



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

Revised Cal. PUC Sheet No. 24151-E
Cancelling Original Cal. PUC Sheet No. 20691-E

Sheet 1

ENVIRONMENTAL PRICING CREDIT AGREEMENT
Form 14-642

(To be inserted by utility)

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

Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Submitted Jun 10, 1998
Effective Jan 1, 1998
Resolution E-3510

ENVIRONMENTAL PRICING CREDIT 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.

The purpose of this Environmental Pricing Credit Agreement is to establish the terms upon which Edison will provide a credit to Customer’s electric bill for the installation of a specific Qualifying Environmental Technology Equipment which provides new load on Edison’s system. The Environmental Pricing Credit (“EPC”) is intended to encourage Customer to install Qualifying Environmental Technology Equipment and to operate such equipment as designed and on Edison’s system through the term of this Agreement.

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 supplements the terms and conditions of Customer’s electric service under Edison’s Commission-approved tariffs.

The Parties agree as follows:

1. DEFINITIONS

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

- 1.1. Agreement: This document and appendices, as amended from time to time.
- 1.2. Customer: Customers as defined in Edison’s Rule 1.
- 1.3. Contribution to Margin: The difference between revenues received from Customer applying the Customer’s Otherwise Applicable Tariff, excluding California Alternative Rates for Energy Surcharge (“CARES”) and the Public Utilities Reimbursement Fee (“PUCRF”) and any other mandated charges, and the customer-specific Long-Run Marginal Cost of providing service to Customer.
- 1.4. Environmental Pricing Credit: A dollar amount to be credited to Customer’s account established initially by Edison in Appendix A as the amount equal to the forecasted net present value (calculated using the

Interest Rate) of fifty percent of the Contribution to Margin over the term of this Agreement (pursuant to Section 6) resulting from projected incremental kilowatt-hour consumption resulting from installation and operation of Qualifying Environmental Technology Equipment, as adjusted in accordance with this Agreement.

- 1.5. Interest Rate: The internal discount rate established by Edison from time to time.
- 1.6. Liquidated Damages: Damages owed by Customer to Edison as provided in Section 9 of this Agreement.
- 1.7. Long-Run Marginal Cost: Sum of marginal energy, generation (unadjusted by the Energy Reliability Index), transmission and distribution costs adopted in the most recent retail rate proceeding adjusted for line losses adopted in the same proceeding.
- 1.8. Party, Parties: The parties to this Agreement are Edison and Customer, as defined above.
- 1.9. Qualifying Environmental Technology Equipment: Any equipment or facilities which consume electricity, but do not replace other electricity consuming equipment or facilities, which are included in the approved list of qualifying technologies listed in Appendix B to this Agreement.

2. QUALIFYING ENVIRONMENTAL TECHNOLOGY EQUIPMENT

- 2.1. Customer shall install and operate Qualifying Environmental Technology Equipment in accordance with the forecast load profile in Appendix A.
- 2.2. Customer shall maintain and operate the Qualifying Environmental Technology Equipment in proper working order for the term of the Agreement.
- 2.3. Customer shall notify Edison if the Qualifying Environmental Technology Equipment ceases operation for more than 30 days, or if the use or operation of the equipment is modified in such a manner that causes kilowatt-hour consumption to decrease to seventy-five (75) percent or less of the projected incremental kilowatt-hour consumption specified in Appendix A.
- 2.4. Customer shall provide Edison with access to Customer's premises at all reasonable hours for periodic inspection and testing of the Qualifying Environmental Technology Equipment.

3. ENVIRONMENTAL PRICING CREDIT

- 3.1. An Environmental Pricing Credit will be provided to Customer in an amount initially estimated in Appendix A to this Agreement, subject to adjustment in accordance with Sections 3.3 and 4.
- 3.2. Based upon estimated incremental energy consumption for the term of this Agreement, and provided the Customer has established adequate security in accordance with Section 5, Edison shall credit the Environmental Pricing Credit to Customer's electric bill as a single credit no later than 90 days after Edison has verified completion of the installation and operation of the Qualifying Environmental Technology Equipment. In no event shall Edison be required to make any cash payment to Customer.
- 3.3. The estimated Environmental Pricing Credit provided in Appendix A may be modified, at Edison's discretion, to reflect the actual installation and projected incremental energy consumption based upon measured incremental consumption and/or an inspection of the Qualifying Environmental Technology Equipment prior to crediting the Environmental Pricing Credit to Customer's electric bill.
- 3.4. Customer shall not receive credits or discounts from its applicable tariff other than the Environmental Pricing Credit for electric energy consumed in the operation of the Qualifying Environmental Technology Equipment on which this Agreement is based.
- 3.5. Any metering installed by Edison in order to provide Customer service under this Agreement shall be paid by Customer in accordance with the provisions of Rule 2, for which a contract is required.

4. ADJUSTMENT OF THE ENVIRONMENTAL PRICING CREDIT

Edison shall be entitled to make periodic inspections of the operation and/or monitor measured incremental consumption of the Qualifying Environmental Technology Equipment to verify that the equipment is operating in accordance with the parameters in Appendix A or as verified at initial installation and operation, including the projected incremental kilowatthour consumption for which the Environmental Pricing Credit was determined. If the Qualifying Environmental Technology Equipment is not being operated as estimated in this Agreement, Edison shall have the right to evaluate and make reasonable adjustments to the Environmental Pricing Credit based on information including, but not limited to, the physical condition of the Qualifying Environmental Technology Equipment, available meter readings, records of historical use and the general characteristics of the Customer's load and operation. The Customer

shall pay the amount of any adjustment to Edison or Edison may agree to charge this amount to the Customer's account or draw on the security described below.

Repayment of any portion of the Environmental Pricing Credit must be accompanied by an amount equal to interest on the amount of repayment calculated using the Interest Rate from the time the Environmental Pricing Credit was extended to the date of payment.

5. SECURITY REQUIREMENT

5.1. Before Edison credits the Environmental Pricing Credit, Customer must provide Edison with adequate security by posting a letter of credit, surety bond, or other mutually agreed upon form of security, for the full amount of the Environmental Pricing Credit during the term of this Agreement. The security may be drawn upon termination of this Agreement prior to the end of its term or to pay the amount of any downward adjustment of the Environmental Pricing 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 payment of any adjustment to or repayment of the Environmental Pricing Credit if the periodic financial statement analysis indicates a deterioration of the Customer's financial condition.

6. TERM

By placing an "x" or initialing the appropriate blank, Customer elects one of the following terms for this Agreement:

Three Years
 Five Years
 Seven Years

This Agreement may not be renewed at the end of its term.

7. COMMENCEMENT OF SERVICE

Service under this Agreement will commence with the next regular billing period following the effective date of this Agreement, or the next regular billing period following _____, whichever is later.

8. WAIVER

The choice of equipment and technology, selection of contractors, purchase of materials, work performed, and the payment thereof are Customer's sole responsibility. Customer waives any claims against Edison arising out of the installation and use of the Qualifying Environmental Technology Equipment. Edison makes no representations regarding contractors, dealers, equipment, material or workmanship related to the Qualifying Environmental Technology equipment or technology or regarding the effectiveness of any Qualifying Environmental Technology or compliance with environmental laws or regulations. Edison does not endorse specific products or manufacturers. EDISON DOES NOT REPRESENT ANY EXPRESSED, IMPLIED, OR PROSPECTIVE WARRANTY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR USE OR APPLICATION.

9. TERMINATION

This Agreement shall terminate (i) upon expiration of the term selected by the Customer pursuant to Section 6, (ii) if Customer does not pay the amount of any adjustment to the Environmental Pricing Credit pursuant to Section 4, (iii) if Customer ceases to purchase an amount of electricity equal to the amount required to operate the Qualifying Environmental Technology Equipment (without regard to the Environmental Pricing Credit) or (iv) if Customer does not operate the Qualifying Environmental Technology Equipment as specified in this Agreement and an appropriate adjustment pursuant to Section 4 to the Environmental Pricing Credit has not been made.

Edison shall provide 10 business days notice of termination to Customer.

Customer may request termination of this Agreement at any time by providing at least 60 days written notice to Edison.

10. LIQUIDATED DAMAGES

Upon termination of this Agreement prior to the end of its term as selected in Section 6, 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 terminated before the end of its term.

It would be extremely difficult for the Parties to identify the amounts of increased or additional costs attributable to termination of this Agreement before the end of its term. 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.

If Edison terminates the Agreement in accordance with Section 9(ii), (iii) or (iv), or this Agreement is otherwise terminated prior to expiration of its term, Edison shall recover the Environmental Pricing Credit provided to Customer as follows:

- Until one-half of the term of the Agreement has expired, Customer will repay 100 percent of the Environmental Pricing Credit.
- After one-half of the term of the Agreement has expired, Customer will repay a pro rata share of the Environmental Pricing Credit which ranges from 100 percent of the Environmental Pricing Credit starting at one-half of the term of the Agreement and decreases linearly to zero at the end of the term of the Agreement.

Any repayment of the Environmental Pricing Credit must be accompanied by an amount equal to interest on the amount of any repayment (calculated using the Interest Rate) from the time the Environmental Pricing Credit was extended to the date of payment.

Edison may draw on the letter of credit or other security provided pursuant to Section 5 for any Liquidated Damages payments required pursuant to this Section 10.

The limitations of Rule 17 of Edison's Commission-approved Tariffs shall not be applicable to damages payable under this Agreement.

11. COMPETITION TRANSITION CHARGES

In addition to all other charges, Customer shall pay 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.

12. ELECTRICITY PURCHASES

Customer has the right to select any supplier that provides electricity over Edison's transmission and distribution system.

13. 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.

14. INDEMNITY

Customer shall defend, indemnify, and hold harmless Edison from and against any and all actions, claims, liabilities, losses, damages, and reasonable expenses of defense, for injury to or death of any person, and damage to or loss of any property, in connection with Customer's performance of this Agreement. The provisions of this paragraph shall continue in effect notwithstanding termination of this Agreement.

15. ASSIGNMENT OF AGREEMENT

Customer shall not assign this Agreement or any part or interest herein, 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.

16. 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

17. 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.

18. SEVERABILITY

In the event that any of the provisions, or portions hereof, 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 provisions of this Agreement economically infeasible or disadvantageous, said party may terminate this Agreement upon 15 days notice, provided that the provisions of Section 10 shall apply to any such termination.

19. 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.

20. CALIFORNIA PUBLIC UTILITIES COMMISSION

- 20.1. 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.
- 20.2. 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.

21. 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. Prior agreements, commitments or representations, whether expressed or implied, and discussions between Parties, shall not be construed to be a part of this Agreement.

22. AMENDMENTS

Any changes or amendments to this Agreement must be in writing and must be executed by Customer and Edison and be approved by the Commission, if required.

23. CUSTOMER AFFIDAVIT

Customer certifies and declares under penalty of perjury under the laws of the state of California that statements in the paragraphs below are true and correct:

- 23.1. Customer certifies that the new electric load associated with the Qualifying Environmental Technology Equipment, listed in Appendix B, is new electric load and does not represent new electric equipment which replaces existing electric equipment.
- 23.2. Customer considers the terms and conditions of this Agreement and the Environmental Pricing Credit to be a material factor in Customer's decision to purchase, install, and operate Qualifying Environmental Technology Equipment.
- 23.3. Customer hereby confirms that the operation of Qualifying Environmental Technology Equipment is in accordance with the forecast load profile in Appendix A.
- 23.4. Customer agrees that Edison has the right to inspect Customer facilities to verify that the environmental technology equipment has not been previously contracted, installed, and/or operated.
- 23.5. Customer shall provide to Edison the necessary documentation representing that a non-electric alternative technology is a viable, competitive solution for Customer's particular new installation situation. Edison reserves the right to require additional documentation, and reject or accept Customer's EPC application.
- 23.6. Customer agrees that Edison has the right to request and receive, from the Environmental Pricing Credit applicant, documentation supporting the feasibility of the installation of environmental technology.
- 23.7. Customer acknowledges that Edison has the right to verify any supporting documentation and statements Customer has made in support of this affidavit and application for requesting Environmental Pricing Credit.

24. 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)

APPENDIX A
ENVIRONMENTAL PRICING CREDIT WORKSHEET

**CUSTOMER SPECIFIC CREDIT FOR LOAD RESULTING FROM
INSTALLATION AND OPERATION OF QUALIFYING ENVIRONMENTAL
TECHNOLOGY EQUIPMENT**

Customer Name: _____ Voltage Level: _____

Tariff Schedule: _____

Qualifying Environmental Technology Equipment: _____

(describe the type of QET, and specific equipment or facilities to be installed by customer)

Load Profile	Summer On-Peak	Summer Mid-Peak	Summer Off-Peak	Winter Mid-Peak	Winter Off-Peak
Energy (kWh)					
Demand (kW)					
Facilities Related kW					

	3-Year	5-Year	7-Year
Credit Amount	\$	\$	\$

1. Customer's annual bill is estimated based on incremental load profile, tariff schedule, and service voltage, and converted to an average unit rate (cents/kilowatt-hour).
2. Annual average unit rates are projected through the year 2002 based on the Utility's hourly cost of procuring energy from the Power Exchange (PX).
3. Customer-specific Long-Run Marginal Cost is estimated for the same period using Gross Domestic Product price deflators to escalate gas prices and capacity costs.
4. For each year, 1996 through 2002, the annual contribution to margin is estimated by subtracting Customer-specific Long Run Marginal Cost from tariff revenues. Fifty

percent of the estimated Contribution to Margin is to be provided to Customer as the Environmental Pricing Credit.

5. The Environmental Pricing Credit is equal to the present value of the annual credit amount (50 percent of Contribution to Margin) over the life of the contract (3-, 5-, or 7-years).

APPENDIX B

QUALIFYING ENVIRONMENTAL TECHNOLOGY EQUIPMENT

1. Clean Air
 - Infrared heating and curing
 - Ultraviolet heating and curing
 - VOC control technologies
 - Aqueous cleaning
2. Metal Works
 - Heating, melting and fabrication equipment
3. Clean Power Pumping
 - Electric motors
 - Variable speed drive systems
4. Clean Heating and Cooling
 - Electric heat pumps
5. Clean Water
 - Ozonated water treatment
 - Ultraviolet disinfection
 - Membrane filtration
 - Advanced oxidation technologies
6. Food Processing and Preparation
 - Dielectric heating and drying
 - Electric ovens, fryers and griddles
7. Health Services
 - Ultraviolet air disinfection
 - Medical waste treatment technologies
 - Plasma-based sterilization