The complete Utility final ISO settlement statement and supporting files in ISO original template format. This information also required for remittance calculation purposes.	T + 45 business days	Ongoing	Secure Electronic-ISO Template Direct from ISO
Scheduled Retail Load by hour	Utilities estimated retail load information by hour, by day used for the preliminary remittance.	T + 1	1/1/2003	TBD
Hourly aggregate final schedule of Utility's resource portfolio	Utilities total hourly scheduled volumes for the entire Utilities portfolio. This is an aggregate total for the day, by hour and represents the total volume supplied by the utility.	T+1 (Daily)	1/2/2003	TBD
Hourly Distribution Loss Factor	Utility DLF % by hour	When changes required	1/1/2003	TBD
Estimated DWR remittance %	Utility estimated remittance percentage.	When changes required	1/1/2003	TBD
Energy Sales billed (kWh)*	Daily kWh billed by Utility to end users	Daily	Ongoing	Standard DWR Form/File (TBD)
DWR Power Charge volumes*	Daily DWR kWh billed by Utility to end users	Daily	Ongoing	Standard DWR Form/File (TBD)
DWR Power Charge billed to Customer*	Daily dollar amount of DWR Power Charge being billed to customer including identification of dates billed.	Daily	Ongoing	Standard DWR Form/File (TBD)
DWR Power Charge Remitted to DWR*	Daily dollar amount being remitted by Utility to DWR for the DWR Power Charge collected from customers including identification of dates billed.	Daily	Ongoing	Standard DWR Form/File (TBD)

\*This information is already provided pursuant to the Servicing Arrangement, and supports the daily remittance calculation for each month and subsequent true-ups. The Servicing Arrangement will be modified as necessary to conform to the Operating Order.

As various Commission proceedings are finalized DWR will also require specific data related to Bond Charge remittances and to Direct Access exit fees. The specific nature and format of this data will be agreed with between the utilities and DWR.

The following table outlines DWR data requirements relating to resource information:

Resource Information				
Requirement	Description	Freq	Effective	Delivery Method
Load and Resource Assessment Studies	Copies of Utilities annual and quarter load and resource assessment studies as provided to the PUC.	Annually and quarterly	Jan-03	TBD
Update Description of Resources	Updated description of resources as set out in Exhibit A. Utilities will also provide timely updates on significant resource changes as outlined in Exhibit A.	Annually or when significant changes	Jan 1, 04	TBD
Unit Commitment Studies	As provided to the PUC.	Weekly	Jan-03	TBD
DWR Non-Dispatched Resources Report	Report of Resources that were economic to run, but were not dispatched.	Weekly	1/1/03	TBD
DWR Resource Unavailability Form	Utility notification to DWR for resources within an allocated contracts becoming unavailable, or scheduled to become unavailable.  Note: This information could be provided directly from the generator to DWR and would therefore not be required from Utility.	As outlined in operating agreement	1/1/2003	Standard DWR Form – Email/Fax

## II. On and After the MRTU Effective Date

This Part II contains a brief description of the information to be provided by Utility, as well as the frequency, name of the report or source and the delivery method with respect to such information to be provided to DWR.

The following table outlines DWR data requirements relating to long-term contract schedule information and associated bilateral invoices after MRTU go-live (4/1/2009):

Schedule/Bilateral Invoice				
Requirement	Description	Frequency	Report Name/Source	Delivery Method
<b>Utility is the Generator Scheduling Coordinator</b>				
Day Ahead IFM Award Volumes, Long Term Contracts	For all long-term contracts allocated to the utilities where the Utility is the SC, the detailed Day Ahead IFM Award Volumes and pricing information pursuant to a bid.  Final IFM award volumes are defined as the award volume that clears the ISO IFM.  File should include, but is not limited to; Utility identifier, file type identifier (i.e. final, DA), SC identifier, counterparty identifier, contract identifier, schedule type identifier (i.e. sale), delivery location, date, volume scheduled by hour, price per hour.	M+10 Calendar Days	CMRI Report	Excel Format per Existing Protocol
ISO Expected Energy File	For Contracts allocated to SDG&E where the Utility is the SC, the ISO Expected Energy File.	Ad Hoc, upon request of DWR	CMRI Report	Excel format by email

<b>Utility is Not the Generator SC</b>				
Requirement	Description	Frequency	Report Name/Source	Delivery Method
Requested and Final Day Ahead Inter-SC Trade Volumes	For all long-term contracts allocated to the utilities, all the IST information downloaded from SIBR.  File should include, but is not limited to; Market, Date, Hour, Product Type, Selling SC, Buying SC, Trading Location, Submitted Qty., Adjusted Qty., Counter Qty., Trade Name, Trade Type, Depend on Trade, Submit SC, Trade Status, Submitted, Market Status, Physical/APN ISTs, CPTs, IST Quantities not considered for Remittance, and IST Quantities for Remittance Basis	M+10 Calendar Days	IST Report	Excel Format per existing Protocol
Requested and Final HASP Inter-SC	For all long-term contracts allocated to the utilities, all the IST information downloaded from SIBR.	M+10 Calendar Days	IST Report	Excel Format per existing Protocol –

Trade Volumes	File should include, but is not limited to; Market, Date, Hour, Product Type, Selling SC, Buying SC, Trading Location, Submitted Qty., Adjusted Qty., Counter Qty., Trade Name, Trade Type, Depend on Trade, Submit SC, Trade Status, Submitted, Market Status, Physical/APN ISTs, CPTs, IST Quantities not considered for Remittance, and IST Quantities for Remittance Basis			
Reconciled Monthly bilateral invoices	Monthly invoice and supporting documentation for bilateral contracts relating to DWR long-term contracts, reviewed and approved by utility for payment by DWR to the counterparty.	Monthly 5 Calendar days prior to payment due date		Format per existing Protocol

The following table outlines the data to be transferred to the Utility upon receipt by DWR from certain of the Suppliers :

Requirement	Description	Frequency	Report Name/Source	Delivery Method
<b>Data to be Provided by DWR to Utility when the Utility is Not the Generator SC Relating to Small Dispatchable Contracts</b>				
ISO Expected Energy File	For Contracts Allocated to Utility where the Utility is not the SC and market bids are directed to be submitted by Utility	M + 10 Calendar Days	CMRI Report	Excel format by email or Secure Electronic ISO Template Directly from ISO

In the event of a bilateral invoice dispute with the counterparty, DWR may also request from the utility the additional schedule information. This information would be in the same format as outlined in the table above. In the cases the Utility is the generator SC, CDWR may request additional ISO data for dispute resolution.

The following table outlines DWR data requirements relating to the verification of fuel costs. It assumes DWR will retain legal and financial responsibility for gas and related services while the utility will perform administrative and operational responsibilities as outlined in Exhibit B.

Fuel Costs				
Requirement	Description	Freq	Effective	Delivery Method
Generator fuel plan proposal	Proposal and supporting analysis on whether or not to accept or reject of generator fuel plan.	Based on individual contracts	Jan-03	E-mail or overnight mail
Utility Fuel Procurement Plan	Utility will provide a bi-annual fuel procurement plan for utility supplied fuel.	Bi-Annual	Jan-03	E-mail
Tolling agreement Settlement Report	Monthly report on each DWR tolling agreement that includes but is not limited to: tolling contract identifier, who provided the gas (generator/utility) and daily quantity of gas supplied.	Monthly	Feb-03	Electronic Transmission
Reconciled Monthly Gas Invoice	Suppliers monthly invoice and supporting documentation for fuel procurement relating to DWR tolling agreements, reviewed and approved by Utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic Transmission
Gas Transportation Contract Information	Details relating to the Utility negotiated firm and/or interruptible transportation agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/2003	E-mail / Fax / Overnight Mail
Gas Storage Contract Information	Details relating to the Utility/negotiated firm and/or interruptible storage agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/03	E-mail/Fax
Reconciled Monthly gas transportation invoices	Suppliers monthly invoice and supporting documentation for natural gas transportation costs relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic Transmission or overnight mail
Reconciled Monthly gas storage invoices	Supplier's monthly invoice and supporting documentation for storage relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic Transmission or overnight mail

The following table outlines additional DWR data relating to utility revenue remittance:

<b>Utility Revenue Remittance</b>				
<b>Requirement</b>	<b>Description</b>	<b>Freq</b>	<b>Report Name/Source</b>	<b>Delivery Method</b>
Utility Preliminary ISO Settlement Statement and Supporting Files	Related to Prior Day Adjustments (or similar adjustments) for trade hours between January 17, 2001 through December 31, 2002	Continuous	ISO	Secure Electronic - ISO Template Direct from ISO or other secure method
Utility Final ISO Settlement Statement and Supporting Files	Related to Prior Day Adjustments (or similar adjustments) for trade hours between January 17, 2001 through December 31, 2002	Continuous	ISO	Secure Electronic - ISO Template Direct from ISO or other secure method
ISO Digital Certificate for OMAR	ISO electronic certificate to access ISO OMAR system to retrieve the Utility's load meter information.	Continuous	ISO	Secure Electronic-ISO Template Direct from ISO
ISO SIBR - IST	Access ISO SIBR data to access Utility's transaction information for DWR Contracts.	Ad Hoc	ISO	On-site Audit by DWR
DWR Remittance Basis	Agreed upon method for determining volume of energy from DWR Contracts. This is an aggregate total for the day, by hour and represents the total volume of energy supplied to the utility from DWR Contracts.	Monthly	DWR Remittance Basis Report and Monthly Intertie and IST Reports	Standard DWR Form/File
Estimated Bundled Customer Load	Utility estimated retail load information by hour, by day used for the DWR Percentage Calculation, including other detailed components as provided in DWR Remittance Basis Report.	Monthly	DWR Remittance Basis Report	Standard DWR Form/File
Estimated Bundled Customer Load Deviation	Utility calculated deviation of Estimated Bundled Customer Load to Actual reported load for the same period.	Monthly	EBCL Deviation Report	Standard DWR Form/File

Hourly Distribution Loss Factor	Utility DLF % by hour	When changes required	IOU	Standard IOU Form/File
DWR Percentage Factor	Utility calculated DWR Percentage Factor (or DWR Percentage Calculation) and applied to customers' bills to determine DWR Remittances.	Monthly	DWR Percentage Calculation Report	Standard DWR Form/File
Energy Sales billed (kWh)	Monthly kWh billed by Utility to end users	Monthly	Monthly Billing Report	Standard DWR Form/File
DWR Power Charge volumes	Monthly kWh billed by Utility to end users	Monthly	Monthly Billing Report	Standard DWR Form/File
DWR Power Charge billed to Customer	Monthly dollar amount of DWR Power Charge being billed to customer including identification of dates billed.	Monthly	Monthly Billing Report	Standard DWR Form/File
DWR Power Charge Remitted to DWR	Daily dollar amount being remitted by Utility to DWR for the DWR Power Charge collected from customers including identification of dates billed.	Daily	Daily Remittance Report	Standard DWR Form/File

Some of this information is provided pursuant to the Servicing Arrangement, and supports the daily remittance calculation for each month and subsequent true-ups. The Servicing Arrangement will be modified as necessary to conform to this Operating Agreement.

As various Commission proceedings are finalized DWR will also require specific data related to Power and Bond Charge remittances and to Direct Access Departing Load exit fees. The specific nature and format of this data will be agreed with between the utilities and DWR.

The following table outlines DWR data requirements relating to resource information:

Resource Information				
Requirement	Description	Freq	Effective	Delivery Method
Load and Resource Assessment Studies	Copies of Utilities annual and quarter load and resource assessment studies as provided to the PUC.	Annually and quarterly	Jan-03	E-mail or other transmission
Update Description of Resources	Updated description of URG resources.	Annually or when significant changes	Jan 1, 04	E-mail or other transmission

Unit Commitment Studies	As provided to the PUC.	Weekly	Jan-03	E-mail or other transmission
DWR Non-Dispatched Resources Report	Report of Resources that were economic to run, but were not dispatched. Applicable as to PG&E and SDG&E only.	Ad hoc	1/1/03	E-mail or other transmission
DWR Resource Unavailability Form	Utility notification to DWR for resources within an allocated contracts becoming unavailable, or scheduled to become unavailable.  Note: This information could be provided directly from the generator to DWR and would therefore not be required from Utility.	As outlined in operating agreement	1/1/2003	Standard DWR Form – Email/Fax

### III. Additional Provisions

Upon the reasonable request of DWR, Utility will provide to DWR any information in respect of Utility that is applicable to the rights and obligations of the Parties under the Operating Order or any material information that is reasonably necessary for DWR to monitor and manage their risks and perform their fiduciary responsibilities. Upon the reasonable request of Utility, DWR will provide to Utility any information in respect of DWR that is applicable to the rights and obligations of the Parties under the Operating Order or any material information that is reasonably necessary for Utility to operationally administer Contracts under the Operating Order.

For the information identified above, or any additional information identified through the Term of the Operating Order, standard submission formats will be used or be developed by DWR for use by each of the investor-owned utilities, including Utility. In the cases where the information requirements result in a large volume of data (e.g., schedule information), DWR will use or develop standard detailed file definitions for use by all of the investor-owned utilities, including Utility. At all times, data will be submitted to DWR by Utility through a secure electronic communication medium, unless other medium is reasonably requested by DWR.

As a result of the relative short implementation timeframes at the time of implementing the requirements under the Existing Operating Arrangement, interim delivery protocols (e.g., comma delimited file via email, compact diskettes) were utilized until the final data transmission media were in place. DWR worked jointly with Utility to ensure the required data was available by January 1, 2003.

On and after the MRTU Effective Date, interim delivery protocols and templates were utilized. On and after the Effective Date of this 2010 Operating Order, the Utility and DWR will work to ensure that the required data described in Part II of this Exhibit F will be available to DWR.

In the event that DWR incurs additional costs, including but not limited to penalties, interest or other such costs, due to Utility's failure to timely provide the data set forth in this Exhibit F, any such direct cost increase invoiced or assessed to DWR shall be borne by Utility.

The provisions of this Exhibit are subject to annual review by DWR and Utility to ensure that data reporting remains relevant and useful.

# **ATTACHMENT 7**

**2010 OPERATING ORDER**

CONCERNING

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

And

SOUTHERN CALIFORNIA EDISON COMPANY

THIS ORDER HAS BEEN FILED WITH AND APPROVED BY THE CALIFORNIA PUBLIC UTILITIES COMMISSION (“COMMISSION”) FOR USE BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES (“DWR”) AND SOUTHERN CALIFORNIA EDISON COMPANY (“UTILITY”).

Date of Commission Approval:

Effective Date:

## 2010 OPERATING ORDER

This **2010 OPERATING ORDER** (this “Order” or “2010 Operating Order”) concerns the State of California Department of Water Resources (“DWR”), acting solely under the authority and powers granted by AB1X, codified as Sections 80000 through 80270 of the Water Code, and not under its powers and responsibilities with respect to the State Water Resources Development System, and Southern California Edison Company, a California corporation (“Utility”). This 2010 Operating Order amends and restates that certain Operating Order adopted pursuant to Decision 02-12-069, as amended and supplemented from time to time (collectively, the “Existing Operating Arrangement”). DWR and Utility are sometimes collectively referred to herein as the “Parties” and individually referred to as a “Party.” Unless otherwise noted, all capitalized terms shall have the meanings set forth in Article I of this Order.

### RECITALS

WHEREAS, under the Act, DWR has entered into a number of long-term power purchase agreements for the purpose of providing the net short requirements to the retail ratepayers of the State’s electrical corporations, including Utility; and

WHEREAS, the Contract Allocation Order of the Commission provides that such long-term power purchase agreements are to be operationally allocated among the State’s electrical corporations, including Utility, solely for the purpose of causing the State’s electrical corporations to perform certain specified functions on behalf of DWR, as DWR’s limited agent, including dispatching, scheduling, billing and settlements functions, and, prior to the MRTU Effective Date, to sell surplus energy, all as such functions relate to those certain power purchase agreements that are operationally allocated to each electrical corporation under the Contract Allocation Order; and

WHEREAS, DWR wishes to provide for the performance of such functions under the Allocated Contracts by Utility on behalf of DWR in accordance with such long-term power purchase agreements as provided in this Order; and

WHEREAS, consistent with the Contract Allocation Order and prior to the date that any Contract is novated to Utility, DWR will retain legal and financial obligations, together with ongoing responsibility for any other functions not explicitly provided in this Order to be performed by Utility, with respect to each of the Allocated Contracts and it is the intent of DWR and the Utility that the provisions of this Order will not constitute an “assignment” of the Allocated Contracts to Utility; and

WHEREAS, to reflect the changes resulting from the ISO implementation of Market Redesign and Technology Upgrade, DWR desires to amend the Existing Operating Arrangement and the Servicing Arrangement, consistent with the principles memorialized in that certain Memorandum of Understanding, dated as of February 4, 2009, which has been approved by the Commission on March 13, 2009.

**NOW, THEREFORE,** DWR agrees and Utility is ordered to do as follows:

## ARTICLE I DEFINITIONS

Section 1.01. Definitions. The following terms shall have the respective meanings in this Order:

The following terms, when used herein (and in the attachments hereto) with initial capitalization, shall have the meaning specified in this Section 1.01. Certain additional terms are defined in the attachments hereto. The singular shall include the plural and the masculine shall include the feminine and neuter, and *vice versa*. “Includes” or “including” shall mean “including without limitation.” References to a section or attachment shall mean a section or attachment of this Order, as the case may be, unless the context requires otherwise, and reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made (except as otherwise specifically provided herein). Unless the context otherwise requires, references to Applicable Laws or Applicable Tariffs shall be deemed references to such laws or tariffs as they may be amended, replaced or restated from time to time. References to the time of day shall be deemed references to such time as measured by prevailing Pacific Time.

“Act” means Chapter 4 of Statutes of 2001 (Assembly Bill 1 of the First 2001-02 Extraordinary Session) of the State of California, as amended.

“Allocated Contracts” mean the long-term power purchase agreements (as such agreements may be amended, supplemented, modified or clarified from time to time) operationally allocated to Utility under the Contract Allocation Order, without legal and financial assignment of such agreements to Utility, as provided in Schedule 1 attached hereto.

“Allocated Power” means all power and energy, including the use of such power or energy as ancillary services, delivered or to be delivered under the Contracts.

“Applicable Commission Orders” mean such rules, regulations, decisions, opinions or orders as the Commission may lawfully issue or promulgate from time to time, which further define the rights and obligations of the Parties under this Order.

“Applicable Law” means the Act, Applicable Commission Orders and any other applicable statute, constitutional provision, rule, regulation, ordinance, order, decision or code of a Governmental Authority.

“Applicable Tariffs” mean Utility’s tariffs, including all rules, rates, schedules and preliminary statements, governing electric energy service to Utility’s customers in its service territory, as filed with and approved by the Commission and, if applicable, the Federal Energy Regulatory Commission.

“Assign(s)” shall have the meaning set forth in Section 14.01.

“Bonds” shall have the meaning set forth in the Rate Agreement.

“Bond Charges” shall have the meaning set forth in the Rate Agreement.

“Business Day” means the regular Monday through Friday weekdays that are customary working days, excluding holidays, as established by Applicable Tariffs.

“Commission” means the California Public Utilities Commission.

“Confidential Information” shall have the meaning set forth in Section 11.01(c).

“Contracts” mean the Allocated Contracts.

“Contract Allocation Order” means Decision 02-09-053 of the Commission, issued on September 19, 2002, as such Decision may be modified, revised, amended, supplemented or superseded from time to time by the Commission.

“DWR Power” shall have the same meaning set forth in the Servicing Arrangement with such amendments to incorporate the Settlement Principles for Remittances and Surplus Revenues, as provided in Exhibit C of this Order.

“DWR Revenues” mean those amounts required to be remitted to DWR by Utility in accordance with this Order and as further provided in the Servicing Arrangement.

“Effective Date” means the effective date of this Order in accordance with Section 14.13, as such date is set forth on the cover page hereof.

“Fund” means the Department of Water Resources Electric Power Fund established by Section 80200 of the California Water Code.

“Good Utility Practice” means 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 does not require the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the Western Electric Coordinating Council region.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government, including the Commission.

“Governmental Program” means any program or directive established by Applicable Law which directly or indirectly affects the rights or obligations of the Parties under this Order and which obligates or authorizes DWR to make payments or give credits to customers or other third parties under such programs or directives.

“ISO” means the California Independent System Operator Corporation.

“MRTU” means the ISO’s Market Redesign and Technology Upgrade.

“MRTU Effective Date” means the first trade date upon MRTU implementation by the ISO.

“Operating Order” or “Order” means this 2010 Operating Order, which amends and restates that certain Operating Order adopted pursuant to Decision 02-12-069, as amended and supplemented from time to time.

“Power Charges” shall have the meaning set forth in the Rate Agreement.

“Priority Long Term Power Contract” shall have the meaning set forth in the Rate Agreement.

“Rate Agreement” means the Rate Agreement between DWR and the Commission adopted by the Commission on February 21, 2002 in Decision 02-02-051.

“Remittance” means a payment by Utility to DWR or its Assign(s) in accordance with the Servicing Arrangement.

“Servicing Arrangement” means the Servicing Order as specified in Commission Decision 02-12-071 dated December 19, 2002, as further amended and restated by Decision 07-03-025 and certain further amended and restated 2010 Servicing Order submitted and pending the Commission approval.

“Supplier” means those certain third parties who are supplying power pursuant to the Contracts.

“Term” means term provided in Section 2.05 hereof.

“URG” means utility-retained generation, including without limitation Utility’s portfolio of generation resources and power purchase agreements prior to or after the Effective Date by Utility.

Section 1.02. Undefined Terms. Capitalized terms not otherwise defined in Section 1.01 herein shall have the meanings set forth in the Act or the Servicing Arrangement.

## **ARTICLE II OPERATIONAL ALLOCATION OF POWER PURCHASE AGREEMENTS; MANAGEMENT OF THE CONTRACTS; ALLOCATED POWER; TERM**

Section 2.01. Operational Allocation and Management of Power Purchase Agreements. On behalf of DWR, as its limited agent, Utility will perform certain day-to-day scheduling and dispatch functions, billing and settlements and surplus energy sales (prior to the MRTU Effective Date) and certain other tasks with respect to the Allocated Contracts, as more fully set forth in this Order.

As further provided in Contract Administration and Performance Test Monitoring Protocols set forth in Exhibit E, except as otherwise transferred to the Utility as referenced in Exhibit E, DWR will continue to monitor and audit the Supplier performance under the

Contracts. Upon development of a mutually agreeable plan, Utility will monitor the performance of Suppliers, as further provided in Exhibit E, subject, however, to DWR's right but not the obligation to audit and monitor all functions contemplated to be performed by Utility, all as further provided in this Order.

Section 2.02. Standard of Contract Management.

1. Prior to the Effective Date of this 2010 Operating Order, Utility agrees to perform the functions specified in this Order relating to the Allocated Contracts and Interim Contracts in a reasonable manner, exercising Good Utility Practice. DWR may review or challenge whether such performance complies with this Section 2.02 at any time and take any action with respect thereto as it may deem necessary; provided, however, that Utility shall not be deemed to be the violation of this Section 2.02 by DWR unless DWR elected to challenge an action or in action by Utility as not being in compliance with this Section 2.02.

2. On and after the Effective Date of this 2010 Operating Order, Utility agrees to the following:

- (a) Prior to the date that any Contract is novated to Utility, Utility agrees to perform the functions specified in this Order relating to the Allocated Contracts, in a commercially reasonable manner, exercising Good Utility Practice, and in a fashion reasonably designed to serve the overall best interests of retail electric customers. Utility shall provide to DWR such information specifically provided in Exhibit F hereto to facilitate DWR's verification of Utility's compliance with this Section 2.02.
- (b) To the extent requested by Utility, DWR shall provide evidence in Commission proceedings describing Utility's and DWR's performance, rights and obligations under this Order.
- (c) DWR acknowledges the Commission's exclusive authority over whether the Utility has managed Allocated Power available under the Contracts in a just and reasonable manner and DWR and Utility agree that none of the provisions of this Order shall be interpreted to reduce, diminish, or otherwise limit the scope of any Commission authority or to give DWR any authority over such matters. In addition, the Parties acknowledge that DWR is not subject to the Commission's jurisdiction, and the Parties agree that none of the provisions of this Order, including Section 13.04 herein, shall be interpreted to subject DWR to the Commission's jurisdiction or authority.
- (d) The Utility acknowledges DWR's separate and independent right to evaluate and enforce Utility's commercial performance under this Order.
- (e) Utility agrees to provide any information not otherwise required herein that is reasonably necessary to allow DWR to exercise its rights in subsection (d) above, provided that all such information shall be used solely for the purposes of exercising such rights.

Section 2.03. Good Faith. Each Party hereby covenants that it shall perform its actions, obligations and duties in connection with this Order in good faith.

Section 2.04. DWR Power. During the term of this Order, the electric power and energy, including but not limited to capacity, and output, or any of them from the Contracts delivered to retail end-use customers in Utility's service area shall constitute DWR Power for all purposes of the Servicing Arrangement. Prior to the MRTU Effective Date, Utility further agrees to sell and transmit or provide transmission of surplus Allocated Power to third-party purchasers in accordance with the terms of this Order.

Section 2.05. Term.

1. Prior to the Effective Date of this 2010 Operating Order, the Term of this Order commenced on the Effective Date and terminated on the termination of the Servicing Arrangement. In addition, this Order was to terminate as to each Contract that terminates in accordance with its terms. DWR agreed to notify Utility as to the termination of each Contract as provided in Section 5.01(e) hereof.

2. On and after the Effective Date of this 2010 Operating Order, Utility agrees to the following:

- (a) The Term of this Order shall commence on the Effective Date and shall terminate on the earlier of (a) the termination of the Servicing Arrangement, or (b) the termination of this Order by DWR upon ninety days' written notice to Utility and the Commission, or (c) upon consultation with the Commission, the termination of the Order by DWR upon reasonable written notice to Utility no shorter than 30 days, or (d) pursuant to Article VII hereof, the termination of this Order by a non-defaulting Party after an Event of Default.

In addition, this Order will terminate as to each Contract that terminates in accordance with its terms, has been terminated by a party to that Contract, or has been novated. Provided, however, whether a Contract is terminated or novated, the rights and obligations of the Parties that arise or relate to Utility's performance of its duties under this Order in respect of any terminated or novated Contract shall survive until the expiration of any such right or obligation.

- (b) If an event occurs which has the effect of materially altering and materially adversely impacting the economic position of the Parties or either of them under this Order, then the affected Party may, by written notice, request that the Commission approve amendments to this Order or other arrangements incidental to this Order as necessary to preserve or restore the economic position under this Order held by the affected Party immediately prior to such event. Such notice shall describe the event and shall include reasonable

particulars as to the manner and extent to which the economic position of the Party giving notice has been adversely affected.

### **ARTICLE III LIMITED AGENCY / NO ASSIGNMENT**

Section 3.01. Limited Agency. Utility is hereby appointed as DWR's agent for the limited purposes set forth in this Order. Utility shall not be deemed to be acting, and shall not hold itself out, as agent for DWR for any purpose other than those described in this Order. Utility's duties and obligations shall be limited to those duties and obligations that are specified in this Order.

Section 3.02. No Assignment. Prior to the date that any Contract is novated to Utility, DWR shall remain legally and financially responsible for performance under each of the Contracts and shall retain liability to the counterparty for any failure of Utility to perform the functions referred to in this Order on behalf of DWR as its limited agent, under such Contracts in accordance with the terms thereof. It is the intent of DWR and Utility that the provisions of this Order shall not constitute or result in an "assignment" of the Allocated Contracts in any respect.

### **ARTICLE IV LIMITED DUTIES OF UTILITY**

Section 4.01. Limited Duties of Utility as to the Contracts. During the Term of this Order, Utility shall:

- (a) Prior to the MRTU Effective Date, on behalf of DWR, as its limited agent, perform the day-to-day scheduling and dispatch functions, including day-ahead, hour-ahead and real time trading, scheduling transactions with all involved parties, under the Allocated Contracts, perform billing and settlements functions and obtain relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 hereto, all as more specifically provided in the Operating Protocols attached hereto as Exhibit A;

On and after the MRTU Effective Date, on behalf of DWR, as its limited agent, perform the day-to-day tasks, including the submission or the coordination of Bids and/or Inter-SC Trades, in the ISO's Day-Ahead Market, Hour-Ahead Scheduling Process and/or Real-Time Market (as such terms are defined under ISO's MRTU tariff), related to, and consistent with the terms of, the Allocated Contracts, perform billing and settlements functions and obtain relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 hereto, all as more specifically provided in the Operating Protocols attached hereto as Exhibit A;

- (b) On behalf of DWR, as its limited agent, enter into transactions for the purchase (or sale, as the case may be) of gas, gas transmission services, gas storage services and financial hedges, and perform the operational and administrative responsibilities for such purchases under gas tolling provisions under the

Allocated Contracts, including the review of fuel plans and consideration of alternative fuel supply, all as more specifically provided in the Fuel Management Protocols attached hereto as Exhibit B;

- (c) Prior to the Effective Date of the 2010 Operating Order, remit DWR Revenues to DWR, consistent with the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C and the Servicing Arrangements;

On and after the Effective Date of the 2010 Operating Order, on behalf of DWR, as its limited agent, perform all necessary settlement functions under the Allocated Contracts in accordance with the terms of the applicable Allocated Contracts, consistent with the provisions of Exhibit C of this Order. In addition, perform all necessary billing and settlement functions related to DWR Revenues and remit DWR Revenues to DWR, consistent with the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C and the Servicing Arrangement;

- (d) Assume financial responsibility for the ISO charges listed on Exhibit D attached hereto;
- (e) On behalf of DWR, as its limited agent, upon development of a mutually agreeable plan, monitor the performance of Suppliers under the Allocated Contracts and undertake the administration of the Allocated Contracts, as more specifically provided in the Contract Administration and Performance Monitoring Protocols attached hereto as Exhibit E;
- (f) Provide to DWR the necessary information required by DWR as more specifically provided in the DWR Data Requirements From Utility attached hereto as Exhibit F to allow DWR to perform such internal procedures that are reasonable and determined appropriate by DWR to allow DWR to continue performance of financial obligations related to Allocated Contracts and to prepare and support reporting requirements set forth in Applicable Laws or agreements;
- (g) At all times in performing its obligations under this Order (i) comply with the provisions of each of the Allocated Contracts, (ii) follow Good Utility Practice, and (iii) comply with all Applicable Laws and Applicable Commission Orders;
- (h) Appoint a primary and secondary contact person, as set forth in Schedule 2 hereto, to coordinate the responsibilities listed in this Section 4.01;
- (i) Prior to the MRTU Effective Date, on behalf of DWR, as its limited agent, make surplus energy sales as more specifically provided in this Order; and
- (j) Upon issuance of an Applicable Commission Order approving the novation of a Contract, Utility will submit in writing to DWR as to the effective novation date of such Contract.

Provided, however, in the event that DWR fails to provide or provides inaccurate information which results in Utility's non-compliance with its obligations under this Order, the resulting non-compliance by Utility shall not constitute an Event of Default under Section 7.01 hereof.

Section 4.02. Dispatch or Sale of Allocated Power. Subject to any existing or new ISO tariff provisions that may affect the dispatch of such Contracts, Allocated Power from all Contracts shall be dispatched or sold, as the case may be, by Utility pursuant to the Operating Protocols attached hereto as Exhibit A.

Section 4.03. DWR Revenues. DWR Revenues shall be accounted and remitted to DWR consistent with the principles provided in the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C and the provisions of the Servicing Arrangement. Unless otherwise specifically provided in this Order, Utility will not be required at any time to advance or pay any of its own funds in the fulfillment of its responsibilities under this Order.

Section 4.04. Ownership of Allocated Power. Notwithstanding any other provision herein, and in accordance with the Act and Section 80110 of the California Water Code, DWR shall retain title to all Allocated Power, including DWR Power. In accordance with the Act and Section 80104 of the California Water Code, upon the delivery of Allocated Power to Utility's customers, those customers shall be deemed to have purchased that power from DWR, and payment for such sale shall be a direct obligation of such customer to DWR. In addition, prior to the MRTU Effective Date, DWR shall retain title to any surplus Allocated Power sold by Utility as limited agent to DWR as provided in this Order.

## **ARTICLE V DUTIES OF DWR**

Section 5.01. Duties of DWR. Prior to the date that any Contract is novated to Utility and consistent with the Contract Allocation Order, during the Term of this Order, DWR shall:

- (a) Remain legally and financially responsible under each of the Contracts and cooperate with Utility in the transition from DWR to Utility the performance of the functions provided in this Order;
- (b) Assume legal and financial responsibilities and enter into or facilitate Utility's entering into transactions as DWR's limited agent, for the purchase (or sale, as the case may be) of gas, gas transmission services, gas storage services and financial hedges, and timely consent to or approve the Utility's performance of the operational and administrative responsibilities for such purchases under gas tolling provisions under the Allocated Contracts, including the review of fuel plans and consideration of alternative fuel supply, all as more specifically provided in the Fuel Management Protocols attached hereto as Exhibit B;
- (c) Prior to the Effective Date of this 2010 Operating Order, pay invoices to the Suppliers;

On and after the Effective Date of this 2010 Operating Order, pay invoices to the Suppliers and perform such internal procedures that are reasonable and

determined appropriate by DWR, which may include validation, analysis and audit of the settlement functions to be performed on DWR's behalf, as its limited agent, by Utility relating to the Contracts. In addition, perform such internal procedures that are reasonable and determined appropriate by DWR, which may include validation, analysis and audit of the billing and settlement functions to be performed on DWR's behalf, as its limited agent, by Utility related to DWR Revenues, consistent with the principles set forth in the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C;

- (d) Until such time as a mutually agreed upon plan may be entered into with Utility and approved by the Commission, and no earlier than January 1, 2004, continue to monitor the performance of Suppliers and conduct certain contract administration duties under the Allocated Contracts, all as more specifically provided in the Contract Administration and Performance Monitoring Protocols attached hereto as Exhibit E. In addition, on and after the Effective Date of the 2010 Operating Order, continue to perform all other administrative functions related to Contracts not explicitly provided in this Order to be performed by Utility on behalf of DWR, as its limited agent;
- (e) Upon the termination of any Contract (other than a Contract that is novated to Utility or terminated on the Contract stated termination date shown on Schedule 1 attached to this Order), DWR will submit in writing to Utility a revised Schedule 1 to reflect the termination of any Contract. In the event that a Contract terminates on the Contract stated termination date shown on Schedule 1, then no further notice will be provided by DWR; and
- (f) Appoint a primary and secondary contact person, as set forth in Schedule 3 hereto, to coordinate the responsibilities listed in this Section 5.01.

**ARTICLE VI**  
**[Reserved]**

Section 6.01. [Intentionally left blank.]

**ARTICLE VII**  
**EVENTS OF DEFAULT**

Section 7.01. Events of Default. The following events shall constitute "Events of Default" under this Order:

- (a) any material failure by a Party to pay any amount due and payable under this Order that continues unremedied for five (5) Business Days after the earlier of the day the defaulting Party receives written notice thereof from the non-defaulting Party; or
- (b) any material failure by Utility to schedule and dispatch Contracts, consistent with the principles set forth in Exhibit A; or

(c) any failure (except as provided in (a) or (b)) by a Party to duly observe or perform in any material respect any other term or condition of such Party set forth in this Order, which failure continues unremedied for a period of 15 calendar days after written notice of such failure has been given to such Party by the non-defaulting Party; or

(d) any material representation or warranty made by a Party shall prove to be false, misleading or incorrect in any material respect as of the date made; or

(e) an Event of Default (as defined under the Servicing Arrangement) shall have occurred and is continuing under the Servicing Arrangement.

Section 7.02. Consequences of Utility Event of Default. Upon any Event of Default by Utility, DWR may, in addition to exercising any other remedies available under this Order or under Applicable Law, (i) apply to the Commission for appropriate relief, including but not limited to the termination of this Order in whole or in part; and (ii) apply to the Commission and, if necessary, any court of competent jurisdiction for sequestration and payment to DWR or its Assign(s) of DWR Revenues or for specific performance of the functions related to the Contracts to be performed by Utility on behalf of DWR, as its limited agent, as provided in this Order.

Section 7.03. Consequences of DWR Event of Default. Upon an Event of Default by DWR (other than an Event of Default under 7.01(a)), Utility may request that the Commission terminate this Order in whole or in part, Section 2.05 notwithstanding.

Section 7.04. Remedies. Subject to Article XIII of this Order, upon any Event of Default, the non-defaulting Party may exercise any other legal or equitable right or remedy that may be available to it under applicable law or under this Order, including, but not limited to, the termination of this Order.

Section 7.05. Remedies Cumulative. Except as otherwise provided in this Order, all rights of termination, cancellation, or other remedies in this Order are cumulative. Use of any remedy shall not preclude any other remedy available under this Order.

Section 7.06. Waivers. None of the provisions of this Order shall be considered waived by either Party unless the Party against whom such waiver is claimed gives such waiver in writing. The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Order or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect. Waiver by either Party of any default by the other Party shall not be deemed a waiver of any other default.

## **ARTICLE VIII PAYMENT OF FEES AND CHARGES**

Section 8.01. Utility Fees and Charges. As noted in the Contract Allocation Order, the details of the amount and recovery of administrative costs to Utility associated with the Contracts are expected to be considered in another Commission proceeding. As such, the Parties agree that the administrative costs to Utility will be recovered pursuant to such Commission proceeding. Utility shall enter the cost of such fees and charges in its Purchased Electric Commodity

Account, or its successor or another account designated by the Commission on a current basis, for recovery in retail rates subject to subsequent Commission review.

## **ARTICLE IX REPRESENTATIONS AND WARRANTIES**

Section 9.01. Representations and Warranties of DWR. DWR represents and warrants that it will use its best efforts to obtain all necessary and appropriate notices, inducements, undertakings, approvals, and consents from each Supplier to the Contract allocated to Utility in order for Utility to undertake its duties set forth in this Order in a timely and appropriate fashion.

## **ARTICLE X LIMITATIONS ON LIABILITY**

Section 10.01. Consequential Damages. In no event will either Party be liable to the other Party for any indirect, special, exemplary, incidental, punitive, or consequential damages under any theory. Nothing in this Section 10.01 shall limit either Party's rights as provided in Article VII above.

Section 10.02. Limited Obligations of DWR. Any amounts payable by DWR under this Order shall be payable solely from moneys on deposit in the Department of Water Resources Electric Power Fund established pursuant to Section 80200 of the California Water Code (the "Fund").

Section 10.03. Sources of Payment; No Debt of State. DWR's obligation to make payments hereunder shall be limited solely to the Fund and shall be payable as an operating expense of the Fund solely from Power Charges subject and subordinate to each Priority Long Term Power Contract in accordance with the priorities and limitations established with respect to the Fund's operating expenses in any indenture providing for the issuance of Bonds and in the Rate Agreement and in the Priority Long Term Power Contracts. Any liability of DWR arising in connection with this Order or any claim based thereon or with respect thereto, including, but not limited to, any payment arising as the result of any breach or Event of Default under this Order, and any other payment obligation or liability of or judgment against DWR hereunder, shall be satisfied solely from the Fund. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA ARE OR MAY BE PLEDGED FOR ANY PAYMENT UNDER THIS ORDER. Revenues and assets of the State Water Resources Development System, and Bond Charges under the Rate Agreement, shall not be liable for or available to make any payments or satisfy any obligation arising under this Order. If moneys on deposit in the Fund are insufficient to pay all amounts payable by DWR under this Order, or if DWR has reason to believe such funds may become insufficient to pay all amounts payable by DWR under this Order, DWR shall diligently pursue an increase to its revenue requirements as permitted under the Act from the appropriate Governmental Authority as soon as practicable. To the extent DWR's obligations are "administrative costs," they will require annual appropriation by the legislature.

Section 10.04. Cap on Liability. On and after the Effective Date of the 2010 Operating Order, in no event will Utility be liable to DWR for damages under this Order, including indemnification obligations, whether in contract, warranty, tort (including negligence), strict liability or otherwise (referred to as “Damages” for purposes of this Section), in an amount in excess of: 1) on an annual calendar year basis, \$5 million plus ten percent of Damages in excess of \$5 million and 2) for the entire term of this Order, \$50 million in total payments of Damages to DWR. For example, if Damages for an event are \$100 million, Utility’s total liability for this event would be \$14.5 million (\$5 million plus 10% of \$95 million) and that would be the full extent of Utility’s liability for such Damages. All Damages associated with an event will apply only to the annual limit in the first year in which Damages for that event were assessed. For example, if Damages for an event were paid as follows: \$15 million in year 1 and \$10 million in year 2, the Utility would pay DWR \$7 million (\$5 million plus 10% of \$10 million for year 1 and 10% of \$10 million for year 2). In this example, the \$1 million paid to DWR in year 2 (10% of \$10 million) does not count against the year 2 \$5 million calendar year threshold. DWR hereby releases Utility from any liability for Damages in excess of the limitations on liability set forth in this Section 10.04, provided however, that this limitation on Utility liability shall not apply to the extent the liability is a result of Utility’s gross negligence or willful misconduct.

## **ARTICLE XI CONFIDENTIALITY**

### Section 11.01. Proprietary Information.

- (a) Nothing in this Order shall affect Utility’s obligations to observe any Applicable Law prohibiting the disclosure of Confidential Information regarding its customers.
- (b) Nothing in this Order, and in particular nothing in Sections 11.01(e)(x) through 11.01(e)(z) of this Order, shall affect the rights of the Commission to obtain from Utility, pursuant to Applicable Law, information requested by the Commission, including Confidential Information provided by DWR to Utility. Applicable Law, and not this Order, will govern what information the Commission may disclose to third parties, subject to any confidentiality agreement between DWR and the Commission.
- (c) The Parties acknowledge that each Party may acquire information and material that is the other Party’s confidential, proprietary or trade secret information. As used herein, “Confidential Information” means any and all technical, commercial, financial and customer information disclosed by one Party to the other (or obtained from one Party’s inspection of the other Party’s records or documents), including any patents, patent applications, copyrights, trade secrets and proprietary information, techniques, sketches, drawings, maps, reports, specifications, designs, records, data, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, object code, source code, and information related to the current, future and proposed products and services of each of the Parties, and includes, without limitation, the Parties’ respective information concerning research, experimental

work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, business forecasts, sales and merchandising, and marketing plans and information. In all cases, Confidential Information includes proprietary or confidential information of any third party disclosing such information to either Party in the course of such third party's business or relationship with such Party. Utility's Confidential Information also includes any and all lists of customers, and any and all information about customers, both individually and aggregated, including but not limited to customers' names, street addresses of customer residences and/or facilities, email addresses, identification numbers, Utility account numbers and passwords, payment histories, energy usage, rate schedule history, allocation of energy uses among customer residences and/or facilities, and usage of DWR Power. All Confidential Information disclosed by the disclosing Party ("Discloser") will be considered Confidential Information by the receiving Party ("Recipient") if identified as confidential and received from Discloser.

- (d) Each Party agrees to take all steps reasonably necessary to hold in trust and confidence the other Party's Confidential Information. Without limiting the generality of the immediately preceding sentence, each Party agrees (i) to hold the other Party's Confidential Information in strict confidence, not to disclose it to third parties or to use it in any way, commercially or otherwise, other than as permitted under this Order; and (ii) to limit the disclosure of the Confidential Information to those of its employees, agents or directly related subcontractors with a need to know who have been advised of the confidential nature thereof and who have acknowledged their express obligation to maintain such confidentiality. DWR shall not disclose Confidential Information to employees, agents or subcontractors that are in any respect responsible for power marketing or trading activities associated with the State Water Resources Development System.
- (e) The foregoing two paragraphs will not apply to any item of Confidential Information if: (i) it has been published or is otherwise readily available to the public other than by a breach of this Order; (ii) it has been rightfully received by Recipient from a third party without breach of confidentiality obligations of such third party and outside the context of the provision of services under this Order; (iii) it has been independently developed by Recipient personnel having no access to the Confidential Information; (iv) it was known to Recipient prior to its first receipt from Discloser, or (v) it has been summarized, processed and incorporated for incorporation into reports, discussions, statements or any other further work product. In addition, Recipient may disclose Confidential Information if and to the extent required by law or a Governmental Authority, provided that (x) Recipient shall give Discloser a reasonable opportunity to review and object to the disclosure of such Confidential Information, (y) Discloser may seek a protective order or confidential treatment of such Confidential Information, and (z) Recipient shall make commercially reasonable efforts to cooperate with Discloser in seeking such protective order or confidential treatment. Discloser shall pay Recipient its reasonable costs of cooperating.

Section 11.02. No License. Nothing contained in this Order shall be construed as granting to a Party a license, either express or implied, under any patent, copyright, trademark, service mark, trade dress or other intellectual property right, or to any Confidential Information now or hereafter owned, obtained, controlled by, or which is or may be licensable by, the other Party.

Section 11.03. Survival of Provisions. The provisions of this Article XI shall survive the termination of this Order.

## **ARTICLE XII RECORDS AND AUDIT RIGHTS**

Section 12.01. Records. Utility shall maintain accurate records and accounts relating to the Contracts in sufficient detail to permit DWR to audit and monitor the functions to be performed by Utility on behalf of DWR, as its limited agent, under this Order. In addition, Utility shall maintain accurate records and accounts relating to DWR Revenues to be remitted by Utility to DWR, consistent with the Settlement Principles for Remittances and Surplus Revenues set forth in Exhibit C hereto. Utility shall provide to DWR and its Assign(s) access to such records. Access shall be afforded without charge, upon reasonable request made pursuant to Section 12.02. Access shall be afforded only during Business Hours and in such a manner so as not to interfere unreasonably with Utility's normal operations. Utility shall not treat DWR Revenues as income or assets of Utility or any affiliate for any tax, financial reporting or regulatory purposes, and the financial books or records of Utility and affiliates shall be maintained in a manner consistent with the absolute ownership of DWR Revenues by DWR and Utility's holding of DWR Revenues in trust for DWR (whether or not held together with other monies).

Section 12.02. Audit Rights.

- (a) Upon 30 calendar days' prior written notice, DWR may request an audit, conducted by DWR or its agents (at DWR's expense), of Utility's records and procedures, which shall be limited to records and procedures containing information bearing upon Utility's performance of its obligations under this Order. The audit shall be conducted during Business Hours without interference with Utility's normal operations, and in compliance with Utility's security procedures.
- (b) As provided in the Act, the State of California Bureau of State Audits (the "Bureau") shall conduct a financial and performance audit of DWR's implementation of Division 27 (commencing with Section 80000) of the California Water Code, and the Bureau shall issue a final report on or before March 31, 2003. In addition, as provided in Section 8546.7 of the California Government Code, pursuant to this Section 12.02, DWR or the State of California Department of General Services, the Bureau, or their designated representative ("DWR's Agent") shall have the right to review and to copy (at DWR's expense) any non-confidential records and supporting documentation pertaining to the performance of this Order and to conduct an on-site review of any Confidential

Information pursuant to Section 12.03 hereof. Utility agrees to maintain such records for such possible audit for three years after final Remittance to DWR. Utility agrees to allow such auditor(s) access to such records during Business Hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Utility shall include a similar right for DWR or DWR's Agent to audit records and interview staff in any contract between Utility and a subcontractor directly related to performance of this Order.

Section 12.03. Confidentiality. Materials reviewed by either Party or its agents in the course of an audit may contain Confidential Information subject to Article XI above. The use of all materials provided to DWR or Utility or their agents, as the case may be pursuant to this Article XII, shall comply with the provisions in Article XI and shall be limited to use in conjunction with the conduct of the audit and preparation of a report for appropriate distribution of the results of the audit consistent with Applicable Law.

Section 12.04. Annual Certifications. On and after the Effective Date of the 2010 Operating Order, at least annually, and in no event later than the 30th day after the end of the calendar year, Utility shall deliver to DWR, with a copy to the Commission, a certificate of an authorized representative certifying that to the best of such representative's knowledge, after a review of Utility performance under this Order, Utility has fulfilled its obligations under this Order in all material respects and is in compliance herewith in all material respects.

Section 12.05. Additional Applicable Laws. Each Party shall make an effort to promptly notify the other Party in writing to the extent such Party becomes aware of any new Applicable Laws or changes (or proposed changes) in Applicable Tariffs hereafter enacted, adopted or promulgated that may have a material adverse effect on either Party's ability to perform its duties under this Order. A Party's failure to so notify the other Party pursuant to this Section 12.05 will not constitute a material breach of this Order, and will not give rise to any right to terminate this Order or cause either Party to incur any liability to the other Party or any third party.

Section 12.06. Other Information. Upon the reasonable request of DWR or its Assign(s), Utility shall provide to DWR or its Assign(s) any public financial information in respect of Utility applicable to services provided by Utility under this Order, to the extent such information is reasonably available to Utility, which (i) is reasonably necessary and permitted by Applicable Law to monitor the performance by Utility hereunder, or (ii) otherwise relates to the exercise of DWR's rights or the discharge of DWR's duties under this Order or any Applicable Law. In particular, but without limiting the foregoing, Utility shall provide to DWR any such information that is necessary or useful to calculate DWR's revenue requirements (as described in Sections 80110 and 80134 of the California Water Code).

Section 12.07. Data and Information Retention. All data and information associated with the provision and receipt of services pursuant to this Order shall be maintained for the greater of (a) the retention time required by Applicable Law or Applicable Tariffs for maintaining such information, or (b) three (3) years.

## **ARTICLE XIII DISPUTE RESOLUTION**

Section 13.01. Dispute Resolution. Should any dispute arise between the Parties or should any dispute between the Parties arise from the exercise of either Party's audit rights contained in Section 12.02 hereof, the Parties shall remit any undisputed amounts and agree to enter into good faith negotiations as soon as practicable to resolve such disputes within (10) Business Days so as to resolve such disputes, as appropriate, within the timeframes provided under this Order, or as soon as possible thereafter. For any disputed Remittances, if such resolution cannot be made before the remittance date, Utility shall remit the undisputed portion to DWR. In addition, the disputed portion of the Remittances shall be deposited into an escrow account held by a qualified, independent escrow holder. Upon resolution of such disputes, the Party that escrowed the disputed amount shall reimburse the other Party from the escrow account as necessary.

Section 13.02. ISO Settlements and Disputes. Prior to the MRTU Effective Date, Utility shall review, validate and verify all ISO charges/credits contained on all ISO settlement statements,\* including any charges/credits resulting from the operational, dispatch, and administrative functions related to the Contracts. Utility shall inform DWR of any discrepancies and shall dispute any such discrepancies with the ISO in accordance with the ISO's tariff and protocols. Except as provided in Section 13.03, if any ISO charge type settlement amount appearing on a Preliminary or Final Settlement Statement (as defined in the ISO tariff) resulting or relating to the Utility's performance of functions related to the Contracts under this Order is in dispute, it shall be the responsibility of Utility, on behalf of DWR, to seek resolution of said dispute through the ISO dispute resolution process as provided in the ISO's tariff.

On and after the MRTU Effective Date, consistent with the parameters of settlements procedures as further provided in Exhibit C attached hereto, DWR agrees and Utility is ordered to perform the following as related to ISO invoices and Settlement Statements (as such term is defined in the ISO tariff then in effect) issued to Utility in its role as load serving entity.

On and after the MRTU Effective Date, Utility shall review, validate and verify such ISO data or charges/credits contained on all ISO Settlement Statements related to Inter-SC Trades with respect to the Allocated Contracts and to provide such data or information as specified under the caption "Schedule / Bilateral Invoice" in Part II of Exhibit F attached to this Order. As to such data or information described under the caption "Schedule / Bilateral Invoice" in Part II of Exhibit F, Utility shall inform DWR of any discrepancies and shall dispute any such discrepancies with the ISO in accordance with the ISO's tariff and protocols.

At all times, for disputes affecting Utility's Remittances to DWR, including, prior to the MRTU Effective Date, disputes on ISO charges to non-DWR parties related to Surplus Revenues that would affect Remittances to DWR, Utility shall provide to DWR: a) notification of submission of the dispute through the ISO dispute resolution process, identifying, among other items, the dispute type, quantity, price and allocation; b) a copy of the submitted dispute and all supporting data; and c) a copy of all ensuing documentation resulting from the ongoing dispute

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\* Parties agreed to the application of "Good Utility Practice" as to the Utility performance of this function.

resolution process. Utility shall track and validate all disputed ISO charges involving any financial responsibility of DWR.

Section 13.03. Supplier Invoice Disputes. DWR shall continue to be responsible for all dispute resolution relating to Supplier invoices. In addition, except as specifically provided in Exhibit E of this Order, all other contract administration functions shall remain DWR's responsibility.

Section 13.04. Good-Faith Negotiations. Should any dispute arise between the Parties relating to this Order, the Parties shall undertake good-faith negotiations to resolve such dispute. If the Parties are unable to resolve such dispute through good-faith negotiations, either Party may submit a detailed written summary of the dispute to the other Party. Upon such written presentation, each Party shall designate an executive with authority to resolve the matter in dispute. Prior to the Effective Date of the 2010 Operating Order, if the Parties are unable to resolve such dispute within 30 days from the date that a detailed summary of such dispute is presented in writing to the other Party, then either Party may, at its sole discretion, submit the dispute to the Commission for final resolution.

On and after the Effective Date of the 2010 Operating Order, if the Parties are unable to resolve such dispute within 30 days from the date that a detailed summary of such dispute is presented in writing to the other Party, and the dispute relates solely to Utility's conduct, performance, acts and/or omissions (and not to DWR's conduct performance, acts and/or omissions), then DWR may, at its sole discretion, present the dispute to the Commission for resolution, in accordance with Applicable Law. All other disputes shall be brought in a court of competent jurisdiction or a forum mutually acceptable to the Parties in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party's choosing.

Section 13.05. Costs. Each Party shall bear its own respective costs and attorney fees in connection with respect to any dispute resolution process undertaken by it pursuant to this Article. Provided, however, DWR shall reimburse Utility all reasonably incurred costs, including, but not limited to, in-house and retained attorneys, consultants, witnesses, and arbitration costs, arising from or pertaining to all disputes relating to ISO charges/credits contained on all ISO settlement statements resulting from the operational, dispatch and administrative functions related to the Contracts performed by Utility on behalf of DWR, as its limited agent, pursuant to the standards set forth in Section 2.02 herein and consistent with the provisions of the ISO tariff, as may be amended from time to time, including, prior to the MRTU Effective Date, disputes on ISO charges to non-DWR parties related to Surplus Revenues that would affect Remittances to DWR. These costs shall be recorded and invoiced in the manner set forth in Section 8.01 hereof.

## **ARTICLE XIV MISCELLANEOUS**

Section 14.01. Assignment

- (a) Except as provided in paragraphs (b) (c) and (d) below, neither Party shall assign or otherwise dispose of this Order, its right, title or interest herein or any part hereof to any entity, without the prior written consent of the Commission. No assignment of this Order shall relieve the assigning Party of any of its obligations under this Order until such obligations have been assumed by the assignee. When duly assigned in accordance with this Section 14.01(a) and when accepted by the assignee, this Order shall be binding upon and shall inure to the benefit of the assignee. Any assignment in violation of this Section 14.01 (a) shall be void.
- (b) DWR may assign or pledge its rights to receive performance hereunder to a trustee or another party (“Assign(s)”) in order to secure DWR’s obligations under its bonds (as that term is defined in the Act), and any such Assign shall be a third party beneficiary of this Order; provided, however, that this authority to assign or pledge rights to receive performance hereunder shall in no event extend to any person or entity that sells power or other goods or services to DWR.
- (c) Any person (i) into which Utility may be merged or consolidated, (ii) which may result from any merger or consolidation to which Utility shall be a party or (iii) which may succeed to the properties and assets of Utility substantially as a whole, which person in any of the foregoing cases executes an agreement of assumption to perform every obligation of Utility hereunder, shall be the successor to Utility under this Order without further act on the part of any of the Parties to this Order; provided, however, that Utility shall have delivered to the Commission, DWR and DWR’s Assign(s) an opinion of counsel reasonably acceptable to the Commission and DWR stating that such consolidation, merger or succession and such agreement of assumption complies with this Section 13.01(c) and that all of Utility’s obligations hereunder have been validly assumed and are binding on any such successor or assign.
- (d) Notwithstanding anything to the contrary herein, DWR’s rights and obligations hereunder shall be transferred, without any action or consent of either Party hereto, to any entity created by the State legislature which is required under Applicable Law to assume the rights and obligations of DWR under Division 27 of the California Water Code.

Section 14.02. Force Majeure. Neither Party shall be liable for any delay or failure in performance of any part of this Order (including the obligation to remit money at the times specified herein) from any cause beyond its reasonable control, including but not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, restraint by court order or Government Authority, or any combination of these causes, which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to overcome.

Section 14.03. Severability. In the event that any one or more of the provisions of this Order shall for any reason be held to be unenforceable in any respect under applicable law, such

unenforceability shall not affect any other provision of this Order, but this Order shall be construed as if such unenforceable provision or provisions had never been contained herein.

Section 14.04. Survival of Payment Obligations. Upon termination of this Order, each Party shall remain liable to the other Party for all amounts owing under this Order. Utility shall continue to collect and remit, pursuant to the terms of the Servicing Arrangement and the principles provided in the Settlement Principles for Remittances and Surplus Revenues provided in Exhibit C hereto and any DWR Charges billed to customers or, prior to the MRTU Effective Date, any DWR Surplus Energy Sales Revenues attributable to sales entered into before the effective date of termination of the Servicing Arrangement.

Section 14.05. Third-Party Beneficiaries. The provisions of this Order are exclusively for the benefit of the Parties and any permitted assignee of either Party.

Section 14.06. Governing Law. This Order shall be interpreted, governed and construed under the laws of the State of California without regard to choice of law provisions.

Section 14.07. [Reserved.]

Section 14.08. Section Headings. Section and paragraph headings appearing in this Order are inserted for convenience only and shall not be construed as interpretations of text.

Section 14.09. Amendments. No amendment, modification, or supplement to this Order shall be effective unless it is in writing and signed by the authorized representatives of both Parties and approved as required, and by reference incorporates this Order and identifies the specific portions that are amended, modified, or supplemented or indicates that the material is new. No oral understanding or agreement not incorporated in this Order is binding on either of the Parties.

Section 14.10. Amendment Upon Changed Circumstances. (a) The Parties acknowledge that compliance with any Commission decision, legislative action or other governmental action (whether issued before or after the Effective Date of this Order) affecting the operation of this Order, including but not limited to (i) dissolution of the ISO, (ii) changes in the ISO market structure, including but not limited to MRTU or a reversion related thereto, (iii) a decision regarding direct access currently pending before the Commission, (iv) the establishment of other Governmental Programs, or (v) a modification to the Contract Allocation Order may require that amendment(s) be made to this Order. If either Party reasonably determines that such a decision or action would materially affect the services to be provided hereunder or the reasonable costs thereof, then upon the issuance of such decision or the approval of such action (unless and until it is stayed), the Parties shall negotiate the amendment(s) to this Order that is (or are) appropriate in order to effectuate the required changes in services to be provided or the reimbursement thereof. If the Parties are unable to reach agreement on such amendments within 60 days after the issuance of such decision or approval of such action, either Party may, in the exercise of its sole discretion, submit the disagreement to the Commission for proposed resolution, in accordance with Applicable Law. Nothing herein shall preclude either Party from challenging the decision or action which such Party deems may adversely affect its interests in any appropriate forum of the Party's choosing.

(b) The Parties shall, if the rating agencies request changes to this Order which the Parties reasonably determine are necessary and appropriate, negotiate in good faith, but will be under no obligation to reach agreement or to ask the Commission to amend this Order to accommodate the rating agency requests. The Parties will cooperate in obtaining any required approvals of the Commission or other entities for such amendments.

(c) Upon request of DWR, the Utility agrees to a meet and confer for any reasonable issues identified by DWR as necessary and appropriate for DWR as related to its financial reporting and fiduciary responsibilities and any rights and obligations related to this Operating Order. In addition, upon the reasonable request of DWR, the Utility will provide to DWR any information in respect of Utility that is applicable to the rights and obligations of the Parties under this Operating Order or any material information that is reasonably necessary for DWR to monitor and manage their risks and perform their fiduciary responsibilities. Likewise, upon the reasonable request of Utility, DWR will provide to Utility any information in respect of DWR that is applicable to the rights and obligations of the Parties under this Operating Order or any material information that is reasonably necessary for Utility to operationally administer the Allocated Contracts. If the joint analysis of this information and the “meet and confer” process indicate DWR should, in its judgment, revise its revenue requirement determination for submittal to the Commission, the Utility agrees to support an appropriate revised determination by DWR.

DWR and the Utility agree that as MRTU moves forward either DWR or Utility may identify further changes required to properly administer the Allocated Contracts under MRTU. DWR and the Utility shall meet and confer on mutual solutions to such changes, implement such solutions, and include them in modifications to the Servicing Arrangement and/or this Operating Order.

#### Section 14.11. Indemnification.

- (a) Indemnification of DWR. Utility (the “Indemnitor”) shall at all times protect, indemnify, defend and hold harmless DWR, and its elected officials, appointed officers, employees, representatives, agents and contractors (each, an “Indemnified Party” or an “Indemnitee”) from and against (and pay the full amount of) any and all claims (whether in tort, contract or otherwise), demands, expenses (including, without limitation, in-house and retained attorneys’ fees) and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed), to third parties arising from or in connection with (or alleged to arise from in connection with): (1) any failure by Utility to perform its material obligations under this Order; (2) any material representation or warranty made by Utility shall prove to be false, misleading or incorrect in any material respect as of the date made; (3) the gross negligence or willful misconduct of Utility or any of its officers, directors, employees, agents, representatives, subcontractors or assignees in connection with this Order; and (4) any violation of or failure by Utility or Indemnitor to comply with any Applicable Commission Orders or Applicable Law; provided, however, that the foregoing indemnifications and protections shall not extend to any losses arising from gross negligence or willful misconduct of any Indemnified Party.

- (b) Obligation of Utility. Consistent with the Contract Allocation Order, Utility shall not, in acting as limited agent of DWR hereunder be required to perform any obligations of any Supplier or on behalf of any Supplier under any Allocated Contract or to make any payments on behalf of such Supplier or as the result of the failure of such Supplier to perform under any Allocated Contract, except as otherwise explicitly noted in the Operating Protocols attached as Exhibit A and as further provided in Section B of Part III of Exhibit C attached hereto.
- (c) Indemnification of Utility. To the extent permitted by law, DWR (“Indemnitor”) shall at all times protect, indemnify, defend and hold harmless Utility, and its officers, employees, representatives, agents and contractors (each, an “Indemnified Party” or “Indemnitee”), from and against (and pay the full amount of) any and all claims (whether in tort, contract or otherwise), demands, expenses (including, without limitation, in-house and retained attorneys’ fees) and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed), to third parties arising from or in connection with (or alleged to arise from or in connection with): (1) any failure by DWR to perform its material obligations under this Order or any Allocated Contract; (2) any material representation or warranty made by DWR shall prove to be false, misleading or incorrect in any material respect as of the date made; (3) the gross negligence or willful misconduct of the DWR or any of its officers, directors or employees, agents, representatives, subcontractors or assignees in connection with this Order; (4) any action claiming Utility failed to perform any Supplier’s obligations under a Contract; and (5) any violation of or failure by DWR or Indemnitor to comply with any Applicable Law; and provided, however, that the foregoing indemnifications and protections shall not extend to any losses arising from the gross negligence or willful misconduct of any Indemnified Party.
- (d) Indemnification Procedures. Indemnitee shall promptly give notice to Indemnitor of any claim or action to which it seeks indemnification from Indemnitor. Indemnitor shall defend any such claim or action brought against it, and may also defend such claim or action on behalf of the Indemnitee (with counsel reasonably satisfactory to Indemnitor) unless there is any actual or potential conflict between Indemnitor and Indemnitee with respect to such claim or action. If there is any actual or potential conflict between Indemnitor and Indemnitee with respect to such claim or action, Indemnitee shall have the opportunity to assume (at Indemnitor’s expense) defense of any claim or action brought against Indemnitee by a third party; however, failure by Indemnitee to request defense of such claim or action by the Indemnitor shall not affect Indemnitee’s right to indemnity under this Section 14.11. In any action or claim involving Indemnitee, Indemnitor shall not settle or compromise any claim without the prior written consent of Indemnitee.

Section 14.12. Notices and Demands. (a) Except as otherwise provided under this Order, all notices, demands, or requests pertaining to this Order shall be in writing and shall be deemed to have been given (i) on the date delivered in person, (ii) on the date when sent by facsimile

(with receipt confirmed by telephone by the intended recipient or his or her authorized representative) or electronic transmission (with receipt confirmed telephonically or electronically by the intended recipient or his or her authorized representative) or by special messenger, or (iii) 72 hours following delivery to a United States post office when sent by certified or registered United States mail postage prepaid, and addressed as set forth below:

Utility: Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2B  
Rosemead, California 91770

Attn: Mark Reardon, Manager  
Telephone: (626) 302-3288  
Facsimile: (626) 302-3276  
Email: Mark.Reardon@sce.com

DWR: State of California  
The Resources Agency  
Department of Water Resources  
California Energy Resources Scheduling Division  
2033 Howe Avenue, Suite 220  
Sacramento, California 95825

Attn: John Pacheco  
Acting Deputy Director  
Telephone: (916) 574-0311  
Facsimile: (916) 574-2512  
Email: jpacheco@water.ca.gov

- (a) DWR agrees and with respect to the Utility it is ordered that each Party shall be entitled to specify as its proper address any other address in the United States, or specify any change to the above information, upon written notice to the other Party complying with this Section 14.12.
- (b) DWR agrees and with respect to the Utility it is ordered that each Party shall designate on Attachment A the person(s) to be contacted with respect to specific operational matters. Each Party shall be entitled to specify any change to such person(s) upon written notice to the other Party complying with this Section 14.12.

Section 14.13. Effective Date. This Order shall be effective on the effective date set forth in the decision in which the Commission adopts this Order. Except as expressly provided otherwise herein, neither Party may commence performance hereunder until such date. Any delay in the commencement of performance hereunder as a consequence of waiting for such adoption(s) shall not be a breach or default under this Order.

Section 14.14. Government Code and Public Contract Code Inapplicable. DWR has determined, pursuant to Section 80014(b) of the California Water Code, that application of certain provisions of the Government Code and Public Contract Code applicable to State

contracts, including but not limited to advertising and competitive bidding requirements and prompt payment requirements, would be detrimental to accomplishing the purposes of Division 27 (commencing with Section 80000) of the California Water Code and that such provisions and requirements are therefore not applicable to or incorporated in this Order.

Section 14.15. Annual Review. On and after the Effective Date of the 2010 Operating Order, the provisions of the Exhibits are subject to annual review by DWR and Utility to ensure their relevance and usefulness. In the event that the Parties mutually agree that certain provisions of the Exhibits should be amended or supplemented, an amendment to the Exhibit should be executed and Utility shall submit to the Commission for approval.

Section 14.16. [Reserved]

Schedule 1

**ALLOCATED CONTRACTS**

<b>SCE Contracts</b>	<b>Contract Name</b>	<b>Contract Bidding and Operations Summary</b>	<b>Remittance Basis</b>	<b>Contract Stated Termination Date</b>
Must-Take Contract	Sempra Import –	Import through SCE SC	Scheduled Quantity including Real Time Adjustments	9/30/2011
	Sempra–Off System	Deal Quantity	Deal Quantity	9/30/2011
	Sempra Transfers –	IST in Day Ahead at Gen Hub or P-Node	IST Quantity <sup>2</sup>	9/30/2011
	PRF (Allegheny)	IST in Day Ahead	IST Quantity	12/31/2011
Large Dispatchable	High Desert	Unit will be bid or self-scheduled into market for all hours. IST (in Day Ahead and/or HASP IST) at P-node will be scheduled as determined appropriate by SCE <sup>4, 5, 6</sup>	IST Quantities <sup>2</sup>	1/21/2011
	JP Morgan D AL1, AL5, HB1, RB6	Unit will be bid into Market	Metered Amount <sup>1</sup>	12/31/2010
Small Dispatchable (Peakers)	Colton – Drows, Century	Self-schedule with IST (in Day Ahead and/or HASP) at P-node <sup>3</sup>	IST Quantities <sup>2</sup>	12/31/2010
PIRP	Mountain View (Wind)	IST (in Day Ahead and/or HASP) at P-node <sup>7</sup>	IST Quantities <sup>2</sup>	9/30/2011

<sup>1</sup> IOU-SC will retain market revenues/charges.

<sup>2</sup> IST quantities include CPT quantities, if any.

<sup>3</sup> A schedule reduction in HASP can only be accomplished by DEC bids.

<sup>4</sup> DWR and High Desert will determine appropriate payments to unwind CPTs consistent with the contract.

<sup>5</sup> Generation above the IST quantity will be attributable to the DWR. Market Revenues for the generation above the IST quantity will be paid to DWR by the counterparty, consistent with the contract.

<sup>6</sup> SCE will deliver High Desert Forecast and Actual Output reports as further described in Exhibit F of the 2010 Operating Order.

<sup>7</sup> IOU will schedule PIRP units according to PIRP requirements.

Schedule 2

**REPRESENTATIVES AND CONTACTS**

Southern California Edison Company  
2244 Walnut Grove Avenue, G.O.1, Quad 2B  
Rosemead, California 91770

Primary Contact:

Mark Reardon, Manager  
Telephone: (626) 302-3288  
Facsimile: (626) 302-3276  
Email: Mark.Reardon@sce.com

Alternate Contact:

Stephen Regalado, Project Manager  
Telephone: (626) 302-4534  
Facsimile: (626) 302-8972  
Email: Stephen.Regalado@sce.com

**DWR/SCE EXHIBIT A**  
**OPERATING PROTOCOLS**

## EXHIBIT A

### OPERATING PROTOCOLS

Pursuant to Section 4.01 of the Operating Order, on behalf of DWR as its limited agent, Utility shall perform the day-to-day scheduling and dispatch functions, including day-ahead, hour-ahead and real-time trading, scheduling of transactions with all involved parties, making surplus energy sales (prior to the MRTU Effective Date) and obtaining relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 to the Operating Order, all as more specifically provided below and in compliance with the provisions of each of the Contracts:

- I. Resource Commitment and Dispatch. Utility agrees to use good faith efforts to dispatch Allocated Contracts, based on the principle of “least cost dispatch” to retail customers, consistent with the Contract Allocation Order and other Applicable Commission Orders. On and after the Effective Date of this 2010 Operating Order, Utility shall undertake these least cost dispatch functions both of the Contracts and its URG so as to minimize the cost of service to retail customers based on circumstances known or that reasonably could have been known by Utility at the time dispatch decisions are made. DWR shall have no role in enforcement or review of Utility least cost dispatch under the Operating Order and all issues of Utility compliance with least cost dispatch shall be within the sole review of the Commission.
  - A. Annual, Quarterly and Weekly Load and Resource Assessment Studies. Utility shall provide to DWR copies of its annual and quarterly load and resource assessment studies. Provided that Utility submits substantially the same information to the Commission, copies of the Commission submission will be simultaneously sent to DWR to satisfy requirements of this section. On and after the Effective Date of the 2010 Operating Order, Utility will provide a weekly commitment and dispatch plan for informational purposes to DWR in the same form that such plan is used internally.
  - B. Scheduling Protocols.
    1. DWR is responsible for notifying the counter-party to each of the Allocated Contracts that scheduling under the Allocated Contracts will be performed by Utility before the first day that schedules are due to be submitted by Utility. DWR is responsible for notifying Utility of any changes to the Allocated Contracts that it has negotiated, including changes to the scheduling terms. DWR agrees to provide such notice as soon as possible following the negotiation of any changed provisions and in any case prior to the time that any changed provisions become effective.
    2. Utility agrees to schedule Contracts in accordance with their terms and in accordance with the requirements of the Control Area operator or operators with whom the Contract must be scheduled to provide for power delivery.

- II. ISO Ancillary Service (AS) Market. Among the Contracts are resources that are or may be qualified to be bid into the ISO's Ancillary Services ("AS") market or that Utility may use in its self-provision of AS. Utility is authorized to develop protocols and procedures for the use of DWR resources for AS. On and after the Effective Date of the 2010 Operating Order, Utility shall, upon DWR's request, provide to DWR such information concerning Utility's intended use of DWR resources for AS as DWR may reasonably request for planning and revenue requirement purposes.
- III. Surplus Energy Sales and Energy Exchanges - Prior to MRTU Effective Date. The provisions set forth under this Section III shall be applicable prior to the MRTU Effective Date.
- A. Over-generation. In an over-generation situation (i.e., a condition where must take resources are in excess of retail load, wholesale load and available surplus sales and it is necessary to physically back-down must-take resources), or an anticipated or projected over-generation situation, Utility will determine which must-take resource should back down in accordance with the ISO tariff, Good Utility Practice and Utility's back-down protocols, provided such back-down protocols have been provided to DWR and DWR has not objected to them. In the event DWR objects to Utility's back-down protocols, any disputes shall be submitted to Commission for resolution. In order to reduce the need for physical curtailment in over-generation situations, DWR and Utility shall develop pay for curtailment protocols and procedures that will enable Utility to instruct a must-take resource not to deliver energy under specified conditions for Commission review and approval. The costs and charges associated with mitigation of an over-generation situation shall be allocated among the parties on a pro-rata basis consistent with the surplus sales allocation principles set forth in Exhibit C.
- B. Energy Exchange Arrangements. Existing non-DWR/CERS exchanges and those that might be transacted post-2002, will be considered URG exchanges. The accounting of energy necessary to support energy exchanges is addressed in Exhibit C.
- C. Surplus Energy Sales Arrangement. Utility shall on a monthly basis and updated weekly basis prepare a sales plan addressing balance of month, weekly, balance of week and other short-term sales for review by DWR.\* To the extent there is surplus power uncommitted to a forward energy surplus sales transaction or the Parties are unable to agree on a sales plan for such energy, Utility shall sell such surplus energy in the day-ahead, hour-ahead or real-time market. Utility shall arrange for transmission service to accommodate surplus sales to the extent that transmission service is available and cost effective. The costs of transmission service associated with such surplus energy sales transactions shall be treated in accordance with the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C. For surplus energy sales to third parties, Utility

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\* The parties mutually agreed that the Utility would provide a sales plan upon DWR request.

shall apply prudent credit risk management criteria to ensure that such purchasers meet or exceed DWR credit criteria, then consistent with industry accepted credit standards. If Utility sells surplus Power to an entity that requires collateral, the cost and obligation to post such collateral shall be Utility's responsibility.

- IV. Daily Information. Prior to the Effective Date of this 2010 Operating Order, on a daily basis, Utility shall transmit to DWR a copy of its day-ahead and hour-ahead schedules submitted to the ISO. Utility shall remit DWR Revenues to DWR for each transaction day consistent with the Settlement Principles for Remittances and Surplus Revenues set forth in Exhibit C hereto and the provisions of the Servicing Arrangement.
  
- V. Outage Coordination and Determination of Resource Availability of Contracts. Utility shall communicate with the Scheduling Coordinator of each Contract to coordinate, approve, document and report planned Contract outages. For those Contracts where resource availability affects capacity payments, Utility will use good faith efforts to verify Supplier's actual resource availability, and keep records of resource availability as reported by Supplier. In addition, Utility shall document all outages (forced and planned) and notices of outages of DWR contract resources and provide such documents to DWR within five (5) business days after the end of each calendar month.

**DWR/SCE EXHIBIT B**  
**FUEL MANAGEMENT PROTOCOLS**

## **EXHIBIT B**

### **FUEL MANAGEMENT PROTOCOLS**

Certain of the Contracts listed on Schedule 1 of the Operating Order provide DWR the option of either (i) letting the Supplier provide the necessary natural gas for its generating units at an index-based price or agreed upon fixed price or (ii) DWR procuring the gas supply and causing such supply to be delivered to the Supplier under a tolling arrangement (“Fuel Option”). Certain of the Contracts with Fuel Option provide that DWR can decide on a monthly basis whether to procure the gas and others provide that the decision be made annually or semi-annually when DWR reviews the Supplier’s proposed fuel plan.

The purpose of this Exhibit B is to describe the relationship which will exist between DWR and Utility and the specific responsibilities of each as they all relate to managing the natural gas provisions of the Contracts which include Fuel Options. Specifically, this Exhibit B will address responsibilities for the following activities: (i) determining types and lengths of gas contracts, (ii) nominating deliveries, (iii) contracting for gas transportation and storage, (iv) managing imbalances, (v) reviewing, authorizing and making payment of gas invoices and (vi) determining and implementing hedge strategies, as appropriate.

#### **I. Operating Relationship Between DWR and Utility**

While DWR will retain legal and financial responsibility for gas and related services, Utility shall, as a limited agent acting for DWR, perform the administrative and operational activities, as further specified below, required to ensure adequate gas is supplied to Suppliers’ generating units, consistent with the tolling provisions included in the Contracts. The intent of this relationship is to provide Utility sufficient flexibility and authority to execute normal day-to-day activities associated with managing the fuel provisions of tolling Contracts and procurement of natural gas and related services, as a limited agent acting on behalf of DWR without direct involvement by DWR but in a manner consistent with Utility Gas Supply Plans which have been reviewed and approved by DWR and the Commission.

#### **II. Fuel Activities**

Consistent with the terms of the Contracts with Fuel Options, Utility shall have administrative and operational authority to act, as a limited agent, for fuel supply related activities, consistent with the following goals and guidelines whenever Utility has recommended, and DWR has reviewed and approved such recommendation that gas for a Contract with Fuel Option be caused to be supplied by Utility from a list of approved providers.

1. Utility shall use reasonable commercial efforts to secure delivery of gas in a reliable manner and consistent with gas requirements for producing scheduled energy.
2. Utility shall develop a portfolio of gas supply for the Contracts that contain Fuel Options and where Utility is to supply gas, acting as limited agent on behalf of

DWR, consistent with the approved Utility Gas Supply Plans. Such portfolio should be diversified in terms of price mechanism, period of performance, and gas suppliers.

3. Utility shall develop a portfolio of supply which is reasonably priced relative to the market and in accordance with an approved Utility Gas Supply Plan.

### **III. Review of Supplier Fuel Plans**

In accordance with the terms of each of the Contracts with Fuel Options, Utility, acting as a limited agent on behalf of DWR, shall review each fuel plan prepared and submitted by the Supplier, and forwarded to the Utility by DWR, and determine whether to recommend (i) approval of the Supplier Fuel Plan and authorization for the Supplier to provide gas to its generating unit(s), or (ii) procurement and management of gas supplies to the generating unit(s) by Utility. Utility, acting as a limited agent on behalf of DWR, shall advise DWR and the Commission on a timely basis of its recommendation regarding responsibility for supplying natural gas. DWR shall, on a timely basis, review Utility's recommendation and either approve or identify requested changes. Once approved, DWR shall advise the Supplier in accordance with the time requirements included in the appropriate Contract with Fuel Option. In addition, for any Supplier Fuel Plans which have been implemented and are operative as of the Effective Date, and where DWR has previously elected to be responsible for gas supply, Utility may advise DWR that it would rather have Supplier provide the gas as of the Effective Date. DWR shall coordinate with Utility and Supplier to revise such Supplier Fuel Plans, to the extent possible, prior to the Effective Date.

### **IV. Fuel Procurement Strategies**

Under the Contracts with Fuel Option, upon Utility's recommendation, and DWR's review and approval of such recommendation, Utility will be responsible for procuring the natural gas fuel from a list of approved gas providers. Utility shall, acting as the limited agent of DWR, have administrative and operational responsibility for determining its gas procurement strategies, including but not limited to (i) types of contracts, (ii) length of contracts, (iii) pricing terms, (iv) use of storage, (v) types of gas transportation, (vi) delivery point(s), (vii) whether and how to obtain gas price forecasts, (viii) if and what risk management tools are to be used, and (ix) how to maintain current market intelligence.

Utility shall consolidate these strategies and submit them to DWR and the Commission as a "Utility Gas Supply Plan" by April 17, 2003 and, thereafter on a semi-annual basis initially but was subsequently revised to be submitted on an annual basis during the Term. Utility may also provide a copy of such Gas Supply Plan to DWR in advance of the filing with the Commission so as to be able to indicate DWR's approval of such plan. Utility shall indicate in its Advice Letter filing to the Commission whether DWR has approved such plan as appropriate. DWR shall also formally notify the Commission when it has approved such plan.

DWR and the Commission will review and approve the Utility Gas Supply Plans. On and after the Effective Date of the 2010 Operating Order, in the event of conflicting guidance between the Commission and DWR regarding various aspects of the Gas Supply Plan they respectively approve or reject, where DWR only approves a subset of what the Commission approves, then Utility shall operate within the sphere of DWR's approval. If, however, the Commission explicitly rejects portions of the Gas Supply Plan that DWR would authorize, then Utility must operate within the limitations of the Commission's decision. After a reasonable period of time operating within the framework of the Gas Supply Plans and the Commission's and DWR's respective approval and/or rejection of various pieces of the Gas Supply Plan, the Parties agree to meet and confer to determine whether the approval process may need to be revised in some manner, and Utility shall submit to Commission any such proposed revisions. In all cases, once approved, Utility may act within such Utility Gas Supply Plan without further DWR involvement, except as provided below.

#### **V. Gas Purchasing**

Utility and DWR shall jointly determine a list of approved gas providers who can be used to supply gas under the Contracts with Fuel Options. Master agreements intended to cover normal day-to-day volumes will then be executed with such approved providers. While DWR will be the executing party under all DWR gas contracts, such agreements shall specifically authorize Utility to act for and on behalf of DWR, as a limited agent, in negotiating specific prices, quantities and delivery periods for specific purchases under such master agreements; provided however, on the earliest practicable date after the issuance date of the 2010 Operating Order, DWR agrees to provide to Utility in writing and in advance of such negotiations any limits, including without limitation any terms, that may be required by DWR. If Utility determines it would be beneficial to enter into any DWR gas contract which exceeds 3 months or have a total value exceeding \$10 million, it shall negotiate such agreement(s) and submit them to DWR for advance approval and execution.

#### **VI. Gas Transportation**

Utility shall have responsibility for recommending to DWR which pipelines should transport gas if Utility, acting as limited agent on behalf of DWR is to supply gas under a Contract with Fuel Option. Following approval of or revision of Utility Gas Supply Plan, Utility shall negotiate firm and/or interruptible agreements with such pipelines, consistent with the Utility Gas Supply Plan and submit them to DWR for execution. While DWR will be the executing party, such agreements with pipelines shall specifically authorize Utility to act for and on behalf of DWR in nominating gas deliveries, making imbalance trades and managing gas volumes transported under such agreements provided, however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to provide to Utility in writing and in advance of such negotiations any limits, including without limitation any terms, that may be required by DWR.

#### **VII. Gas Scheduling**

If permitted under the Contracts, the Utility shall have full administrative and operational responsibility for scheduling gas deliveries, whether to a specific generating plant or to storage for all gas contracts entered into by DWR or by Utility on DWR's behalf pursuant to this Exhibit B. This function includes use of interstate and intrastate gas pipeline provider websites, confirming via telephone, and all other activities required to move gas from the designated delivery point, as determined by the Utility, to its destination, as determined by the Utility.

#### **VIII. Storage Capacity, Injections and Withdrawals**

Utility shall have responsibility for devising plans for gas storage, if Utility, acting as limited agent on behalf of DWR, is to supply gas under Contracts with Fuel Option from a list of approved providers. Following approval of the Utility Gas Supply Plans, Utility shall negotiate firm and/or interruptible agreements with such storage service providers and submit them to DWR for execution. While DWR will be the executing party with DWR remaining the principal under such contracts, such agreements with storage service providers shall specifically authorize Utility to act for and on behalf of DWR in nominating gas injections and withdrawals under such agreements; provided, however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to provide to Utility in writing and in advance of such negotiations any limits, including without limitation any terms, that may be required by DWR.

#### **IX. Managing Gas Delivery/Usage Imbalances**

For gas that it purchases and transports on behalf of DWR, Utility shall have full administrative and operational responsibility for monitoring and managing the daily status of gas usage vs. gas deliveries (i.e. gas imbalances). In addition, to the extent that gas transportation providers issue operational flow orders or require adjustments in scheduled gas deliveries due to system constraints, Utility, acting as limited agent on behalf of DWR, shall be responsible for compliance with such orders. Utility shall also be responsible for any penalties imposed by gas transportation providers for imbalances caused by Utility, due to its failure to exercise prudent gas management practices.

#### **X. Invoice Review, Approval and Payment**

For natural gas, pipeline transportation and storage services it purchases in accordance with this Exhibit B, Utility, acting as limited agent on behalf of DWR, shall have responsibility for receiving invoices from gas, transportation and storage suppliers, reviewing them for accuracy, approving/rejecting invoices for payment and forwarding to DWR for payment; provided, however, on the earliest practicable date after the issuance date of the Operating Order, DWR agrees to cause Utility to be authorized to receive such information from Suppliers. Utility shall provide DWR sufficient documentation to verify payment of the invoices.

#### **XI. Forecasting**

Utility shall be responsible for all gas price, demand and supply forecasts which Utility believes are consistent with any accepted gas supply responsibilities.

## **XII. Risk Management**

Utility shall develop and include in its Gas Supply Plans, plans for the hedging of DWR Fuel Supply costs. Final decisions relating to the use or non-use of financial tools such as futures, options and swaps to hedge future gas price exposure on any gas volumes not hedged by Utility under the Utility Gas Supply Plans shall be made and implemented by DWR. Any such contracts executed by DWR on a “portfolio basis” should be utility-specific.

## **XIII. Market Intelligence**

Any and all efforts to obtain, analyze and utilize market intelligence for decision-making purposes shall be the responsibility of Utility.

## **XIV. Payment of Gas Costs**

For natural gas, pipeline transportation, financial hedges and storage services that are purchased and provided by a Supplier under an approved Fuel Supply Plan, DWR shall pay such gas related costs as part of the invoice for commodity, product, or services submitted by the Supplier. For natural gas, pipeline transportation and storage services provided under DWR contracts and administered by Utility on behalf of DWR, DWR shall pay invoices after they have been reviewed and approved for payment by Utility.

## **XV. Allocation of Existing DWR Gas Contracts**

From time to time, DWR enters into fuel supply, transportation and storage contracts, consistent with the Gas Supply Plans submitted to the Commission by the Utility. DWR will continue to enter into such contracts in connection with the administration of DWR Contracts. In addition, consistent with Decision 03-10-016 dated October 2, 2003, issued by the Commission, the Utility will continue to administer the allocated portion of the Williams Energy Marketing and Trading Company’s gas supply contract (“Williams Gas Contract”), allocated as set forth in Attachment 1 to this Exhibit B. The Utility will administer such fuel supply, transportation and storage contracts, including the Williams Gas Contract, and perform such functions including but not limited to (i) scheduling gas transportation, (ii) confirming gas deliveries, (iii) nominating gas withdrawals from and injections into storage, if applicable, and (iv) reviewing and approving invoices for payment. When approved, invoices shall be transmitted to DWR for payment within 10 days of receipt of invoice from the gas supplier, gas storage or gas transportation provider.

## **XVI. Pre-existing Financial Hedge Instruments**

If DWR has entered into any financial hedge transactions that will remain operable after the Effective Date of the Existing Operating Arrangement or this 2010 Operating Order, DWR shall retain full administrative and operational control over such transactions.

Attachment 1  
to Exhibit B

Williams Gas Contract Allocation Table

Quarterly Allocation of Williams Gas Contract (rounded to nearest 5 percent)	2004		2005-2010 Average (after Dynegy contract)	
	SCE	SDG&E	SCE	SDG&E
Jan - Mar	100%	0%	85%	15%
Apr - Jun	95%	5%	85%	15%
Jul - Sep	60%	40%	35%	65%
Oct - Dec	90%	10%	50%	50%

**DWR/SCE EXHIBIT C**  
**SETTLEMENT PRINCIPLES**  
**FOR REMITTANCES AND**  
**SURPLUS REVENUES**

## EXHIBIT C

### SETTLEMENT PRINCIPLES FOR REMITTANCES AND SURPLUS REVENUES

This Exhibit C outlines the principles by which Utility will calculate revenues associated with surplus energy sales prior to the MRTU Effective Date, and DWR energy delivered to retail customers. This Exhibit C also addresses the information that Utility will provide to DWR to support DWR payment of Contract invoices, and invoices from natural gas supplier(s) for fuel provided to service DWR Contracts where tolling options have been implemented.

This Exhibit C works in conjunction with the applicable Servicing Arrangement with Utility for purposes of determining the remittance amounts by Utility, which serves as DWR's billing and collection agent.

Prior to the MRTU Effective Date, in accordance with the Contract Allocation Order<sup>1</sup>, Part I of this Exhibit C provides that:

- Revenues will be allocated for both surplus sales and retail customer deliveries
- Revenues will be allocated pro rata, based on dispatched quantities of energy
- The principle of balancing least cost economic dispatch while maintaining reliability is reinforced through these revenue allocation protocols.
- Surplus sales quantities will be calculated as the difference between Utility's Energy Delivery Obligations (EDO) and the combination of energy from URG and energy dispatched from the Contracts.

Where Utility's Energy Delivery Obligations is defined as: (1) Utility's retail load which includes distribution losses, (2) all pump-back loads, (3) energy exchange transactions between Utility and counter parties, (4) wholesale obligations, existing as of January 1, 2003, and (5) transmission losses.

On and after the MRTU Effective Date, as further provided in that certain Memorandum of Understanding, dated as of February 4, 2009, which was approved by the Commission on March 13, 2009 ("MOU"), Remittances to DWR will be allocated as further provided in Part II hereof.

The principles herein, together with the applicable methods and calculations contained in the Servicing Arrangement, form a substantive component of the accounting protocols required to implement the Contract Allocation Order, as certain of the principles are modified on and after the MRTU Effective Date as provided in this 2010 Operating Order and the Servicing Arrangement. This Exhibit should also be read in conjunction with Exhibit F ("Data Requirements").

On and after the MRTU Effective Date, Exhibit F may periodically be modified to include all data that DWR will require to verify Remittances to DWR or to implement protocol changes.

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<sup>1</sup> Contract Allocation Order is CPUC Decision (D.) 02-09-053.

Utility and DWR agree to modify Exhibit F to include or exclude information reasonably determined by DWR to allow DWR to verify Net DWR Retail Supply and, prior to the MRTU Effective Date, the surplus remittances. On and after the MRTU Effective Date, Utility and DWR further agree to review and modify Exhibit F, from time to time, to include or exclude such information so as to allow DWR to perform such internal procedures that are reasonable and determined appropriate by DWR, and such validation, analysis and audit of the settlement functions to be performed by Utility, as DWR's limited agent, consistent with the principles and parameters set forth in Part III of this Exhibit C.

## **I. Utility Remittance to DWR - Prior to the MRTU Effective Date**

The provisions under this Part I shall be effective to but not including the MRTU Effective Date. On and after the MRTU Effective Date, the provisions under Part II shall control.

Utility shall remit to DWR an Energy Payment for the delivery of Contract energy to Utility retail customers and a separate payment for DWR's share of Surplus Energy Sales Revenues. The principles for the remittances to DWR of Surplus Energy Sales Revenue and Energy Payment are contained in Sections A and B, respectively, of this Part I of this Exhibit C. The details for determination of the remittances to DWR by Utility are contained in the Servicing Arrangement.

### **A. Utility Remittance to DWR of Revenue from Surplus Energy Sales**

#### Surplus Energy and Revenues

Surplus energy exists when dispatched supply from Utility portfolio and DWR Contracts exceeds Utility's Energy Delivery Obligations. When such a condition exists, the revenues from the sale of surplus energy shall be shared between Utility and DWR. Surplus sale revenues can occur either through a forward market sale or a delivery of the excess energy into the ISO real time market. In addition to the sharing of surplus energy revenues, the quantity of any surplus energy shall likewise be shared between Utility and DWR, and used in the determination of the Hourly Percentage Factor described in Section B of this Part I.

#### Surplus Energy Quantity

The Surplus Energy quantity shall be determined by subtracting Utility's Energy Delivery Obligations from the sum of dispatched Utility Supply and dispatched DWR Supply. Utility Supply shall include dispatched energy from URG, new Utility contracts and Utility market purchases net of adjustments described below. DWR Supply shall include dispatched energy from DWR must take and dispatchable contracts net of adjustments described below.

DWR Surplus Energy quantity shall be the product of Surplus Energy quantity multiplied by the DWR Surplus Energy Percentage. Utility Surplus Energy quantity shall be the remaining portion of Surplus Energy. Both Utility and DWR Surplus Energy quantities shall be applied to the respective Party's energy supply

quantities for determination of the Hourly Percentage Factor described in Section B of this Part I.

#### Surplus Energy Sales Revenues

Surplus Energy Sales Revenues shall be shared between Utility and DWR in the same manner as Surplus Energy. All shared revenues shall be net of any costs associated with the sale, such as transmission costs and broker fees. ISO Charges incurred after the effective date will be allocated to the Utility, consistent with Exhibit D.

#### Forward Market Sale

DWR share of revenues from a forward market sale of surplus energy shall be the product of the net revenue multiplied by the DWR Surplus Energy Percentage. Utility share of these revenues shall be net revenue less DWR share of net revenues. Revenues from a forward market sale shall not be distributed to DWR until after Utility receives the revenues from the sales and pays sale-related charges.

#### ISO Real Time Market Sales

Revenues from delivery of surplus energy to the ISO real time market shall be determined from the product of the positive load or supply deviation multiplied by the ISO real time market price. These revenues will be netted against any ISO charges related to the load or supply deviation, including a negative ISO price. Load deviation is determined by subtracting Final Hour Ahead Load Schedule from Utility metered load, however only positive quantities, where schedule exceeds meter, reflect surplus conditions for revenue sharing. Supply deviation is determined by subtracting final hour ahead supply schedule from metered generation for all resources; however, only positive quantities, where meter exceeds schedule, reflect surplus conditions for revenue sharing.

DWR share of revenues from delivery of surplus energy to ISO real time market shall be the product of the net revenues multiplied by the DWR Surplus Energy Percentage. Utility share of these net revenues shall be the net revenue less DWR share of net revenues. DWR's share of net revenues from delivery of surplus energy to the ISO real-time market shall not be distributed to DWR until after the final monthly invoice from the ISO is due for the month in which the surplus energy was delivered.

#### Over-generation Periods

During periods of over-generation, surplus sales may be made at very low, zero or even negative prices. In such conditions, the surplus sale revenue calculations as described above still hold. However it is recognized that the sales may result in little or no revenue. Sales could even be done at a cost to the seller. That seller could be Utility or the ISO selling in an "out-of-market" condition. During these conditions, ISO-related charges assigned to Utility for such sales (e.g. – ISO selling out-of-market) are included in the surplus sales revenue as a cost. During

over-generation conditions there may be no market in which to sell surplus energy. In that event, or in expectation of that event, Utility shall declare that no valid market exists for surplus energy and shall begin curtailing must-take resources in accordance with Utility's procedures for mitigating over-generation conditions. Such mitigation measures shall be consistent with good utility practice, specifically hydroelectric facilities at spill or near-spill conditions and nuclear facilities scheduled by Utility are the last resources to be reduced in power output.

DWR Surplus Energy Percentage shall be equal to the ratio of DWR Supply to the sum of Utility Supply and DWR Supply, expressed as follows:

$$\text{DWR Surplus Energy Percentage} = \text{DWR Supply} / (\text{Utility Supply} + \text{DWR Supply})$$

Where:

DWR Supply is total energy dispatched from DWR Allocated Contracts with adjustments for transmission losses. Ancillary Services and ISO Instructed Energy transactions described below.

Utility Supply is total energy dispatched from URG, new Utility contracts and Utility market purchases with adjustments for Ancillary Services and ISO Instructed Energy, exchange transactions, negative load deviations and supply deviations as described below, and with deductions for existing energy sales transactions and utility pump-back load as of the date of this Operating Order, PG&Es WAPA load, and transmission losses.

#### Definitions and Adjustments

Certain energy and capacity transactions, which may be conducted by Utility in its normal course of business, may affect the Utility and DWR Supply quantities used in pro rata calculations.

Exchanges are transactions where energy is delivered to a third party in one period and a similar, but not necessarily equal, amount of energy is returned by third party in a different period. For the purposes of remittance determination, exchanges existing as of the date of the Operating Order are excluded from the calculation of surplus sales. New exchanges use energy from the Utility's URG.

Forward Sales are transactions where energy is sold in a forward market to balance supply with demand. In general, for the purposes of remittance determination, forward sales are made using energy from the joint Utility/DWR portfolio.

Ancillary Services are transactions where capacity from certain qualifying resources is sold to ISO for ancillary services rather than being used as energy to serve retail load. Resources from both Utility portfolio and DWR Contracts may qualify for use as ancillary services. Since the

capacity used for ancillary services does not serve retail energy load, ancillary service capacity is not considered as a joint Utility/DWR portfolio transaction for the purpose of remittance determination. If Utility or DWR Contract resource capacity is used for ancillary services, the capacity quantity will not be included in the supply quantity of the owning party for the purpose of pro rata share calculations, and owning party will retain all the revenues from the ancillary services as well as all associated transaction costs and ISO charges. Energy from dispatched ancillary services is treated in the following manner, which is intended to mirror the ISO's treatment of such Energy: (a) Energy from dispatched Spin, Non-Spin, or Replacement Reserves is treated as ISO instructed Energy (see below); (b) Energy from dispatched Regulation UP or Regulation Down is treated as Uninstructed Supply Deviations (see below).

Positive ISO Instructed Energy is a transaction where certain qualifying resources are able to sell energy from unused capacity to the ISO in the real time market. The energy delivered from these resources is directed by the ISO in real time to balance supply and load imbalances on the grid. Either Utility portfolio or DWR Contracts may contain resources that have ability to provide instructed energy to ISO. Since instructed energy is resource specific and does not directly serve the retail load of any utility, instructed energy is not considered as a joint Utility/DWR portfolio transaction for the purpose of remittance determination. If Utility or DWR Contract resources are dispatched as instructed energy, the energy quantity will not be included in the supply quantity of the owning party for the purpose of pro rata share calculations, and owning party will retain all the revenues from the instructed energy as well as all associated transaction costs and ISO charges.

Negative ISO Instructed Energy is the purchase of energy from the ISO to replace energy that a Utility or DWR resource was scheduled to generate, but did not generate due to the ISO's award of a bid to reduce generator output, Negative ISO Instructed Energy is considered to be Utility Supply for Utility URG replacement purchases and DWR Supply for DWR Contract replacement purchases.

ISO Uninstructed Energy is a transaction where energy is delivered or received from the ISO grid in the real time based on the actual consumption of retail load and actual deliveries of supply resources. ISO Uninstructed Energy shall be treated as described below for Uninstructed Load and Uninstructed Supply Deviations.

#### Uninstructed Load Deviations

Uninstructed Load Deviations are the difference between scheduled load and metered load. If load deviations are positive (schedule exceeds meter), it is considered that excess supply was dispatched from the joint Utility/DWR portfolio in excess of quantity needed to serve retail load, and that the ISO credit for the excess supply should be shared pro rata as

described above. If load deviations are negative (meter exceed schedule), it is considered that Utility had to procure additional supply from ISO real time market. The negative load deviation quantity procured from ISO real time market is considered a Utility market purchase and the quantity will be included in Utility Supply for pro rata share calculation purposes.

#### Uninstructed Supply Deviations

Uninstructed Supply Dviations are the difference between scheduled supply and metered supply plus an ISO allocation for transmission losses. If supply deviations are positive (meter exceeds schedule), it is considered that excess supply was dispatched from the joint Utility/DWR portfolio in excess of the quantity needed to serve retail load, and that the ISO credit for the excess supply should be shared pro rata as described above. If supply deviations are negative (schedule exceeds meter), it is considered that Utility had to procure additional supply from the ISO real time market. The negative supply deviation quantity procured from the ISO real time market is considered a Utility market purchase and the quantity will be included in Utility Supply for pro rata share calculation purposes.

### **B. Utility Remittance to DWR for Sales of DWR Energy to Utility Retail Customers –Energy Payment**

Utility shall remit to DWR its Energy Payments according to the terms of each Utility’s respective Servicing Arrangement.

The DWR Energy Payment is billed by each utility to customers in accordance with the terms of each applicable Utility Servicing Arrangement. The DWR Energy Payment is billed kWhs served by Net DWR Supply at the applicable CPUC approved DWR rate, less uncollectibles as established by the respective Servicing Arrangement. Net DWR Supply is total DWR Supply less DWR share of surplus energy. The DWR Energy Payment is allocated based on the percentage of energy supplied by DWR to Utility, which is the “Hourly or Daily Percentage Factor” multiplied by the retail load billed to customer. The Hourly or Daily Percentage Factor is determined by calculating the percentage of net energy supplied by DWR to Utility to serve retail load, as expressed below over the relevant time period, as further described in the Utility Servicing Agreement:

*Hourly Percentage Factor = Net DWR Supply / (Net Utility Supply + Net DWR Supply)*

*Net DWR Supply + True-Up for Prior Period (For SCE) Daily Percentage Factor = Estimate of Bundled Customer Usage*

Where:

Net DWR Supply is DWR Supply quantity used for the determination of DWR Surplus Energy Percentage less DWR share of surplus energy quantity, which is determined by the product of surplus energy multiplied by DWR Surplus Energy Percentage.

Net Utility Supply is Utility Supply quantity used for the determination of DWR Surplus Energy Percentage less Utility share of surplus energy quantity, which is total surplus energy less the DWR share of surplus energy quantity.

True-Up for Prior Period and Estimate of Bundled Customer Usage are defined in Utility's Servicing Arrangement.

In the Event of any conflict between the formulas and procedures in Part I of this Exhibit C and the formulas and procedures in Utility's Servicing Arrangement, those contained in Utility's Servicing Arrangement shall govern.

## **II. Utility Remittance to DWR - On and After the MRTU Effective Date**

On and after the MRTU Effective Date, Utility shall make Remittances to DWR for the delivery of Contract energy to Utility retail customers, all as set forth under this Part II of Exhibit C. The details for determination of the Remittances to DWR by Utility are contained in the Servicing Arrangement.

### **A. DWR Remittances**

For billing purposes, Bundled Customers' energy usage for DWR Bundled Customer Power Charge shall be based on "DWR Percentage Calculation" and shall be billed by each Utility to Customers in accordance with the terms of each applicable Servicing Arrangement. DWR Percentage Calculation determines the percentage of DWR Contract power relative to the total "Estimated Bundled Customer Load" as expressed below:

*DWR Percentage Calculation = Summation of Hourly DWR Remittance Basis Power (MWh), divided by Summation of Hourly Estimated Bundled Customer Load (MWh)*

The term "DWR Remittance Basis" refers to the aggregated quantity and amount of energy (MWh) set forth in the table in Schedule 1 of this 2010 Operating Order in the column noted as "Remittance Basis" and as may be further modified under Section B entitled "Real Time Energy Dispatch Charges & Credits" below.

The term "Estimated Bundled Customer Load" is an estimate of Power purchased on behalf of the Utility's Bundled Customers within the Utility's Service Area. The Estimated Bundled Customer Load is calculated hourly using the actual Service Area MW load from the Utility's Energy Management System (EMS). Estimated Bundled Customer Load is derived from in-area generation and net power flows at the Utility's boundary and adjusted by removing actual pumping

load (from EMS), estimate of Transmission Losses, and estimate of “Non-Bundled Customer Load”, consisting of Direct Access Customers, Customer Generation Departing Load Customers, Municipal Departing Load Customers and Community Choice Aggregation Customers, as such Customer Types are specifically defined in the 2007 Servicing Orders and may exist from time to time with respect to each Utility, and excluding other specified categories as further provided in the 2010 Servicing Order.

The term “Hourly Estimated Bundled Customer Load” refers to:

*Hourly Estimated Bundled Customer Load (MW) = EMS Service Area Load (MW) – Actual IOU pumping load - Transmission Losses (MW) - DA Customers (MW) - CGDL Customers (MW) - MDL Customers - CCA Customers (MW)*

Further details of the Estimated Bundled Customer Load are provided for the Utility in Appendix A-2 of Attachment B of the Utility’s Servicing Arrangement.

The Utility represents that the Estimated Bundled Customer Load as presented to DWR template for each trade date, commencing on April 1, 2009, has been determined consistent with that general description set forth in Exhibit C, Part II(A) of the Operating Order. The Utility further represents that commencing May 2009 it has submitted the same Estimated Bundled Customer Load to the ISO for Operational Meter Analysis and Reporting (“OMAR”) requirements related to Bundled Customer load for credit statement and payment acceleration purposes.

In the event that the Utility expects to terminate the submission of that Hourly Estimated Bundled Customer Load for OMAR requirements, the Utility agrees to provide reasonable written notice to DWR so that a mutually agreeable arrangement related to the submission of Estimated Bundled Customer Load can be discussed. In addition, in the event that a “meet and confer” shall occur as described under the heading “Meet and Confer Obligation for Significant Load Deviations” in Exhibit C, Part II(A) of the Operating Order, the scope of such meet and confer shall include DWR’s ability to review and audit of the hourly assumptions used by the Utility to determine Estimated Bundled Customer Load provided to DWR. The Parties agree that such review or audit of the hourly assumptions shall occur at the Utility offices.

#### Billed Amount

The Billed Amount for DWR Bundled Customer Power Charge will be the product of the DWR Percentage Factor, the Bundled Customer’s electric consumption and the Bundled Customer Power Charge rate in dollars per kilowatt-hours.

*Billed Amount for DWR Bundled Customers Power Charge = DWR Percentage Factor x Bundled Customer’s electric consumption (kWh) x Bundled Customer Power Charge rate (\$/kWh)*

### Remittances for DWR Bundled Customer Power Charge

The Daily Remittance of DWR Bundled Customer Power Charge shall be determined based upon the Billed Amount for DWR Bundled Customers by each Utility by either applying a collection curve factor to the Billed Amount for DWR Bundled Customers, or by remitting the actual amounts collected from Bundled Customers, all as more specifically set forth in the appropriate 2007 Servicing Order.

### Meet and Confer Obligation for Significant Load Deviations

The Utility will provide a monthly report of the load information, as more fully described in Appendix A-2 of Attachment B and Attachment C of the Servicing Arrangement. The Utility will provide such monthly reports to the DWR by the fifth Business Day following the publication of the ISO's Recalculation Settlement Statement for the last trade date of a calendar month.

Individual Utility Deviation. If, for a period of two consecutive months, the monthly simple average of the Utility's ISO metered load (submitted to the ISO at 43 calendar days currently and such other interval as may be required after the ISO implementation of "Payment Acceleration" procedures) deviates by at least three percent (3%) from the Estimated Bundled Customer Load value for the Utility (as such term is described under this Section A), DWR and the Utility shall meet and confer to discuss the cause of the deviation, upon written request by either Party.

Average Deviation Amount for All Utilities. If, for any one month, the monthly simple averages of each of the three (3) Utilities' ISO metered load, individually, deviates by at least three percent (3%) from the Estimated Bundled Customer Load values for the respective Utilities (as such term is described in this Section A), DWR and each Utility shall meet and confer to discuss the cause of the deviations, upon written request by any of the Parties.

Scope of Meet and Confer. For the purposes of this section, the "meet and confer" shall mean the affected Utility or Utilities, as the case may be, will engage in a conference call with DWR to discuss: (i) the Utility's or Utilities' efforts to determine the root cause of the variance between Estimated Bundled Customer Load values and ISO metered load, and (ii) corrective action, if any, planned by the Utility or Utilities to address the variance. In addition, in the event the variance between Estimated Bundled Customer Load values and ISO metered load requires DWR to revise its revenue requirement determination for the year in which the variance occurs, the Utilities agree to support an appropriate revised determination by DWR.

## **B. Real Time Energy Dispatch Charges & Credits**

The provisions under this Section B apply to Dispatchable Units - and as to Instructed and Uninstructed Real Time Energy, distinguished by whether the

Utility is to act as the Scheduling Coordinator (the “SC”) under the Contract or not.

1. When Utility is SC for the contracts identified in Section B of Part III of this Exhibit C:

Utility will pay retail Remittances on the metered amount and Utility will retain ISO market revenues / charges, consistent with the terms of the applicable Contract.

2. If the Utility is not the SC for the Dispatchable Unit:

DWR or the counterparty, as provided by the Contract, will receive market revenues for the real time energy via the SC and DWR will not be paid retail Remittances from the Utility for the real time dispatch

### **C. Transmission Losses**

Under MRTU, transmission losses are converted from physical adjustments to financial adjustments. To simplify the process and maintain equity across parties, the Parties agree to the following principles:

- DWR revenue requirement, which previously reduced the quantity of energy based upon transmission losses, will not reduce the quantity of energy to adjust for transmission losses.
- This change should be clearly identified or footnoted within future DWR Revenue Requirement documents.

### **D. Other**

In the Event of any conflict between the formulas and procedures in this Part II of this Exhibit C and the formulas and procedures in Utility’s Servicing Arrangement, those contained in Utility’s Servicing Arrangement shall govern.

## **III. Bilateral Settlement**

Under the Contract Allocation Order but prior to the date that any Contract is novated to Utility, DWR remains financially obligated for the Contracts. DWR will continue to pay Suppliers and this requires DWR to apply appropriate procedures and controls to ensure that payments are made accurately and in a timely manner. Information supporting Contract settlements will be provided by Utility, and additional information may also be required to address contract performance issues (such as availability and other items as discussed in Exhibit E) and to allow DWR to settle disputes in an appropriate manner, as set forth in Section 13.03 of the body of this Operating Order.

DWR requires sufficient information to support payment requests so that it can meet the accountability requirements of the State Controller’s Office and the State Auditor, and simultaneously comply with the applicable statutes concerning disbursement of public

monies. The Utility shall reconcile schedules with Suppliers invoice. DWR shall make the associated payments to Suppliers after performing its verification prior to the MRTU Effective Date, and, on and after the MRTU Effective Date, such internal procedures that are reasonable and determined appropriate by DWR, and such validation, analysis and audit of the settlement function performed by Utility, as DWR's limited agent, consistent with the principles and parameters set forth in this Part III of this Exhibit C. In addition, the Utility will also provide the data as required in Exhibit F to allow DWR to perform its duties in a timely manner as set forth herein.

Prior to the MRTU Effective Date, DWR shall continue to perform validation of settlement data and invoices and pay Contract costs directly to the Suppliers upon validation of invoices.

On and after the MRTU Effective Date, the Parties have agreed to the specific provisions related to Real Time Energy Dispatch Charges and Credits as set forth in Section B of Part II of this Exhibit C. In addition, the Parties agree to the following principles related to Contract settlements:

**A. Ancillary Services**

- If the Utility is not the SC under the Contract: Revenues from ancillary services are passed through from the counterparty to DWR (to the extent so provided by the Contract) and, in turn, to the Utility, via the Utility Specific Balancing Accounts
- When the Utility is SC for the Contracts as identified in Section B of Part III of this Exhibit C, then: Revenues for ancillary services (to the extent so provided by the Contract) will be allocated to the Utility to the extent that DWR is entitled to such revenues

**B. Responsibility for ISO Charges and Credits - Generation Invoices**

As to the Contracts specifically identified in Attachment A of the MOU, to the extent PG&E, SCE, or SDG&E becomes the SC for certain Contracts, the Utility that becomes the SC will take responsibility for the payment/receipt of ISO invoice charges and credits that are allocated to DWR under and consistent with the terms of the applicable Contract. The Utilities have agreed to such responsibilities, to the extent they become the SC for the Contracts referenced in Attachment A of the MOU, but more recently updated as: (1) Sunrise, (2) JP Morgan D AL 1, AL5, (3) JP Morgan D HB1, and (4) JP Morgan D RB6.

In the event that a Utility or another entity identified by DWR becomes the SC for Contracts (other than those Contracts identified in the immediately preceding paragraph above), responsibility for ISO invoice charges and credits allocable to DWR shall be explicitly addressed at the time and in the document appointing such new SC.

1. Applicable to: SDG&E and SCE (when the Utility is SC for the contracts identified in the first paragraph under this Section B)
  - As SC, the Utility will be responsible for paying all ISO invoices in a timely manner.
  - Utility will be responsible for ISO charges and credits, as allocated between DWR and the counterparty pursuant to the Contract
  - With respect to ISO charges allocated to the counterparty pursuant to the Contract, in the event the counterparty does not pay such charges to the Utility, then the Utility and DWR shall refer to the procedure described in Section D below that reimburses the Utility and to provide DWR with sufficient information to collect those charges from the counterparty.
2. Applicable to all 3 Utilities and when the Utility is the SC, for any Contracts other than those identified in the first paragraph of this Section B:
  - DWR and the appropriate Utility will agree upon the Remittance Basis and the treatment of market revenues for energy and Ancillary Services
  - DWR and the appropriate Utility will agree upon the responsibility for ISO charges and rights to ISO credits

**C. Bilateral Settlement Parameters On and After the MRTU Effective Date**

1. General. On behalf of DWR, as its limited agent, Utility will perform all necessary settlement functions related to and in accordance with the terms of the applicable Allocated Contracts, and provide recommendations to allow DWR to make payments accurately and in a timely manner. Utility shall perform such settlement functions consistent with Good Utility Practice.

Settlement functions shall include but are not limited to verification or appropriate review, as the case may be, of energy and related fuel charges, capacity, transmission charges, ISO charges and credits (as further described below), and contract performance related costs and credits, as further set forth in this Section C.

2. ISO Market Activity Related Settlements Parameters. Settlement functions in the cases where Utility is the Suppliers' Scheduling Coordinator, shall also include verification of ISO market activity in accordance with the terms of the Contracts.

In addition, verification activities shall be performed as to each Contract's ISO market activity where the Utility is not the Supplier's Scheduling Coordinator, and where the Contract provides for the necessary information and

appropriate timing to perform such activities. These activities shall be limited to ISO charges or credits where DWR is financially responsible or has the right to receive under the Contract. Settlement processing of the ISO market activity of the Contracts may include but is not limited to the review, validation or verification, as appropriate, of charges or credits to confirm reasonableness and consistency with the operating history and record maintained by the Utility. In addition, the Utility shall review such types of charges or revenues for consistency under provisions of the Contracts. The types of charges or revenues may include but is not limited to:

- 1) Volume and prices of uninstructed imbalance energy charged or credited as invoiced;
- 2) Volume and prices of instructed imbalance energy charged or credited as invoiced;
- 3) Volume and prices of Ancillary Services charged or credited as invoiced;
- 4) Compensation for start up cost and minimum load cost compensation as invoiced;
- 5) Compensation for exceptional dispatch uplift compensation as invoiced;
- 6) Verification of volume and prices of load uplift obligation trade offset and bid cost recovery charged or credited as invoiced; and
- 7) Resource performance penalties such as uninstructed deviation penalties and ancillary service no pay penalties.

3. Insufficient ISO Data for Settlement Verification. In the event that the Utility determines that some of the data is not available for the Utility to verify certain ISO charges and credits, the Utility shall notify DWR and provide sufficient description of the ISO data reasonably necessary to complete the verification activities above. DWR will request and facilitate Utility's receipt of such ISO data from the counterparty. In the event that DWR subsequently is successful in obtaining such Utility notified necessary ISO data, upon receipt of such ISO data, the Utility shall commence its settlements verification of such ISO market activity prospectively.

4. Recommendations on Invoice Payment. The Utility shall provide recommendations to DWR on payment of bilateral invoices, including ISO charges and credits consistent with Section C of Part III of this Exhibit C, no later than five calendar days before the required contract payment date, or such other timeline that is mutually agreeable to both parties. In the event the Utility recommendation for payment is different than the Supplier invoice, Utility shall provide a detailed explanation with support information to CDWR sufficiently in advance to allow DWR to settle disputes with the Contract counterparty in an appropriate manner.

**D. Additional Provisions Related to ISO Settlement Statements**

1. ISO Settlement Statements issued to Utility as Scheduling Coordinator of Specified Allocated Contracts. As to the Allocated Contracts specifically identified in Annex 1 attached hereto, as such Annex 1 may be amended from time to time, to the extent that Utility becomes the Scheduling Coordinator as contemplated in Section II(G) of that certain Memorandum of Understanding, dated as of February 4, 2009, Utility will take responsibility for the timely payment, if any, to the ISO, taking into account such ISO charges and credits that are allocated to DWR and (i) any net payments owed to the Utility by the Supplier or (ii) any net credit owed to the Supplier by the Utility (collectively, "Supplier Portion of ISO Charges").

- a. Within five (5) Business Days of the Utility's receipt of an ISO Invoice, the Utility shall determine the Supplier Portion of ISO Charges and (i) invoice DWR for such amount or (ii) advise DWR as to the net credit to be paid to DWR. In each case, the Utility shall also provide the Supplier and DWR of such agreed-upon data.
- b. In the case of any net payment owed to the Utility, within ten (10) Business Days of DWR receipt of an invoice from the Utility, DWR will pay the Utility the entire Supplier Portion of ISO Charges.
- c. In the case of a net credit owed to the Supplier, within ten (10) Business Days of DWR receipt of such credit advice, the Utility will submit net credit payment.
- d. In either instance as described in (b) or (c) above, the same amount of the Supplier Portion of ISO Charges will be accounted and either credited to DWR (in the case of net payment owed by the Supplier as described in (b) above) or debited to DWR (in the case of net credit owed to the Supplier as described in (c) above) in DWR's succeeding month's Supplier's invoice, consistent with the procedures agreed to between DWR and the Supplier.
- e. In the event that the Supplier shall dispute the Utility determined Supplier Portion of ISO Charges, in the case net payment owed by the Supplier as described in (b) above, DWR agrees to pay the entire Utility determined Supplier Portion of ISO Charges to the Utility initially and pursue dispute resolution with the Utility. In the case of dispute as to the net credit owed to the Supplier as described in (c) above, Utility will pay the Utility determined amount.

As to the disputed portion, DWR agrees to enter into dispute resolution process with the Supplier, with such back-up data and information from the Utility, to resolve such dispute of the Supplier. Upon resolution of such dispute by DWR, the disputed portion shall be communicated to the Supplier and the Utility.

- f. Utility agrees to reconcile and account for such disputed portion in the succeeding month's determination of the Supplier Portion of ISO Charges to address the adjusted amount, either positive or negative. Such

adjustment will be specifically noted in the notice to DWR and the Supplier described in (a) of this Section D and reflected in the immediately succeeding month's invoice to DWR.

Appropriate adjustments to the Supplier's invoice will also be reflected, consistent with the agreement between DWR and Supplier.

2. ISO Settlement Statement issued to Suppliers' Non-Utility Scheduling Coordinators. So long as appropriate settlement statements and necessary supporting details to validate and verify ISO Settlement Statements issued with respect to the Contracts to the Suppliers' Scheduling Coordinators are available to Utility, Utility shall review, validate and verify all ISO charges/credits contained on all ISO Settlement Statements related to the Allocated Contracts.

In the event that the settlement statements or supporting details available to the Utility with respect to the Supplier's ISO Settlement Statements issued with respect to a Supplier are not determined to be sufficient as mutually determined by DWR and Utility, the Utility shall review the available data for reasonableness which review shall be commensurate with the quality and the quantity of the data available to the Utility.

The obligations described in this Section D(2) of Part III of this Exhibit C shall be performed consistent with the Bilateral Settlement Parameters provided in Section C of Part III of this Exhibit C, which protocols may be modified, clarified or amended from time to time as determined appropriate by the Parties.

#### **IV. Fuel Cost Verification and Settlement**

Exhibit B provides a detailed discussion concerning Utility's responsibility for fuel management. Prior to the date that any Contract is novated to Utility, DWR will continue to pay fuel suppliers and others involved in providing fuel management services for the delivery of fuel for those DWR Contracts where the Fuel Option has been elected. Consistent with the above, Utility will perform settlements activities to reconcile quantities and associated charges, and DWR will perform verification, audit and monitoring to support its disbursement of funds prior to the MRTU Effective Date. On and after the MRTU Effective Date, DWR will perform such internal procedures that are reasonable and determined appropriate by DWR, and such validation, analysis and audit of the settlement functions to be performed by Utility, as DWR's limited agent, to support DWR disbursement of funds. Utility will comply with the requirements contained in Exhibit F to provide DWR with the necessary information to apply appropriate procedures and controls to ensure that fuel payments and payments for fuel management services are made accurately and in a timely manner and to allow DWR to settle disputes in an appropriate manner.

**ANNEX 1 TO EXHIBIT C**

**Contracts Subject to Part III, Section D(1)  
as of the Effective Date of the 2010 Operating Order**

Southern California Edison Company:      JP Morgan D

**DWR/SCE EXHIBIT D**  
**ISO SCHEDULING COORDINATOR CHARGES**

## **EXHIBIT D**

### **ISO SCHEDULING COORDINATOR CHARGES**

The financial obligation for ISO charges incurred as of January 1, 2003 has been allocated to the Utility. Unless specifically provided in Exhibit C hereto, all ISO charges incurred after January 1, 2003 attributable to load and resources shall be the responsibility of Utility.

Utility agrees that any refunds, reruns or credits through the ISO attributable to costs incurred by DWR for trade dates beginning Hour Ending 2200, January 17, 2001 up to January 1, 2003, under that certain Letter Agreement dated February 28, 2002, as amended, and as appended as Attachment I of the Servicing Order, shall belong to DWR and Utility shall take all necessary action to remit such refunds or credits to DWR within reasonable time. In addition, DWR shall be responsible for any ISO charges incurred during this period pursuant to the existing letter agreement between the Parties. Utility shall invoice DWR for such ISO charges within a reasonable period of time and DWR shall pay Utility for such ISO charges within 10 days of receipt of such invoice. Without making any assurances as to Commission action, DWR agrees to take appropriate action to ensure that such refunds or credits are applied consistent with DWR's Revenue Requirement cost allocation method for the same trade dates.

DWR agrees that any refunds, reruns, or credits through the ISO attributable to ISO charges invoiced to DWR under the November 7, 2001 order of the Federal Energy Regulatory Commission and subsequent orders but which are further subject to Commission Decision No.02-05-048, which directs Utility to directly reimburse DWR for such ISO charges incurred starting Hour Ending 2200, January 17, 2001 up to January 1, 2003, shall belong to Utility and DWR shall take all necessary action to remit such refunds or credits directly to Utility within reasonable time.

On and after the MRTU Effective Date, all ISO charges attributable to Load (as defined under the ISO MRTU tariff) will be paid by the Utility. Revenues associated with Inter-SC Trades related to Energy, Ancillary Services or IFM Load Uplift Obligation (as defined under the ISO MRTU tariff) from DWR Contract will be applied by Utility to offset ISO charges allocated to Load.

**DWR/SCE EXHIBIT E**  
**CONTRACT MANAGEMENT AND**  
**ADMINISTRATION PROTOCOLS**

## EXHIBIT E

### CONTRACT MANAGEMENT AND ADMINISTRATION PROTOCOLS

Except as specifically noted below, DWR will retain all contract management, administration and monitoring responsibilities for the Contracts, including due diligence, performance testing, contract performance assessment, formal correspondence and notifications with Suppliers, exercise of contract options, contract interpretation and dispute resolution, and financial reporting. In the event Utility and DWR agree in the future to transition the Due Diligence and Performance Test Monitoring functions set forth in this Exhibit E from DWR to the Utility, the Parties will first develop a mutually acceptable plan of performance, a transition schedule, and a transition plan for transfer of such functions from DWR to the Utility for review and approval by the Commission. Upon agreement of the Parties to an acceptable plan and completion of the transition period, the agreed upon functions will transfer from DWR to the Utility (the "Transition Date").

Pursuant to Advice Letter 2086-E dated January 5, 2007 as related to SCE, responsibilities set forth in Paragraph II.A of this Exhibit E have been transferred from DWR to the Utility.

#### I. Due-Diligence

The Due Diligence function assesses the progress of permitting, construction and performance capability of new generating facilities under to the Contracts. Due Diligence includes (i) monitoring activities associated with the development, construction, and performance of new generating facilities; (ii) identification and tracking of key projects milestones including permitting, equipment procurement, construction, commissioning, and performance testing; (iii) coordination with permitting agencies and the Suppliers, review of project documents, physical inspections, and witnessing of acceptance tests, (iv) verification that the new facilities can perform in a manner that is consistent with the obligations under the appropriate Contract and (v) review and approval of commercial operation dates and documentation.

#### II. Performance Test Monitoring

##### A. Annual Performance Tests

Annual Performance Tests verify ongoing compliance with the Contracts and establish plants capacities and efficiencies that are used to calculate contract payments, either for capacity or energy. Annual Performance Test responsibilities generally consist of (i) verification of testing procedures, (ii) witness of performance tests, (iii) review of test results and test reports for compliance with Contract terms and conditions, and (iv) identification of contract non-compliance for dispute resolution with the Supplier. Prior to the Transition Date, the Utility will cooperate and assist DWR with scheduling of upcoming Annual Performance Tests, and the Utility may have its staff witness such testing.

##### B. Scheduled Performance Tests

Prior to the Transition Date, on occasion, DWR may request that Utility schedule a peaking or dispatchable generating facility for testing (to assure that such generation facility is available according to the terms of the contract between such generation facility and DWR). The Utility will cooperate and shall coordinate with the DWR on a mutually acceptable date for performance of the test. On the date agreed upon, the Utility shall schedule the specified facility or unit for operation to test the availability, reliability, and performance of the scheduled unit.

### **C. Test Procedures and Protocols**

Prior to January 1, 2003, Utility shall meet with DWR staff to review, discuss, and verify test procedures and protocols developed by DWR.

## **III. Contract Performance Assessments**

DWR shall continue to perform an after-the-fact review (“Performance Assessment”) of each Contract on a periodic basis. The purpose of the Performance Assessment is to assess, analyze, and document the overall performance of each contract Supplier, assure that the Supplier is satisfying the terms and conditions of their respective Contract(s), and identify potential issues, disputes, and other matters that may require corrective action by either Utility or DWR as part of contract administration.

## **IV. Other Administrative Matters**

### **A. Correspondence with Suppliers**

Utility and DWR agree to copy each other on all written correspondence and written notifications sent to or received from a Supplier of an Allocated Contract related to the activities described in this Exhibit E. The Parties agree to provide additional information as requested related to verification and support of the activities described in this Exhibit E.

### **B. Reports**

Results of the activities described in this Exhibit E will be documented by DWR in written reports (“Reports”) and shall be discussed periodically between DWR and the Utility. Such Reports may include, but are not limited to, summary of test results, status of projects, recommendations for operational changes, procedural changes, dispute resolution, and results of Performance Assessments.

Such Reports, documentation, or other material developed by either Party shall be shared and reviewed with the other Party on a timely basis.

**DWR/SCE EXHIBIT F**  
**DWR DATA REQUIREMENTS FROM UTILITY**

## **EXHIBIT F**

### **DWR DATA REQUIREMENTS FROM UTILITY**

To effectively fulfill its legal and financial responsibilities, DWR requires access to standard and reliable information on a timely basis. Post transition, DWR remains statutorily and contractually obligated to collect, account for, and remit funds for the power it provides to the Utility's retail customers. More specifically, post transition, DWR must have readily available access to information that is currently available in-house due to DWR's operational responsibilities. The primary source of this information post transition will be the three utilities.

#### **I. Prior to the MRTU Effective Date**

Prior to the MRTU Effective Date, the information being requested is required to:

- Verify, audit, monitor and authorize payment for bilateral invoices for allocated DWR contracts;
- Manage disputes between DWR and the bilateral counterparties;
- Verify, audit, monitor and authorize payment for fuel procured by the utilities relating to DWR allocated contracts;
- Verify, audit, monitor, collect and Utility remittances relating to repayment of Energy Supplied and Bond Funds;
- Forecast, manage and monitor DWR monetary requirements and associated accounts;
- Ongoing reporting responsibilities under AB1X, the rate agreement and bond indenture;
- Audit and monitor long-term contract performance and associated risks prior to contract assignment or novation.

The table below contains a brief description of the information to be provided by Utility, the frequency for which Utility shall provide such information to DWR, and the effective date for when Utility shall provide such information to DWR.

The following table outlines DWR data requirements relating to general contract/trade information:

Contract/Trade				
Requirement	Description	Freq	Effective	Delivery Method
Surplus Energy Sales Plan*	Monthly utility's surplus energy sales plan updated weekly. Sales plan will outline all surplus sales contemplated by the utility, including but not limited to balance of month, weekly balance of week and other short-term sales.	Monthly plan, updated weekly	1/1/2003	Email/Fax - Standard Form TBD
Surplus Energy Sales	Contract/Deal information relating to the forward sale of DWR surplus energy. This would include but is not limited to Counter party, Term (Start/End Date), Hourly Contract Volumes, Hourly Price, Location, any fee information, etc.	When executed	All surplus forward sales entered into after 1/1/2003	Email/Fax - Standard Form TBD

The following table outlines DWR data requirements relating to long-term contract schedule information and associated bilateral invoices:

Schedule/Bilateral Invoice				
Requirement	Description	Freq	Effective	Delivery Method
Final Schedule Volumes, Long Term Contracts	<p>For all long-term contracts allocated to the utilities and any surplus energy sales, the detailed hourly final schedule volumes and pricing information by contract by counterparty, by day.</p> <p>Final schedule volumes are defined as the final volume for the hour at the completion of the real-time market. These volumes represent the hour ahead scheduled volumes adjusted to include any real-time market adjustments by the ISO. Absent any real time adjustments, this data will be the same as Final Hour Ahead Schedule.</p> <p>File should include, but is not limited to;</p>	T+1 (Daily)	1/2/2003	Secure Electronic – Format TBD

\* The parties mutually agreed that the Utility would provide a sales plan upon DWR request.

	Utility identifier, file type identifier (i.e. final, HA), SC identifier, counterparty identifier, contract identifier, schedule type identifier (i.e. sale), delivery location, date, volume scheduled by hour, price per hour.			
Hour Ahead Schedule Volumes, Long Term Contracts	<p>For all long-term contracts allocated to the utilities and any surplus energy sales, the detailed hour ahead final schedule volumes and pricing information by contract, by counterparty, by day.</p> <p>Format and data elements of the file provided should be identical to what was specified above in Final Schedule volumes.</p> <p>(Note: This cannot be the ISO Hour Ahead Final Schedule template as this file does not provide transactional level details but consolidates/collapses information based on certain ISO rules.)</p>	T+1 (Daily)	1/2/2003	Secure  Electronic –  Format TBD
Reconciled Monthly bilateral invoices	Monthly invoice and supporting documentation for bilateral contracts relating to DWR long-term contracts, reviewed and approved by utility for payment by DWR to the counterparty.	Monthly – 5 business days prior to payment due date	Feb 03	TBD

In the event of a bilateral invoice dispute with the counterparty, DWR may also request from the utility the additional schedule information. This information would be in the same format as outlined in the table above. As mentioned above, DWR is requesting transactional level information and not the associated ISO template files due to the consolidation/collapsing of schedules with the template files. Schedule information required would include :

- Hour Ahead Preferred Schedule Volumes
- Day Ahead Final Schedule Volumes
- Day Ahead Adjusted Schedule Volumes
- Day Ahead Revised Preferred Schedule Volumes
- Day Ahead Preferred Schedule Volumes

The following table outlines DWR data requirements relating to the verification of fuel costs. It assumes DWR will retain legal and financial responsibility for gas and related services while the utility will perform administrative and operational responsibilities as outlined in Exhibit B.

Fuel Costs				
Requirement	Description	Freq	Effective	Delivery Method
Generator fuel plan proposal	Proposal and supporting analysis on whether or not to accept or reject of generator fuel plan.	Based on individual contracts	Jan-03	TBD
Utility Fuel Procurement Plan	Utility will provide a bi-annual fuel procurement plan for utility supplied fuel.	Bi-Annual	Jan-03	TBD
Reconciled Monthly Gas Invoice	Suppliers monthly invoice and supporting documentation for fuel procurement relating to DWR tolling agreements, reviewed and approved by Utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic – Format TBD
Gas Transportation Contract Information	Details relating to the Utility negotiated firm and/or interruptible transportation agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/2003	E-mail/Fax Standard Form TBD
Gas Storage Contract Information	Details relating to the Utility/negotiated firm and/or interruptible storage agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/03	E-mail/Fax Standard Form TBD
Reconciled Monthly gas transportation invoices	Suppliers monthly invoice and supporting documentation for natural gas transportation costs relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic – Format TBD
Reconciled Monthly gas storage invoices	Supplier’s monthly invoice and supporting documentation for storage relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic – Format TBD

The following table outlines additional DWR data relating to utility revenue remittance:

<b>Utility Revenue Remittance</b>				
<b>Requirement</b>	<b>Description</b>	<b>Freq</b>	<b>Effective</b>	<b>Delivery Method</b>
Utility ISO Preliminary Settlement and Supporting Files	The complete Utility preliminary settlement statement and supporting files in original ISO template format.	T + 38 business days	Ongoing	Secure Electronic-ISO Template Direct from ISO
Utility Final ISO Settlement Statement and Supporting Files	The complete Utility final ISO settlement statement and supporting files in ISO original template format. This information also required for remittance calculation purposes.	T + 45 business days	Ongoing	Secure Electronic-ISO Template Direct from ISO
Scheduled Retail Load by hour	Utilities estimated retail load information by hour, by day used for the preliminary remittance.	T + 1	1/1/2003	TBD
Hourly aggregate final schedule of Utility's resource portfolio	Utilities total hourly scheduled volumes for the entire Utilities portfolio. This is an aggregate total for the day, by hour and represents the total volume supplied by the utility.	T+1 (Daily)	1/2/2003	TBD
Hourly Distribution Loss Factor	Utility DLF % by hour	When changes required	1/1/2003	TBD
Estimated DWR remittance %	Utility estimated remittance percentage.	When changes required	1/1/2003	TBD
Energy Sales billed (kWh)*	Monthly kWh billed by Utility to end users	Monthly	Ongoing	Standard DWR Form/File (TBD)
DWR Power Charge volumes*	Monthly kWh billed by Utility to end users	Monthly	Ongoing	Standard DWR Form/File (TBD)
DWR Power Charge billed to Customer*	Monthly dollar amount of DWR Power Charge being billed to customer including identification of dates billed.	Monthly	Ongoing	Standard DWR Form/File (TBD)
DWR Power Charge Remitted to DWR*	Daily dollar amount being remitted by Utility to DWR for the DWR Power Charge collected from customers including identification of dates billed.	Daily	Ongoing	Standard DWR Form/File (TBD)

\*This information is already provided pursuant to the Servicing Arrangement, and supports the daily remittance calculation for each month and subsequent true-ups. The Servicing Arrangement will be modified as necessary to conform to the Operating Order.

As various Commission proceedings are finalized DWR will also require specific data related to Bond Charge remittances and to Direct Access exit fees. The specific nature and format of this data will be agreed with between the utilities and DWR.

The following table outlines DWR data requirements relating to resource information:

Resource Information				
Requirement	Description	Freq	Effective	Delivery Method
Load and Resource Assessment Studies	Copies of Utilities annual and quarter load and resource assessment studies as provided to the PUC.	Annually and quarterly	Jan-03	TBD
Update Description of Resources	Updated description of URG resources.	Annually or when significant changes	Jan 1, 04	TBD
Unit Commitment Studies	As provided to the PUC.	Weekly	Jan-03	TBD
DWR Resource Unavailability Form	Utility notification to DWR for resources within an allocated contracts becoming unavailable, or scheduled to become unavailable.  Note: This information could be provided directly from the generator to DWR and would therefore not be required from Utility.	As outlined in operating agreement	1/1/2003	Standard DWR Form – Email/Fax

## II. On and After the MRTU Effective Date

This Part II contains a brief description of the information to be provided by Utility, as well as the frequency, name of the report or source and the delivery method with respect to such information to be provided to DWR.

The following table outlines DWR data requirements relating to long-term contract schedule information and associated bilateral invoices after MRTU go-live (4/1/2009):

Schedule/Bilateral Invoice				
Requirement	Description	Frequency	Report Name/Source	Delivery Method
<b>Utility is the Generator Scheduling Coordinator</b>				
Day Ahead IFM Award Volumes, Long Term Contracts	For all long-term contracts allocated to the utilities where the Utility is the SC, the detailed Day Ahead IFM Award Volumes and pricing information pursuant to a bid.  Final IFM award volumes are defined as the award volume that clears the ISO IFM.  File should include, but is not limited to; Utility identifier, file type identifier (i.e. final, DA), SC identifier, counterparty identifier, contract identifier, schedule type identifier (i.e. sale), delivery location, date, volume scheduled by hour, price per hour.	M+10 Calendar Days	CMRI Report	Excel Format per Existing Protocol
ISO Expected Energy File	For Contracts allocated to SCE where the Utility is the SC, the ISO Expected Energy File.	W+5BD (Weekly)	CMRI Report	Excel Format by email

Utility is Not the Generator SC				
Requirement	Description	Frequency	Report Name/Source	Delivery Method
Requested and Final Day Ahead Inter-SC Trade Volumes	For all long-term contracts allocated to the utilities, all the IST information downloaded from SIBR.  File should include, but is not limited to; Market, Date, Hour, Product Type, Selling SC, Buying SC, Trading Location, Submitted Qty., Adjusted Qty., Counter Qty., Trade Name, Trade Type, Depend on Trade, Submit SC, Trade Status, Submitted, Market Status, Physical/APN ISTs, CPTs, IST Quantities not considered for Remittance, and IST Quantities for Remittance Basis	M+10 Calendar Days	IST Report	Excel Format per existing Protocol
Requested and Final HASP Inter-SC Trade	For all long-term contracts allocated to the utilities, all the IST information downloaded from SIBR.  File should include, but is not limited to; Market,	M+10 Calendar Days	IST Report	Excel Format per existing Protocol –

Volumes	Date, Hour, Product Type, Selling SC, Buying SC, Trading Location, Submitted Qty., Adjusted Qty., Counter Qty., Trade Name, Trade Type, Depend on Trade, Submit SC, Trade Status, Submitted, Market Status, Physical/APN ISTs, CPTs, IST Quantities not considered for Remittance, and IST Quantities for Remittance Basis			
Reconciled Monthly bilateral invoices	Monthly invoice and supporting documentation for bilateral contracts relating to DWR long-term contracts, reviewed and approved by utility for payment by DWR to the counterparty.	Monthly 5 Calendar days prior to payment due date		Format per existing Protocol
High Desert Forecast	Monthly forecast of High Desert MWh output, IST MWh forecast and market revenue MWh forecast	30 days prior to each calendar quarter	High Desert Forecast	Excel Format
High Desert Actual Output	Monthly report of High Desert actual output in MWh and indicate actual IST MWh and market revenue MWh	M + 15 Calendar Days	High Desert Actual Output	Excel Format

The following table outlines the data to be transferred to the Utility upon receipt by DWR from certain of the Suppliers :

Requirement	Description	Frequency	Report Name/Source	Delivery Method
<b>Data to be Provided by DWR to Utility when the Utility is Not the Generator SC Relating to Small Dispatchable Contracts</b>				
ISO Expected Energy File	For Contracts Allocated to Utility where the Utility is not the SC and market bids are directed to be submitted by Utility	M + 10 Calendar Days	CMRI Report	Excel format by email or Secure Electronic ISO Template Directly from ISO

In the event of a bilateral invoice dispute with the counterparty, DWR may also request from the utility the additional schedule information. This information would be in the same format as outlined in the table above. In the cases the Utility is the generator SC, CDWR may request additional ISO data for dispute resolution.

The following table outlines DWR data requirements relating to the verification of fuel costs. It assumes DWR will retain legal and financial responsibility for gas and related services while the utility will perform administrative and operational responsibilities as outlined in Exhibit B.

Fuel Costs				
Requirement	Description	Freq	Effective	Delivery Method
Generator fuel plan proposal	Proposal and supporting analysis on whether or not to accept or reject of generator fuel plan.	Based on individual contracts	Jan-03	E-mail or overnight mail
Utility Fuel Procurement Plan	Utility will provide a bi-annual fuel procurement plan for utility supplied fuel.	Bi-Annual	Jan-03	E-mail
Tolling agreement Settlement Report	Monthly report on each DWR tolling agreement that includes but is not limited to: tolling contract identifier, who provided the gas (generator/utility) and daily quantity of gas supplied.	Monthly	Feb-03	Electronic Transmission
Reconciled Monthly Gas Invoice	Suppliers monthly invoice and supporting documentation for fuel procurement relating to DWR tolling agreements, reviewed and approved by Utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic Transmission
Gas Transportation Contract Information	Details relating to the Utility negotiated firm and/or interruptible transportation agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/2003	E-mail / Fax / Overnight Mail
Gas Storage Contract Information	Details relating to the Utility/negotiated firm and/or interruptible storage agreements for DWR review and authorization.	When executed	All contracts effective after 1/1/03	E-mail/Fax
Reconciled Monthly gas transportation invoices	Suppliers monthly invoice and supporting documentation for natural gas transportation costs relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic Transmission or overnight mail
Reconciled Monthly gas storage invoices	Supplier's monthly invoice and supporting documentation for storage relating to DWR tolling agreements, reviewed and approved by utility for payment by DWR to the supplier.	Monthly – 5-business days prior to payment due date	Feb-03	Electronic Transmission or overnight mail

The following table outlines additional DWR data relating to utility revenue remittance:

<b>Utility Revenue Remittance</b>				
<b>Requirement</b>	<b>Description</b>	<b>Freq</b>	<b>Report Name/Source</b>	<b>Delivery Method</b>
Utility Preliminary ISO Settlement Statement and Supporting Files	Related to Prior Day Adjustments (or similar adjustments) for trade hours between January 17, 2001 through December 31, 2002	Continuous	ISO	Secure Electronic - ISO Template Direct from ISO or other secure method
Utility Final ISO Settlement Statement and Supporting Files	Related to Prior Day Adjustments (or similar adjustments) for trade hours between January 17, 2001 through December 31, 2002	Continuous	ISO	Secure Electronic - ISO Template Direct from ISO or other secure method
ISO Digital Certificate for OMAR	ISO electronic certificate to access ISO OMAR system to retrieve the Utility's load meter information.	Continuous	ISO	Secure Electronic-ISO Template Direct from ISO
ISO SIBR - IST	Access ISO SIBR data to access Utility's transaction information for DWR Contracts.	Ad Hoc	ISO	On-site Audit by DWR
DWR Remittance Basis	Agreed upon method for determining volume of energy from DWR Contracts. This is an aggregate total for the day, by hour and represents the total volume of energy supplied to the utility from DWR Contracts.	Monthly	DWR Remittance Basis Report and Monthly Intertie and IST Reports	Standard DWR Form/File
Estimated Bundled Customer Load	Utility estimated retail load information by hour, by day used for the DWR Percentage Calculation, including other detailed components as provided in Monthly DWR Percentage Calculation Report.	Monthly	Monthly DWR Percentage Calculation Report	Standard DWR Form/File
Estimated Bundled Customer Load Deviation	Utility calculated deviation of Estimated Bundled Customer Load to Actual reported load for the same period.	Monthly	EBCL Deviation Report	Standard DWR Form/File

Hourly Distribution Loss Factor	Utility DLF % by hour	When changes required	IOU	Standard IOU Form/File
DWR Percentage Factor	Utility calculated DWR Percentage Factor (or DWR Percentage Calculation) and applied to customers' bills to determine DWR Remittances.	Monthly	DWR Percentage Calculation Report	Standard DWR Form/File
Energy Sales billed (kWh)	Monthly kWh billed by Utility to end users	Monthly	Monthly Billing Report	Standard DWR Form/File
DWR Power Charge volumes	Monthly kWh billed by Utility to end users	Monthly	Monthly Billing Report	Standard DWR Form/File
DWR Power Charge billed to Customer	Monthly dollar amount of DWR Power Charge being billed to customer including identification of dates billed.	Monthly	Monthly Billing Report	Standard DWR Form/File
DWR Power Charge Remitted to DWR	Daily dollar amount being remitted by Utility to DWR for the DWR Power Charge collected from customers including identification of dates billed.	Daily	Daily Remittance Report	Standard DWR Form/File

Some of this information is provided pursuant to the Servicing Arrangement, and supports the daily remittance calculation for each month and subsequent true-ups. The Servicing Arrangement will be modified as necessary to conform to this Operating Agreement.

As various Commission proceedings are finalized DWR will also require specific data related to Power and Bond Charge remittances and to Direct Access Departing Load exit fees. The specific nature and format of this data will be agreed with between the utilities and DWR.

The following table outlines DWR data requirements relating to resource information:

Resource Information				
Requirement	Description	Freq	Effective	Delivery Method
Load and Resource Assessment Studies	Copies of Utilities annual and quarter load and resource assessment studies as provided to the PUC.	Annually and quarterly	Jan-03	E-mail or other transmission
Update Description of Resources	Updated description of URG resources.	Annually or when significant changes	Jan 1, 04	E-mail or other transmission

Unit Commitment Studies	As provided to the PUC.	Weekly	Jan-03	E-mail or other transmission
DWR Non-Dispatched Resources Report	Report of Resources that were economic to run, but were not dispatched. Applicable as to PG&E and SDG&E only.	Ad hoc	1/1/03	E-mail or other transmission
DWR Resource Unavailability Form	Utility notification to DWR for resources within an allocated contracts becoming unavailable, or scheduled to become unavailable.  Note: This information could be provided directly from the generator to DWR and would therefore not be required from Utility.	As outlined in operating agreement	1/1/2003	Standard DWR Form – Email/Fax

### III. Additional Provisions

Upon the reasonable request of DWR, Utility will provide to DWR any information in respect of Utility that is applicable to the rights and obligations of the Parties under the Operating Order or any material information that is reasonably necessary for DWR to monitor and manage their risks and perform their fiduciary responsibilities. Upon the reasonable request of Utility, DWR will provide to Utility any information in respect of DWR that is applicable to the rights and obligations of the Parties under the Operating Order or any material information that is reasonably necessary for Utility to operationally administer Contracts under the Operating Order.

For the information identified above, or any additional information identified through the Term of the Operating Order, standard submission formats will be used or be developed by DWR for use by each of the investor-owned utilities, including Utility. In the cases where the information requirements result in a large volume of data (e.g., schedule information), DWR will use or develop standard detailed file definitions for use by all of the investor-owned utilities, including Utility. At all times, data will be submitted to DWR by Utility through a secure electronic communication medium, unless other medium is reasonably requested by DWR.

As a result of the relative short implementation timeframes at the time of implementing the requirements under the Existing Operating Arrangement, interim delivery protocols (e.g., comma delimited file via email, compact diskettes) were utilized until the final data transmission media were in place. DWR worked jointly with Utility to ensure the required data was available by January 1, 2003.

On and after the MRTU Effective Date, interim delivery protocols and templates were utilized. On and after the Effective Date of this 2010 Operating Order, the Utility and DWR will work to ensure that the required data described in Part II of this Exhibit F will be available to DWR.

In the event that DWR incurs additional costs, including but not limited to penalties, interest or other such costs, due to Utility's failure to timely provide the data set forth in this Exhibit F, any such direct cost increase invoiced or assessed to DWR shall be borne by Utility.

The provisions of this Exhibit are subject to annual review by DWR and Utility to ensure that data reporting remains relevant and useful.