

February 8, 2006

Ms. Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Dear Ms. Salas:

Pursuant to Section 35.13 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") regulations under the Federal Power Act (18 C.F.R. § 35.13), Southern California Edison Company ("SCE") tenders for filing the amended Dillon I Wind Project Interconnection Facilities Agreement ("Revised Agreement") between Dillon Wind LLC ("Dillon") and SCE, First Revised Service Agreement No. 3 under SCE's Transmission Owner Tariff ("TO Tariff"), FERC Electric Tariff, Second Revised Volume No. 6.

The documents submitted with this filing consist of this letter of transmittal and all attachments hereto, and the Revised Agreement in both clean and redline formats.

Background

Pursuant to SCE's TO Tariff, SCE and Wintec Energy, LTD ("Wintec") entered into the original Interconnection Facilities Agreement ("Original Agreement") which specified the terms and conditions necessary to interconnect Wintec's proposed 45 MW wind turbine generating facility, to be located at a new substation adjacent to SCE's Devers-Farrell-Windland 115kV line, near Buckwind Substation, in North Palm Springs, California ("Wintec VI Power Project"), to the California Independent System Operator Corporation Controlled Grid ("ISO Controlled Grid"). The Commission accepted the Original Agreement for filing on January 18, 2001 in Docket No. ER01-660-000.

After the Original Agreement was accepted by the Commission, Wintec suspended the Wintec VI Power Project, and neither the Wintec VI Power Project nor the associated interconnection facilities were constructed and placed into service.

On November 1, 2006, SCE, Wintec and Pacific Wind Development, LLC ("Pacific Wind"), an affiliate of Dillon, entered into an Assignment, Assumption, and Consent Agreement pursuant to which Wintec assigned its interest in the Original Agreement to Pacific Wind and Pacific Wind assumed Wintec's duties and obligations under the Original Agreement. SCE consented to such assignment and assumption. On November 1, 2006, Pacific Wind, Dillon and SCE entered into a separate Assignment, Assumption, and Consent Agreement pursuant to which Pacific Wind further assigned its interest in the Original Agreement to Dillon, its affiliate. Dillon assumed Pacific Wind's duties and obligations under the Original Agreement, and SCE consented to such further assignment and assumption. A copy of the latter assignment and assumption agreement can be found in Attachment A to this transmittal letter.

Pursuant to the Original Agreement, SCE initially was to engineer, design, and construct the interconnection facilities. Dillon now desires, and SCE concurs, that Dillon engineer, design, and construct a portion of the interconnection facilities and subsequently transfer ownership of such interconnection facilities to SCE.

Revised Agreement

The Revised Agreement reflects the following changes to the Original Agreement: (1) the assignment of the Original Agreement to Dillon; (2) the addition of terms pursuant to which Dillon will engineer, design, and construct a portion of the Interconnection Facilities;¹ (3) revisions to several terms to align them with similar terms in the Commission-accepted pro forma large generator interconnection agreement for interconnections to the ISO Controlled Grid; (4) a revised cost estimate for the Interconnection Facilities; (5) the revised Customer-Financed Monthly Rate; and (6) the inclusion of a Reliability Management System Agreement.

¹ All capitalized terms used herein, and not otherwise defined, have the meanings ascribed to such terms in the Revised Agreement.

The Revised Agreement reflects that Dillon is now the counterparty to the agreement in accordance with the assignment and assumption agreements described previously. As such, all references to Wintec have been changed to Dillon. Since Dillon will now be developing the project, the project has been renamed from the Wintec VI Power Project to the Dillon I Wind Project.

In order for the Interconnection Facilities to be complete and ready for service by December 31, 2007, the estimated Interconnection Facilities In-Service Date, SCE has consented to permit Dillon to engineer, design, and construct a portion of the Interconnection Facilities in accordance with SCE's substation standards and specifications ("Dillon-Constructed Interconnection Facilities"). Terms and conditions related to construction of the Dillon-Constructed Interconnection Facilities have been added to Section 8, Interconnection Principles, of the Revised Agreement. Following completion of construction and prior to energization of the Dillon-Constructed Interconnection Facilities, ownership of these facilities will be transferred from Dillon to SCE pursuant to Section 8.10 of the Revised Agreement. Within ninety calendar days following the actual in-service date of the Interconnection Facilities, Dillon will determine the actual cost of the Dillon-Constructed Interconnection Facilities and provide such information to SCE for its use in setting the proper level of charges under the Revised Agreement pursuant to Section 15.1.6 of the Revised Agreement.

SCE and Dillon also agreed to change several terms of the Original Agreement to align them with the Commission-accepted pro forma large generator interconnection agreement for interconnections to the ISO Controlled Grid. The contract termination date specified in Section 5.2 of the Original Agreement has been revised to provide for automatic renewal after the thirty-year contract length has elapsed. Following termination, Dillon will be required to pay for Removal Costs; however, such costs will be based on the actual costs to remove the facilities in accordance with the revised definition of Removal Cost and new Sections 12.2 and 12.3 rather than the estimated costs to remove the Interconnection Facilities as provided in the Original Agreement.

A new Section 13, Taxes, has been added to the agreement to address the taxable nature of the payments and property transfers made by Dillon to SCE under the Revised Agreement. As such,

Dillon will no longer need to pay SCE for the Income Tax Component of Contributions ("ITCC") associated with the Interconnection Facilities and consequently the definition for ITCC has been removed.

An additional assignment provision has been added as Section 23.2 of the Revised Agreement to enable either party to assign the agreement, without the consent of the other party, to any affiliate or for collateral security purposes.

SCE also has revised the estimated costs for the Interconnection Facilities. In addition, SCE has separated the individual components of the Interconnection Facilities listed in Exhibit A of the Revised Agreement to identify which facilities will be constructed by Dillon and which will be constructed by SCE. As a result of these changes, as well as the removal of the ITCC, the One-Time Payment has decreased from \$1,417,000 to \$624,000. The Interconnection Facilities Cost, which reflects the capitalized cost of the Interconnection Facilities, has increased from \$1,015,000 to \$1,609,000. These revised amounts are shown in Exhibit B of the Revised Agreement.

The Interconnection Facilities Charge, which is equal to the product of the Customer-Financed Monthly Rate and the Interconnection Facilities Cost, has also been revised to reflect the rate most recently adopted by the California Public Utilities Commission ("CPUC") for application to SCE's retail electric customers for customer-financed added facilities. Pursuant to CPUC Decision No. 06-05-016 dated May 11, 2006 in Application No. 04-12-014, the monthly rates for added facilities applicable to retail customers were modified effective for service rendered on and after June 1, 2006. SCE provided cost justification for the rate decrease from 0.34% to the currently effective rate of 0.33% in Docket No. ER06-1227-000, which was accepted for filing by the Commission on August 10, 2006. As a result of the change to the Interconnection Facilities Cost and the Customer-Financed Monthly Rate, the Interconnection Facilities Charge will increase from \$3,451 to \$5,310.

A table showing the change in revenue that SCE will collect under the Revised Agreement during the first 12 billing months following the effective date as a result of the revisions described herein is provided in Attachment B to this filing letter.

Finally, included in Exhibit D to the Revised Agreement is the Reliability Management System Agreement ("RMS Agreement"). The RMS Agreement, utilizing the Western Electricity Coordinating Council ("WECC") form of RMS Agreement, sets forth terms and conditions intended to maintain the reliable operation of the Western Interconnection through the generator's commitment to comply with certain reliability standards. WECC and the utilities, including SCE, entered into agreements committing them to require generators to sign the RMS Agreement in the form attached to the WECC-utilities agreements.

Waiver

SCE respectively requests, pursuant to Section 35.11 of the Commission's regulations, waiver of the 60-day prior notice requirements specified in Section 35.3 and requests the Commission to assign an effective date of February 9, 2007 to the Revised Agreement, which date is one day after the date of this filing. Such waiver would be consistent with the Commission's policy set forth in Central Hudson Gas & Electric Corp., et al., 60 FERC ¶ 61,106, reh'g denied, 61 FERC ¶ 61,089 (1992), that waiver of the 60-day prior notice requirement will generally be granted where good cause is shown and the agreement is filed prior to the service commencement date. Good cause exists in that expediting interconnection of generation serves the public interest by facilitating availability of power and development of the energy market in California. The granting of such waiver will not have any impact on SCE's other rate schedules.

Other Filing Requirements

No expenses or costs included in the rates tendered herein have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative or unnecessary costs that are demonstrably the product of discriminatory employment practices.

SCE believes that the data contained in this letter provide sufficient information upon which to accept this filing; however, to the extent necessary, SCE requests that the Commission waive its filing requirements contained in Sections 35.5 and 35.13 (18 C.F.R. § 35.5 and 35.13) of the Commission's regulations.

SCE believes this filing conforms to any rule of general applicability and to any Commission order specifically applicable to SCE, and has made copies of this letter and all enclosures available for public inspection in SCE's principal office located in Rosemead, California. SCE has mailed copies to those persons whose names appear on the mailing list enclosed.

SCE requests that all correspondence, pleadings, and other communications concerning this filing be served upon:

Ellen Berman
Attorney
Southern California Edison Company
P.O. Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770

SCE also requests that an additional copy of any correspondence and orders be sent to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'J. Cuillier', with a stylized, flowing script.

JAMES A. CUIILLIER

Enclosures

ATTACHMENT A

Assignment, Assumption, & Consent Agreement

ASSIGNMENT, ASSUMPTION, AND CONSENT AGREEMENT

November 1, 2006 *mm jw*
This Assignment, Assumption, and Consent Agreement (this "Agreement") is made and entered into as of ~~October 10, 2006~~ between Pacific Wind Development, LLC, an Oregon limited liability company ("Assignor"), Dillon Wind LLC, an Oregon limited liability company ("Assignee"), and Southern California Edison Company, a California corporation ("SCE"). Assignor, Assignee, and SCE are sometimes collectively referred to herein as the "Parties."

WITNESSETH:

WHEREAS, Wintec Energy, Ltd. ("Wintec"), a California corporation, entered into the Wintec VI, Power Project Interconnection Facilities Agreement, dated as of December 6, 2000 (the "Wintec VI IFA") with SCE for purposes of providing interconnection services for a planned 45 MW wind turbine generation facility to the California Independent System Operator Controlled Grid in accordance with the terms of SCE's Transmission Owner Tariff;

WHEREAS, in April 2001, Wintec subsequently assigned, transferred and conveyed all of its rights and interests in and to the Wintec VI IFA to Wildflower Energy, LP, a Delaware limited partnership ("Wildflower"), and Wildflower accepted such transfer and assignment and agreed to undertake all obligations under the Wintec VI IFA;

WHEREAS, in August 2004, Wildflower subsequently transferred and assigned back to Wintec, and Wintec assumed all of Wildflower's right, title, interest and obligations in, to and under the Wintec VI IFA;

WHEREAS, Wintec and Assignor entered into an Asset Purchase Agreement dated January 3, 2005 ("Asset Purchase Agreement"), whereby Wintec agreed to assign all of its rights and interests in and to the Wintec VI IFA to Assignor;

WHEREAS, in accordance with the Asset Purchase Agreement, Wintec transferred to Assignor, and Assignor assumed, all of Wintec's right, title, interest and obligations in, to and under the Wintec VI IFA (the "Rights"), which SCE consented to in the Assignment, Assumption, and Consent Agreement dated ~~August~~, 2006;

November 1, 2006 *mm jw*
WHEREAS, Assignor is an affiliate of Assignee;

WHEREAS, Assignor desires to transfer to Assignee, and Assignee desires to assume, all of Assignor's Rights; and

WHEREAS, Assignor and Assignee desire to obtain SCE's consent to such assignment and assumption.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Assignment. Assignor hereby assigns, transfers and conveys unto Assignee and its successors and assigns all of Assignor's right, title, interest and obligations in, to and under

the Rights, upon the same terms and conditions that are contained in the Wintec VI IFA, and to the same extent as if the terms and conditions of the Wintec VI IFA had been fully set forth in this Agreement.

2. Assignment and Assumption. Assignee hereby assumes and agrees to pay when due, perform and discharge in accordance with the terms thereof, the liabilities, obligations and duties arising under the Wintec VI IFA (the "Assumed Liabilities"). Such liabilities, obligations and duties include, but are not limited to, those liabilities, obligations and duties that accrued prior to the date of this assignment. Assignor shall remain jointly and severally liable with Assignee for the liabilities, obligations and duties arising under the Wintec VI IFA that accrued prior to the assignment.

3. Consent. SCE hereby consents to the assignment by Assignor to Assignee to the Rights. SCE does not anticipate a need for additional studies or restudies solely as a result of the assignment of the Wintec VI IFA from Assignor to Assignee.

4. Third Party Remedies Not Affected. The assumption by Assignee of the Assumed Liabilities hereunder shall in no way expand the rights or remedies of any third party against Assignor or Assignee as compared to the rights and remedies which such third party would have had against Assignor had Assignee not assumed such liabilities.

5. Consideration. Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, and the assumption by Assignee of the liabilities set forth in Section 2 above.

6. Assignor Representations. Assignor has all necessary corporate power and authority to execute and deliver this Agreement and to assign, transfer and convey the Rights to Assignee as provided herein. The execution and delivery of this Agreement and the performance by Assignor of its obligations hereunder in accordance with the terms hereof has been authorized by all necessary corporate action on the part of Assignor and does not result in a violation of any loan agreement, mortgage, indenture or other material agreement to which Assignor is a party. Following the consummation of the transactions contemplated hereby, Assignee will own, with good and valid title, or otherwise acquire the interests of Assignor in the Rights, free and clear of any encumbrances.

7. Assignee Representations. Assignee has all necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations as provided herein. The execution and delivery of this Agreement and the performance by Assignee of its obligations hereunder in accordance with the terms hereof has been authorized by all necessary corporate action on the part of Assignee and does not result in a violation of any loan agreement, mortgage, indenture or other material agreement to which Assignee is a party.

8. Further Assurances. Each of Assignor and Assignee shall take any and all such further reasonable actions and execute and deliver any and all such further documents as are necessary or reasonably requested by the other party to effectuate the purposes of this Agreement. The undertakings set forth in this paragraph shall survive the execution and delivery of this Agreement.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

10. Successors and Assigns. This Agreement shall bind and inure to the benefit of Assignor and Assignee and their respective successors and assigns. Nothing in this Agreement shall be construed to confer on any other person or entity any rights as a third-party beneficiary. No assignment of the Rights, other than this assignment, shall be valid without SCE's written consent, except as provided in the Wintec VI IFA.

11. Written Modifications. No change, amendment, modification, cancellation, discharge or waiver of any provision hereof shall be valid unless in writing and signed by the Parties.

12. Counterparts. This Agreement may be executed in any number of counterparts and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives as of the date and year first above written.

ASSIGNOR:

PACIFIC WIND DEVELOPMENT LLC

J.W. By: Jean M. Wilson
Name: Jean Wilson
Title: Vice President

ASSIGNEE:

DILLON WIND LLC

J.W. By: Jean M. Wilson
Name: Jean Wilson
Title: Vice President

ACKNOWLEDGED AND CONSENTS:

SOUTHERN CALIFORNIA EDSION COMPANY:

By: Mark J. [Signature]
Name:
Title: Senior Vice President

STEPHEN E. PICKETT
Sr. Vice President and
General Counsel
By: Ellen Berman (ekm)
10/31 Attorney, 2009

ATTACHMENT B

ESTIMATE OF REVENUES

One Year Estimate Of Revenues from the Effective Date

Month	Original Agreement	Revised Agreement		
	Interconnection Facilities Charge ⁽⁴⁾	Interconnection Facilities Charge ⁽¹⁾	One Time Payment ⁽²⁾	Total
Feb-07	-	-	\$624,000	\$624,000
Mar-07	-	-	-	-
Apr-07	-	-	-	-
May-07	-	-	-	-
Jun-07	-	-	-	-
Jul-07	-	-	-	-
Aug-07	-	-	-	-
Sep-07	-	-	-	-
Oct-07	-	-	-	-
Nov-07	-	-	-	-
Dec-07 ⁽³⁾	\$111	\$171	-	\$171
Jan-08	\$3,451	\$5,310	-	\$5,310
Total	\$3,562	\$5,481	\$624,000	\$629,481

- (1) Interconnection Facilities Charge Identified in the Revised Agreement = $0.33\% \times \$1,609,000 = \$5,310$.
Interconnection Facilities Charge = Customer Financed Monthly Rate x Interconnection Facilities Cost.
- (2) Pursuant to Section 15.2 of the Revised Agreement SCE will render a bill to Dillon for the One-Time Payment commencing on or following the effective date.
- (3) For the purposes of estimating revenues, a December 31, 2007 in-service date was used pursuant to Section 8.18 of the Revised Agreement, and prorated to the nearest dollar accordingly.
- (4) Interconnection Facilities Charge Identified in the Original Agreement = $0.34\% \times \$1,015,000 = \$3,451$. This charge was never implemented.

Persons to whom copies have been sent:

Name	Address
Public Utilities Commission Legal Division	State of California State Building 505 Van Ness Avenue San Francisco, CA 94102
Dillon Wind LLC Care Of: Contracts Manager	1125 NW Couch, Suite 700 Portland, OR 97209
PPM Energy, Inc. Care Of: Director Transmission	1125 NW Couch, Suite 700 Portland, OR 97209

Revised
Dillon I Wind Project
Interconnection Facilities Agreement
Between
Dillon Wind LLC
And
Southern California Edison Company
Clean

**DILLON I WIND PROJECT
INTERCONNECTION FACILITIES AGREEMENT**

BETWEEN

DILLON WIND LLC

AND

SOUTHERN CALIFORNIA EDISON COMPANY

**DILLON I WIND PROJECT
INTERCONNECTION FACILITIES AGREEMENT
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DILLON I WIND PROJECT INTERCONNECTION FACILITIES AGREEMENT

1. Parties:

The Parties to this Dillon I Wind Project Interconnection Facilities Agreement are Southern California Edison Company ("SCE"), a California corporation, and Dillon Wind LLC ("Dillon"), an Oregon limited liability company, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. Dillon is an Oregon limited liability company.
- 2.3. Wintec Energy, LTD ("Wintec") is a California corporation which intended to develop the Wintec VI Power Project, a 45 MW wind turbine generating facility to be located at a new substation (to be named at a later date) adjacent to SCE's Devers-Farrell-Windland 115 kV line, near Buckwind Substation, in North Palm Springs, California.
- 2.4. Wintec applied to SCE to interconnect with the ISO Controlled Grid in accordance with the terms of SCE's Transmission Owner Tariff ("TO Tariff") in order to deliver energy and/or ancillary services from the Wintec VI Power Project to the ISO Controlled Grid.
- 2.5. On December 6, 2000, SCE and Wintec entered into an interconnection facilities agreement to specify the terms for SCE to provide Interconnection service; and for SCE to engineer, design, construct, install, own, operate and maintain the interconnection facilities, and for Wintec to pay for such facilities.
- 2.6. On November 1, 2006, SCE, Wintec and Pacific Wind Development, LLC, an affiliate of Dillon, entered into the Assignment, Assumption, and Consent Agreement pursuant to which Wintec assigned its interest in the interconnection facilities agreement to Pacific Wind Development, LLC and Pacific Wind Development, LLC expressly assumed Wintec's duties and obligations under the interconnection facilities agreement, and SCE consented to such assignment and assumption. On November 1, 2006, Pacific Wind Development, LLC, Dillon and SCE entered into the Assignment, Assumption, and Consent Agreement pursuant to which Pacific Wind Development, LLC further assigned its interest in the interconnection facilities agreement to Dillon, its affiliate. Dillon expressly assumed Pacific Wind Development, LLC's duties and obligations under the interconnection

- facilities agreement, and SCE consented to such further assignment and assumption.
- 2.7 As a result of Wintec's suspension of the Wintec VI Power Project, the Wintec VI Power Project and the interconnection facilities had not been constructed and placed into service prior to the assignment of the interconnection facilities agreement to Dillon.
- 2.8 Pursuant to the interconnection facilities agreement, SCE initially was to engineer, design, and construct the interconnection facilities. By mutual agreement, Dillon now desires, and SCE concurs, that Dillon engineer, design, and construct a portion of the interconnection facilities and subsequently transfer ownership of such interconnection facilities to SCE.
- 2.9 The Parties desire to enter into this Agreement to reflect the assignment of the interconnection facilities agreement from Wintec to Pacific Wind Development, LLC and from Pacific Wind Development, LLC to Dillon; the new name for the project; and that Dillon will engineer, design, and construct a portion of the Interconnection Facilities and subsequently transfer ownership of such Interconnection Facilities to SCE.

3. Agreement:

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

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in the TO Tariff as that Tariff may be amended from time to time. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1 Accounting Practice: Generally accepted accounting principles and practices applicable to electric utility operations.
- 4.2 Agreement: This Dillon I Wind Project Interconnection Facilities Agreement between Dillon and SCE, First Revised Service Agreement No.3.
- 4.3 Authorized Representative: The representative of a Party designated in accordance with Section 19.
- 4.4 Buckwind Substation: SCE's existing 115/12kV substation located southeast of the intersection of Diablo Road and Dillion Road in North Palm Springs, California.
- 4.5 Capital Additions: Any Units of Property which are added to the Interconnection Facilities, the enlargement, modification or betterment of any Units of Property constituting a part of the Interconnection Facilities, and the replacement of any Units of Property constituting a part of the Interconnection Facilities, irrespective of whether such replacement constitutes an

- enlargement, modification or betterment of that which it replaces, which additions, betterments, modifications, enlargements, and replacements in accordance with Accounting Practice would be capitalized and are not included in the Interconnection Facilities Cost.
- 4.6 CPUC: The California Public Utilities Commission, or its regulatory successor.
- 4.7 Customer-Financed Monthly Rate: The rate most recently adopted by the CPUC for application to SCE's retail electric customers for added facilities, which does not compensate SCE for replacement of added facilities. The currently-effective Customer-Financed Monthly Rate is stated in Exhibit B.
- 4.8 Dillon-Constructed Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit C, constructed by Dillon, and owned by SCE (following transfer of ownership), to interconnect the Dillon Facilities to the ISO Controlled Grid, as such interconnection facilities may be modified during the term of this Agreement. The Dillon-Constructed Interconnection Facilities will be located on Assessor's Parcel Number 668-260-055 located immediately southwest of Buckwind Substation on the west side of Diablo Road.
- 4.9 Dillon Facilities: All equipment and facilities comprising the Dillon I Wind Project, including, but not limited to the 115/34.5kV step-up transformer and ISO metering, located on the generator side of the 115 kV circuit breaker at the new substation to be constructed and located immediately southwest of Buckwind Substation on the west side of Diablo Road.
- 4.10 Dillon I Wind Project: A generating project being developed by Dillon consisting of forty five (45) Mitsubishi MWT62/1.0 induction wind turbine generators with a total combined output not to exceed 45 MW and related equipment and facilities.
- 4.11 FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.12 ISO: The California Independent System Operator.
- 4.13 Interconnection Facilities: The Dillon-Constructed Interconnection Facilities and the SCE-Constructed Interconnection Facilities.
- 4.14 Interconnection Facilities Charge: The monthly charge to Dillon to recover the revenue requirements for Interconnection Facilities, calculated as the product of the Customer-Financed Monthly Rate and the Interconnection Facilities Cost.
- 4.15 Interconnection Facilities Cost: All costs, excluding One-Time Costs, determined by SCE to be associated with the design, engineering, procurement, construction and installation of the SCE-Constructed Interconnection Facilities, and all costs determined by Dillon to be associated with the design, engineering, procurement, construction and installation of the Dillon-Constructed Interconnection Facilities. The Interconnection Facilities Cost is provided in Exhibit B.
- 4.16 Interconnection Facilities In-Service Date: The date upon which the construction of the Interconnection Facilities is complete and such facilities

- are successfully tested and ready for service. The Parties currently estimate that the Interconnection Facilities In-Service Date will be December 31, 2007.
- 4.17 One-Time Costs: All costs determined by SCE to be associated with the design, engineering, procurement, construction and installation of the SCE-Constructed Interconnection Facilities and Capital Additions which are not capitalized in accordance with Accounting Practice. The SCE-Constructed Interconnection Facilities One-Time Cost is provided in Exhibit B.
- 4.18 One-Time Payment: Dillon's payment to SCE for the SCE-Constructed Interconnection Facilities Cost and the associated One-Time Costs. The One-Time Payment is provided in Exhibit B.
- 4.19 Removal Cost: The actual costs SCE incurs for the removal of the Interconnection Facilities pursuant to this Agreement, which is calculated as the amount, if positive, of the costs of the removal minus the salvage value of the Interconnection Facilities.
- 4.20 SCE-Constructed Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit C, constructed and owned by SCE, to interconnect the Dillon Facilities to the ISO Controlled Grid, as such interconnection facilities may be modified during the term of this Agreement.
- 4.21 Units of Property: As described in FERC's "List of Units of Property for Use in Connection with Uniform System of Accounts Prescribed for Public Utilities and Licensees" in effect as of the date of this Agreement, and as such list may be amended from time to time.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC.
- 5.2. This Agreement shall remain in effect for a period of thirty (30) years from the effective date of this Agreement and shall be automatically renewed for each successive one-year period thereafter. This Agreement shall terminate on the earliest of: (i) the date specified by Dillon upon 180 days' written notice to SCE, or ii) the date specified in Section 8.20, or iii) the date specified in Section 15.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, which accrued prior to, or as a result of, termination of this Agreement, shall survive termination.
- 5.4. If Dillon has given notice of termination and a filing with FERC is required to terminate this Agreement pursuant to Section 5.2, Dillon shall support such filing before the FERC if requested by SCE.
- 5.5. If Dillon provides notice to terminate this Agreement prior to the Interconnection Facilities In-Service Date or if this Agreement is not accepted for filing by the FERC, Dillon shall pay SCE for SCE's costs incurred or irrevocably committed to be incurred pursuant to this Agreement as of the

effective date of termination or the date of the FERC order denying acceptance of the Agreement for filing, as the case may be, within sixty (60) days following receipt of a billing from SCE requiring such payment.

6. Agreement Pursuant To The TO Tariff:

This Agreement governs Interconnection service pursuant to the TO Tariff as such Tariff may be amended from time to time. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of this Agreement shall apply.

7. Creditworthiness:

Notwithstanding the provisions of Section 13, SCE may require Dillon to provide and maintain in effect during the term of this Agreement, an unconditional and irrevocable letter of credit in a form reasonably acceptable to SCE as security to meet its responsibilities and obligations under the TO Tariff, or an alternative form of security proposed by Dillon and acceptable to SCE, and consistent with commercial practices established by the Uniform Commercial Code, that protects SCE against the risk of non-payment under this Agreement.

8. Interconnection Principles:

- 8.1 SCE, at Dillon's expense, shall design, engineer, procure, construct, install, own, operate and maintain the SCE-Constructed Interconnection Facilities, including application to obtain any regulatory approvals required to be obtained by SCE.
- 8.2 Dillon, at its sole expense, shall design, engineer, procure, construct, and install the Dillon-Constructed Interconnection Facilities in accordance with SCE's substation standards and specifications, which have been provided by SCE to Dillon.
- 8.3 Dillon shall at all times indemnify, defend and save SCE harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from Dillon's construction of the Dillon-Constructed Interconnection Facilities, except in the case of negligence or intentional wrongdoing by SCE.
- 8.4 Prior to commencing construction of the Dillon-Constructed Interconnection Facilities, SCE shall review Dillon's construction documents and Dillon shall obtain SCE's approval of the design, engineering, and layout of the Dillon-Constructed Interconnection Facilities. Such approval shall not be unreasonably withheld. SCE shall use commercially reasonable efforts to

- review such documents and respond to Dillon within thirty (30) calendar days.
- 8.5 During construction of the Dillon-Constructed Interconnection Facilities, SCE shall have the right to access the Dillon-Constructed Interconnection Facilities to conduct inspections of the Dillon-Constructed Interconnection Facilities. In the event SCE accesses the construction site, SCE shall adhere to prudent utility practice.
- 8.6 If, at any time during construction, SCE determines that the Dillon-Constructed Interconnection Facilities do not meet SCE's standards and specifications, as provided to Dillon by SCE pursuant to the letter agreement between the Parties dated May 16, 2006, Dillon shall be obligated to remedy such deficiencies.
- 8.7 SCE shall apply, at Dillon's sole expense, to obtain any regulatory approvals required to be obtained by SCE for the construction, operation and maintenance of the Dillon-Constructed Interconnection Facilities.
- 8.8 Following completion of construction and prior to energization of the Dillon-Constructed Interconnection Facilities, Dillon will advise SCE and SCE shall provide final inspection and field testing of the Dillon-Constructed Interconnection Facilities, and Dillon shall obtain SCE's acceptance for transfer of ownership, operation and maintenance of the Dillon-Constructed Interconnection Facilities.
- 8.9 Dillon shall deliver to SCE "as-built" drawings, information, and any other documents that are required by SCE to assure that the Dillon-Constructed Interconnection Facilities are built to the standards and specifications required by SCE within one hundred eighty (180) days of the Commercial Operation Date.
- 8.10 SCE and Dillon shall execute a title, transfer, assignment and assumption agreement which provides for the transfer of ownership, at no cost to SCE, of the Dillon-Constructed Interconnection Facilities (including all applicable warranties) from Dillon to SCE and shall facilitate and provide reasonable assistance in order for SCE to obtain the necessary land leases to the Dillon-Constructed Interconnection Facilities and the SCE-Constructed Interconnection Facilities. Ownership of the Dillon-Constructed Interconnection Facilities will not be transferred from Dillon to SCE nor will the Interconnection Facilities be energized until such necessary land leases are obtained by SCE. Dillon shall obtain manufacturer's standard warranties for major substation equipment which are transferable directly to SCE.
- 8.11 Following the transfer of the Dillon-Constructed Interconnection Facilities to SCE, SCE shall own, operate and maintain the Dillon-Constructed Interconnection Facilities.
- 8.12 Dillon, at its sole expense, shall engineer, design, procure, construct, install, own, operate and maintain the Dillon Facilities.
- 8.13 Dillon shall connect the Dillon Facilities with SCE's electrical system in accordance with all applicable ISO, WECC and NERC criteria, SCE specifications, and Good Utility Practice.

- 8.14 Dillon shall acquire all permits and other approvals in addition to completing all environmental impact studies necessary for the construction, operation, and maintenance of the Dillon Facilities. Dillon shall include the Interconnection Facilities in all such environmental impact studies. Dillon shall provide the results of such studies and approvals to SCE for use in SCE's application(s) to obtain any regulatory approvals required to be obtained by SCE for the construction, operation, and maintenance of the Interconnection Facilities.
- 8.15 At SCE's request, Dillon shall provide to SCE the electrical specifications and design drawings pertaining to the Dillon Facilities for SCE's review prior to finalizing the design and before beginning construction work based on such specifications and drawings. Dillon shall provide to SCE reasonable advance written notice of any changes in the Dillon Facilities and provide to SCE specifications and design drawings of any such changes for SCE review and approval. Such approval shall not be unreasonably withheld. SCE may require modifications to such specifications and designs as it deems necessary to allow SCE to operate its electric system in accordance with Good Utility Practice.
- 8.16 SCE shall have the right to review and consult with Dillon regarding Dillon's construction schedule.
- 8.17 SCE shall have the right to inspect the Dillon Facilities prior to initial operation upon reasonable advance notice to Dillon. Dillon, at its option, may be present at such inspection.
- 8.18 The Parties shall use commercially reasonable efforts to construct, successfully test, and declare ready for service the Interconnection Facilities on or before December 31, 2007. However, the Parties understand and acknowledge that such date is only an estimate and that equipment and material lead times, outage coordination, regulatory approvals, or other unforeseen events could delay the actual Interconnection Facilities In-Service Date beyond December 31, 2007.
- 8.19 The maximum capacity of the Interconnection Facilities made available by SCE to Dillon for the purpose of delivering energy and other services to the ISO shall be 45 MW. Dillon acknowledges that if Dillon wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, Dillon shall be required to submit a new application for Interconnection in accordance with the terms and conditions of the ISO Tariff.
- 8.20 Dillon shall provide SCE advance notice prior to making any changes to the generation or power transformation facilities and equipment which comprise the Dillon Facilities. Dillon shall notify SCE prior to the date when any such changes are contemplated to the Dillon Facilities so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. Failure by Dillon to provide SCE advance notice of changes to the generation or power transformation equipment and facilities

comprising the Dillon Facilities may result in SCE's termination of this Agreement.

- 8.21 The Dillon-Constructed Interconnection Facilities and applicable SCE-Constructed Interconnection Facilities will be located on property which is leased by Dillon. Dillon, at its sole expense, shall perform all substation site preparation, including subsurface work, for the location of the Dillon-Constructed Interconnection Facilities and applicable SCE-Constructed Interconnection Facilities. Dillon shall grant easements to SCE for the term of this Agreement and any extensions thereof, at no cost to SCE, for the Dillon-Constructed Interconnection Facilities and applicable SCE-Constructed Interconnection Facilities. SCE and Dillon shall make all arrangements necessary to effectuate such easements.
- 8.22 The costs associated with any mitigation measures required to third party transmission systems resulting from the Interconnection of the Dillon Facilities to SCE's electrical system are not reflected in this Agreement. Such costs, if any, shall be the sole responsibility of Dillon. As of the date of execution of this Agreement, the Parties are not aware of any mitigation measure requirements for the Dillon Facilities.
- 8.23 Dillon shall execute the Reliability Management System Agreement attached as Exhibit D, concurrent with the execution of this Agreement.

9. Interconnected Operations:

- 9.1. SCE shall operate, and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria, and Good Utility Practice.
- 9.2. Dillon shall operate, and maintain the Dillon Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria, and Good Utility Practice.
- 9.3. The Dillon Facilities shall be designed and operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization, overcurrent, voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits, poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.4. The Dillon Facilities shall be operated with all of Dillon's protective apparatus in service whenever the Dillon Facilities are connected to, or are operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Parties.
- 9.5. Dillon shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.

- 9.6. Dillon shall not commence initial parallel operation of the Dillon Facilities with SCE's electric system until written approval for operation of the Dillon Facilities has been given by SCE. Such approval shall not be unreasonably withheld. Following outages of the Interconnection Facilities or the Dillon Facilities, Dillon shall not energize the Dillon Facilities for any reason without direct permission from SCE. Such permission shall not be unreasonably withheld.
- 9.7. Dillon shall provide written notice to SCE at least fourteen (14) calendar days prior to the initial and subsequent testing of Dillon's protective apparatus. Dillon's protective apparatus shall be tested thereafter at intervals not to exceed four (4) years. All such tests shall be performed using qualified personnel. SCE shall have the right to have a representative present at the initial and subsequent testing of Dillon's protective apparatus and to receive copies of the test results.
- 9.8. SCE shall not have any responsibility for protection of the Dillon's Facilities. Dillon shall be responsible for protecting the Dillon Facilities in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the Dillon Facilities.
- 9.9. SCE may require Dillon, at Dillon's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of Dillon's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.10. Dillon shall install, own, operate and maintain necessary power factor correction equipment to meet SCE's reactive power supply requirements at the point of interconnection which is 0.95 boost capability (or $\text{kVAR/kW}=0.33$). The operating power factor may range from 0.95 boost to 0.95 buck.
- 9.11. The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities and the Dillon Facilities or in taking the Interconnection Facilities or the Dillon Facilities out of service, provided that in an emergency SCE may take the Interconnection Facilities out of service without notice to Dillon if necessary to protect SCE's electric system. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12. Dillon shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13. Review by SCE of the design, construction, operation, or maintenance of the Dillon Facilities shall not constitute any representation as to the economic or technical feasibility, operational capability, or reliability of such facilities. Dillon shall in no way represent to any third party that any such review by SCE of such facilities including, but not limited to, any review of the design, construction, operation, or maintenance of such facilities by SCE is a representation by SCE as to the economic or technical feasibility, operational capability, or reliability of the Dillon Facilities.

- 9.14. This Agreement governs Interconnection of the Dillon I Wind Project to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. Dillon shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.

10. Metering:

- 10.1 The ISO meter shall be located on the Dillon Facilities.
- 10.2 Dillon shall be responsible for the installation, maintenance and certification of ISO quality metering for the Dillon Facilities in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 Dillon shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 Dillon shall be responsible for obtaining ISO approval for the installation of ISO metering at the Dillon Facilities prior to operation.
- 10.5 Dillon shall be responsible for any loss correction factor applicable to Dillon's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of Dillon generation and load shall be in accordance with applicable ISO Tariff provisions and metering protocol and applicable SCE retail tariffs. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 Dillon shall deliver to SCE real-time telemetry data, which shall include MW, MVAR, circuit breaker status and project output voltage.

11. Capital Additions To Interconnection Facilities:

- 11.1 Whenever Capital Additions to the Interconnection Facilities are required by SCE to continue service to Dillon (which may include compliance with system or regulatory requirements), Dillon shall bear the cost responsibility for such Capital Additions and any One-Time Costs associated with such Capital Additions. SCE shall bill Dillon for the estimated costs of such Capital Additions and any associated One-Time Costs in accordance with Section 15. SCE shall not be required to commence any work on any Capital Additions until such bill is paid by Dillon in accordance with Section 15. Except as otherwise provided in Section 11.2, if such Capital Additions result in a change in the Interconnection Facilities investment, the Interconnection Facilities Cost shall be adjusted on the basis of the revised net investment effective as of the date such Capital Additions are installed and ready for service.

- 11.2 In the event that Capital Additions are required to the Interconnection Facilities in order to benefit SCE, or because of damage caused by negligence or willful misconduct of SCE, Dillon shall not bear cost responsibility for such Capital Additions; no increase will be made to the Interconnection Facilities Cost and no One-Time Costs will be charged to Dillon for such Capital Additions.

12. Removal Of Interconnection Facilities:

- 12.1 Upon termination of this Agreement, SCE will remove the Interconnection Facilities from service to Dillon.
- 12.2 On or before the date one year following termination of this Agreement, SCE shall notify Dillon whether SCE intends to physically remove that portion of the Interconnection Facilities, or any part thereof, that is not located on property that is leased by Dillon. If SCE intends to physically remove that portion of the Interconnection Facilities, or any part thereof, that is not located on property that is leased by Dillon, then SCE shall physically remove such facilities within two years from the date of notification of intent, and Dillon shall pay the Removal Cost in accordance with Sections 14.1 and 15.1.8. If SCE does not intend to physically remove such facilities, then Dillon shall have no obligation to pay such Removal Cost.
- 12.3 Unless otherwise agreed by the Parties, SCE shall remove that portion of the Interconnection Facilities that is located on property leased by Dillon within two years following termination of this Agreement and Dillon shall pay the Removal Cost in accordance with Sections 14.1 and 15.1.8.

13. Taxes:

- 13.1. **Dillon Payments Not Taxable.** The Parties intend that all payments or property transfers made by Dillon to SCE for the installation of Interconnection Facilities and Capital Additions shall be non-taxable, either as contributions to capital, or as a refundable advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.
- 13.2. **Representations And Covenants.** In accordance with IRS (Internal Revenue Service) Notice 2001-82 and IRS Notice 88-129, Dillon represents and covenants that (i) ownership of the electricity generated at the Dillon I Wind Project will pass to another party prior to the transmission of the electricity on the ISO Controlled Grid, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to SCE for SCE's Interconnection Facilities and Capital Additions will be capitalized by Dillon as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of SCE's Interconnection

Facilities or Capital Additions that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Dillon I Wind Project. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At SCE's request, Dillon shall provide SCE with a report from an independent engineer confirming its representation in clause (iii), above. SCE represents and covenants that the cost of SCE's Interconnection Facilities and Capital Additions paid for by Dillon without possibility of refund or credit will have no net effect on the base upon which rates are determined.

- 13.3. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon SCE.** Notwithstanding Section 13.1, Dillon shall protect, indemnify and hold harmless SCE from the cost consequences of any current tax liability imposed against SCE as the result of payments or property transfers made by Dillon to SCE under this Agreement for Interconnection Facilities or Capital Additions, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by SCE. Dillon shall reimburse SCE for such costs on a fully grossed-up basis, in accordance with Section 13.4, within thirty (30) calendar days of receiving written notification from SCE of the amount due, including detail about how the amount was calculated.

SCE shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Dillon under this Agreement or upon the transfer of property by Dillon to SCE, if Dillon provides security in the form of a guaranty from Scottish Power Finance (US), Inc. ("Guaranty") or in the form of an unconditional and irrevocable letter of credit ("Letter of Credit") for Interconnection Facilities and Capital Additions, in a form reasonably acceptable to SCE and in an amount calculated pursuant to Section 13.4, unless (i) SCE has determined, in good faith, that the payments or property transfers made by Dillon to SCE should be reported as income subject to taxation or (ii) any Governmental Authority directs SCE to report payments or property as income subject to taxation. The Guaranty or Letter of Credit must be provided within thirty (30) days of (1) the date SCE renders a bill to Dillon for the One-Time Payment in accordance with Section 15, or (2) the date Dillon transfers property to SCE. Such Guaranty is an acceptable form of security so long as Scottish Power Finance (US), Inc. maintains a Credit Rating, as defined below, of at least (i) Baa3 from Moody's Investor Service, Inc ("Moody's") and BBB- from Standard and Poor's Corporation ("S&P") if it is rated by both Moody's and S&P, or (ii) Baa3 from Moody's or

BBB- from S&P if it is rated by either Moody's or S&P but not both. The Letter of Credit must be an irrevocable, standby letter of credit, issued from a major U.S. commercial bank or the U.S. branch office of a foreign bank with, in either case, a Credit rating of a least A2 or higher from Moody's and A or higher from S&P. Credit Rating means with respect to any entity the respective ratings then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by the third party credit enhancement) by S&P or Moody's. If no rating is assigned to such entity's unsecured, senior long-term debt or deposit obligations by either S&P or Moody's, then Credit Rating shall mean the general corporate credit rating or long-term issuer rating assigned by S&P or Moody's, as the case may be.

The indemnification obligation shall terminate at the later of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by SCE upon request of the IRS, to keep these years open for audit or adjustment, or (2) the date the risk of subsequent taxability as described in Section 13.6 no longer exists, as reasonably determined by SCE.

- 13.4. **Tax Gross-Up Amount.** Dillon's liability for the cost consequences of any current tax liability under this Section 13 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the Parties, this means that Dillon will pay SCE, in addition to the amount paid for the Interconnection Facilities and Capital Additions an amount equal to (1) the current taxes imposed on SCE ("Current Taxes") on the excess of (a) the gross income realized by SCE as a result of payments or property transfers made by Dillon to SCE under this Agreement (without regard to any payments under this Section 13) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit SCE to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on SCE's composite federal and state tax rates at the time the payments or property transfers are received and SCE will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting SCE's anticipated tax depreciation deductions as a result of such payments or property transfers by SCE's current weighted average cost of capital. Thus, the formula for calculating Dillon's liability to SCE pursuant to this Section 13.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Dillon's estimated tax liability in the event taxes are imposed shall be stated in Exhibit B.

- 13.5. **Private Letter Ruling or Change or Clarification of Law.** At Dillon's request

and expense, SCE shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Dillon to SCE under this Agreement are subject to federal income taxation. Dillon will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Dillon's knowledge. SCE and Dillon shall cooperate in good faith with respect to the submission of such request; provided, however, Dillon and SCE explicitly acknowledge (and nothing herein is intended to alter) SCE's obligation under law to certify that the facts presented in the ruling request are true, correct and complete.

SCE shall keep Dillon fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Dillon to participate in all discussions with the IRS regarding such request for a private letter ruling. SCE shall allow Dillon to attend all meetings with IRS officials about the request and shall permit Dillon to prepare the initial drafts of any follow-up letters in connection with the request.

- 13.6. **Subsequent Taxable Events.** If (i) Dillon breaches the covenants contained in Section 13.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this Agreement terminates and SCE retains ownership of the Interconnection Facilities and Capital Additions, Dillon shall pay a tax gross-up for the cost consequences of any current tax liability imposed on SCE, calculated using the methodology described in Section 13.4 and in accordance with IRS Notice 90-60.
- 13.7. **Contests.** In the event any Governmental Authority determines that SCE's receipt of payments or property constitutes income that is subject to taxation, SCE shall notify Dillon, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Dillon and at Dillon's sole expense, SCE may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Dillon's written request and sole expense, SCE may file a claim for refund with respect to any taxes paid under this Section 13, whether or not it has received such a determination. SCE reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but SCE shall keep Dillon informed, shall consider in good faith suggestions from Dillon about the conduct of the contest, and shall reasonably permit Dillon or a Dillon representative to attend contest proceedings.

Dillon shall pay to SCE on a periodic basis, as invoiced by SCE, SCE's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest, including any costs associated with obtaining the opinion of independent tax counsel described in this Section 13.7. SCE may abandon

any contest if Dillon fails to provide payment to SCE within 30 calendar days of receiving such invoice.

At any time during the contest, SCE may agree to a settlement either with Dillon's consent or, if such consent is refused, after obtaining written advice from independent nationally-recognized tax counsel, selected by SCE, but reasonably acceptable to Dillon, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Dillon's obligation shall be based on the amount of the settlement agreed to by Dillon, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding paragraph. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. SCE may also settle any tax controversy without receiving Dillon's consent or any such written advice; however, any such settlement will relieve Dillon from any obligation to indemnify SCE for the tax at issue in the contest (unless the failure to obtain written advice is attributable to Dillon's unreasonable refusal to the appointment of independent tax counsel.

- 13.8. **Refund.** In the event that (a) a private letter ruling is issued to SCE which holds that any amount paid or the value of any property transferred by Dillon to SCE under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to SCE in good faith that any amount paid or the value of any property transferred by Dillon to SCE under the terms of this Agreement is not taxable to SCE, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Dillon to SCE are not subject to federal income tax, or (d) if SCE receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Dillon to SCE pursuant to this Agreement, SCE shall promptly refund to Dillon the following:
- (i) any payment made by Dillon under this Section 13 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,
 - (ii) interest on any amounts paid by Dillon to SCE for such taxes which Dillon did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date payment was made by Dillon to the date SCE refunds such payment to Dillon, and
 - (iii) with respect to any such taxes paid by SCE, any refund or credit SCE receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to SCE for such overpayment of taxes (including any reduction in interest otherwise payable by SCE to any Governmental

Authority resulting from an offset or credit); provided, however, that SCE will remit such amount promptly to Dillon only after and to the extent that SCE has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Dillon's Interconnection Facilities or Capital Additions.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Capital Additions hereunder, in the same position they would have been in had no such tax payments been made.

14. Charges:

- 14.1 Dillon shall pay to SCE in accordance with Section 15, the following charges: (a) Interconnection Facilities Charges; (b) One-Time Costs; (c) One-Time Payment; (d) costs of Capital Additions pursuant to Section 11.1; (e) any reimbursable FERC fees pursuant to Section 20.3; (f) Removal Costs pursuant to Section 12; (g) taxes pursuant to Section 13; and (h) termination charges pursuant to Section 5.5.
- 14.2 The Interconnection Facilities Cost, One-Time Costs, One-Time Payment, and costs of Capital Additions shall be compiled in accordance with established Accounting Practice.
- 14.3 Dillon shall initially pay SCE the One-Time Payment in the amount of SCE's estimate shown in Exhibit B. The One-Time Payment shall be later adjusted pursuant to Section 15.1.7. Billing and payment shall be made in accordance with Section 15.
- 14.4 Dillon shall initially pay the Interconnection Facilities Charge as calculated by multiplying the Customer-Financed Monthly Rate by the estimated Interconnection Facilities Cost shown in Exhibit B. Such payments shall be adjusted later pursuant to Section 15.1.7. Billing and payment shall be made in accordance with Section 15.
- 14.5 If, during the term of this Agreement, the Interconnection Facilities are utilized to provide service to another customer, the charges due hereunder shall be adjusted to appropriately reflect such service based on SCE's cost allocation principles in effect at such time and shall be subject to FERC approval.

15. Billing and Payment:

15.1 Billing Procedure.

- 15.1.1 Commencing on the effective date of this Section, SCE will render bills to Dillon for any reimbursable FERC fees in accordance with Section 20.3 on or before the first day of each month. Such charges shall be for any reimbursable FERC fees or costs incurred since the preceding

- billing. Dillon shall pay such bills by the 20th day of said month.
- 15.1.2 Commencing on or following the effective date of this Section, SCE will render a bill to Dillon for the One-Time Payment. Dillon shall pay such bill within twenty (20) calendar days of receipt. The payment for such One-Time Payment shall initially be based on SCE's cost estimates for the SCE-Constructed Interconnection Facilities and shall be subject to later adjustment pursuant to Sections 15.1.7.3 and 15.1.7.4.
- 15.1.3 Commencing on or following the Interconnection Facilities In-Service Date, SCE will render bills to Dillon, on or before the first day of each month, for the Interconnection Facilities Charge. Dillon shall pay such bills by the 20th day of said month. The Interconnection Facilities Charge payments shall initially be based on SCE's cost estimates of the SCE-Constructed Interconnection Facilities and Dillon's cost estimates of the Dillon-Constructed Interconnection Facilities and such payments shall be subject to later adjustment pursuant to Sections 15.1.7.1 and 15.1.7.2.
- 15.1.4 Prior to commencing construction of any Capital Additions in accordance with Section 11.1, SCE will bill Dillon for any estimated One-Time Costs associated with such Capital Additions. Dillon shall pay such bill within twenty (20) calendar days of receipt. The payment for such One-Time Costs shall initially be based on SCE's cost estimates and shall be subject to later adjustment pursuant to Sections 15.1.7.5 and 15.1.7.6.
- 15.1.5 Prior to commencing construction of any Capital Additions in accordance with Section 11.1, SCE will bill Dillon for such Capital Additions. Dillon shall pay such bill within twenty (20) calendar days of receipt. The payments for such Capital Additions shall initially be based on SCE's cost estimates and shall be subject to later adjustment pursuant to Sections 15.1.7.7 and 15.1.7.8.
- 15.1.6 Within ninety (90) calendar days following the Interconnection Facilities In-Service Date, Dillon shall determine the actual recorded Dillon-Constructed Interconnection Facilities Cost and provide SCE with the final accounting,
- 15.1.7 Within twelve (12) months following the Interconnection Facilities In-Service Date or the in-service date of any Capital Additions, SCE shall determine the actual recorded cost of the Interconnection Facilities, or the cost of any Capital Additions, and actual recorded One-Time Costs, and provide Dillon with an accounting of such costs.
- 15.1.7.1 If the amount paid for the Interconnection Facilities Charge is less than the amount due for the Interconnection Facilities Charge as determined from the actual recorded Interconnection Facilities Cost, SCE will bill Dillon for the difference between the amount previously paid by Dillon and the amount which would have been paid based on actual recorded costs, without interest, on the next regular billing.

- 15.1.7.2 If the amount paid for the Interconnection Facilities Charge is greater than the amount due for the Interconnection Facilities Charge as determined from the actual recorded Interconnection Facilities Costs, SCE will credit Dillon the difference between the amount previously paid by Dillon and the amount which would have been paid based on actual recorded costs, without interest, on the next regular billing.
- 15.1.7.3 If the amount paid for the estimated One-Time Payment is less than the amount due for the One-Time Payment as determined from the actual recorded costs of the Interconnection Facilities and associated One-Time Costs, SCE will bill Dillon for the difference between the amount previously paid by Dillon and the actual recorded cost, without interest, within twenty (20) calendar days of such determination of actual cost. Dillon shall pay such bill within twenty (20) calendar days of receipt.
- 15.1.7.4 If the amount paid for the estimated One-Time Payment is greater than the amount due for the One-Time Payment as determined from the actual recorded costs of the Interconnection Facilities and associated One-Time Costs, SCE will refund Dillon the difference between the amount previously paid by Dillon and the actual recorded cost, without interest, within twenty (20) calendar days of such determination of actual cost.
- 15.1.7.5 If the amount paid for the estimated One-Time Costs is less than the actual recorded One-Time Costs, SCE will bill Dillon for the difference between the amount previously paid by Dillon and the actual recorded cost, without interest, within twenty (20) calendar days of such determination of actual cost. Dillon shall pay such bill within twenty (20) calendar days of receipt.
- 15.1.7.6 If the amount paid for the estimated One-Time Costs is greater than the actual recorded One-Time Costs, SCE will refund Dillon the difference between the amount previously paid by Dillon and the actual recorded costs, without interest, within twenty (20) calendar days of such determination of actual cost.
- 15.1.7.7 If the amount paid for the estimated Capital Additions cost is less than the actual recorded Capital Additions cost, SCE will bill Dillon for the difference between the amount previously paid by Dillon and the actual recorded cost, without interest, within twenty (20) calendar days of such determination of actual cost. Dillon shall pay such bill within twenty (20) calendar days of receipt.
- 15.1.7.8 If the amount paid for the estimated Capital Additions cost is greater than the actual recorded Capital Additions cost, SCE will refund Dillon the difference between the amount previously paid by Dillon and the actual recorded cost, without interest, within twenty (20) calendar days of such determination of actual

cost.

15.1.8 If, in accordance with Section 12, SCE physically removes the Interconnection Facilities, SCE shall render a bill to Dillon for the Removal Cost. Dillon shall pay such bill within twenty (20) calendar days of receipt. Such billing shall be initially based on SCE's estimate of the Removal Cost. Within twelve (12) months following the removal of the Interconnection Facilities, SCE shall determine the recorded Removal Cost and provide Dillon with a final invoice.

15.1.8.1 If the amount paid for the Removal Cost is less than the amount due for the Removal Cost as determined from the actual recorded Removal Cost, SCE will bill Dillon for the difference between the amount previously paid by Dillon and the amount which would have been paid based on actual recorded costs, without interest, within twenty (20) calendar days of such determination of actual cost.

15.1.8.2 If the amount paid for the Removal Cost is greater than the amount due for the Removal Cost as determined from the actual recorded Removal Cost, SCE will refund Dillon for the difference between the amount previously paid by Dillon and the amount which would have been paid based on actual recorded costs, without interest, within twenty (20) calendar days of such determination of actual cost.

15.2 Interest on Unpaid Balances.

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

15.3. Default.

In the event that Dillon fails for any reason to make payment to SCE on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies Dillon to cure such failure, a default by Dillon shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement subject to FERC acceptance or approval.

15.4. Billing Dispute.

In the event Dillon desires to dispute all or any part of any bill submitted by SCE, Dillon shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) days from the date of the billing stating the grounds for the dispute and the amount in dispute. Dillon shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and

in the manner herein specified. For any payments to Dillon resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to Dillon.

16. Billing and Payment Notification:

16.1. All payments to be made by Dillon to SCE shall be sent to:
Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to Dillon pursuant to Section 27, change the address to which payments will be sent.

16.2. All billings to be presented by SCE to Dillon shall be sent to:
Contracts Manager
c/o Dillon Wind LLC
1125 NW Couch, Suite 700
Portland, OR 97209
Fax: (503) 796-6937

Dillon may, at any time, by written notice to SCE pursuant to Section 27, change the address to which billings will be sent.

17. Disputes:

With the exception of disputes referenced in Section 15.4, and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between Dillon and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act.

18. Audits

SCE will maintain records and accounts of all costs incurred in sufficient detail to allow verification of all costs incurred, including, but not limited to, labor and associated labor costs, material and supplies, outside services, and administrative and general expenses. For two years following the Interconnection Facilities In-Service Date, or with respect to any Capital Additions, for two years following the in-service date of such Capital Additions, Dillon shall have the right, upon reasonable

notice, at a reasonable time and place, and at its own expense, to audit SCE's records as necessary and as appropriate in order to verify costs incurred by SCE.

19. Authorized Representatives:

- 19.1. In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party will appoint, within 30 calendar days following the effective date of this Agreement, an Authorized Representative and will designate such Authorized Representative by written notice to the other Party.
- 19.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- 19.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.
- 19.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 27.

20. Regulatory Authority:

- 20.1 No later than 30 days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and Dillon shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 20.2 Nothing contained herein will be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of Dillon to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of Dillon to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by Dillon under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 20.3 Dillon shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

21. No Dedication Of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party will cease upon the termination of its obligations hereunder.

22. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

23. Assignments:

- 23.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from the primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party will continue to remain primarily liable for payment of any and all money due to the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment had been made.
- 23.2 Notwithstanding the above, a Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement. Further, Dillon shall have the right to assign this Agreement, without the consent of SCE, for collateral security purposes to aid in providing financing for the Dillon I Wind Project, provided that Dillon will promptly notify SCE of any such assignment. Any financing arrangement entered into by Dillon pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify SCE of the date and particulars of any such exercise of assignment right(s).
- 23.3 Except as otherwise provided by written agreement of the non-assigning Party, whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party will

furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

24. Relationship Of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party will be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or will be deemed to control the other Party. Neither Party will be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

25. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, will not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, will not be deemed a waiver of such right.

26. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by and construed in accordance with, the laws of the state of California.

27. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Manager of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

Contracts Manager

c/o Dillon Wind LLC
1125 NW Couch, Suite 700
Portland, OR 97209
Tel: (503) 796-7034
Fax: (503) 796-6937

With a copy to:

Director Transmission
c/o PPM Energy, Inc.
1125 NW Couch, Suite 700
Portland, OR 97209
Tel: (503) 796-7032
Fax: (503) 796-6907

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

28. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition will be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

29. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supercede all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.


30. Ambiguities:

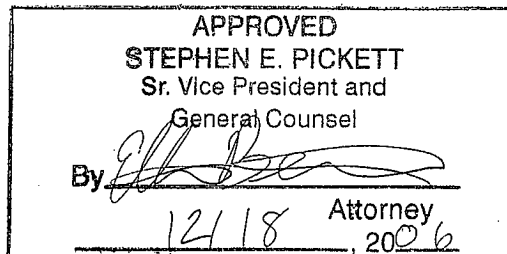
Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

31. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the 11 day of January, 2007.

SOUTHERN CALIFORNIA EDISON COMPANY

By: 
Name: Ronald L. Litzinger
Title: Senior Vice President



DILLON WIND LLC

By: 
Name: Jean Wilson
Title: Vice President Business Development

Exhibit A

Interconnection Facilities Description

SCE-Constructed Interconnection Facilities:

- Tap the existing Devers-Farrell-Windland 115 kV line approximately 100 feet south of Buckwind Substation by engineering and constructing 150 circuit feet of 336.4 ACSR conductor, four (4) wood poles (or one steel pole and two wood poles)*, and one (1) 115 kV pole switch.
- Install RTU to transmit real-time telemetry to SCE.
- Provide engineering and design review, inspection, testing, and specifications for the Dillon-Constructed Interconnection Facilities.

* A steel pole will be required if SCE is not able to obtain guy wire easements on the east side of Diablo Rd.

Dillon-Constructed Interconnection Facilities:

Engineer and construct a new 115 kV interconnection facility, in accordance with SCE's specifications as provided to Dillon by SCE pursuant to the letter agreement between the Parties dated May 16, 2006, equipped with one (1) circuit breaker, two disconnect switches, one set of lightning arresters, four potential transformers, and all required protection relays.

Exhibit B

Interconnection Facilities Cost

Estimated Cost: [Note: This cost estimate assumes that work and payment commence to effectuate a 2007 in-service date]

Element	Interconnection Facilities Cost	One-Time Cost	One-Time Payment	Estimated Tax Liability
SCE-Constructed Interconnection Facilities				
• Subtransmission – Line Tap	\$ 101,000	\$ 32,000	\$ 133,000	\$ 35,000
• Corporate Real Estate	\$ 27,000	\$ 0	\$ 27,000	\$ 9,000
• SSID	\$ 11,000	\$ 0	\$ 11,000	\$ 4,000
• Power System Controls	\$ 80,000	\$ 0	\$ 80,000	\$ 28,000
• 131-D Process	\$ 43,000	\$ 0	\$ 43,000	\$ 15,000
• SCE engineering and design review, inspection, testing, and specifications for Dillon-Constructed Interconnection Facilities	\$ 330,000	\$ 0	\$ 330,000	\$ 115,000
Subtotal	\$ 592,000	\$ 32,000	\$ 624,000	\$ 206,000
Dillon-Constructed Interconnection Facilities				
• Deeded Facilities	\$ 1,017,000	n/a	n/a	\$ 356,000
Subtotal	\$ 1,017,000	n/a	n/a	\$ 356,000
Total	\$ 1,609,000	\$ 32,000	\$ 624,000	\$ 562,000

Estimated Tax Liability is equal to 35% of the Interconnection Facilities Cost

Actual Cost: [Actual costs to be inserted after true-up of recorded costs]

Element	Interconnection Facilities Cost	One-Time Cost	One-Time Payment	Estimated Tax Liability
SCE-Constructed Interconnection Facilities	\$	\$	\$	\$
Subtotal	\$	\$	\$	\$
Dillon-Constructed Interconnection Facilities				
Subtotal	\$	n/a	n/a	\$
Total	\$	\$	\$	\$

Exhibit B (cont.)

Interconnection Facilities Cost

Interconnection Facilities Charge:

		Estimated		Actual	
	Customer-Financed Monthly Rate	Estimated Interconnection Facilities Cost	Interconnection Facilities Charge Based on Estimated Cost	Actual Interconnection Facilities Cost	Interconnection Facilities Charge Based on Actual Cost
Effective Date					
As of the Interconnection Facilities Completion Date	0.33%	\$ 1,609,000	\$ 5,310	[to be inserted after true-up]	[to be inserted after true-up]

Interconnection Facilities Charge

= Customer-Financed Monthly Rate x Interconnection Facilities Cost

Exhibit C

Future Substation Single Line Diagram

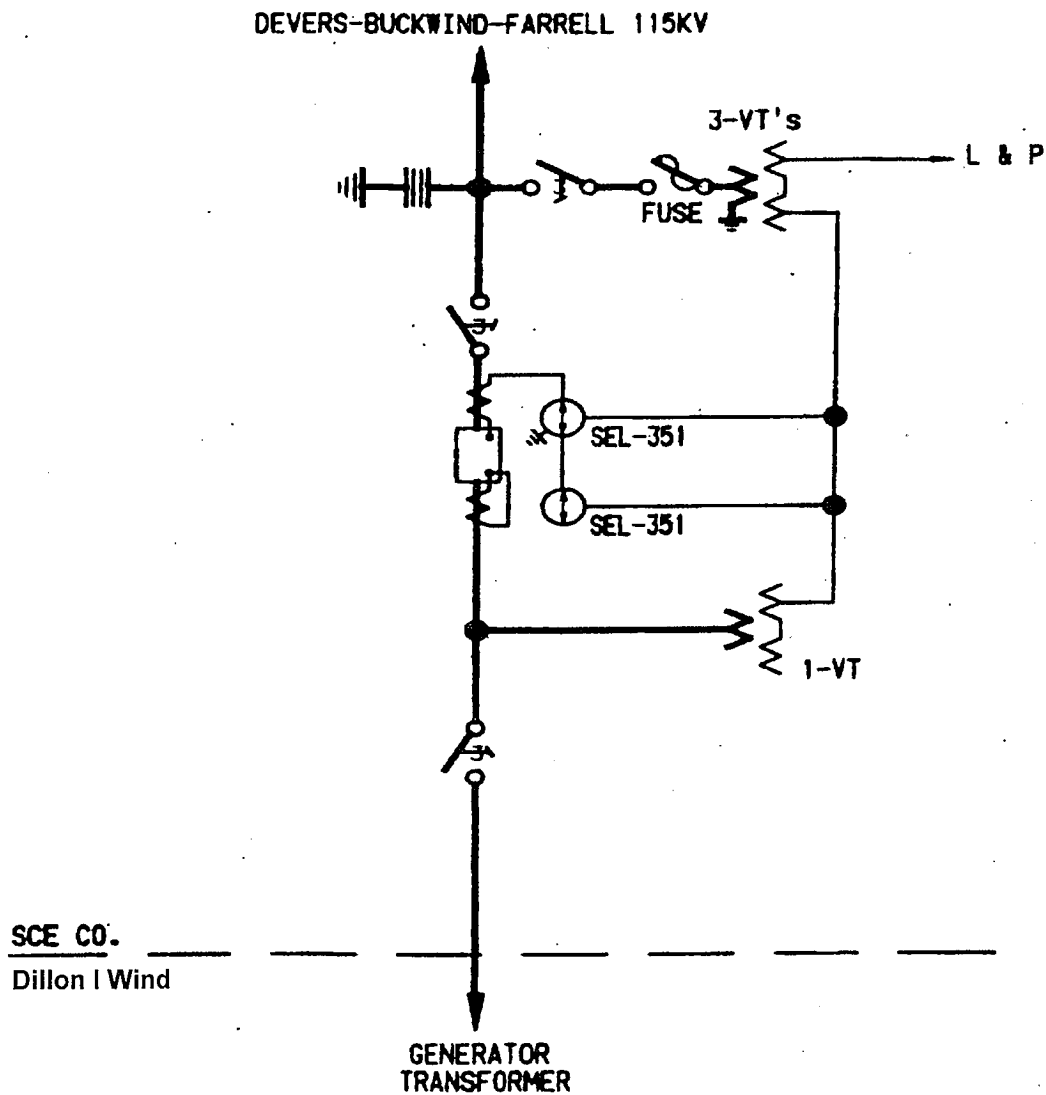


Exhibit D

RELIABILITY MANAGEMENT SYSTEM AGREEMENT

by and between

SOUTHERN CALIFORNIA EDISON COMPANY

and

DILLON WIND LLC

THIS RELIABILITY MANAGEMENT SYSTEM AGREEMENT (the "Agreement"), is entered into this ____ day of _____, 200_, by and between Southern California Edison Company (the "Transmission Operator") and Dillon Wind LLC (the "Generator").

WHEREAS, there is a need to maintain the reliability of the interconnected electric systems encompassed by the WECC in a restructured and competitive electric utility industry;

WHEREAS, with the transition of the electric industry to a more competitive structure, it is desirable to have a uniform set of electric system operating rules within the Western Interconnection, applicable in a fair, comparable and non-discriminatory manner, with which all market participants comply; and

WHEREAS, the members of the WECC, including the Transmission Operator, have determined that a contractual Reliability Management System provides a reasonable, currently available means of maintaining such reliability.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Transmission Operator and the Generator agree as follows:

1. PURPOSE OF AGREEMENT

Issued by: James A. Cuillier,
Manager of FERC Rates & Regulation
Issued on:

FEB 08 2007

Effective date:

FEB 09 2007

The purpose of this Agreement is to maintain the reliable operation of the Western Interconnection through the Generator's commitment to comply with certain reliability standards.

2. DEFINITIONS

In addition to terms defined in the beginning of this Agreement and in the Recitals hereto, for purposes of this Agreement the following terms shall have the meanings set forth beside them below.

Control Area means an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the Western Interconnection.

FERC means the Federal Energy Regulatory Commission or a successor agency.

Member means any party to the WECC Agreement.

Party means either the Generator or the Transmission Operator and **Parties** means both of the Generator and the Transmission Operator.

Reliability Management System or RMS means the contractual reliability management program implemented through the WECC Reliability Criteria Agreement, the WECC RMS Agreement, this Agreement, and any similar contractual arrangement.

Western Interconnection means the area comprising those states and provinces, or portions thereof, in Western Canada, Northern Mexico and the Western United States in which Members of the WECC operate synchronously connected transmission systems.

Working Day means Monday through Friday except for recognized legal holidays in the state in which any notice is received pursuant to Section 8.

WECC means the Western Electricity Coordinating Council or a successor entity.

WECC Agreement means the Western Electricity Coordinating Council Agreement dated March 20, 1967, as such may be amended from time to time.

WECC Reliability Criteria Agreement means the Western Electricity Coordinating Council Reliability Criteria Agreement dated June 18, 1999 among the WECC and certain of its member transmission operators, as such may be amended from time to time

time.

WECC RMS Agreement means an agreement between the WECC and the Transmission Operator requiring the Transmission Operator to comply with the reliability criteria contained in the WECC Reliability Criteria Agreement.

WECC Staff means those employees of the WECC, including personnel hired by the WECC on a contract basis, designated as responsible for the administration of the RMS.

3. TERM AND TERMINATION

- 3.1 Term.** This Agreement shall become effective thirty (30) days after the date of issuance of a final FERC order accepting this Agreement for filing without requiring any changes to this Agreement unacceptable to either Party. Required changes to this Agreement shall be deemed unacceptable to a Party only if that Party provides notice to the other Party within fifteen (15) days of issuance of the applicable FERC order that such order is unacceptable.
- 3.2 Notice of Termination of WECC RMS Agreement.** The Transmission Operator shall give the Generator notice of any notice of termination of the WECC RMS Agreement by the WECC or by the Transmission Operator within fifteen (15) days of receipt by the WECC or the Transmission Operator of such notice of termination.
- 3.3 Termination by the Generator.** The Generator may terminate this Agreement as follows:
- (a) following the termination of the WECC RMS Agreement for any reason by the WECC or by the Transmission Operator, provided such notice is provided within forty-five (45) days of the termination of the WECC RMS Agreement;
 - (b) following the effective date of an amendment to the requirements of the WECC Reliability Criteria Agreement that adversely affects the Generator, provided notice of such termination is given within forty-five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by the Generator for an additional forty-five (45) days if the Generator gives written notice to the Transmission Operator of such requested extension within the initial forty-five (45) day period; or
 - (c) for any reason on one year's written notice to the Transmission Operator and the WECC.

- 3.4 Termination by the Transmission Operator.** The Transmission Operator may terminate this Agreement on thirty (30) days' written notice following the termination of the WECC RMS Agreement for any reason by the WECC or by the Transmission Operator, provided such notice is provided within thirty (30) days of the termination of the WECC RMS Agreement.
- 3.5 Mutual Agreement.** This Agreement may be terminated at any time by the mutual agreement of the Transmission Operator and the Generator.

4. COMPLIANCE WITH AND AMENDMENT OF WECC RELIABILITY CRITERIA

- 4.1 Compliance with Reliability Criteria.** The Generator agrees to comply with the requirements of the WECC Reliability Criteria Agreement, including the applicable WECC reliability criteria contained in Section IV of Annex A thereof, and, in the event of failure to comply, agrees to be subject to the sanctions applicable to such failure. Each and all of the provisions of the WECC Reliability Criteria Agreement are hereby incorporated by reference into this Agreement as though set forth fully herein, and the Generator shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Participant, under and in connection with the WECC Reliability Criteria Agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WECC Reliability Criteria Agreement.
- 4.2 Modifications to WECC Reliability Criteria Agreement.** The Transmission Operator shall notify the Generator within fifteen (15) days of the receipt of notice from the WECC of the initiation of any WECC process to modify the WECC Reliability Criteria Agreement. The WECC RMS Agreement specifies that such process shall comply with the procedures, rules, and regulations then applicable to the WECC for modifications to reliability criteria.
- 4.3 Notice of Modifications to WECC Reliability Criteria Agreement.** If, following the process specified in Section 4.2, any modification to the WECC Reliability Criteria Agreement is to take effect, the Transmission Operator shall provide notice to the Generator at least forty-five (45) days before such modification is scheduled to take effect.
- 4.4 Effective Date.** Any modification to the WECC Reliability Criteria Agreement shall take effect on the date specified by FERC in an order accepting such modification for filing.
- 4.5 Transfer of Control or Sale of Generation Facilities.** In any sale or transfer of

control of any generation facilities subject to this Agreement, the Generator shall as a condition of such sale or transfer require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of the Generator with respect to this Agreement or to enter into an agreement with the Control Area Operator in substantially the form of this Agreement.

5. SANCTIONS

- 5.1 Payment of Monetary Sanctions.** The Generator shall be responsible for payment directly to the WECC of any monetary sanction assessed against the Generator pursuant to this Agreement and the WECC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WECC Reliability Criteria Agreement.
- 5.2 Publication.** The Generator consents to the release by the WECC of information related to the Generator's compliance with this Agreement only in accordance with the WECC Reliability Criteria Agreement.
- 5.3 Reserved Rights.** Nothing in the RMS or the WECC Reliability Criteria Agreement shall affect the right of the Transmission Operator, subject to any necessary regulatory approval, to take such other measures to maintain reliability, including disconnection, which the Transmission Operator may otherwise be entitled to take.

6. THIRD PARTIES

Except for the rights and obligations between the WECC and Generator specified in Sections 4 and 5, this Agreement creates contractual rights and obligations solely between the Parties. Nothing in this Agreement shall create, as between the Parties or with respect to the WECC: (1) any obligation or liability whatsoever (other than as expressly provided in this Agreement), or (2) any duty or standard of care whatsoever. In addition, nothing in this Agreement shall create any duty, liability, or standard of care whatsoever as to any other party. Except for the rights, as a third-party beneficiary with respect to Sections 4 and 5, of the WECC against Generator, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. Transmission Operator and Generator expressly intend that the WECC is a third-party beneficiary to this Agreement, and the WECC shall have the right to seek to enforce against Generator any provisions of Sections 4 and 5, provided that specific performance shall be the sole remedy available to the WECC pursuant to this Agreement, and Generator shall not be liable to the WECC pursuant to this Agreement for damages of any kind whatsoever (other than the payment of sanctions to the WECC, if so construed), whether direct, compensatory, special, indirect, consequential, or punitive.

7. REGULATORY APPROVALS

This Agreement shall be filed with FERC by the Transmission Operator under Section 205 of the Federal Power Act. In such filing, the Transmission Operator shall request that FERC accept this Agreement for filing without modification to become effective on the day after the date of a FERC order accepting this Agreement for filing.

8. NOTICES

Any notice, demand or request required or authorized by this Agreement to be given in writing to a Party shall be delivered by hand, courier or overnight delivery service, mailed by certified mail (return receipt requested) postage prepaid, faxed, or delivered by mutually agreed electronic means to such Party at the following address:

Transmission Operator:

Southern California Edison Company
Director of Grid Contracts
P.O. Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770
Telephone No. (626) 302-1771
Telefax No. (626) 302-1152

Generator:

Dillon Wind LLC
Contracts Manager
1125 NW Couch, Suite 700
Portland, OR 97209
Telephone No. (503) 796-7034
Telefax No. (503) 796-6937

The designation of such person and/or address may be changed at any time by either Party upon receipt by the other of written notice. Such a notice served by mail shall be effective upon receipt. Notice transmitted by facsimile shall be effective upon receipt if received prior to 5:00 p.m. on a Working Day, and if not received prior to 5:00 p.m. on a Working Day, receipt shall be effective on the next Working Day.

9. APPLICABILITY

This Agreement (including all appendices hereto and, by reference, the WECC Reliability Criteria Agreement) constitutes the entire understanding between the Parties hereto with respect to the subject matter hereof, supersedes any and all previous understandings

between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties and their successors.

10. AMENDMENT

No amendment of all or any part of this Agreement shall be valid unless it is reduced to writing and signed by both Parties hereto. The terms and conditions herein specified shall remain in effect throughout the term and shall not be subject to change through application to the FERC or other governmental body or authority, absent the agreement of the Parties.

11. INTERPRETATION

Interpretation and performance of this Agreement shall be in accordance with, and shall be controlled by, the laws of the State of California but without giving effect to the provisions thereof relating to conflicts of law. Article and section headings are for convenience only and shall not affect the interpretation of this Agreement. References to articles, sections and appendices are, unless the context otherwise requires, references to articles, sections and appendices of this Agreement.

12. PROHIBITION ON ASSIGNMENT

This Agreement may not be assigned by either Party without the consent of the other Party, which consent shall not be unreasonably withheld; provided that the Generator may without the consent of the WECC assign the obligations of the Generator pursuant to this Agreement to a transferee with respect to any obligations assumed by the transferee by virtue of Section 4.5 of this Agreement.

13. SEVERABILITY

If one or more provisions herein shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this Agreement.

14. COUNTERPARTS

This Agreement may be executed in counterparts and each shall have the same force and effect as an original.

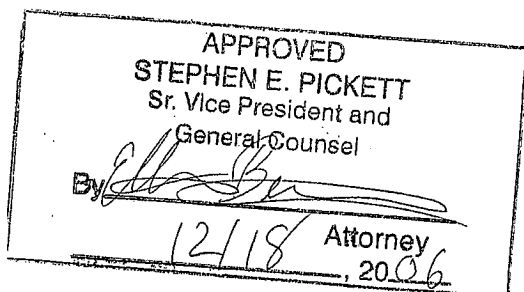
IN WITNESS WHEREOF, the Transmission Operator and the Generator have each caused this Reliability Management System Agreement to be

Issued by: James A. Cuillier,
Manager of FERC Rates & Regulation
Issued on: FEB 08 2007

Effective date: FEB 09 2007

executed by their respective duly authorized officers as of the date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY



By: *[Signature]*
Name: Ronald L. Litzinger
Title: Senior Vice President

DILLON WIND LLC

J.W.
WJ

By: *[Signature]*
Name: *[Signature]*
Title: Jean Wilson
Vice President Business Development

Revised
Dillon I Wind Project
Interconnection Facilities Agreement
Between
Dillon Wind LLC
And
Southern California Edison Company
Redline

WINTEC VI POWER DILLON I WIND PROJECT
INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

WINTEC ENERGY, LTD**DILLON WIND LLC**

AND

SOUTHERN CALIFORNIA EDISON COMPANY

**WINTEC VI POWERDILLON I WIND PROJECT
INTERCONNECTION FACILITIES AGREEMENT
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WINTEC VI POWER DILLON I WIND PROJECT INTERCONNECTION FACILITIES AGREEMENT

1. Parties:

The Parties to this ~~Wintec VI Power~~ Dillon I Wind Project Interconnection Facilities Agreement are Southern California Edison Company ("SCE"), a California corporation, and Dillon Wind LLC ~~Wintec Energy, LTD ("Dillon Wintec")~~, an Oregon limited liability company ~~California corporation~~, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- ~~2.2 Wintec is a California corporation and is currently certified by the FERC as an Exempt Wholesale Generator.~~
- ~~2.2~~ Dillon is an Oregon limited liability company.
- ~~2.34~~ Wintec Energy, LTD ("Wintec") is a California corporation which intendeds to develop the Wintec VI Power Project, a 45 MW wind turbine generating facility to be located at a new substation (to be named at a later date) adjacent to SCE's Devers-Farrell-Windland 115 kV line, near Buckwind Substation, in North Palm Springs, California, and sell energy and/or ancillary services into the California energy market.
- 2.4 Wintec applied to SCE to interconnect with the ISO Controlled Grid in accordance with the terms of SCE's Transmission Owner Tariff ("TO Tariff") in order to deliver energy and/or ancillary services from the Wintec VI Power Project to the ISO Controlled Grid.
- ~~2.95~~ On December 6, 2000, SCE and Wintec ~~The Parties desire to entered into this an interconnection facilities Agreement to specify the terms for SCE to provide Interconnection service; and for SCE to engineer, design, construct, install, own, operate and maintain the linterconnection F facilities, and for Wintec to pay for such facilities.~~
- ~~2.6~~ On November 1, 2006, SCE, Wintec and Pacific Wind Development, LLC, an affiliate of Dillon, entered into the Assignment, Assumption, and Consent Agreement pursuant to which Wintec assigned its interest in the interconnection facilities agreement to Pacific Wind Development, LLC and Pacific Wind Development, LLC expressly assumed Wintec's duties and obligations under the interconnection facilities agreement, and SCE consented to such assignment and assumption. On November 1, 2006, Pacific Wind Development, LLC, Dillon and SCE entered into the

Assignment, Assumption, and Consent Agreement pursuant to which Pacific Wind Development, LLC further assigned its interest in the interconnection facilities agreement to Dillon, its affiliate. Dillon expressly assumed Pacific Wind Development, LLC's duties and obligations under the interconnection facilities agreement, and SCE consented to such further assignment and assumption.

- 2.7 As a result of Wintec's suspension of the Wintec VI Power Project, the Wintec VI Power Project and the interconnection facilities had not been constructed and placed into service prior to the assignment of the interconnection facilities agreement to Dillon.
- 2.8 Pursuant to the interconnection facilities agreement, SCE initially was to engineer, design, and construct the interconnection facilities. By mutual agreement, Dillon now desires, and SCE concurs, that Dillon engineer, design, and construct a portion of the interconnection facilities and subsequently transfer ownership of such interconnection facilities to SCE.
- 2.9 The Parties desire to enter into this Agreement to reflect the assignment of the interconnection facilities agreement from Wintec to Pacific Wind Development, LLC and from Pacific Wind Development, LLC to Dillon; the new name for the project; and that Dillon will engineer, design, and construct a portion of the Interconnection Facilities and subsequently transfer ownership of such Interconnection Facilities to SCE.

3. Agreement:

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

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in the TO Tariff as that Tariff may be amended from time to time. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1 Accounting Practice: Generally accepted accounting principles and practices applicable to electric utility operations.
- 4.2 Agreement: This Wintec VI PowerDillon I Wind Project Interconnection Facilities Agreement between Dillon and SCE, First Revised Service Agreement No.3.
- 4.3 Authorized Representative: The representative of a Party designated in accordance with Section 4819.
- 4.4 Buckwind Substation: SCE's existing 115/12kV substation located southeast of the intersection of Diablo Road and Dillon Road in North Palm Springs, California.

- 4.5 Capital Additions: Any Units of Property which are added to the Interconnection Facilities, the enlargement, modification or betterment of any Units of Property constituting a part of the Interconnection Facilities, and the replacement of any Units of Property constituting a part of the Interconnection Facilities, irrespective of whether such replacement constitutes an enlargement, modification or betterment of that which it replaces, which additions, betterments, modifications, enlargements, and replacements in accordance with Accounting Practice would be capitalized and are not included in the Interconnection Facilities Cost.
- 4.6 CPUC: The California Public Utilities Commission, or its regulatory successor.
- 4.7 Customer-Financed Monthly Rate: The rate most recently adopted by the CPUC for application to SCE's retail electric customers for added facilities, which does not compensate SCE for replacement of added facilities. The currently-effective Customer-Financed Monthly Rate is stated in Exhibit B. Currently, this rate is .34%.
- 4.8 Dillon-Constructed Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit C, constructed by Dillon, and owned by SCE (following transfer of ownership), to interconnect the Dillon Facilities to the ISO Controlled Grid, as such interconnection facilities may be modified during the term of this Agreement. The Dillon-Constructed Interconnection Facilities will be located on Assessor's Parcel Number 668-260-055 located immediately southwest of Buckwind Substation on the west side of Diablo Road.
- 4.9 Dillon Facilities: All equipment and facilities comprising the Dillon I Wind Project, including, but not limited to the 115/34.5kV step-up transformer and ISO metering, located on the generator side of the 115 kV circuit breaker at the new substation to be constructed and located immediately southwest of Buckwind Substation on the west side of Diablo Road.
- 4.10 Dillon I Wind Project: A generating project being developed by Dillon consisting of forty five (45) Mitsubishi MWT62/1.0 induction wind turbine generators with a total combined output not to exceed 45 MW and related equipment and facilities.
- 4.84.11 FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.94.12 ISO: The California Independent System Operator.
- 4.104.13 Interconnection Facilities: The Dillon-Constructed Interconnection Facilities and the SCE-Constructed Interconnection Facilities. Facilities, as specified in Exhibit A and as shown in Exhibit B, constructed by SCE to interconnect the Wintec Facilities to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.114.14 Interconnection Facilities Charge: The monthly charge to DillonWintec to recover the revenue requirements for Interconnection

Facilities, calculated as the product of the Customer-Financed Monthly Rate and the Interconnection Facilities Cost.

~~4.124.15~~ Interconnection Facilities Cost: All costs, excluding ITCC and One-Time Costs, determined by SCE to be associated with the design, engineering, procurement, construction and installation of the SCE-Constructed Interconnection Facilities, and all costs determined by Dillon to be associated with the design, engineering, procurement, construction and installation of the Dillon-Constructed Interconnection Facilities. an estimate of which The Interconnection Facilities Cost is provided in Exhibit AB.

~~4.16~~ Interconnection Facilities In-Service Date: The date upon which the construction of the Interconnection Facilities is complete and such facilities are successfully tested and ready for service. The Parties currently estimate that the Interconnection Facilities In-Service Date will be May 15, 2004 ~~December 31, 2007~~.

~~4.14~~ ITCC: ~~The Income Tax Component of Contribution specified in the Preliminary Statement, Part M, Revised Cal PUC Sheet No. 16039-E of SCE's tariff on file with the CPUC, as applicable to the Interconnection Facilities Cost and the cost of Capital Additions. An estimate of the ITCC associated with the Interconnection Facilities Cost is provided in Exhibit A.~~

~~4.154.17~~ One-Time Costs: All costs determined by SCE to be associated with the design, engineering, procurement, construction and installation of the SCE-Constructed Interconnection Facilities and Capital Additions which are not capitalized in accordance with Accounting Practice. An estimate of tThe SCE-Constructed Interconnection Facilities One-Time Cost is provided in Exhibit AB.

~~4.164.18~~ One-Time Payment: ~~Wintee's~~ Dillon's payment to SCE for the SCE-Constructed Interconnection Facilities Cost, associated ITCC, and the Interconnection Facilities associated One-Time Costs. An estimate of tThe One-Time Payment is provided in Exhibit AB.

~~4.19~~ Removal Cost: The actual costs SCE incurs for the removal of the Interconnection Facilities pursuant to this Agreement, which is calculated as the amount, if positive, of the costs of the removal minus the salvage value of the Interconnection Facilities.

~~4.20~~ SCE-Constructed Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit C, constructed and owned by SCE, to interconnect the Dillon Facilities to the ISO Controlled Grid, as such interconnection facilities may be modified during the term of this Agreement.

~~4.17~~ Removal Cost: ~~The reasonable costs which SCE would incur upon removal of the Interconnection Facilities pursuant to this Agreement, whether or not such removal takes place. The Removal Cost is calculated as the difference between the estimated labor costs for removal and the estimated salvage value of the removed facilities.~~

~~4.184.21~~ Units of Property: As described in FERC's "List of Units of Property for Use in Connection with Uniform System of Accounts Prescribed for Public

Utilities and Licensees" in effect as of the date of this Agreement, and as such list may be amended from time to time.

~~4.19 Wintec Facilities: All equipment and facilities comprising the Wintec VI Power Project, including, but not limited to the 115/12kV step-up transformer and ISO metering, located on the generator side of the 115 kV circuit breaker at the new substation to be constructed and located near Buckwind Substation.~~

~~4.204.22 Wintec VI Power Project: A generating project being developed by Wintec consisting of a number of induction wind turbine generators with a total combined output of 45 MW and related equipment and facilities.~~

5. Effective Date and Term:

5.1. ~~This Agreement shall become effective upon the effective date ordered by FERC. Except for Sections 5.6, 7 and 8 which shall become effective as of the date of execution hereof, this Agreement shall become effective upon acceptance for filing by FERC without suspension; provided however, that if upon such filing the FERC enters into a hearing to determine whether this Agreement is just and reasonable, this Agreement shall not become effective until the date when an order no longer subject to judicial review has been issued by FERC determining this Agreement to be just and reasonable without changes or new conditions unacceptable to either Party.~~

5.2 This Agreement shall remain in effect for a period of thirty (30) years from the effective date of this Agreement and shall be automatically renewed for each successive one-year period thereafter. This Agreement shall terminate on the earliest of: (i); the date thirty (30) years from the date of execution of this Agreement, or (ii) the date specified by WintecDillon upon 180 days' written notice to SCE, or (iii) the date specified in Section 8.4020, or (iv) the date specified in Section 4415.3.

~~5.3 Within ninety (90) days following termination, SCE shall bill Wintec for the Removal Cost. Wintec shall pay SCE the amount of said billing within sixty (60) calendar days following the date of the billing. SCE shall file all charges under this Section 5.3 with the FERC prior to termination.~~

~~5.45.3~~ Any obligations of one Party to the other, including payment obligations, which accrued prior to, or as a result of, termination of this Agreement, shall survive termination.

~~5.55.4~~ If WintecDillon has given notice of termination and a filing with FERC is required to terminate this Agreement pursuant to Section 5.2, WintecDillon shall support such filing before the FERC if requested by SCE.

~~5.65.5~~ If WintecDillon provides notice to terminate this Agreement prior to the Interconnection Facilities In-Service Date or if this Agreement is not accepted for filing by the FERC, WintecDillon shall pay SCE for SCE's costs incurred or irrevocably committed to be incurred pursuant to this Agreement as of the effective date of termination or the date of the FERC order denying

acceptance of the Agreement for filing, as the case may be, within sixty (60) days following receipt of a billing from SCE requiring such payment.

6. Agreement Pursuant To The TO Tariff:

This Agreement governs Interconnection service pursuant to the TO Tariff as such Tariff may be amended from time to time. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of this Agreement ~~the TO Tariff~~ shall apply.

7. Creditworthiness:

Notwithstanding the provisions of Section 13, SCE may require Wintee Dillon to provide and maintain in effect during the term of this Agreement, an unconditional and irrevocable letter of credit in a form reasonably acceptable to SCE as security to meet its responsibilities and obligations under the TO Tariff, or an alternative form of security proposed by Wintee Dillon and acceptable to SCE, and consistent with commercial practices established by the Uniform Commercial Code, that protects SCE against the risk of non-payment under this Agreement.

8. Interconnection Principles:

- 8.1 SCE, at Dillon's expense, shall design, engineer, procure, construct, install, own, operate and maintain the SCE-Constructed Interconnection Facilities, including application to obtain any regulatory approvals required to be obtained by SCE.
- 8.2 Dillon, at its sole expense, shall design, engineer, procure, construct, and install the Dillon-Constructed Interconnection Facilities in accordance with SCE's substation standards and specifications, which have been provided by SCE to Dillon.
- 8.3 Dillon shall at all times indemnify, defend and save SCE harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from Dillon's construction of the Dillon-Constructed Interconnection Facilities, except in the case of negligence or intentional wrongdoing by SCE.
- 8.4 Prior to commencing construction of the Dillon-Constructed Interconnection Facilities, SCE shall review Dillon's construction documents and Dillon shall obtain SCE's approval of the design, engineering, and layout of the Dillon-Constructed Interconnection Facilities. Such approval shall not be unreasonably withheld. SCE shall use commercially reasonable efforts to review such documents and respond to Dillon within thirty (30) calendar days.

- 8.5 During construction of the Dillon-Constructed Interconnection Facilities, SCE shall have the right to access the Dillon-Constructed Interconnection Facilities to conduct inspections of the Dillon-Constructed Interconnection Facilities. In the event SCE accesses the construction site, SCE shall adhere to prudent utility practice.
- 8.6 If, at any time during construction, SCE determines that the Dillon-Constructed Interconnection Facilities do not meet SCE's standards and specifications, as provided to Dillon by SCE pursuant to the letter agreement between the Parties dated May 16, 2006, Dillon shall be obligated to remedy such deficiencies.
- 8.7 SCE shall apply, at Dillon's sole expense, to obtain any regulatory approvals required to be obtained by SCE for the construction, operation and maintenance of the Dillon-Constructed Interconnection Facilities.
- 8.8 Following completion of construction and prior to energization of the Dillon-Constructed Interconnection Facilities, Dillon will advise SCE and SCE shall provide final inspection and field testing of the Dillon-Constructed Interconnection Facilities, and Dillon shall obtain SCE's acceptance for transfer of ownership, operation and maintenance of the Dillon-Constructed Interconnection Facilities.
- 8.9 Dillon shall deliver to SCE "as-built" drawings, information, and any other documents that are required by SCE to assure that the Dillon-Constructed Interconnection Facilities are built to the standards and specifications required by SCE within one hundred eighty (180) days of the Commercial Operation Date.
- 8.10 SCE and Dillon shall execute a title, transfer, assignment and assumption agreement which provides for the transfer of ownership, at no cost to SCE, of the Dillon-Constructed Interconnection Facilities (including all applicable warranties) from Dillon to SCE and shall facilitate and provide reasonable assistance in order for SCE to obtain the necessary land leases to the Dillon-Constructed Interconnection Facilities and the SCE-Constructed Interconnection Facilities. Ownership of the Dillon-Constructed Interconnection Facilities will not be transferred from Dillon to SCE nor will the Interconnection Facilities be energized until such necessary land leases are obtained by SCE. Dillon shall obtain manufacturer's standard warranties for major substation equipment which are transferable directly to SCE.
- 8.11 Following the transfer of the Dillon-Constructed Interconnection Facilities to SCE, SCE shall own, operate and maintain the Dillon-Constructed Interconnection Facilities.
- 8.12 WinteeDillon, at its sole expense, shall engineer, design, procure, construct, install, own, operate and maintain the WinteeDillon Facilities.
- 8.38.13 WinteeDillon shall connect the WinteeDillon Facilities with SCE's electrical system in accordance with all applicable ISO, WSECC and NERC criteria, SCE specifications, and Good Utility Practice.
- 8.48.14 WinteeDillon shall acquire all permits and other approvals in addition

to completing all environmental impact studies necessary for the construction, operation, and maintenance of the WinteeDillon Facilities. WinteeDillon shall include the Interconnection Facilities in all such environmental impact studies. WinteeDillon shall provide the results of such studies and approvals to SCE for use in SCE's application(s) to obtain any regulatory approvals required to be obtained by SCE for the construction, operation, and maintenance of the Interconnection Facilities.

8.58.15 At SCE's request, WinteeDillon shall provide to SCE the electrical specifications and design drawings pertaining to the WinteeDillon Facilities for SCE's review prior to finalizing the design and before beginning construction work based on such specifications and drawings. WinteeDillon shall provide to SCE reasonable advance written notice of any changes in the WinteeDillon Facilities and provide to SCE specifications and design drawings of any such changes for SCE review and approval. Such approval shall not be unreasonably withheld. SCE may require modifications to such specifications and designs as it deems necessary to allow SCE to operate its electric system in accordance with Good Utility Practice.

8.68.16 SCE shall have the right to review and consult with WinteeDillon regarding Wintee'sDillon's construction schedule.

8.78.17 SCE shall have the right to inspect the WinteeDillon Facilities prior to initial operation upon reasonable advance notice to WinteeDillon. WinteeDillon, at its option, may be present at such inspection.

8.88.18 ~~SCE~~The Parties shall use commercially reasonable efforts to installconstruct, successfully test, and declare ready for service the Interconnection Facilities on or before ~~May 15, 2004~~December 31, 2007. However, ~~Wintee~~the Parties understands and acknowledges that such date is only an estimate and that equipment and material lead times, outage coordination, regulatory approvals, or other unforeseen events could delay the actual Interconnection Facilities In-Service Date beyond ~~May 15, 2004~~December 31, 2007.

8.98.19 The maximum capacity of the Interconnection Facilities made available by SCE to WinteeDillon for the purpose of delivering energy and other services to the ISO shall be 45 MW. WinteeDillon acknowledges that if WinteeDillon wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, WinteeDillon shall be required to submit a new application for Interconnection in accordance with the terms and conditions of the ~~TO~~ISO Tariff.

8.20 WinteeDillon shall provide SCE advance notice prior to making any changes to the generation or power transformation facilities and equipment which comprise the WinteeDillon Facilities. WinteeDillon shall notify SCE prior to the date when any such changes are contemplated to the WinteeDillon Facilities so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ~~TO~~ISO Tariff. Failure by

WinteeDillon to provide SCE advance notice of changes to the generation or power transformation equipment and facilities comprising the WinteeDillon Facilities may result in SCE's termination of this Agreement.

8.118.21 The Dillon-Constructed Interconnection Facilities and applicable SCE-Constructed Interconnection Facilities will be located on property which is owned/leased by WinteeDillon. WinteeDillon, at its sole expense, shall perform all substation site preparation, including subsurface work, for the location of the Dillon-Constructed Interconnection Facilities and applicable SCE-Constructed Interconnection Facilities. WinteeDillon shall grant easements to SCE for the term of this Agreement and any extensions thereof, at no cost to SCE, for the Dillon-Constructed Interconnection Facilities and applicable SCE-Constructed Interconnection Facilities. SCE and WinteeDillon shall make all arrangements necessary to effectuate such easements.

8.128.22 The costs associated with any mitigation measures required to third party transmission systems resulting from the Interconnection of the WinteeDillon Facilities to SCE's electrical system are not reflected in this Agreement. Such costs, if any, shall be the sole responsibility of WinteeDillon. As of the date of execution of this Agreement, the Parties are not aware of any mitigation measure requirements for the Dillon Facilities.

8.23 Dillon shall execute the Reliability Management System Agreement attached as Exhibit D, concurrent with the execution of this Agreement.

9. Interconnected Operations:

- 9.1. SCE shall operate, and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WSECC and NERC reliability criteria, and Good Utility Practice.
- 9.2. WinteeDillon shall operate, and maintain the WinteeDillon Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WSECC and NERC reliability criteria, and Good Utility Practice.
- 9.3. The WinteeDillon Facilities shall be designed and operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization, overcurrent, voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits, poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.4. The WinteeDillon Facilities shall be operated with all of Wintee'sDillon's protective apparatus in service whenever the WinteeDillon Facilities are connected to, or are operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Parties.
- 9.5. WinteeDillon shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be

- limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.6. Dillon shall not commence initial parallel operation of the WinteeDillon Facilities with SCE's electric system until written approval for operation of the WinteeDillon Facilities has been given by SCE. Such approval shall not be unreasonably withheld. Following outages of the Interconnection Facilities or the WinteeDillon Facilities, WinteeDillon shall not energize the WinteeDillon Facilities for any reason without direct permission from SCE. Such permission shall not be unreasonably withheld.
- 9.7. WinteeDillon shall provide written notice to SCE at least fourteen (14) calendar days prior to the initial and subsequent testing of Wintee'sDillon's protective apparatus. Wintee'sDillon's protective apparatus shall be tested thereafter at intervals not to exceed four (4) years. All such tests shall be performed using qualified personnel. SCE shall have the right to have a representative present at the initial and subsequent testing of Wintee'sDillon's protective apparatus and to receive copies of the test results.
- 9.8. SCE shall not have any responsibility for protection of the WinteeDillon's Facilities. WinteeDillon shall be responsible for protecting the WinteeDillon Facilities in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the WinteeDillon Facilities.
- 9.9. SCE may require WinteeDillon, at Wintee'sDillon's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of Wintee'sDillon's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.10. WinteeDillon shall install, own, operate and maintain necessary power factor correction equipment to meet SCE's reactive power supply requirements at the point of interconnection which is 0.95 boost capability (or kVAR/kW=0.33). The operating power factor may range from 0.95 boost to 0.95 buck.
- 9.11. The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities and the WinteeDillon Facilities or in taking the Interconnection Facilities or the WinteeDillon Facilities out of service, provided that in an emergency SCE may take the Interconnection Facilities out of service without notice to WinteeDillon if necessary to protect SCE's electric system. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12. WinteeDillon shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13. Review by SCE of the design, construction, operation, or maintenance of the WinteeDillon Facilities shall not constitute any representation as to the economic or technical feasibility, operational capability, or reliability of such

facilities. WinteeDillon shall in no way represent to any third party that any such review by SCE of such facilities including, but not limited to, any review of the design, construction, operation, or maintenance of such facilities by SCE is a representation by SCE as to the economic or technical feasibility, operational capability, or reliability of the WinteeDillon Facilities.

- 9.14. This Agreement governs Interconnection of the Dillon I Wind Project ~~delivery of energy and other services from Wintee to the ISO~~ Controlled Grid pursuant to the TO Tariff and as described herein. WinteeDillon shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.

10. Metering:

- 10.1 The ISO meter shall be located on the WinteeDillon Facilities.
- 10.2 WinteeDillon shall be responsible for the installation, maintenance and certification of ISO quality metering for the WinteeDillon Facilities in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 WinteeDillon shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 WinteeDillon shall be responsible for obtaining ISO approval for the installation of ISO metering at the WinteeDillon Facilities prior to operation.
- 10.5 WinteeDillon shall be responsible for any loss correction factor applicable to Wintee'sDillon's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of WinteeDillon generation and load shall be in accordance with applicable ISO Tariff provisions and metering protocol and applicable SCE retail tariffs. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 WinteeDillon shall deliver to SCE real-time telemetry data, which shall include MW, MVAR, ~~project status,~~ circuit breaker status and project output voltage.

11. Capital Additions To Interconnection Facilities:

- 11.1 Whenever Capital Additions to the Interconnection Facilities are required by SCE to continue service to WinteeDillon (which may include compliance with system or regulatory requirements), WinteeDillon shall bear the cost responsibility for such Capital Additions and any One-Time Costs associated with such Capital Additions. SCE shall bill WinteeDillon for the estimated costs of such Capital Additions, ~~including ITCC,~~ and any associated One-Time Costs in accordance with Section 4415. SCE shall not be required to

commence any work on any Capital Additions until such bill is paid by WinteeDillon in accordance with Section 14.15. Except as otherwise provided in Section 11.2, if such Capital Additions result in a change in the Interconnection Facilities investment, the Interconnection Facilities Cost shall be adjusted on the basis of the revised net investment effective as of the date such Capital Additions are installed and ready for service.

- 11.2 In the event that Capital Additions are required to the Interconnection Facilities in order to benefit SCE, or because of damage caused by negligence or willful misconduct of SCE, WinteeDillon shall not bear cost responsibility for such Capital Additions; no increase will be made to the Interconnection Facilities Cost and no One-Time Costs will be charged to WinteeDillon for such Capital Additions.

12. Removal Of Interconnection Facilities:

- 12.1 Upon termination of this Agreement for any reason whatsoever, SCE will remove the Interconnection Facilities from service to WinteeDillon.
- 12.2 On or before the date one year following termination of this Agreement, SCE shall notify Dillon whether SCE intends to physically remove that portion of the Interconnection Facilities, or any part thereof, that is not located on property that is leased by Dillon. If SCE intends to physically remove that portion of the Interconnection Facilities, or any part thereof, that is not located on property that is leased by Dillon, then SCE shall physically remove such facilities within two years from the date of notification of intent, and Dillon shall pay the Removal Cost in accordance with Sections 14.1 and 15.1.8. If SCE does not intend to physically remove such facilities, then Dillon shall have no obligation to pay such Removal Cost.
- 12.3 Unless otherwise agreed by the Parties, SCE shall remove that portion of the Interconnection Facilities that is located on property leased by Dillon within two years following termination of this Agreement and Dillon shall pay the Removal Cost in accordance with Sections 14.1 and 15.1.8.

13. Taxes:

- 13.1. **Dillon Payments Not Taxable.** The Parties intend that all payments or property transfers made by Dillon to SCE for the installation of Interconnection Facilities and Capital Additions shall be non-taxable, either as contributions to capital, or as a refundable advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.
- 13.2. **Representations And Covenants.** In accordance with IRS (Internal Revenue Service) Notice 2001-82 and IRS Notice 88-129, Dillon represents and covenants that (i) ownership of the electricity generated at the Dillon I Wind

Project will pass to another party prior to the transmission of the electricity on the ISO Controlled Grid, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to SCE for SCE's Interconnection Facilities and Capital Additions will be capitalized by Dillon as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of SCE's Interconnection Facilities or Capital Additions that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Dillon I Wind Project. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At SCE's request, Dillon shall provide SCE with a report from an independent engineer confirming its representation in clause (iii), above. SCE represents and covenants that the cost of SCE's Interconnection Facilities and Capital Additions paid for by Dillon without possibility of refund or credit will have no net effect on the base upon which rates are determined.

13.3. Indemnification for the Cost Consequences of Current Tax Liability

Imposed Upon SCE. Notwithstanding Section 13.1, Dillon shall protect, indemnify and hold harmless SCE from the cost consequences of any current tax liability imposed against SCE as the result of payments or property transfers made by Dillon to SCE under this Agreement for Interconnection Facilities or Capital Additions, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by SCE. Dillon shall reimburse SCE for such costs on a fully grossed-up basis, in accordance with Section 13.4, within thirty (30) calendar days of receiving written notification from SCE of the amount due, including detail about how the amount was calculated.

SCE shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Dillon under this Agreement or upon the transfer of property by Dillon to SCE, if Dillon provides security in the form of a guaranty from Scottish Power Finance (US), Inc. ("Guaranty") or in the form of an unconditional and irrevocable letter of credit ("Letter of Credit") for Interconnection Facilities and Capital Additions, in a form reasonably acceptable to SCE and in an amount calculated pursuant to Section 13.4, unless (i) SCE has determined, in good faith, that the payments or property transfers made by Dillon to SCE should be reported as income subject to taxation or (ii) any Governmental Authority directs SCE to report payments or property as income subject to taxation. The Guaranty or Letter of Credit must be provided within thirty (30) days of (1) the date SCE renders a

bill to Dillon for the One-Time Payment in accordance with Section 15, or (2) the date Dillon transfers property to SCE. Such Guaranty is an acceptable form of security so long as Scottish Power Finance (US), Inc. maintains a Credit Rating, as defined below, of at least (i) Baa3 from Moody's Investor Service, Inc ("Moody's") and BBB- from Standard and Poor's Corporation ("S&P") if it is rated by both Moody's and S&P, or (ii) Baa3 from Moody's or BBB- from S&P if it is rated by either Moody's or S&P but not both. The Letter of Credit must be an irrevocable, standby letter of credit, issued from a major U.S. commercial bank or the U.S. branch office of a foreign bank with, in either case, a Credit rating of a least A2 or higher from Moody's and A or higher from S&P. Credit Rating means with respect to any entity the respective ratings then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by the third party credit enhancement) by S&P or Moody's. If no rating is assigned to such entity's unsecured, senior long-term debt or deposit obligations by either S&P or Moody's, then Credit Rating shall mean the general corporate credit rating or long-term issuer rating assigned by S&P or Moody's, as the case may be.

The indemnification obligation shall terminate at the later of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by SCE upon request of the IRS, to keep these years open for audit or adjustment, or (2) the date the risk of subsequent taxability as described in Section 13.6 no longer exists, as reasonably determined by SCE.

13.4. Tax Gross-Up Amount. Dillon's liability for the cost consequences of any current tax liability under this Section 13 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the Parties, this means that Dillon will pay SCE, in addition to the amount paid for the Interconnection Facilities and Capital Additions an amount equal to (1) the current taxes imposed on SCE ("Current Taxes") on the excess of (a) the gross income realized by SCE as a result of payments or property transfers made by Dillon to SCE under this Agreement (without regard to any payments under this Section 13) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit SCE to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on SCE's composite federal and state tax rates at the time the payments or property transfers are received and SCE will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting SCE's anticipated tax depreciation deductions as a result of such payments or

property transfers by SCE's current weighted average cost of capital. Thus, the formula for calculating Dillon's liability to SCE pursuant to this Section 13.4 can be expressed as follows: (Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation))/(1-Current Tax Rate). Dillon's estimated tax liability in the event taxes are imposed shall be stated in Exhibit B.

- 13.5. Private Letter Ruling or Change or Clarification of Law.** At Dillon's request and expense, SCE shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Dillon to SCE under this Agreement are subject to federal income taxation. Dillon will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Dillon's knowledge. SCE and Dillon shall cooperate in good faith with respect to the submission of such request; provided, however, Dillon and SCE explicitly acknowledge (and nothing herein is intended to alter) SCE's obligation under law to certify that the facts presented in the ruling request are true, correct and complete.

SCE shall keep Dillon fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Dillon to participate in all discussions with the IRS regarding such request for a private letter ruling. SCE shall allow Dillon to attend all meetings with IRS officials about the request and shall permit Dillon to prepare the initial drafts of any follow-up letters in connection with the request.

- 13.6. Subsequent Taxable Events.** If (i) Dillon breaches the covenants contained in Section 13.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this Agreement terminates and SCE retains ownership of the Interconnection Facilities and Capital Additions, Dillon shall pay a tax gross-up for the cost consequences of any current tax liability imposed on SCE, calculated using the methodology described in Section 13.4 and in accordance with IRS Notice 90-60.

- 13.7. Contests.** In the event any Governmental Authority determines that SCE's receipt of payments or property constitutes income that is subject to taxation, SCE shall notify Dillon, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Dillon and at Dillon's sole expense, SCE may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Dillon's written request and sole expense, SCE may file a claim for refund with respect to any taxes paid under this Section 13, whether or not it has received such a determination. SCE reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but SCE shall keep Dillon informed, shall consider in good faith suggestions from Dillon about the conduct of the contest, and shall reasonably permit

Dillon or a Dillon representative to attend contest proceedings.

Dillon shall pay to SCE on a periodic basis, as invoiced by SCE, SCE's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest, including any costs associated with obtaining the opinion of independent tax counsel described in this Section 13.7. SCE may abandon any contest if Dillon fails to provide payment to SCE within 30 calendar days of receiving such invoice.

At any time during the contest, SCE may agree to a settlement either with Dillon's consent or, if such consent is refused, after obtaining written advice from independent nationally-recognized tax counsel, selected by SCE, but reasonably acceptable to Dillon, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Dillon's obligation shall be based on the amount of the settlement agreed to by Dillon, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding paragraph. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. SCE may also settle any tax controversy without receiving Dillon's consent or any such written advice; however, any such settlement will relieve Dillon from any obligation to indemnify SCE for the tax at issue in the contest (unless the failure to obtain written advice is attributable to Dillon's unreasonable refusal to the appointment of independent tax counsel.

- 13.8. Refund.** In the event that (a) a private letter ruling is issued to SCE which holds that any amount paid or the value of any property transferred by Dillon to SCE under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to SCE in good faith that any amount paid or the value of any property transferred by Dillon to SCE under the terms of this Agreement is not taxable to SCE, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Dillon to SCE are not subject to federal income tax, or (d) if SCE receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Dillon to SCE pursuant to this Agreement, SCE shall promptly refund to Dillon the following:
- (i) any payment made by Dillon under this Section 13 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,
 - (ii) interest on any amounts paid by Dillon to SCE for such taxes which Dillon did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date payment was made by Dillon to the date SCE refunds such

- payment to Dillon, and
- (iii) with respect to any such taxes paid by SCE, any refund or credit SCE receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to SCE for such overpayment of taxes (including any reduction in interest otherwise payable by SCE to any Governmental Authority resulting from an offset or credit); provided, however, that SCE will remit such amount promptly to Dillon only after and to the extent that SCE has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Dillon's Interconnection Facilities or Capital Additions.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Capital Additions hereunder, in the same position they would have been in had no such tax payments been made.

1314. Charges:

- 13.114.1 WinteeDillon shall pay to SCE in accordance with Section 4415, the following charges: (a) Interconnection Facilities Charges; (b) One-Time Costs; (c) One-Time Payment; (d) costs of Capital Additions pursuant to Section 11.1; (e) any reimbursable FERC fees pursuant to Section 4920.3; (f) Removal Costs pursuant to Section 125.3; (g) taxes pursuant to Section 13; and (gh) termination charges pursuant to Section 5.56.
- 13.214.2 SCE'sThe Interconnection Facilities Cost, One-Time Costs, One-Time Payment, and costs of Capital Additions shall be compiled in accordance with established Accounting Practice.
- 13.314.3 WinteeDillon shall initially pay SCE the One-Time Payment in the amount of SCE's estimate shown in Exhibit AB. The One-Time Payment shall be later adjusted pursuant to Section 4415.1.67. Billing and payment shall be made in accordance with Section 4415.
- 13.414.4 WinteeDillon shall initially pay the Interconnection Facilities Charge as calculated by multiplying the Customer-Financed Monthly Rate by the estimated Interconnection Facilities Cost shown in Exhibit AB. Such payments shall be adjusted later pursuant to Section 4415.1.67. Billing and payment shall be made in accordance with Section 4415.
- 13.514.5 If, during the term of this Agreement, the Interconnection Facilities are utilized to provide service to another customer, the charges due hereunder shall be adjusted to appropriately reflect such service based on SCE's cost allocation principles in effect at such time and shall be subject to FERC approval.

4415. Billing and Payment:

44.115.1 Billing Procedure.

15.1.1 Commencing on the effective date of this Section, SCE will render bills to WinteeDillon for any reimbursable FERC fees in accordance with Section 20.3 on or before the first day of each month. Such charges shall be for any reimbursable FERC fees or costs incurred since the preceding billing. WinteeDillon shall pay such bills by the 20th day of said month.

44.1.215.1.2 Commencing on or following the effective date of this Section, SCE will render a bill to WinteeDillon for the One-Time Payment. WinteeDillon shall pay such bill within twenty (20) calendar days of receipt. The payment for such One-Time Payment shall initially be based on SCE's cost estimates for the SCE-Constructed Interconnection Facilities and shall be subject to later adjustment pursuant to Sections 4415.1.67.3 and 4415.1.67.4.

44.1.315.1.3 Commencing on or following the Interconnection Facilities In-Service Date, SCE will render bills to WinteeDillon, on or before the first day of each month, for the Interconnection Facilities Charge. WinteeDillon shall pay such bills by the 20th day of said month. The Interconnection Facilities Charge payments shall initially be based on SCE's cost estimates of the SCE-Constructed Interconnection Facilities and Dillon's cost estimates of the Dillon-Constructed Interconnection Facilities and such payments shall be subject to later adjustment pursuant to Sections 4415.1.67.1 and 4415.1.67.2.

44.1.415.1.4 Prior to commencing construction of any Capital Additions in accordance with Section 11.1, SCE will bill WinteeDillon for any estimated One-Time Costs associated with such Capital Additions. WinteeDillon shall pay such bill within twenty (20) calendar days of receipt. The payment for such One-Time Costs shall initially be based on SCE's cost estimates and shall be subject to later adjustment pursuant to Sections 4415.1.67.5 and 4415.1.67.6.

44.1.515.1.5 Prior to commencing construction of any Capital Additions in accordance with Section 11.1, SCE will bill WinteeDillon for such Capital Additions and associated ITGC. WinteeDillon shall pay such bill within twenty (20) calendar days of receipt. The payments for such Capital Additions and associated ITGC shall initially be based on SCE's cost estimates and shall be subject to later adjustment pursuant to Sections 4415.1.67.7 and 4415.1.67.8.

15.1.6 Within ninety (90) calendar days following the Interconnection Facilities In-Service Date, Dillon shall determine the actual recorded Dillon-Constructed Interconnection Facilities Cost and provide SCE

with the final accounting.

~~14.1.6.15.1.7~~ Within twelve (12) months following the Interconnection Facilities In-Service Date or the in-service date of any Capital Additions, SCE shall determine the actual recorded cost of the Interconnection Facilities, or the cost of any Capital Additions, and actual recorded One-Time Costs, and provide WinteeDillon with an accounting of such costs.

~~14.1.6.15.1.7.1~~ If the amount paid for the Interconnection Facilities Charge is less than the amount due for the Interconnection Facilities Charge as determined from the actual recorded Interconnection Facilities Cost, SCE will bill WinteeDillon for the difference between the amount previously paid by WinteeDillon and the amount which would have been paid based on actual recorded costs, without interest, on the next regular billing.

~~14.1.6.15.1.7.2~~ If the amount paid for the Interconnection Facilities Charge is greater than the amount due for the Interconnection Facilities Charge as determined from the actual recorded Interconnection Facilities Costs, SCE will credit WinteeDillon the difference between the amount previously paid by WinteeDillon and the amount which would have been paid based on actual recorded costs, without interest, on the next regular billing.

~~14.1.6.15.1.7.3~~ If the amount paid for the estimated One-Time Payment is less than the amount due for the One-Time Payment as determined from the actual recorded costs of the Interconnection Facilities, ~~associated ITCC,~~ and associated One-Time Costs, SCE will bill WinteeDillon for the difference between the amount previously paid by WinteeDillon and the actual recorded cost, without interest, within twenty (20) calendar days of such determination of actual cost. WinteeDillon shall pay such bill within twenty (20) calendar days of receipt.

~~14.1.6.15.1.7.4~~ If the amount paid for the estimated One-Time Payment is greater than the amount due for the One-Time Payment as determined from the actual recorded costs of the Interconnection Facilities, ~~associated ITCC,~~ and associated One-Time Costs, SCE will refund WinteeDillon the difference between the amount previously paid by WinteeDillon and the actual recorded cost, without interest, within twenty (20) calendar days of such determination of actual cost.

~~14.1.6.15.1.7.5~~ If the amount paid for the estimated One-Time Costs is less than the actual recorded One-Time Costs, SCE will bill WinteeDillon for the difference between the amount previously paid by WinteeDillon and the actual recorded cost, without

interest, within twenty (20) calendar days of such determination of actual cost. WinteeDillon shall pay such bill within twenty (20) calendar days of receipt.

~~14.1.6.6~~ 15.1.7.6 If the amount paid for the estimated One-Time Costs is greater than the actual recorded One-Time Costs, SCE will refund WinteeDillon the difference between the amount previously paid by WinteeDillon and the actual recorded costs, without interest, within twenty (20) calendar days of such determination of actual cost.

~~14.1.6.7~~ 15.1.7.7 If the amount paid for the estimated Capital Additions cost and associated ITGC is less than the actual recorded Capital Additions cost and associated ITGC, SCE will bill WinteeDillon for the difference between the amount previously paid by WinteeDillon and the actual recorded cost, without interest, within twenty (20) calendar days of such determination of actual cost. WinteeDillon shall pay such bill within twenty (20) calendar days of receipt.

~~14.1.6.8~~ 15.1.7.8 If the amount paid for the estimated Capital Additions cost and is greater than the actual recorded Capital Additions cost and associated ITGC, SCE will refund WinteeDillon the difference between the amount previously paid by WinteeDillon and the actual recorded cost, without interest, within twenty (20) calendar days of such determination of actual cost.

15.1.8 If, in accordance with Section 12, SCE physically removes the Interconnection Facilities, SCE shall render a bill to Dillon for the Removal Cost. Dillon shall pay such bill within twenty (20) calendar days of receipt. Such billing shall be initially based on SCE's estimate of the Removal Cost. Within twelve (12) months following the removal of the Interconnection Facilities, SCE shall determine the recorded Removal Cost and provide Dillon with a final invoice.

15.1.8.1 If the amount paid for the Removal Cost is less than the amount due for the Removal Cost as determined from the actual recorded Removal Cost, SCE will bill Dillon for the difference between the amount previously paid by Dillon and the amount which would have been paid based on actual recorded costs, without interest, within twenty (20) calendar days of such determination of actual cost.

15.1.8.2 If the amount paid for the Removal Cost is greater than the amount due for the Removal Cost as determined from the actual recorded Removal Cost, SCE will refund Dillon for the difference between the amount previously paid by Dillon and the amount which would have been paid based on actual recorded costs, without interest, within twenty (20) calendar

days of such determination of actual cost.

1415.2 Interest on Unpaid Balances.

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

1415.3. Default.

In the event that WintecDillon fails for any reason to make payment to SCE on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies WintecDillon to cure such failure, a default by WintecDillon shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement subject to FERC acceptance or approval.

1415.4. Billing Dispute.

In the event WintecDillon desires to dispute all or any part of any bill submitted by SCE, WintecDillon shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) days from the date of the billing stating the grounds for the dispute and the amount in dispute. WintecDillon shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to WintecDillon resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to WintecDillon.

1516. Billing and Payment Notification:

15.1-16.1. All payments to be made by WintecDillon to SCE shall be sent to:
Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to WintecDillon pursuant to Section 2627, change the address to which payments will be sent.

15.2-16.2. All billings to be presented by SCE to WintecDillon shall be sent to:
Wintec Energy, LTDContracts Manager
Accounts Payable/o Dillon Wind LLC

~~125 E. Tahquitz Canyon Way, Suite 204~~ 125 NW Couch, Suite 700
~~Palm Springs, California 92262~~ Portland, OR 97209
Fax: (706) 323-0688

Wintee Dillon may, at any time, by written notice to SCE pursuant to Section 2627, change the address to which billings will be sent.

1617. Disputes:

With the exception of disputes referenced in Section 4415.4, and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between Wintee Dillon and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act.

17.18. Audits

SCE will maintain records and accounts of all costs incurred in sufficient detail to allow verification of all costs incurred, including, but not limited to, labor and associated labor costs, material and supplies, outside services, and administrative and general expenses. For two years following the Interconnection Facilities In-Service Date, or with respect to any Capital Additions, for two years following the in-service date of such Capital Additions, Wintee Dillon shall have the right, upon reasonable notice, at a reasonable time and place, and at its own expense, to audit SCE's records as necessary and as appropriate in order to verify costs incurred by SCE.

1819. Authorized Representatives:

18.4.19.1. In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party will appoint, within 30 calendar days following the effective date of this Agreement, an Authorized Representative and will designate such Authorized Representative by written notice to the other Party.

1819.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.

1819.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.

1819.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 2627.

1920. Regulatory Authority:

1920.1 _____ No later than 30 days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and WinteeDillon shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.

1920.2 _____ Nothing contained herein will be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of WinteeDillon to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of WinteeDillon to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by WinteeDillon under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.

1920.3 _____ Dillon shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

2021. No Dedication Of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party will cease upon the termination of its obligations hereunder.

2122. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

2223. Assignments:

22.123.1 _____ An
y assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning

Party from the primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party will continue to remain primarily liable for payment of any and all money due to the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment had been made.

23.2 Notwithstanding the above, a Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement. Further, Dillon shall have the right to assign this Agreement, without the consent of SCE, for collateral security purposes to aid in providing financing for the Dillon I Wind Project, provided that Dillon will promptly notify SCE of any such assignment. Any financing arrangement entered into by Dillon pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify SCE of the date and particulars of any such exercise of assignment right(s).

22.223.3 Except as otherwise provided by written agreement of the non-assigning Party, whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party will furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

2324. Relationship Of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party will be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or will be deemed to control the other Party. Neither Party will be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

2425. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this

Agreement, will not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, will not be deemed a waiver of such right.

2526. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by and construed in accordance with, the laws of the state of California.

2627. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Manager of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

~~President~~Contracts Manager
~~Wintec Energy, LTD~~c/o Dillon Wind LLC
~~125 E Tahquitz Canyon Way, Suite 201~~1125 NW Couch, Suite 700
~~Palm Springs, California 92262~~Portland, OR 97209
Tel: ~~(760) 503-796-7034~~323-9420
Fax: ~~(760) 503-796-6937~~323-0688

With a copy to:

Director Transmission
c/o PPM Energy, Inc.
1125 NW Couch, Suite 700
Portland, OR 97209
Tel: (503) 796-7032
Fax: (503) 796-6907

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

2728. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition will be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

2829. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supercede all prior and contemporaneous offers; promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

2930. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

3031. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the 6 day of December, 2000.

SOUTHERN CALIFORNIA EDISON COMPANY

By:

Name: Ronald L. Litzinger

Title: Senior Vice President

DILLON WIND LLCWINTEC ENERGY, LTD

By:

Name:

Title:

Exhibit A

Interconnection Facilities Description and Cost Estimate

Scope SCE-Constructed Interconnection Facilities:

- Transmission:—Tap the existing Devers-Farrell-Windland 115 kV line approximately 100 feet south of Buckwind Substation by engineering and constructing 150 circuit feet of 336.4 ACSR conductor, four (4) wood poles (or one steel pole and two wood poles)*, and one (1) 115 kV pole switch.
- Install RTU to transmit real-time telemetry to SCE.
- Provide engineering and design review, inspection, testing, and specifications for the Dillon-Constructed Interconnection Facilities.

* A steel pole will be required if SCE is not able to obtain guy wire easements on the east side of Diablo Rd.

Dillon-Constructed Interconnection Facilities Substation:

Engineer and construct a new 115 kV interconnection facility, in accordance with SCE's specifications as provided to Dillon by SCE pursuant to the letter agreement between the Parties dated May 16, 2006, equipped with one (1) circuit breaker, two disconnect switches, one set of lightning arresters, four potential transformers, and all required protection relay~~seco-generation protection~~, and RTU to transmit real-time telemetry to SCE.

~~Property required to locate the Interconnection Facilities shall be owned and provided by Wintec. Wintec shall perform all substation site preparation, including subsurface work.~~

Cost Estimate:

<u>Element</u>	<u>Interconnection Facilities Cost</u>	<u>Associated ITCC</u>	<u>Interconnection Facilities One-Time Costs</u>
Transmission	\$ 163,000	\$ 55,000	\$ 57,000
Substation	\$ 852,000	\$ 290,000	\$ 0
TOTAL	\$ 1,015,000	\$ 345,000	\$ 57,000

One-Time Payment

\$ 1,417,000 *

~~*(Interconnection Facilities Cost + Associated ITCC + Interconnection Facilities One-Time Costs)~~

Exhibit B

Interconnection Facilities Cost

Estimated Cost: [Note: This cost estimate assumes that work and payment commence to effectuate a 2007 in-service date]

<u>Element</u>	<u>Interconnection Facilities Cost</u>	<u>One-Time Cost</u>	<u>One-Time Payment</u>	<u>Estimated Tax Liability</u>
<u>SCE-Constructed Interconnection Facilities</u>				
• Subtransmission – Line Tap	\$ 101,000	\$ 32,000	\$ 133,000	\$ 35,000
• Corporate Real Estate	\$ 27,000	\$ 0	\$ 27,000	\$ 9,000
• SSID	\$ 11,000	\$ 0	\$ 11,000	\$ 4,000
• Power System Controls	\$ 80,000	\$ 0	\$ 80,000	\$ 28,000
• 131-D Process	\$ 43,000	\$ 0	\$ 43,000	\$ 15,000
• SCE engineering and design review, inspection, testing, and specifications for Dillon-Constructed Interconnection Facilities	\$ 330,000	\$ 0	\$ 330,000	\$ 115,000
Subtotal	\$ 592,000	\$ 32,000	\$ 624,000	\$ 206,000
<u>Dillon-Constructed Interconnection Facilities</u>				
• Deeded Facilities	\$ 1,017,000	n/a	n/a	\$ 356,000
Subtotal	\$ 1,017,000	n/a	n/a	\$ 356,000
Total	\$ 1,609,000	\$ 32,000	\$ 624,000	\$ 562,000

Estimated Tax Liability is equal to 35% of the Interconnection Facilities Cost

Actual Cost: [Actual costs to be inserted after true-up of recorded costs]

<u>Element</u>	<u>Interconnection Facilities Cost</u>	<u>One-Time Cost</u>	<u>One-Time Payment</u>	<u>Estimated Tax Liability</u>
<u>SCE-Constructed Interconnection Facilities</u>	\$	\$	\$	\$
Subtotal	\$	\$	\$	\$
<u>Dillon-Constructed Interconnection Facilities</u>				
Subtotal	\$	n/a	n/a	\$
Total	\$	\$	\$	\$

Exhibit B (cont.)

Interconnection Facilities Cost

Interconnection Facilities Charge:

		<u>Estimated</u>		<u>Actual</u>	
<u>Effective Date</u>	<u>Customer-Financed Monthly Rate</u>	<u>Estimated Interconnection Facilities Cost</u>	<u>Interconnection Facilities Charge Based on Estimated Cost</u>	<u>Actual Interconnection Facilities Cost</u>	<u>Interconnection Facilities Charge Based on Actual Cost</u>
<u>As of the Interconnection Facilities Completion Date</u>	0.33%	\$ 1,609,000	\$ 5,310	[to be inserted after true-up]	[to be inserted after true-up]

Interconnection Facilities Charge

= Customer-Financed Monthly Rate x Interconnection Facilities Cost

Exhibit BC

Future Substation Single Line Diagram

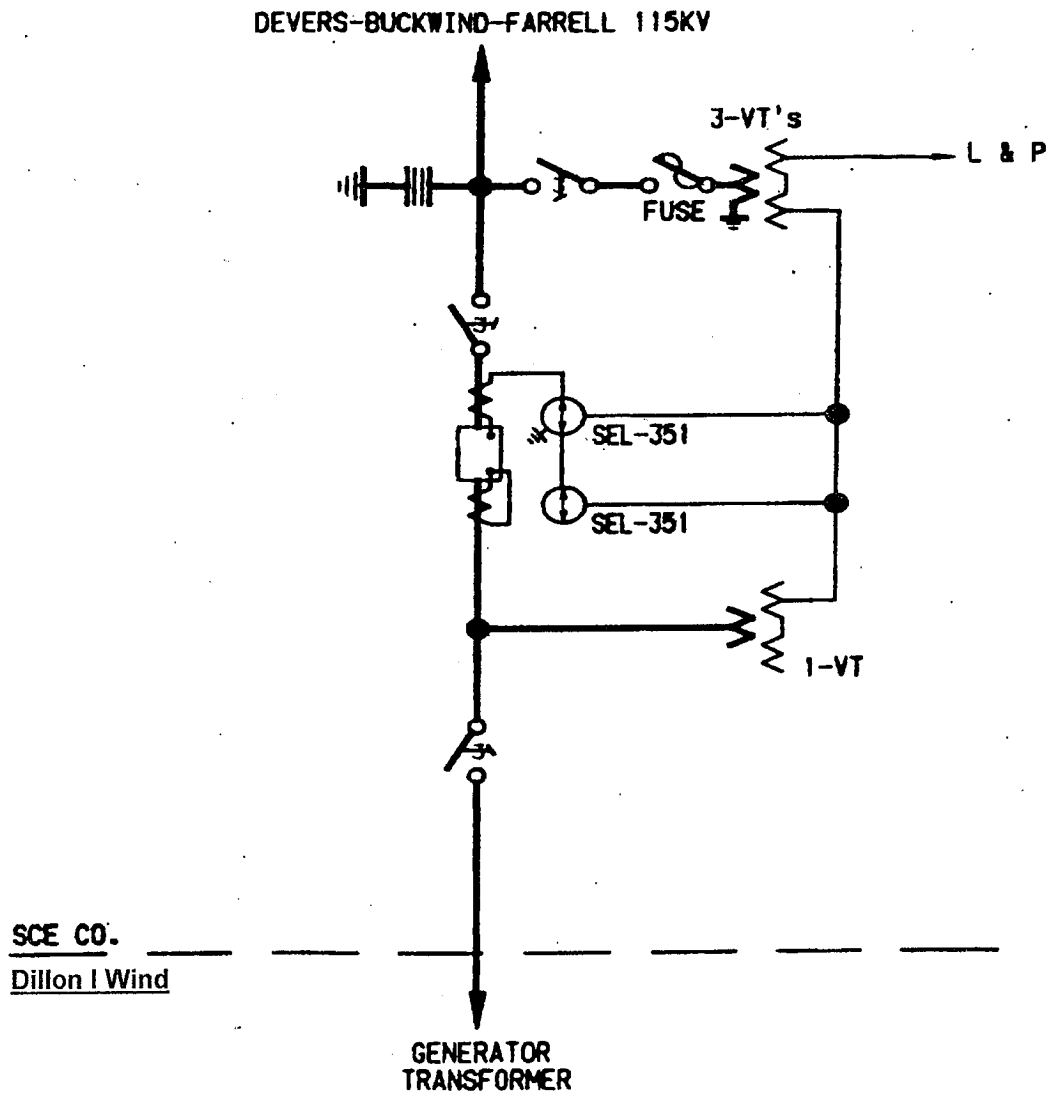


Exhibit D

RELIABILITY MANAGEMENT SYSTEM AGREEMENT

by and between

SOUTHERN CALIFORNIA EDISON COMPANY

and

DILLON WIND LLC

THIS RELIABILITY MANAGEMENT SYSTEM AGREEMENT (the "Agreement"), is entered into this _____ day of _____, 200____, by and between Southern California Edison Company (the "Transmission Operator") and Dillon Wind LLC (the "Generator").

WHEREAS, there is a need to maintain the reliability of the interconnected electric systems encompassed by the WECC in a restructured and competitive electric utility industry;

WHEREAS, with the transition of the electric industry to a more competitive structure, it is desirable to have a uniform set of electric system operating rules within the Western Interconnection, applicable in a fair, comparable and non-discriminatory manner, with which all market participants comply; and

WHEREAS, the members of the WECC, including the Transmission Operator, have determined that a contractual Reliability Management System provides a reasonable, currently available means of maintaining such reliability.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Transmission Operator and the Generator agree as follows:

1. PURPOSE OF AGREEMENT

The purpose of this Agreement is to maintain the reliable operation of the Western Interconnection through the Generator's commitment to comply with certain reliability standards.

2. DEFINITIONS

In addition to terms defined in the beginning of this Agreement and in the Recitals hereto, for purposes of this Agreement the following terms shall have the meanings set forth beside them below.

Control Area means an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the Western Interconnection.

FERC means the Federal Energy Regulatory Commission or a successor agency.

Member means any party to the WECC Agreement.

Party means either the Generator or the Transmission Operator and **Parties** means both of the Generator and the Transmission Operator.

Reliability Management System or **RMS** means the contractual reliability management program implemented through the WECC Reliability Criteria Agreement, the WECC RMS Agreement, this Agreement, and any similar contractual arrangement.

Western Interconnection means the area comprising those states and provinces, or portions thereof, in Western Canada, Northern Mexico and the Western United States in which Members of the WECC operate synchronously connected transmission systems.

Working Day means Monday through Friday except for recognized legal holidays in the state in which any notice is received pursuant to Section 8.

WECC means the Western Electricity Coordinating Council or a successor entity.

WECC Agreement means the Western Electricity Coordinating Council Agreement dated March 20, 1967, as such may be amended from time to time.

WECC Reliability Criteria Agreement means the Western Electricity Coordinating Council Reliability Criteria Agreement dated June 18, 1999 among the WECC and certain of its member transmission operators, as such may be amended from time to time.

time.

WECC RMS Agreement means an agreement between the WECC and the Transmission Operator requiring the Transmission Operator to comply with the reliability criteria contained in the WECC Reliability Criteria Agreement.

WECC Staff means those employees of the WECC, including personnel hired by the WECC on a contract basis, designated as responsible for the administration of the RMS.

3. TERM AND TERMINATION

3.1 Term. This Agreement shall become effective thirty (30) days after the date of issuance of a final FERC order accepting this Agreement for filing without requiring any changes to this Agreement unacceptable to either Party. Required changes to this Agreement shall be deemed unacceptable to a Party only if that Party provides notice to the other Party within fifteen (15) days of issuance of the applicable FERC order that such order is unacceptable.

3.2 Notice of Termination of WECC RMS Agreement. The Transmission Operator shall give the Generator notice of any notice of termination of the WECC RMS Agreement by the WECC or by the Transmission Operator within fifteen (15) days of receipt by the WECC or the Transmission Operator of such notice of termination.

3.3 Termination by the Generator. The Generator may terminate this Agreement as follows:

(a) following the termination of the WECC RMS Agreement for any reason by the WECC or by the Transmission Operator, provided such notice is provided within forty-five (45) days of the termination of the WECC RMS Agreement;

(b) following the effective date of an amendment to the requirements of the WECC Reliability Criteria Agreement that adversely affects the Generator, provided notice of such termination is given within forty-five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by the Generator for an additional forty-five (45) days if the Generator gives written notice to the Transmission Operator of such requested extension within the initial forty-five (45) day period; or

(c) for any reason on one year's written notice to the Transmission Operator and the WECC.

3.4 Termination by the Transmission Operator. The Transmission Operator may terminate this Agreement on thirty (30) days' written notice following the termination of the WECC RMS Agreement for any reason by the WECC or by the Transmission Operator, provided such notice is provided within thirty (30) days of the termination of the WECC RMS Agreement.

3.5 Mutual Agreement. This Agreement may be terminated at any time by the mutual agreement of the Transmission Operator and the Generator.

4. COMPLIANCE WITH AND AMENDMENT OF WECC RELIABILITY CRITERIA

4.1 Compliance with Reliability Criteria. The Generator agrees to comply with the requirements of the WECC Reliability Criteria Agreement, including the applicable WECC reliability criteria contained in Section IV of Annex A thereof, and, in the event of failure to comply, agrees to be subject to the sanctions applicable to such failure. Each and all of the provisions of the WECC Reliability Criteria Agreement are hereby incorporated by reference into this Agreement as though set forth fully herein, and the Generator shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Participant, under and in connection with the WECC Reliability Criteria Agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WECC Reliability Criteria Agreement.

4.2 Modifications to WECC Reliability Criteria Agreement. The Transmission Operator shall notify the Generator within fifteen (15) days of the receipt of notice from the WECC of the initiation of any WECC process to modify the WECC Reliability Criteria Agreement. The WECC RMS Agreement specifies that such process shall comply with the procedures, rules, and regulations then applicable to the WECC for modifications to reliability criteria.

4.3 Notice of Modifications to WECC Reliability Criteria Agreement. If, following the process specified in Section 4.2, any modification to the WECC Reliability Criteria Agreement is to take effect, the Transmission Operator shall provide notice to the Generator at least forty-five (45) days before such modification is scheduled to take effect.

4.4 Effective Date. Any modification to the WECC Reliability Criteria Agreement shall take effect on the date specified by FERC in an order accepting such modification for filing.

4.5 Transfer of Control or Sale of Generation Facilities. In any sale or transfer of

control of any generation facilities subject to this Agreement, the Generator shall as a condition of such sale or transfer require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of the Generator with respect to this Agreement or to enter into an agreement with the Control Area Operator in substantially the form of this Agreement.

5. SANCTIONS

5.1 Payment of Monetary Sanctions. The Generator shall be responsible for payment directly to the WECC of any monetary sanction assessed against the Generator pursuant to this Agreement and the WECC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WECC Reliability Criteria Agreement.

5.2 Publication. The Generator consents to the release by the WECC of information related to the Generator's compliance with this Agreement only in accordance with the WECC Reliability Criteria Agreement.

5.3 Reserved Rights. Nothing in the RMS or the WECC Reliability Criteria Agreement shall affect the right of the Transmission Operator, subject to any necessary regulatory approval, to take such other measures to maintain reliability, including disconnection, which the Transmission Operator may otherwise be entitled to take.

6. THIRD PARTIES

Except for the rights and obligations between the WECC and Generator specified in Sections 4 and 5, this Agreement creates contractual rights and obligations solely between the Parties. Nothing in this Agreement shall create, as between the Parties or with respect to the WECC: (1) any obligation or liability whatsoever (other than as expressly provided in this Agreement), or (2) any duty or standard of care whatsoever. In addition, nothing in this Agreement shall create any duty, liability, or standard of care whatsoever as to any other party. Except for the rights, as a third-party beneficiary with respect to Sections 4 and 5, of the WECC against Generator, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. Transmission Operator and Generator expressly intend that the WECC is a third-party beneficiary to this Agreement, and the WECC shall have the right to seek to enforce against Generator any provisions of Sections 4 and 5, provided that specific performance shall be the sole remedy available to the WECC pursuant to this Agreement, and Generator shall not be liable to the WECC pursuant to this Agreement for damages of any kind whatsoever (other than the payment of sanctions to the WECC, if so construed), whether direct, compensatory, special, indirect, consequential, or punitive.

7. REGULATORY APPROVALS

This Agreement shall be filed with FERC by the Transmission Operator under Section 205 of the Federal Power Act. In such filing, the Transmission Operator shall request that FERC accept this Agreement for filing without modification to become effective on the day after the date of a FERC order accepting this Agreement for filing.

8. NOTICES

Any notice, demand or request required or authorized by this Agreement to be given in writing to a Party shall be delivered by hand, courier or overnight delivery service, mailed by certified mail (return receipt requested) postage prepaid, faxed, or delivered by mutually agreed electronic means to such Party at the following address:

Transmission Operator:

Southern California Edison Company
Director of Grid Contracts
P.O. Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770
Telephone No. (626) 302-1771
Telefax No. (626) 302-1152

Generator:

Dillon Wind LLC
Contracts Manager
1125 NW Couch, Suite 700
Portland, OR 97209
Telephone No. (503) 796-7034
Telefax No. (503) 796-6937

The designation of such person and/or address may be changed at any time by either Party upon receipt by the other of written notice. Such a notice served by mail shall be effective upon receipt. Notice transmitted by facsimile shall be effective upon receipt if received prior to 5:00 p.m. on a Working Day, and if not received prior to 5:00 p.m. on a Working Day, receipt shall be effective on the next Working Day.

9. APPLICABILITY

This Agreement (including all appendices hereto and, by reference, the WECC Reliability Criteria Agreement) constitutes the entire understanding between the Parties hereto with respect to the subject matter hereof, supersedes any and all previous understandings

between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties and their successors.

10. AMENDMENT

No amendment of all or any part of this Agreement shall be valid unless it is reduced to writing and signed by both Parties hereto. The terms and conditions herein specified shall remain in effect throughout the term and shall not be subject to change through application to the FERC or other governmental body or authority, absent the agreement of the Parties.

11. INTERPRETATION

Interpretation and performance of this Agreement shall be in accordance with, and shall be controlled by, the laws of the State of California but without giving effect to the provisions thereof relating to conflicts of law. Article and section headings are for convenience only and shall not affect the interpretation of this Agreement. References to articles, sections and appendices are, unless the context otherwise requires, references to articles, sections and appendices of this Agreement.

12. PROHIBITION ON ASSIGNMENT

This Agreement may not be assigned by either Party without the consent of the other Party, which consent shall not be unreasonably withheld; provided that the Generator may without the consent of the WECC assign the obligations of the Generator pursuant to this Agreement to a transferee with respect to any obligations assumed by the transferee by virtue of Section 4.5 of this Agreement.

13. SEVERABILITY

If one or more provisions herein shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this Agreement.

14. COUNTERPARTS

This Agreement may be executed in counterparts and each shall have the same force and effect as an original.

IN WITNESS WHEREOF, the Transmission Operator and the Generator have each caused this Reliability Management System Agreement to be

executed by their respective duly authorized officers as of the date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Ronald L. Litzinger
Title: Senior Vice President

DILLON WIND LLC

By: _____
Name: _____
Title: _____