



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

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Application of Southern California Edison
Company (U 338-E) for Approval Under
California Public Utilities Code Section 851 To
Sell Dedicated Customer Tariff Rule 2 Added
Facilities to THUMS Long Beach Company

A.26-10-XXX

APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
FOR APPROVAL UNDER CALIFORNIA PUBLIC UTILITIES CODE SECTION 851
TO SELL DEDICATED CUSTOMER TARIFF RULE 2 ADDED FACILITIES
TO THUMS LONG BEACH COMPANY

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Dated: **October 28, 2026**

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I.

INTRODUCTION

Pursuant to California Public Utilities Code Section 851 (Section 851) and the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Southern California Edison Company (SCE) files this application (Application) to request authorization to sell certain electrical infrastructure built, paid for, dedicated to, and used only in connection with providing electric service to the THUMS islands, pursuant to a CPUC-approved SCE Tariff Rule 2 “Added Facilities” contract (the THUMS Added Facilities), to THUMS Long Beach Company (the Purchaser or THUMS). The details of the sale are set forth in the Asset Purchase Agreement (APA) dated August 12, 2026, a copy of which is attached hereto as Appendix A. The closing of the sale is conditioned on Commission approval of this Application.

SCE’s filing consists of this Application and Testimony in support of the Application (Exhibit SCE-01). The supporting Testimony describes the THUMS Added Facilities, the transaction and SCE’s proposed ratemaking treatment in more detail.

II.

EXECUTIVE SUMMARY

In this Application, SCE seeks Commission approval of the sale of the THUMS Added Facilities to the Purchaser for \$9.5 million. The sale will generate an estimated \$1.91 million net gain on sale, which SCE proposes be allocated 100% to SCE's customers.

This transaction is in the best interest of SCE's customers because (1) the THUMS Added Facilities are dedicated solely to THUMS and do not serve other SCE customers, so the sale will not impact SCE's ability to serve its customers; (2) the sale is the least-cost outcome for SCE's customers, with estimated savings of \$15.87 million in present value revenue requirement (PVRR) terms; and (3) the Purchaser will assume the liabilities and responsibilities allocated to Purchaser under the APA, including future ownership, maintenance, replacement, and decommissioning responsibilities.

III.

BACKGROUND

In 1964, the California State Legislature enacted legislation to form the Long Beach Unit to develop the oil reserves in the offshore portion of the East Wilmington Oil Field.¹ The City of Long Beach was designated as the Unit Operator to operate the Long Beach Unit in trust for the State through the California State Lands Commission, and to oversee the day-to-day operations of the oil field.² The City of Long Beach selected THUMS to develop the oil reserves in the oil field and manage and operate the oil drilling and production operations.³ Shortly after the legislation passed, THUMS began

¹ See 1964 Cal. Stat., ch. 138, First Extraordinary Session.

² The primary stakeholders of the Long Beach Unit are the State of California, the City of Long Beach, and the Long Beach Townlet owners. The State receives most of the revenue from the oil production activities. The State of California through the State Lands Commission approves the budget for the oil field and major projects.

³ California State Lands Commission, Mineral Resources Management Division, Long Beach Unit Briefing Document (April 2011), at 2, attached as Exhibit D to Calendar Item No. 1, California State Lands Commission, Voting Meeting (April 28, 2011), *available at* https://slcprdwordpressstorage.blob.core.windows.net/wordpressdata/Meeting_Summaries/2011_Documents/04-28-11/Items_and_Exhibits/01ExhD.pdf.

constructing four man-made islands located off the coast of Long Beach, California for oil drilling and production operations (THUMS Islands).

THUMS required electrical service to power the THUMS Islands. The electrical infrastructure necessary to provide service to the THUMS Islands would only serve THUMS, and the infrastructure requested, including undersea cables, was custom and beyond what SCE would build to provide standard electrical service. SCE's Tariff Rule 2 provides for special treatment of the installation and operation of facilities "where an applicant requests and SCE agrees to install facilities which are in addition to, or in substitution for the standard facilities SCE would normally install."⁴ These facilities, known as "added facilities," are special electrical infrastructure that SCE builds for a specific customer, to meet that customer's unique needs and serve only that customer, not the general public. SCE may agree to install added facilities under a CPUC Tariff Rule 2 Added Facilities Agreement (AFA). Tariff Rule 2 governs the terms and conditions for SCE's provision of added facilities and explains that the cost of the added facilities "shall be borne by the applicant," and that these "added facilities (special facilities) will be installed, owned and maintained or allocated by SCE solely as an accommodation to the applicant."⁵

On December 20, 1965, SCE and THUMS executed the THUMS AFA to provide electric service to the THUMS Islands.⁶ The special facilities that THUMS requested included substation facilities at the SCE Pico Substation and on the four THUMS Islands, and two 66 kV submarine power cables that link the THUMS Islands to the Pico Substation (together, the THUMS Added Facilities). The THUMS Added Facilities are dedicated solely for the purpose of serving the THUMS Islands and do not serve other SCE customers.

⁴ SCE Electric Rule 2 (Rule 2). *Available at* https://edisonintl.sharepoint.com/:b:/r/teams/Public/TM2/Shared%20Documents/Public/Regulatory/Tariff-SCE%20Tariff%20Books/Electric/Rules/ELECTRIC_RULES_2.pdf?d=w102794ae18114df298ecb66c13dbfe65&csf=1&web=1&e=8kZru9.

⁵ Rule 2, at Section H.1, Sheet 9.

⁶ Appendix A.

The THUMS AFA required Commission approval before it became effective.⁷ The Commission approved the AFA on May 10, 1966, in Decision (D.) 70659. The THUMS AFA continues to govern the terms of the parties' relationship and obligations with respect to the THUMS Added Facilities.

IV.

REASONS FOR THE SALE

SCE seeks approval to sell the THUMS Added Facilities to the Purchaser because the sale provides the lowest-cost outcome for customers and resolves long-running disputes over responsibility for the facilities. The THUMS facilities are non-core assets designed and constructed exclusively to serve THUMS Islands and do not serve and are not needed to provide electric service to SCE's other customers. SCE currently bears ownership obligations and associated risks for infrastructure that exist solely to meet the operational needs of this single customer. Management of the THUMS Added Facilities has been a long-standing source of operational, legal, and financial uncertainty and associated risks resulting in regulatory proceedings, formal complaints, protests, mediation efforts, and substantial expenditures of management, legal, and expert resources.

Selling the THUMS Added Facilities to the Purchaser will provide SCE's customers with cost savings by generating a net gain on sale and eliminating SCE's future obligations for maintenance, replacement, and decommissioning associated with these customer-specific assets. Transferring ownership of the facilities to THUMS will also eliminate the need for future disputes regarding replacement-cost responsibility, provide a framework that includes a more conventional utility service relationship, and allows SCE to focus on its core utility infrastructure.

If this transaction is approved, the Purchaser will take ownership of the customer-specific electrical infrastructure that exclusively serves the THUMS Islands, including the submarine cables, island substations, transformers, protection systems, and related equipment. The Purchaser plans to continue to operate, and, if necessary, maintain, repair, and replace the THUMS Added Facilities at its

⁷ Appendix A, Exhibit 1, Section 11 (December 20, 1965 Added Facilities Agreement between SCE and THUMS).

own risk and expense and SCE will continue to provide electric service to the THUMS Islands through standard utility facilities at Pico Substation.

As discussed in the supporting Testimony, to ensure the purchase of the THUMS Added Facilities is in the best interest of SCE customers, SCE evaluated two ownership alternatives using SCE's PVRR model: SCE's continued ownership and operation of the THUMS Added Facilities versus sale to the Purchaser. SCE only evaluated these two alternatives because the added facilities subject to the proposed sale were designed and built exclusively for THUMS and therefore these facilities cannot be feasibly marketed or sold to other potential buyers.

Based on the PVRR assessment, SCE determined that on a net present value basis, selling the THUMS Added Facilities to the Purchaser is the lowest-cost option for SCE's customers, saving an aggregate of approximately \$15.87 million in terms of PVRR, due to the estimated net gain on sale and avoided future decommissioning costs. The sale of the THUMS Added Facilities has the added benefit of reducing or eliminating other risks associated with SCE's continued ownership of these facilities that are not accounted for in the PVRR model.

Per the APA, the Purchaser would pay SCE \$9.5 million at closing (subject to potential minor adjustments as agreed upon in the APA). The sale will result in an estimated \$1.91 million net gain-on-sale, which will be allocated 100% to SCE's customers. The Purchaser will pay the Purchase price less the Purchase Price Advance (defined as the "Transfer Payment" in the APA) and less any Delay Adjustments.⁸

The sale is subject to the conditions set forth in Article VI of the APA, including the following:

- CPUC approval of this Application,
- Completion of the work necessary to separate the THUMS Added Facilities from SCE's electrical system (the Separation),

⁸ A Delay Adjustment, as defined in the APA, will only be triggered if SCE's failure to use best efforts to complete the transaction causes a delay beyond one year after a final CPUC decision in this proceeding. If triggered, a Delay Adjustment will reduce the purchase price by \$20,000 for each full month of delay, up to a maximum reduction of \$240,000.

- Acquired Permits (as defined in the APA), if any, are transferred to the Purchaser, and
- Delivery of closing certificates and signature pages for the omnibus termination and assignment agreement, bill of sale, lease modification, if any, and standard facilities agreement.

SCE is selling the THUMS Added Facilities in their “as-is and where-is” condition, with the Purchaser assuming the obligations and liabilities allocated to Purchaser under the APA for repairing, restoring and operating the facilities after the close of the sale.

V.

PROPOSED RATEMAKING, COST RECOVERY AND REVENUE ALLOCATION

SCE proposes that the final net after-tax gain be returned to customers through a credit to the applicable subaccount of SCE’s Base Revenue Requirement Balancing Account (BRRBA). SCE proposes to reduce the revenue requirement associated with the THUMS Added Facilities retired rate base upon close of the sale. The revenue requirement reduction will be applied to the remaining periods in the 2025 GRC cycle and beyond, as applicable.

SCE’s proposed ratemaking treatment of the proposed transaction is expected to provide a net benefit to customers compared to continued ownership. As discussed above in Section IV, on a PVRR basis the sale will save customers approximately \$15.87 million. While the PVRR estimate does not account for the other customer benefits, those benefits would also accrue to SCE’s customers.

SCE proposes that the updated calculation of the gain-on-sale and tax information be provided to the Commission in a Tier 1 advice letter submittal following closing. Such a process is consistent with procedures that have been followed in the recently-approved sales of SCE’s small hydroelectric facilities, such as the sales to San Bernardino Valley Municipal Water District as approved in D.25-09-012, Fontana Union Water Company as approved by D.26-01-006, and Lower Tule Hydro, LLC as approved by D.26-08-014, as well as SCE building sales, such as the sale of its General Office #5 building as approved in D.25-07-011, and the sale of its Irwindale Business Center as approved by D.25-06-016. SCE requests that the Commission similarly approve the process discussed above for

calculating and allocating the estimated gain on sale for this transaction, with the specific amounts to be so allocated upon review of a compliance advice letter to be filed by SCE within 90 days following the closing.

VI.

REQUEST TO DISMISS ALL PENDING, RELATED CPUC REGULATORY PROCEEDINGS AND DISPUTES WITH THUMS UPON APPROVAL OF THE SALE

On December 4, 2024, SCE filed Application (A.) 24-12-001 to require a customer-financed AFA for replacement added facilities to serve the THUMS Islands consistent with Decision No. 70659 and Tariff Rule 2. The primary dispute of the proceeding concerns whether THUMS or SCE is responsible for paying to replace the THUMS Added Facilities (if and when they are replaced).

The sale of the THUMS Added Facilities proposed in this Application will resolve the disputes at issue in A.24-12-001, preserving the resources of the Commission, the Public Advocates Office at the CPUC (Cal Advocates), and the Parties.

On September 11, 2026, SCE filed a motion to dismiss A.24-12-001 without prejudice, as SCE and THUMS had executed the APA for the THUMS Added Facilities, which is the subject of the instant application. Both THUMS and the City of Long Beach support the dismissal of A.24-12-001. Cal Advocates also supports dismissal of A.24-12-001 without prejudice.² In its motion, SCE indicated that dismissal without prejudice is appropriate because the sale of the THUMS Added Facilities remains subject to Commission approval in this proceeding pursuant to California Public Utilities Code §851. The A.24-12-001 proceeding remains open, as the Commission has yet to grant SCE's motion.

SCE requests that upon approval of this Application, the CPUC dismiss A.24-12-001 and all pending and related regulatory proceedings before the CPUC.

² See Public Advocates Office's Response to Southern California Edison Company's Motion to Dismiss Application (A.) 24-12-001.

VII.

ORGANIZATION OF SCE'S TESTIMONY

SCE's Testimony submitted in support of this Application, which has preliminarily been marked for identification as Exhibit SCE-01, is comprised of the following sections:

SCE-01

CHAPTER I:	INTRODUCTION AND DESCRIPTION OF ASSETS TO BE SOLD
CHAPTER II:	REASONABLENESS OF TRANSACTION
CHAPTER III:	ALTERNATIVES TO SALE
CHAPTER IV:	RATEMAKING PROPOSAL

VIII.

CEQA COMPLIANCE

The California Environmental Quality Act (Cal. Pub. Res. Code § 21000 *et seq.*, "CEQA") and its implementing guidelines (Cal. Code Regs. Tit. 14, § 15000 *et seq.*, "CEQA Guidelines") require any state or local governmental agency approving a discretionary project to consider the environmental impact of the proposed project.¹⁰ CEQA defines a project as an activity which "may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment" and is either (a) directly undertaken by any public agency, (b) is supported by contracts, grants, subsidies, loans, or other forms of assistance from a public agency or (c) involves the issuance of a lease, permit, license, certificate or other entitlement for use by one or more public agency.¹¹ CEQA does not apply to any activity that does not have the potential for causing a significant effect on the environment.¹² In this instance, the sale of SCE's interest in the THUMS Added Facilities does not

¹⁰ Cal. Pub. Res. Code, §21080.

¹¹ Cal. Pub. Res. Code, §21065.

¹² Cal. Code Regs. Tit. 14, § 15061(b)(3).

have a direct or reasonably foreseeable indirect physical change in the environment as there are no environmental impacts from the transfer itself. SCE understands that the Purchaser plans to operate the THUMS Added Facilities in accordance with their existing use and operation. Future maintenance and repairs to the existing THUMS Added Facilities do not contemplate expansion of the existing or former use. Thus, there is no possibility that the sale of SCE's interest in the THUMS Added Facilities would have a significant environmental effect warranting CEQA review.

In addition, actions that otherwise could trigger CEQA review have specifically been deemed exempt from CEQA review, including "the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use."¹³ CEQA Guidelines Section 15301 specifically lists as an example "[e]xisting facilities of both investor and publicly owned utilities used to provide electric power..."¹⁴

None of the exceptions to CEQA exemption 15301(b) would apply to the sale of the THUMS Added Facilities because the transaction merely transfers ownership of existing facilities from SCE to THUMS, and therefore no physical change in the environment is expected as a foreseeable result of this sale. The Purchaser plans to operate the THUMS Added Facilities consistent with former operations and the sale does not authorize any physical modification, expansion, or intensification of use. Thus, SCE believes that the sale would not trigger any of the exceptions to CEQA exemption 15301(b) and therefore the transaction would be categorically exempt under Section 15301(b) of the CEQA guidelines. The CPUC previously found Section 851 applications for the Pacific Gas & Electric Company sales of its Kern Canyon and Tule River Hydro projects, both of which had contemplated future utility infrastructure repair work, categorically exempt from CEQA.¹⁵ SCE believes that, consistent with those decisions, potential future repairs to the THUMS Added Facilities fall within the categorical exemption set forth in Section 15301(b) of the CEQA Guidelines.

¹³ Cal. Code Regs. Tit. 14, §§ 15000, et seq ("CEQA Guidelines"); § 15301.

¹⁴ *Id.* at § 15301(b).

¹⁵ D.20-09-027 at p. 7-8; D.22-11-002 at p. 8-9.

In the event that at some future date Purchaser decides to modify the operations of the THUMS Added Facilities or undertake other development, Purchaser will be responsible for obtaining any necessary CEQA approval from the lead CEQA agency. Accordingly, SCE asks the Commission to find and conclude that the transfer described in this application is exempt from further Commission review pursuant to CEQA Guidelines 15061(b)(3) and 15301(b).

IX.

COMPLIANCE WITH TRIBAL LANDS TRANSFER POLICY

On December 5, 2019, the Commission adopted a policy titled, “Investor-Owned Utility Real Property – Land Disposition – First Right of Refusal for Disposition of Real Property Within the Ancestral Territories of California Native American Tribes” (Tribal Land Transfer Policy).¹⁶ On September 17, 2026, the Commission issued D.26-09-072, which revised the Tribal Land Transfer Policy (Revised Tribal Land Transfer Policy). The Revised Tribal Land Transfer Policy provides that certain utilities must, before disposing of a fee interest in real property, provide notice to applicable California Native American Tribes and an opportunity to negotiate the acquisition of the property through a right of first offer. The Revised Tribal Land Transfer Policy does not apply to this transaction because the transaction does not involve a sale or transfer of fee land.

X.

COMPLIANCE WITH COMMISSION’S RULES OF PRACTICE AND PROCEDURE

A. Statutory and Other Authority – Rule 2.1 (a) – (c)

Rule 2.1 requires that all applications: (1) clearly and concisely state the authorization or relief sought; (2) cite the statutory or other authority under which that relief is sought; and (3) be verified by the applicant.

¹⁶ See: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/tribal/final-land-transfer-policy-116.pdf>.

The relief being sought is summarized in this Application. The statutory and other authority under which this relief is being sought include Section 851; the Commission's Rules of Practice and Procedure; and prior decisions, orders, and resolutions of this Commission. This Application has been verified by an officer of SCE, as required in Rule 1.11. Rules 2.1(a), 2.1(b), and 2.1(c) set forth further requirements that are addressed separately below.

1. Rule 2.1 (a) - Legal Name

Rule 2.1(a) of the Commission's Rules of Practice and Procedure requires all applications to state the exact legal name of each applicant and the location of principal place of business, and if an applicant is a corporation, trust, association, or other organized group, the State under the laws of which such applicant was created or organized.

The full legal name of the applicant herein is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, which are substantially within the State of California, primarily consist of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in its business.

SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California, and its post office address and telephone number are:

Southern California Edison Company
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-1212

2. Rule 2.1 (b) – Correspondence

Rule 2.1(b) of the Commission's Rules of Practice and Procedure requires all applications to state the name, title, address, telephone number, facsimile transmission number, and e-mail address of the person to whom correspondence or communications regarding the application are to be addressed.

SCE's attorneys in this matter are Jennifer Shigekawa, Andrea Tozer and Lauren Goschke.

Correspondence or communications regarding this application should be addressed to:

Andrea L. Tozer
Director & Managing Attorney
P.O. Box 800
2244 Walnut Grove Avenue
Rosemead, CA 91770
Telephone: (626) 302-6713
e-mail: Andrea.Tozer@sce.com

SCE Case Administration
Southern California Edison Company
P.O. Box 800
8631 Rush Street
Rosemead, CA 91770
Telephone: (626) 302-0449
e-mail: case.admin@sce.com

Correspondence and communications to the Purchaser regarding this Application should be addressed to:

THUMS Long Beach Company
c/o California Resources Corporation
1 World Trade Center, Suite 1500
Long Beach, CA 90831
Attention: H. Dean Persinger, VP Wilmington Production Complex
Email: harold.persinger@crc.com

with a copy to:

City of Long Beach
411 W. Ocean Blvd., 9th Floor
Long Beach, CA 90802
Attn: City Attorney
Email: CityAttorney@longbeach.gov

and

City of Long Beach Department of Energy & Environmental Services
301 E. Ocean Blvd., Suite 1600
Long Beach, CA 90802
Attn: Director of Energy & Environmental Services
Email: Bob.Dowell@longbeach.gov

and

California Resources Corporation
27200 Tourney Road, Suite 1500
Santa Clarita, CA 91355
Attention: Kate Tyler; Legal Department
Email: kate.tyler@crc.com
Email: legalnotices@crc.com

and

Buchalter LLP
425 Market Street
29th Floor
San Francisco, CA 94105
Attention: Nora Sheriff; Tim Brannan
Email: nsheriff@buchalter.com
Email: tbrannan@buchalter.com

3. Rule 2.1 (c) – Proposed Category, Hearings, Issues, Safety & Schedule

Commission Rule 2.1(c) requires that all applications shall state the “proposed category for the proceeding, the need for hearing, the issues to be considered including relevant safety considerations, and a proposed schedule.”¹⁷

a) Proposed Category of Proceeding

SCE proposes that this Application be categorized as a ratesetting proceeding as defined in California Public Utilities Code § 1701.1(c)(3) and Rules 1.3(g) and 7.1(e)(2).¹⁸

¹⁷ Cal. Code Regs. Tit. 20, § 2.1(c).

¹⁸ “Ratesetting cases, for purposes of this article, are cases in which rates are established for a specific company, including, but not limited to, general rate cases, performance-based ratemaking, and other ratesetting mechanisms.” Cal. Pub. Util. Code §1701.1(c)(3). “‘Ratesetting’ proceedings are proceedings in which the Commission sets or investigates rates for a specifically named utility (or utilities), or establishes a mechanism that in turn sets the rates for a specifically named utility (or utilities). ‘Ratesetting’ proceedings include

b) Need for Hearings

This application is substantively similar to applications filed in the last two years by SCE and approved by the Commission without evidentiary hearings.¹⁹ Accordingly, SCE does not believe hearings will be necessary, but recognizes that the need for hearings will depend, in part, on how parties respond to SCE's request and will ultimately be determined by the assigned Administrative Law Judge.

c) Issues to be Considered

The issues to be considered are whether the Commission should approve (a) the sale of THUMS Added Facilities to the Purchaser and (b) SCE's proposed ratemaking of the transaction.

In D.16-01-017, the Commission adopted an amendment to Rule 2.1(c) requiring utilities' applications to clearly state the relevant safety considerations. The Commission has previously explained that the "[s]afe and reliable provision of [utility services] at predictable rates promotes public safety."²⁰ Safety is SCE's priority. SCE does not expect there to be safety implications with this transaction, as the Purchaser plans to operate the THUMS Added Facilities in a manner similar to how it has been operated in the past. The Purchaser has experience operating and maintaining electric facilities. Additionally, the sale of the THUMS Added Facilities will not interfere with utility operations on SCE's other properties.

complaints that challenge the reasonableness of rates or charges, past, present, or future. Other proceedings may be categorized as ratesetting, as described in Rule 7.1(e)(2)." Cal. Code Regs. Tit. 20, § 1.3(g).

¹⁹ See, e.g., A.26-01-002 and A.25-03-001.

²⁰ D.14-12-053, pp. 12-13.

d) Proposed Schedule

SCE proposes the following schedule, based on the assumption that hearings will not be necessary:

Event	Date
Application Filed	October 28, 2026
Protests/Responses to Application	November 30, 2026
Reply to Protests/Responses	December 10, 2026
Prehearing Conference	January 2027
Scoping Memo Issued ²¹	February 2027
Proposed Decision	April 2027
Final Commission Decision	May 2027

B. Appendices to this Application

The following are appended to this Application:

Appendix A - Asset Purchase Agreement

Appendix B - Financial Statements, including Balance Sheet and Statement of Income

C. Organization and Qualification to Transact Business – Rule 2.2

In compliance with Rule 2.2 of the Commission’s Rules of Practice and Procedure, a copy of SCE’s Certificate of Restated Articles of Incorporation, effective on August 28, 2023, and presently in effect, certified by the California Secretary of State, was filed with the Commission on December 15, 2023, in connection with Application No. 23-12-011, and is incorporated herein by this reference.

A copy of SCE’s Certificate of Determination of Preferences of the Series M Preference Stock filed with the California Secretary of State on November 17, 2023, and presently in effect, certified by

²¹ If the Commission determines that evidentiary hearings are needed, additional dates will need to be set for intervenor testimony and rebuttal testimony, along with dates for the evidentiary hearings.

the California Secretary of State, was filed with the Commission on December 15, 2023, in connection with Application No. A.23-12-011, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series N Preference Stock filed with the California Secretary of State on May 8, 2024, and presently in effect, certified by the California Secretary of State, was filed with the Commission on May 15, 2024, in connection with Application No. A.24-05-007, and is incorporated herein by this reference.

Copies of SCE's latest Annual Report to Shareholders and Edison International's latest proxy statement sent to its stockholders have been filed with the Commission with an Energy Division Central Files Document Coversheet dated March 13, 2026, pursuant to General Order Nos. 65-A and 104-A of the Commission.

D. Financial Statements, including Balance Sheet and Income Statement – Rule 2.3 & Rule 3.6(e)

Appendix B to this Application contains copies of SCE's balance sheet as of June 30, 2026, and income statement for the period ended June 30, 2026, the most recent period available.

E. CEQA Compliance – Rule 2.4

See Section VIII of this Application.

F. Other Compliance – Rule 3.6

Rule 3.6 requires that all applications filed under California Public Utilities Code §851 include the following information:

1. SCE's Business and Service Territory

See Section X.A.1 of this Application.

2. Description of Property Involved in the Transaction, Statement of Book Cost and Original Cost

SCE is selling added facilities that support the THUMS Islands, located off the coast of Long Beach, in Los Angeles County. The THUMS Added Facilities are more particularly described in Section I.A.3 of SCE's Testimony and in Schedule I of the APA.

The cost of the THUMS Added Facilities was estimated in the original 1965 AFA agreement at \$2.38 million, to be paid for by THUMS. The recorded cost after the final billing adjustment was \$3.76 million.

The negotiated purchase price is \$9.50 million. The estimated net book value of the assets to be transferred is approximately \$6.64 million, calculated using an assumed closing date of July 1, 2028.²² The estimated net book value includes existing plant as well as projects currently in progress in order to facilitate the transaction that will transfer the THUMS Added Facilities to the Purchaser.

After estimated transaction costs of approximately \$0.03 million and preliminary estimated tax effects of approximately \$0.92 million, the estimated net gain on sale is approximately \$1.91 million. The amounts cited in this Application are estimated values at closing. The actual amounts will be based on the book values and transaction amounts as of the actual closing date.

SCE is selling the THUMS Added Facilities in their "as-is and where-is" condition, with the Purchaser assuming the obligations and liabilities allocated to Purchaser under the APA for repairing, restoring and operating the facilities after the close of the sale.

3. Detailed Reasons for Entering into the Transaction, with Supporting Facts

As described in detail in Section IV above and in the Testimony, SCE is selling the THUMS Added Facilities to the Purchaser because the sale is in the best interest of SCE's customers.

²² The actual closing date is defined as the date that all the closing conditions, described in Section IV of this Application and in Article VI of the APA, occur. Because the closing date is not yet known, SCE used July 1, 2028 as a conservative estimate for purposes of calculating the net book value. As described in footnote 8, a potential reduction in the purchase price will only occur if the conditions for a Delay Adjustment are met.

The THUMS Added Facilities are non-core assets designed and constructed exclusively to serve THUMS's offshore island operations under a CPUC-approved Tariff Rule 2 AFA. These facilities do not serve and are not needed to provide electric service to SCE's other customers. SCE currently bears ownership obligations and associated risks for infrastructure that exist solely to meet the operational needs of this single customer.

The sale provides measurable economic benefits to customers through the net gain-on-sale and PVRR savings of approximately \$15.87 million, as detailed in Section IV and the supporting Testimony. Selling these facilities to the Purchaser allows the Purchaser to directly manage infrastructure that is integral to its business operations while providing benefits to SCE's customers by eliminating future cost exposure and transferring responsibility for all maintenance, replacement, environmental compliance, decommissioning, and ownership-related liabilities to the Purchaser.

4. Agreed-to Purchase Price and Terms for Payment.

The Purchaser has agreed to pay SCE \$9.5 million for the THUMS Added Facilities. Following execution of the APA, THUMS made a non-refundable \$3 million Purchase Price Advance to SCE to fund the work necessary to separate the THUMS Added Facilities from the SCE system. That amount is credited toward the purchase price. At closing, THUMS will pay the remaining balance of the purchase price, subject to limited Delay Adjustments specified in the APA attached as Appendix A.

G. Copy of Proposed Deed, Bill of Sale, Lease, Security Agreement, Mortgage, or Other Encumbrance Document, and Contract or Agreement Therefor, if Any, and Copy of Each Plan or Agreement for Purchase, Merger or Consolidation.

The APA is attached hereto as Appendix A. A copy of the form of Bill of Sale is attached to the APA as Exhibit 2. A copy of the Omnibus Termination Agreement is attached to the APA as Exhibit 3.

H. Notice

Commission approval of this Application would result in a decrease in SCE's revenue requirement, which would, in turn, change (via decrease) SCE's rates. Accordingly, SCE is not required

under Rule 3.2 of the Commission's Rules of Practice and Procedure to provide notice of this application.

I. Service List

The official service list has not yet been established in this proceeding. In accordance with Rule 1.9 of the Commission's Rules of Practice and Procedure, SCE is serving this Application, including exhibits, on the Commission's Chief Administrative Law Judge. SCE is also serving this Application, including exhibits, on the Purchaser, California Resources Long Beach, California Resources Corporation, the City of Long Beach, the Commission's Energy Division, and the Commission's Public Advocates Office.

XI.

CONCLUSION

In D.09-04-013, the Commission held: “The primary question for the Commission in Section 851 proceedings is whether the proposed transaction serves the public interest: ‘The public interest is served when utility property is used for other productive purposes without interfering with the utility’s operation or affecting service to other utility customers.’” That public interest standard is satisfied here.

Accordingly, SCE respectfully requests the Commission adopt findings of fact, conclusions of law, and ordering paragraphs granting the following:

1. Authorizing SCE to sell to Purchaser the THUMS Added Facilities and associated assets in accordance with the terms and conditions of the APA;
2. Approving the ratemaking treatment of the gain-on-sale;
3. Determining that the sale of the THUMS Added Facilities is not subject to CEQA; and
4. Granting such other and further relief as the Commission deems proper.

Respectfully submitted,

JENNIFER T. SHIGEKAWA
ANDREA L. TOZER
LAUREN P. GOSCHKE

/s/ Andrea L. Tozer

By: Andrea L. Tozer

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

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E-mail: Andrea.Tozer@sce.com

Date: October 28, 2026

RULE 1.11 VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf.

I am informed and believe that the matters stated in the foregoing document are true. I declare under penalty of perjury that the foregoing is true and correct.

Executed this 27th day of October, 2026, at Pomona, California.

By: /s/ Orville O. Cocking

Name: Orville O. Cocking

Title: Senior Vice President,

Transmission & Distribution

SOUTHERN CALIFORNIA EDISON COMPANY

Post Office Box 800

2244 Walnut Grove Avenue

Rosemead, California 91770

THUMS supports and signs this Application as Purchaser under the Asset Purchase Agreement, pursuant to Rule 3.6 of the Commission's Rules of Practice and Procedure:

THUMS LONG BEACH COMPANY

By: /s/ Omar Hayat
Name: Omar Hayat
Title: EVP and Chief Operating Officer,
THUMS Long Beach Company
c/o California Resources Corporation
1 World Trade Center, Suite 1500
Long Beach, CA 90831

Dated: October 27, 2026

Appendix A

Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

by and between

SOUTHERN CALIFORNIA EDISON COMPANY,

as Seller;

THUMS LONG BEACH COMPANY,

as Purchaser;

solely for purposes of Section 8.3 and Article XII,

CALIFORNIA RESOURCES LONG BEACH, INC.;

solely for purposes of Section 8.3 and Articles IX and XII,

CALIFORNIA RESOURCES CORPORATION;

**and, solely for purposes of Sections 5.7 and 8.3, Article XI (upon written election) and
Article XII (other than Sections 12.5 and 12.6),**

THE CITY OF LONG BEACH

AUGUST 12, 2026

THUMS ADDED FACILITIES

Los Angeles County, California

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3. Omnibus Termination Agreement
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SCHEDULES

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ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this “Agreement”) is made and entered into effective as of AUGUST 12, 2026 (the “Execution Date”), by and between: **SOUTHERN CALIFORNIA EDISON COMPANY**, a California corporation (“Seller”); **THUMS LONG BEACH COMPANY**, a Delaware corporation (“Purchaser”), and solely for purposes of Section 8.3 and Article XII, **CALIFORNIA RESOURCES LONG BEACH, INC.**, a Delaware corporation (“CRLB”), solely for purposes of Section 8.3 and Articles IX and XII, **CALIFORNIA RESOURCES CORPORATION**, a Delaware corporation (“CRC”); and, solely for purposes of Sections 5.7 and 8.3, Article XI (upon written election) and Article (XII) (other than Sections 12.5 and 12.6), **THE CITY OF LONG BEACH** (“City of Long Beach”). Seller, Purchaser, and solely for the purposes of the sections set forth in this Preamble, CRLB, CRC and City of Long Beach, may be referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

A. Seller owns certain undersea and above-ground electrical infrastructure facilities located in Los Angeles County, California that are used in connection with providing electric service to the THUMS Islands (as further described in Schedule 1, the “Added Facilities”) and are subject to that certain Added Facilities Agreement (as defined herein).

B. The majority of the Added Facilities are fully depreciated as of the Execution Date.

C. Seller desires to sell and assign to Purchaser, and Purchaser desires to purchase and assume from Seller, the Acquired Assets (as defined herein), and Seller desires to assign to Purchaser, and Purchaser desires to assume from Seller, the Assumed Liabilities (as defined herein), in each case pursuant to the terms and subject to the conditions set forth in this Agreement.

D. Concurrently herewith, the Parties are entering into an amendment (the “Chaffee Transformer Settlement Amendment”) to that certain Agreement, dated April 26, 2021, Regarding the Island Chaffee #5 Transformer and Telecom Cable Dispute, pursuant to which, among other things, (i) Purchaser will remain responsible for the original \$3,235,385 advance for the installation of the #9 Chaffee Transformer Project, as well as any additional costs up to \$625,000 (i.e., for a total of up to \$3,860,385), and (ii) Seller will bear cost responsibility for any additional costs above \$3,860,385 for the installation of the #9 Chaffee Transformer Project.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

AGREEMENT

ARTICLE I

DEFINITIONS; USAGE

1.1 Definitions. Unless the context shall otherwise require, capitalized terms used in this Agreement shall have the meanings assigned to them in this Section 1.1.

“Acquired Assets” has the meaning set forth in Section 2.1.

“Acquired Books and Records” shall mean, to the extent in Seller’s possession after reasonable search, all books and records, in whatever form or medium (including electronic, digital, or paper), to the extent relating to the Added Facilities, including: (a) operating records; (b) maintenance, inspection and testing records and training materials (including training cadence or schedules); (c) engineering drawings, specifications, and as-built plans; (d) copies of permits to construct or permits to operate and related compliance records, including copies of such permits that may have expired and/or are vested; (e) environmental, health, and safety records; (f) incident and outage reports, including fault logs and root cause failure analyses; and (g) financial and accounting records relating specifically to the Added Facilities; but in each case excluding (x) any Tax books and records and (y) information protected by attorney-client privilege, the attorney work product doctrine or other applicable privilege or protection.

“Acquired Permits” has the meaning set forth in Section 5.1.4.

“Acquired Real Property Interests” means those certain interests in real property that are listed or described in Schedule 3.

“Action” means any suit, claim, proceeding, arbitration, audit or investigation (whether civil, criminal, administrative, or otherwise).

“Added Facilities” has the meaning set forth in the Preamble.

“Added Facilities Agreement” means that certain Added Facilities Agreement dated December 20, 1965 by and between Seller and Purchaser, attached hereto as Exhibit 1.

“Adverse Modification” means any condition, modification, deletion, or addition imposed or required, or proposed in writing by the CPUC, in connection with CPUC Approval of this Agreement that: (i) imposes additional obligations or liabilities on either Party that are materially adverse to such Party; (ii) materially diminishes the benefits to be received by either Party under this Agreement; or (iii) otherwise has or would reasonably be expected to have a material adverse effect on either Party or the transactions contemplated hereby, in each case as reasonably determined by the affected Party.

“Affiliate” of any Person means any other Person directly or indirectly controlling, directly or indirectly controlled by or under direct or indirect common control with such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the

management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

“Agreement” has the meaning set forth in the Preamble.

“Allocation Schedule” has the meaning set forth in Section 2.7.3.

“Ancillary Agreements” means those other documents, instruments, certificates or agreements as may be executed and delivered by one or both Parties in connection with this Agreement and the transactions contemplated hereby, including the Bill of Sale.

“Arbitrator” has the meaning set forth in Section 11.3.1.

“Bill of Sale” has the meaning set forth in Section 2.7.1(a).

“Business Day” means any day except Saturday, Sunday or a weekday that banks in either or both Los Angeles, California or New York, New York are authorized or obligated by Law to close.

“Chaffee Transformer Settlement Agreement” has the meaning set forth in the Recitals.

“City of Long Beach” has the meaning set forth in the Preamble.

“Claims” has the meaning set forth in Section 8.3(a).

“Closing” has the meaning set forth in Section 2.6.

“Closing Date” has the meaning set forth in Section 2.6.

“Contract” means any written agreement, contract, lease, license (other than a Permit), note, bond, evidence of indebtedness, mortgage, indenture, security agreement, purchase order or other instrument.

“CPUC” means the California Public Utilities Commission or its successor.

“CPUC Approval” means an Order issued by the CPUC under Section 851 of the California Public Utilities Code that is final and no longer subject to appeal, which approves this Agreement and the transactions contemplated hereby.

“CRC” has the meaning set forth in the Preamble.

“CRLB” has the meaning set forth in the Preamble.

“Delay Adjustment” has the meaning set forth in Section 2.5.4.

“Dispute” has the meaning set forth in Section 11.1.

“Easements” means easements, rights-of-way, licenses, occupancy or encroachment permits, or similar entitlements.

“Environmental Law” means any applicable Law, as previously, now or hereinafter in effect, that relates to pollution, protection of occupational health or safety or the protection of the environment, including (a) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., (b) the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., (c) the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., (d) the Clean Air Act, 42 U.S.C. § 7401 et seq., (e) the Hazardous Materials Transportation Authorization Act of 1994, 49 U.S.C. § 5101 et seq., (f) the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., (g) the Toxic Substances Control Act, 15 U.S.C. §§ 2601 through 2629, (h) the Oil Pollution Act, 33 U.S.C. § 2701 et seq., (i) the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq., (j) the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j, (k) the Federal Insecticide, Fungicide, & Rodenticide Act, 7 U.S.C. § 136 et seq., (l) the Endangered Species Act, 16 U.S.C. § 1531 et seq., (m) the Clean Water Act, 33 U.S.C. § 1251 et seq., (n) the National Environmental Policy Act, 42 U.S.C. § 4321 et seq., (o) the Migratory Bird Treaty Act, 16 U.S.C. § 703 et seq., (p) the Bald and Golden Eagle Protection Act, 16 U.S.C. § 668 et seq., (q) the Archeological Resources Protection Act, 16 U.S.C. § 470aa et seq., (r) the National Historic Preservation Act, 54 U.S.C. § 300101 et seq., and (s) any other applicable Laws that are similar or equivalent to the Laws in clauses (a) through (r).

“Excluded Assets” has the meaning set forth in Section 2.2.

“Excluded Liabilities” has the meaning set forth in Section 2.4.

“Execution Date” has the meaning set forth in the Preamble.

“Good Utility Practice” means, with respect to the Added Facilities, the practices, methods and acts generally engaged in or approved by a significant portion of the electric power industry in the State of California for similarly situated facilities during the relevant period, or any of such practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, would be expected to accomplish the desired result in a manner consistent with applicable Law, reliability, safety, economy, and expedition. Without limiting the foregoing, Good Utility Practice is not intended to be limited to the optimum practices, methods, or acts, to the exclusion of all others, but rather to include a spectrum of possible practices, methods, or acts generally acceptable within such industry in the State of California during the relevant period in light of the circumstances.

“Governmental Authority” means any federal, state, local or other government or political subdivision thereof, or any agency, department, board, council, commission or other instrumentality of such government or political subdivision, or any arbitrator, court or tribunal of competent jurisdiction.

“Hazardous Substance” means any pollutant or contaminant or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, including petroleum, its derivatives, by-products and other hydrocarbons, and any other substance, waste or material regulated as a pollutant or otherwise as “hazardous” under any applicable Environmental Law.

“Law” means any federal, state, local or other law, common law, treaty, code, rule, ordinance, binding directive, regulation, Order, certificate, authorization, or approval of a Governmental Authority that is binding on a Party or any of its property.

“Lease Modification” has the meaning set forth in Section 5.7.

“Liability” means any liability and other obligations of a Person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due).

“Lien” means any mortgage, pledge, deed of trust, hypothecation, charge, security interest, lien, conditional sale or other title retention agreement, or other similar encumbrance.

“Loss” means any and all losses, damages, liabilities, deficiencies, claims, demands, judgements, settlements, interest, awards, penalties, fines, costs, or expenses of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, including reasonable attorneys’ fees and expenses, court costs, arbitration costs, expert witness fees, and costs of investigation, remediation and enforcement; provided, however, that “Losses” shall not include any consequential, incidental, special, punitive, or exemplary damages, including lost profits, lost revenues, or diminution in value, except to the extent that such damages are payable to a third party in connection with a third-party claim.

“Mediator” has the meaning set forth in Section 11.2.

“Omnibus Termination Agreement” has the meaning set forth in Section 2.7.1(d).

“Order” means any binding order, writ, judgment, injunction, decree, stipulation, determination or award of any Governmental Authority.

“Organizational Documents” means with respect to any Person, the certificate or articles of incorporation, organization or formation and by-laws, the limited partnership agreement, the partnership agreement, the limited liability company agreement or the trust agreement, or such other organizational documents of such Person.

“Outside Closing Date” means, unless otherwise mutually agreed in writing by the Parties, the date that is twelve (12) months after the date as of which the CPUC Approval has been duly obtained, or if not approved, the date that is twelve (12) months after the date that the CPUC issues a final Order that does not result in the CPUC Approval being obtained.

“Party” or “Parties” has the meaning set forth in the Preamble.

“Permits” means registrations, permits, licenses, authorizations, consents, approvals, grants, franchises, orders, variances, certificates of authority, letter rulings, resolutions, or similar rights and privileges granted by or obtained from any Governmental Authority.

“Permitted Liens” means: (a) statutory or common law Liens of mechanics, materialmen, warehousemen, landlords, carriers, repairmen, construction contractors and other similar Liens that arise in the ordinary course of business; (b) Liens for Taxes not yet delinquent or which are being contested in good faith; (c) zoning, building and other similar ordinances or restrictions

imposed by applicable Laws; (d) Liens arising out of any Easement or other interest in real property; (e) Liens that will be released prior to or as of the Closing; and (f) Liens arising under this Agreement or any Ancillary Agreement.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, limited liability company, unincorporated organization, Governmental Authority or any other form of entity.

“Pre-Closing Covenants” has the meaning set forth in Section 10.1.

“Purchase Price” has the meaning set forth in Section 2.5.1.

“Purchaser” has the meaning set forth in the Preamble.

“Purchaser Material Adverse Effect” means a material adverse effect on the ability of Purchaser to enforce its rights or perform its obligations under this Agreement or to complete the transactions contemplated hereby.

“Purchaser’s Consents” has the meaning set forth in Section 4.4.2.

“Purchaser’s Disclosure Schedule” means the disclosure schedule prepared by Purchaser and attached hereto as Schedule 8.

“Purchaser’s Knowledge” means the actual knowledge of the Persons listed on Schedule 5, after reasonable inquiry of those employees of Purchaser who would reasonably be expected to have knowledge of the relevant matter.

“Recorded Lien” means any Lien that has been perfected or made a matter of public record by filing or recording in any public office or registry, including (a) any mortgage, deed of trust, or fixture filing recorded in the real property records of any county or jurisdiction, (b) any tax lien filed by any federal, state, or local governmental authority, and (c) any lien for which a UCC financing statement has been filed with the applicable Secretary of State or other filing office pursuant to Article 9 of the Uniform Commercial Code.

“Related Person” means with respect to each Party, such Party’s Affiliates, and the employees, officers, directors, members, and managers of such Party and its Affiliates.

“Released Claims” has the meaning set forth in Section 8.3(a).

“Remedial Action” means any investigation, remediation, clean-up, abatement, removal or monitoring (or words of similar import) of Hazardous Substances.

“Representatives” means, as to any Person, its officers, directors, employees, agents, counsel, accountants, investment bankers, engineers, consultants and other representatives or advisors.

“Schedule” or “Schedules” means one or more of the schedules attached hereto.

“Seller” has the meaning set forth in the Preamble.

“Seller Material Adverse Effect” means any change that is, or changes that in the aggregate are, materially adverse to: (a) the value of the Added Facilities, taken as a whole, or (b) the ability of Seller to perform its obligations under this Agreement or to complete the transactions contemplated hereby; provided, however, that any adverse change or development arising out of or relating to any of the following shall not be deemed to constitute, and shall not be, either alone or in combination, taken into account in determining whether there has been, a Seller Material Adverse Effect: (i) changes or developments in the international, national or regional electric generating, transmission or distribution industry, wholesale or retail markets for electric power or energy business, including effects on such industry, markets, energy and/or business resulting from any regulatory, legislative and political conditions or developments enacted, proposed or arising after the date hereof; (ii) changes or developments in international, national or regional economic or financial conditions; (iii) changes or developments in financial and securities markets in the United States or elsewhere in the world, including changes in interest rates, exchange rates or commodity prices, or deterioration in the credit markets generally; (iv) changes or developments in Law; (v) changes or developments in applicable accounting rules or standards; (vi) changes or developments arising out of actions required or expressly permitted to be taken pursuant to or in accordance with this Agreement or any Ancillary Agreements, including Article V; (vii) changes or developments in supply chain conditions; (viii) earthquakes, hurricanes, tornados, natural disasters, climatic conditions or other acts of God; (ix) acts of war (whether or not declared and whether or not political in nature) or any outbreak of hostilities, sabotage or terrorism (including cyber-attacks, computer hacking, international trade related matters and matters related to tariffs), or any escalation or worsening of any such acts of war (whether or not declared and whether or not political in nature), outbreak of hostilities, sabotage or terrorism (including cyber-attacks, computer hacking, international trade related matters and matters related to tariffs); (x) any epidemic, pandemic or outbreak of disease and any related public safety measures imposed by a Governmental Authority with respect thereto; (xi) actions or omissions of Seller requested by Purchaser or required by this Agreement; (xii) the announcement, pendency or completion of the transactions contemplated by this Agreement; (xiii) any actions by Purchaser or any of its Related Persons; or (xiv) matters disclosed or referred to in Seller’s Disclosure Schedule; provided further that any change or development referred to in clauses (i)–(iv) or (vii)–(x) shall be taken into account in determining whether a Seller Material Adverse Effect has occurred to the extent that such change or development, individually or in the aggregate, is materially disproportionately adverse to the Added Facilities or Seller as compared with other facilities or participants in the relevant businesses or geographic area.

“Seller’s Consents” has the meaning set forth in Section 3.4.2.

“Seller’s Disclosure Schedule” means the disclosure schedule prepared by Seller and attached hereto as Schedule 7.

“Seller’s Knowledge” means the actual knowledge of the Persons listed in Schedule 6, after reasonable inquiry of those employees of Seller who would reasonably be expected to have knowledge of the relevant matter.

“Tax” or “Taxes” means any federal, state, local, or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty, or addition thereto, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

“Tax Returns” means any and all returns, declarations, claims for refund, or information returns or statements, reports and forms relating to Taxes filed with any Governmental Authority (including any schedule or attachment thereto) with respect to the Acquired Assets, including any amendment thereof.

“THUMSGEN Interconnection Facilities” means the THUMSGEN Interconnection Facilities (Position 12 in the Pico Substation), as more particularly described in Schedule 9.

“Transfer Payment” has the meaning set forth in Section 2.5.2.

“Trust Indenture” means that certain Trust Indenture, dated as of October 1, 1923 (as amended, restated, supplemented or otherwise modified from time to time), by and between Seller and The Bank of New York Mellon Trust Company, N.A., as successor to Harris Trust and Savings Bank, and Reginald Brewer, as successor trustee to Pacific-Southwest Trust & Savings Bank, as trustees.

1.2 Rules as to Usage. Except as otherwise expressly provided herein, the following rules shall apply to the usage of terms in this Agreement:

(a) The terms defined in Article I or elsewhere in this Agreement have the meanings set forth for all purposes, and such meanings are equally applicable to both the singular and plural forms of the terms defined. If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb).

(b) “Include,” “includes” and “including” shall be deemed to be followed by “without limitation” whether or not they are in fact followed by such words or words of like import.

(c) “Writing,” “written” and comparable terms refer to printing, typing, and other means of reproducing in a visible form.

(d) Any Law defined or referred to herein means such Law as from time to time amended, modified or supplemented, including by succession of comparable successor Law and any rules and regulations promulgated thereunder.

(e) References to a Person are also to its permitted successors and assigns.

(f) “Hereof,” “herein,” “hereunder” and comparable terms refer, unless otherwise expressly indicated, to the entire agreement or instrument in which such terms are used

and not to any particular article, section or other subdivision thereof or exhibit or schedule or other attachment thereto. References in an instrument to “Article,” “Section” or another subdivision or to an exhibit, schedule or other attachment are, unless the context otherwise requires, to an article, section, subsection or subdivision of or an exhibit or schedule or other attachment to such agreement or instrument.

(g) Pronouns, whenever used in any agreement or instrument that is governed by this Agreement and of whatever gender, shall include all Persons. References to any gender include, unless the context otherwise requires, references to all genders.

(h) The word “or” will be deemed to be disjunctive but not necessarily exclusive (i.e., unless the context dictates otherwise, “or” will be interpreted to mean “and/or” rather than “either/or”). “Shall” and “will” have equal force and effect.

(i) Whenever the consent or approval of any Party is required pursuant to this Agreement, unless expressly stated that such consent or approval is to be given in the sole discretion of such Party, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

(j) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. Whenever any action must be taken hereunder on or by a day that is not a Business Day, such action may be validly taken on or by the next day that is a Business Day.

1.3 Schedules and Exhibits. This Agreement consists of the Articles contained herein and the Schedules and Exhibits attached hereto, all of which comprise part of one and the same agreement with equal force and effect.

ARTICLE II

PURCHASE AND SALE; CONSIDERATION; CLOSING

2.1 Purchase and Sale of the Acquired Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell, transfer, convey, assign and deliver to Purchaser, and Purchaser shall purchase and accept, all of Seller’s right, title and interest in, to and under the following assets, properties and rights, in each case free and clear of all Liens other than Permitted Liens, and in all cases excluding the Excluded Assets (collectively, the “Acquired Assets”):

- (a) The Added Facilities.
- (b) The Acquired Permits (if any).
- (c) The Acquired Real Property Interests.
- (d) The Acquired Books and Records.

2.2 Excluded Assets. Notwithstanding anything in this Agreement to the contrary, the Acquired Assets shall not include, and Purchaser is not purchasing from Seller pursuant to this Agreement, any right, title or interest in, to or under any other assets, properties or rights of Seller, including the following assets, properties and rights (collectively, the “Excluded Assets”):

- (a) All cash, cash equivalents and marketable securities of Seller.
- (b) All accounts receivable (including rights to rebates, refunds and similar items) of Seller.
- (c) All intellectual property rights owned by or licensed to Seller, including any copyrights to the Added Facilities’ designs, blueprints, specifications, photographs, promotional materials, computer software and programs, operation manuals and other copyrighted items utilized by Seller, together with the right to sue and collect for past infringement thereof.
- (d) All claims, rights and causes of action relating to or arising from any of the Excluded Assets or the Excluded Liabilities.
- (e) All Contracts of Seller.
- (f) All policies of insurance of Seller and any proceeds or return of premiums thereunder.
- (g) All claims, rights and interests of Seller in and to any deposits or refunds of Taxes or Tax credits for any period, and all Tax deposits, refunds and credits for taxable periods ending on or prior to the Closing Date (with all such Tax refunds and credits calculated as if the relevant Tax period ended on the Closing Date), and all rights to any deposits, refunds or credits for Tax payments paid by Seller.
- (h) Except for the Acquired Books and Records, Seller’s books and records, including (a) all Tax books and records, (b) any records prepared in connection with the transfer of the Acquired Assets, including analyses relating to the Added Facilities prepared in connection with the transfer of the Added Facilities, (c) Seller’s corporate charter, seal, minute books, stock record books, and other similar documents relating to the organization, maintenance and existence of Seller and (d) all personnel records of Seller.
- (i) All rights with respect to employees or contractors or former employees or contractors of Seller or its Affiliates.
- (j) The THUMSGEN Interconnection Facilities.
- (k) The entire perimeter fence around Seller’s Pico Substation, which is made up of 8-12 ' high Guardian 5000 fencing and 9' high block wall with two double swing gates, one motorized sliding gate and one pedestrian gate.

2.3 Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, from and as of the Closing, Purchaser shall assume and agrees to discharge and

perform when due all of the following Liabilities, in all cases excluding the Excluded Liabilities (collectively, the “Assumed Liabilities”):

(a) All Liabilities arising out of, related to or required to be performed with respect to the Acquired Assets.

(b) All Liabilities arising out of or related to Purchaser’s ownership or operation of the Acquired Assets, including any permitting obligations in respect thereof.

(c) All Liabilities (including the costs of any Remedial Action) that in each case arise under or relate to any Environmental Laws or a Hazardous Substance, including for personal injury, death, or property damage caused by an actual or alleged release of, or exposure to, a Hazardous Substance, to the extent arising out of, related to or resulting from the operation or ownership of the Acquired Assets.

(d) All Liabilities arising out of any Action to the extent arising out of, related to or resulting from the operation of the Acquired Assets.

2.4 Excluded Liabilities. Except for the Assumed Liabilities, Purchaser is not assuming and is not responsible for, and Seller shall retain, any Liabilities of Seller other than the Assumed Liabilities, including the following Liabilities (collectively, the “Excluded Liabilities”):

(a) any Liabilities to the extent arising out of or related to the Excluded Assets;

(b) any liability of Seller for Taxes arising out of or relating to Seller’s ownership or operation of the Acquired Assets prior to Closing;

(c) any Liability of Seller for income, transfer, sales, use, and other Taxes arising in connection with the consummation of the transactions contemplated hereby (including any income Taxes arising because Seller is transferring the Acquired Assets);

(d) any Liability of Seller for the unpaid Taxes of any Person under Treas. Reg. §1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise;

(e) any obligation of Seller to indemnify any Person by reason of the fact that such Person was a director, officer, employee, or agent of Seller or any of its subsidiaries or was serving at the request of any such entity as a partner, trustee, director, officer, employee, or agent of another entity (whether such indemnification is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses, or otherwise and whether such indemnification is pursuant to any statute, charter document, bylaw, agreement, or otherwise), in each case excluding to the extent any such Liability arises from or relates to Purchaser’s ownership or operation of the Acquired Assets on or after Closing;

(f) any Liability of Seller for costs and expenses incurred by Seller in connection with this Agreement and the transactions contemplated hereby;

(g) any liability arising out of or relating to the employment or termination of employment of any current or former employee of Seller or its subsidiaries arising on or prior to the Closing Date; and

(h) any Liability or obligation of Seller arising under this Agreement (or under any side agreement between Seller on the one hand and Purchaser on the other hand entered into on or after the date of this Agreement).

2.5 Consideration.

2.5.1 Aggregate Consideration. In consideration of the sale and transfer of the Added Facilities, Purchaser agrees (a) to pay an amount equal to \$9,500,000 *minus* any Delay Adjustment (the “Purchase Price”), (b) to assume the Assumed Liabilities and (c) to the release set forth in Section 8.3.

2.5.2 Transfer Payment. The “Transfer Payment” payable by Purchaser to Seller on the Closing Date shall be an amount equal to (a) the Purchase Price, *minus* (b) the Purchase Price Advance to the extent paid by Purchaser to Seller pursuant to Section 5.4.

2.5.3 Payment; Method of Payment. The Transfer Payment shall be paid by Purchaser to Seller on the Closing Date in United States Dollars, by wire transfer of immediately available federal funds to an account located in the United States as Seller may specify by written notice. Such amount shall be paid free and clear of all deductions or withholdings for Taxes.

2.5.4 Delay Adjustment. In the event that the Closing has not occurred by the twelve (12) month anniversary of the receipt of CPUC Approval solely as a result of Seller’s failure to use its best efforts to facilitate the completion of the transactions contemplated hereunder, the Purchase Price shall be reduced by \$20,000 for each full month of delay beyond such twelve (12) month anniversary of the receipt of CPUC Approval, up to a maximum of \$240,000 (the “Delay Adjustment”); provided that, notwithstanding the foregoing, no Delay Adjustment shall apply if the delay is not solely a result of Seller’s failure to use its best efforts to facilitate the completion of the transactions contemplated hereunder.

2.6 The Closing. The closing of the transactions contemplated by this Agreement (the “Closing”) will take place, by simultaneous exchange of documents by electronic delivery, on the third (3rd) Business Day after the conditions to the Closing set forth in Section 6.1, Section 6.2 and Section 6.3 have been satisfied or waived by the applicable Party (other than those conditions that by their nature will be satisfied at the Closing), or at such other time or date as Purchaser and Seller mutually agree in writing (the “Closing Date”), and shall be deemed effective as of 12:01 a.m. Pacific Time on the Closing Date.

2.7 Closing Deliveries.

2.7.1 Purchaser’s Closing Deliveries. At the Closing, Purchaser will pay to Seller the Transfer Payment in accordance with Section 2.5.3 and execute and deliver to Seller the following items:

(a) a counterpart signature page to a bill of sale and assignment and assumption agreement in substantially the form attached hereto as Exhibit 2 (the “Bill of Sale”), executed by an authorized representative of Purchaser;

(b) a certificate, dated as of the Closing Date, executed by an authorized officer of Purchaser, certifying that attached thereto is: (i) a true, correct and complete copy of a Certificate of Good Standing with respect to Purchaser, issued by the Secretary of State of the State of California as of a recent date; and (ii) a true, accurate and complete copy of a delegation of authority (or similar document) authorizing the delivery and performance by Purchaser of this Agreement and all of the other Ancillary Agreements to be executed and delivered by Purchaser;

(c) a certificate, dated as of the Closing Date, executed by an authorized officer of Purchaser, certifying as to the matters set forth in Section 6.3.1 and Section 6.3.2;

(d) a counterpart signature page to an omnibus termination agreement in substantially the form attached hereto as Exhibit 3 (the “Omnibus Termination Agreement”);

(e) a counterpart signature page to the agreement effecting the Lease Modification, if applicable; and

(f) a counterpart signature page to the Standard Facilities Agreement.

2.7.2 Seller’s Closing Deliveries. At the Closing, Seller will execute and deliver to Purchaser the following items:

(a) counterpart signature pages to the Bill of Sale, executed by an authorized representative of Seller;

(b) an IRS Form W-9, Request for Taxpayer Identification Number and Certification, properly completed by Seller;

(c) a certificate, dated as of the Closing Date, executed by an authorized officer of Seller, certifying that attached thereto is: (i) a true, correct and complete copy of a Certificate of Good Standing with respect to Seller, issued by the Secretary of State of the State of California as of a recent date; and (ii) a true, accurate and complete copy of a delegation of authority (or similar document) authorizing the delivery and performance by Seller of this Agreement and all of the Ancillary Agreements to be executed and delivered by Seller;

(d) a certificate, dated as of the Closing Date, executed by an authorized officer of Seller, certifying as to the matters set forth in Section 6.2.1 and Section 6.2.2;

(e) a counterpart signature page to the Omnibus Termination Agreement;

(f) a counterpart signature page to the agreement effecting the Lease Modification, if applicable;

- (g) a counterpart signature page to the Standard Facilities Agreement;
- and
- (h) evidence of the release of the Added Facilities from the Liens arising under the Trust Indenture.

Section 2.7.3 Purchase Price Allocation

(a) The Purchase Price (and the agreed fair market value of the Assumed Liabilities, if any, shall be allocated among the Acquired Assets for Tax purposes (and for all non-income tax purposes to the extent acceptable) based on the respective fair market values of the Acquired Assets. A draft of the allocation schedule (the “Allocation Schedule”) shall be prepared by Purchaser and delivered to Seller not less than five (5) Business Days prior to the Closing Date. Seller shall review and provide comments, and Purchaser shall duly consider all reasonable comments of Seller, and the Seller and Purchaser will use commercially reasonable efforts to mutually determine the amounts to be set forth in the Allocation Schedule prior to Closing. If Seller and Purchaser are unable to agree on the Allocation Schedule, they shall continue to work together in good faith after Closing to reach agreement on such allocation. Upon reaching final agreement, either before or after Closing, the Parties shall reflect the agreed allocation in writing in an updated version of the Allocation Schedule.

(b) Purchaser and Seller shall file all Tax Returns (including income and, to the extent permitted under applicable Law, non-income Tax Returns) in a manner consistent with the Allocation Schedule, and no Party shall thereafter take a position on any such Tax Return that is inconsistent with the Allocation Schedule unless expressly required to do so by Law. Purchaser and Seller shall also apply the values in the Allocation Schedule as of Closing for purposes of determining the amount of any Transfer Tax pursuant to this Agreement. If Seller and Purchaser are unable to agree on the Allocation Schedule, they shall be required to continue to work together in good faith to agree after Closing to reach agreement. Pending final agreement, Purchaser and Seller shall mutually agree on a preliminary allocation to be used consistently in all related Tax Returns until a final allocation is agreed. If, despite good faith efforts to reach agreement on an allocation of the Purchase Price and other amounts treated as paid to the Acquired Assets the Seller and Purchaser are unable to reach agreement thereon, each of the Seller and the Purchaser may use their own allocation for Tax and all other purposes.

(c) If any agreed allocation is disputed by any taxation or other Governmental Authority, the Party receiving notice of such dispute shall promptly notify the other Party and the Parties shall use commercially reasonable efforts to sustain those allocations. The Parties shall share information and cooperate to the extent reasonably necessary to permit the transactions contemplated by this Agreement to be properly, timely and consistently reported.

(d) Any adjustments to the Purchase Price, including any indemnification payments, shall be reflected as an adjustment to the price allocated to the specific asset, if any, giving rise to the adjustment, and if any such adjustment does not relate to a specific asset, such adjustment shall be allocated among the Acquired Assets on a reasonable basis consistent with their relative fair market values, as reflected in the Allocation Schedule. No portion of any such adjustment shall be treated as attributable to goodwill, going concern value or any similar

intangible. All such adjustments, if any, shall be determined in good faith by mutual agreement of Seller and Purchaser.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser, as of the date hereof, as follows:

3.1 Existence. Seller is duly incorporated, validly existing and in good standing, under the Laws of the State of California. Seller has the requisite corporate power and authority to own, operate and lease its properties and assets to carry on its business as now being conducted. Seller is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary, except where the failure to be so qualified, licensed or in good standing would not reasonably be expected to have a Seller Material Adverse Effect.

3.2 Authority. Seller has all requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations hereunder and thereunder and to complete the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and the Ancillary Agreements to which it is a party, and the performance by Seller of its obligations hereunder and thereunder, have been duly and validly authorized by all necessary corporate action.

3.3 Enforceability. This Agreement has been, and the Ancillary Agreements to which Seller is a party will be, duly executed and delivered by Seller and, assuming due and valid authorization, execution and delivery thereof by Purchaser and each other party thereto, this Agreement is, and the Ancillary Agreements to which Seller is a party will be when executed, valid and binding obligations of Seller enforceable against Seller in accordance with their terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity).

3.4 No Conflicts. The execution and delivery by Seller of this Agreement and the Ancillary Agreements to which it is a party does not, and the performance by Seller of its obligations under this Agreement and the Ancillary Agreements to which it is a party and the completion of the transactions contemplated hereby and thereby will not:

3.4.1 conflict with or result in a violation or breach of any of the terms, conditions or provisions of Seller's Organizational Documents;

3.4.2 assuming all of the consents and approvals set forth in Section 3.4.2 of Seller's Disclosure Schedule (the "Seller's Consents") have been obtained or given, result in a default under any of the terms, conditions or provisions of any existing Permit relating to the ownership or operation of the Added Facilities or any Acquired Real Property Interest, excluding such defaults as to which requisite waivers or consents have been obtained;

3.4.3 assuming all of the Seller's Consents have been obtained or given, conflict with or result in a violation or breach of any term or provision of any Law applicable to Seller with respect to the Added Facilities; or

3.4.4 assuming all of the Seller's Consents have been obtained or given, result in the imposition or creation of any Lien (other than Permitted Liens) upon any of the Acquired Assets, other than in favor of Purchaser;

except, in the case of the foregoing Section 3.4.2 and Section 3.4.3, any default, violation or breach that would not reasonably be expected to have a Seller Material Adverse Effect.

3.5 Compliance with Laws. To Seller's Knowledge, Seller is not in violation of any Law applicable to the Added Facilities, in each case, in any material respect.

3.6 Legal Proceedings. There are no material Actions (a) outstanding or pending to which Seller is a party or (b) to Seller's Knowledge, threatened against Seller, in each case that would be reasonably expected to (i) result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the completion of the transactions contemplated by this Agreement, or (ii) result in a binding Order, decree, judgement or similar decision pursuant to which a third party is entitled to recover damages for Losses arising out of or related to the Added Facilities.

3.7 Liens. Section 3.7 of Seller's Disclosure Schedule sets forth all Recorded Liens relating to the Added Facilities and, to Seller's Knowledge, all other Liens relating to the Added Facilities for obligations in excess of \$200,000. Except as set forth in Section 3.7 of Seller's Disclosure Schedule and any Permitted Liens, to Seller's Knowledge, the Added Facilities are free and clear of all Liens.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller, as of the date hereof, as follows:

4.1 Existence. Purchaser is duly incorporated, validly existing and in good standing under the Laws of the State of Delaware. Purchaser has the requisite corporate power and authority to own, operate and lease its properties and assets to carry on its business as now being conducted. Purchaser is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary, except where the failure to be so qualified, licensed or in good standing would not reasonably be expected to have a Purchaser Material Adverse Effect.

4.2 Authority. Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations hereunder and thereunder and to complete the transactions contemplated hereby and thereby. The execution and delivery by Purchaser of this Agreement and the Ancillary Agreements to which it is a party, and the performance by Purchaser of its obligations hereunder and thereunder, have been duly and validly authorized by all necessary corporate action.

4.3 Enforceability. This Agreement has been, and the Ancillary Agreements to which Purchaser is a party will be, duly executed and delivered by Purchaser and, assuming due and valid authorization, execution and delivery thereof by Seller and each other party thereto, this Agreement is, and the Ancillary Agreements to which Purchaser is a party will be when executed, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity).

4.4 No Conflicts. The execution and delivery by Purchaser of this Agreement and the Ancillary Agreements to which it is a party does not, and the performance by Purchaser of its obligations under this Agreement and the Ancillary Agreements to which it is a party and the completion of the transactions contemplated hereby and thereby will not:

4.4.1 conflict with or result in a violation or breach of any of the terms, conditions or provisions of Purchaser's Organizational Documents;

4.4.2 assuming all of the consents and approvals set forth in Section 4.4.2 of Purchaser's Disclosure Schedule (the "Purchaser's Consents") have been obtained or given, result in a default under any of the terms, conditions or provisions of any material contract or other obligation to which Purchaser is a party, excluding such defaults as to which requisite waivers or consents have been obtained; or

4.4.3 assuming all of the Purchaser's Consents have been obtained or given, conflict with or result in a violation or breach of any term or provision of any Law applicable to Purchaser;

except, in the case of the foregoing Section 4.4.2 and Section 4.4.3, any default, violation or breach that would not have a Purchaser Material Adverse Effect.

4.5 Legal Proceedings. There are no Actions (a) outstanding or pending to which Purchaser is a party or (b) to Purchaser's Knowledge, threatened against Purchaser or any of its assets and properties, in each case, that would be reasonably expected to (i) result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the completion of the transactions contemplated by this Agreement, or (ii) individually or in the aggregate, have a Purchaser Material Adverse Effect.

4.6 Financial Ability to Perform. Purchaser has available to it as of the date hereof, and will have available to it at the Closing, funds sufficient to enable Purchaser to deliver the Purchase Price to Seller, as and when contemplated by this Agreement, and perform its obligations under this Agreement and the Ancillary Agreements to which it is a party.

4.7 NO OTHER REPRESENTATIONS. EXCEPT FOR THE REPRESENTATIONS, WARRANTIES AND COVENANTS EXPRESSLY SET FORTH IN THIS AGREEMENT AND ANY ASSOCIATED RIGHTS TO INDEMNIFICATION UNDER SECTION 8.4, PURCHASER ACKNOWLEDGES THAT (A) NEITHER SELLER NOR ANY OTHER PERSON MAKES, AND THAT PURCHASER HAS NOT RELIED UPON, ANY EXPRESS OR IMPLIED REPRESENTATION, WARRANTY OR COVENANT REGARDING THE ACQUIRED

ASSETS, THEIR CONDITION, QUALITY OR SUITABILITY FOR ANY PARTICULAR PURPOSE, OR OTHERWISE WHATSOEVER, (B) PURCHASER HAS HAD THE OPPORTUNITY TO INSPECT THE ACQUIRED ASSETS THAT ARE LOCATED ABOVE GROUND, RECEIVED AND REVIEWED TEST RESULTS FOR THE ACQUIRED ASSETS THAT ARE UNDERSEA, AND ACCEPTS THE ACQUIRED ASSETS IN THEIR CURRENT CONDITION, WITH ALL FAULTS AND DEFECTS AND ASSUMES ALL RISKS ASSOCIATED WITH THE USE AND CONDITION OF THE ACQUIRED ASSETS, INCLUDING ALL ASSUMED LIABILITIES, AND (C) IT IS SOPHISTICATED AND EXPERIENCED IN THE OPERATION OF ELECTRICAL INFRASTRUCTURE FACILITIES.

ARTICLE V

COVENANTS AND CERTAIN AGREEMENTS

5.1 Efforts.

5.1.1 From and after the Execution Date and prior to the Closing, Purchaser and Seller shall use their respective best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate and make effective in the most expeditious manner possible the transactions contemplated by this Agreement, including (a) the preparation and filing of all forms, registrations and notices required to be filed to consummate the transactions contemplated by this Agreement, (b) taking all actions necessary to obtain (and cooperating with each other in obtaining) any consent or approval of any third party, including any Governmental Authority required to be obtained or made by Purchaser or Seller in connection with the transactions contemplated by this Agreement and (c) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by this Agreement and to fully carry out the purposes of this Agreement. Each Party shall be responsible for its own costs and expenses incurred in connection with the foregoing.

5.1.2 Without limiting the generality of Section 5.1.1, as soon as practicable (but not later than ninety (90) days) after the Execution Date, Seller shall file with the CPUC, pursuant to Section 851 of the California Public Utilities Code, an application for the approval of the transactions contemplated by this Agreement and such other documents reasonably required to obtain the CPUC Approval. Seller shall, in good faith, use best efforts to respond promptly and accurately to any requests for additional information made by the CPUC, and Purchaser shall, in good faith and as reasonably requested by Seller, use best efforts to cooperate with Seller in connection therewith and support Seller's efforts to obtain the CPUC Approval. Seller will, in good faith, consult with Purchaser in connection with finalizing the application for approval and obtaining the CPUC Approval, including providing a reasonable opportunity for Purchaser's input on the application for approval prior to its submission. Following the filing of the application for CPUC Approval as contemplated in the preceding sentence, Seller and Purchaser shall in good faith reasonably coordinate with one another in connection with obtaining the CPUC Approval. Notwithstanding the foregoing, Seller shall solely control and be responsible for making all final determinations with respect to Seller's CPUC application and Seller's strategy for the CPUC regulatory approval process, and Purchaser shall solely control and be responsible for making all final determinations with respect to Purchaser's strategy and participation in the CPUC regulatory approval process.

5.1.3 Notwithstanding anything to the contrary in this Agreement, neither Seller nor Purchaser shall be required to consent to any agreements, commitments or other conditions to obtain the CPUC Approval that, individually or in the aggregate, would result in an Adverse Modification.

5.1.4 Following the Execution Date and prior to the Closing, Purchaser and Seller shall work together in good faith to determine (i) whether Seller will transfer any existing Permit that relates to the ownership or operation of the Added Facilities to Buyer as of the Closing (each (if any), an “Acquired Permit”) and (ii) whether Purchaser will apply for any new Permit related to the Added Facilities prior to the Closing (each (if any), a “New Permit”). Notwithstanding anything in this Agreement to the contrary, Seller shall not be obligated to transfer and Purchaser shall not be obligated to assume any Acquired Permit unless mutually agreed by Seller and Purchaser.

5.2 Pre-Closing Access. Upon receipt of CPUC Approval, Seller shall provide Purchaser reasonable access to the Acquired Books and Records and Acquired Permits (if any) to help facilitate the Parties’ coordination of pre-Closing activities. Following the date hereof through Closing and upon reasonable advance written notice by Purchaser to Seller and during normal business hours, Seller shall provide representatives of Purchaser a drawing review and walkthrough of the Added Facilities, including protection scheme, Telecom, hydraulic system, monitoring system, transformers, and circuit breaker operations; provided that (a) Purchaser and its representatives shall not unreasonably interfere with the business and operations of Seller and (b) at the request of Seller, Purchaser shall furnish Seller with a certificate of insurance insuring Seller against loss by reasons of any liabilities, obligations, damages or penalties imposed upon, incurred by or asserted against Seller in connection with or arising out of any access granted to Purchaser or its Representatives pursuant to this Section 5.2. Without limiting the generality of the foregoing, Seller shall facilitate Purchaser’s reasonable access to the Added Facilities to install a new remote terminal unit(s) for the purpose of monitoring the alarms, voltage, currents and power associated with the Added Facilities following the Closing, provided that (i) Purchaser shall hold title to, and bear all liability and risk of loss with respect to, such remote terminal unit(s) and (ii) such remote terminal unit(s) shall be inoperable at all times prior to the Closing.

5.3 Operation and Maintenance of Added Facilities. Until the Closing:

(a) The Added Facilities Agreement shall remain in place and the Parties shall comply in good faith with all of its terms, including Seller’s obligation to maintain the Added Facilities. If a material part or component of the Added Facilities requires repair to restore or maintain operability of the Added Facilities, Seller will in good faith use reasonable efforts to communicate on a timely basis with Purchaser regarding the repair. Except as otherwise set forth in this Article V, Seller shall conduct its business with respect to the Added Facilities in the ordinary course, with good faith, and consistent with Good Utility Practice.

(b) Seller will maintain a schedule for appropriate monitoring and use of proven diagnostic test methods for the Added Facilities to be set in coordination with Purchaser, and such monitoring and diagnostic methods will not be postponed unless Seller and Purchaser agree to such postponement or the monitoring or diagnostic method is not able to be completed or proceed despite the Parties’ respective reasonable best efforts. Proven diagnostic methods that

have been used on the Added Facilities include, but may not be limited to, (i) dissolved gas analysis; (ii) pressure and flow monitoring; (iii) leak detection systems; (iv) partial discharge inspections; and (v) corrosion inspections. If at any time, Seller determines there is a safety concern in operating the circuits feeding Purchaser's facilities, Seller will discuss the safety concern with Purchaser and consider Purchaser's input on a plan to address the concern.

(c) Seller agrees to defer Very Low Frequency (VLF) Tan Delta electrical testing originally planned for calendar year 2026 until calendar year 2028 for the PICO-THUMS Circuit #1 and until calendar year 2029 for the PICO-THUMS Circuit #2, which is within the testing timeline interval range provided by Sellers's testing consultant, unless Seller identifies a concern that would require such testing to be completed earlier.

(d) Seller shall retain the right to discontinue service to the THUMS Islands if at any time Seller determines the Added Facilities have become unsafe or unreliable to operate.

5.4 Separation of the Added Facilities. Following the Execution Date (but beginning no later than one hundred twenty (120) days thereafter, provided Seller timely receives the Purchase Price Advance) and prior to the Closing, and to prepare the Added Facilities for sale to Purchaser, Seller shall take such actions that Seller determines in its reasonable discretion to be necessary or appropriate to separate the Added Facilities from Seller's other assets and properties, including obtaining any third party permits in connection therewith (collectively, the "Separation"). Without limiting the generality of the foregoing, as of the date hereof Seller intends to (a) separate the southern portion of the Pico Substation and relocate the Added Facilities that are currently located elsewhere at the Pico Substation to that parcel, (b) set the isolation point between Sellers's facilities and the Added Facilities to the 66kV East and West Bus Section 'C' Disconnect Switches, which are downstream and south of the new isolation breakers that Seller expects to install, (c) remove the iDirect System from the Added Facilities, (d) separate the Pico Substation with a new east-west fence south of the dead end structures and north of Position 10, (e) move the existing Purchaser protective relays and associated communication equipment currently located in the Pico Substation Mechanical and Electrical Equipment Room to a new enclosure near the hydraulic pumping station, (f) provide DC system – Battery/Charger/DC Panelboard and associated equipment for the protection equipment, and (g) provide Station Service Voltage Transformer and AC switchboard for the hydraulic pump and relay house; in each case as described on Schedule 4. Seller shall be responsible for the costs and execution of the Separation; provided, that no later than three (3) Business Days following the Execution Date, Purchaser shall pay Seller an amount equal to \$3,000,000 (the "Purchase Price Advance"), by wire transfer of immediately available funds to an account designated by Seller in writing, for anticipated costs relating to the Separation and as an advance of the Purchase Price; provided, further, that the Purchase Price Advance shall be non-refundable, notwithstanding any termination of this Agreement prior to the Closing, including for failure to obtain CPUC Approval. Seller shall work with Purchaser to review third-party purchase orders for work relating to the Separation and for expenditures in excess of \$250,000 prior to their release or issuance. Seller shall use reasonable efforts, and with good faith, to (i) keep Purchaser informed about the engineering review and construction planning for the relocation of relays and transfer trip circuit systems, including but not limited to the new station service transformer, battery system, and related equipment, and (ii) coordinate with Purchaser to minimize outages during the separation of the Pico Substation, the relocation of the existing protection system and associated communication infrastructure, the

installation of the new DC system, and the installation of the station service transformer. Purchaser may, upon reasonable advance written notice to Seller, have a Purchaser representative present during Separation activities; provided, that (a) Purchaser and its representatives shall not unreasonably interfere with the business and operations of Seller and (b) at the request of Seller, Purchaser shall furnish Seller with a certificate of insurance insuring Seller against loss by reasons of any liabilities, obligations, damages or penalties imposed upon, incurred by or asserted against Seller in connection with or arising out of any access granted to Purchaser or its Representatives pursuant to this Section 5.4.

5.5 Added Facilities Charges During CPUC Approval Process. Any additional charges added to the monthly charge for the Added Facilities during the CPUC Approval process will be subject, as applicable, to the existing terms and conditions of the Added Facilities Agreement or the Chaffee Transformer Settlement Amendment.

5.6 THUMSGEN Interconnection Access Rights. Following the Execution Date and prior to the Closing, Seller and Purchaser shall work together in good faith to provide Seller independent access following the Closing to the THUMSGEN Interconnection Facilities and any other assets mutually agreed by Seller and Purchaser.

5.7 Modification of Long Beach Lease. Following the Execution Date and prior to the Closing, Seller, Purchaser and the City of Long Beach shall negotiate in good faith any amendment to or partial assignment of that certain Lease dated December 23, 1963, by and between City of Long Beach and Seller, that such parties determine is necessary in connection with the Separation (the "Lease Modification"), to be entered into and effective as of the Closing Date.

5.8 Standard Facilities Agreement. Following the Execution Date and prior to the Closing, Seller and Purchaser shall execute a Standard Facilities Agreement in substantially the form of Exhibit 5 ("Standard Facilities Agreement"), to be entered into and effective as of the Closing Date.

5.9 Interim Period Coordination. Following the Execution Date and prior to the Closing, appropriate representatives of each Party, including one (1) or more senior executives of each Party, shall conduct periodic calls (but no fewer than twice per month, unless otherwise mutually agreed by the Parties) to discuss the status and coordination of pre-Closing transaction activities. The Parties may mutually agree to invite representatives of CRLB, CRC or City of Long Beach to any such periodic call.

5.10 Tax Matters.

(a) All amounts payable by Purchaser to Seller pursuant to this Agreement do not include any goods and services, harmonized sales, value-added, sales, use, consumption, multi staged, ad valorem, personal property, customs, excise, stamp, transfer or similar taxes, duties or charges (collectively, "Transfer Taxes"). All Transfer Taxes, and the collection and remittance thereof to appropriate Governmental Authorities, are the responsibility of, and for the account of, Purchaser. To the extent Seller is required to collect from Purchaser any Transfer Taxes, including with respect to the transfer of any items of tangible personal property, Purchaser shall, in addition to the Purchase Price, promptly pay to Seller the amount of such Transfer Taxes as provided below

in Section 5.10(c). Purchaser shall prepare and file any affidavits or returns, and cooperate with Seller in the preparation of any such items, required in connection with the foregoing at Purchaser's own cost and expense. Seller and Purchaser agree to use commercially reasonable efforts to mitigate, reduce or eliminate any Transfer Taxes, and to obtain any certificate or other document from any Governmental Authority or any other Person, and to jointly make any available election as may be available to mitigate, reduce or eliminate any such Transfer Taxes that could be imposed on Seller or Purchaser as a result of the consummation of the transactions contemplated under this Agreement.

(b) To the extent required and for which no exemption is available, Seller shall withhold from the Purchase Price and remit to the appropriate Governmental Authority sales tax in connection with the Closing and provide such applicable Purchaser with an invoice documenting such collection. Purchaser shall, on a joint and several basis, promptly indemnify and save harmless Seller from and against any and all such Taxes, including Taxes interest and penalties which may become payable by or assessed against Seller as a result of any failure by Purchaser to comply with the requirements of Section 5.10(a) and this Section 5.10(b).

(c) Seller shall pay all Taxes ad valorem assessed against any Added Facilities (which for the avoidance of doubt will not include Taxes based on net income and each Party shall bear its own such net income Taxes and indemnify and save harmless the other Party from and against any and all such net income Taxes) that are due and payable prior to the Closing Date, as well as all such Taxes that become due and payable on and after the Closing Date that relate to periods prior to the closing date.

(d) The Parties hereto agree to treat any indemnity payment made pursuant to Section 8.4 as an adjustment to the Purchase Price for Tax purposes to the extent allowed by Law.

5.11 Evidence of Certain Lien Releases. Following the Execution Date, Seller shall use commercially reasonable efforts to deliver to Purchaser documentation of the releases of the following unsecured property tax Liens that were previously filed by the Los Angeles County Tax Collector in the Los Angeles County Recorder's Office: (a) 2019-963025 LNC 09-17-2019 and (b) 2020-1124660 LNC 09-17-2020.

5.12 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, at either Party's request and without further consideration but at the requesting Party's expense, the other Party shall execute and deliver to such Party such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as such Party may reasonably deem necessary or desirable in order to carry out the transactions contemplated hereby.

ARTICLE VI

CONDITIONS TO CLOSING

6.1 Mutual Conditions Precedent. The respective obligations of Purchaser and Seller hereunder to execute or deliver the items it is required to deliver pursuant to Section 2.7 and to complete the Closing are subject to the fulfillment, at or before the Closing, of each of the

following conditions (all or any of which may be mutually waived in writing in whole or in part by the Parties in their respective sole discretion):

6.1.1 Law. There shall not be in effect any applicable Law restraining, enjoining or otherwise prohibiting or making illegal the completion of the transactions contemplated by this Agreement.

6.1.2 CPUC Approval. The CPUC Approval shall have been duly obtained and in full force and effect and, if applicable, the procedures set forth in Section 7.1.8 shall have been completed.

6.1.3 Separation. Seller shall have completed the Separation, as reasonably determined by Seller.

6.2 Purchaser's Conditions Precedent. The obligations of Purchaser hereunder to execute or deliver the items it is required to deliver pursuant to Section 2.7.1 and to complete the Closing are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in writing in whole or in part by Purchaser in its sole discretion):

6.2.1 Representations and Warranties. Each of the representations and warranties made by Seller in Article III shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though made by Seller on and as of the Closing Date (except for representations and warranties made as of a specified date, which shall be true and correct as of that date in all material respects), except for those qualified by "Seller Material Adverse Effect", "material" and "materially", which shall be true and correct in all respects.

6.2.2 Performance. Other than the Separation (which is addressed in Section 6.1.3), Seller shall have performed and complied in all material respects with the agreements, covenants and obligations required by this Agreement to be so performed or complied with by Seller at or before the Closing.

6.2.3 Deliveries. Seller shall have executed and delivered to Purchaser the items set forth in Section 2.7.2.

6.2.4 Acquired Permits. In the event there are any Acquired Permits (as determined in accordance with Section 5.1.4), the Acquired Permits shall have been (or concurrent with Closing shall be) transferred to Purchaser in accordance with applicable Law and shall be valid and binding and in full force and effect.

6.3 Seller's Conditions Precedent. The obligations of Seller hereunder to execute or deliver the items required to be delivered by Seller pursuant to Section 2.7.2 and to complete the Closing are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in writing in whole or in part by Seller in its sole discretion):

6.3.1 Representations and Warranties. Each of the representations and warranties made by Purchaser in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though made by Purchaser on and as of the

Closing Date (except for representations and warranties made as of a specified date, which shall be true and correct as of that date in all material respects), except for those representations and warranties qualified by “Purchaser Material Adverse Effect”, “material” and “materially”, which shall be true and correct in all respects.

6.3.2 Performance. Purchaser shall have performed and complied in all material respects with the agreements, covenants and obligations required by this Agreement to be so performed or complied with by Purchaser at or before the Closing.

6.3.3 Deliveries. Purchaser shall have paid to Seller the Transfer Payment and shall have executed and delivered to Purchaser the items set forth in Section 2.7.1.

ARTICLE VII

TERMINATION

7.1 Termination Prior to Closing. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned, at any time prior to the Closing:

7.1.1 Mutual Consent. By mutual written consent of the Parties, in each Party’s sole discretion;

7.1.2 Law. By Seller or Purchaser upon written notice to the other Party, in the event that any non-appealable Law becomes effective or final, or any non-appealable Order is issued restraining, enjoining or otherwise prohibiting or making illegal the completion of the transactions contemplated by this Agreement; provided, that no termination may be made under this Section 7.1.2 if such Law or Order was caused by the breach of the Party seeking to terminate this Agreement pursuant to this Section 7.1.2;

7.1.3 Seller Material Adverse Effect. By Purchaser following written notice to Seller, if, as of the date of such notice, a Seller Material Adverse Effect has occurred and is continuing, which Seller Material Adverse Effect (a) was not caused by a breach by Purchaser of any provision of this Agreement and (b) has not been cured to Purchaser’s reasonable satisfaction within sixty (60) days following Purchaser’s notice to Seller, provided that such notice must specify in reasonable detail the basis for the claimed Seller Material Adverse Effect;

7.1.4 Purchaser Material Adverse Effect. By Seller following written notice to Purchaser, if, as of the date of such notice, a Purchaser Material Adverse Effect has occurred and is continuing, which Purchaser Material Adverse Effect (a) was not caused by a breach by Seller of any provision of this Agreement and (b) has not been cured to Seller’s reasonable satisfaction within sixty (60) days following Seller’s notice to Purchaser, provided that such notice must specify in reasonable detail the basis for the claimed Purchaser Material Adverse Effect;

7.1.5 Seller Breach. By Purchaser upon written notice to Seller, if there has been a breach by Seller of any representation, warranty, covenant or agreement contained in this Agreement which would result in a failure of, or inability of Seller to satisfy, the conditions set forth in Section 6.2.1 or Section 6.2.2, and such breach has not been cured to Purchaser’s reasonable satisfaction within sixty (60) days following Seller’s receipt of written notice of such

breach; provided, that Purchaser is not then in breach of any of its representations, warranties, covenants or agreements contained in this Agreement such that the conditions set forth in Section 6.3.1 or Section 6.3.2 would fail to be satisfied;

7.1.6 Purchaser Breach. By Seller upon written notice to Purchaser, if there has been a material breach by Purchaser of any representation, warranty, covenant or agreement contained in this Agreement which would result in a failure of, or inability of Purchaser to satisfy, the conditions set forth in Section 6.3.1 or Section 6.3.2, and such breach has not been cured to Seller's reasonable satisfaction within sixty (60) days following Purchaser's receipt of written notice of such breach; provided, that Seller is not then in breach of any of its representations, warranties, covenants or agreements contained in this Agreement such that the conditions set forth in Section 6.2.1 or Section 6.2.2 would fail to be satisfied;

7.1.7 Outside Closing Date. By Purchaser or Seller, upon written notice to the other Party, if the Closing has not occurred by the Outside Closing Date; provided, however, that a Party may not terminate this Agreement pursuant to this Section 7.1.7 if (a) the failure of any of the conditions precedent to the Closing set forth in Article VI to be fulfilled by the Outside Closing Date is primarily the result of such Party's failure to fulfill in any material respect any obligation, agreement or covenant under this Agreement required to be fulfilled by such Party on or prior to the Closing Date, or (b) by the date of such written notice, the conditions precedent to the Closing set forth in Article VI have been fulfilled;

7.1.8 Adverse Conditions Imposed on Agreement.

(a) If a condition, modification, deletion, or addition constituting an Adverse Modification is imposed or required, or proposed in writing by the CPUC, the affected Party may deliver written notice to the other Party (an "Adverse Modification Notice") specifying in reasonable detail the nature of such Adverse Modification.

(b) Upon delivery of an Adverse Modification Notice, the Parties shall promptly (and in any event within seven (7) days) meet and confer in good faith to: (i) evaluate the impact of such Adverse Modification; and (ii) negotiate mutually acceptable revisions to this Agreement or alternative provisions (if any) that would reasonably address the concerns of the CPUC while preserving, to the maximum extent practicable, the economic and operational intent of the Parties.

(c) If the Parties reach agreement on such revised or alternative provisions, (i) Seller shall prepare the appropriate filings, testimony, or other submissions to the CPUC and seek to have such agreed-upon revisions accepted by the CPUC in lieu of the Adverse Modification, in each case in accordance with the terms of Section 5.1.2, *mutatis mutandis*; and (ii) as applicable, the Parties shall adopt any mutually agreed necessary amendments to this Agreement effecting such accepted revisions.

(d) If the Parties are unable to agree on mutually acceptable revisions within sixty (60) days after delivery of the Adverse Modification Notice, the affected Party may, by written notice to the other Party: (i) elect to accept the CPUC-imposed Adverse Modification

and proceed toward Closing; or (ii) terminate this Agreement without liability except as otherwise provided in Section 7.2.

(e) Notwithstanding anything to the contrary in this Agreement, no Party shall be required to accept any Adverse Modification or agree to amend this Agreement to effect the same unless such Party expressly agrees in writing.

7.2 Effect of Termination. If this Agreement is validly terminated pursuant to Section 7.1, there shall be no liability or obligation on the part of Seller or Purchaser (or any of their respective Related Persons), except that (a) Article XI (Dispute Resolution), Section 12.1 (Notices), Section 12.3 (Entire Agreement), Section 12.4 (Expenses), Section 12.5 (Public Announcements), Section 12.6 (Confidentiality), Section 12.9 (No Construction Against Drafting Party), Section 12.10 (No Third Party Beneficiary), Section 12.12 (Headings), Section 12.13 (Invalid Provisions), Section 12.14 (Assignment) and this Section 7.2 shall continue to apply following any such termination, and (b) nothing herein shall relieve any Party from any liability for any intentional or willful breach of this Agreement prior to such termination.

ARTICLE VIII

AS-IS, WHERE-IS BASIS, LIABILITIES, RELEASE, AND INDEMNITY

8.1 AS-IS, WHERE-IS BASIS. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, PURCHASER ACKNOWLEDGES AND AGREES THAT (A) THE ACQUIRED ASSETS ARE BEING PROVIDED ON AN ‘AS-IS, WHERE-IS’ BASIS, (B) SELLER MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE CONDITION, QUALITY OR SUITABILITY OF THE ACQUIRED ASSETS FOR ANY PARTICULAR PURPOSE AND (C) PURCHASER HAS HAD THE OPPORTUNITY TO INSPECT THE ACQUIRED ASSETS THAT ARE LOCATED ABOVE GROUND, RECEIVED AND REVIEWED TEST RESULTS FOR THE ACQUIRED ASSETS THAT ARE UNDERSEA, AND ACCEPTS THE ACQUIRED ASSETS IN THEIR CURRENT CONDITION, WITH ALL FAULTS AND DEFECTS AND ASSUMES ALL RISKS ASSOCIATED WITH THE USE AND CONDITION OF THE ACQUIRED ASSETS, INCLUDING ALL ASSUMED LIABILITIES.

8.2 Abandonment. Upon the Closing, Seller will relinquish and Purchaser agrees to assume responsibility for abandonment of the Added Facilities, including without limitation any associated costs, liabilities and/or removal activities.

8.3 Release.

(a) Effective as of the Closing, each of Purchaser, CRLB, CRC and the City of Long Beach, on behalf of themselves and their respective Related Persons, successors and assigns (collectively, the “Releasing Parties”), hereby fully and irrevocably waive, release, acquit and forever discharge Seller and its Related Persons, successors and assigns (collectively, the “Released Parties”) from any and all Actions, claims, demands, debts, covenants, arrangements, promises, obligations, losses, damages, judgments or Liabilities of any kind, in law or equity, or causes of action of every kind and nature, whether known or unknown, suspected or unsuspected,

and that now exist or may hereafter exist to the extent that it has arisen or arises out of or relates to an act, omission or condition occurring or existing prior to the Closing (collectively, “Claims”), in each case arising out of or relating to the Acquired Assets (collectively, “Released Claims”).

(b) Notwithstanding the foregoing, nothing in this Section 8.3 shall release, limit, or waive: (i) any Claim arising from or relating to Seller’s and its Related Persons, successors, and assigns’ willful misconduct or gross negligence; (ii) any Claim for Seller’s breach of this Agreement or any Ancillary Agreement; and (iii) any Claim arising from acts, omissions, or conditions first occurring after the Closing.

(c) Each of the Releasing Parties acknowledges it has been advised of and is familiar with California Civil Code § 1542 and, having been so advised, hereby expressly waives and relinquishes any and all rights and benefits under California Civil Code § 1542 and any other state or federal statute or common law principle of similar effect, subject to this Agreement. California Civil Code § 1542 provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

(d) Each of the Releasing Parties acknowledges it may later discover facts different from or in addition to those that they or their counsel now know or believe to be true. It is the intention of each of the Releasing Parties to fully, finally, and forever release all Released Claims as set forth in this Section 8.3 notwithstanding the discovery or existence of any additional or different facts or the occurrence of any future events, circumstances, or conditions.

(e) Each of the Releasing Parties acknowledge that the releases set forth in this Section 8.3 are a material inducement to Seller agreeing to enter into this Agreement and the Ancillary Agreements to which it is a party, and to consummate the transactions contemplated hereunder and thereunder.

8.4 Indemnification by Purchaser. Purchaser agrees to indemnify, defend and hold harmless Seller and its Related Persons and Representatives (each, a “Seller Indemnified Party”) from and against any and all Losses incurred by any Seller Indemnified Party arising out of, relating to or resulting from (a) any Assumed Liability, including any third-party claims related to or arising from the Added Facilities, or (b) third-party claims related to or arising from Purchaser’s alleged breach of any representation and warranty set forth in Article IV.

8.5 Indemnification by Seller. Seller agrees to indemnify, defend and hold harmless Purchaser and its Related Persons and Representatives (each, a “Purchaser Indemnified Party”) from and against any and all Losses incurred by any Purchaser Indemnified Party arising out of or resulting from third-party claims related to or arising from Seller’s alleged breach of any representation and warranty set forth in Article III.

ARTICLE IX

INSURANCE

9.1 Insurance. Upon the Closing, Purchaser will obtain and maintain in effect while the Added Facilities are in operation and for five (5) years thereafter the insurance policies specified below with insurance companies authorized to do business in the state of California with an A.M. Best's Insurance Rating of not less than A-:VII. Purchaser will pay for all deductibles, co-insurance, self-insured retentions, or reimbursement requirements applicable to the policies listed below. In no way do these insurance requirements limit or relieve Purchaser's other obligations under the Agreement, including Purchaser's defense and indemnity obligations:

- a. Workers' Compensation Insurance with statutory limits, as required by the state having jurisdiction over Contractor's employees, and Employer's Liability Insurance with limits not less than (1) \$1,000,000 each accident for bodily injury by accident, (2) \$1,000,000 policy for bodily injury by disease, and (3) \$1,000,000 each employee for bodily injury by disease;
- b. Commercial General Liability Insurance written on an "occurrence," not claims-made, basis, covering all operations by or on behalf of Purchaser arising out of or connected with this Agreement, including coverage for bodily injury, property damage, personal and advertising injury, products/completed operations, contractual liability, and losses caused by sudden and accidental pollution occurrences. Such insurance shall bear a combined single limit per occurrence limit of at least \$2,000,000 and an annual aggregate of at least \$4,000,000, exclusive of defense costs, for all coverages. Such insurance shall contain standard cross-liability and severability of interest provisions;
- c. Umbrella Liability or Excess Liability Insurance written on a following form covering Commercial General Liability on terms at least as broad as the underlying coverage, with limits not less than \$10 million per occurrence and per annual aggregate;
- d. For each of the above insurance policies, Purchaser will name Seller, its Affiliates, and their respective officers, directors, shareholders, agents, and employees (collectively, the "Insured Parties") as additional insureds for liability directly or indirectly arising out of, or in any way involving, in whole or in part, the acts or omissions of Purchaser, its employees, or agents, for both ongoing operations and completed operations.

9.2 Replacement Insurance. In the event of the reduction or exhaustion of any of the limits of liability for any insurance that Purchaser is required to obtain and maintain pursuant to Section 9.1, Purchaser shall promptly acquire insurance to replace such reduced or exhausted limits.

9.3 Failure to Maintain Insurance. CRC will obtain and maintain the required policies if THUMS fails to do so for any reason, including without limitation any judicial order, bankruptcy or restructuring proceeding or the impact of any statute, ordinance, provision or legal process, and the Added Facilities are still in operation or it is within five (5) years following cessation of operation of the Added Facilities.

9.4 Waiver of Rights. The insurance required above will apply as primary insurance to, and without a right of contribution from, any other insurance or self-insurance maintained by or afforded to the Insured Parties. Any provision in any insurance policy that is subject to these provisions that has an “other insurance” provision that purports to state that such insurance will apply in excess to, in combination with or on a pro-rata basis with any of Seller Insurance must be overridden and/or nullified with respect to Seller Insurance by a written endorsement or rider. To the extent permitted by applicable Law, Purchaser and their insurers will be required to waive all rights of recovery from or subrogation against the Insured Parties and their insurers. The same requirement shall apply to CRC should it be required to procure insurance as set forth above.

9.5 Insurance Certificates and Notice Requirements. On the Closing Date, or as soon as possible and not to exceed thirty (30) days thereafter, and as soon as possible and not to exceed thirty (30) days after coverage is renewed or replaced, Purchaser will furnish certificates of insurance evidencing the coverage required or referenced above, naming Seller as an additional insured and noting the waiver of rights set forth in Section 9.4, written on forms and with deductibles reasonably acceptable to Seller. Seller’s receipt of certificates of insurance, copies of insurance policies, and any other insurance-related documentation from Purchaser will not be deemed an agreement or acknowledgement by Seller that Purchaser has fulfilled its obligations under this Section, nor will it relieve Purchaser of such obligations, which obligations will remain in full force. Seller shall be notified in writing of cancellation or material changes to the policy within thirty (30) days of such event, with the exception of ten (10) days for non-payment of premium.

9.6 Duty to Cooperate. Purchaser will reasonably cooperate with and assist Seller in enforcing any of its rights under any of the above-required insurance policies.

ARTICLE X

SURVIVAL PERIODS; NO RECOURSE

10.1 Survival of Representations, Warranties, Covenants and Agreements. All representations and warranties contained in this Agreement shall survive Closing and shall terminate on the date that is twelve (12) months following the Closing Date. None of the covenants and agreements contained in this Agreement that by their terms require performance at or prior to the Closing (the “Pre-Closing Covenants”) shall survive the Closing. The covenants and agreements contained in this Agreement (other than the Pre-Closing Covenants) shall survive, and a claim may be brought in respect of a breach thereof, until the expiration or conclusion of performance thereof in accordance with the terms thereof (or if no such expiration or conclusion is specified, the expiration of the applicable statute of limitations). Notwithstanding the foregoing, if a Claim for indemnification in accordance with Section 8.4 is validly made before the expiration

of the applicable survival period set forth in this Section 10.1, such Claim and associated rights to indemnification will not terminate until the final determination and satisfaction of such Claim.

10.2 No Recourse. Notwithstanding anything to the contrary contained in this Agreement, no Related Person of Seller will have any personal liability to Purchaser or any other Person as a result of this Agreement or the breach of any representation, warranty, covenant or agreement of Seller contained in this Agreement, and no Related Person of Purchaser will have any personal liability to Seller or any other Person as a result of this Agreement or the breach of any representation, warranty, covenant or agreement of Purchaser contained in this Agreement.

ARTICLE XI

DISPUTE RESOLUTION

11.1 Dispute Resolution Process. Any dispute arising under this Agreement (each, a “Dispute”) shall be resolved through the dispute resolution process outlined in this Section 11. All communications between the Parties exchanged under Sections 11.2 and 11.3 will be deemed private and confidential and considered “confidential negotiations” for purposes of federal rule of evidence 408 and any similar Law and shall not be recorded by either Party or any third party, or used or referred to in any subsequent binding adjudicatory process between the Parties.

11.2 Management Negotiations. The Parties will first attempt to resolve the Dispute through informal negotiations between each Party’s designated senior or executive manager or other employee representative having decision making authority. Any Party may request, in writing including via email, a meeting (in person or through video conference) to initiate good faith negotiations to take place within ten (10) Business Days of such request setting forth a description of the Dispute and the relief requested. Before the initial meeting, the Parties’ representatives will entertain whether other representatives may be present for this meeting or any other ensuing meeting. If the representatives cannot agree on whether or how many or the nature of other representatives to attend any such meeting, only the designated representative for each Party is permitted to attend. After the initial meeting, the Parties’ representatives will meet as often as they deem reasonably necessary to exchange relevant information and attempt to resolve the dispute; provided, however, that if such representatives have not been able to reach mutual agreement to resolve the Dispute within forty-five (45) Business Days of the first meeting, absent mutual agreement by the Parties, in writing, to extend the time limit, any Party may terminate the informal negotiation process.

11.3 Mediation. If the Parties are unable to resolve a Dispute through informal negotiations in accordance with Section 11.2, any Party may submit the Dispute to non-binding mediation under the procedures set forth in this Section 11.3.

(a) Each Party may nominate up to two (2) persons to act as mediator (collectively, the “Panel”), and the Parties will agree upon a mediator from the Panel within ten (10) days of the initial request to proceed with mediation. If the Parties are unable to agree on a mediator, the Parties will submit a request to JAMS (Judicial Arbitration and Mediation Services) for a mediator to be named by JAMS. The mediator selected in accordance with the foregoing shall be neutral and impartial and shall have not have any relationship with any of the Parties that could reasonably

give rise to an appearance of partiality or bias. Prior to appointment, the proposed mediator shall disclose in writing to all Parties any circumstance, relationship, or interest that could reasonably be construed as creating a conflict of interest or compromising the mediator's neutrality.

(b) The mediation shall take place in a neutral location in Los Angeles County, California within one hundred and twenty (120) days of the mediator's appointment between 9:00 a.m. Pacific Time and 5:00 p.m. Pacific Time for up to two (2) full consecutive Business Days. The Parties will discuss the Dispute in good faith with the goal of reaching an amicable resolution of the Dispute. Each Party will bear its own costs in the mediation, and the Parties will share equally the fees and expenses of the mediator.

(c) The mediator will certify the results of the mediation to the Parties. The Parties will use reasonable efforts to accept the resolution achieved through the mediation process, if any. The mediator may not testify for either party in any later proceeding relating to the Dispute.

11.4 Arbitration. In the event that a Dispute remains unresolved after Management Negotiations and Mediation, any Party may bring suit in any court of competent jurisdiction located in Los Angeles County, California to achieve a resolution or, with mutual agreement of both Parties, submit the Dispute for resolution through arbitration under the procedures described in this Section 11.4. The arbitration shall be administered by JAMS pursuant to the JAMS Streamlined Arbitration Rules (for claims equal to or below \$250,000) or the JAMS Comprehensive Arbitration Rules (for claims over \$250,000) in effect at the time the request for arbitration is made (the "Arbitration Rules").

(a) Following agreement to proceed with arbitration, either Party may initiate arbitration with respect to such Dispute (and for clarity, only with respect to the issues first submitted to the dispute resolution process described in this Article XI) by providing written notice in accordance with Section 12.1 of the submission to JAMS of a demand for arbitration before a single, neutral arbitrator (the "Arbitrator") within sixty (60) days following the unsuccessful conclusion of the mediation provided for in Section 11.3.

(b) The Parties will cooperate in good faith with one another in selecting the Arbitrator within forty-five (45) days after written notice of the demand for arbitration and will further cooperate in scheduling the arbitration hearing to commence no later than one hundred and eighty (180) days from the date of the written notice of the demand. Unless otherwise agreed to by the Parties, the individual acting as the mediator will be disqualified from serving as the Arbitrator in the Dispute.

(c) The arbitration will be conducted in a neutral site in Los Angeles County, California between 9:00 a.m. Pacific Time and 5:00 p.m. Pacific Time. Discovery and witnesses will be subject to the Arbitration Rules, and all testimony will be in-person.

(d) The Arbitrator will have the authority to grant any form of equitable or legal relief a Party would otherwise be entitled to seek in a court action. Judgment on the award may be entered in any court of competent jurisdiction located in Los Angeles County, California, subject to any applicable appeal. The Arbitrator must, in any award, allocate all of the costs of the arbitration (other than each Party's individual attorneys' fees and costs related to the Party's

participation in the arbitration, which fees and costs will be borne by such Party), including the fees of the Arbitrator, between the Parties in proportion to the arbitration ruling. Until such award is made, however, the Parties will share equally in paying the costs of the arbitration.

(e) At the conclusion of the arbitration hearing, the Arbitrator shall prepare in writing and provide to each Party a decision setting forth factual findings, legal analysis, and the reasons on which the Arbitrator's decision is based. The Arbitrator shall not have the power to commit errors of law or fact, or to commit any abuse of discretion, that would constitute reversible error had the decision been rendered by a California superior court. The Arbitrator's decision, even if accepted by all Parties, may be vacated or corrected for such error on appeal to a court of competent jurisdiction located in Los Angeles County, California. Unless otherwise agreed to by the Parties, all proceedings before the Arbitrator shall be reported and transcribed by a certified court reporter, with each Party bearing one-half of the court reporter's fees.

11.5 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, ENFORCED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THAT WOULD APPLY THE LAWS OF ANOTHER JURISDICTION.

11.6 Waiver of Trial by Jury. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

11.7. City Election. In the event of a Dispute that is reasonably expected to implicate the rights or obligations of City of Long Beach under this Agreement or any Ancillary Agreement to which it is a party, the City of Long Beach may, at its sole election, choose to participate in the dispute resolution process outlined in this Article XI by providing the Parties with written notice of such election.

ARTICLE XII

MISCELLANEOUS

12.1 Notices.

12.1.1 Notice Addresses. Unless this Agreement specifically requires otherwise, any notice, demand or request provided for in this Agreement, or served, given or made in connection with it, shall be in writing and shall be deemed properly served, given or made if delivered in person or sent by email, by registered or certified mail, postage prepaid, or by a nationally recognized overnight courier service that provides a receipt of delivery, in each case, to a Party at its address and notice party(ies) specified below:

If to Seller, to:

Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770
Attention: Jim Buerkle, Managing Director Project & Program
Management
Email: Jim.Buerkle@sce.com

with a copy to (which shall not constitute notice):

Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770
Attention: Natalie Bustamante
Email: Natalie.Bustamante@sce.com

and

Jenner & Block LLP
525 Market Street
29th Floor
San Francisco, CA 94105
Attention: Laurie Edelstein
Email: ledelstein@jenner.com

If to Purchaser, to:

THUMS Long Beach Company
c/o California Resources Corporation
1 World Trade Center, Suite 1500
Long Beach, CA 90831
Attention: H. Dean Persinger, VP Wilmington Production Complex
Email: harold.persinger@crc.com

with a copy to (which shall not constitute notice):

City of Long Beach Energy & Environmental Services
411 W. Ocean Blvd., 9th Floor
Long Beach, CA 90802
Attn: City Attorney
Email: CityAttorney@longbeach.gov
Email: Adam.Jacobs@longbeach.gov

and

City of Long Beach

301 E. Ocean Blvd., Suite 1600
Long Beach, CA 90802
Attn: Director of Energy & Environmental Services
Email: Bob.Dowell@longbeach.gov

and

California Resources Corporation
27200 Tourney Road, Suite 1500
Santa Clarita, CA 91355
Attention: Kate Tyler; Legal Department
Email: kate.tyler@crc.com
Email: legalnotices@crc.com

and

Buchalter LLP
425 Market Street
29th Floor
San Francisco, CA 94105
Attention: Nora Sheriff; Tim Brannan
Email: nsheriff@buchalter.com; tbrannan@buchalter.com

12.1.2 Effective Time. Notice given by personal delivery, mail or overnight courier pursuant to this Section 12.1 shall be effective upon physical receipt. Notice given by email pursuant to this Section 12.1 shall be effective as of (a) the date of confirmed delivery or receipt, as applicable, if delivered or sent, as applicable, before 5:00 p.m. local time on any Business Day, or (b) the next succeeding Business Day if confirmed delivery or receipt, as applicable, is after 5:00 p.m. local time on any Business Day or during any non-Business Day. Any Party may, from time to time, change its address, email address or other information for the purpose of notices to that Party by giving written notice specifying such change to the other Party.

12.2 Payments. Except for payments due at Closing, if a Party is required to make any payment under this Agreement on a day other than a Business Day, the date of payment shall be extended to the next Business Day.

12.3 Entire Agreement. This Agreement and the Ancillary Agreements, including, in each case, all schedules and exhibits thereto, supersede all prior discussions and agreements between the Parties with respect to the subject matter hereof and thereof, and contain the sole and entire agreement between the Parties with respect to the subject matter hereof.

12.4 Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are completed, each Party will pay its own costs and expenses incurred in connection with the negotiation, execution and performance under this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby.

12.5 Public Announcements. Seller and Purchaser will not issue or make any press releases or similar public announcements concerning the transactions contemplated hereby without the written consent of the other Party, including any press release to be issued immediately following the execution of this Agreement or the Closing announcing either the execution of this Agreement or the completion of the transactions contemplated by this Agreement. If a Party is unable to obtain the approval of its press release or similar public statement from the other Party and such press release or similar public statement is, in the opinion of legal counsel to such Party, required by Law in order to discharge such Party's disclosure obligations, such Party may make or issue the legally required press release or similar public statement and promptly furnish the other Party with a copy thereof. In the case of a release, announcement, statement or comment made pursuant to this Section 12.5, each Party shall: (A) give the other Party prompt notice with respect to any such release, announcement, statement or comment; and (B) use commercially reasonable efforts, consistent with applicable Law, to consult with the other Party with respect to the text of such release, announcement, statement or comment.

12.6 Confidentiality.

12.6.1 Purchaser Confidential Information. For purposes of this Agreement, "Purchaser Confidential Information" shall mean (i) any and all information provided by Purchaser to Seller with respect to Purchaser, any of its Affiliates, or any of their respective businesses, that is of a proprietary or confidential nature or that was identified by Purchaser as confidential and (ii) after the Closing, any and all information with respect to the Added Facilities, or the transactions contemplated hereby. Information shall not be deemed to be Purchaser Confidential Information if (A) such information has become generally known or available within the industry or the public through no act or omission of Seller or its Affiliates, (B) Seller can demonstrate that, prior to disclosure in connection with the transactions contemplated hereby, such information was already in the possession of Seller or its Affiliate; (C) such information was rightfully received by Seller or its Affiliate from a third party who became aware of it through no act or omission of Seller or such Affiliate and who is not under an obligation of confidentiality to Purchaser; or (D) Seller can demonstrate it was independently developed by employees or contractors of Seller or its Affiliate. All information related to the Added Facilities (other than Excluded Assets) shall be deemed to be Purchaser Confidential Information from and after the Closing, subject to the foregoing sentence.

12.6.2 Duty to Maintain Confidentiality. From the Execution Date until the twenty-four (24) month anniversary of the Closing Date, Seller shall, and shall cause its Affiliates to, maintain any Purchaser Confidential Information in confidence and shall not disclose it or cause it to be disclosed by them without Purchaser's prior written consent; provided, however, that Seller may disclose Purchaser Confidential Information to Persons who provide financial analysis, banking, financing, legal, accounting, or other services to Seller or its Affiliates so long as such Persons are subject to confidentiality obligations comparable to those contained in this Agreement.

12.6.3 Permitted Disclosure. Notwithstanding Section 12.6.2, Purchaser Confidential Information may be disclosed if required by any Governmental Authority or by applicable Law or stock exchange rule; provided, however, that (i) such Purchaser Confidential Information is submitted under applicable provisions for confidential treatment, if any, and (ii) if Seller is permitted to do so, Purchaser is given written notice of the requirement for disclosure

promptly after such disclosure is requested, so that it may take whatever action it deems appropriate, including intervention in any proceeding and seeking a protective order or an injunction, to prohibit such disclosure, at Purchaser's expense. If Purchaser Confidential Information is disclosed under the provisions of this Section 12.6.3, Seller shall, to the extent permitted by Law, notify Purchaser of the same in writing not later than three (3) Business Days following the disclosure.

12.6.4 Seller Confidential Information. For purposes of this Agreement, "Seller Confidential Information" shall mean (i) any and all information provided by Seller to Purchaser that is of a proprietary or confidential nature or that was identified by Seller as confidential and (ii) prior to the Closing, any and all information with respect to the Added Facilities and the transactions contemplated hereby. Information shall not be deemed to be Seller Confidential Information if (A) such information has become generally known or available within the industry or the public through no act or omission of Purchaser or its Affiliates; (B) Purchaser can demonstrate that, prior to disclosure in connection with the transactions contemplated hereby, such information was already in the possession of Purchaser or its Affiliate; (C) such information was rightfully received by Purchaser or its Affiliate from a third party who became aware of it through no act or omission of Purchaser and who is not under an obligation of confidentiality to Seller; or (D) Purchaser can demonstrate it was independently developed by employees or consultants of Purchaser or its Affiliate.

12.6.5 Duty to Maintain Confidentiality. From the Execution Date until the twenty-four (24) month anniversary of the Closing Date, Purchaser shall, and shall cause its Affiliates to, maintain any Seller Confidential Information in confidence and shall not disclose it or cause it to be disclosed by them without Seller's prior written consent; provided, however, that Purchaser may disclose Seller Confidential Information to Persons who provide financial analysis, banking, legal, accounting, or other services to Purchaser or its Affiliates in connection with Purchaser's evaluation or implementation of the transactions contemplated by this Agreement, so long as such Persons are subject to confidentiality obligations comparable to those contained in this Agreement.

12.6.6 Permitted Disclosure. Notwithstanding Section 12.6.5, Seller Confidential Information may be disclosed if required by any Governmental Authority or by applicable Law or stock exchange rule; provided, however, that: (i) such Seller Confidential Information is submitted under applicable provisions for confidential treatment, if any, and (ii) if Purchaser is permitted to do so, Purchaser is given written notice of the requirement for disclosure promptly after such disclosure is requested, so that it may take whatever action it deems appropriate, including intervention in any proceeding and seeking a protective order or an injunction, to prohibit such disclosure, at Seller's expense. If Seller Confidential Information is disclosed under the provisions of this Section 12.6.6, Purchaser shall, to the extent permitted by Law, notify Seller of the same in writing not later than three (3) Business Days following the disclosure.

12.7 Waivers.

12.7.1 Grant of Waivers. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such

term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

12.7.2 Exercise of Remedies. No failure or delay of any Party, in any one or more instances, (a) in exercising any power, right or remedy (other than failure or unreasonable delay in giving notice of default) under this Agreement or (b) in insisting upon the strict performance by the other Parties of such other Parties' covenants, obligations or agreements under this Agreement, shall operate as a waiver, discharge or invalidation thereof, nor shall any single or partial exercise of any such right, power or remedy or insistence on strict performance, or any abandonment or discontinuance of steps to enforce such a right, power or remedy or to enforce strict performance, preclude any other or future exercise thereof or insistence thereupon or the exercise of any other right, power or remedy.

12.8 Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by the Parties.

12.9 No Construction Against Drafting Party. The language used in this Agreement is the product of the Parties' mutual efforts and each Party hereby irrevocably waives the benefits of any rule of contract construction that disfavors the drafter of a contract or the drafter of specific words in a contract.

12.10 No Third-Party Beneficiary. Except as set forth in Article VIII, the terms and provisions of this Agreement are intended solely for the benefit of each Party (and as applicable, CRLB, CRC and City of Long Beach) and their respective successors or permitted assigns, and it is not the intention of the parties hereto to confer third-party beneficiary rights upon any other Person.

12.11 Seller's Disclosure Schedules. The representations and warranties of Seller set forth in this Agreement are made and given subject to the disclosures contained in Seller's Disclosure Schedule. Seller will not be, nor will it be deemed to be, in breach of any such representations or warranties (and no claim will lie in respect thereof) in respect of any such matter so disclosed in Seller's Disclosure Schedule. Where only brief particulars of a matter are set out or referred to in Seller's Disclosure Schedule, or a reference is made only to a particular disclosed document or part of a disclosed document, full particulars of the matter and the full contents of the document are deemed to be disclosed so long as (in the case of disclosed documents) such documents were made available to Purchaser. The specific disclosures set forth in Seller's Disclosure Schedule have been organized to correspond to section references in this Agreement to which the disclosure may be most likely to relate, together with appropriate cross references when disclosure may be applicable to other sections of this Agreement; provided, however, that any disclosure made in Seller's Disclosure Schedule for the purposes of any one section of this Agreement shall be deemed made for the purposes of all other sections of this Agreement so long as the applicability of such disclosure to such other sections of this Agreement is reasonably apparent on the face of such disclosure.

12.12 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

12.13 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) Purchaser and Seller shall negotiate in good faith an equitable adjustment to the provisions of this Agreement with a view toward effecting the purposes of this Agreement.

12.14 Assignment.

12.14.1 Neither this Agreement nor any of the rights or obligations hereunder shall be assigned, including by operation of Law, (a) by a Party without the prior written consent of the other Party in its sole discretion or (b) by CRLB, CRC or City of Long Beach. Any assignment of this Agreement in violation of the foregoing shall be null and void.

12.14.2 A Party's assignment or transfer of rights or obligations (with the prior written consent of the other Party) shall relieve such Party from any liability and financial responsibility for the performance thereof arising after any such transfer or assignment, provided that such transferee enters into an assignment and assumption agreement, in form and substance satisfactory to the other Party, pursuant to which such transferee assumes all of the assigning or transferring Party's obligations hereunder and otherwise agrees to be bound by the terms of this Agreement; provided, further, that any assignment by Purchaser, CRLB, CRC or City of Long Beach shall not limit, restrict or otherwise impair the scope and effectiveness of the releases set forth in Section 8.3.

12.15 Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. This Agreement may be executed by electronic signature, including DocuSign or other similar electronic signature technology, and any such electronic signature shall be deemed an original signature for all purposes and shall have the same legal effect, validity, and enforceability as a manually executed, handwritten signature. A validly executed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original validly executed copy of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties, CRLB, CRC and City of Long Beach have executed and delivered this Asset Purchase Agreement as of the date first written above.

SELLER:

SOUTHERN CALIFORNIA EDISON COMPANY

Signed by:

By:  _____
EF64E278D7F04BB...

Name: Orville O. Cocking

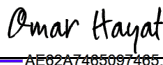
Title: Senior Vice President, Transmission & Distribution

IN WITNESS WHEREOF, the Parties, CRLB, CRC and City of Long Beach have executed and delivered this Asset Purchase Agreement as of the date first written above.

PURCHASER:

THUMS LONG BEACH COMPANY

Signed by:

By: 
Name: Omar Hayat
Title: EVP and Chief Operating Officer

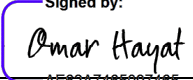
[Signature Page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the Parties, CRLB, CRC and City of Long Beach have executed and delivered this Asset Purchase Agreement as of the date first written above.

CRLB:

CALIFORNIA RESOURCES LONG BEACH, INC.

Signed by:

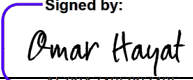
By: 
Name: Omar Hayat
Title: EVP and Chief Operating Officer

[Signature Page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the Parties, CRLB, CRC and City of Long Beach have executed and delivered this Asset Purchase Agreement as of the date first written above.

CRC:

CALIFORNIA RESOURCES CORPORATION

Signed by:
By: 
Name: Omar Hayat
Title: EVP and Chief Operating Officer

[Signature Page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the Parties, CRLB, CRC and City of Long Beach have executed and delivered this Asset Purchase Agreement as of the date first written above.

CITY OF LONG BEACH:

THE CITY OF LONG BEACH

Signed by:
By: Tom Modica
Name: Tom Modica
Title: City Manager

Approved as to form on

August 12, 2026.

DAWN MCINTOSH, City Attorney

Signed by:
By: Adam Jacobs
Deputy

EXHIBITS TO AGREEMENT

1. Added Facilities Agreement
2. Bill of Sale
3. Omnibus Termination Agreement
4. Chaffee Transformer Settlement Amendment
5. Standard Facilities Agreement

EXHIBIT 1—Added Facilities Agreement

(see attached)

APPLICATION AND CONTRACT FOR ADDED FACILITIES

TO SOUTHERN CALIFORNIA EDISON COMPANY:

The undersigned Applicant hereby requests you to provide the facilities described in Exhibit "A" attached hereto, hereinafter called "Added Facilities", in accordance with the applicable rates and rules of the Southern California Edison Company, hereinafter referred to as "Company". Such Added Facilities are to be owned, operated and maintained by the Company.

In consideration of your acceptance of this application, Applicant hereby agrees to the following:

1. Applicant shall pay a monthly charge for the Added Facilities in the amount of one and one-quarter percent (1-1/4%) of the added investment as determined by the Company and shown on Exhibit "A". The monthly charge may be predicated upon estimated costs of the Added Facilities and when the recorded book cost of the Added Facilities has been determined by the Company, the charges will be adjusted retroactively to the date when service is first rendered by means of such Added Facilities. Additional charges resulting from such adjustment will, unless other terms are mutually agreed upon, be payable within thirty (30) days from the date of presentation of a bill therefor. Any credits resulting from such adjustment will, unless other terms are mutually agreed upon, be refunded upon demand of Applicant. Whenever a change is made in the Added Facilities which results in changes in the added investment, the monthly charge will be adjusted on the basis of the revised added investment. Exhibit "A" will be amended to reflect any changes in equipment, installation and removal cost, amount of added investment, and monthly charge resulting from any change in the Added Facilities or adjustment as aforesaid.

2. Such monthly charges shall commence upon the date when said Added Facilities are available for use, but not before service is first established and rendered through the Company's normal facilities and shall first be payable when the Company shall submit the first energy bill after such date and shall continue until the abandonment of such Added Facilities by Applicant, subject to the provisions of paragraphs 3 and 4 hereof.

3. In the event that the Added Facilities, excluding submarine cable facilities and special impedance 66-4 KV transformers, are abandoned by termination of service

or otherwise prior to five (5) years from the date service is first rendered by means of the Added Facilities (excluding submarine cable facilities and special impedance 66-4 KV transformers), Applicant will pay to the Company, within thirty (30) days after presentation of a bill, the Company's estimated costs (less the estimated salvage) of installing and removing said Added Facilities (excluding submarine cable facilities and special impedance 66-4 KV transformers), which costs are agreed to be as shown on Exhibit "A".

Applicant further agrees that in the event that portion of the Added Facilities, consisting of submarine cable facilities, as shown on Exhibit "A", are abandoned by termination of service or otherwise prior to twenty (20) years from the date service is first rendered by means of such Added Facilities (submarine cable facilities), Applicant will pay, within thirty (30) days after presentation of a bill, the Company's estimated costs (less the estimated salvage) of installing and removing such Added Facilities (submarine cable facilities), which costs are agreed to be as shown on Exhibit "A". This amount shall be reduced one-fourteenth (1/14) for each year of continuous service, commencing in the sixth year subsequent to the date service is first rendered by means of such facilities. If removal of pipe conduit is required by governmental authority, Applicant agrees to pay the costs of such removal and to provide backfilling as may be necessary.

Applicant further agrees that in the event that portion of the Added Facilities, consisting of special impedance 66-4 KV transformers, are abandoned by termination of service or otherwise prior to five (5) years from the date service is first rendered by means of said Added Facilities (special impedance 66-4 KV transformers), Applicant will pay to the Company, within thirty (30) days after presentation of a bill, the Company's estimated costs (less the estimated salvage) of installing and removing said Added Facilities (special impedance 66-4 KV transformers), which costs are agreed to be as shown on Exhibit "A". Applicant and Company also agree that in the event that portion of the Added Facilities, consisting of special impedance 66-4 KV transformers, are abandoned by termination of service or otherwise prior to twenty (20) years from the date service is first rendered by means of such Added Facilities (special impedance 66-4 KV transformers), a determination will be made as to the costs of conversion for use of said Added Facilities (special impedance 66-4 KV transformers) on the Edison system. Applicant agrees to pay the cost of such conversion at the time of said abandonment by termination of service or otherwise which, in no case, will be more than the initial cost of the transformer or transformers abandoned.

If any of the Added Facilities have been only partially constructed prior to such abandonment, Applicant

agrees to pay the Company, within thirty (30) days after presentation of a bill therefor, the amount expended by the Company (not exceeding the amount shown on Exhibit "A") for installing and removing (less the estimated salvage) the partially constructed Added Facilities.

4. Applicant will provide, at its expense for use by the Company, all necessary water transportation for Company's normal and emergency maintenance and operating requirements. Applicant also agrees to provide trenching for the initial installation of pipe conduit, to provide for all necessary service in raising the submarine cable and pipe from its underwater location to a barge or other position for the purpose of servicing, repairing or maintaining such installation, and to assume any additional expense which may be incurred for retrenching and backfilling in returning the serviced cable and pipe to its underwater location.

5. Company shall have the right at all times to have access to all the Added Facilities for the purpose of maintenance and repair.

6. Company shall use its best efforts to install, maintain and repair or replace submarine facilities, but shall not be liable for any failure to perform or delays in performing same.

7. Applicant agrees to utilize said Added Facilities in accordance with good operating practice and to indemnify the Company for damage to said equipment occasioned or caused by the negligence, overloading, want of proper care or wrongful act of Applicant or any of his agents, employees or licensees. Failure so to exercise due diligence in the utilization of said Added Facilities will give the Company the right to terminate this agreement, to remove said facilities, and to immediate reimbursement for the installation and removal costs as aforesaid.

8. The Company's performance under this contract is subject to the availability of materials required to provide the Added Facilities provided for herein and to all applicable rates and rules of the Company.

9. This Application and Contract for Added Facilities supplements the agreement for electric service presently in effect between Applicant and the Company.

10. This Contract shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may, from time to time, direct in the exercise of its jurisdiction.

11. This Contract shall not become effective until said Commission shall, by order, authorize the Company to carry out the terms and conditions hereof.

DATED

December 20, 1965

APPLICANT: THUMS LONG BEACH COMPANY

By

J. J. Currell
President

R. H. Buchanan
Secretary

Witness: _____

Secretary

Approved and Accepted for

SOUTHERN CALIFORNIA EDISON COMPANY

By

Wm. C. Drury

Arthur J. Fisher

1-17-65

EXHIBIT A

(Estimated Costs)

Added Investment

Substation Facilities

Thums Pico	\$123,032
Island A	106,300
Island B	106,300
Island C	106,300
Island D	106,300

Subtotal

\$ 548,232

Submarine Cable Facilities

Pico to Island A	\$608,000
Island A to Island B	536,000
Island B to Island C	398,000
Island B to Island D	293,000

Subtotal

\$1,835,000

TOTAL

\$2,383,232

Installing and Removal Cost of Added Facilities

Substation Facilities

Thums Pico	\$ 60,159
Island A	106,300
Island B	106,300
Island C	106,300
Island D	106,300

Total

\$ 485,359

Submarine Cable Facilities

Pico to Island A	\$547,200
Island A to Island B	495,200
Island B to Island C	375,500
Island B to Island D	275,100

Total

\$1,693,000

EXHIBIT 2—Bill of Sale

(see attached)

[EXHIBIT 2]

BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Bill of Sale”), dated as [●], 202[●], is made by and between Southern California Edison Company, a California corporation (“Seller”), and THUMS Long Beach Company, a Delaware corporation (“Purchaser”), pursuant to that certain Asset Purchase Agreement, dated as of August 12, 2026 (as may hereafter be amended, modified or supplemented from time to time, the “Purchase Agreement”), by and among Seller, Purchaser and, for the limited purposes set forth therein, California Resources Long Beach, Inc., a Delaware corporation, California Resources Corporation, a Delaware corporation, and The City of Long Beach.

FOR GOOD AND VALUABLE CONSIDERATION as recited in the Purchase Agreement, the receipt and sufficiency of which are hereby acknowledged, effective as of the Closing on the date hereof, Seller hereby sells, transfers, conveys, assigns and delivers to Purchaser all of Seller’s right, title and interest in, to, and under the Acquired Assets, and hereby assigns all of the Assumed Liabilities held by Seller to Purchaser. Purchaser hereby purchases and accepts from Seller all of the Acquired Assets and hereby assumes and agrees to discharge and perform when due all of the Assumed Liabilities.

All capitalized terms used and not otherwise defined herein will have the respective meanings ascribed to such terms in the Purchase Agreement.

This Bill of Sale is subject to all of the terms, conditions and limitations set forth in the Purchase Agreement, all of which are incorporated herein by reference. In the event of any conflict or inconsistency between the terms of this Bill of Sale and the terms of the Purchase Agreement, the terms of the Purchase Agreement will prevail. Nothing contained herein will be deemed to alter, modify, expand or diminish the terms of the Purchase Agreement.

This Bill of Sale and the rights and obligations of the parties hereunder and the transactions contemplated hereby shall be governed by, enforced and interpreted in accordance with the laws of the State of California without regard to principles of conflicts of law that would apply the laws of another jurisdiction.

This Bill of Sale may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. A validly executed copy of this Bill of Sale delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original validly executed copy of this Bill of Sale.

[Signature Page Follows]

IN WITNESS WHEREOF, Seller and Purchaser have each caused this Bill of Sale to be signed by their duly authorized representatives, as of the first date written above.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____

Name: _____

Title: _____

THUMS LONG BEACH COMPANY

By: _____

Name: _____

Title: _____

EXHIBIT 3—Omnibus Termination Agreement

(see attached)

[EXHIBIT 3]

OMNIBUS TERMINATION AGREEMENT

This OMNIBUS TERMINATION AGREEMENT (this “Agreement”), dated as [●], 202[●], is made by and between Southern California Edison Company, a California corporation (“Seller”), and THUMS Long Beach Company, a Delaware corporation (“Purchaser”).

Recitals

WHEREAS, Seller, Purchaser and certain other parties are parties to that certain Asset Purchase Agreement, dated August 12, 2026 (as may hereafter be amended, modified or supplemented from time to time, the “Purchase Agreement”); capitalized terms used but not defined herein shall have the meanings given to them in the Purchase Agreement; and

WHEREAS, in connection with the Closing, Seller and Purchaser desire to terminate, discharge or extinguish each of the agreements set forth on Exhibit A (the “Terminated Agreements”).

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree to the following:

1. Termination of Terminated Agreements. Notwithstanding anything contained in any of the Terminated Agreements, effective as of the Closing, each Terminated Agreement (a) is hereby terminated, discharged and extinguished in its entirety without any further liability or obligation thereunder and (b) shall hereby cease to be of any further force or effect.

2. Governing Law. This Agreement and the rights and obligations of the parties hereunder and the transactions contemplated hereby shall be governed by, enforced and interpreted in accordance with the laws of the State of California without regard to principles of conflicts of law that would apply the laws of another jurisdiction.

3. Amendments. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by Seller and Purchaser.

4. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. A validly executed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original validly executed copy of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, Seller and Purchaser have each caused this Agreement to be signed by their duly authorized representatives, as of the first date written above.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____

Name: _____

Title _____

THUMS LONG BEACH COMPANY

By: _____

Name: _____

Title: _____

EXHIBIT A

Terminated Agreements

1. Application and Contract for Added Facilities, dated as of December 20, 1965, by and between Seller and Purchaser.
2. Added Facilities Agreement, effective January 3, 2022, by and between Seller and Purchaser for the #9 Chaffee Transformer Project.
3. []

EXHIBIT 4—Chaffee Transformer Settlement Amendment

(see attached)

**FIRST AMENDMENT TO AGREEMENT, DATED APRIL 26,
2021, BETWEEN SOUTHERN CALIFORNIA EDISON
COMPANY AND THUMS LONG BEACH COMPANY
REGARDING THE ISLAND CHAFFEE #5 TRANSFORMER
AND TELECOM CABLE DISPUTE**

This **FIRST AMENDMENT TO AGREEMENT, DATED APRIL 26, 2021, REGARDING THE ISLAND CHAFFEE #5 TRANSFORMER AND TELECOM CABLE DISPUTE** (this “Amendment”) is made and entered into August 12, 2026, by and between Southern California Edison Company, a California corporation (“SCE”), and THUMS Long Beach Company, a Delaware corporation (“THUMS” and, together with SCE, each a “Party” and collectively, the “Parties”).

RECITALS

WHEREAS, on April 26, 2021, SCE and THUMS entered into an agreement to resolve certain disagreements related to the Parties’ December 20, 1965 Added Facilities Agreement (the “December 20, 1965 AFA”) and cost responsibility issues (the “April 26, 2021 Agreement”); capitalized terms used but not defined herein shall have the meanings given to them in the April 26, 2021 Agreement;

WHEREAS, the April 26, 2021 Agreement addressed, among other issues, the Parties’ disagreement with respect to cost responsibility for the repair (including the scope of such repair) or replacement of that certain power transformer known as Island Chaffee #5 Transformer (“Chaffee”);

WHEREAS, pursuant to the April 26, 2021 Agreement, the Parties agreed that (i) Chaffee needed to be evaluated for possible repair; (ii) SCE agreed to remove Chaffee and install a replacement transformer (“T9”); (iii) SCE agreed to bear all of the costs of removing Chaffee; (iv) THUMS agreed to bear all of the costs of transporting Chaffee to a mutually acceptable Third Party Evaluator; (v) SCE and THUMS agreed to enter into a new mutually agreeable Added Facilities Agreement, utilizing the latest template approved by the CPUC, with regard to T9, with THUMS bearing the costs as provided under that agreement; and (vi) the Parties agreed to various additional provisions governing the evaluation of Chaffee;

WHEREAS, as contemplated by the April 26, 2021 Agreement, the Parties entered into an Added Facilities Agreement for the T9, effective January 3, 2022 (the “T9 AFA”);

WHEREAS, concurrently herewith, the Parties and certain other parties are entering into an Asset Purchase Agreement (the “Asset Purchase Agreement”) pursuant to which SCE agrees to sell and assign to THUMS, and THUMS agrees to purchase and assume from SCE, among other things, certain undersea and above-ground electrical infrastructure facilities that are subject to the December 20, 1965 AFA, as more fully described in the Asset Purchase Agreement, which is subject to the closing conditions set forth therein; and

WHEREAS, in connection with entering into the Asset Purchase Agreement, the Parties have agreed (i) THUMS will remain responsible for the original \$3,235,385 advance made

pursuant to the T9 AFA, as well as any additional costs borne by SCE under the terms of the T9 AFA up to \$625,000 (i.e., for a total of up to \$3,860,385; (ii) SCE will bear cost responsibility under the T9 AFA for any additional costs above \$3,860,385 for the installation of the T9; (iii) the T9 will be sold and assigned to THUMS in accordance with the terms of the Asset Purchase Agreement; and (iv) the April 26, 2021 Agreement will be amended to reflect the foregoing terms.

NOW, THEREFORE, in consideration of the mutual covenants and promises and other good and valuable consideration, the receipt and sufficiency of which each Party acknowledges, the Parties, intending to be legally bound, agree as follows:

AGREEMENT

1. Amendment.

(a) Section 1 of the April 26, 2021 Agreement is hereby deleted and replaced in its entirety and replaced with the following:

“1.1 It is acknowledged and agreed that: (a) the Parties will not send the existing Island Chaffee No. 5 Transformer (“Chaffee”) to be evaluated for possible repair by a third party evaluator pursuant to the criteria in Appendix A; (b) SCE will remove Chaffee from service and install a replacement transformer (“T9”); (c) SCE is and will continue to be responsible for all of the costs of removing Chaffee from service; (d) upon removal of Chaffee from service, the Parties agree SCE will sell Chaffee to THUMS on an as-is, where-is basis and execute a bill of sale and assignment and assumption agreement in substantially the form attached as Exhibit 1; (e) the Parties entered into a new Added Facilities Agreement with regard to T9, effective January 3, 2022 (the “T9 AFA”); and (f) THUMS has and will continue to bear the costs set forth in the T9 AFA, except as otherwise set forth in Section 1.2.

1.2 The costs associated with replacing Chaffee with T9 are set forth in the T9 AFA; provided, that notwithstanding anything in the T9 AFA to the contrary, (a) THUMS is and will continue to be responsible for the original \$3,235,385 advance made pursuant to the T9 AFA, as well as any additional costs borne by SCE under the terms of the T9 AFA up to \$625,000 (i.e., for a total of up to \$3,860,385) (the “Cap”); and (b) SCE will bear cost responsibility under the T9 AFA for any additional costs above \$3,860,385 for the installation of T9.

1.3 Reference is made to that certain Asset Purchase Agreement, dated as of August 12, 2026 (the “Asset Purchase Agreement”), by and among SCE, THUMS and, for the limited purposes stated therein, California Resources Long Beach, Inc., California Resources Corporation and The City of Long Beach. In the event the Asset Purchase Agreement is terminated prior to the consummation of the Closing (as defined in the Asset Purchase Agreement) contemplated therein, the cost allocation set forth in Section 1.2 shall cease to apply and the terms under the T9 AFA shall govern; and (b) to the extent SCE had incurred costs under the T9 AFA above the Cap prior to the termination of the Asset Purchase Agreement (collectively, “Excess Costs”), THUMS shall reimburse SCE for the Excess Costs by wire transfer of immediately available funds no later than thirty (30) days following the termination of the Asset Purchase Agreement.”

2. **Scope of Amendment.** This Amendment is limited to the matters expressly set forth herein and, except to the extent expressly set forth herein, all of the provisions of the April 26, 2021 Agreement shall continue in full force and effect.

3. **Governing Law.** This Amendment and the rights and obligations of the Parties hereunder and the transactions contemplated hereby shall be governed by, enforced and interpreted in accordance with the laws of the State of California without regard to principles of conflicts of law that would apply the laws of another jurisdiction.

4. **Counterparts.** This Amendment may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. A validly executed copy of this Amendment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original validly executed copy of this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have each caused this Amendment to be signed by their duly authorized representatives, as of the first date written above.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Orville O. Cocking
Title: Senior Vice President, Transmission & Distribution

THUMS LONG BEACH COMPANY

By: _____
Name: H. Dean Persinger
Title: VP Wilmington Production Complex

EXHIBIT 1

[Form of] Bill of Sale

This Bill of Sale (this “Bill of Sale”) is made and entered into as of the date set forth below (the “Effective Date”), by and between:

Seller: Southern California Edison Company, a California corporation

Purchaser: THUMS Long Beach Company, a Delaware corporation

For and in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby sell, transfer, convey, and deliver to Purchaser, and Purchaser does hereby purchase and accept from Seller, all of Seller’s right, title and interest in, to and under the equipment described below (the “Equipment”), on the terms set forth in this Bill of Sale:

Description of Equipment: Federal Pacific (FPE) 15/20 MVA 67-4.16 kV serial no 19057-2

Terms and Conditions

1. AS-IS, WHERE-IS BASIS.

AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, PURCHASER ACKNOWLEDGES AND AGREES THAT (A) THE EQUIPMENT IS BEING PROVIDED ON AN ‘AS-IS, WHERE-IS’ BASIS, (B) EXCEPT AS SET FORTH IN SECTION 2 BELOW, PURCHASER ACKNOWLEDGES THAT NEITHER SELLER NOR ANY OTHER PERSON MAKES, AND THAT PURCHASER HAS NOT RELIED UPON, ANY EXPRESS OR IMPLIED REPRESENTATION, WARRANTY OR COVENANT REGARDING THE EQUIPMENT, ITS CONDITION, QUALITY OR SUITABILITY FOR ANY PARTICULAR PURPOSE, OR OTHERWISE WHATSOEVER, AND (C) PURCHASER HAS HAD THE OPPORTUNITY TO INSPECT THE EQUIPMENT AND ACCEPTS THE EQUIPMENT IN ITS CURRENT CONDITION, WITH ALL FAULTS AND DEFECTS AND ASSUMES ALL RISKS ASSOCIATED WITH THE USE AND CONDITION OF THE EQUIPMENT, INCLUDING ALL ASSUMED LIABILITIES (AS DEFINED BELOW).

2. SELLER REPRESENTATIONS.

(a) Seller is duly incorporated, validly existing and in good standing, under the laws of the State of California. Seller has the requisite corporate power and authority to own, operate and lease its properties and assets to carry on its business as now being conducted. Seller is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary, except where the failure to be so qualified, licensed or in good standing would not reasonably be expected to have a material adverse effect on Seller.

(b) Seller has all requisite corporate power and authority to execute and deliver this Bill of Sale, to perform its obligations hereunder and to complete the transactions contemplated

hereby. The execution and delivery by Seller of this Bill of Sale and the performance by Seller of its obligations hereunder have been duly and validly authorized by all necessary corporate action.

3. PURCHASER REPRESENTATIONS.

(a) Purchaser is duly incorporated, validly existing and in good standing, under the laws of the State of Delaware. Purchaser has the requisite corporate power and authority to own, operate and lease its properties and assets to carry on its business as now being conducted. Purchaser is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary, except where the failure to be so qualified, licensed or in good standing would not reasonably be expected to have a material adverse effect on Purchaser.

(b) Purchaser has all requisite corporate power and authority to execute and deliver this Bill of Sale, to perform its obligations hereunder and to complete the transactions contemplated hereby. The execution and delivery by Purchaser of this Bill of Sale and the performance by Purchaser of its obligations hereunder have been duly and validly authorized by all necessary corporate action.

4. ASSUMED LIABILITIES.

Seller hereby assigns and transfers to Purchaser, and Purchaser hereby assumes and agrees to discharge and perform when due (collectively, the "Assumed Liabilities"): (a) all liabilities arising out of, related to or required to be performed with respect to the Equipment; (b) all liabilities arising out of or related to Purchaser's ownership or operation of the Equipment, including any permitting obligations in respect thereof; (c) all liabilities, including the costs of any remedial action, that arise under or relate to any environmental laws or any hazardous substance, including for personal injury, death, or property damage caused by an actual or alleged release of, or exposure to, a hazardous substance, to the extent arising out of, related to or resulting from the operation or ownership of the Equipment; (d) all liabilities arising out of any action, claim or proceeding to the extent arising out of, related to or resulting from the operation of the Equipment.

For clarity, the Assumed Liabilities shall not include: (i) any liabilities of Seller for taxes arising out of or relating to Seller's ownership or operation of the Equipment prior to the Effective Date; (ii) any liability of Seller for income, transfer, sales, use, and other taxes arising in connection with the consummation of the transactions contemplated hereby (including any income taxes arising because Seller is transferring the Equipment); (iii) any liability of Seller for the unpaid taxes of any Person under treasury regulation §1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise; (iv) any obligation of Seller to indemnify any person or entity by reason of the fact that such person or entity was a director, officer, employee, or agent of Seller or any of its subsidiaries or was serving at the request of any such entity as a partner, trustee, director, officer, employee, or agent of another entity (whether such indemnification is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses, or otherwise and whether such indemnification is pursuant to any statute, charter document, bylaw, agreement, or otherwise), in each case excluding to the extent any such liability arises from or relates to Purchaser's ownership or operation of the Equipment on or after the

Effective Date; (v) any liability of Seller for costs and expenses incurred by Seller in connection with this Bill of Sale and the transactions contemplated hereby; (vi) any liability arising out of or relating to the employment or termination of employment of any current or former employee of Seller or its subsidiaries arising on or prior to the Effective Date; and (vii) any liability or obligation of Seller arising under this Bill of Sale (or under any side agreement between Seller on the one hand and Purchaser on the other hand entered into on or after the Effective Date).

5. GOVERNING LAW.

This Bill of Sale and the rights and obligations of the parties hereunder and the transactions contemplated hereby shall be governed by, enforced and interpreted in accordance with the laws of the State of California without regard to principles of conflicts of law that would apply the laws of another jurisdiction.

6. ENTIRE AGREEMENT.

This Bill of Sale constitutes the entire agreement between the parties with respect to the sale of the Equipment and supersedes all prior or contemporaneous understandings, whether written or oral. This Bill of Sale may not be amended except in a writing signed by both parties.

7. COUNTERPARTS.

This Bill of Sale may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. A validly executed copy of this Bill of Sale delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original validly executed copy of this Bill of Sale.

IN WITNESS WHEREOF, Seller and Purchaser have each caused this Bill of Sale to be signed by their duly authorized representatives, as of the Effective Date.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: _____
Title _____

THUMS LONG BEACH COMPANY

By: _____
Name: _____
Title: _____

EXHIBIT 5—Standard Facilities Agreement

(see attached)



Southern California Edison
Rosemead, California (U 338-E)

Revised	Cal. PUC Sheet No.	51874-E
Cancelling Revised	Cal. PUC Sheet No.	7005-E

Sheet 1

APPLICATION AND CONTRACT FOR ELECTRIC FACILITIES
PERMANENT SERVICE – CAPACITY IN EXCESS 2,000 KVA

Form CSD-393

(To be inserted by utility)

Advice 2861-E

Decision _____

1C11

Issued by

Akbar Jazayeri

Vice President

A-72

(To be inserted by Cal. PUC)

Date Filed Mar 13, 2013

Effective Apr 12, 2013

Resolution _____

APPLICATION AND CONTRACT FOR ELECTRIC FACILITIES

Permanent Service - Capacity in Excess of 2,000 KVA

TO SOUTHERN CALIFORNIA EDISON COMPANY:

The undersigned Applicant hereby requests you to supply electric service and to deliver electric energy to and for the equipment hereinafter described, at the location shown on the reverse side hereof, in accordance with the applicable rates and rules of Southern California Edison Company, hereinafter referred to as SCE. (T)

In consideration of your acceptance of this application, Applicant hereby agrees to the following:

1. SCE has made available for inspection its applicable rates and rules. Applicant agrees to comply therewith, and with any changes or modifications thereof which may be authorized from time to time by the California Public Utilities Commission.

2. SCE, as provided by its rules, will install, own, operate, and maintain Electric Facilities, hereinafter referred to as "Facilities", in order to supply electric service and to deliver electric energy as requested by Applicant. The size and capacity of Facilities will be in accordance with Applicant's statements of electric equipment to be served, load characteristics, and proposed use thereof.

3. Applicant's attention has been directed to the rate schedules applicable to the service herein described, and Applicant has elected to take and pay for service under Schedule ^{TOU-8-D,} ~~Standby~~ ^{BIIP} for a minimum period of 36 months. As specified in this schedule, Applicant elects the following provisions: None

4. Applicant agrees that commencing two months after the completion date requested for the Facilities herein applied for by Applicant or, if later, two months after the date SCE is first ready to render service from the Facilities, SCE, in accordance with its filed Tariffs, will bill and Applicant shall pay a Demand Charge (expressed in kilowatts [kW]) as set forth herein.

5. The term of this contract shall be three (3) years and month-to-month thereafter. (T)
(D)

6. In the event Applicant's electrical requirements increase or decrease prior to completion of said initial three (3) years, and, if in SCE's sole judgment, a change is required and subsequently made in the installed Facilities, settlement shall be made for the installation and removal cost of the Facilities removed and this agreement shall continue in force for the remaining Facilities, if any. A new three (3) year and month-to-month thereafter agreement shall be entered into providing for the new Facilities required by Applicant should said remaining and new Facilities require total capacity in excess of 2,000 kVA. (T)
|
(T)

7. In the event Applicant's electrical requirements change subsequent to said initial three (3) year period(s), SCE will modify its installation as it may deem necessary at no charge to Applicant. Applicant shall enter into a new agreement providing for the modified installation should said modified installation of Facilities exceed 2,000 kVA. (T)
(T)

8. The extension of electric lines and installation of service connections, service laterals, and facilities on Applicant's premises will be installed in accordance with the appropriate tariff schedules.

9. SCE shall not be held liable for delays in the installation of facilities required to supply electric service and to deliver electric energy to Applicant. (T)

10. Applicant hereby agrees to grant to SCE without cost a right of way and/or site, on terms which are satisfactory to SCE, for the installation of any electric lines or facilities which it may be necessary to build on Applicant's premises for the purpose of making delivery hereunder. (T)
(T)
|
(T)

11 Where SCE installs Facilities requested by applicant which are in addition to, or in substitution for, the standard facilities which SCE normally would install, the extra cost thereof shall be paid by Applicant in accordance with SCE's filed Tariffs.

12. This contract shall at all times be subject to such changes or modifications by the California Public Utilities Commission as said Commission may, from time to time, direct in the exercise of its jurisdiction.

(T)
|
|
|
(T)

Equipment To Be Served	KVA	KW	HP
Customer owned 66 kV Switchrack	76,000	64,000	

Applicant Thums Long Beach Company Service Address 260 Pico Ave.
Long Beach, Ca 90802

Service Voltage (kV): 66kV Phase: 3 Phase

Anticipated Peak Demand: 64MW Completion Date Request: August 2028

Approved and Accepted for Thums Long Beach Company
APPLICANT

By: Harold Persinger VP Wilmington Production Complex
TITLE DATE

Attest: _____

Mail Address _____

Approved and Accepted for Southern California Edison Company:

By: _____
DISTRICT DATE

(D)
(T)
(D)

SCHEDULES to Agreement

1. Description of Added Facilities
2. [Reserved]
3. Acquired Real Property Interests
4. Separation Diagrams
5. Purchaser Knowledge Parties
6. Seller Knowledge Parties
7. Seller's Disclosure Schedule
8. Purchaser's Disclosure Schedule
9. Description of THUMSGEN Interconnection Facilities

SCHEDULE 1—Description of Added Facilities

1. Facilities downstream of East and West Section Bus Section ‘C’ Disconnect Switches including Switchrack, Circuit Breakers, and Isolating Switches in the Pico Substation;
2. Subsea Facilities downstream of the 66kV terminal bushings of the High Pressure Fluid Filled (“HPFF”) cable;
3. THUMS Islands Substation Facilities, including transformers (including the #9 Chaffee Transformer, including any improvements made thereto pursuant to the Chaffee Transformer Settlement Amendment) and link boxes on Islands Grissom, White, Chaffee, and Freeman;
4. Hydraulic System including tank and pumps at Pico Substation and Island White;
5. Protection and Transfer trip relays associated with the Pico-THUMS No.1 and No.2 66kV lines, including conduit and telecommunication cables;
6. Remote Terminal Unit (“RTU”) infrastructure; and
7. Any improvements made pursuant to the Chaffee Transformer Settlement Amendment.

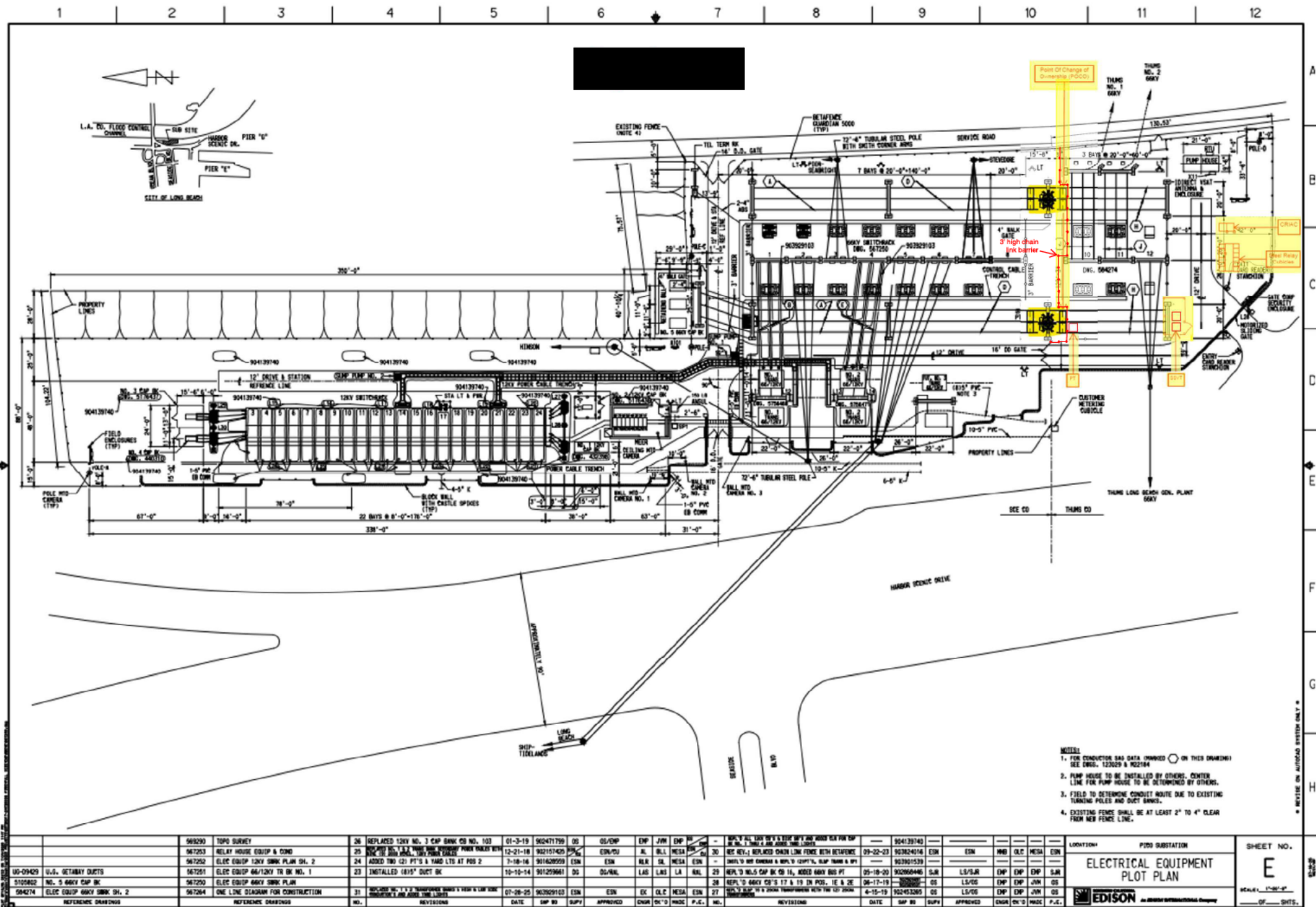
SCHEDULE 2—Reserved

SCHEDULE 3—Acquired Real Property Interests

1. To be determined in accordance with Section 5.7.

SCHEDULE 4—Separation Diagrams

(see attached)



SCHEDULE 5—Purchaser Knowledge Parties

1. H. Dean Persinger, Vice President Wilmington Production Complex
2. Christopher Cayanan, Senior Electrical Engineering Advisor
3. Ester Brawley, Vice President Technical Operations

SCHEDULE 6—Seller Knowledge Parties

1. Jim Buerkle, Managing Director of Project and Program Management.
2. Sevag Bekmezian, Principal Manager, Test and Technology Energy Delivery & Distribution
3. Robin Castro, Senior Manager, Structures and Wire Engineering

SCHEDULE 7—Seller’s Disclosure Schedule

(see attached)

SELLER DISCLOSURE SCHEDULES
TO THE
ASSET PURCHASE AGREEMENT
by and between
SOUTHERN CALIFORNIA EDISON COMPANY,
as Seller;
THUMS LONG BEACH COMPANY,
as Purchaser;
solely for purposes of Section 8.3 and Article XII,
CALIFORNIA RESOURCES LONG BEACH, INC.;
solely for purposes of Section 8.3 and Articles IX and XII,
CALIFORNIA RESOURCES CORPORATION;
and, solely for purposes of Sections 5.7 and 8.3, Article XI (upon written election) and
Article XII (other than Sections 12.5 and 12.6),
THE CITY OF LONG BEACH
AUGUST 12, 2026

The following Seller Disclosure Schedules (these “Disclosure Schedules”) are delivered pursuant to that certain Asset Purchase Agreement, dated as of August 12, 2026 (the “Agreement”), by and among Southern California Edison Company, a California corporation (“Seller”), THUMS Long Beach Company, a Delaware corporation (“Purchaser”), and, for the limited purposes set forth therein, California Resources Long Beach, Inc., a Delaware corporation, California Resources Corporation, a Delaware corporation, and The City of Long Beach. Capitalized terms used but not defined in these Disclosure Schedules shall have the meanings assigned to them in the Agreement.

Section 3.4.2
Seller's Consents

None.

Section 3.7

Liens

1. Liens arising under that certain Trust Indenture, dated as of October 1, 1923 (as amended, restated, supplemented or otherwise modified from time to time), by and between Seller and The Bank of New York Mellon Trust Company, N.A., as successor to Harris Trust and Savings Bank, and Reginald Brewer, as successor trustee to Pacific-Southwest Trust & Savings Bank, as trustees.
2. Liens arising under California Revenue and Taxation Code § 2192.
3. The following unsecured property tax Liens were previously filed by the Los Angeles County Tax Collector in the Los Angeles County Recorder's Office. The obligations underlying such Liens were subsequently paid in full by Seller. Seller is currently obtaining documentation of the releases of such Liens.
 - a. 2019-963025 LNC 09-17-2019
 - b. 2020-1124660 LNC 09-17-2020

SCHEDULE 8—Purchaser’s Disclosure Schedule

No applicable disclosures.

SCHEDULE 9—Description of THUMSGEN Interconnection Facilities

1. One 66kV double breaker line position at SCE's Pico Substation, including circuit breakers, disconnects and related equipment.
2. Telesync protective system installed at SCE's Hinson Substation.
3. Telecommunication circuits and terminal facilities THUMS generating facility and SCE system.
4. Power System Controls at THUMS generating facility.
5. 0.8 mile, 3-phase 66kV overhead circuit (Gen-Tie Line) between THUMS generating facility and SCE 's Pico Substation.

Appendix B

Financial Statements, including Balance Sheet and Statement of Income for June 30, 2026

SOUTHERN CALIFORNIA EDISON COMPANY

(h) A balance sheet as of the latest available date, together with an income statement covering the period from close of last year for which an annual report has been filed with the Commission to the date of the balance sheet attached to the application.

STATEMENT OF INCOME
SIX MONTHS ENDED JUNE 30, 2026

(In millions)

OPERATING REVENUE	\$ 8,444
OPERATING EXPENSES:	
Purchased power and fuel	2,107
Operation and maintenance	2,039
Wildfire-related claims, net of (recoveries)	14
Wildfire fund expense	71
Depreciation and amortization	1,666
Property and other taxes	347
Other	(2)
Total operating expenses	6,242
OPERATING INCOME	2,202
Interest expense	(845)
Other income, net	238
INCOME BEFORE TAXES	1,595
Income tax expense (benefit)	278
NET INCOME	1,317
Less: Preference stock dividend requirements	55
NET INCOME AVAILABLE FOR COMMON STOCK	\$ 1,262

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

JUNE 30, 2026

ASSETS

(in millions)

UTILITY PLANT:

Utility plant, at original cost	\$ 72,999
Less- accumulated provision for depreciation and amortization	15,408
	57,591
Construction work in progress	7,197
Nuclear fuel - at amortized cost	135
	64,923

OTHER PROPERTY AND INVESTMENTS:

Nonutility property, net of accumulated depreciation of \$100	182
Nuclear decommissioning trusts	4,784
Other investments	59
	5,025

CURRENT ASSETS:

Cash and cash equivalents	171
Short-term investments	0
Receivables, net of allowance for uncollectible accounts of \$338	1,818
Accrued unbilled revenue	1,042
Insurance receivable	0
Insurance receivable from affiliate	0
Income tax receivables	0
Inventory	567
Prepaid expenses	112
Derivative assets	0
Regulatory assets	2,855
Wildfire fund contributions	138
Other current assets	556
	7,259

DEFERRED CHARGES:

Receivables, net of allowance for uncollectible accounts of \$39	32
Regulatory assets (Includes \$3,051 related to a VIE)	12,966
Derivative assets	0
Wildfire fund contributions	1,671
Operating lease right-of-use assets	1,134
Long-term insurance receivable	697
Long-term insurance receivable due from affiliate	118
Other long-term assets	2,193
	18,811
	\$ 96,018

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
JUNE 30, 2026
CAPITALIZATION AND LIABILITIES
(in millions)

CAPITALIZATION:

Common stock	2,168
Additional paid-in capital	8,961
Accumulated other comprehensive loss	(11)
Retained earnings	11,492
Common shareholder's equity	<u>22,610</u>
Long-term debt (Includes \$2,979 related to a VIE)	31,824
Preference stock	1,595
Total capitalization	<u>56,029</u>

CURRENT LIABILITIES:

Short-term debt	741
Current portion of long-term debt	3,197
Accounts payable	2,162
Wildfire-related claims	808
Accrued interest	504
Regulatory liabilities	727
Current portion of operating lease liabilities	121
Other current liabilities	1,541
	<u>9,801</u>

DEFERRED CREDITS:

Deferred income taxes and credits	11,071
Pensions and benefits	88
Asset retirement obligations	2,607
Regulatory liabilities	11,244
Operating lease liabilities	1,013
Wildfire-related claims	626
Other deferred credits and other long-term liabilities	3,539
	<u>30,188</u>

\$ 96,018