



## City of Biggs

### Agenda Item Staff Report For the Regular City Council Meeting: August 11, 2015

TO: Honorable Mayor and Members of the City Council  
FROM: City Administrator

SUBJECT: Approval of PGE Transmission Facilities Agreement, and Interruptible Wholesale Distribution Service and Interconnection Agreement.

Council is asked to consider authorizing execution of a new transmission facilities agreement and interconnection agreement with PGE.

#### Background

Northern California Power Agency ("NCPA"), Pacific Gas and Electric Company ("PG&E"), and the balance of NCPA Member Customers<sup>1</sup> are parties to Service Agreement No. 17 under the PG&E FERC Electric Tariff Volume No. 5 (the "Interconnection Agreement"). The Interconnection Agreement contains the terms and conditions under which the parties coordinate operations of the electrical interconnections between their respective electric systems. The Interconnection Agreement became effective on September 1, 2002, and is set to expire on October 31, 2015. The Interconnection Agreement contains provisions that cover the City of Biggs 60kV Point of Interconnection with the PG&E transmission system (as a NCPA Member Customer).

#### Discussion

Due to the impending expiration of the Interconnection Agreement, NCPA, PG&E, CAISO and NCPA Member Customer staff have worked to develop a new Interconnection Agreement between PG&E, NCPA and the NCPA Member Customers (the "New Interconnection Agreement"). Staff is seeking Council review and approval of the New Interconnection Agreement.

#### New Interconnection Agreement

The New Interconnection Agreement contains the terms and conditions under which each of the NCPA Member Customer Points of Interconnection will be operated in coordination with PG&E. Such terms and conditions including, but not limited to the following: (i) requirements for modifying Points of Interconnection, (ii) operational and planning requirements, (iii)

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<sup>1</sup> The NCPA Member Customers are the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Ukiah, and Plumas Sierra Rural Electric Cooperative.

obligations of the parties resulting from significant regulatory and operational changes, (iv) installation and access requirements, (v) metering and metering equipment standards, (vi) administrative and billing procedures, (vii) and other miscellaneous provisions and requirements. The New Interconnection Agreement also contains several appendices that are attached to and made part of the agreement. The appendices contain specific procedures associated with: (i) dispute resolution and arbitration, (ii) requirements for installation of Upgraded Facilities, (iii) billing and payment instructions, and (iv) operational coordination requirements (including Under frequency Load Shedding obligations). While all of the Points of Interconnection covered under the New Interconnection Agreement are owned and operated by the NCPA Member Customers, NCPA is a signatory to the New Interconnection Agreement due to its role as the NCPA Member Customers' portfolio manager. NCPA shall provide support services to the NCPA Member Customers, including, but not limited to, assisting NCPA Member Customers in performing impact studies and resolving disputes with PG&E.

The New Interconnection Agreement will become effective on November 1, 2015, and will have a term of ten (10) years. NCPA, PG&E, and each NCPA Member Customer will be a signatory to the New Interconnection Agreement.

The Council previously authorized approval of the new Interconnection Agreement.

One change to the Interconnection agreement was the elimination of reference to Biggs' 12kV back up connection because PGE considers their 12kV circuit to be for retail rather than wholesale distribution, and that current wheeling charges do not include contributions to PGE 12kV circuits. As such, PGE is requiring a separate agreement which includes additional charges which financially support the 12kV circuit.

#### Fiscal Impact

By executing the PGE Agreements, the City of Biggs will incur charges when it uses the 12kV circuit during maintenance or outages associated with the main 60kV interconnection. In a typical year the added cost amounts to approximately \$900.

#### **Recommendation:**

Approve and authorize the Mayor to sign the PGE Transmission Facilities Agreement, and the Interruptible Wholesale Distribution Service and Interconnection Agreement.

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Mark Sorensen, City Administrator

CITY OF BIGGS  
TRANSMISSION FACILITIES AGREEMENT

At the request of the City of Biggs (“Customer” or “Biggs”), Pacific Gas and Electric Company (“PG&E”), a California corporation (collectively, “Parties”), agreed to and has furnished certain facilities, described herein and in Appendix A of this Transmission Facilities Agreement (“TFA”).

Pursuant to the Special Facilities Agreement for the Interconnection of the City of Biggs’ 60 kV Substation (“Special Facilities Agreement”) between PG&E and the Northern California Power Agency (“NCPA”), PG&E agreed to construct, own, operate and maintain the certain facilities necessary to interconnect the City of Biggs 60 kV Switching Station located at the intersection of State Route 99 and Dakota Avenue in the City of Biggs to the PG&E system, as described further in Appendix A. This TFA, inclusive of its appendices, which are identified herein, is entered into pursuant to the Interconnection Agreement by and between PG&E, NCPA, and the California Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Ukiah, and the Plumas-Sierra Rural Electric Cooperative, Inc., (referred to collectively as “NCPA Member Customers”) under Service Agreement No. 292 under PG&E’s FERC Electric Tariff Volume No. 5 (“NCPA IA”), and is subject to all terms and conditions thereof. This TFA amends, restates and replaces that certain Special Facilities Agreement dated as of June 2, 1998, and the Special Facilities Agreement is hereafter of no further force or effect. For purposes of interpreting this TFA, if any term or condition of this TFA conflicts with the NCPA IA, this TFA shall govern.

**1. Facilities**

**(a) Biggs' Interconnection Facilities**

Biggs' Interconnection Facilities consist of the following equipment, all of which is owned, operated, and maintained by Biggs:

All facilities located in the City of Biggs 60 kV Substation at and beyond switch 15, as further described in Appendix A.

**(b) PG&E's Facilities at the Point of Interconnection**

PG&E's Facilities consist of the following equipment, all of which is owned, operated, and maintained by PG&E:

Those facilities and equipment, including but not limited to, two transmission line selector switches, pole and connections necessary to interconnect the City of Biggs 60 kV Substation to the PG&E Butte-Pease 60 kV transmission line, between Peachton and Tres Vias Substations.

In the case of this interconnection, PG&E's Facilities are under the control of the CAISO.

**2. This TFA includes and incorporates:**

**Appendix A: Facilities At the Point of Interconnection and Ownership Schematic:**

Appendix A is a single-line diagram of the Interconnection Facilities at the Point of Interconnection that identifies the ownership of such facilities. Appendix A may be revised or superseded by written agreement of the Parties.

**Appendix B: Detail of Facilities Charges**

**3. Point of Change of Ownership**

The point(s) of change of ownership is/are the point(s) where Biggs' Interconnection Facilities connect to PG&E's Interconnection Facilities.

**4. Point of Interconnection**

The point(s) of interconnection is/are the point(s) where Biggs' Interconnection Facilities connect to the CAISO Controlled Grid, which in this case is the Point of Change of Ownership.

**5. Cost of Ownership Charge**

The Special Facilities Agreement under which PG&E constructed facilities required to interconnect the City of Biggs 60 kV Substation to the PG&E system did provide for collection of Cost of Ownership charges by PG&E, as further described in Appendix A of the Special Facilities Agreement.

The current Cost of Ownership Charges are specified in Appendix B to this TFA.

**6. Where it may be necessary to test protection equipment on Customer's premises in the future, Customer hereby grants to PG&E:**

The right of ingress and egress to and from Customer's premises at all reasonable hours in order to perform testing of the protection equipment owned by Biggs on transmission lines owned by PG&E. Testing shall be coordinated with and performed in the presence of a Biggs representative.

**7. Any new electric extensions and connections, capacity upgrades to existing facilities, conduits, and substructures, and the maintenance of facilities, conduits, and substructures provided under this TFA shall be installed and made in accordance with fundamental design, installation, ownership, and maintenance provisions of Applicable Requirements as defined in Section 4.1.3, and as described in Sections 6, Interconnections, and 10, Operating Provisions, of the NCPA IA.**

8. This TFA shall become effective on the later of (i) November 1, 2015 or (ii) when it is accepted for filing and permitted to become effective by the Federal Energy Regulatory Commission (“FERC”), and in any event, not before the NCPA IA becomes effective. This TFA shall remain in force until one of the following events occurs:

- (a) A dispute arising under this TFA has not been resolved under the procedures set forth in Section 12;
- (b) The NCPA IA, or its successor, terminates without a FERC-approved successor; or
- (c) The Parties agree in writing to terminate this TFA.

In the event of termination under subpart (a), PG&E shall provide Customer at least one hundred eighty (180) days written notice and a reasonable opportunity to cure (if appropriate) before termination becomes effective pursuant to this section.

9. Upon termination of the TFA for any reason:

- (a) Customer shall pay to PG&E a facilities termination charge, defined as the estimated removal cost, as determined by PG&E in accordance with its standard accounting practices.
- (b) Pursuant to FERC’s rules and regulations, PG&E will make a filing and obtain FERC acceptance prior to billing Customer for any facilities termination charge.

10. Nothing contained herein shall be construed as affecting in any way the right of PG&E to unilaterally make application to FERC for a change in rates, including terms and conditions, under Section 205 of the Federal Power Act (“FPA”) and pursuant to FERC’s Rules and Regulations promulgated thereunder. Nothing contained herein shall be construed as affecting in any way Biggs’ or NCPA’s rights to oppose such filing, or to seek changes in rates, including terms and conditions, under Section 206 of the FPA.

11. No transfer or assignment of either Party's rights, benefits or duties under this TFA shall be effective without the prior written consent of the other Party, which consent shall not be withheld unreasonably; provided, however, that this section shall not apply to interests that arise by reason of any deed of trust, mortgage, indenture, or security agreement granted or executed by either Party. No partial assignment of either Party's rights, benefits, or duties shall be permitted under this TFA unless otherwise agreed in writing to by the Parties. Any successor to or transferee or assignee of the rights or obligations of a Party, whether by voluntary transfer, judicial sale, foreclosure sale or otherwise, shall be subject to all terms and conditions of this TFA to the same extent as though such successor, transferee, or assignee were an original party.
12. Any dispute arising from this TFA shall be resolved in accordance with Section 22 of the NCPA IA.
13. This TFA may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one instrument.
14. This TFA may be amended or modified only by the written agreement of the Parties, except as otherwise specifically provided herein.
15. This TFA, inclusive of its appendices and, by reference, the NCPA IA, constitutes the complete and final expression of the rights and obligations of the Parties in connection with the subject matter of this TFA and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and contracts which may have been made in connection with the subject matter of this TFA. The appendices to this TFA, as they may be revised from time to time by written agreement of the Parties, are attached to this TFA and are incorporated by reference as if herein fully set forth.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed this \_\_\_\_\_ day of \_\_\_\_\_, 2015 but effective as set forth above.

**CITY OF BIGGS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PACIFIC GAS AND ELECTRIC COMPANY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

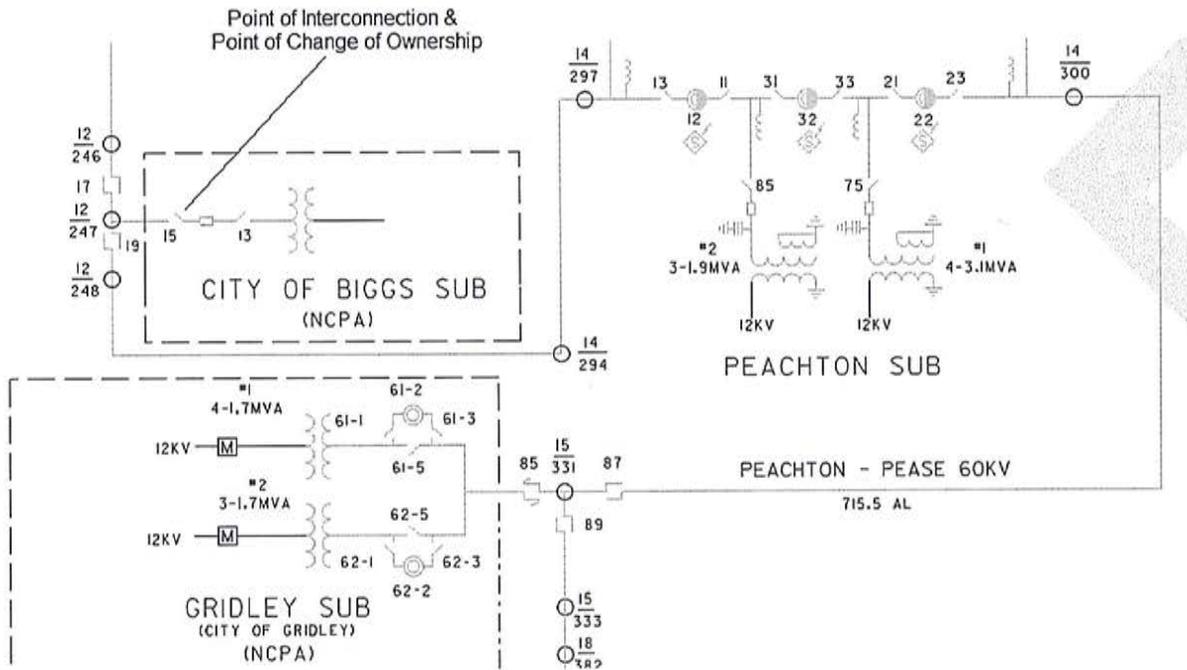
Date: \_\_\_\_\_

**Attachments:**

Appendix A Facilities at the Point of Interconnection and Ownership Schematic

Appendix B Detail of Facilities Charges

APPENDIX A  
FACILITIES AT POINT OF INTERCONNECTION AND  
OWNERSHIP SCHEMATIC



APPENDIX B  
DETAIL OF FACILITIES CHARGES

**I. Applicability**

The application of charges specified herein is pursuant to the provisions of this TFA between Biggs and PG&E and shall be a part thereof and in effect until superseded by mutual agreement. All Cost of Facilities, as further described in Section II of this Appendix B, have been paid in full by NCPA and the City of Biggs.

**II. Initial Charges**

City Of Biggs 60 kV Interconnection Project Costs:

<b>Work Item</b>	<b>Costs</b>
<u>Transmission Related Costs</u>	
Transmission Tap Line Facilities	\$ 59,812
Engineering	17,225
Right-of-Way Acquisition	16,668
<b>Total - Transmission Related Cost</b>	<b>\$ 93,705</b>
I.T.C.C. Tax (34%)	\$ 31,860
<b>Total Cost</b>	<b>\$ 125,565</b>

**III. Monthly Cost of Ownership Charges**

The proposed monthly charges, which are subject to change in accordance with the formula set forth below, are:

Transmission Related Cost	×	Transmission-level Customer-financed Monthly Cost of Ownership Rate	=	Monthly Charge
\$ 93,705	×	0.38%	=	\$ 356.08

**Interruptible Wholesale Distribution Service and  
Interconnection Agreement**

**between Pacific Gas and Electric Company and  
the City of Biggs**

**PG&E Rate Schedule FERC No. 246**

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**INTERRUPTIBLE WHOLESALE DISTRIBUTION SERVICE AND  
INTERCONNECTION AGREEMENT  
BETWEEN PACIFIC GAS AND ELECTRIC COMPANY  
AND THE CITY OF BIGGS**

**1 PREAMBLE**

This Interruptible Wholesale Distribution Service and Interconnection Agreement (“Agreement”) is made by and between PACIFIC GAS AND ELECTRIC COMPANY (“PG&E”) and the City of Biggs (“Biggs”). PG&E and Biggs are hereinafter referred to individually as a “Party” or collectively as the “Parties.”

**2 RECITALS**

**2.1** PG&E is a public utility engaged in, among other things, the business of distributing electric power in northern and central California.

**2.2** Biggs is a public utility company operated by the City of Biggs, California for the benefit of its customers and complies with Federal and State requirements for public utilities.

**2.3** Biggs’s purchases and power distribution are coordinated through its membership in the Northern California Power Agency (“NCPA”) located in Roseville, California.

**2.4** By this Agreement the Parties intend solely to address matters relating to the operation of the Point of Interconnection between their respective Electric Systems for distribution service to Biggs on an as available and interruptible basis in emergency conditions or during scheduled maintenance of PG&E’s 60 kV Electric System.

**3 AGREEMENT**

Now, therefore, in consideration of the mutual covenants herein, the Parties agree as follows.

## 4 DEFINITIONS

The following terms, when used in this Agreement with the initial letters capitalized, other than proper names, whether in the singular, plural or the possessive, shall have the meanings indicated below. Whenever used in this Agreement (including the Recitals hereto), the following terms shall have the following respective meanings, provided, capitalized terms used in this Agreement (including the Recitals hereto) that are not defined in Section 4 of this Agreement shall have the meaning indicated in Section 4 of the NCPA IA.

### 4.1 Accident

Personal injury, death, property damage, or economic loss which

- (a) is sustained by a Third Party, which is an ultimate use customer of a Party (“Claimant”);
- (b) arises out of delivery of, or curtailment of, or interruption to, electric service, including but not limited to abnormalities in frequency or voltage; and
- (c) results from either or both of the following:
  - (i) acts or omissions relating to the engineering, design, construction, repair, supervision, inspection, testing, protection, operation, maintenance, replacement, reconstruction, use, or ownership of PG&E’s Electric System or Biggs’s Electric System; or
  - (ii) the performance or non-performance of either Party’s obligations under this Agreement.

### 4.2 Balancing Authority

The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and maintains system frequency. PG&E’s and Biggs’s Balancing Authority is the California Independent System Operator Corporation (“CAISO”), or its functional successor.

#### **4.3 Balancing Authority Area**

An electric power system (or combination of electric power systems) to which a common automatic generation control scheme is applied in order to: (1) match, at all times, the power demand within the electric power system(s), with the output of the generating units within the electric power system(s), plus the energy purchased from entities outside the electric power system(s), minus energy sold to entities outside the electric power system; (2) maintain scheduled interchange with other Balancing Authority Areas, within the limits of Good Utility Practice; (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice. PG&E and Biggs are both in the CAISO's Balancing Authority Area.

#### **4.4 Balancing Authority Area Arrangements**

Arrangements between a Party and its Balancing Authority in which the Party agrees to self-provide or procure the necessary resources and services and perform operations to meet Balancing Authority Area operating requirements and applicable requirements to maintain the operating reliability and integrity of the Balancing Authority Area's electric power system(s) in an economic manner consistent with Good Utility Practice.

#### **4.5 Balancing Authority Area Operator**

The entity that is responsible for operating a Balancing Authority Area. For purposes of this Agreement, the Balancing Authority Area Operator is the CAISO or its functional successor.

#### **4.6 Business Day**

Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

#### **4.7 Cost**

All just, reasonable, necessary and prudent expenses or capital expenditures, including but not limited to those for operation, maintenance, engineering design or analyses, adverse impact identification, adverse impact mitigation, contract modification, administrative and

general expenses, taxes, depreciation, and fees for consultants, as determined in accordance with the FERC Uniform System of Accounts as such may be amended or superseded from time to time, and Costs of capital. The appropriate components of Cost, as defined herein, shall be applied for the particular transaction performed.

#### **4.8 Dispute Resolution Procedures**

Those procedures for the resolution of disputes as set forth in Section 20 of this Agreement, which must be used to resolve any controversy, dispute or claim arising out of or related to this Agreement. Nothing in this Agreement will, nor is intended to, limit the rights of the Parties to file under Sections 205 or 206 of the Federal Power Act (FPA) for relief under any disputed provision of this Agreement.

#### **4.9 Effective Date**

The date specified as the Effective Date of this Agreement below in Section 5.2.1.

#### **4.10 Electric System**

All properties and other assets, now or hereafter existing, which are leased to, licensed to, owned by, or controlled by a single person or entity, and used for or directly associated with the generation, transmission, transformation, distribution, purchase or sale of electric power, including all additions, extensions, expansions, and improvements thereto. To the extent a person or entity is not the sole owner of an asset or property, only that person's or that entity's ownership interest in such asset or property shall be considered to be part of its Electric System.

#### **4.11 Emergency**

Conditions beyond the normal control of the operator of a Balancing Authority Area or an Electric System that affect adversely or may reasonably be expected to affect adversely the ability of the Balancing Authority Area or an Electric System to function normally, including but not limited to any abnormal Electric System condition which requires immediate manual or automatic action to prevent loss of load, equipment damage, or separation of Electric System

elements which might result in cascading outages, or to restore Electric System operation to meet the minimum operating reliability criteria.

**4.12 FERC or the Commission**

The Federal Energy Regulatory Commission, or its regulatory successor.

**4.13 FPA**

The Federal Power Act, 16 U.S.C. § 791a, et seq., as it may be amended.

**4.14 Good Utility Practice**

Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

**4.15 Interconnection Facilities**

Electric facilities that establish or modify Points of Interconnection where PG&E's Electric System is connected to Biggs's Electric System, or a Third Party. Interconnection Facilities may include, but are not limited to, transmission lines, towers and supports, switching stations, buses, breakers, switches, relays, transducers, transformers, meters, protective equipment, communications and telemetry devices, and land and land rights associated with the Interconnection Facilities at each Point of Interconnection.

**4.16 NCPA IA**

The interconnection agreement between the NCPA, PG&E and certain NCPA member customers, Service Agreement No. 292, under PG&E's FERC Electric Tariff Volume No. 5, or

its successor, that establishes the electrical connection between the organizations and describes mutual rights and obligations.

**4.17 Point(s) of Interconnection**

The physical connection(s) of PG&E's 12 kV Electric System with Biggs's Electric System.

**4.18 Third Party**

Any person or entity other than PG&E or Biggs.

**5 SCOPE AND TERM**

**5.1 Interconnected Operations and Interruptible Wholesale Distribution Service**

This Agreement governs the interconnected and coordinated operation of PG&E's Electric System and Biggs's Electric System in connection with PG&E's provision of as available and interruptible distribution service to Biggs at the Point of Interconnection.

**5.2 Term and Termination**

**5.2.1 Effective Date**

This Agreement shall become effective on: (1) November 1, 2015 or, if different, (2) on the date on which FERC permits this Agreement to become effective.

**5.2.2 Termination**

Subject to any requirements for prior notice to or approval by FERC, this Agreement shall terminate on the first of the following dates to occur: (i) October 31, 2025, or (ii) the date on which the NCPA IA under the TO Tariff terminates without a successor.

In addition, a Party may terminate this Agreement as otherwise authorized in this Agreement and pursuant to any requirements involving prior notice to, and approval by, FERC.

## **6 INTERCONNECTION**

### **6.1 Point of Interconnection**

Transfer of electric power between the Electric Systems of PG&E and Biggs made under this Agreement shall occur at the point at which PG&E's 12 kV Electric System interconnects with the Biggs Electric System.

### **6.2 As-Available and Interruptible Service**

Deliveries of electric power to or from Biggs's Electric System shall only be made over PG&E's 12 kV Electric System when transmission over PG&E's 60 kV Electric System under the NCPA IA is not available. Nothing in this Agreement obligates PG&E to provide distribution service. PG&E's 12 kV Electric System and the facilities needed to retain the connection with the Biggs Electric System shall only be used for delivery in emergency conditions or during scheduled maintenance of PG&E's 60 kV Electric System and only on an as-available and interruptible basis, after notification by the Party requesting such use.

Biggs shall pay PG&E a wheeling charge for using PG&E's 12 kV Electric System as described in Appendix C.

### **6.3 No Facility Preservation Obligation After Termination**

If the Point of Interconnection is severed after termination of this Agreement, any subsequent reconnection shall be governed by the laws and regulations governing electric utility interconnection at that time and shall be subject to appropriate new agreements being entered into by the Parties.

## **7 OPERATING PROVISIONS**

### **7.1 Power Delivery Standard**

Power delivered is commonly designated as three-phase alternating current, at the nominal voltage of 12 kV.

## **7.2 Coordination of Request and Obligation to Pay for Operation and Maintenance of Facilities**

Biggs shall be responsible for all expenses related to the operation and maintenance of Biggs's Electric System and the PG&E Interconnection Facilities associated with the interconnection of PG&E's Electric System to Biggs's Electric System. Operation and maintenance costs associated with PG&E's Interconnection Facilities are described in Appendix B. For any and all operation and maintenance work that requires the coordination of PG&E, Biggs shall request the participation of PG&E, and in such coordination specify whether such operations and maintenance work is routine related work or non-routine related work, pursuant to Section 7.2.1 or 7.2.2, respectively. PG&E shall make reasonable efforts to meet the schedule of Biggs.

### **7.2.1 Coordination of Routine Related Work**

When work requested by Biggs is considered to be routine related work, PG&E shall perform such work at Biggs's request at no cost to Biggs at a time to be mutually agreed upon. Routine related work may include line switching procedures, installing grounds at PG&E's own facilities, providing protection data for review, relay coordination review for minor setting changes that are not anticipated to affect PG&E's relay settings, and such similar work that is relatively minimal in nature and reasonably considered as part of operation and maintenance of the Point of Interconnection.

### **7.2.2 Coordination of Non-routine Related Work**

Where the work requested by Biggs to be performed by PG&E involves non-routine related work, such work must be defined in and be performed under a Work Performance Agreement ("WPA"). Compensation for work performed by PG&E pursuant to a WPA shall be made in accordance with the terms and conditions of the WPA.

### **7.2.3 Disagreement on Nature of Requested Work**

Where the Parties cannot agree that work requested by Biggs is either routine related work or non-routine related work, such work will be initially deemed to be non-routine related

work; provided, however, Biggs may subsequently submit a dispute pursuant to the Dispute Resolution Procedures as outlined in Section 20.

### **7.3 Operating Communications**

PG&E and Biggs shall endeavor to coordinate their activities in the operation and maintenance of their Electric Systems, respectively, in order to minimize any adverse effects of those activities on each other. Specifically, each Party shall take action of operation of the Point of Interconnection: (i) as requested by its operators; or (ii) in the event of an Emergency, either pursuant to mutually agreed Emergency orders or, in the absence of such orders, as necessary in the judgment of those PG&E personnel at a PG&E substation or switching center designated by PG&E.

Biggs shall provide a single point of contact with PG&E's distribution switching center personnel at all times for operating communications specifically related to distribution and to exchange operational procedures and information. Biggs shall keep PG&E advised as to who currently is this single point of contact. PG&E shall provide a similar point of contact and shall keep Biggs advised as to who currently is this single point of contact. Until changed, the respective points of contact are:

PG&E:

Chico Switching Center

Phone: (530) 896-4380

Biggs:

Name: Daryl Dye

Title Electric Superintendent

Phone: (530) 846-5954

Email: ddye@gridley.ca.us

These points of contact may be changed by Notice given as provided in Section 28.

### **7.4 Reporting Significant Events**

PG&E and Biggs shall promptly report to the other Party any Emergency or other significant operational event on its Electric System, respectively, that is reasonably likely to affect operation of the other Party's Electric System. Such Notices shall be given to the single point of contact for a Party specified in Section 7.3. Each Party, upon request and on a case-by-

case basis for reasonable cause related to operating conditions, shall provide to the other Party relevant operating information, such as loading on lines and equipment and levels of operating voltages and electric power factors. In the event of interruptions of electric service affecting the Point(s) of Interconnection, the Party causing the interruption shall report to the other Party's single point of contact the nature of the event, actions being taken to restore electric service, and the estimated time until restoration of electric service.

### **7.5 Operation Pursuant to Good Utility Practice**

Good Utility Practice shall be the general standard for performance under this Agreement for each Party's operation of its Electric System.

PG&E and Biggs shall plan and operate its Electric System, respectively, in accordance with Good Utility Practice and shall make all reasonable efforts to minimize electrical disturbances on the Parties' Electric Systems. Neither Party shall be obligated by this Agreement to operate its Electric System in a manner contrary to Good Utility Practice. Each Party shall, at all times and to the maximum extent practicable, avoid causing any adverse impact on the other Party's Electric System.

### **7.6 Biggs Protective Devices**

Biggs shall install, operate, maintain, modify, set, and adjust the protective relaying equipment associated with its Electric System. Such settings and adjustments shall be consistent and electrically coordinated with settings and adjustments made by PG&E to PG&E's protective relaying equipment. If, following the appropriate Notice, either Party adjusts protective device settings or modifies its Electric System, and consistent with Good Utility Practice, then the other Party must, as soon as practical thereafter, install, modify, set, or adjust its protective relaying equipment as may be needed in order to effectively coordinate with changes or adjustments made by the first Party. All modifications to its protective devices shall be at each Party's own expense.

### **7.7 Operating Records**

Each Party shall maintain operating records in accordance with Good Utility Practice. Each Party shall have reasonable access to such operating records kept by the other Party which reasonably relate to interconnected operation of the Parties' Electric System. If requested to do so by the other Party, a Party requesting such records shall be required to keep such records confidential to the extent permitted by applicable law, including, in the case of Biggs, the Ralph M. Brown Act and the California Public Records Act. Such records shall include, but not be limited to, operating logs, real and reactive power flows through the Point(s) of Interconnection, line loadings and voltages.

## **8 BALANCING AUTHORITY ARRANGEMENTS**

PG&E has and will have in effect various existing agreements with the Balancing Authority in which its Electric System is located. These agreements include, but are not limited to, the Transmission Control Agreement, the Transmission Owner Tariff, Scheduling Coordinator Agreements, Operating Agreement, and Utility Distribution Company Operating Agreement, all of which enable PG&E to satisfy the obligations of operating within the CAISO's Balancing Authority Area. This Agreement is subject to PG&E's obligations and responsibilities under those agreements, and in the event of any inconsistency between those agreements and this Agreement, the former shall control. Biggs has and will have in effect various existing agreements with the Balancing Authority in which their Electric Systems are located. These agreements include, but are not limited to, the NCPA MSS Agreement, and such agreements qualified as Balancing Authority Area Arrangement that may be needed by the CAISO for operation of the Balancing Authority Area. This Agreement is subject to Biggs's obligations and responsibilities under those agreements, and in the event of any inconsistency between those agreements and this Agreement, the former shall control.

## **9 SIGNIFICANT REGULATORY OR OPERATIONAL CHANGE**

The procedures set forth in this Section 9 apply in the event of a Significant Regulatory Change or a Significant Operational Change.

### **9.1 Notification for Significant Operational or Significant Regulatory Change**

At any time during the term of this Agreement, when either Party anticipates the occurrence of a Significant Regulatory Change or Significant Operational Change, and if such change may reasonably be expected to materially affect either or both Parties' rights, obligations or operations under this Agreement, then such Party must provide written Notice to the other Party promptly, but in no event later than six months, or as soon as such Party has knowledge if less than six months, before such change is expected to occur. The Notice must contain a description of the Significant Regulatory Change or Significant Operational Change, including expected time schedules and the expected effect of the change. If the Party giving Notice believes that it may be necessary to amend this Agreement to address the anticipated change, then the Notice to the other Party must include a proposal that the Parties meet, as provided in Section 9.3, to negotiate an appropriate amendment to accommodate the anticipated change.

### **9.2 Amendment of Agreement**

Following notification under Section 9.1, the Parties shall promptly meet to discuss whether an amendment to this Agreement is necessary to address the Significant Regulatory Change or Significant Operational Change. Such amendment, if any, shall be limited in scope to what is necessary to allow this Agreement to accommodate such Significant Regulatory Change or Significant Operational Change identified in the Notice issued pursuant to Section 9.1.

If the Parties agree that such an amendment to this Agreement is necessary, the Parties will proceed to negotiate such amendment. If the Parties have not reached agreement within sixty (60) calendar days of the date of the first meeting, any unresolved issues shall be submitted for resolution through the Dispute Resolution Procedures under Section 20. Notwithstanding the above, if any issues remain unresolved as of ninety (90) calendar days before the Significant Regulatory Change or Significant Operational Change is scheduled to take place, then PG&E may, but is not required to, file an amendment to this Agreement with FERC unilaterally, under Section 205 of the FPA to accommodate the proposed Change, and Biggs may exercise its rights under the FPA to protest or oppose such filing and/or may file a complaint under Section 206 of the FPA.

## **10 METERING**

### **10.1 Meter Reading and Access**

Biggs shall be responsible for the costs associated with installing and maintaining a revenue-quality electric meter at the 12 kV Point of Interconnection to account for the energy transmitted to or from Biggs. The revenue meter shall be and remain the property of Biggs. All readings from the meter shall be transmitted to PG&E pursuant to arrangements agreed to by the Parties. If required, each Party shall grant the other Party access to its facilities as may be required for meter reading, testing and/or the proper operation and maintenance of all revenue quality metering facilities.

### **10.2 Meter Testing and Metering Errors**

All metering at the Point of Interconnection shall be installed, tested, serviced, and maintained by Biggs in accordance with Good Utility Practice and shall be tested by Biggs at regular intervals. Metering shall be sealed, and the seals shall be broken only upon occasions when the metering is to be inspected, tested or adjusted, and representatives of the Parties shall be afforded reasonable opportunity to be present upon such occasions. Any metering equipment found to be defective or inaccurate shall be immediately repaired, readjusted, or replaced. If metering fails to register accurately within a two percent accuracy limit, the Parties shall determine and apply an adjustment in order to correct all meter records of measurements made by the inaccurate metering for: (i) the actual period during which inaccurate measurements were made, if the Parties determine that this period can be established, or (ii) one half the period since the most recent metering accuracy test if the actual period of inaccurate readings cannot be established. If necessary, the corrections may be estimated by the Parties from the best information available for the period of defect or inaccuracy. No adjustment of data for metering error shall be for a period in excess of 12 months, or for a period of more than 12 months past, or for a period prior to the test preceding the last test except as such time periods are cause to be adjusted by CAISO settlements rerun(s).

### **10.3 Unavailability of Data**

In the event metering data is unavailable for any reason, PG&E, in cooperation with Biggs, shall estimate the amount of real power delivered to Biggs at the Point of Interconnection. The estimate will be based on reasonably available information including, but not limited to, records of historical usage, physical condition of the metering facility, available meter readings and general characteristics of Biggs's operation and Electric System.

## **11 BILLING AND PAYMENT**

Pursuant to Section 7.2, Biggs shall pay PG&E a monthly Cost of Ownership Charge as specified in Appendix B, and a wheeling charge as specified in Appendix C, and other amounts owed pursuant to this Agreement at:

Mailing address:

Pacific Gas and Electric Company  
Payment Research Center  
P.O. Box 997310  
Sacramento, CA 95899-7310

Delivery address:

Pacific Gas and Electric Company  
Payment Research Center  
885 Embarcadero Drive  
West Sacramento, CA 95605-1503

PG&E may change the place where payment is made by giving Biggs Notice thereof as provided in Section 28.

### **11.1 Invoice Delivery Date and Due Date**

An invoice shall be deemed delivered on the third Business Day after the postmarked date unless a copy of the invoice is sent by facsimile, in which case it shall be deemed delivered on the same day. Any invoice shall be due and payable within twenty (20) days of receipt, the final day of which is called the "Payment Due Date." All payments shall be made in immediately available funds payable to PG&E or by wire transfer to a bank designated by PG&E.

### **11.2 Disputed Invoice**

If Biggs disputes all or any portion of an invoice submitted by PG&E to Biggs, it nevertheless shall, not later than the Payment Due Date of that invoice, pay the invoice in full into an escrow account. PG&E shall be a party to the escrow account agreement. A dispute solely between either Party and any Third Party, where the other Party plays no part in the Third Party dispute, shall not be a lawful basis for withholding payment. Payment obligations arising under this Agreement are not subject to any reduction, whether by offset or otherwise, except for routine adjustments or corrections as may be agreed to by the Parties in writing or as may be expressly provided in this Agreement. If Biggs has a question concerning an invoice, it may review the PG&E back-up data used in preparation of the invoice at reasonable times and places. If Biggs disputes an invoice, on or before the Payment Due Date it shall notify PG&E in writing of the amount in dispute and the specific basis for the dispute. PG&E and Biggs shall endeavor to resolve any invoice dispute within thirty (30) calendar days of PG&E's receipt of Biggs's Notice of a dispute or such longer period as the Parties may agree in writing. If the Parties cannot resolve the invoice dispute, either Party may initiate Dispute Resolution Procedures under Section 20. If Biggs believes that a billing error has occurred, it shall immediately notify PG&E in writing of this and the basis for its concern. PG&E shall promptly undertake to determine whether such an error has occurred. If Biggs believes in good faith that the error is a material error, then PG&E, unless it protests to Biggs to the contrary, will extend the Payment Due Date by thirty (30) days to allow sufficient time to remedy the error.

### **11.3 Adjusted Invoice**

When final and complete information becomes available and Costs are determined accurately or invoice errors are identified and corrected, PG&E shall promptly prepare and submit an adjusted invoice to Biggs, and any additional payments by Biggs shall be made in accordance with the provisions of this Section 11. Any refunds by PG&E shall be paid to Biggs not later than thirty (30) calendar days after the date of the adjusted invoice.

#### **11.4 Interest**

Any amount due under this Agreement which is not timely paid shall accrue interest from the Payment Due Date until the date payment is received. Interest on any additional payment or refund resulting from an invoice adjustment or dispute resolution shall accrue from the date of the applicable invoice until the additional payment or refund is received by the payee. Interest shall be calculated using the methodology for refunds pursuant to Section 35.19a of FERC's Regulations, 18 CFR § 35.19a, provided that the interest rate shall not exceed the maximum interest rate permitted under California law.

### **12 ACCOUNTING**

#### **12.1 Accounting Procedures**

Each Party shall record relevant Costs and maintain its accounting records in accordance with generally accepted accounting practices and the FERC Uniform System of Accounts.

#### **12.2 Audit Rights**

For good cause and upon reasonable Notice, each Party shall have the right to audit, at its own expense, the relevant records of the other Party for the limited purpose of determining whether the other Party is meeting its obligations under this Agreement. Such audits shall be limited to only those records reasonably required to determine compliance with this Agreement, and each Party agrees to disclose the information obtained in such audit only to those persons, whether employed by such Party or otherwise, that are directly involved in the administration of this Agreement. Each Party agrees that under no circumstances will it use any information obtained in such an audit for any commercial purpose or for any purpose other than assuring enforcement of this Agreement. The right to audit shall be limited to data for two years prior to the date of the final billing for an item or the date of the questioned event, as applicable.

## **13 ADVERSE DETERMINATION OR EXPANSION OF OBLIGATIONS**

### **13.1 Adverse Determination**

If, after the Effective Date of this Agreement, FERC or any other regulatory body, agency, or court of competent jurisdiction determines that all or any part of this Agreement, its operation or effect is unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, then each Party shall be relieved of obligations hereunder to the extent necessary to comply with or eliminate such adverse determination. The Parties shall promptly enter into good faith negotiations to try to restore the balance of benefits and burdens as of the Effective Date and to ameliorate the effects of such adverse determination by renegotiation under Section 13.3.

### **13.2 Expansion of Obligations**

If, after the Effective Date of this Agreement, FERC or any other regulatory body, agency or court of competent jurisdiction orders or determines that this Agreement should be interpreted, modified, or significantly extended in such a manner that PG&E or Biggs may be required to extend its obligations under this Agreement to a Third Party, or to incur significant new or different obligations to the other Party or to Third Parties not contemplated by this Agreement, then the Parties shall be relieved of their obligations to the extent lawful and necessary to eliminate the effect of that order or determination, and the Parties shall attempt to renegotiate in good faith the terms and conditions of the Agreement to restore the original balance of benefits and burdens contemplated as of the Effective Date.

### **13.3 Renegotiation**

If, within three months following an order or decision as described in Sections 13.1 and 12.2 the Parties either: (i) do not agree that a renegotiation is feasible or necessary; or (ii) cannot agree to amend or supersede this Agreement, then: (a) either Party may initiate Dispute Resolution Procedures under Section 20; or (b) PG&E may unilaterally file with FERC an amendment of this Agreement or a replacement agreement and Biggs may oppose such filing and/or file a complaint pursuant to the Parties' respective rights under FPA Sections 205 and 206. As used in this Section, the term "Agreement" includes both this Agreement and any tariff, rate or rate schedule that in whole or in part results from or incorporates this Agreement.

## **14 ASSIGNMENT**

### **14.1 Biggs Permitted Assignment**

No transfer or assignment of the rights, benefits or duties of Biggs under this Agreement, in whole or part, shall be effective without the prior written consent of PG&E, which consent shall not be withheld unreasonably; provided, that PG&E's consent shall not be required for assignments in connection with interests that arise by reason of any deed of trust, mortgage, indenture or security agreement granted or executed by Biggs.

### **14.2 PG&E Permitted Assignment**

This Agreement may not be assigned by PG&E without the written consent of Biggs, which shall not be withheld unreasonably; provided, that Biggs's consent shall not be required (1) for any assignment that arises by reason of a deed of trust, mortgage, indenture or security agreement granted or executed by PG&E; (2) in the case of an assignment to a successor in the ownership of all or a significant portion of PG&E's transmission system or distribution system by reason of a merger, consolidation, reorganization, sale, spin-off or foreclosure.

### **14.3 Assignees Continuing Obligation**

Any successor to or transferee or assignee of the rights or obligations of a Party, whether by voluntary transfer, judicial sale, foreclosure sale or otherwise, shall be subject to all terms and conditions of this Agreement to the same extent as though such successor, transferee, or assignee were an original Party, and such successor, transferee or assignee shall assume all terms and conditions in writing before the transfer or assignment shall be effective.

## **15 CAPTIONS**

All indices, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to affect the meaning of the contents or scope of the Agreement.

## **16 CONSTRUCTION OF THE AGREEMENT**

Ambiguities or uncertainties in the wording of the Agreement shall not be construed for or against either Party.

## **17 CONTROL AND OWNERSHIP OF FACILITIES**

PG&E's Electric System shall at all times be and remain in the exclusive ownership, possession and control of PG&E, or licensed or leased to PG&E as provided in the license or lease, and nothing in this Agreement shall be construed to give the other Party any right of ownership, possession or control of all or any portion of that Electric System. All facilities owned and installed by one Party hereunder shall, unless otherwise agreed by the Parties in writing, at all times be and remain the property of that Party.

## **18 COOPERATION AND RIGHT OF ACCESS AND INSPECTION**

Each Party shall give to the other all necessary permission to enable it to perform its obligations under the Agreement. Each Party shall give the other Party the right to have its agents, employees and representatives, when accompanied by the agents, employees and representatives of the other Party, enter its premises for the purpose of inspecting facilities at reasonable times and in accordance with reasonable rules and regulations for the purpose of inspecting the property and equipment that are subject to this agreement in a manner which is reasonable for assuring the performance of the Parties under this Agreement. Each Party shall coordinate the visit with the other and provide a minimum of 72 hours advance Notice of the intent to inspect the facilities governed by this Agreement.

## **19 DEFAULT**

The failure of a Party to perform any material obligation under this Agreement shall constitute breach, and a failure by the breaching Party to cure that breach within thirty (30) calendar days of the date of delivery of the other Party's written Notice of breach shall constitute an event of default. If there is an event of default, the non-defaulting Party may unilaterally either (a) make a filing to refer the matter to FERC for resolution or (b) initiate an arbitration proceeding in accordance with Section 20 and Appendix A of this Agreement to determine

whether there has been a breach, liability for the breach, and the amount, if any, owed by the defaulting Party to the non-defaulting Party. A Party's written Notice of breach shall state: (1) the specific elements of the breach; (2) specific actions that the breaching Party must take to cure the breach, if any; and (3) a reasonable period of time, if greater than thirty (30) calendar days, within which the defaulting Party may take action to cure the default and avoid arbitration.

## **20 DISPUTE RESOLUTION PROCEDURES**

The Parties shall make best efforts to resolve all disputes arising under this Agreement expeditiously and by good faith negotiation. Where this Agreement specifically calls for resolution of disputes pursuant to this section, the Parties shall first attempt, in good faith to resolve the dispute by themselves, prior to pursuing dispute resolution pursuant to the provisions of Appendix A to this Agreement. In the event that informal dispute resolution fails to resolve any controversy, dispute or claim arising out of or related to this Agreement, either Party is entitled to obtain resolution of the any or all dispute(s) arising under this Agreement pursuant to the terms of Appendix A to this Agreement.

## **21 JUDGMENTS AND DETERMINATIONS**

When the terms of this Agreement provide that an action may or must be taken, or that the existence of a condition may be established, based on a judgment or determination of a Party, such judgment shall be exercised or such determination shall be made reasonably and in good faith, and where applicable in accordance with Good Utility Practice.

## **22 LIABILITY**

### **22.1 To Third Parties**

Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to, any Third Party.

## **22.2 Between The Parties**

In the event of breach of this Agreement, neither Party, nor its directors, members of its governing board, officers, employees or agents shall be liable to the other Party for any consequential, special or indirect damages.

## **22.3 Protection of A Party's Own Facilities**

Biggs shall be responsible for taking reasonable measures to protect its Electric System from possible damage by reason of electrical disturbances or faults caused by the operation, faulty operation, or non-operation of PG&E's Electric System, and PG&E shall not be liable for any damage so caused.

## **22.4 Liability for Interruptions**

Neither Party shall be liable to the other, and each Party hereby releases the other and its directors, members of its governing board, officers, employees and agents from and indemnifies them, to the fullest extent permitted by law, for any claim, demand, liability, loss or damage, whether special, direct, indirect or consequential, incurred by either Party, which results from the interruption or curtailment in accordance with (1) this Agreement, (2) Good Utility Practice, or (3) as directed by the applicable Balancing Authority, of power flows through a Point of Interconnection under this Agreement.

Notwithstanding the foregoing, it is incumbent upon each Party, to the extent that it has the authority to do so, to provide sufficient instructions such that its Balancing Authority does not unreasonably or unnecessarily interrupt or curtail flows through a Point of Interconnection in conflict with this Agreement, or in conflict with Good Utility Practice, or in any manner that shall be deemed as unduly discriminatory.

## **23 INDEMNITY**

If a Claimant (as described in Section 4.1) makes a claim or brings an action against a Party seeking recovery for loss, damage, Costs or expenses resulting from or arising out of an Accident, the following shall apply:

- (a) That Party shall defend any such claim or action brought against it if the Claimant is an end-use customer of that Party.
- (b) A Party (“Indemnitor”) shall hold harmless, defend and indemnify, to the fullest extent permitted by law, the other Party, its directors or members of its governing board, officers and employees (“Indemnitee”), upon request by the Indemnitee, for all liability, claims, actions, suits, losses, and Costs caused by, arising out of, or resulting from any Accident asserted or alleged by a Claimant that is an end-use customer of the Indemnitor, including indemnification for any negligent acts or omissions of the Indemnitee.
- (c) No Party shall be obligated to defend, hold harmless or indemnify the other Party, its directors or members of its governing boards, officers and employees for Accidents resulting from the latter’s gross negligence or willful misconduct. If a Party is required to enforce this indemnity duty and does so successfully, the Party against which enforcement is required (the Indemnitor) shall also pay all Costs, including reasonable attorneys’ fees and other litigation expenses, incurred in such enforcement.

#### **24 NO DEDICATION OF FACILITIES**

Any undertaking by either Party under any provision of this Agreement is rendered strictly as an accommodation and shall not constitute the dedication by a Party of any part or all of its Electric System to the other Party, the public, or any Third Party. Any such undertaking by a Party under a provision of, or resulting from, this Agreement shall cease upon the termination of that Party’s obligations under this Agreement.

#### **25 NO OBLIGATION TO OFFER SAME SERVICE TO OTHERS**

By entering into this Agreement with Biggs and filing it with FERC, PG&E does not commit itself to furnish any like or similar undertaking to any Third Party. No right or obligation in this Agreement shall be applied or used for the benefit of any person or entity not a Party.

## **26 NO PRECEDENT**

This Agreement establishes no precedent with regard to any other entity or agreement. Nothing contained in this Agreement shall establish any rights to or precedent for other arrangements as may exist, now or in future, between PG&E and Biggs for the provision of any interconnection arrangements, interruptible wholesale distribution service, or any other form of electric service.

## **27 NO OTHER SERVICES PROVIDED**

Under this Agreement, PG&E does not undertake to provide or make available any transmission service, ancillary services, control area services, scheduling coordinator services, or any other services not explicitly set forth herein, using any part of the PG&E Electric System for Biggs or any Third Party. PG&E also shall have no obligation to serve as Scheduling Coordinator for Biggs under this Agreement or take on any other role in which it acts on behalf of Biggs as to Biggs's transactions with the CAISO or the acquisition of electric power or energy or any other services, or in any other capacity as an intermediary for Biggs.

## **28 NOTICES**

### **28.1 Written Notices**

Any notice, request, declaration, demand, information, report, or item otherwise required, authorized or provided for in this Agreement ("Notice") shall be given in writing, except as otherwise provided in this Agreement, and shall be deemed properly given if delivered personally or by facsimile transmission, by e-mail or sent by first class United States Mail or overnight or express mail service, the postage or fees prepaid, to each of the persons specified below:

(1) To Biggs:  
City Manager  
City of Biggs  
465 "C" Street  
P.O. Box 307  
Biggs, CA 95917

(2) To PG&E:  
Director, Service Analysis

Mailing address:  
Pacific Gas and Electric Company  
Mail Code N3F  
P.O. Box 770000  
San Francisco, CA 94177

Delivery address:  
Pacific Gas and Electric Company  
Mail Code N3F  
77 Beale Street  
San Francisco, CA 94105

With a copy to:  
Manager, Electric Transmission Contract Management

Mailing address:  
Pacific Gas and Electric Company  
Mail Code B13L  
P.O. Box 770000  
San Francisco, CA 94177  
Fax number: 415-973-3068

Delivery address:  
Pacific Gas and Electric Company  
Mail Code B13L  
77 Beale Street  
San Francisco, CA 94105

## 28.2 Changes of Notice Recipient

Either Party may change its designation of the person who is to receive Notices on its behalf by giving the other Party Notice thereof in the manner provided in this Section 28. No more than two persons shall be designated by a Party to receive Notices.

### **28.3 Routine Notices**

Any Notice of a routine character in connection with service under this Agreement or in connection with the operation of facilities shall be given in such a manner as the Parties may determine is appropriate from time to time, unless otherwise provided in this Agreement.

### **28.4 Reliance on Notice**

Each Party shall be entitled under this Agreement to rely on the other Party's Notice when given as having all necessary approvals of that other Party's management, board of directors or other governing body, and any Notice or failure to provide timely Notice under this Agreement shall be binding on the Party giving Notice and shall obligate that Party to make such payments or to perform such duties as are necessarily associated with the Notice.

## **29 RESERVATION OF RIGHTS**

Nothing contained herein shall be construed as affecting in any way PG&E's right, either under this Agreement or under any rate schedule incorporating it, to make application to FERC unilaterally for a change in rates, including rate methodology, terms or conditions under Section 205 of the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder. The term "rates" as used herein shall mean a statement of work or services as provided in this Agreement, rates and charges for or in connection with those services, and all classifications, practices, rules, regulations or contracts, including but not limited to this Agreement, which in any manner affect or relate to such services, rates and charges. Nothing contained herein shall be construed as affecting in any way the right of Biggs to oppose such a change under Section 205 or FERC's rules and regulations or to exercise its rights under Section 206 of the Federal Power Act.

## **30 RULES AND REGULATIONS**

PG&E and Biggs may each establish and, from time to time, change such procedures, rules, or regulations as they shall determine are necessary in order to provide the methods of operation to be followed in the performance of this Agreement, provided that any such procedure, rule, or regulation shall be consistent with the other provisions of this Agreement. If a

Party objects to a procedure, rule, or regulation established by the other Party, it will notify the other Party, and the Parties will endeavor to modify the procedure, rule, or regulation in order to resolve the objection. If the Parties cannot reach agreement, either Party may invoke Dispute Resolution Procedures under Section 20 of this Agreement.

### **31 SEVERABILITY**

If any term, covenant or condition of this Agreement or its application is held to be invalid as to any person, entity or circumstance, by FERC or any other regulatory body, or agency or court of competent jurisdiction, then such term, covenant or condition shall cease to have force and effect to the extent of that holding. In that event, however, all other terms, covenants and conditions of this Agreement and their application shall not be affected thereby, but shall remain in full force and effect unless and to the extent that a regulatory body or agency or court of competent jurisdiction finds that a provision is not separable from the invalid provision(s) of this Agreement.

### **32 CONTINUING RIGHTS OF BIGGS UPON TERMINATION**

If the Commission terminates or allows termination of this Agreement, and to the extent permitted by any such determination by the Commission, all obligations and rights provided under this Agreement or such tariff or rate schedule shall cease, and neither Party shall claim or assert any continuing right other than as may be provided by law or regulation. Such termination shall not affect rights and obligations of a continuing nature or for payment of money for goods or services provided prior to termination. The provisions of this Section 32 (“Continuing Rights of Biggs Upon Termination”) shall not be construed as a bar to either the assertion by Biggs of any rights it may have to service following termination of this Agreement, independent and exclusive of the Agreement or any predecessor, or the right of Biggs to enter into a replacement Interconnection Agreement under terms and conditions acceptable to both Parties.

### **33 WAIVER OF RIGHTS**

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

not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right shall not constitute or be deemed a waiver.

#### **34 WHOLE AGREEMENT**

This Agreement is intended to be the complete and exclusive statement of the terms of the Parties' agreement that supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications and contracts that may have been made in connection with the subject matter of this Agreement. No representation, covenant, or other matter, oral or written, which is not expressly set forth, incorporated, or referenced in this Agreement (except for applicable laws and regulations) shall be a part of, modify, or affect this Agreement. All such prior offers, promises, representations, negotiations, discussions, communications or contracts that preceded this Agreement in final form shall remain confidential and shall not be used in any litigation over the subject matter of this Agreement.

#### **35 GOVERNING LAW**

This Agreement shall be interpreted, governed by, and construed under the laws of the State of California or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.

#### **36 WARRANTY OF AUTHORITY**

Each Party warrants and represents that this Agreement has been duly authorized, executed, and delivered by such Party and constitutes the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, or similar laws effecting the enforcement of creditor's rights and subject to equitable principles.

**37 EXECUTION**

Executed by authorized representatives as follows, and effective as set forth above.

**CITY OF BIGGS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PACIFIC GAS AND ELECTRIC COMPANY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPENDIX A DISPUTE RESOLUTION AND ARBITRATION**

### **A.1 NEGOTIATION AND MEDIATION**

To the extent it is practical or reasonable to do so, the Parties shall continue with the responsibilities under this Agreement during any dispute. As provided in Section 20 of the Agreement, upon the failure of the Parties to resolve disputes between themselves, the Parties agree to seek resolution of any controversy, dispute or claim arising out of or related to this Agreement by good faith negotiation before resorting to other methods of dispute resolution described below or at FERC.

In the event that negotiations to resolve disputes between the Parties have failed, but before initiating arbitration proceedings under this Appendix A, the Parties may, by mutual assent, decide to seek resolution of any dispute through mediation. If this occurs, the Parties shall meet and confer to establish an appropriate timetable for mediation, to pick a mediator, and to decide on any other terms and conditions that will govern the mediation. If, after forty five (45) calendar days from the date the Parties first met and conferred, the Parties are unable to select a mediator and mediation date, and establish the terms and conditions controlling the mediation, either or both of the Parties may seek arbitration pursuant to Section A.3. Alternatively, if the Parties pursue mediation and mediation fails to resolve any disputed issue(s), either Party may arbitrate any of those unresolved issues, controversies, disputes or claims arising out of or related to this Agreement pursuant to Section A.3.

### **A.2 TECHNICAL ARBITRATION**

The Parties agree that it is in the best interest of both Parties to seek expedited resolution of arbitrable disputes that are technical in nature. Technical disputes may include, without limitation, disputes centered on engineering issues involving technical planning studies and the need for and Cost of Upgrade facilities. Such technical issues may be resolved through expert application of established technical knowledge and by reference to Good Utility Practice and industry standards.

The Party initiating arbitration pursuant to Section A.3, below, shall indicate in its Notice to the other Party whether it regards the dispute to be technical in nature. If both Parties agree that a dispute is technical in nature, then the Parties shall meet and confer to develop an appropriate timetable and process for expedited resolution of the dispute by a neutral expert, or “technical arbitrator”. If the Parties cannot agree that a dispute is technical in nature, or if they cannot agree on a neutral arbitrator within thirty (30) calendar days of first meeting and conferring, then either or both of the Parties may submit the dispute to arbitration under the procedures set forth in Section A.3.

### **A.3 ARBITRATION**

#### **A.3.1 Notices And Selection Of Arbitrators**

Any controversy, dispute or claim arising out of or related to this Agreement that the Parties were unable to resolve pursuant to Section 20 or Section A.1 of this Agreement is subject to arbitration under this Section A.3.1. To initiate arbitration, the aggrieved Party must send written Notice (“Arbitration Notice”) to the other Party and identify any dispute which it seeks to arbitrate. Such Arbitration Notice must also identify the name, address and telephone number of an impartial person to act as an arbitrator for the dispute(s). Within ten (10) Business Days after receipt of Arbitration Notice, the other Party must provide the aggrieved Party with a similar written Notice (“Second Arbitration Notice”), identifying any additional dispute(s) for which it seeks arbitration and identifying the name, address and telephone number of a second impartial person to act as an arbitrator of the dispute.

Within eight (8) Business Days of delivery of the Second Arbitration Notice, each Party must then submit to the two previously identified arbitrators a list of the names, addresses and telephone numbers of at least three persons for use by the two named arbitrators in their selection of the third arbitrator. If the same name or names appear on both lists, the two named arbitrators shall appoint one of the persons named on both lists as the third arbitrator. If no name appears on both lists, the two named arbitrators shall select a third arbitrator from either list, or independently of either list. In any event, the two named arbitrators shall select a third arbitrator within twenty one (21) calendar days of receipt of the lists provided by each of the Parties. Each

arbitrator selected under these procedures should be a person experienced in the construction, design, operation or regulation of electric power distribution facilities or, as applicable, to the disputed issue(s) identified by the Parties in the Arbitration Notice and Second Arbitration Notice.

#### **A.4 PROCEDURES**

Within fifteen (15) Business Days after the appointment of the third arbitrator, or on such other date to which the Parties may agree in writing, the arbitrators shall meet with the Parties, either in person or telephonically, to consider and to determine the procedures that are to be followed in conducting the arbitration, including, without limitation, such procedures as may be necessary for the taking of limited discovery, giving testimony and submission of written arguments and briefs to the arbitrators. Unless otherwise mutually agreed by the Parties in writing, the arbitrators shall determine and disclose within five (5) Business Days of such meeting the arbitration procedures and schedule, in consideration of the purpose of the Parties in conducting arbitration under Section 20 of this Agreement, specifically, for the purpose of utilizing the least burdensome, least expensive and most expeditious dispute resolution procedures consistent with providing each Party with a fair and reasonable opportunity to be heard. If the arbitrators are unable unanimously to agree to the procedures and schedule to be used in the arbitration, the arbitration shall be governed by the Commercial Arbitration Rules of the American Arbitration Association.

#### **A.5 HEARING AND DECISION**

After giving the Parties due notice of hearing and a reasonable opportunity to be heard, the arbitrators shall hear the dispute(s) submitted for arbitration and shall render their decision with ninety (90) calendar days after appointment of the third arbitrator or such other date selected upon the mutual agreement of the Parties. If the Parties are unable to agree upon an alternative date, the arbitrators' proposed schedule will control. Within fifteen (15) Business Days of completion of the arbitration hearings, the arbitrators shall issue a final decision resolving each dispute raised by the Parties. The arbitrators' final decision shall be made in writing and signed by no less than two of the three arbitrators. The arbitrators' decision shall be

final and binding upon the Parties subject to their rights to appeal the decision to any court of competent jurisdiction as permitted by California law, particularly the California Arbitration Act (CAA). Judgment may be entered on the decision in any court of competent jurisdiction or, if appropriate, at FERC upon the application of either Party.

#### **A.6 EXPENSES**

Both parties shall share the cost of the arbitration process, including the fees of the arbitrators, equally up to and including the arbitration hearing, although any costs, fees and expenses associated with any Party's attorney(s), witness(es) or specialist(s) are the direct responsibility of that Party. As part of the arbitrators' final decision, the arbitrators must determine which Party prevailed in the arbitration and must allocate the fees and costs of the arbitration, including the fees of the arbitrators, along with reasonable attorney's fees and other reasonable costs and expenses, to the prevailing Party.

**APPENDIX B**  
**DETAIL OF INTERCONNECTION FACILITIES CHARGES**

Distribution Related Costs

Distribution Facilities	\$5,744.00
Engineering	1,023.00
Total Distribution Related Cost	\$6,767.00

Monthly Cost of Ownership Charge

Total Distribution Related Cost	×	Distribution Level Customer-financed Monthly Cost of Ownership Rate	=	Monthly Charge
\$6,767.00	×	0.48%	=	\$32.48

**APPENDIX C  
DETAIL OF DISTRIBUTION WHEELING CHARGES**

The rate for distribution service to Biggs on an as available and interruptible basis in emergency conditions or during scheduled maintenance of PG&E's 60 kV Electric System are as follows:

Distribution Wheeling Charge – \$0.013693 per kWh

Biggs shall e-mail its interval meter readings to PG&E for the times when it is necessary to use PG&E's 12 kV Electric System. The interval meter readings will be used by PG&E's billing group to calculate the invoice. The e-mail should be sent to PG&E's Electric Transmission Contract Management Department for processing.