



SOUTHERN CALIFORNIA
EDISON[®]

An EDISON INTERNATIONAL[®] Company

James A. Cuillier
Manager of FERC
Rates & Regulation

January 9, 2004

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 Cactus Avenue Wholesale Distribution Load Interconnection Facilities Agreement ("Interconnection Agreement") and the Service Agreement for Wholesale Distribution Service ("Service Agreement") between SCE and the City of Moreno Valley, California ("Moreno Valley").

The documents submitted with this filing consist of this letter of transmittal and all attachments hereto; the Interconnection Agreement; the Service Agreement; a notice suitable for publication in the Federal Register; and an electronic copy of the notice on a 3-1/2 inch diskette.

Background

Pursuant to SCE's Wholesale Distribution Access Tariff ("WDAT"), FERC Electric Tariff, First Revised Volume No. 5, Moreno Valley applied to SCE for wholesale Distribution Service from the California Independent System Operator Controlled Grid ("ISO Grid") at SCE's Valley Substation to a proposed new SCE-Moreno Valley 12 kV interconnection at Moreno Valley-owned property located on Cactus Avenue near Moreno Beach Drive in the city of Moreno Valley, California. Moreno Valley intends to construct distribution facilities from the proposed new SCE-Moreno Valley 12 kV

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2244 Walnut Grove Ave.
Rosemead, CA 91770
626-302-5627

interconnection to serve the loads of its end-use customers in the new Moreno Valley Cactus Avenue development. The amount of Distribution Service requested by Moreno Valley is 600 kW for 2004, increasing each year to 2,400 kW for 2008. Such service requires that certain interconnection facilities be installed.

In the interest of timely completion of such interconnection facilities, Moreno Valley and SCE executed a letter agreement on November 20, 2003, under which SCE commenced the engineering, design, procurement, and construction of the facilities required to interconnect the Moreno Valley Cactus Avenue development to SCE's Distribution System and deliver energy to such development from the ISO Grid. SCE filed the letter agreement on November 26, 2003 in Docket No. ER04-233-000. The Commission accepted that filing in a letter order dated January 7, 2004.

Service Agreement

The Service Agreement sets forth SCE's agreement to provide Distribution Service from the ISO Grid at Valley Substation to the proposed new SCE-Moreno Valley 12 kV interconnection serving the Moreno Valley Cactus Avenue development. The Service Agreement provides that service shall commence on the later of (1) February 18, 2004, or (2) the date on which construction of any Direct Assignment Facilities and/or Distribution System Upgrades specified in Sections 7.0 and 8.0 of the Service Agreement's Specifications For Wholesale Distribution ("Specifications") are completed and all additional requirements are met pursuant to Section 13.5 of the WDAT, or (3) such other date as it is permitted to become effective by the Commission.

Pursuant to Section 9 of the Specifications, a loss factor of 2.59 percent will apply to Moreno Valley's Distribution Service. Support for the loss factor is provided in Attachment A to this filing letter.

Pursuant to Section 11 of the Specifications, Moreno Valley shall pay SCE for Distribution Service under the Service Agreement as follows: (1) a Customer Charge equal to \$7.22 per month; and (2) a Demand Charge which is the product of the Demand Rate of \$3.17 per kW-month and the monthly Billing Demand expressed in kW. The monthly Billing Demand is the higher of the metered demand or the contract demand of 2,400 kW. The methodology for determining these charges is set forth in Section 21 of the WDAT. Cost support for the Customer Charge and the Demand Rate is provided in Attachment A to this filing letter. A table showing the estimated revenues that SCE will collect under the Service Agreement during the first 12 billing months is provided as Attachment B to this filing letter.

Interconnection Agreement

The Interconnection Agreement specifies the terms and conditions pursuant to which SCE will design, construct, install, and own the Interconnection Facilities and Moreno Valley will pay for such facilities. The Interconnection Facilities, as described in Exhibit A of the Interconnection Agreement, are those facilities necessary to interconnect Moreno Valley's distribution system serving the Moreno Valley Cactus Avenue development to SCE's Distribution System.

Pursuant to the Interconnection Agreement, Moreno Valley shall be responsible for the Interconnection Facilities Payment. The Interconnection Facilities Payment compensates SCE for the capitalized costs incurred by SCE associated with the engineering, design, procurement, construction and installation of the Interconnection Facilities; non-capitalized costs incurred by SCE associated with the engineering, design, procurement, construction and installation of the Interconnection Facilities; and the Income Tax Component of Contribution associated with such facilities. In total, these costs are estimated to be \$52,051.30 as set forth in Exhibit B of the Interconnection Agreement. Moreno Valley has already paid \$52,051.30 pursuant to the terms of the letter agreement.

Following the in-service date of the Interconnection Facilities, Moreno Valley will pay to SCE a monthly Interconnection Facilities Charge to recover the on-going revenue requirement for the Interconnection Facilities. The Interconnection Facilities Charge is \$153.59 per month and is calculated as the product of the Customer-Financed Monthly Rate and the Interconnection Facilities Cost (the capitalized cost of the Interconnection Facilities) ($0.36\% \times \$42,665.00$). The Customer-Financed Monthly Rate is 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, which does not compensate SCE for replacement of added facilities. Currently, this rate is 0.36%. Use of the CPUC rate is consistent with the SCE rate methodology accepted for filing by the Commission in Docket No. ER04-96. SCE provided cost justification for this rate in Docket No. ER03-1093.

A table showing the estimated revenues SCE will collect under the Interconnection Agreement during the first 12 billing months is provided in Attachment A to this filing letter.

Waiver

SCE respectfully 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 January 10, 2004 to the Interconnection Agreement and the Service 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 this situation because such waiver will enable SCE to energize the Interconnection Facilities required to interconnect the Moreno Valley Cactus Avenue development to SCE's Distribution System and to provide the

Distribution Service by Moreno Valley's requested service commencement date. Without such waiver, the Moreno Valley's end-use customers will not be able to receive electric service on the requested date. The granting of this 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 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 to served upon:

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

Ms. Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
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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. A. Cuillier", written in a cursive style.

JAMES A. CUILIER

Enclosures

FEDERAL ENERGY REGULATORY COMMISSION

Mailing List

NAME	ADDRESS
Public Utilities Commission State of California Legal Division	State Building 505 Van Ness Avenue San Francisco, California 94102
City of Moreno Valley Attn: City Manager	City Manager's Office 14177 Frederick Street Moreno Valley, California 92552-0805

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Southern California Edison Company

Docket No. ER04-



NOTICE OF FILING

(January , 2004)

Take notice, that on _____, 2004, Southern California Edison Company (“SCE”) tendered for filing the Cactus Avenue Wholesale Distribution Load Interconnection Facilities Agreement (“Interconnection Agreement”) and the Service Agreement for Wholesale Distribution Service (“Service Agreement”) between SCE and the City of Moreno Valley, California (“Moreno Valley”). SCE requests the Interconnection Agreement and the Service Agreement become effective on January 10, 2004.

The Interconnection Agreement and the Service Agreement specify the terms and conditions under which SCE will provide wholesale Distribution Service from the California Independent System Operator Controlled Grid at SCE’s Valley Substation to a new SCE-Moreno Valley 12 kV interconnection at Moreno Valley-owned property located on Cactus Avenue near Moreno Beach Drive in the city of Moreno Valley, California.

SCE states that copies of this filing were served upon the Public Utilities Commission of the State of California, and Moreno Valley.

Any person desiring to intervene or to protest the filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR § 385.211 and 18 CFR § 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceedings. Any person wishing to become a party must file a

motion to intervene. All such motions and protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. Copies of this filing are on file with the Commission and are available for public inspection. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the eLibrary (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866) 208-3676, or for TTY, contact (202) 502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR § 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-filing" link. The Commission strongly encourages electronic filings.

Comment Date: _____, 2004

ATTACHMENT A

COST SUPPORT WORKPAPERS

Moreno Valley-Cactus Ave. WDAT

Line No.				
1				
2	<u>Annual Revenue Requirement Summary</u>			
3	Demand Charge Revenue Requirement	\$	91,340	
4	Customer Charge Revenue Requirement	\$	87	
5	Facilities Charge Rev. Req. ¹	\$	-	
6	Total WDAT Revenue Requirement	\$	91,427	
7				
8				
9	<u>Rate Design Summary</u>			
10	Demand Charge	\$	3.17	per kW / mo.
11	Customer Charge	\$	7.22	per mo.
12	Facilities Charge	\$	-	per mo.
13	Total WDAT Revenue Req.	\$	91,427	per year
14	Loss Factor		2.59%	

1. Does not include Interconnection Facilities Agreement

Moreno Valley-Cactus Ave. WDAT Income Statement

Line No.		
1	Revenue ¹	\$ 91,340
2		
3	Less Expenses	
4	O&M Expense	14,343
5	Admin & General	8,701
6	Total O&M	<u>23,044</u>
7	Other Taxes	3,709
8	Total Expenses	<u>26,752</u>
9	Income after Expenses, Before Taxes	64,588
10		
11	State Income Tax	
12	Income Before Taxes	64,588
13	less: State Tax Dep	18,378
14	Interest	13,843
15	Other Deductions	0
16	S.I.T. Taxable Income	<u>32,366</u>
17	State Income Tax at 7.73%	2,503
18		
19	Fed Income Tax	
20	Income Before Taxes	64,588
21	less: Interest Expense	13,843
22	Fed Tax Depr	24,805
23	Other Deductions	0
24	State Inc Tax	2,503
25	FIT Taxable Income	<u>23,437</u>
26	Federal Income Tax at 35.0%	8,203
27	ITC	0
28	Deferred Taxes	4,322
29	Total Federal Income Tax	<u>12,525</u>
30	Total State & Federal Tax	15,029
31		
32	Income After Tax	49,559
33		
34	less Depreciation Expense	13,799
35	Net Income	<u>35,760</u>
36		
37	Rate Base	384,955
38	Return on Rate Base	9.29%
39		
40	Net Income	35,760
41	less: Preferred Div	1,465
42	Interest Exp	13,843
43	= Earnings for Common	<u>20,452</u>
44	Common Equity	176,309
45	Return on Common	11.60%

1. Does not include Customer Charge revenue

Moreno Valley-Cactus Ave. WDAT

Revenue Requirement

Line No.		
1	Demand Charge (\$/kW/month)	\$ 3.17
2	Customer Charge (\$/month)	\$ 7.22
3	Facilities Charge (\$/month) ¹	\$ -
4	Demand Charge Revenue Requirement	\$ 91,340
5	Billing Demand (kW)	2,400
6		
7	Rate Base	
8	Plant in Service	591,954
9	Depr Reserve	119,176
10	Net Plant	<u>472,778</u>
11	Working Capital	4,373
12	Def Tax Res	<u>-92,197</u>
13	Total Rate Base	384,955
14		
15	Return	35,760
16	Common	20,452
17	Prefered	1,465
18	Debt	13,843
19		
20	State Tax Dep	18,378
21	State Def Taxes	0
22	Cal. State Inc Tax	2,503
23		
24	Fed Tax Depreciation	24,805
25	Fed Deferred Taxes	4,322
26	Fed Inc Tax	8,203
27		
28	O&M	14,343
29	A&G	8,701
30	Property Tax	2,858
31	Payroll Tax	851
32	Depreciation Expense	13,799
33	Return	35,760
34	Income Taxes	<u>15,029</u>
35	Total Rev Req ²	91,340

1. Does not include Interconnection Facilities Agreement

2. Does not include Customer Charge

Total Electric Data

Customer Name:

Moreno Valley-Cactus Ave. WDAT

Plant Inv Data	FERC Form 1 Dec. 31, 2002 (\$)
<u>Plant Investment</u>	<u>End of Year</u>
Intangible	578,930,515
Production	7,347,750,756
Transmission	3,438,124,857
Distribution	8,857,713,029
General	1,607,483,615
Unclassified	0
Total Elec PIS	<u><u>21,830,002,772</u></u>
<u>Deprec. Reserve</u>	
Intangible	267,031,228
Production	8,889,725,583
Transmission	1,294,582,991
Distribution	3,137,445,710
General	804,289,577
Other	0
Total Elec Depr Res	<u><u>14,393,075,089</u></u>
<u>Net Plant</u>	<u>End of Year</u>
Intangible	311,899,287
Production	(1,541,974,827)
Transmission	2,143,541,866
Distribution	5,720,267,319
General	803,194,038
Other	0
Total Net Plant	<u><u>7,436,927,683</u></u>

Distr M&S	31,622,731
Transm M&S	4,678,444
Prepayments	23,431,074
General & Intangible Plant Depr Expense	167,102,843

Expense Data	FERC Form 1 Dec. 31, 2002 (\$)
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O&M Expense

End of Year

Transmission	127,226,964
Less Trans. By Others a/c 565	(5,600,443)
Less RMR	(34,754,417)
Adjusted Transmission	86,872,104
Distribution	251,208,251

Admin & Gen:

Salaries	213,990,319
Office Exp	67,461,142
(Credit)	(28,933,727)
Outside Svc	36,653,625
Prop Ins	1,110,677
Inj & Dam	55,814,976
Pen & Ben	184,036,849
Franchise	96,776,790
Regulatory	8,592,085
Advertising (excludes a/c 930.1)	0
Misc (excludes a/c 930.2)	0
Rent	838,051
Maint Gen PI	9,213,645

Total A&G

645,554,432

Labor-Related Tax

FICA	61,581,439
FUTA	692,308
SUI	1,006,715
California Employee Training	0
Miscellaneous	0

Total Lab-Rel Tax

63,280,462

Tot Elec Labor

Production	180,801,068
Transmission	31,936,911
(Cust Labor Included)	5,225
Distribution	86,847,439
(Cust Labor Included)	409
Customer Accounts	90,277,056
Customer Service and Info.	28,840,573
Sales	52,230
Subtotal	<u>418,755,277</u>

A&G Labor	<u>104,046,269</u>
Total Electric Labor	<u><u>522,801,546</u></u>

Property Tax

D.C.	0
Nevada	1,135,354
New Mexico	5,033,152
Arizona	10,671,563
California	88,539,556
Total Prop Tax	<u><u>105,379,625</u></u>

Tax Data

Moreno Valley-Cactus Ave. WDAT

Def Tax Reserve	-6,462,810
Def Tax Expense	306,779
State Tax Depr	1,209,012
Fed Tax Depr	1,635,452
Accumulated Depreciation	-7,395,901
Depreciation Expense	815,469

Total General Plant Tax Data

Def Tax Reserve	-48,431,000
Def Tax Expense	-1,710,000
State Tax Depr	93,104,000
Fed Tax Depr	121,786,000

Moreno Valley-Cactus Ave. WDAT
Load Flow & Allocation Factors

Path	From Bus	kV	To Bus	kV	Customer Load on Path (MW)	Peak Load on Path (MW)	Customer Share (%)
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Lines

2a	Valley	115	Moreno Tap	115	1.8	55.5	3.24%
2b	Moreno Tap	115	Moreno	115	1.8	54.8	3.28%
3a	Valley	115	Mayberry Tap	115	0.6	77.2	0.78%
3b	Mayberry Tap	115	Moreno Tap	115	1.0	4.2	23.81%
3c	Moreno Tap	115	Moreno	115	1.0	3.0	33.33%
5	Moreno	12	Cactus	12	2.4	8.0	30.00%

WDAT Load (kW) 2,400

Substations

Valley	500	Valley	115	2.4	675.4	0.36%
Valley	115			2.4	675.4	0.36%
Moreno	115			2.4	59.2	4.05%
Moreno	12			2.4	57.8	4.15%

Moreno Valley-Cactus Ave. WDAT

Peak Demand	=	2,400 kW
Annual Energy	=	13,875,840 kWh
Load Factor	=	0.66
Loss Factor	=	0.50

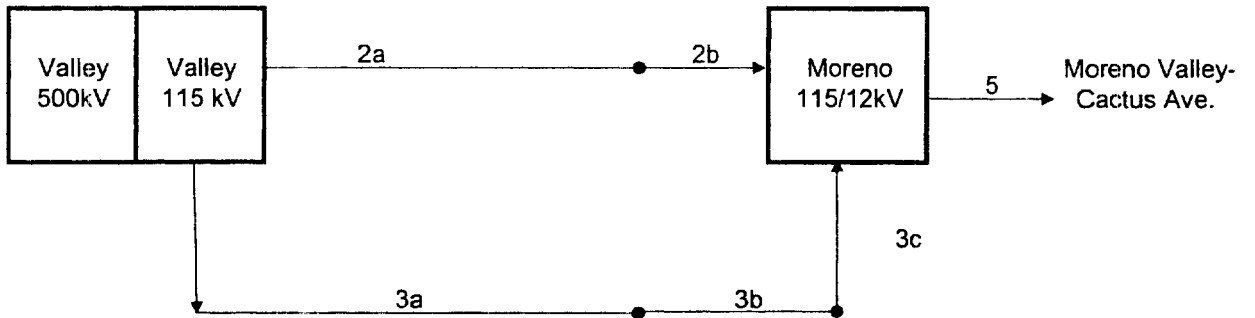
Loss Factor Summary	
Transformer Losses	0.63%
Line Losses	1.96%
Total Losses	2.59%

Path	From Bus	kV	To Bus	kV	No-Load Losses (kW)	Full-Load Losses (kW)	Path Capacity (MVA)	Cactus Load on Path (MW)	Peak Load on Path (MW)	Annual Path Losses (kWh)	Cactus Share of Losses (kWh)	Cactus Loss Factor (%)
1	Valley	500	Valley	115	407.5	2,134.7	1120	2.4	664.2	6,989,699	24,838	0.18%
4	Moreno	115	Moreno	12	31.9	167.6	45	2.4	48.6	1,497,613	62,185	0.45%
Total Transformer Losses											0.63%	

Path	From Bus	kV	To Bus	kV	Cactus Load on Path (MW)	Peak Load on Path (MW)	Cactus Share (%)	Line Distance (miles)	Line Resistance (%)	Annual Path Losses (kWh)	Cactus Share of Losses (kWh)	Cactus Loss Factor (%)
2a	Valley	115	Moreno Tap	115	1.8	55.5	3.24%	17.42	2.07	936,350	30,368	0.22%
2b	Moreno	115	Moreno Tap	115	1.8	54.8	3.28%	0.15	0.02	8,820	290	0.00%
3a	Valley	115	Mayberry Tap	115	0.6	77.2	0.78%	11.86	1.41	1,234,058	9,591	0.07%
3b	Mayberry Tap	115	Moreno Tap	115	1.0	4.2	23.81%	18.66	2.21	5,725	1,363	0.01%
3c	Moreno	115	Moreno Tap	115	1.0	3.0	33.33%	0.95	0.11	145	48	0.00%
5	Moreno	12	Cactus (Moreno Valley)	12	2.4	8.0	30.00%	5.13	81.59	766,829	230,049	1.66%
Total Line Losses											1.96%	

Diagram of Facilities

Service: Moreno Valley-Cactus Ave. WDAT



CUSTOMER PLANT IN SERVICE (PIS)

Moreno Valley-Cactus Ave. WDAT

LINES

Transmission
 Path 2a: Valley to Moreno-Vista
 tap

	3.24%	
	Gross PIS	WDAT PIS
350 Land	138,525	4,493
352 Bldg & Impr	28	1
353 Station Equip.	1,686	55
354 Trans Poles	38,838	1,260
355 SubTrans Poles	635,252	20,603
356 OH Cond & Dev	327,959	10,637
357 UG Conduit	0	-
358 UG Conductors	0	-
359 Roads	18,238	592
TOTAL	1,160,526	37,639

Path 2b: Moreno-Vista tap to
 Moreno

	3.28%	
	Gross PIS	WDAT PIS
350 Land	1,077	35
352 Bldg & Impr	0	-
353 Station Equip.	13	0
354 Trans Poles	302	10
355 SubTrans Poles	4,941	162
356 OH Cond & Dev	2,551	84
357 UG Conduit	0	-
358 UG Conductors	0	-
359 Roads	142	5
TOTAL	9,026	296

Path 3a: Valley to Moreno-
 Mayberry tap

	0.78%	
	Gross PIS	WDAT PIS
350 Land	103,022	801
352 Bldg & Impr	21	0
353 Station Equip.	1,254	10
354 Trans Poles	28,884	224
355 SubTrans Poles	472,439	3,672
356 OH Cond & Dev	243,904	1,896
357 UG Conduit	0	-
358 UG Conductors	0	-
359 Roads	13,564	105
TOTAL	863,088	6,708

Path 3b: Moreno-Mayberry tap to
 Moreno-Vista tap

	23.81%	
	Gross PIS	WDAT PIS
350 Land	163,384	38,901
352 Bldg & Impr	33	8
353 Station Equip.	1,989	474
354 Trans Poles	45,807	10,906
355 SubTrans Poles	749,249	178,393
356 OH Cond & Dev	386,812	92,098
357 UG Conduit	0	-
358 UG Conductors	0	-
359 Roads	21,511	5,122
TOTAL	1,368,785	325,901

Path 3c: Moreon-Vista tap to
 Moreno

	33.33%	
	Gross PIS	WDAT PIS
350 Land	7,846	2,615
352 Bldg & Impr	2	1
353 Station Equip.	96	32
354 Trans Poles	2,200	733
355 SubTrans Poles	35,982	11,994
356 OH Cond & Dev	18,576	6,192
357 UG Conduit	0	-
358 UG Conductors	0	-
359 Roads	1,033	344
TOTAL	65,735	21,912

Distribution-12 kV

Moreno Sub to Cactus Avenue

	30.00%	
	Gross PIS	WDAT PIS
364	61,090	18,327
365	56,016	16,805
366	6,263	1,879
367	15,451	4,635
TOTAL	138,820	41,646

SUBSTATIONS

Total Gross PIS - Subs

Valley-500 kV

	0.36%	
	Gross PIS	WDAT PIS
350/360	143,460	510
352/361	3,788,786	13,463
353/362	29,876,327	106,164
TOTAL	33,808,573	120,137

Valley-115 kV

	0.36%	
	Gross PIS	WDAT PIS
350/360	9,741	35
352/361	257,245	914
353/362	2,028,504	7,208
TOTAL	2,295,490	8,157

Moreno - 115kV

	4.05%	
	Gross PIS	WDAT PIS
350/360	2,504	102
352/361	0	-
353/362	0	-
TOTAL	2,504	102

Distribution - 12 kV
 Moreno

	4.15%	
	Gross PIS	WDAT PIS
350/360	954	40
352/361	0	-
353/362	0	-
TOTAL	954	40

Total Transmission Lines	WDAT PIS
350 Land	46,845
352 Bldg & Impr	10
353 Station Equip.	570
354 Trans Poles	13,134
355 SubTrans Poles	214,823
356 OH Cond & Dev	110,906
357 UG Conduit	0
358 UG Conductors	0
359 Roads	6,168
Total Transmission Lines	392,456

Total Distribution Lines	WDAT PIS
364	18,327
365	16,805
366	1,879
367	4,635
Total Distribution Lines	41,646

Total Transmission Substations	WDAT PIS
350/360	646
352/361	14,377
353/362	113,372
Total	128,395

Total Distribution Substations	WDAT PIS
350/360	40
352/361	0
353/362	0
Total	40

Tax & Depreciation Expense

SUM OF TOTALS	WDAT PIS	Gross PIS	WDAT as % of	
			Gross PIS	WDAT PIS
Allocated Tr Lines	392,456	3,467,160	0.99%	69.77%
Allocated Trs Subs	128,395	36,106,567	0.32%	22.82%
Allocated Distr lines	41,646	138,820	0.10%	7.40%
Allocated Distr Subs	40	954	0.00%	0.01%
Direct Ass'gn Lines	0		0.00%	0.00%
Direcst Ass'gn Subs	0		0.00%	0.00%
Total	562,537	39,713,501	1.42%	100.00%
% of Gross PIS	1.42%			

WDAT Tax & Depreciation Expense Information

	Depreciation Expense		Fully Norm DFIT		Depreciation Expense	Accum. Depreciation
	Federal	CA	Expense	Balance (Reserve)		
Moreno Valley-Cactus Ave. WDAT	1,635,452	1,209,012	306,779	-6,462,810	815,469	-7,395,901
Customer % Share	1.42%	1.42%	1.42%	1.42%	1.42%	1.42%
Customer Share	23,166	17,126	4,345	(91,545)	11,551	-104,762

O&M Allocation

Moreno Valley-Cactus Ave. WDAT

Sources: FERC Form 1 (totals from Input page)

O&M Allocation	Total Electric (\$)	Allocator	Customer
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T & D O&M

Net Trans O&M Expenses	86,872,104		
Transm Allocation Factor (Cust % of Gross Tran. Plant)		0.0151%	
Customer Transmission O&M			13,161
Net Distribution O&M Expenses	251,208,251		
Dist Allocation Factor (Cust % of Gross Dist. Plant)		0.0005%	
Customer Distribution O&M			1,182
Total Customer T&D O&M			14,343

Administrative and General

Total Electric A&G Expenses	645,554,432		
Less: Property Ins.	1,110,677		
Net A&G	644,443,755	0.0013%	8,671
Plus: Prop Ins to Customer	1,110,677	0.0027%	30
Total Customer A&G			8,701

Other Taxes

Payroll-Related	63,280,462	0.0013%	851
Property Tax	105,379,625	0.0027%	2,858
Total Customer Other Taxes	<u>168,660,087</u>		<u>3,709</u>

Rate Base Components

Customer Transmission Plant

Gross Plant in Service	520,851
Less: Acculated Depreciation	<u>96,999</u>
Net Plant in Service	423,853

Customer Distribution Plant

Gross Plant in Service	41,686
Less: Acculated Depreciation	<u>7,763</u>
Net Plant in Service	33,922

Customer General & Intangible Plant

	<u>End of Year</u>		
Tot Elec General & Intangible PI S	2,186,414,130		
Less: Depr Res	<u>1,071,320,805</u>		
Net Gen & Intangible PIS	1,115,093,325		
Labor Ratio		0.0013%	
General Plant allocated (Gross)	29,417		
General Plant Reserve allocated	<u>14,414</u>		
Net General Plant to Customer	15,003		
Gen Plant Depr Rate		7.6428%	
Customer Gen Plant Dep Exp			2,248

Tax Data

Moreno Valley-Cactus Ave. WDAT

Def Tax Reserve	-6,462,810
Def Tax Expense	306,779
State Tax Depr	1,209,012
Fed Tax Depr	1,635,452

General Plant

	Gen Plant	Allocator	Customer
Def Tax Reserve	-48,431,000	0.0013%	-652
Def Tax Expense	-1,710,000	0.0013%	-23
State Tax Depr	93,104,000	0.0013%	1,253
Fed Tax Depr	121,786,000	0.0013%	1,639

Working Capital

Total Allocation Customer

Working Capital

	Total Electric	Allocator	Customer
Material & Supply - Distribution	31,622,731	0.0005%	149
Material & Supply - Transmission	4,678,444	0.0151%	709
Prepayments	23,431,074	0.0027%	635
Cash (1/8 O&M + A&G)			2,880
Total Customer Working Cap			<u>4,373</u>

Customer Rate Base

Net Transmission Plant	423,853
Net Distribution Plant	33,922
Net General plant	15,003
Working Capital	4,373
Deferred Taxes	-92,197
	<hr/>
Total Rate Base	<u><u>384,955</u></u>

Plant Allocation Factors	Total Electric	Allocator
Total Elec Transm PIS	3,438,124,857	
Cust Transm PIS	520,851	
Cust % Plant of Tot Elec		0.0151%
Total Elec Distr PIS	8,857,713,029	
Cust Dist Plant	41,686	
Cust % Plant of Tot Elec		0.0005%
Total Electric Plant		
Tot Elec Gross PIS	21,830,002,772	
Less: Tot Elec Depr Reserve	<u>14,393,075,089</u>	
Tot Elec Net Plant In Service	7,436,927,683	
Cust % of Plant:		
Gross Plant Ratio		0.0026%
Gross Plant Ratio including allocated General & Intangible		0.0027%
Net Plant Ratio		0.0062%
Net Plant Ratio including allocated General & Intangible		0.0064%

Wages and Salaries

(For allocating purposes)

	Total Electric Labor	Allocator
Labor:		
Production	180,801,068	43.176%
Transmission	31,931,686	7.625%
Transmission - Customer	5,225	0.0012%
Distribution	86,847,030	20.739%
Distribution - Customer	409	0.0001%
Customer Accounts	90,277,056	21.558%
Customer Service and Info.	28,840,573	6.887%
Sales	52,230	0.0125%
Subtotal	<u>418,755,277</u>	<u>100.000%</u>
A&G Labor	104,046,269	
Tot Elec Labor	522,801,546	
Customer Labor	5,634	0.0013%

General & Intangible Plant Revenue Requirement

Rate Base

Plant in Service	2,186,414,130
Depr Reserve	1,071,320,805
Net Plant	<u>1,115,093,325</u>
Working Capital	0
Def Tax Res	<u>-48,431,000</u>
Tota Rate Base	1,066,662,325

Total Return	99,086,530
Common	56,669,636
Prefered	4,058,437
Debt	38,358,457

State Tax Dep	93,104,000
State Def Taxes	0
Cal. State Inc Tax	15,859,722

Fed Tax Depreciation	121,786,000
Fed Deferred Taxes	-1,710,000
Fed Inc Tax	56,180,339

General & Intangible Plant Carrying Charge

		%of Plant
O&M	0	0.00%
A&G	0	0.00%
Property Tax	0	0.00%
Payroll Tax	0	0.00%
Depreciation Expense	167,102,843	7.64%
Return	99,086,530	4.53%
Income Taxes	<u>70,330,061</u>	<u>3.22%</u>
Total General & Intangible Plant Rev Req	336,519,434	15.39%

Customer Accounts / Billing / Records Expenses

Moreno Valley-Cactus Ave. WDAT

Sources: FERC Form 1

CUSTOMER ACCOUNTS EXPENSE

(901) Supervision	13,144,647
(902) Meter Reading Expenses	36,490,443
(903) Customer Records and Collection Expenses	97,205,098
(904) Uncollectible Accounts (excluded)	0
(905) Miscellaneous Customer Accounts Expenses	18,487,318
TOTAL Customer Accounts Expenses	165,327,506

CUSTOMER SERVICE & INFORMATIONAL EXPENSES

Excludes Accounts 907-910	0
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SALES EXPENSE

Excludes Accounts 911-916	0
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Total customer Acct, Sales, Service	165,327,506
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Total No. of Customers	4,506,095
Cost per Customer \$	36.69

Allocation of A&G and Labor

Elec Labor

Customer Accounts	90,277,056
Customer Service and Info. (excluded)	0
Sales (excluded)	0
Total	90,277,056

Total Electric Labor	418,755,277
Allocator (CA, SS&I, and Sales Labor / Total Labor)	21.56%

Total A&G (excluding Property Insurance)	644,443,755
Allocated A&G	138,931,945
A&G per customer \$	30.83

Total Payroll Tax	63,280,462
Allocated Payroll Tax	13,642,273
Payroll Tax per customer \$	3.03

Allocation of General & Intangible Plant

Tot Elec General & Intangible PI S	2,186,414,130
General Plant Carrying Charge Rate	15.39%
General & Intangible Plant Rev Req	336,519,434
Labor Allocated GP Rev Req to Cust Chg	72,548,301
Gen Plant Rev Req per Cust (excluding Ins)	\$ 16.10

Insurance on General & Intangible Plant

Total Electric PIS	21,830,002,772
Total Electric Property Insurance	1,110,677
Property Insurance as % of PIS	0.0051%

Tot Elec General & Intangible PI S	2,186,414,130
General & Intangible Plant Property Insurance	111,241
Labor Allocated Gen. & Intangible Plant Property Ins. to Cust Chg.	23,982
General & Intangible Plant Insurance per Customer	\$ 0.005

Total General & Intangible Plant per customer \$ **16.11**

Total Customer Charge

Cost per Customer	\$ 36.69
Allocated A&G	\$ 30.83
Allocated Payroll Tax	\$ 3.03
Allocated General & Intangible Plant	\$ 16.11
Total Annual Customer Costs	\$ 86.65
Total Customer Costs per month	\$ 7.22

ATTACHMENT B

ESTIMATE OF REVENUES

City of Moreno Valley
Cactus Avenue Development

Interconnection Agreement and Service Agreement

Estimate of Revenues

Month	Customer Charge	Demand Charge	Interconnection Facilities Charge	Total
January 2004	\$0.00	\$0.00	\$0.00	\$0.00
February 2004 *	\$2.99	\$3,148.14	\$63.55	\$3,214.68
March 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
April 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
May 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
June 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
July 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
August 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
September 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
October 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
November 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
December 2004	\$7.22	\$7,608.00	\$153.59	\$7,768.81
Total	\$75.19	\$79,228.14	\$1,599.45	\$80,902.78

* Customer Charge = $\$7.22 \times 12/29 = \2.99

Demand Charge = $\$3.17/\text{kW} \times 2,400 \text{ kW} \times 12/29 = \$3,148.14$

Interconnection Facilities Charge = $\$153.59 \times 12/29 = \63.55

**CACTUS AVENUE WHOLESALE DISTRIBUTION LOAD
INTERCONNECTION FACILITIES AGREEMENT**

**CACTUS AVENUE WHOLESALE DISTRIBUTION LOAD
INTERCONNECTION FACILITIES AGREEMENT**

BETWEEN

CITY OF MORENO VALLEY

AND

SOUTHERN CALIFORNIA EDISON COMPANY

**CACTUS AVENUE WHOLESALE DISTRIBUTION LOAD
INTERCONNECTION FACILITIES AGREEMENT BETWEEN
CITY OF MORENO VALLEY
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

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**CACTUS AVENUE WHOLESALE DISTRIBUTION LOAD
INTERCONNECTION FACILITIES AGREEMENT BETWEEN
CITY OF MORENO VALLEY
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

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**CACTUS AVENUE WHOLESALE DISTRIBUTION LOAD
INTERCONNECTION FACILITIES AGREEMENT BETWEEN
CITY OF MORENO VALLEY
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the City of Moreno Valley, ("Moreno Valley"), a municipality in the state of California and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

- 2.1. This Agreement is made with reference to the following facts, among others:
- 2.2. 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.
- 2.3. Moreno Valley is a municipality in the state of California.
- 2.4. Moreno Valley intends to serve a proposed Wholesale Distribution Load at a development known as Moreno Valley Cactus Avenue, located along Cactus Avenue near Moreno Beach Drive, in the City of Moreno Valley.
- 2.5. Moreno Valley submitted a request to SCE, in accordance with SCE's WDAT, for interconnection and wholesale Distribution Service from the ISO Grid to a new SCE-Moreno Valley 12 kV interconnection at Moreno Valley owned property located on Cactus Avenue, 700 feet west of Moreno Beach Drive. Moreno Valley intends to construct distribution facilities from the proposed new SCE-Moreno Valley 12 kV interconnection to serve the loads of Moreno Valley's end-use customers in the Moreno Valley Cactus Avenue development. The amount of Distribution Service requested is 600 kW for 2004, 1,200 kW for 2005, 1,600 kW for 2006, 2,000 kW for 2007 and 2,400 kW for 2008.
- 2.6. The Parties desire to enter into this Agreement and the Service Agreement to specify the terms for SCE to provide interconnection; for SCE to engineer, design, construct, install, own, operate and maintain the Interconnection Facilities and for Moreno Valley to pay for such facilities.
- 2.7. Moreno Valley and SCE entered into a letter agreement dated November 20, 2003, which provided for SCE to commence the engineering, design, procurement and construction of the required interconnection facilities and any required system upgrades. The Parties intend that this Agreement supersede such Letter Agreement.

2.8. SCE and Moreno Valley intend to execute a WDAT Service Agreement in connection with this Agreement to implement wholesale Distribution Service under SCE's WDAT.

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 SCE's WDAT 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 Cactus Avenue Wholesale Distribution Load Interconnection Facilities Agreement between the City of Moreno Valley and Southern California Edison Company.
- 4.3. 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; or 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; the costs of which additions, enlargements, modifications, betterments or replacements in accordance with Accounting Practice would be capitalized and have not previously been included in the Interconnection Facilities Cost.
- 4.4. Capital Additions Cost: All costs, excluding ITCC and One-Time Cost, determined by SCE to be associated with the design, engineering, procurement, construction and installation of Capital Additions.
- 4.5. Capital Additions Payment: The sum of the Capital Additions Cost, associated ITCC, and associated One-Time Cost.
- 4.6. CPUC: The California Public Utilities Commission, or its regulatory successor.
- 4.7. Credit Provider: Provider of any Credit Support.
- 4.8. Credit Support: Parent guarantee, letter of credit, surety bond, or other security meeting the requirements of Section 7.2.
- 4.9. Customer-Financed Monthly Rate: The rate most recently adopted by the CPUC for application to SCE's retail electric customers for customer-financed added facilities, which does not compensate SCE for replacement of added facilities. Currently, this rate is 0.36%.
- 4.10. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.11. Interconnection Facilities: Facilities, as specified in Exhibit A, owned by SCE to

interconnect Moreno Valley's distribution system serving the Moreno Valley Cactus Avenue development to the Distribution System, as such facilities may be modified during the term of this Agreement.

- 4.12. Interconnection Facilities Charge: The monthly charge to Moreno Valley to recover the revenue requirements for the Interconnection Facilities, calculated as the product of the Customer-Financed Monthly Rate and the Interconnection Facilities Cost.
- 4.13. Interconnection Facilities Cost: All costs, excluding ITCC and One-Time Cost, determined by SCE to be associated with the design, engineering, procurement, construction and installation of the Interconnection Facilities. An estimate of the Interconnection Facilities Cost is provided in Exhibit B.
- 4.14. 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.
- 4.15. Interconnection Facilities Payment: The sum of the Interconnection Facilities Cost, associated ITCC and associated One-Time Cost. An estimate of the Interconnection Facilities Payment is provided in Exhibit B.
- 4.16. ITCC: The Income Tax Component of Contribution specified in the Preliminary Statement, Part M of SCE's tariff on file with the CPUC, applicable to the Interconnection Facilities Cost and the Capital Additions Cost. An estimate of the ITCC applicable to the Interconnection Facilities Cost is provided in Exhibit B.
- 4.17. Letter Agreement: The letter agreement referenced in Section 2.7.
- 4.18. Moreno Valley Cactus Avenue: All equipment and facilities comprising Moreno Valley's distribution system serving the end-use customers' loads at the Moreno Valley Cactus Avenue development, as described by Moreno Valley in its WDAT application and as installed by Moreno Valley located on Cactus Avenue, near Moreno Beach Drive in the City of Moreno Valley.
- 4.19. One-Time Cost: All costs determined by SCE to be associated with the installation of Interconnection Facilities or Capital Additions which are not capitalized. An estimate of the Interconnection Facilities One-Time Cost is provided in Exhibit B.
- 4.20. Removal Cost: The actual cost SCE incurs for the removal of the Interconnection Facilities which is calculated as the amount, if positive, of the costs of removal minus the salvage value of the Interconnection Facilities.
- 4.21. Service Agreement: The Service Agreement For Wholesale Distribution Service between the Parties executed concurrently herewith.
- 4.22. 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.
- 4.23. WDAT: SCE's Wholesale Distribution Access Tariff.

5. Effective Date And Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC.

- 5.2. This Agreement shall terminate on the earliest of (i) the termination date of the Service Agreement, (ii) the date specified by Moreno Valley upon one hundred eighty (180) calendar days advance written notice to SCE if the notice of termination is received by SCE on or after the Interconnection Facilities In-Service Date, (iii) the date specified by Moreno Valley upon thirty (30) calendar days written notice to SCE if the notice of termination is received by SCE before the Interconnection Facilities In-Service Date, or (iv) the date specified pursuant to Section 13.4.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If Moreno Valley has given notice of termination and a filing with FERC is required to terminate this Agreement, Moreno Valley shall support such filing before the FERC if requested by SCE.
- 5.5. Upon termination of this Agreement, Moreno Valley shall pay SCE any remaining balance owed for SCE's costs incurred or irrevocably committed to be incurred pursuant to this Agreement as of the effective date of termination within sixty (60) calendar days following receipt of a billing from SCE requiring such payment. Such billing shall reflect all payments received by SCE, which shall be credited against the amount of SCE's costs and expenses incurred or irrevocably committed to be incurred in accordance with this Agreement.
- 5.6. This Agreement shall supersede the Letter Agreement upon the date this Agreement becomes effective.

6. Agreement Pursuant To The WDAT:

This Agreement provides terms regarding Interconnection Facilities associated with wholesale Distribution Service pursuant to the WDAT 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 WDAT, 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 WDAT, the terms of the WDAT shall apply. Moreno Valley has read and is familiar with the terms of the WDAT.

7. Creditworthiness:

- 7.1. Upon the effective date pursuant to Section 5.1 and until all payment obligations of Moreno Valley to SCE under this Agreement and the Service Agreement, including any obligation to pay the Removal Cost in accordance with Section 12.1, have been finally and irrevocably paid after the termination date pursuant to Section 5, Moreno Valley shall either maintain an unsecured long-term debt rating of A2 or higher from Moody's Investor Service, Inc. ("Moody's") or A or higher from Standard and Poor's Corporation ("S&P") or provide and maintain additional

- security as described in Section 7.2 clauses (b) through (d).
- 7.2. Upon the effective date pursuant to Section 5.1, Moreno Valley shall provide to SCE, in a form that is acceptable to SCE in its sole discretion, (a) evidence that Moreno Valley has one of the ratings specified in Section 7.1; (b) an unconditional and irrevocable letter of credit in US dollars from a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank), which (i) has either (A) a long-term unsecured debt rating of A or higher by S&P or A2 or higher by Moody's or (B) a certificate of deposit rating of A-1+ by S&P and P-1 by Moody's, and (ii) whose deposits are insured by FDIC, together with evidence of such ratings; (c) an unconditional and irrevocable surety bond in US dollars issued by an insurance company that has and maintains an Insurance Financial Strength rating of A2 or higher from Moody's or A or higher from S&P, and is rated no less than A- (with a minimum size rating of VIII) by Best's Insurance Guide and Key Ratings, together with evidence of such ratings or (d) other security that is acceptable to SCE in its sole discretion.
- 7.3. Until all payment obligations of Moreno Valley to SCE under this Agreement and the Service Agreement, including any obligation to pay the Removal Cost in accordance with Sections 10.2, 12.1 and 13.2, have been finally and irrevocably paid after the termination date pursuant to Section 5, Moreno Valley shall provide to SCE, within ten (10) calendar days after June 30 and December 31 of each year, evidence of the then current applicable ratings of Moreno Valley or the Credit Provider of any Credit Support being maintained for the benefit of SCE hereunder; and if any such applicable rating is reduced at any time, Moreno Valley shall notify SCE in writing within five (5) calendar days after such reduction.
- 7.4. Any Credit Support provided hereunder shall be payable in at least the amount specified in Section 7.5, and shall be issued in favor of or for the benefit of SCE and its successors and assignees, and shall state that it may be drawn upon in whole or in part by SCE or its successors or assignees at any time (i) if a substitute Credit Support meeting the requirements of Section 7.2 is not provided within ten (10) calendar days after any reduction in the applicable rating of the Credit Provider meeting the requirements of Section 7.2 below the level specified herein; (ii) if a substitute Credit Support has not been provided at least thirty (30) calendar days before any expiration of the Credit Support; or (iii) upon any failure by Moreno Valley to make any payment required by this Agreement and the Service Agreement when due and following the expiration of any applicable cure period, pursuant to Section 13.4.
- 7.5. The amount available to be drawn under any Credit Support shall be equal to \$2,614.38. The disposition of any released Credit Support shall be directed by Moreno Valley.
- 7.6. In addition to the provisions described above, any Credit Support provided hereunder shall contain such terms, conditions, waivers, representations, covenants, and other provisions as may be customary for similar instruments delivered in the State of California.

8. Interconnection Facilities:

- 8.1 Moreno Valley shall provide high-voltage primary metering switchgear, rated for use on a 12 kV distribution system, which includes an underground pull section and metering equipment section that complies with Section ESR-7 of SCE's Electrical Service Requirement. Moreno Valley is also responsible for performing, at its costs, the installation of all underground substructures and conduit systems per SCE's design drawings related to the project, and any other facilities indicated on SCE's construction drawings and described in paragraph 2 of Exhibit A.
- 8.2 Moreno Valley shall make all necessary arrangements for easements required in order for SCE to comply with its obligations under this Agreement. SCE shall provide forms of easement agreements for execution by affected property owners. Notwithstanding any other provision of this Agreement, SCE shall have no obligation to install the Interconnection Facilities prior to the effective date of such easement agreements.
- 8.3 SCE shall design, engineer, procure, construct, install and own the Interconnection Facilities pursuant to Good Utility Practice and apply for any regulatory approvals necessary for the construction, operation and maintenance of the Interconnection Facilities.
- 8.4 SCE shall use commercially reasonable efforts to construct, successfully test and declare ready for service the Interconnection Facilities on or before February 18, 2004. Moreno Valley understands and acknowledges that such date is only an estimate and that equipment and material lead times, labor availability, outage coordination, regulatory approvals, or other unforeseen events could delay the actual in-service date beyond that specified. SCE's efforts to complete construction of the Interconnection Facilities is contingent upon Moreno Valley's completion of the work required to be performed by it in accordance with Section 8.1; thus, any delay by Moreno Valley in performing Work To Be Performed By Moreno Valley as described in paragraph 2 of Exhibit A may cause delay in completion of the Interconnection Facilities.
- 8.5 The maximum capacity of the Interconnection Facilities made available by SCE to Moreno Valley for the purpose of interconnecting and delivering energy and other services from the ISO under this Agreement shall be 2,400 KW. Moreno Valley acknowledges that if Moreno Valley wishes to increase the amount of Distribution Service provided pursuant to this Agreement and the Service Agreement, Moreno Valley shall be required to submit a new application for Distribution Service in accordance with the terms and conditions of the WDAT.
- 8.6 This Agreement governs the facilities required to interconnect Moreno Valley's distribution system serving the Moreno Valley Cactus Avenue development to SCE's electrical system pursuant to the WDAT and as described herein. Moreno Valley 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 from the ISO Grid.

9. Capital Additions:

- 9.1. SCE shall engineer, design, construct, install, own, operate and maintain all Capital Additions pursuant to Good Utility Practice.
- 9.2. Except as otherwise provided in Section 9.3, whenever Capital Additions are required by SCE pursuant to Good Utility Practice (which may include compliance with system or regulatory requirements), Moreno Valley shall pay all charges associated with such Capital Additions in accordance with Section 13.
- 9.3. In the event that Capital Additions are required in order to benefit SCE, or because of damage caused by negligence or willful misconduct of SCE, Moreno Valley shall not bear cost responsibility for such Capital Additions. No adjustment will be made to the Interconnection Facilities Cost, and no Capital Additions Cost, ITCC, or One-Time Cost will be charged to Moreno Valley for such Capital Additions.

10. Removal Of Interconnection Facilities:

- 10.1. Following termination of this Agreement, SCE will remove the Interconnection Facilities from service to Moreno Valley.
- 10.2. On or before the date one year following termination of this Agreement, SCE shall notify Moreno Valley whether SCE intends to physically remove the Interconnection Facilities or any part thereof. If SCE intends to physically remove the Interconnection Facilities or any part thereof, then SCE shall physically remove such facilities within two years from the date of notification of intent, and Moreno Valley shall pay the Removal Cost in accordance with Sections 12.1 and 13.2. If SCE does not intend to physically remove the Interconnection Facilities or any part thereof, then Moreno Valley shall have no obligation to pay such Removal Cost.

11. Other Taxes:

Moreno Valley shall be solely responsible for any taxes (including, but not limited to, property tax, sales and use tax, excise tax, and document transfer tax) that are asserted against any payments or asset transfers made by Moreno Valley to SCE under this Agreement for Interconnection Facilities and Capital Additions. SCE and Moreno Valley shall cooperate in good faith to appeal, protest, seek abatement of, or otherwise contest other taxes associated against payments or asset transfers made by Moreno Valley to SCE under this Agreement for Interconnection Facilities and Capital Additions.

12. Charges:

- 12.1. Moreno Valley shall pay to SCE the following charges in accordance with this Agreement: (a) Interconnection Facilities Payment; (b) Interconnection Facilities Charge; (c) Capital Additions Payment; (d) any reimbursable FERC fees pursuant to Section 18.3; (e) Removal Cost pursuant to Section 13.2; (f) other taxes pursuant

- to Section 11; and (g) termination charges pursuant to Section 5.5.
- 12.2. The Interconnection Facilities Cost, Capital Additions Cost, One-Time Cost, ITCC and Removal Cost shall be compiled in accordance with Accounting Practice.
- 12.3. If, during the term of this Agreement, SCE executes an agreement to provide service to another entity (other than retail load) which contributes to the need for the Interconnection Facilities, the charges due hereunder may 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.

13. Billing And Payment:

13.1. Billing Procedure.

- 13.1.1. Except as otherwise specifically provided herein, commencing on or following the effective date of this Agreement, SCE will render bills to Moreno Valley for charges under this Agreement, and Moreno Valley shall pay such bills, in accordance with the Billing and Payment provisions of the WDAT.
- 13.1.2. Moreno Valley shall make payments to SCE for the Interconnection Facilities Payment, according to the payment schedule shown in Exhibit C. The amount of such Interconnection Facilities Payment is based on SCE's cost estimates and shall be subject to later adjustment pursuant to Sections 13.1.8.1 and 13.1.8.2.
- 13.1.3. Commencing on or following the Interconnection Facilities In-Service Date, each month SCE will render bills to Moreno Valley for the Interconnection Facilities Charge. The Interconnection Facilities Charge payments shall initially be based on SCE's best estimate of the Interconnection Facilities Cost upon the Interconnection Facilities In-Service Date (such cost estimate may differ from the Interconnection Facilities Cost estimate set forth in Exhibit B), and such payments shall be subject to later adjustment pursuant to Sections 13.1.8.3 and 13.1.8.4. The Interconnection Facilities Charge for the first and last month of service hereunder shall be pro-rated based on the number of days in which service was provided during said months.
- 13.1.4. SCE will bill Moreno Valley for the Capital Additions Payment prior to commencing any work on any Capital Additions in accordance with Section 9.2; provided that, at SCE's sole discretion, SCE may bill Moreno Valley for the Capital Additions Payment after commencing such work if SCE determines that Capital Additions are required in accordance with safety or regulatory requirements or to preserve system integrity or reliability. Such billing shall initially be based on SCE's cost estimates and shall be subject to later adjustment pursuant to Sections 13.1.8.1 and 13.1.8.2.
- 13.1.5. Except as otherwise provided in Section 9.3, if certain Interconnection Facilities are removed to accommodate such Capital Additions and such

- removal results in a change in the Interconnection Facilities Cost, the Interconnection Facilities Charge shall be adjusted as of the in-service date of such Capital Additions to reflect the change in the Interconnection Facilities Cost.
- 13.1.6. Except as otherwise provided in Section 9.3, if such Capital Additions result in an increase in the Interconnection Facilities Cost, then the Interconnection Facilities Charge shall be adjusted as of the in-service date of such Capital Additions to reflect the change in such costs.
- 13.1.7. Commencing on the effective date of this Agreement, SCE will render bills to Moreno Valley for any reimbursable FERC fees in accordance with Section 18.3. Such billing shall be for any reimbursable FERC fees or costs incurred since the preceding billing.
- 13.1.8. Within twelve (12) months following the Interconnection Facilities In-Service Date or the in-service date of any Capital Additions, as the case may be, SCE shall determine the actual recorded Interconnection Facilities Cost or the Capital Additions Cost, including the associated One-Time Cost and ITCC, and provide Moreno Valley with a final invoice.
- 13.1.8.1. If the amounts paid for the estimated Interconnection Facilities Payment or the Capital Additions Payment are less than the amounts due for the Interconnection Facilities Payment or the Capital Additions Payment as determined from the actual recorded Interconnection Facilities Cost or the Capital Additions Cost, including the associated One-Time Cost and ITCC, SCE will bill Moreno Valley for the difference between the amounts previously paid by Moreno Valley and the actual recorded costs, without interest, within twenty (20) calendar days of the date of such invoice.
- 13.1.8.2. If the amounts paid for the estimated Interconnection Facilities Payment or the Capital Additions Payment are greater than the amounts due for the Interconnection Facilities Payment or the Capital Additions Payment as determined from the actual recorded Interconnection Facilities Cost or the Capital Additions Cost, including the associated One-Time Cost and ITCC, SCE will refund Moreno Valley the difference between the amounts previously paid by Moreno Valley and the actual recorded costs, without interest, within twenty (20) calendar days of the date of such invoice.
- 13.1.8.3. If the amounts paid for the Interconnection Facilities Charge are less than the amounts due for the Interconnection Facilities Charge as determined from the actual recorded Interconnection Facilities Cost, SCE will bill Moreno Valley for the difference between the amounts previously paid by Moreno Valley and the amounts which would have been paid based on actual recorded costs, without interest, on the next

regular billing.

13.1.8.4. If the amounts paid for the Interconnection Facilities Charge are greater than the amounts due for the Interconnection Facilities Charge as determined from the actual recorded Interconnection Facilities Cost, SCE will credit Moreno Valley the difference between the amounts previously paid by Moreno Valley and the amounts which would have been paid based on actual recorded costs, without interest, on the next regular billing.

13.1.9. Charges for payments upon termination shall be billed and paid as provided in Section 5.5.

13.2. Removal Cost.

13.2.1. If, in accordance with Section 10.2, SCE decides to physically remove the Interconnection Facilities, SCE shall render a bill to Moreno Valley for the Removal Cost. Moreno Valley shall pay the Removal Cost in accordance with Section 12.1. Such billing shall be initially based on SCE's estimate of the Removal Cost. Within 12 months following the removal of the Interconnection Facilities, SCE shall determine the recorded Removal Cost and provide Moreno Valley with a final invoice.

13.2.2. 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 Moreno Valley for the difference between the amount previously paid by Moreno Valley and the amount which would have been paid based on actual recorded costs, without interest, within twenty (20) calendar days of the date of the final invoice.

13.2.3. 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 Moreno Valley the difference between the amount previously paid by Moreno Valley and the amount which would have been paid based on actual recorded costs, without interest, within twenty (20) calendar days of the date of the final invoice.

13.3. Interest On Unpaid Balances.

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified in the Interest on Unpaid Balances provision of the WDAT.

13.4. Default And Billing Dispute.

Any default or billing dispute shall be handled in accordance with the methodology specified in the Customer Default provision of the WDAT, including, without limitation, the provision for termination upon default, subject to FERC approval.

14. Addresses For Billing And Payment:

14.1. All payments to be made by Moreno Valley 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 Moreno Valley pursuant to Section 6 of the Service Agreement for Wholesale Distribution Service, change the address to which payments will be sent.

14.2. All billings to be presented by SCE to Moreno Valley shall be sent to:

City of Moreno Valley
City Manager's Office
Attn: City Manager
14177 Frederick Street
Moreno Valley, CA 92552-0805

Moreno Valley may, at any time, by written notice to SCE pursuant to Section 6 of the Service Agreement for Wholesale Distribution Service, change the address to which billings will be sent.

15. Disputes:

With the exception of any billing dispute as provided pursuant to Section 13.4 herein, or as otherwise limited by law, the Dispute Resolution Procedures set forth in the WDAT shall apply to all disputes between Moreno Valley and SCE which arise under this Agreement; provided, however, that the Dispute Resolution Procedures set forth in the WDAT shall not apply as to disputes regarding whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act.

16. Audits:

- 16.1. 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 burden, material and supplies, outside services, and administrative and general expenses.
- 16.2. Moreno Valley shall have the right, upon reasonable notice, at a reasonable time at SCE's offices and at its own expense, to audit SCE's records and accounts as necessary and as appropriate in order to verify costs incurred by SCE. Any audit

requested by Moreno Valley shall be limited to the costs reflected in the final invoice as set forth in Sections 13.1.8 or 13.2.1, and shall be completed, and written notice of any audit dispute provided to SCE pursuant to Section 6 of the Service Agreement, within one hundred eighty (180) calendar days following receipt by Moreno Valley of such final invoice.

17. Operating Representatives:

The responsibilities assigned to the Operating Representatives appointed pursuant to Section 3 of Attachment B to the Tariff shall extend to the activities required under this Agreement.

18. Regulatory Authority:

- 18.1. No later than thirty (30) calendar 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 Moreno Valley shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 18.2. Nothing contained herein shall 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 Moreno Valley to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of Moreno Valley 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 Moreno Valley under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 18.3. Moreno Valley shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement and the Service Agreement, or any amendments thereto.

19. 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 shall cease upon the termination of its obligations hereunder.

20. 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.

21. 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 shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

22. 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, shall 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, shall not be deemed a waiver of such right.

23. 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.

24. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, shall be made in accordance with Section 6 of the Service Agreement.

25. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall 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.

26. Entire Agreement:

This Agreement and the Service Agreement constitute the complete and final expression of the agreement between the Parties and are intended as a complete and exclusive statement of the terms of their agreement which supersedes 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 and the Service Agreement.

27. 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.

28. 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 2nd day of January, 2004.

SOUTHERN CALIFORNIA EDISON COMPANY

By: [Signature]
Name: Richard M. Roseblum
Title: Senior Vice President

APPROVED
STEPHEN E. PICKETT
Sr. Vice President and
General Counsel
By: [Signature]
12/18 Attorney, 2003

CITY OF MORENO VALLEY

By: [Signature]
Name:
Title:

CITY ATTORNEY
Approved as to Form
[Signature] 12/29/03
[Initials]

Exhibit A

Interconnection Facilities Description

Interconnection Facilities that are required to be installed by SCE are as follows:

- Approximately 250 feet of 3/C, 350 kCMIL, 15 kV rated CLP AL conductor, as well as associated conductors, cables, terminations and other miscellaneous material necessary to complete the interconnection.
- One (1) PME padmounted switch.
- One (1) capacitor pad.
- Meters and metering equipment as appropriate.

Work To Be Performed By Moreno Valley

Moreno Valley shall provide high-voltage primary metering switchgear, rated for use on a 12 kV distribution system, which includes an underground pull section and metering equipment section that complies with Section ESR-7 of SCE's Electrical Service Requirement. Moreno Valley is also responsible for performing, at its costs, the installation of all underground substructures and conduit systems per SCE's design drawings related to the project.

Exhibit B

Interconnection Facilities Cost Estimate

Element	Interconnection Facilities Cost	ITCC	One-Time Cost	Total Cost
Interconnection Facilities	\$42,665.00	\$9,386.30	\$0	\$52,051.30

Interconnection Facilities Payment = (Interconnection Facilities Costs + ITCC + One-Time Cost) = \$52,051.30

Interconnection Facilities Charge = \$153.59

((Customer-Financed Monthly Rate) x (Interconnection Facilities Cost)) = [.0036 x \$42,665.00]

Exhibit C

**Interconnection Facilities
Payment Schedule**

Due Date	Payment
	\$52,051.30 (1)
Ten Business days after the date executed Agreement is filed with FERC.	\$ 0.00
Total Due	\$ 0.00

- (1) Payment made by Moreno Valley under the terms of the Letter Agreement.

SERVICE AGREEMENT

SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE

1. This Service Agreement, dated as of the date executed by the Distribution Customer, is entered into, by and between Southern California Edison Company ("Distribution Provider"), and City of Moreno Valley ("Distribution Customer").

2. The Distribution Customer has been determined by the Distribution Provider to have a Completed Application for Distribution Service under the Tariff.

3. The Distribution Customer has provided to the Distribution Provider an Application deposit in the amount of \$4,800, in accordance with the provisions of Section 15.2 of the Tariff.

4. Service under this Service Agreement shall commence on the later of (1) February 18, 2004, or (2) the date on which construction of any Direct Assignment Facilities and/or Distribution System Upgrades specified in Sections 7.0 and 8.0 of the attached Specifications For Wholesale Distribution Service are completed and all additional requirements are met pursuant to Section 13.5 of the Tariff, or (3) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on the earliest of the following to occur: (1) 30 years from the commencement date of Distribution Service under this Service Agreement, or (2) the termination date of the Cactus Avenue Wholesale Distribution Load Interconnection Facilities Agreement between Distribution Provider and Distribution Customer executed concurrently herewith, or (3) the date on which Distribution Provider terminates service at Distribution Provider's option, upon failure by Distribution Customer to provide advance notice to Distribution Provider of changes in Wholesale Distribution Load in

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

JAN - 9 2004

Effective: **JAN 10 2004**

1 accordance with Section 2.3 of Attachment B to the Tariff and subject to FERC acceptance.
2 After the Interconnection Facilities In-Service Date, Distribution Customer shall provide
3 Distribution Provider advance notice prior to making any changes (other than maintenance) to
4 the power transformation facilities and equipment which comprise the Distribution Customer's
5 distribution system. Distribution Customer shall notify Distribution Provider within a reasonable
6 time prior to the date when any such changes are planned to be placed in service so that the
7 Distribution Provider can evaluate any potential system impacts which may occur as a result of
8 such changes and whether such changes will require a new Application pursuant to the Tariff. If
9 Distribution Customer fails to provide Distribution Provider advance notice of changes to the
10 Distribution Customer's power transformation equipment and related facilities and any such
11 change does or may cause adverse system impacts or is or may be materially inconsistent with
12 the service provided pursuant to this Service Agreement, Distribution Provider shall have the
13 right to terminate this Service Agreement subject to Commission acceptance or approval.

14
15 5. The Distribution Provider agrees to provide and the Distribution Customer agrees to take
16 and pay for Distribution Service in accordance with the provisions of the Tariff and this Service
17 Agreement.

18 6. Any notice or request made to or by either Party regarding this Service Agreement shall
19 be made to the representative of the other Party as indicated below.

20 Distribution Provider:
21 Southern California Edison Company
22 Director of Grid Contracts
23 P. O. Box 800
24 2244 Walnut Grove Avenue

1 Rosemead, California 91770
2 Telefax No. (626) 302-9292
3 Telephone No. (626) 302-1771
4

5 Distribution Customer:
6 City of Moreno Valley
7 City Manager's Office
8 Attn: City Manager
9 14177 Frederick Street
10 Moreno Valley, CA 92552-0805
11 Telefax No. (909) 413-3000
12 Telephone No. (909) 413-3750
13

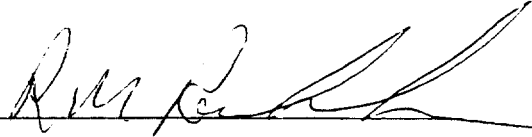
14 7. The Tariff and attached Specifications For Wholesale Distribution Service are
15 incorporated herein and made a part hereof.


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Manager, FERC Rates & Regulation
Issued on: **JAN - 9 2004**

Effective: **JAN 1 0 2004**

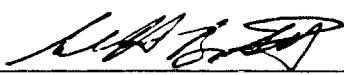
1 IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by
2 their respective authorized officials.

3
4 Distribution Provider:

5
6
7 By:  Senior Vice President January 2, 2004
8 Name Title Date

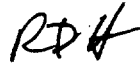
9
10 APPROVED
STEPHEN E. PICKETT
Sr. Vice President and
General Counsel
11 By: 
12 12/18, 2003 Attorney

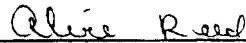
11 Distribution Customer:

13
14 By:  12/30/03
15 William H. Batey Mayor
Name Title Date

ATTEST:

BY MY ATTORNEY/
Approved as to Form

 12/29/03


City Clerk of the City of
Moreno Valley

1 SPECIFICATIONS FOR WHOLESALE DISTRIBUTION SERVICE

2
3 1. Term of Transaction: See Section 4 of the Service Agreement

4 Service Commencement Date: See Section 4 of the Service Agreement

5 Termination Date: See Section 4 of the Service Agreement

6 2. For a Resource connected to the Distribution Provider's Distribution System, a
7 description of capacity and energy to be transmitted by Distribution Provider and a five year
8 forecast of monthly Generation: Not Applicable.

9 3. Point of Receipt: The ISO Grid at Distribution Provider's Valley Substation, 500 kV bus.

10 Point of Delivery: The Distribution Provider's interconnection with the Distribution
11 Customer as described in the Cactus Avenue Wholesale Distribution Load Interconnection
12 Facilities Agreement between Distribution Provider and the Distribution Customer executed
13 concurrently herewith.

14 Receiving Party: Distribution Customer.

15 4. Description of Wholesale Distribution Load at the Point of Delivery (including a five
16 year forecast of monthly load requirements): Electric energy delivered by the Distribution
17 Provider at 12 kV for use to serve Distribution Customer's Wholesale Distribution Load at the
18 Moreno Valley Cactus Avenue development as defined in the Cactus Avenue Wholesale
19 Distribution Load Interconnection Facilities Agreement between Distribution Provider and the
20 Distribution Customer executed concurrently herewith.

21 5. Interruptible Load amount (summer and winter), location and conditions/limitations (five
22 year forecast): None.

6. For Resources, the maximum amount of capacity and energy to be transmitted. For Wholesale Distribution Load, the estimated peak load for informational purposes only: 600 kW for 2004, 1,200 kW for 2005, 1,600 kW for 2006, 2,000 kW for 2007, and 2,400 kW for 2008. The contract demand is 2,400 kW and is subject to increase based on increases to Distribution Customer's Wholesale Distribution Load.

7. Direct Assignment Facilities: The Interconnection Facilities described in the Cactus Avenue Wholesale Distribution Load Interconnection Facilities Agreement between Distribution Provider and Distribution Customer executed concurrently herewith.

8. Distribution System Upgrades required prior to the commencement of service: None

9. Real Power Loss Factors: 2.59 %

10. Power Factor: The Distribution Customer is required to maintain its power factor within a range of 0.95 lagging to 0.95 leading (or, if so specified in the Service Agreement, a greater range), pursuant to Good Utility Practice. This provision recognizes that a Distribution Customer may provide reactive power support in accordance with Section 12.10 (Self Provision of Ancillary Services), of this Tariff.

11. Distribution Service under this Agreement will be subject to the charges detailed below.

11.1 Customer Charge: \$7.22/month.

11.2 Demand Charge: The Demand Charge is the product of the Demand Rate expressed as \$/kW-mo and the monthly Billing Demand expressed in kW.

11.2.1 The Demand Rate is \$3.17/kW per month

11.2.2 Billing Demand is the higher of the metered demand or the contract demand. The metered demand is the hourly demand averaged over 15 or 5-minute intervals, summed for a month and expressed in kilowatts. The

1 metered demand is rounded to the nearest kW. The Distribution Provider
2 will meter the Distribution Customer's demand using a 15-minute interval
3 under normal conditions. If such demand is intermittent or subject to
4 violent fluctuations, a 5-minute interval may be used. The contract
5 demand is as set forth in Section 6 above.

6 11.3 Facilities Charge: The charges as provided in the Cactus Avenue Wholesale
7 Distribution Load Interconnection Facilities Agreement between Distribution
8 Provider and Distribution Customer executed concurrently herewith.

9 11.4 System Impact and/or Facilities Study Charge(s): None

10 12. Letter of credit or alternative form of security to be provided and maintained by
11 Distribution Customer pursuant to Sections 8 and 16.4 of the Tariff: Provided for in the Cactus
12 Avenue Wholesale Distribution Load Interconnection Facilities Agreement between Distribution
13 Provider and Distribution Customer executed concurrently herewith.

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

JAN - 9 2004

Effective: **JAN 1 0 2004**