

**FIRST AMENDED AND RESTATED MASTER POWER PURCHASE AND SALE AGREEMENT
COVER SHEET**

This *First Amended and Restated Master Power Purchase and Sale Agreement* (Version 2.1; modified 4/25/00) ("*Master Agreement*") is made as of the following date: May 29, 2009 ("Effective Date") and amends, restates, and replaces in its entirety that certain Master Power Purchase and Sale Agreement between the Parties dated as of December 31, 2002. The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support, margin agreement, or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement". The Parties to this *Master Agreement* are the following:

Name: PacifiCorp ("Party A")

Name: Southern California Edison Company ("Party B")

All Notices:

All Notices:

Street: 825 NE Multnomah Street

Street: 2244 Walnut Grove Ave., G.O.1, Quad 1C

City: Portland, OR Zip: 97232

City: Rosemead, CA Zip: 91770

Attn: Contract Administration, Suite 600

Attn: Contract Administration

Phone: (503) 813-5952

Phone: (626) 302-3126

Facsimile: (503) 813-6291

Facsimile: (626) 302-8168

Duns: 00-790-9013

Duns: 006908818

Federal Tax ID Number: 93-0246090

Federal Tax ID Number: 95-1240335

Invoices:

Invoices:

Attn: Energy Operations Back Office, Suite 700

Attn: Power Procurement - Finance

Phone: (503) 813-5705

Phone: (626) 302-3277

Facsimile: (503) 813-5580

Facsimile: (626) 302-3276

Email: PPFDPowerSettle@sce.com

Scheduling:

Scheduling:

Attn: Resource Planning, Suite 600

Attn: Manager of Energy Operations

Phone: (503) 813-6090

Phone: (626) 302-5730

Facsimile: (503) 813-6265

Facsimile: (626) 307-4413

Payments:

Payments:

Attn: Energy Operations Back Office, Suite 700

Attn: Accounts Receivable - Power Procurement

Phone: (503) 813-5705

Southern California Edison Company

Facsimile: (503) 813-5580

PO Box 800

Rosemead, CA 91770

Phone: (626) 302-9371

Facsimile: (626) 302-9392

Wire Transfer:

Wire Transfer:

BNK: JPM/Chase

BNK: JPMorganChase Bank

ABA: [REDACTED]

ABA: [REDACTED]

ACCT: [REDACTED]

ACCT: [REDACTED]

NAME: PacifiCorp Wholesale

Credit and Collections:

Credit and Collections:

Attn: Credit Manager, Suite 700

Attn: Manager of Credit

Phone: (503) 813-5684

Phone: (626) 302-1129

Facsimile: (503) 813-5609

Facsimile: (626) 302-2517

Confirmations:

Attn: Aivars Saukants, Suite 600
Phone: (503) 813-5074
Facsimile: (866) 861-6371

With additional Notices of an Event of Default or
Potential Event of Default to:

Attn: Jeffrey B. Erb, Esq. and Jeremy D. Weinstein,
Esq.
Phone: (503) 813-5029 and (925) 943-3103
Facsimile: (503) 831-6260 and (925) 943-3105

Confirmations:

Attn: Confirmation Coordinator
Phone: (626) 307-4485
Facsimile: (626) 302-3410

**With additional Notices of an Event of Default or
Potential Event of Default to:**

Southern California Edison Company
2244 Walnut Grove Ave., G.O.1, Quad 1C
Rosemead, CA 91770
Attn: Manager of Energy Contracts
Phone: (626) 302-3312
Facsimile: (626) 302-8168

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff Tariff FERC Electric Tariff, Volume 12 Dated 09/22/2000 Docket Number ER00-3726-000

Party B Tariff Tariff Original Vol. No. 8 Dated 09/01/2002 Docket Number ER 02-2263-000

Article Two

Transaction Terms and Conditions Optional provision in Section 2.4. If not checked, inapplicable.

Article Four

Remedies for Failure to Deliver or Receive Accelerated Payment of Damages. If not checked, inapplicable.

Article Five

Events of Default;
Remedies

5.1(g) Cross Default for Party A:

Party A: PacifiCorp Cross Default Amount \$75,000,000

Other Entity: _____ Cross Default Amount

5.1(g) Cross Default for Party B:

Party B: Southern California Edison Company. Cross Default Amount \$75,000,000

Other Entity: Not Applicable.

5.6 Closeout Setoff

Option A, as amended.

Option B - Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows: _____

Option C (No Setoff).

Article Eight

Credit and Collateral Requirements

8.1 Party A Credit Protection:

(a) Financial Information:

Option A, as amended.

Option B Specify: _____

Option C Specify: _____

(b) Credit Assurances:

- Not Applicable.
- Applicable.

(c) Collateral Threshold:

- Not Applicable.
- Applicable; refer to Paragraph 10 to the EEI Collateral Annex.

If applicable, complete the following:

Party B Collateral Threshold: \$ _____; provided, however, that Party B's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party B has occurred and is continuing.

Party B Independent Amount:
Party B Rounding Amount:

(d) Downgrade Event:

- Not Applicable.
- Applicable.

If applicable, complete the following:

It shall be a Downgrade Event for Party B if Party B's Credit Rating falls below ____ from S&P or ____ from Moody's or if Party B is not rated by either S&P or Moody's.

Other:
Specify:

(e) Guarantor for Party B: Not Applicable.

Guarantee Amount: Not Applicable.

8.2 Party B Credit Protection:

(a) Financial Information:

- Option A, as amended.
- Option B, as amended. Specify: _____
- Option C Specify: _____

(b) Credit Assurances:

- Not Applicable.
- Applicable.

(c) Collateral Threshold:

- Not Applicable.
- Applicable; refer to Paragraph 10 to the EEI Collateral Annex.

If applicable, complete the following:

Party A Collateral Threshold: \$ _____; provided, however, that Party A's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party A has occurred and is continuing.

Party A Independent Amount:
Party A Rounding Amount:

(d) Downgrade Event:

- Not Applicable.
- Applicable.

If applicable, complete the following:

- It shall be a Downgrade Event for Party A if Party A's Credit Rating falls below ____ from S&P or ____ from Moody's or if Party A is not rated by either S&P or Moody's.
- Other:
Specify:

(e) Guarantor for Party A: Not applicable

Guarantee Amount: \$ Not applicable

Article Ten

Confidentiality Confidentiality Applicable. If not checked, inapplicable.

Schedule M

- Party A is a Governmental Entity or Public Power System.
- Party B is a Governmental Entity or Public Power System.
- Add Section 3.6. If not checked, inapplicable.
- Add Section 8.4. If not checked, inapplicable.

Other Changes

The following changes shall be applicable.

ARTICLE ONE: GENERAL DEFINITIONS. Amend Article One as follows:

Section 1.4 is amended to read as follows:

“1.4 ‘Business Day’ means any day except a Saturday, a Sunday, a Federal Reserve Bank holiday, or the Friday immediately following the U.S. Thanksgiving holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment, or delivery is being sent and by whom the notice or payment or delivery is to be received.”

Section 1.11 is amended to read as follows:

“1.11 ‘Costs’ means, with respect to the Non-Defaulting Party, brokerage fees, commissions, other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction, and all reasonable expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.”

Section 1.12 is amended by replacing the word “issues” in the fourth line with the word “issuer, and replacing the phrase “S&P, Moody’s or any other rating agency agreed by the Parties as set forth in the Cover Sheet” with the phrase “the Ratings Agencies”.

Section 1.24 is amended by inserting the words “in accordance with Section 5.2(b)” immediately after “reasonable manner”.

Section 1.27 is amended to read as follows:

“1.27 ‘Letter of Credit’ means an irrevocable, nontransferable standby letter of credit, issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank with, in either case, a Credit Rating of at least (a) A by S&P and A2 by Moody’s and (b) having assets (net of reserves) of at least \$10,000,000,000, in substantially the form attached hereto as Schedule 1, with such changes to the terms in that form as the issuing bank may require and as may be acceptable to the beneficiary thereof. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.”

Section 1.28 is amended by inserting the words “in accordance with Section 5.2(b)” immediately after “reasonable manner”.

Section 1.50 is amended by replacing the term “Section 2.4” with the term “Section 2.5”.

Section 1.51 is amended to read as follows:

“1.51 ‘Replacement Price’ means the price at which Buyer, acting in a commercially reasonable manner, purchases, from an entity that is not an Affiliate of either Party and for delivery at the Delivery Point, a replacement for any Product specified in a Transaction but not delivered by Seller, plus (i) costs reasonably incurred by Buyer in purchasing such substitute Product and (ii) additional transmission charges, if any, reasonably incurred by Buyer to the Delivery Point, or absent a purchase from an entity that is not an Affiliate of either Party, the market price at the Delivery Point for such Product not delivered as determined by Buyer in a commercially reasonable manner; provided,

however, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller's liability. For purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party that is not an Affiliate of either Party at the Delivery Point."

Section 1.53 is amended to read as follows:

"1.53 'Sales Price' means:

- (a) the price at which Seller, acting in a commercially reasonable manner, resells at the Delivery Point, to an entity that is not an Affiliate of either Party, any Product not received by Buyer, unless the Delivery Point is not a liquid sales point, in which case Seller may, but is not obligated to, sell the energy, to an entity that is not an Affiliate of either Party, at the next-closest liquid trading point (taking into account transmission and liquidity constraints at and to such trading point) for such Product deducting from such proceeds any (i) costs reasonably incurred by Seller in reselling such Product and (ii) additional transmission charges, if any, reasonably incurred by Seller in delivering such Product to the third party purchasers;
- (b) absent a sale to an entity that is not an Affiliate of either Party and if Seller did not attempt to resell the Product, the market price at the Delivery Point for such Product not received as determined by Seller in a commercially reasonable manner; or
- (c) that price (which may be reflected as a positive number, zero, or a negative number) actually realized by Seller (e.g. if credited or cashed-out as an energy imbalance) if Seller attempted but was unable to resell all or a portion of the Product after using commercially reasonable efforts;

provided, however, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Buyer's liability. For purposes of this definition, Seller shall be considered to have resold such Product to the extent Seller shall have entered into one or more arrangements in a commercially reasonable manner whereby Seller repurchases its obligation to purchase and receive the Product from another party that is not an Affiliate of either Party at the Delivery Point."

New Sections 1.62, 1.63, 1.64, 1.65, 1.66, 1.67, and 1.68 are added to read as follows:

"1.62 'Forward Price Assessments' means quotations solicited or obtained in good faith from regularly published and widely-distributed forward price assessments from a broker that is not an Affiliate of either Party and who is actively participating in markets for the relevant Products."

"1.63 'Index Prices' means the resulting price from averaging all the trades throughout the relevant day (depending upon the index publisher's calculation methods) for the relevant Products published by exchanges which transact in the relevant markets."

"1.64 'Market Quotation Average Price' means the arithmetic mean of the quotations solicited in good faith from not less than three (3) Reference Market-Makers (as hereinafter defined); provided, however, that the Party obtaining the

quotes shall use reasonable efforts to obtain good faith quotations from at least five (5) Reference Market-Makers and, if at least five (5) such quotations are obtained, the Market Quotation Average Price shall be determined by disregarding the highest and lowest quotations and taking the arithmetic mean of the remaining quotations. The quotations shall be based on the offers to sell or bids to buy, as applicable, obtained for transactions substantially similar to each Terminated Transaction. The quote must be obtained assuming that the Party obtaining the quote will provide sufficient credit support for the proposed transaction. Each quotation shall be obtained, to the extent reasonably practicable, as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the Party obtaining the quotations and in accordance with the notice pursuant to Section 5.2 which designates the Early Termination Date. If fewer than three (3) quotations are obtained, it will be deemed that the Market Quotation Average Price in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.”

“1.65 ‘Merger Event’ means, with respect to a Party or its Guarantor, that such Party or its Guarantor consolidates or amalgamates with, merges into or with, or transfers substantially all its assets to another entity and (i) the resulting entity fails to assume all the obligations of such Party hereunder or of such Party’s Guarantor under its guaranty, or (ii) the benefits of any credit support provided by such Party pursuant to Article Eight, or any guaranty provided by such Party’s Guarantor, fail to extend the performance by such resulting, surviving or transferee entity of its obligations hereunder, or (iii) the resulting entity’s creditworthiness is materially weaker than that of such Party or its Guarantor immediately prior to such action. The creditworthiness of the resulting entity shall not be deemed to be ‘materially weaker’ so long as: (a) it maintains a Credit Rating of at least (i) BBB- from S&P and Baa3 from Moody’s, if it is rated by both S&P and Moody’s, or (ii) BBB- from S&P or Baa3 from Moody’s if it is rated by either S&P or Moody’s but not by both, and the applicable Party or its Guarantor, as the case may be, immediately prior to the consolidation, merger or transfer, had a Credit Rating of at least (i) BBB- from S&P and Baa3 from Moody’s, if it is rated by both S&P and Moody’s, or (ii) BBB- from S&P or Baa3 from Moody’s if it is rated by either S&P or Moody’s, but not by both; or (b) in the event that the applicable Party or its Guarantor, as the case may be, does not have, immediately prior to the consolidation, merger or transfer, at least a Credit Rating of BBB- from S&P and Baa3 from Moody’s, if it is rated by both S&P and Moody’s, or BBB- from S&P or Baa3 from Moody’s if it is rated by either S&P or Moody’s but not by both, the resulting entity maintains a Credit Rating of at least that of the applicable Party or its Guarantor, as the case may be, immediately prior to the consolidation, merger or transfer.”

“1.66 ‘Ratings Agency’ means S&P and Moody’s, and any other ratings agency agreed by the Parties as set forth in the Cover Sheet (collectively the ‘Ratings Agencies’).”

“1.67 ‘Reference Market-Maker’ means a leading dealer in the relevant market that is not an Affiliate of either Party and that is selected by a Party in good faith among dealers of the highest credit standing which satisfy all the criteria that such Party applies generally at the time in deciding whether to offer or to make an extension of credit. Such dealer may be represented by a broker.”

“1.68 ‘Specified Energy Transaction’ means any transaction (other than a Transaction governed by this Master Agreement) now existing or hereafter

entered into between Party A and Party B with respect to the purchase, sale, or transfer of (a) wholesale physical electric energy or capacity, (b) wholesale physical natural gas, or (c) financial derivative products related thereto.”

ARTICLE TWO: TRANSACTION TERMS AND CONDITIONS. Amend Article Two as follows:

Section 2.1 is amended to read as follows:

“2.1 Transactions. A Transaction shall be entered into upon agreement of the Parties by an oral offer and acceptance by a recorded telephone conversation or, if expressly required by either Party with respect to a particular Transaction, in writing, including through an electronic means of communication. Each Party agrees not to contest, or assert any defense to, the validity or enforceability of the Transaction entered into in accordance with this Master Agreement (i) based on any law requiring agreements to be in writing or to be signed by the parties, or (ii) based on any lack of authority of the Party or any lack of authority of any employee of the Party having the apparent authority to enter into a Transaction.”

Section 2.2 is amended to read as follows:

“2.2 Governing Terms. Unless otherwise specifically agreed in writing, each Transaction entered into between the Parties for the purchase or sale of any Product shall be governed by this Master Agreement. This Master Agreement (including all exhibits, schedules, and any written supplements hereto), the Party A Tariff, if any, and the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any Confirmations accepted in accordance with Section 2.3) shall form a single integrated agreement between the Parties. Any inconsistency between any terms of this Master Agreement and any terms of the Transaction shall be resolved in favor of the terms of such Transaction.”

Section 2.4 is amended by replacing the word “orally” in the seventh line with the phrase “in a Recording”.

Section 2.5 is amended to read as follows:

“2.5 Recording. Unless a Party expressly objects to a Recording (defined below) at the beginning of a telephone conversation, each Party consents to the creation of a tape or electronic recording (“Recording”) of all telephone conversations between the Parties’ trading and marketing personnel, and that any such Recordings will be retained in confidence, secured from improper access, and may be submitted in evidence in any proceeding or action relating to this Agreement. Each Party waives any further notice of such monitoring or recording, and agrees to notify its officers and employees of such monitoring or recording and to obtain any necessary consent of such officers and employees. The Recording, and the terms and conditions described therein, if admissible, shall be the controlling evidence for the Parties’ agreement with respect to a particular Transaction in the event a Confirmation is not fully executed (or deemed accepted) by both Parties. Upon full execution (or deemed acceptance) of a Confirmation, such Confirmation shall control in the event of any conflict with the terms of a Recording, or in the event of any conflict with the terms of this Master Agreement.”

A new Section 2.6 is added to read as follows:

“2.6 Imaged Agreement. Any original executed Master Agreement, Confirmation or other related document may be photocopied and stored on

computer tapes and disks (the 'Imaged Agreement'). The Imaged Agreement, if introduced as evidence on paper, the Confirmation, if introduced as evidence in automated facsimile form, the Recording, if introduced as evidence in its original form and as transcribed into paper, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the Recording, the Confirmation, or the Imaged Agreement (or photocopies of the transcription of the Recording, the Confirmation, or the Imaged Agreement) on the basis that such were not originated or maintained in documentary or written form under either the hearsay rule or the best evidence rule. However, nothing in this Section 2.6 shall preclude a Party from challenging the admissibility of such evidence on some other ground, including, without limitation, the basis that such evidence has been materially or substantially altered from the original."

ARTICLE THREE: OBLIGATIONS AND DELIVERIES. Amend Article Three as follows:

A new Section 3.4 is added to read as follows:

"3.4 Index Transactions. If the Contract Price for a Transaction is determined by reference to a third-party information source, then the following provisions shall be applicable to such Transaction.

- (a) Market Disruption. If a Market Disruption Event occurs during a Determination Period, the Floating Price for the affected Trading Day(s) shall be determined by reference to the Floating Price specified in the Transaction for the first Trading Day thereafter on which no Market Disruption Event exists; provided, however, if the Floating Price is not so determined within three (3) Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then the Parties shall negotiate in good faith to agree on a Floating Price (or a method for determining a Floating Price), and if the Parties have not so agreed on or before the twelfth Business Day following the first Trading Day on which the Market Disruption Event occurred or existed, then the Floating Price shall be determined in good faith by taking the average of the price quotations for the relevant commodity and relevant Business Days that are obtained from no more than two (2) Reference Market-Makers selected by each Party.
- (b) For purposes of this Section 3.4, the following definitions shall apply:
- (i) 'Determination Period' means each calendar month a part or all of which is within the Delivery Period of a Transaction.
 - (ii) 'Exchange' means, in respect of a Transaction, the exchange or principal trading market specified in the relevant Transaction.
 - (iii) 'Floating Price' means a price per unit in \$U.S. specified in a Transaction that is based upon a Price Source.
 - (iv) 'Market Disruption Event' means, with respect to any Price Source, any of the following events: (a) the failure of the Price Source to announce or publish the specified Floating Price or information necessary for determining the Floating price; (b) the failure of trading to commence or the permanent discontinuation or material

suspension of trading in the relevant options contract or commodity on the Exchange or in the market specified for determining a Floating Price; (c) the temporary or permanent discontinuance or unavailability of the Price Source; (d) the temporary or permanent closing of any Exchange specified for determining a Floating Price; or (e) a material change in the formula for or the method of determining the Floating Price.

(v) 'Price Source' means, in respect of a Transaction, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the specified price (or prices from which the specified price is calculated) specified in the relevant Transaction.

(vi) 'Trading Day' means a day in respect of which the relevant Price Source published the Floating Price.

(c) Corrections to Published Prices. For purposes of determining a Floating Price for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within twelve (12) months of the original publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If, not later than thirty (30) days after publication or announcement of that correction, a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than ten (10) Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

(d) Calculation of Floating Price. For the purposes of the calculation of a Floating Price, all numbers shall be rounded to three (3) decimal places. If the fourth (4th) decimal number is five (5) or greater, then the third (3rd) decimal number shall be increased by one (1), and if the fourth (4th) decimal number is less than five (5), then the third (3rd) decimal number shall remain unchanged."

ARTICLE FOUR: REMEDIES FOR FAILURE TO DELIVER/RECEIVE. Amend Article Four as follows:

A new Section 4.3 is added to read as follows:

"4.3 Duty to Mitigate. Without limiting Sections 4.1 or 4.2, each Party agrees that it has a duty to mitigate damages in a commercially reasonable manner to minimize any damages it may incur as a result of the other Party's performance or non-performance under this Agreement."

ARTICLE FIVE: EVENTS OF DEFAULT; REMEDIES. Amend Article Five as follows:

Section 5.1(f) is amended to read as follows:

"(f) a Merger Event occurs with respect to such Party;"

Section 5.1(h) is amended to read as follows:

“(h) with respect to such Party’s Guarantor, if any:

(i) representation or warranty made by Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;

(ii) the failure of Guarantor to make any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within three (3) Business Days after written notice;

(iii) Guarantor becomes Bankrupt;

(iv) the failure of Guarantor’s guaranty made in connection with this Agreement to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under each Transaction to which such guaranty shall relate, without the written consent of the other Party;

(v) Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenge the validity of any guaranty made in connection with this Agreement; or

(vi) a Merger Event occurs with respect to Guarantor;”

Section 5.1 is amended by adding the following Sections 5.1(i) and 5.1(j) at the end thereof:

“(i) an Event of Default occurs (howsoever determined) under a Specified Energy Transaction with respect to such Party and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of that Specified Energy Transaction; or

(j) the Party disaffirms, disclaims, repudiates, or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that Party, or any Transaction evidenced by such a Confirmation; *provided*, a Party’s assertion of its rights under the Agreement (including without limitation whether a writing correctly sets forth the terms of a Transaction, challenging the validity of the Agreement based on forgery or fraud, or invocation of the dispute resolution procedure in Section 10.6) shall not constitute disaffirming, disclaiming, repudiating, rejecting, or a challenge to the validity of the Agreement as contemplated under this Section 5.1(j).”

Section 5.2 is amended to read as follows:

“5.2 Declaration of an Early Termination Date and Calculation of Settlement Amounts.

(a) If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the ‘Non-Defaulting Party’) shall have the right to (i) designate a day and time of day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date (‘Early Termination Date’) to accelerate all amounts owing between the Parties and to liquidate and terminate all, but not less than all, Transactions (each referred to as a ‘Terminated Transaction’) between the Parties, (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date (or, to the extent

that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, then each such Transaction — individually, an ‘Excluded Transaction’ and collectively, the ‘Excluded Transactions’— shall be terminated as soon thereafter as is reasonably practicable, and upon termination shall be deemed to be a Terminated Transaction) and the Termination Payment payable in connection with all Terminated Transactions shall be calculated in accordance with this Section 5.2 and with Section 5.3 below.

(b) The Non-Defaulting Party shall determine its Gains and Losses by determining the Market Quotation Average Price for each Terminated Transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts, to obtain the Market Quotation Average Price with respect to any Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner by calculating the arithmetic mean of at least three (3) Forward Price Assessments for transactions substantially similar to each Terminated Transaction. Such Forward Price Assessments must be obtained assuming that the Party obtaining the quote will provide sufficient credit support for the proposed transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts to obtain at least three (3) Forward Price Assessments with respect to any Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner by reference to information supplied to it by one or more third parties including, without limitation, Index Prices, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads, or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information; provided, however, that such third parties shall not be Affiliates of either Party. Only in the event the Non-Defaulting Party is not able, after using commercially reasonable efforts, to obtain such third party information, then the Non-Defaulting Party may calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner using relevant market data it has available to it internally.”

Section 5.3 is amended to read as follows:

“5.3 Net Out of Settlement Amounts. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single amount by netting out (a) all Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article Eight, plus any or all other amounts due to the Defaulting Party under this Agreement, against (b) all Settlement Amounts that are due to the Non-Defaulting Party, plus at the option of the Non-Defaulting Party, any cash then available to the Defaulting Party pursuant to Article Eight, plus any or all other amounts due to the Non-Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the ‘Termination Payment’) payable by one Party to the other. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate.”

Section 5.4 is amended to read as follows:

“5.4 Notice of Payment of Termination Payment. As soon as practicable after a

liquidation, but in no event more than fifteen (15) Business Days following the Early Termination Date, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Termination Payment shall be made by the Party that owes it within two (2) Business Days after such notice is effective; provided, however, if Section 5.1(d) is the basis for which the Non-Defaulting Party sets an Early Termination Date, then the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article 5 until the Non-Defaulting Party has in fact been paid and all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Agreement which are due and payable as of the Early Termination Date (including for these purposes amounts payable pursuant to Excluded Transactions) have been fully and finally performed.”

Section 5.6 Option A is amended to read as follows:

“Option A: After calculation of a Termination Payment in accordance with Section 5.3, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled to, at its option and in its discretion, (i) set off against such Termination Payment any amounts due and owing by the Defaulting Party to the Non-Defaulting Party under any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party with respect to the Specified Energy Transactions, and/or (ii) to the extent the Transactions are not yet liquidated in accordance with Section 5.2, withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this Section shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).”

Section 5.6 is amended by adding the following at the end thereof :

“Notwithstanding anything to the contrary contained in this Master Agreement, or in any other agreement, instrument, or undertaking between the Parties with respect to a Specified Energy Transaction, if an Early Termination Date has been designated pursuant to Section 5.2, then, in addition to the other remedies provided in this Master Agreement, the Non-Defaulting Party may accelerate, liquidate and terminate all, but not less than all, Specified Energy Transactions between the Parties.”

Section 5.7 is amended to capitalize the word “early” in line 6 to read “Early”.

A new section 5.8 is added to read as follows:

“5.8 Separation of Distribution and Transmission Division. Notwithstanding the foregoing or anything to the contrary in this Agreement, (i) neither Party shall set off against the other Party under this Agreement any amounts due the first Party under an agreement between it and the other Party’s distribution or transmission division, department or function and (ii) no Party shall be liable under this Agreement for a breach of an agreement between it and the other Party’s distribution or transmission division, department or function, unless such breach is also an express breach under this Agreement.

ARTICLE SIX: PAYMENT AND NETTING. Amend Article Six as follows:

Section 6.1 is amended by adding the following at the end thereof:

“An invoice can only be adjusted or amended after it was originally rendered within the time frames set forth in Section 6.3, below. If an invoice is not rendered within twenty-four (24) months after the close of the month in which the payment obligations arose, the right to payment for that month under this Agreement is waived.”

Section 6.3 is amended to read as follows:

“6.3 Disputes and Adjustments of Invoices. A Party may adjust any invoice rendered by it under this Agreement to correct any arithmetic or computational error or to include additional charges or claims within twenty-four (24) months after the close of the month in which the obligations being invoiced arose. A receiving Party may, in good faith, dispute the correctness of any invoice or of any adjustment to any invoice previously rendered to it by providing notice to the other Party on or before the later of (i) twelve (12) months of the date of receipt of such invoice or adjusted invoice, or (ii) twenty-four (24) months after the close of the month in which the obligation being invoiced arose. Failure to provide such notice within the time frame set forth in the preceding sentence waives the dispute with respect to such invoice. A Party disputing all or any part of an invoice or an adjustment to an invoice previously rendered to it may pay only the undisputed portion of the invoice when due, provided such Party provides notice to the other Party of the basis for and amount of the disputed portion of the invoice that has not been paid. The disputed portion of the invoice must be paid within two (2) Business Days of resolution of the dispute, along with interest accrued at the Interest Rate from and including the original due date of the invoice to but excluding the date the disputed portion of the invoice is actually paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment but excluding the date repaid or deducted by the Party receiving such overpayment.”

Section 6.7 is amended to replace the phrase “Section 6.1” with the phrase “Section 6.2”.

ARTICLE SEVEN: LIMITATIONS. Amend Article Seven as follows:

Section 7.1 is amended to read as follows:

“7.1 Limitation of Remedies, Liability and Damages. THE PARTIES ACKNOWLEDGE THAT THEY HAVE ENTERED INTO THIS AGREEMENT AND ARE CONTRACTING FOR THE PRODUCT BASED SOLELY UPON THE EXPRESS WARRANTIES HEREIN AND, SUBJECT THERETO, ACCEPT SUCH PRODUCT “AS-IS” AND “WITH ALL FAULTS”. THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL OTHER EXPRESS OR IMPLIED WARRANTIES, WHETHER WRITTEN OR ORAL, OTHER THAN THOSE EXPRESS WARRANTIES STATED HEREIN ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR’S LIABILITY SHALL BE LIMITED AS SET

FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION SET FORTH IN THIS AGREEMENT OR OTHERWISE; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION SHALL AFFECT THE ENFORCEABILITY OF SECTIONS 5.2 AND 5.3 OF THIS AGREEMENT. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS."

ARTICLE EIGHT: CREDIT AND COLLATERAL REQUIREMENTS. Amend Article Eight as follows:

Section 8.1(a) Option A is amended to read as follows:

"(a) Financial Information. Option A: If requested by Party A, Party B shall deliver (i) within 120 days following the end of the fiscal year, a copy of Party B's annual report containing its audited consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal year, setting forth in each case in comparative form the figures for the previous year and (ii) within 60 days after the end of each of its first three (3) fiscal quarters of each fiscal year, a copy of Party B's quarterly report containing its consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year certified in accordance with all applicable laws and regulations, including without limitation all applicable Securities and Exchange Commission rules and regulations, provided however, for the purposes of this (i) and (ii), if Party B's financial statements are publicly available electronically on the Securities and Exchange Commission's website or Party B's website, then Party B shall be deemed to have met this requirement. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as Party B

diligently pursues the preparation, certification and delivery of the statements.”

Section 8.2(a) Option A is Amended to read as follows:

“(a) Financial Information. Option A: If requested by Party B, Party A shall deliver (i) within 120 days following the end of the fiscal year, a copy of Party A’s annual report containing its audited consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal year, setting forth in each case in comparative form the figures for the previous year and (ii) within 60 days after the end of each of its first three (3) fiscal quarters of each fiscal year, a copy of Party A’s quarterly report containing its consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year certified in accordance with all applicable laws and regulations, including without limitation all applicable Securities and Exchange Commission rules and regulations, provided however, for the purposes of this (i) and (ii), if Party A’s financial statements are publicly available electronically on the Securities and Exchange Commission’s website or Party A’s website, then Party A shall be deemed to have met this requirement. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as Party A diligently pursues the preparation, certification and delivery of the statements.”

Section 8.2(a) Option B is amended to read as follows:

“(a) Financial Information. Option B: If requested by Party B, Party A’s Guarantor shall deliver (i) within 120 days following the end of the fiscal year, a copy of its annual report containing its audited consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal year, setting forth in each case in comparative form the figures for the previous year and (ii) within 60 days after the end of each of its first three (3) fiscal quarters of each fiscal year, a copy of its quarterly report containing its consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year certified in accordance with all applicable laws and regulations, including without limitation all applicable Securities and Exchange Commission rules and regulations, provided however, for the purposes of this (i) and (ii), if Party A’s Guarantor’s financial statements are publicly available electronically on the Securities and Exchange Commission’s website or Party A’s Guarantor’s website, then Party A shall be deemed to have met this requirement. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as Party A’s Guarantor diligently pursues the preparation, certification and delivery of the statements.”

ARTICLE NINE: GOVERNMENTAL CHARGES. Amend Article Nine as follows:

Section 9.2, is amended to read as follows:

“9.2 Governmental Charges. Seller shall pay or cause to be paid all taxes, charges, or fees imposed by any government authority (‘Governmental Charges’) on or with respect to the Product or a Transaction arising prior to the Delivery Point. Buyer shall pay or cause to be paid all Governmental Charges on or with respect to the Product or a Transaction at and from the Delivery Point (other than ad valorem, franchise or income taxes which are related to the sale of the Product and are, therefore, the responsibility of the Seller). In the event Seller is required by law or regulation to remit or pay Governmental Charges which are Buyer’s responsibility hereunder, Buyer shall promptly reimburse Seller for such Governmental Charges. If Buyer is required by law or regulation to remit or pay Governmental Charges which are Seller’s responsibility hereunder, Buyer may deduct the amount of any such Governmental Charges from the sums due to Seller under Article Six of this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the law.”

ARTICLE TEN: MISCELLANEOUS. Amend Article Ten as follows:

Section 10.2(vi) is amended to read as follows:

“(vi) there is not pending or, to its knowledge, threatened against it or any of its Affiliates (for purposes of this Section 10.2(vi), Party A and B shall be deemed to have no Affiliates) any legal proceedings that could materially adversely affect its ability to perform its obligations under this Master Agreement and each Transaction (including any Confirmation accepted in accordance with Section 2.3);”

Section 10.2(viii) is amended by adding to the end:

“; information and explanations of the terms and conditions of each such Transaction shall not be considered investment or trading advice or a recommendation to enter into that Transaction; no communication (written or oral) received from the other Party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction; and the other Party is not acting as a fiduciary for or an adviser to it in respect of that Transaction;”

Section 10.2(x) is amended to read as follows:

“(x) it is an ‘eligible commercial entity’ within the meaning of Section 1a (11) of the Commodity Exchange Act, as amended by the Commodity Futures Modernization Act of 2000 (the ‘Commodity Exchange Act’);”

Section 10.2(xi) is amended to read as follows:

“(xi) it is an ‘eligible contract participant’ within the meaning of Section 1a (12) of the Commodity Exchange Act; and ”

Section 10.2(xii) is amended to read as follows:

“(xii) each Transaction that is not executed or traded on a ‘trading facility’, as defined in Section 1(a)(33) of the Commodity Exchange Act, is subject to individual negotiation by the Parties.”

Section 10.4 is amended by adding the following sentence at the end thereof:

“Neither Party shall be liable with respect to any Claim to the extent to that such

Claim resulted from the recklessness, willful misconduct, or bad faith of the indemnified Party.”

Section 10.5 is amended to read as follows:

“10.5 Assignment. Except as otherwise set forth in this Section 10.5, neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer or assign this Agreement to any person or entity succeeding to all or substantially all the assets of such Party and whose creditworthiness is equal to or higher than that of such Party. Either Party shall have the right to transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements; provided, however, that such Party first obtain the written consent from the non-assigning Party, which consent shall not be unreasonably withheld. In each case stated above, any such assignee shall agree in writing to be bound by the terms and conditions hereof and the transferring Party must deliver such tax and enforceability assurance as the non-transferring Party may reasonably request.”

Section 10.6 is amended to read as follows:

“(a) Governing Law and Venue: THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. The Parties hereby consent to conduct all dispute resolution, judicial actions or proceedings arising directly, indirectly or otherwise in conjunction with, out of, related to, or arising from this Agreement in San Diego County, California, *provided* that, pursuant to Section 10.6(b)(ii), the Parties may appeal to the applicable state jurisdictional appellate court, or take any action to enforce either a judgment or an equitable remedy in a different venue when necessary or appropriate to effectuate the enforcement.

(b) Dispute Resolution:

(i) Mediation. The Parties agree that any and all disputes, claims or controversies arising out of, relating to, concerning or pertaining to this Agreement, or to either Party’s performance or failure of performance under this Agreement, which disputes, claims, or controversies the Parties have been unable to resolve by informal methods after undertaking a good faith effort to do so, shall first be submitted to Judicial Arbitration and Mediation Services, Inc. (‘JAMS’), its successor, or any other mutually agreeable neutral (the ‘Mediator’) for mediation, and if the matter is not resolved through mediation, then the Parties may pursue their other remedies as set forth below. Either Party may initiate the mediation by providing to the other Party a written request for mediation setting forth the subject of the dispute and the relief requested. The Parties will cooperate with one another in selecting the Mediator from the JAMS’ panel of neutrals, or in selecting a mutually acceptable non-JAMS Mediator, and in scheduling the time and place of the mediation. The mediation

shall not be scheduled for a date that is greater than 150 days from the date of the initial written request for mediation and if not scheduled within such time frame, in spite of the Parties' diligent good effort to do so, the Parties may either agree to extend the date or pursue their judicial remedies' as provided herein, *provided* that nothing herein will prevent a Party from seeking injunctive relief in exigent circumstances. The Parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs (other than each Party's individual attorneys' fees and costs related to the Party's participation in the mediation, which fees and costs shall be borne by such Party). All offers, promises, conduct and statements, whether oral or written, made in connection with or during the mediation by either of the Parties, their agents, representatives, employees, experts and attorneys, and by the Mediator or any of the Mediator's agents, representatives and employees, shall not be subject to discovery and shall be confidential, privileged and inadmissible for any purpose, including impeachment, in any judicial or other proceeding between or involving the Parties, or either of them, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

(ii) Judicial Reference. Each controversy, dispute or claim between the Parties arising out of or relating hereto, which controversy, dispute or claim is not settled by mediation as provided above, will be adjudicated by a reference proceeding in San Diego County, California Superior Court in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure ("CCP"), or their successor sections ("Judicial Reference") which will constitute the exclusive remedy for the adjudication of any controversy, dispute or claim concerning this Agreement, except as provided herein, including whether such controversy, dispute or claim is subject to the reference proceeding, which controversy, dispute or claim is not first resolved to the satisfaction of both Parties through mediation. The proceeding on the merits of the controversy, dispute or claim concerning this Agreement shall hereinafter be referred to as the "Trial." A Party may initiate Judicial Reference with respect to any matters first submitted to mediation by making a written demand for Judicial Reference at any time following the earlier of (a) 150 days from the initial request for mediation as provided above (except a Party who has not scheduled the mediation within 150 days from the date of the initial request for mediation may not invoke Judicial Reference), or (b) the unsuccessful conclusion of mediation (the "Claim Date"). The Parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than as provided for in this Section 10.6. The referee will be a retired judge selected by mutual agreement of the Parties. If the Parties cannot so agree within forty-five days after the Claim Date, each party shall submit to the court up to three nominees for appointment as referee and the Presiding Judge of the Court shall appoint one or more referees, not exceeding three, from among the nominees against whom there is no legal objection. If no nominations are received from any of the Parties, the Presiding Judge of the Court shall appoint one or more referees, not exceeding three, against whom there is no legal objection, or the Presiding Judge of the Court may appoint a court commissioner of the county where the cause is pending as a referee. In the event that the Presiding Judge (or his representative) selects the referee, each Party will have one preemptory challenge to that selection pursuant to CCP section 170.6. The referee will be appointed to sit as a temporary judge, with all of the powers for a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of the Court (or any

subsequently enacted Rule). The referee will (A) set the matter for hearing within sixty days after the date of his or her selection and (B) try any and all issues of law or fact and report a statement of decision upon them, if possible, within one-hundred and eighty days of the Claim Date. Pursuant to CCP section 644, any decision rendered by the referee will stand as the decision of the court, and upon the filing, by either Party, of the statement of decision with the clerk of the court, judgment may be entered thereon in the same manner as if the action had been tried by the court. The Parties expressly reserve the right to have the referee issue, as part of the written statement of decision, findings of fact and conclusions of law. The Parties expressly reserve the right, to move for a new Trial or a different judgment, which new Trial, if granted, will also be a reference proceeding hereunder. Such a motion for a new Trial must be submitted no later than ten days following the issuance of the referee's decision. The Parties also expressly reserve the right to appeal, in the applicable state jurisdictional appellate court, any judgment entered in this matter. All discovery will be completed no later than 15 days before the first hearing date established by the referee. The referee may extend such period in the event of a Party's refusal to provide requested discovery or unavailability of a witness due to absence or illness. The Parties shall negotiate and agree to the scope of discovery based on the facts, issues and circumstances of the Trial. If the Parties are unable to agree to the scope of discovery, the Parties shall raise such disputes by means of law and motion, to be adjudicated by the referee. The Superior Court is empowered to issue temporary and/or provisional remedies, as appropriate.

1) Except as expressly set forth herein, the referee will determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for Trial, will be conducted without a court reporter except that when any Party so requests, a court reporter will be used at any hearing conducted before the referee. The Party making such a request will be obligated to arrange for and pay for the court reporters. The costs of the court reporter at the Trial will be borne equally by the Parties.

2) The referee will be required to determine all issues in accordance with the laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will apply to the reference proceeding. The referee will be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be final. The referee will issue a single judgment at the close of the reference proceeding which will dispose of all of the claims of the Parties that are the subject of the reference. The Parties expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee to the extent permitted under applicable law and in accordance with this Section 10.6."

Section 10.8 is amended to read as follows:

"10.8 General. This Master Agreement (including the exhibits, schedules and any written supplements hereto), the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any Confirmation accepted in accordance with Section 2.3) constitute the entire agreement between the Parties relating to the subject matter. Notwithstanding

the foregoing, any collateral, credit support or margin agreement or similar arrangement between the Parties shall, upon designation by the Parties, be deemed part of this Agreement and shall be incorporated herein by reference. This Agreement shall be considered for all purposes as prepared through the joint efforts of the parties and shall not be construed against one party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Except to the extent herein provided for, no amendment or modification to this Master Agreement shall be enforceable unless reduced to writing and executed by both Parties. Each Party agrees if it seeks to amend any applicable wholesale power sales tariff during the term of this Agreement, such amendment will not in any way affect outstanding Transactions under this Agreement without the prior written consent of the other Party. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change (individually or collectively, such events referred to as 'Regulatory Event') will not otherwise affect the remaining lawful obligations that arise under this Agreement; and provided, further, that if a Regulatory Event occurs, the Parties shall use their best efforts to reform this Agreement in order to give effect to the original intention of the Parties. The term 'including' when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only. The indemnity and audit provisions of this Agreement shall survive the termination of this Agreement for a period of two (2) years. This Agreement shall be binding on each Party's successors and permitted assigns."

Section 10.9 is amended to read as follows:

"10.9 Audit. Each Party has the right, at its sole expense and during normal working hours, to examine copies or originals of the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Master Agreement. If requested, a Party shall provide to the other Party statements evidencing the Quantity delivered at the Delivery Point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made in accordance with the time frames set forth in Section 6.3, and thereafter any objection shall be deemed waived."

Section 10.11 is amended to read as follows:

"10.11 Confidentiality. If the Parties have elected on the Cover Sheet to make this Section 10.11 applicable to this Master Agreement, neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's or the Party's Affiliates' officers, directors, employees, lenders, counsel, accountants, advisors, or rating agencies who have a need to know such information and have agreed to keep such terms confidential), except (a) in order to comply with any applicable law, regulation, or any rule of or request for information from a control area or independent system operator, or (b) in

connection with any court or regulatory proceeding, order, ruling, data or other request applicable to such Party or any of its Affiliates; provided, however, that each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. Party B may also disclose the terms and conditions of the Agreement, as it deems necessary in order to comply with any decision or order of, or to demonstrate the reasonableness of its actions to, any duly authorized governmental or regulatory agencies, including (i) the California Public Utilities Commission ('CPUC') or any division thereof, (ii) Party B's Procurement Review Group (the 'PRG'), a group of non-market participants including members of the CPUC, and other governmental agencies and consumer groups established by the CPUC in Decision 02-08-071, (iii) the California Independent System Operator ('CAISO'), (iv) FERC, or (v) any Independent Evaluator (as such term is used in CPUC Decision 04-12-048, or subsequent decisions) (each, a 'SCE Governmental or Regulatory Agency'). SCE agrees to request the PRG members to maintain the confidentiality required by the Non-Disclosure Agreement for Southern California Edison Company Procurement Review Group. Party A may also disclose the terms and conditions of the Agreement, as it deems necessary in order to comply with any decision or order of, or to demonstrate the reasonableness of its actions to the following entities: (1) the Washington Utilities and Transportation Commission, (2) the Oregon Public Utilities Commission, (3) the CPUC, (4) the Idaho Public Utility Commission, (5) the Montana Public Service Commission, (6) the Wyoming Public Service Commission, (7) the Arizona Corporation Commission, (8) the Utah Public Service Commission, (9) the Colorado Public Utilities Commission, (10) FERC and (11) any Independent Evaluator required by any of the entities listed in (1)-(10) herein and charged by such entities with duties applicable to this Agreement (each a 'PacifiCorp Governmental or Regulatory Agency'). The Parties shall have no liability whatsoever in the event of any unauthorized use or disclosure by a SCE Governmental or Regulatory Agency or by a PacifiCorp Governmental or Regulatory Agency. Moreover, the Parties may disclose specific terms of a Transaction to an entity that aggregates and reports to the public on an aggregate basis price data for purchases and sales of energy products, so long as such entity has agreed prior to the disclosure to protect the specific information disclosed from public disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation. The confidentiality obligation hereunder shall not apply to any information that was or hereafter becomes available to the public other than because of a disclosure in violation of this Section 10.11. For purposes of this Section 10.11, Party B's Affiliates shall be limited to Edison International and Party A shall have no Affiliates."

New Sections 10.12 and 10.13 shall be added as follows:

"10.12 No Agency. In performing their respective obligations hereunder, neither Party is acting, or is authorized to act, as agent of the other Party."

"10.13 Mobile Sierra Doctrine.

(a) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver in subsection (b) below is unenforceable or ineffective as to such Party), a non-party or FERC acting *sua sponte*, shall be the "just and reasonable" application of the 'public interest' standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the 'Mobile

Sierra' doctrine).

(b) Notwithstanding any provision of Agreement, and absent the prior written agreement of the Parties, each Party, to the fullest extent permitted by Applicable Laws, for itself and its respective successors and assigns, hereby also expressly and irrevocably waives any rights it can or may have, now or in the future, whether under Sections 205, 206, or 306 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation, supporting a third party seeking to obtain or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any Section of this Agreement specifying any rate or other material economic terms and conditions agreed to by the Parties."

SCHEDULE P: PRODUCTS AND DEFINITIONS. Amend Schedule P as follows:

The following definitions are added:

" 'CAISO Energy' means with respect to a Transaction, a Product under which the Seller shall sell and the Buyer shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services (as defined in the Tariff) that is or will be scheduled as a schedule coordinator to schedule coordinator transaction pursuant to the applicable tariff and protocol provisions of the CAISO (as amended from time to time, the 'Tariff') for which the only excuse for failure to deliver or receive is an Uncontrollable Force (as defined in the Tariff)."

The following products are added:

"Other Products and Service Levels.

If the Parties agree to a service level or product defined by a different agreement, set of rules, tariff, or protocol (herein, the 'agreement') (i.e., the WSPP Agreement) for a particular Transaction, then, unless the Parties expressly state and agree that all the terms and conditions of such other agreement will apply, such reference to a service level or product defined by such other agreement means that the service level or product for that Transaction is subject to the applicable regional independent system operator and/or utility reliability requirements and guidelines as well as the permitted excuses for performance, Force Majeure, Uncontrollable Forces, or other such excuses applicable to performance under such other agreement, to the extent inconsistent with the terms of this Agreement, provided, however, that all other terms and conditions of this Agreement shall and do remain applicable including, without limitation, Section 2.2; and provided, further that with respect to any Transaction for a product or service level defined by such other agreement, the methodology for calculating the payments for failure to deliver or receive shall be in accordance with Sections 4.1 and 4.2 of the Master Agreement; provided, further that the 'Accelerated Payment of Damages' addressed in Article Four and agreed to in the Cover Sheet of the Master Agreement shall continue to apply."

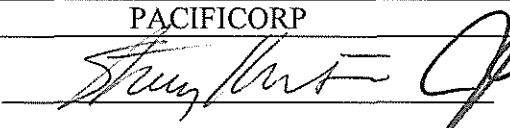
The definition "Into _____ (the 'Receiving Transmission Provider'), Seller's Daily Choice" is deleted.

ADOPTION OF MRTU AMENDMENT. Reference is made to that certain Master Confirmation MRTU Agreement Under the WSPP Agreement published by WSPP, Inc. fka Western Systems Power Pool on March 13, 2009 (the "MRTU Amendment"). The Parties hereby adopt the provisions of the MRTU Amendment as if set forth in every Confirmation (as that term is defined in the Master Agreement) for any IST-enabled Product (as that term is defined in the MRTU Amendment), with the following changes

thereto:

- a. The Parties shall adopt the MRTU Amendment by execution of this Agreement, rather than pursuant to the procedure set forth in Section 6 thereof.
- b. "Contract Quantity" in the MRTU Amendment means "Quantity" as that term is used in this Agreement.
- c. In the event of any inconsistency between a defined term in this Agreement or in a Confirmation providing specifically for a change in the meaning of SP15 or NP15 Delivery Points following MRTU Implementation (as that term is defined in the MRTU Amendment) and that provided in the MRTU Amendment, this Agreement or Confirmation shall control.
- d. Section 6 of the MRTU Amendment is deleted.

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

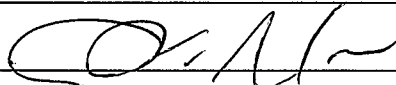
PACIFICORP	SOUTHERN CALIFORNIA EDISON COMPANY
By: 	By: _____
Title: <i>Director, Origination</i>	Title: _____
Date: <i>May 29, 2009.</i>	Date: _____

DISCLAIMER: This Master Power Purchase and Sale Agreement was prepared by a committee of representatives of Edison Electric Institute ("EEI") and National Energy Marketers Association ("NEM") member companies to facilitate orderly trading in and development of wholesale power markets. Neither EEI nor NEM nor any member company nor any of their agents, representatives or attorneys shall be responsible for its use, or any damages resulting there from. By providing this Agreement EEI and NEM do not offer legal advice and all users are urged to consult their own legal counsel to ensure that their commercial objectives will be achieved and their legal interests are adequately protected.

thereto:

- a. The Parties shall adopt the MRTU Amendment by execution of this Agreement, rather than pursuant to the procedure set forth in Section 6 thereof.
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- c. In the event of any inconsistency between a defined term in this Agreement or in a Confirmation providing specifically for a change in the meaning of SP15 or NP15 Delivery Points following MRTU Implementation (as that term is defined in the MRTU Amendment) and that provided in the MRTU Amendment, this Agreement or Confirmation shall control.
- d. Section 6 of the MRTU Amendment is deleted.

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.


PACIFICORP	SOUTHERN CALIFORNIA EDISON COMPANY
By: _____	By:  _____
Title: _____	Title: Kevin R. Cini Vice President, ES&M
Date: _____	Date: May 29, 2009

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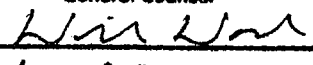
thereto:

- a. The Parties shall adopt the MRTU Amendment by execution of this Agreement, rather than pursuant to the procedure set forth in Section 6 thereof.
- b. "Contract Quantity" in the MRTU Amendment means "Quantity" as that term is used in this Agreement.
- c. In the event of any inconsistency between a defined term in this Agreement or in a Confirmation providing specifically for a change in the meaning of SP15 or NP15 Delivery Points following MRTU Implementation (as that term is defined in the MRTU Amendment) and that provided in the MRTU Amendment, this Agreement or Confirmation shall control.
- d. Section 6 of the MRTU Amendment is deleted.

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

PACIFICORP	SOUTHERN CALIFORNIA EDISON COMPANY
By: _____	By:  Kevin R. Chai
Title:	Title: Vice President, ES&M
Date:	Date: May 29, 2009

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<p>APPROVED STEPHEN E. PICKETT Sr. Vice President and General Counsel</p>
By:  _____ May 29, 2009, Attorney

SCHEDULE 1 – Form of Letter of Credit

ISSUE DATE

L/C NO.: _____

ACCOUNT PARTY:

ACCOUNT NAME

ADDRESS

CITY, STATE XXXXX-XXXX

BENEFICIARY

NAME

AMOUNT: USD XXXX.00

ADDRESS

(XXX AND 00/100

CITY, STATE XXXXX-XXXX

UNITED STATES DOLLARS)

WE HEREBY ESTABLISH THIS IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT NO. _____ FOR AN AGGREGATE AMOUNT NOT TO EXCEED THE AMOUNT INDICATED ABOVE, EXPIRING AT OUR COUNTERS WITH OUR CLOSE OF BUSINESS ON

(DATE)

THIS LETTER OF CREDIT IS AVAILABLE WITH (BANK NAME), AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON (BANK NAME), WHEN ACCOMPANIED BY:

- 1) THE ORIGINAL OF THIS LETTER OF CREDIT (OR A PHOTOCOPY OF THE ORIGINAL FOR PARTIAL DRAWINGS) AND ANY SUBSEQUENT AMENDMENTS, IF ANY; AND
- 2) A DRAW CERTIFICATE (SEE EXHIBIT A) PURPORTEDLY SIGNED BY ONE OF THE BENEFICIARY'S OFFICIALS

BENEFICIARY SHALL BE ENTITLED TO DRAW UPON THIS LETTER OF CREDIT UP TO THE STATED AMOUNT, IN ONE OR MORE DRAWINGS; PROVIDED HOWEVER, THAT IF ANY DRAWING WOULD EXCEED THE STATED AMOUNT, BENEFICIARY SHALL BE ENTITLED TO DRAW ONLY THAT PORTION THAT WOULD NOT EXCEED THE STATED AMOUNT.

ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER ARE TO BE DIRECTED TO (BANK ADDRESS/CONTACT)

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THIS IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT IS ISSUED SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES 1998, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 (ISP98) AND AS TO MATTERS NOT ADDRESSED BY THE ISP98 THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

EXHIBIT A

DRAW CERTIFICATE

AN "EVENT OF DEFAULT" OR "EARLY TERMINATION DATE" (AS DEFINED IN SECTION 5 OF THE EDISON ELECTRIC INSTITUTE MASTER POWER PURCHASE & SALE AGREEMENT VERSION 2.1 AS MODIFIED ON 4/25/00) AND IN RESPECT TO THE POWER PURCHASE & SALE AGREEMENT BETWEEN ACCOUNT PARTY AND BENEFICIARY, DATED

_____ HAS OCCURRED AND IS CONTINUING WITH RESPECT TO THE ACCOUNT PARTY UNDER THIS AGREEMENT. WHEREFORE THE UNDERSIGNED DOES HEREBY DEMAND PAYMENT OF \$USD (INSERT AMOUNT) BUT NOT TO EXCEED THE REMAINING UNDRAWN AMOUNT OF THE LETTER OF CREDIT.

THE AMOUNT DEMANDED UNDER THIS LETTER OF CREDIT HAS BEEN COMPUTED IN ACCORDANCE WITH THE POWER PURCHASE & SALE AGREEMENT BETWEEN ACCOUNT PARTY AND BENEFICIARY, DATE _____.

(COMPANY NAME)

By: (SIGNATURE OF COMPANY OFFICER)

Title: _____

DATED: _____