



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

Revised Cal. PUC Sheet No. 24148-E  
Cancelling Original Cal. PUC Sheet No. 20686-E

Sheet 1

CONTRIBUTION TO MARGIN AGREEMENT  
Form 14-637

(To be inserted by utility)

Advice 1245-E-B  
Decision 97-08-056

Issued by  
John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Submitted Dec 23, 1997  
Effective Jan 1, 1998  
Resolution \_\_\_\_\_

## CONTRIBUTION TO MARGIN AGREEMENT

This Agreement is entered into between Account No. \_\_\_\_\_,  
\_\_\_\_\_ (“Customer”) located at \_\_\_\_\_,  
\_\_\_\_\_ and Southern California Edison Company (“Edison”), located at 2244 Walnut Grove Avenue, Rosemead, California 91770. This agreement shall become effective as of the date set forth beneath Edison’s signature on the signature page of this Agreement.

This Contribution to Margin Agreement (“Agreement”) provides Customer with a credit equal to 25% of the Present Value of the forecasted contribution to margin (“CTM”) resulting from Customer’s Forecast New Load under the Applicable EDR Schedule (as adjusted). The Credit applies to Added Facilities charges incurred to enable Customer to take service under the Applicable EDR Schedule.

This Agreement may only be used in conjunction with Customer’s Economic Development Rate Agreement and the Applicable Schedule EDR for an applicant eligible for a CTM Credit.

This is a filed form tariff agreement authorized by the California Public Utilities Commission (“Commission”) for use by Edison. No officer, inspector, solicitor, agent, or employee of Edison has any authority to waive, alter, or amend any part of this Agreement except as provided herein or as authorized by the Commission. This Agreement is to be used in conjunction with the Applicable EDR Schedule of Edison’s Commission-approved tariffs, and supplements the terms and conditions of the Customer’s Economic Development Rate Agreement and the Customer’s electric service under the Customer’s Otherwise Applicable Tariff, which is Schedule \_\_\_\_\_, and all related agreements.

The Parties agree as follows:

### 1. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

- 1.1. Added Facilities: Equipment or facilities that are in addition to, or in substitution for standard facilities that Edison would normally install in order to provide electric service to Customer.
- 1.2. Agreement: This document and appendices, as amended from time to time.
- 1.3. Applicable EDR Schedule: Schedule REDR, EEDR, or AEDR, whichever one is applicable to Customer based on its Economic Development Rate Agreement.
- 1.4. CTM Credit: The credit described in Section 3.

- 1.5. CTM Credit Termination Date: The third anniversary of the date Customer begins to incur charges for Incremental Added Facilities.
- 1.6. Customer: Customers as defined in Edison's Rule 1.
- 1.7. Economic Development Rate Agreement: The agreement entered into by Customer in conjunction with its Applicable EDR Schedule.
- 1.8. Floor Prices: Floor Prices are the minimum prices (per kW and per kWh) to be charged Customer for discounted demand and energy served under this Agreement. Floor prices shall be time-differentiated when Customer's Otherwise Applicable Tariff is a time-of-use tariff. (The time-of-use periods are those defined in Schedule TOU-8 for Edison's power purchase payments to Qualifying Facilities.) Floor Prices are not time-differentiated when Customer's Otherwise Applicable Tariff is not a time-of-use tariff. Therefore, all references to Floor Prices by time-of-use shall include those non-time differentiated Floor Prices computed for, and applicable to, non-time differentiated tariffs.
- 1.9. Forecast New Load: The forecast new load of Customer in Edison's service territory as determined by Edison and consistent with Customer's Economic Development Rate Agreement and set forth in Appendix B, as adjusted in accordance with Section 4.
- 1.10. Incremental Added Facilities: Added Facilities that are required by Edison or requested by the Customer to be installed in order to accommodate customer's service under the Applicable EDR Schedule that Edison determines are eligible for this CTM Credit.
- 1.11. Interest Rate: The internal discount rate established by Edison from time to time.
- 1.12. Job Multiplier: A job multiplier for a particular industry is the statewide "Industry and Consumer Spending" job multipliers published by the California Trade and Commerce Agency.
- 1.13. Liquidated Damages: Damages owed by Customer to Edison as provided in Section 9 of this Agreement.
- 1.14. Otherwise Applicable Tariff: The rate schedule under which Customer is taking electric service from Edison at the time of signing this Agreement, and any applicable successor schedule.
- 1.15. Party, Parties: The parties to this Agreement are Edison and Customer, as defined above.
- 1.16. Present Value: The present value calculated using the Interest Rate.

- 1.17. Surcharges: The California Alternate Rates for Energy Surcharge as shown in Preliminary Statement, Part O, Section 5, or the Public Utilities Commission Reimbursement Fee and any other mandated charges.

## 2. ELIGIBILITY

- 2.1. Customer warrants that it is eligible to receive the CTM Credit pursuant to the Applicable EDR Schedule. To be eligible:
  - (i) Customer's business activities must have an industrial classification that corresponds to a Job Multiplier which equals or exceeds the median Job Multiplier for all industries statewide;
  - (ii) The CTM Credit shall not have been extended to a Customer when Forecast New Load from Customers who have previously received CTM Credit exceeds 55 MW in Edison's service territory; and
  - (iii) Customer must have executed an Economic Development Rate Agreement and be subject to the Applicable EDR Schedule.
- 2.2. Job Multiplier for Customer's SIC is \_\_\_\_\_, which equals or exceeds the required Job Multiplier of \_\_\_\_\_ on the date of execution of this Agreement.
- 2.3. Eligible customers will receive a credit equal to 25% of the Present Value of the forecasted contribution to margin (CTM) resulting from Customer's Forecast New Load over the first five years of service under its Economic Development Rate Agreement, subject to adjustment as set forth below.

## 3. CONTRIBUTION TO MARGIN CREDIT

- 3.1. The CTM Credit shall be computed as of the date when Customer begins to incur Added Facilities Charges for Incremental Added Facilities and shall be subject to adjustment as provided in Section 4. The CTM Credit is initially computed by multiplying by 25% the Present Value of the difference between (i) the demand and energy charges for the Forecast New Load for the first five years of service under the Economic Development Rate Agreement using the rates and charges under the Applicable EDR Schedule, excluding Surcharges and (ii) the Forecast New Load priced at Customer's Minimum Charge computed in accordance with the Minimum Charge provision of Customer's Economic Development Rate Agreement for the first five years of service under the Applicable EDR Schedule.
- 3.2. Appendix A is a worksheet to calculate the CTM Credit, and will be used to calculate any adjustment to the CTM Credit.

- 3.3. Appendix B contains an estimate of the load characteristics of Customer's proposed new load, including, for Customers subject to billing on a time-of-use basis, estimated demand and energy usage on a time-of-use basis, compiled by Edison based upon available data. The estimates in Appendix B may be revised when recorded load data becomes available to more definitively establish the load characteristics of the expanded load.
- 3.4. The CTM Credit must be used before the CTM Credit Termination Date.
- 3.5. The CTM Credit will be applied each month to offset Customer's monthly Added Facilities charges for Incremental Added Facilities until used in full. The amount of credit taken in any month may not exceed the Added Facilities charges for Incremental Added Facilities for that month. In no event will there be a cash payment to Customer for any part of the CTM Credit. No CTM Credit will be applied to Incremental Added Facilities charges after the CTM Credit Expiration Date.
- 3.6. The CTM Credit may not be applied to any charges for Line Extensions, or to any other Added Facilities Charges Customer may have incurred on this service account or any other service account of Customer.

#### 4. ADJUSTMENTS TO CTM CREDIT

- 4.1. Edison may recompute the amount of Customer's CTM Credit if any of the factors, including the Forecast New Load, change. If Edison recomputes Customer's CTM Credit, Edison will substitute the recorded load data in place of the Forecast New Load used to calculate the original CTM Credit, and recalculate the CTM Credit. If forecasted electricity prices change, Edison shall use the revised forecast of prices in the recalculation.
- 4.2. If the calculation of the CTM Credit is based upon a commencement of service date of the Applicable EDR Schedule that has changed, Edison may recalculate the CTM Credit if Customer's commencement date under the Applicable EDR Schedule differs by three months or more from that assumed in making the CTM Credit calculation.
- 4.3. Edison will only adjust Customer's CTM Credit if Edison determines that the CTM Credit should be reduced. Further, if the adjustment to the CTM Credit indicates that Customer's CTM Credit exceeds that to which it is entitled, Edison shall charge Customer for the difference between the revised CTM Credit and the CTM Credit extended to Customer.

#### 5. LETTER OF CREDIT

- 5.1. Before Customer may use the CTM Credit, Customer must provide Edison with adequate security by posting a letter of credit, surety bond, or other mutually agreed

form of security for the full amount of the CTM Credit. The letter of credit may be drawn if Customer is required to repay the amount of CTM Credits extended or to pay the amount of any downward adjustment of the CTM Credit.

- 5.2. Customer may choose to pay for a credit review and petition Edison for a waiver of the security requirement in Section 5.1. If such an arrangement is agreed to by Edison, a periodic financial statement analysis will be performed by Edison to determine Customer's financial condition. Edison will require establishment of security to ensure repayment of the CTM Credit if the periodic financial statement analysis indicates a deterioration of the Customer's financial condition.

## 6. ADDED FACILITIES

An Added Facilities Contract, Edison's filed Form Nos. 16-308 or 16-309, shall be required if additional equipment or facilities are required for Added Facilities or Incremental Added Facilities.

## 7. ACKNOWLEDGMENT

Except as otherwise amended herein, Customer acknowledges that it is fully subject to all terms and conditions contained in the Applicable EDR Schedule, its Economic Development Rate Agreement and Customer's Otherwise Applicable Tariff, or its successor rate schedule, all of Edison's rules, and all terms and conditions of service contained in Edison's Commission-approved tariffs.

## 8. TERMINATION

This Agreement may be terminated (subject to payment of Liquidated Damages) as follows:

- 8.1. Termination Or Breach Of Economic Development Rate Agreement: This Agreement shall terminate when Customer's Economic Development Rate Agreement terminates. Edison may terminate this Agreement upon 5 business days notice if Customer is in material noncompliance with its Economic Development Rate Agreement.
- 8.2. Termination For Nonpayment: Edison may terminate this Agreement if Customer fails to pay any amount due hereunder within 30 days after receipt of notice of nonpayment from Edison.
- 8.3. Termination For Noncompliance: Edison may terminate this Agreement upon five business days' notice if Customer fails to comply with any term or condition of this Agreement if any representation made by Customer in this Agreement is untrue in any material respect or if Customer ceases the operation to which this Agreement applies or moves them out of Edison's service territory.

- 8.4. Termination For Ineligibility: Edison may terminate this Agreement upon five business days' notice if it determines that Customer was not eligible for the CTM Credit.
- 8.5. Termination For Failure To Maintain Minimum Load: Edison may terminate this Agreement if Customer fails to maintain its Minimum Load (as defined in Customer's Economic Development Rate Agreement) during any consecutive twelve-month period.

## 9. LIQUIDATED DAMAGES

- 9.1. Upon termination of this Agreement prior to the end of its term, Customer shall be required to pay Edison a Liquidated Damages payment. The Liquidated Damages payment is required to ensure that neither Edison nor its ratepayers are financially or otherwise damaged if this Agreement is prematurely terminated before the end of its term.
- 9.2. It would be extremely difficult for the Parties to identify the amounts of increased or additional costs attributable to termination of this Agreement. Parties agree the Liquidated Damages specified herein are a reasonable approximation of damages which Edison and its ratepayers may incur as a result of such termination, and that the damage amount does not represent a penalty.
- 9.3. Liquidated Damages under this Agreement shall be an amount equal to the Present Value of the amount of any CTM Credits extended, plus interest (at the Interest Rate) on the foregoing amounts to the date of payment.
- 9.4. The limitations of Rule 17 of Edison's Commission-approved Tariffs shall not apply to damages payable under this Agreement.

## 10. COMPETITION TRANSITION CHARGES

In addition to all other charges, Customer shall pay any Competition Transition Charge (CTC) according to Customer's Otherwise Applicable Tariff and Preliminary Statement, Part W. The expiration or termination of this Agreement does not affect any obligation to pay CTC.

## 11. DAMAGE LIMITATION

Edison shall not be liable for any consequential, incidental, indirect, or special damages, whether in contract, tort, or strict liability including, but not limited to, lost profits and loss of power resulting from power outages or other electric service interruptions or from Edison's performance or nonperformance of its obligations under this Agreement or in the event of termination of this Agreement.

12. INDEMNITY

Customer shall, at its own cost and expense, defend, indemnify, and hold harmless Edison, its officers, agents, employees, assigns, and successors in interest, from and against any and all liability, damages, losses, claims, demands, actions, cause of action, costs, including attorney's fees and expenses, or any of them, resulting from the death or injury to any person or damage to any property caused by Customer, its employees, officers and agents, or any of them, and arising out of the performance or non-performance of its obligations under this Agreement. Termination of this Agreement shall not exempt Customer from the terms and conditions of this Section.

13. ASSIGNMENT OF AGREEMENT

Customer shall not assign this Agreement or any part or interest thereof, to a third party without the prior, written consent of an authorized representative of Edison. Any assignment made without such consent shall be void and of no effect. Further, any assignment made under this Agreement shall be subject to any applicable Commission authorization or regulation except as waived by the Commission.

14. AMENDMENT

Any changes or amendments to this Agreement must be in writing and must be executed by the Customer and Edison.

15. NOTICE

Any notice either Customer or Edison may wish to provide the other regarding this Agreement must be in writing. Such notice must be either hand-delivered or sent by U.S. registered mail, postage prepaid, to the person designated to receive notice for the other party below, or to such other address as either may designate by written notice. Notices delivered by hand shall be deemed effective when delivered. Notices delivered by mail shall be deemed effective when received, as acknowledged by the receipt of the certified or registered mailing.



Customer:

\_\_\_\_\_

(name)

\_\_\_\_\_

(title)

\_\_\_\_\_

(party)

\_\_\_\_\_

(address)

\_\_\_\_\_

(city, state, & zip code)

Edison:           Manager, Pricing Design and Tariffs  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, California 91770

16.   NONWAIVER

The failure of either Party to enforce any of the terms and conditions or to exercise any right or privilege in this Agreement shall not be construed as a waiver of any such terms and conditions or rights or privileges, and the same shall continue and remain in force and effect as if no such failure to enforce or exercise had occurred.

17.   SEVERABILITY

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by the Commission, or any court of competent jurisdiction, the validity and enforceability of the remaining provisions or any portion thereof shall not be affected. However, should either party determine, in good faith, that such unenforceability renders the remaining provision of this Agreement economically infeasible or disadvantageous, said party may terminate this Agreement upon 15 days notice, provided that the provisions of Section 9 (Liquidated Damages) shall apply to any such termination.

18.   APPLICABLE LAWS, RULES, AND REGULATIONS

This Agreement shall be subject to, and interpreted under, the laws, rules, and regulations of the State of California and the Commission, and under Edison's Commission-approved Tariff Schedules and Rules. To the extent there are any inconsistencies between this Agreement and Edison's other tariffs, this Agreement shall control with respect to the CTM Credit.

19. CALIFORNIA PUBLIC UTILITIES COMMISSION

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

19.2. Notwithstanding any other provisions of this Agreement, Edison has the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application for a change in rates, charges, classification, service, or rule, or any agreement relating thereto.

20. ENTIRE AGREEMENT

This Agreement, including Edison's tariffs as filed with the Public Utilities Commission, constitutes the sole, only, and entire agreement and understanding between the Parties as to the subject matter of this Agreement with respect to The Contribution to Margin Agreement. Prior agreements, commitments or representations, whether expressed or implied, and discussions between Parties, shall not be construed to be a part of this Agreement.

21. CUSTOMER AFFIDAVIT

By signing this Agreement, Customer certifies and declares under penalty of perjury under the laws of the State of California that statements in the paragraphs below in this subsection are true and correct:

21.1. Customer hereby confirms that its Job Multiplier is as stated in Section 2.2.

21.2. Customer certifies that all Forecast New Load is load that is new to California and does not represent load already in or which is being relocated within California.

21.3. The information provided by Customer in Appendix B represents its reasonable estimate of Customer's Forecast New Load.

22. AUTHORIZATION SIGNATURES

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized agents to be effective on the date of Edison's signature below.

By: SOUTHERN CALIFORNIA  
EDISON COMPANY

By: CUSTOMER

\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
(Name)  
\_\_\_\_\_  
(Title)  
Southern California Edison Company  
\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
(Name)  
\_\_\_\_\_  
(Title)  
\_\_\_\_\_  
(Customer)  
\_\_\_\_\_  
(Date)

[Customer's Signature must be notarized]

**APPENDIX A**  
**CTM CREDIT FORECAST EXAMPLE**  
**ECONOMIC DEVELOPMENT RATE OPTION**

	Revenue at OAT <sup>1/</sup> For Incremental Load	Discount	Revenue After Discount	Revenue at Floor	CTM Produced After Discount <sup>2/</sup>
Year One		25%			
Year Two		20%			
Year Three		15%			
Year Four		10%			
Year Five		05%			
			Total Present Value 25% of PV (This is the Value of the CTM Credit) Monthly Credit <sup>3/</sup>		

<sup>1/</sup> Revenue at Otherwise Applicable Tariff, excluding Surcharges.

<sup>2/</sup> CTM will vary depending on the customer's Otherwise Applicable Tariff and prevailing Floor in the year in which a customer starts receiving its EDR discounts. For any re-computation of the CTM credit, recorded figures will be substituted for forecasted numbers starting with Year One.

<sup>3/</sup> Customer may use the credit in less than three years if Added Facilities Charges each month are higher than this monthly average.

## APPENDIX B

### FORECAST NEW LOAD

Forecast New Load is established as follows:

	Average Monthly Base Period Usage (kWh)	Average Hourly Base Period Usage, (kWh)
<u>Facilities Related Demand</u>		N/A
<u>Summer</u>		
On-Peak		
Mid-Peak		
Off-Peak	_____	_____
OVERALL		
<u>Winter</u>		
Mid-Peak		
Off-Peak		
Super Off-Peak	_____	_____
OVERALL		

The Base Period Usage Facilities Related Demand is computed as follows:

1. Determine a Facilities Related Demand for each month in the period used to establish Base Period Usage that is the greater of:
  - a. The maximum billing demand for the month, or
  - b. 50% of the highest of all the billing demands in the period used to establish Base Period Usage.
2. Compute the average of the monthly Facilities Related Demands thus determined. This is Base Period Usage Facilities Related Demand.

An "XXX" entered above indicates that the entry is not applicable to Customer's Base Period Usage.