BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

In The Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) for Authority to Lease Certain Fiber Optic Cables to the COUNTY OF LOS ANGELES

APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR AUTHORITY TO LEASE CERTAIN FIBER OPTIC CABLES TO THE COUNTY OF LOS ANGELES

(PUBLIC VERSION)

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Dated:  June 25, 2010
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APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR AUTHORITY TO LEASE CERTAIN FIBER OPTIC CABLES TO THE COUNTY OF LOS ANGELES

I.

INTRODUCTION

Southern California Edison Company ("SCE") respectfully requests an Order from the California Public Utilities Commission ("Commission") pursuant to Section 851 of the Public Utilities Code authorizing SCE to lease to the County of Los Angeles certain optical fibers along existing routes and additional routes being constructed in Southern California. The County of Los Angeles is a political subdivision of the State of California, and will use the optical fibers as part of its telecommunications network. The terms and conditions of the proposed lease are set forth in the "Fiber Use Agreement Between Southern California Edison Company and the County of Los Angeles" dated May 11, 2010 (Agreement).†

† A Redacted Public Version of the Agreement is attached to this Application as Exhibit 1. The financial terms of the lease are disclosed therein. To prevent public disclosure of information that could harm the County of Los Angeles, references only to the specific number of optical fibers SCE will lease to the County of Los Angeles and to specific route information have been redacted from the Agreement. SCE is filing a Motion simultaneously with this Application requesting to file under seal a non-redacted copy of the Agreement pursuant to Public Utilities Code section 583 and General Order 66-C.
It is particularly important to note two points about this Application:

(1) The County of Los Angeles will not be entitled to use the fibers covered by the agreement until the Commission approves this Application.²

(2) No construction of additional fiber optic cable will be performed until the Commission approves this Application.³

This Agreement provides another example of SCE’s ongoing effort to pursue opportunities to fully utilize utility assets in ways that are compatible with electric utility operations, while also ensuring that ratepayers receive substantial benefits without incurring any additional risk. Utility service will not be affected as a result of Commission approval of this lease.

In D.99-09-070, the Commission adopted a settlement between SCE and the Division of Ratepayer Advocates (DRA), formerly the Office of Ratepayer Advocates, concerning SCE’s application for a mechanism for sharing revenues resulting from non-tariffed products and services between shareholders and ratepayers. (D.99-09-070 at 1).⁴ In the settlement, SCE and DRA agreed to classify all existing non-tariffed products and services as either active or passive, and their agreement is memorialized in an attachment to the settlement agreement, which was adopted by the Commission in D.99-09-070.

The leasing of unused (or dark) fiber on SCE’s fiber optic system was an existing non-tariffed product or service at the time the settlement agreement with DRA was executed. In the attachment to the settlement agreement at page A-2, SCE and DRA agreed that “Dark fiber on fiber optic system” would be classified as “Active.”⁵

SCE’s lease with The County of Los Angeles is a lease of “dark fiber” on SCE’s “fiber optic system.” SCE’s participation in the leases is therefore classified as “active,” and the

² Agreement, Section 2.
³ Id.
⁴ A copy of the settlement agreement between SCE and DRA is set forth in Attachment A to D.99-09-070.
revenue from these leases will be shared between shareholders and ratepayers using a 90/10 split pursuant to the revenue sharing mechanism adopted in D.99-09-070.

II.

BACKGROUND AND SUMMARY OF REQUEST

A. Outline of the Agreement

The County of Los Angeles contracted with SCE for the provision of certain optical fibers along a cable route within Southern California in a point-to-point configuration. SCE will utilize existing fiber optic cables when excess capacity is available. For those portions of the routes that do not have existing capacity, SCE will install new fiber optic cables, perfect land use rights, and construct any necessary facilities at shareholders’ expense. SCE will own, operate and maintain the entire fiber optic cable.

Upon completion of the installation and approval of this application, SCE will assign certain fibers along each route to the County of Los Angeles and will grant an exclusive lease for the County of Los Angeles’ use.

Section 2.2 of the agreement pertains to the acquisition of the real property rights and permits necessary to complete the fiber optic network route. A significant portion of the rights of way on which the fiber optics will be located may not include grants of a right to construct or lease facilities for use by a third party. SCE and the County of Los Angeles will assess the rights and acquire additional rights as necessary. To the extent additional rights are secured by SCE, they will be shareholder funded.

6 Agreement, Section 1.
7 Id., Recitals. The following cities are traversed by the portions of SCE’s existing fiber system (no new construction) subject to lease to the County of Los Angeles under the Agreement: Alhambra, Rosemead, Monterey Park, Montebello, City of Commerce, Bell Gardens, Paramount, and Long Beach.
8 Construction of the new fiber optic cables will take place in the following cities only after CPUC approval and securing all necessary local permits: Downey and South Gate.
9 Id. The exclusivity pertains only to the fibers leased to the County of Los Angeles. SCE may at its discretion and subject to Commission approval lease any portion of the remaining fibers to other carriers.
The Agreement does not include the right to enter the property upon which the SCE fibers are located, except at the County of Los Angeles facilities. SCE is responsible for the construction and maintenance of the cable and its electronics, while the County of Los Angeles will be responsible for the construction and maintenance of its equipment.

The County of Los Angeles and SCE have negotiated an arrangement in which the County of Los Angeles will make an initial, non-refundable payment of $195,000. The County of Los Angeles will also make monthly payments of $7,988, beginning after the Commission approves the Agreement and the County of Los Angeles has accepted the fiber. The County of Los Angeles is responsible for all taxes resulting from its installation activities, and will keep SCE’s facilities free from all liens and encumbrances.

B. Benefits of the Agreement

The Agreement is an example of SCE’s ongoing effort to pursue opportunities to generate additional revenues from the commercial use of SCE’s temporarily available capacity, while also ensuring that ratepayers receive substantial benefits without risk. SCE has title to all of the fiber optic cable installed under the Agreement and will be free to find uses for the remaining fibers in the network route, thereby expanding SCE’s ability to utilize temporarily-available utility capacity. The Agreement will generate revenues of $674,280 over the initial term of the agreement.

Importantly, these benefits accrue with no risk to SCE or its ratepayers. The lease of such resources will have no impact on SCE’s ability to serve its customers. To the extent that these facilities do become necessary for electric utility operations, SCE will either renegotiate with the County of Los Angeles regarding the use of the relevant fibers or will expand the

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10 Id., Section 1.
11 Id.
12 Id., Section 11.
13 Id., Section 7.
existing capacity at no cost to ratepayers. And as noted above, all costs associated with the project will be paid by SCE’s shareholders and not included in electric utility rates.

C. **Environmental Considerations**

The Commission has noted in Decision Nos. 93-04-019, 94-06-017, 95-05-039, and 96-11-058 (all involving SCE leases of temporarily-available conduit, duct or overhead cable, pole space, and optical fibers) that agreements involving the subject matter at issue in this Application do not pose environmental hazards, and thus to not require environmental review.\(^\text{14}\) The Commission has affirmed this position in D.00-01-014, PG&E’s Section 851 application to permit Electric Lightwave, Inc. to install and use fiber optic lines on certain PG&E transmission towers, substations, rights-of-way and other facilities.

SCE will utilize existing fiber optic cables and facilities when available. For those portions of the routes that do not have existing capacity, SCE will install new fiber optic cables, and construct any necessary facilities to support the cable. In compliance with its Mitigated Negative Declaration, located in Appendix D to CPUC Decision 98-12-083,\(^\text{15}\) SCE will file the required construction reports listing all new construction pursuant to this Agreement in its quarterly Advice Letter.

D. **Relevant Precedent**

This application is the latest application by SCE seeking Commission approval to lease temporarily available underground conduit space, aboveground cable space, optical fiber or a

\(^{14}\) D.93-04-019, 1993 Cal. PUC LEXIS 275 (agreement is exempt from provisions of California Environmental Quality Act “because it can be seen with a certainty that there is no possibility that the proposal may have a significant effect on the environment”); D.94-06-017, 1994 Cal. PUC LEXIS 458, *(same); D.95-05-039, 1995 Cal. PUC LEXIS 557, *6-7 *(same). Also in a case involving MCI’s use of some of PG&E’s aboveground facilities and “dark fiber”, the Commission likewise found the proposal to be exempt from CEQA’s requirements. D.92-07-007, 1992 Cal. PUC LEXIS 599, *22. Most recently, the Commission approved a dark fiber lease similar to this one between SCE and Clear Wireless, LLC, stating that the lease “qualifies for a categorical exemption as a minor alteration of existing utility structures involving negligible expansion of existing use . . . and because it can be seen with certainty that there is no possibility that the [lease] may have a significant effect on the environment.” D.10-05-045, mimeo, at p. 5.

\(^{15}\) D.98-12-083, 1998 Cal. PUC LEXIS 1010.
combination of each. For example, in Decision Nos. 93-04-019 and 94-06-017, the Commission approved agreements that involved the leasing of SCE-owned underground cable and conduit space to "competitive access providers." Similarly, in Decision No. 95-05-039, the Commission approved a lease of SCE-owned aboveground cable space on poles, facilities and rights-of-way. The Commission further authorized the lease of optical fibers, underground conduit, and overhead cable space in Decision No. 96-11-058. And most recently, the Commission approved a lease of SCE-owned optical fiber to Clear Wireless, LLC in Decision No. 10-05-045.

In evaluating the leasing arrangement between SCE and Metropolitan Fiber Systems of California, Inc. ("MFS") in Decision No. 93-04-019, the Commission found:

The agreement makes productive use of what is currently vacant conduit space. It makes eminent good sense for California’s energy utilities, with their extensive easements, rights of way, and underground conduits, to cooperate in this manner with the telecommunications utilities who are seeking to build the fiber optic network. Joint use of the utility facilities has obvious economic and environmental benefits. The public interest is served when utility property is used for other productive purposes without interfering with the utility’s operation or affecting service to utility customers.16

The principles relied upon by the Commission in these decisions apply with equal force to this Application.

E. Notice Provisions

Pursuant to the agreement between SCE and the Office of Ratepayer Advocates ("ORA") reached in D.95-05-039, (the SCE-Linkatel Pacific Application No. 95-01-030), SCE affirms that it will provide the following notifications to the degree that they become applicable in the future:

1. SCE shall notify the ORA (now, the Division of Ratepayer Advocates ("DRA") and the Consumer Protection Safety Division ("CPSD"), through their respective assistant directors for energy, in writing, of all substantive amendments to, extensions of, or terminations of the Agreement.

16 D.93-04-019, 1993 Cal. PUC LEXIS at *3-5.
2. SCE shall notify the DRA and CPSD assistant directors for energy, in writing, of any substantive changes to plant in service resulting from implementation of the Agreements, within 60 days of any such change.

3. SCE shall notify the DRA and CPSD assistant directors for energy, in writing, if any right-of-way which is the subject of the Agreements ceases to be used and useful for the provision of electric service or if there are any substantive changes in the right-of-way segments which are the subject of the Agreements, within 30 days of any such event.

4. If SCE or any affiliate of SCE enters into an agreement to make direct use of the fiber optic cables which are the subject of these Agreements, SCE shall notify the DRA and CPSD assistant directors for energy, in writing, at least 60 days prior to the commencement of such use. The required notification shall include a specification of the rates to be charged to SCE or the affiliate and the accounting principles which will be used to track the costs and payments associated with such use.

III.

STATUTORY OR PROCEDURAL REQUIREMENTS

A. Applicant

The Applicant is Southern California Edison Company, an electric public utility organized and existing under the laws of the State of California. The location of SCE’s principal place of business is Post Office Box 800, 2244 Walnut Grove Avenue Rosemead, California 91770. The names, titles, and addresses of the persons to whom correspondence or communication in regard to this Application is to be addressed are as follows:

| Robert F. LeMoine | Case Administration |
| Law Department | Law Department |
| Southern California Edison Company | Southern California Edison Company |
| 2244 Walnut Grove Avenue | 2244 Walnut Grove Avenue |
| Rosemead, California 91770 | Rosemead, California 91770 |
| Telephone: (626) 302-4182 | Facsimile: (626) 302-3119 |
| E-Mail: Robert.F.LeMoine@sce.com | E-Mail: case.admin@sce.com |
B. **Articles Of Incorporation**

A copy of SCE’s Restated Articles of Incorporation, as amended through June 1, 1993, and as presently in effect, certified by the California Secretary of State, was filed with the Commission on June 15, 1993, in connection with Application No. 93-06-022 and is incorporated herein by reference pursuant to Rule 16 of the Commission’s Rules of Practice and Procedure. A copy of SCE’s corrected Restated Articles of Incorporation, certified by the California Secretary of State, and as presently in effect, was filed with the Commission on September 19, 1997, in connection with Application 97-09-038 and is also incorporated herein by reference pursuant to Rule 16.

C. **Balance Sheet And Statement Of Income**

Exhibit 2 to this Application contains copies of SCE’s balance sheet as of March 31, 2010, and statement of income for the period ending March 31, 2010. The balance sheet shows SCE’s utility plant at original cost, less accumulated depreciation.

Since 1954, pursuant to Commission Decision No. 49665 dated February 16, 1954, in Application No. 33952, as modified by Decision No. 91799 in 1980, SCE has utilized straight-line remaining life depreciation for computing depreciation expense for accounting and ratemaking purposes in connection with its operations. Pursuant to Commission Decision No. 59926, dated April 12, 1960, SCE uses accelerated depreciation for income tax purposes and “flows through” reductions in income tax to customers within the Commission’s jurisdiction for property placed in service prior to 1981. Pursuant to Decision No. 93848 in OII-24, SCE uses the Accelerated Cost Recovery System (“ACRS”) for federal income tax purposes and “normalizes” reductions in income tax to customers for property placed in service after 1980 in compliance with the Economic Recovery Tax Act of 1981, and also in compliance with the Tax

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17 Application No. 93-06-022, filed June 15, 1993, regarding approval of a Self-Generation Deferral Agreement between Mobil Oil Corporation Torrance Refinery and Southern California Edison.

18 A.97-09-038, filed September 19, 1997, regarding expedited and *Ex Parte* approval of negotiated termination of certain Interim Standard Offer No. 4 Power Purchase Contracts.
Reform Act of 1986. Pursuant to Decision No. 88-01-061, dated January 28, 1988, SCE uses a gross of tax interest rate in calculating the AFUDC rate, and income tax normalization to account for the increased income tax expense occasioned by the Tax Reform Act of 1986 provisions requiring capitalization of interest during construction for income tax purposes.

D. **Description Of Southern California Edison Company**

SCE is an investor-owned public utility holding certificates of public convenience and necessity to provide both electric and telecommunications services in portions of Central and Southern California.

E. **Service Territory**

SCE’s service territory is located in 15 counties in Central and Southern California, consisting of Fresno, Imperial, Inyo, Kern, Kings, Los Angeles, Madera, Mono, Orange, Riverside, San Bernardino, Santa Barbara, Tuolumne, Tulare, and Ventura Counties, and includes approximately 182 incorporated communities as well as outlying rural territories. A list of the counties and municipalities served by SCE is attached hereto as Exhibit 3. SCE also supplies electricity to certain customers for resale under tariffs filed with the Federal Energy Regulatory Commission.

F. **Description of The County of Los Angeles**

The County of Los Angeles is a political subdivision of the State of California.

G. **Statutory Authority**

This Application is made pursuant to the provisions of Section 851 of the California Public Utilities Code, the Commission’s Rules of Practice and Procedure, and prior decisions, orders and resolutions of this Commission.

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10 SCE provides electric service to a small number of customer accounts in Tuolumne County and is not subject to franchise requirements in that county.
H. **Supporting Exhibits**

Exhibits 1 through 3, below, are made a part of this Application.

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<td>[Redacted] Fiber Use Agreement I Between Southern California Edison Company and The County of Los Angeles dated May 11, 2010</td>
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<td>2</td>
<td>SCE’s Balance Sheet and Statement of Income as of March 31, 2010</td>
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<tr>
<td>3</td>
<td>List of Counties and Municipalities Served by SCE</td>
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I. **Request For Expedited And Ex Parte Treatment**

SCE believes that this Application contains all of the information that is required to support the requested relief. However, SCE is prepared to provide such other information as the Commission may require to act on this Application. SCE further believes that this Application does not raise any material issues of fact.

The relief requested by this Application is similar to that previously granted by the Commission for SCE’s license/lease of temporarily available excess capacity for underground conduit space in D. 93-04-019 (agreement with Metropolitan Fiber Systems of California, Inc.) and D.94-06-017 (agreement with Access Transmission Services, Inc.), D.95-05-039 (agreement with Linkatel Pacific, L.P.), and D.10-05-045 (agreement with Clear Wireless, LLC). This request is also similar in some respects to that granted by the Commission to PG&E in Decision 92-07-007 (Application No. 92-04-011) approving an arrangement in which fiber optic cable belonging to MCI Telecommunications Corporation was allowed to be placed on transmission towers belonging to PG&E.

SCE requests expedited treatment of this Application in order to proceed with the implementation of the lease and the resulting generation of revenue for SCE’s ratepayers, at the earliest possible date. SCE also requests that this Application be granted *Ex Parte*. The transaction is consistent with the public interest and the preservation of resources through the
joint use of temporarily available capacity in SCE’s existing underground conduit space and aboveground poles, facilities and rights of way. The lease to the County of Los Angeles would have no impact on SCE’s ability to serve its electric customers. Pursuant to the terms of the Agreement between SCE and The County of Los Angeles, no other parties are affected by this transaction, and the amount of resources involved is de minimis.

IV.

COMPLIANCE WITH RULE 2.1(c)

In compliance with Rule 2.1(c) of the Commission’s Rules of Practice and Procedure, SCE is required to state “the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.” SCE proposes to categorize this Application of Southern California Edison Company (U 338-E) for Authority to Lease Certain Fiber Optic Cables to The County of Los Angeles as a ratesetting proceeding. SCE submits that hearings will not be necessary. The issue to be considered is as follows: Is the proposed lease of certain optical fibers along existing routes and additional routes being constructed in Southern California adverse to the public interest?
SCE suggests the following proposed schedule for this Application:

June 25, 2010 Application filed
July 30, 2010 Scoping Memo issued and Case submitted to ALJ
August 30, 2010 Proposed Decision
September 23, 2010 Commission Decision

V.
CONCLUSION

SCE respectfully requests that the Commission issue an expedited *Ex Parte* Order authorizing SCE to enter into the lease with The County of Los Angeles described herein.

Respectfully submitted,

SOUTHERN CALIFORNIA EDISON COMPANY

/s/ Robert F. LeMoine
By: ROBERT F. LeMOINE
Attorney for Southern California Edison Company

THE COUNTY OF LOS ANGELES

Date: June 24, 2010

By: /s/ M. Toney Smith
M. Toney Smith, Esq.,
Principal Purchasing Analyst
ISD Purchasing Division
Exhibit 1

[Redacted] Fiber Use Agreement Between Southern California Edison Company and the County of Los Angeles, dated May 11, 2010
FIBER USE AGREEMENT BETWEEN
SOUTHERN CALIFORNIA EDISON COMPANY
AND
COUNTY OF LOS ANGELES

This FIBER USE AGREEMENT ("Agreement") made as of this 11 day of May, 2010, ("Effective Date") by and between SOUTHERN CALIFORNIA EDISON COMPANY ("SCE") a California corporation, and COUNTY OF LOS ANGELES ("CUSTOMER"), a political subdivision of the State of California, each individually a "Party" and collectively the "Parties". This agreement is made with reference to the following facts among others:

RECITALS

SCE is a public utility company regulated by the California Public Utilities Commission ("CPUC") and is primarily engaged in the business of transmitting and distributing electrical power to electric utility customers located within its Southern California electric service territory by means of poles and conduits constructed by SCE for this purpose.

CUSTOMER is a political subdivision of the State of California.

As part of the development of its telecommunications system and subject to the approval of the CPUC, CUSTOMER has agreed to lease from SCE, and SCE has agreed to lease to CUSTOMER, certain fiber optic capacity on SCE’s fiber optic network.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, agreements and undertakings contained herein, the Parties, intending to be legally bound, hereby agree as follows:

1. GRANT OF LEASE TO USE FIBERS UPON COMPLETION OF INSTALLATION AND TESTING.

SCE intends to lease to CUSTOMER, and CUSTOMER intends to lease from SCE, two (2) optical fibers (the "Fibers") in fiber optic telecommunications cables located on a route as generally diagramed on Exhibit A ("Route" or "Routes," as the context requires). A [3.5 mile] mile portion of the Route already exists and a [3.5 mile] mile portion needed to complete the Route will be constructed by SCE as described below and in Section 3. These two fibers are being provisioned as a pair and neither Party may terminate only one fiber in the pair. The Parties have agreed that the demarcation points for each section of the Route shall be as described in Exhibit A ("Demarcation Points").

The Parties acknowledge that a portion of the Route has not yet been designed, engineered or constructed and that SCE may change the path of the Route for reasons including the inability to obtain easements or licenses on commercially reasonable terms, delays in obtaining construction permits, or lack of available space on or in poles or conduits. SCE will use commercially reasonable efforts to construct between the Demarcation Points shown on Exhibit A, but not necessarily along the exact Route shown on Exhibit A.

Upon completion of the installation of the telecommunications cables along the Route, SCE will test the Fibers in accordance with the acceptance testing standards in Exhibit B and will provide the results in writing to CUSTOMER with fiber assignment numbers for the two (2) Fibers in the telecommunication cable to be leased to CUSTOMER. Within seven (7) business days of the date on which SCE notifies CUSTOMER of the acceptance testing results, CUSTOMER shall provide SCE with a written acceptance of the two Fibers or state the reason for not accepting the Fibers. If CUSTOMER does not provide SCE with a written acceptance or state the reason for not accepting the Fibers within seven (7) business days of the date on
which SCE provides notice of the acceptance testing results, CUSTOMER will be deemed to have accepted the two Fibers. Upon CUSTOMER's acceptance of the Fibers, SCE will automatically grant to CUSTOMER an exclusive lease to the two Fibers assigned to CUSTOMER. CUSTOMER acknowledges that the lease granted hereunder does not include the right to enter the property upon which the Fibers are located, except as specifically permitted in this Agreement.

During the term of this Agreement, CUSTOMER shall also have the right to connect the Fibers to its equipment on its side of the Demarcation Points. Such connections shall be made and maintained at CUSTOMER's sole cost and expense and shall comply in all respects with the requirements of this Agreement. CUSTOMER's rights hereunder shall not include the right to connect to the Fibers on SCE's side of the Demarcation Points.

2. CONDITIONS TO LEASE.

The lease granted pursuant to this Agreement is subject to the following terms and conditions:

2.1 CPUC JURISDICTION AND APPROVAL.

The lease is subject to approval by the CPUC. CUSTOMER acknowledges that SCE cannot begin construction of the new portion of the Route until the CPUC approves the lease described herein. If the CPUC does not approve the lease, then SCE may terminate this Agreement without any termination liability.

SCE shall exercise due diligence in making application to the CPUC for an order authorizing SCE to grant CUSTOMER a lease of the Fibers. SCE makes no representation or warranty concerning its ability to secure said order or how long the application process will take.

2.2 CHANGES IN REGULATION.

In the event that any regulatory authority issues any final decision, ruling or order that materially and adversely affects SCE's ability to perform in accordance with the terms, covenants and conditions of this Agreement during the term, SCE may terminate this Agreement or any affected Route or Routes upon sixty (60) days written notice to CUSTOMER without incurring any liability unless the decision, ruling or order makes it necessary for SCE to provide a shorter notice period.

2.3 CUSTOMER OBLIGATIONS.

CUSTOMER shall obtain all government franchises, licenses, permits, approvals or consents necessary to use the Fibers and occupy public rights of way pursuant to this Agreement. Failure to obtain such approvals, or to maintain them as necessary during the term of this Agreement, shall constitute a material breach of this Agreement.

2.4 ACQUISITION OF REAL PROPERTY RIGHTS AND PERMITS.

The Parties recognize that the existing SCE distribution system on which the Fibers are to be installed has been constructed on rights of way that may be owned by SCE in fee or by grant of an easement or license or as a result of statutory grant resulting from SCE's status as a public utility under the laws of the State of California, and that some significant portion of these rights of way may not include grants of a right to construct or lease facilities such as the Fiber without obtaining further rights from the present owners of such rights of way. To the extent SCE determines that such rights of way permit construction and operation of facilities such as the Fiber for use by CUSTOMER without further grants, and CUSTOMER concurs with SCE's determination, SCE agrees to allow CUSTOMER to use such rights of way for the purpose described in this Agreement.
On a mutually convenient date after SCE completes its property rights analysis of the Routes, the Parties shall meet and assess the adequacy of these property rights. Either Party may elect to terminate this Agreement without liability to the other Party by sending a written notice of termination as provided in Section 24 within one (1) week of the meeting. If either Party elects to terminate the Agreement, CUSTOMER shall receive a full refund of its One-Time Payments already paid to SCE, less the total of all costs incurred by SCE in connection with performing its obligations under this Agreement, plus an additional fifteen percent (15%) of those costs for overhead expenses. The total amount withheld or billed by SCE shall not exceed the total One-Time Fee. The Parties may also agree to proceed with acquisition of the required property rights or to redesign the Routes in an attempt to reduce the property rights that must be obtained.

If the Parties elect to redesign the Route, the process described above, including the right to terminate the agreement without liability, shall be repeated for the redesigned Route. If the Parties elect to proceed with the acquisition of additional rights, SCE shall use commercially reasonable efforts to negotiate such rights with the property owners. SCE shall not be required to condemn for any property right on the Route. If SCE is unable to secure all required property rights needed for the Route, CUSTOMER may, at its sole discretion and expense, attempt to obtain such rights either through further negotiations with the property owner or by condemnation. If CUSTOMER elects to attempt to secure such rights they shall be in a form of easement substantially similar to the easement form in Exhibit C. In the event that CUSTOMER does not secure the required rights through negotiation or condemnation, CUSTOMER may notify SCE that it is terminating the Agreement or request a meeting with SCE to discuss alternative arrangements for proceeding. If the Parties are unable to reach agreement on alternative arrangements for proceeding, either Party may terminate the Agreement without liability to the other Party by sending a written notice of termination as provided in Section 24 within one week of the meeting to discuss alternative arrangements. If either Party elects to terminate the Agreement, CUSTOMER shall receive a full refund of its One-Time Payments already paid to SCE, less the total of all costs incurred by SCE in connection with performing its obligations under this Agreement, plus an additional fifteen percent (15%) of those costs for overhead expenses. The total amount withheld or billed by SCE shall not exceed the total One-Time Fee.

CUSTOMER also acknowledges that before SCE can install the fiber optic cable SCE may have to obtain construction or other permits from various governmental agencies. SCE shall use commercially reasonable efforts to obtain such permits before beginning installation of the fiber optic cables along the Route. In the event that any permit request is denied, unduly delayed, or conditioned upon the acceptance of terms that SCE deems unreasonable, SCE shall request a meeting with CUSTOMER to discuss alternative arrangements for proceeding. If the Parties are unable to reach agreement on alternative arrangements for proceeding, either Party may terminate the Agreement without liability to the other Party by sending a written notice of termination as provided in Section 24 within one week of the meeting to discuss alternative arrangements. If either Party elects to terminate the Agreement, CUSTOMER shall receive a full refund of its One-Time Payments already paid to SCE, less the total of all costs incurred by SCE in connection with performing its obligations under this Agreement plus an additional fifteen percent (15%) of those costs for overhead expenses. The total amount withheld or billed by SCE shall not exceed the total One-Time Fee.

2.5 TERMINATIONS.

A termination pursuant to this Section 2 shall not constitute a default.
3. ROUTE CONSTRUCTION.

SCE will design, engineer, and construct those portions of the Routes that are not already in existence as of the Effective Date of this Agreement in conformity with its customary and usual practices for the construction of fiber optic cables, and the requirements of this Agreement.

The Parties acknowledge that a variety of factors will influence when each section of the Route is completed, including the number of easements that must be obtained and the time needed to obtain them, and delays in the permitting process and restrictions on construction imposed by the permitting agency. SCE shall use reasonable efforts to complete the construction and testing of the Fibers along the Route within one-hundred twenty (120) days of approval of the lease by the CPUC, as described in Section 2.1.

SCE will design, engineer and construct those portions of the Route that are not already in existence as of the Effective Date of this Agreement at its sole cost and expense; provided, however, that if this Agreement is terminated pursuant to Section 2.4, then SCE’s costs of designing, engineering and constructing those portions of the Routes that are not already in existence as of the Effective Date of the Agreement shall be treated as costs incurred by SCE in connection with performing its obligations under this Agreement.

4. CUSTOMER’S RESPONSIBILITIES FOR CONNECTIONS, EQUIPMENT, AND SET-UP.

4.1 CONNECTION TO FIBERS.

CUSTOMER shall be solely responsible for connecting its cable or equipment to the Fibers at the Demarcation Points. These connections must be made on CUSTOMER’s side of the Demarcation Point. CUSTOMER shall make no changes in the location of these connections without SCE’s prior written consent. CUSTOMER shall be solely responsible for installing, maintaining, repairing or replacing any connections, and for complying at all times with all applicable safety codes, ordinances, laws, regulations and rules. CUSTOMER shall be solely responsible for the cost of installing and maintaining these connections. Performance of any work by CUSTOMER that requires a government franchise, license, permit, approval or consent without such approval, or failure to maintain such approvals as necessary during the term of this Agreement, shall constitute a material breach of this Agreement.

4.2 EQUIPMENT.

CUSTOMER shall be responsible for providing any equipment to use the Fibers to provide communications services to its customers. CUSTOMER acknowledges and agrees that SCE is not obligated to supply any optical or electrical equipment; nor is SCE responsible for: (1) performing any work, other than as specified in this Agreement; (2) providing other facilities including, without limitation, generators, batteries, air conditioners, fire protection and monitoring and testing equipment; or (3) any installation, repair or maintenance for equipment or facilities provided by CUSTOMER.

4.3 [THIS SECTION INTENTIONALLY LEFT BLANK.]
4.4 CUSTOMER'S ACCESS TO SCE PROPERTY.

Unauthorized access to SCE property creates safety issues for CUSTOMER, SCE, and the public. Unauthorized access in certain situations may violate homeland security requirements and subject CUSTOMER or SCE to civil or criminal penalties.

If any Demarcation Point, Equipment Rack Space, or CUSTOMER fiber or conduit is located on or in SCE property, CUSTOMER shall contact the SCE Network Operations Center at (800) 655-8844 to schedule supervised access to the SCE property. Such supervised access shall be scheduled consistent with applicable homeland security requirements and shall not take precedence over SCE’s utility operations. CUSTOMER agrees that the failure to schedule such access with the Network Operations Center before entering SCE’s property is a material breach for which no cure period applies, and may result in SCE’s immediately terminating this Agreement for cause. SCE agrees to provide CUSTOMER with reasonable scheduled access consistent with its utility operations and applicable homeland security requirements. In emergency situations, as where CUSTOMER is experiencing an outage or material service degradation, SCE shall use reasonable efforts to provide such access as soon as practicable under the circumstances and consistent with applicable homeland security requirements. CUSTOMER and its employees or agents shall comply with all requests to cease work for any reason when on SCE property.

5. AVAILABILITY AND USE OF FIBERS.

5.1 FIBER RELIABILITY.

If the “attenuation” (loss of light amplitude) of any of the Fibers deviates more than twenty-five percent (25%) from the attenuation specified in Exhibit B (hereinafter referred to as “Attenuation Deviation”), SCE will use commercially reasonable efforts to repair or replace such Fibers at its sole cost within thirty (30) days following receipt of written notice of such condition from CUSTOMER. If SCE fails to do so, then, as its sole remedy, CUSTOMER shall have the right to terminate its use of the affected portion of the Route. Subject to the immediately following paragraph, should CUSTOMER’s use of the Fibers become interrupted, other than as a result of CUSTOMER’s activities, for more than 4 hours in any 24-hour period, then SCE shall credit CUSTOMER’s account with the pro-rata payment for a full 24 hours.

The period(s) of any interruption(s) and/or of Attenuation Deviation shall be measured from the time CUSTOMER initially reports the interruption to SCE, to the time SCE reports service is restored to CUSTOMER. Scheduled Outages for maintenance purposes shall not be counted as interruptions. In addition, SCE shall not be liable for interruptions, delays, errors, or defects in transmission, or for any related injury whatsoever, caused by CUSTOMER, its agents or its customers, or as a result of facilities or equipment provided by CUSTOMER or for relocations, repairs or replacements pursuant to this Article 5.

5.2 RELOCATION.

If SCE is required by a third party to relocate any of the telecommunications cables containing the Fibers used by CUSTOMER, SCE shall promptly notify CUSTOMER upon receipt by SCE of the relocation notice from the third party. SCE will inform CUSTOMER of the schedule for the relocation, whether use of any Fibers will be interrupted as a result of the relocation, and, if so, the estimated duration of the interruption. In the event of a required relocation, the related interruption will not constitute an interruption for purposes of Section 5.1.
5.3 MAINTENANCE.

SCE shall perform all scheduled and non-scheduled maintenance of the Fibers on SCE's side of the Demarcation Points. SCE Network Operations Center may be contacted at (800) 655-8844 for all maintenance inquiries and trouble reporting.

5.4 OUTAGES.

SCE may, upon forty-eight (48) hours advance notice to CUSTOMER, schedule outages to maintain, repair, replace or upgrade the Fibers ("Scheduled Outages"); provided, that: (a) such Scheduled Outages shall not, with respect to any cable segment described on Schedule A, exceed ten (10) hours in any calendar month; (b) the limitation set forth in subsection (a) shall not apply to any Scheduled outages done in connection with any requests or requirements of a governmental authority; and (c) the interruption shall not be counted as an interruption under Section 5.1.

5.5 TEMPORARY SUSPENSION FOR EMERGENCY REPAIRS.

SCE shall have the right to make necessary emergency repairs or changes to its Fibers and related facilities at any time and will have the right to suspend or interrupt CUSTOMER's use of the Fibers temporarily for the purpose of making the necessary emergency repairs or changes in its system. When such suspension or interruption of CUSTOMER's use of the Fibers for any appreciable period is necessary, SCE will notify CUSTOMER thereof as soon as circumstances permit, and will prosecute the work with reasonable diligence, and, if practicable, at times of day that will cause the least inconvenience. When SCE is repairing or changing its facilities, it shall take appropriate precautions to avoid unnecessary interruptions of CUSTOMER's use of the Fiber.

5.6 FALSE CALL OUTS.

If a CUSTOMER trouble report results in dispatch of SCE personnel, and the trouble is determined to be in CUSTOMER's network rather than a failure of SCE's network, SCE may charge CUSTOMER a reasonable dispatch fee.

6. SURRENDER UPON TERMINATION.

Upon the cancellation, expiration or termination of this Agreement, all rights of CUSTOMER to use the Fibers shall immediately cease and SCE shall have no further obligations to CUSTOMER with respect thereto. Promptly thereupon, CUSTOMER shall arrange with SCE to remove all of CUSTOMER's electronics, equipment, or other property from SCE's property at CUSTOMER's sole cost. CUSTOMER shall peaceably quit and surrender the Fibers to SCE in good order and condition. The Fibers, including any improvements or extensions made to them, will remain the sole and exclusive property of SCE. No cancellation, expiration, or termination of this Agreement shall release CUSTOMER from any liability or obligation (whether of indemnity or otherwise) which may have attached or accrued previous to, or which may be accruing at the time of, or by reason of such cancellation, expiration or termination.

7. TAXES AND LIENS.

During the term hereof, CUSTOMER shall pay, when due, such portion of any taxes, fees or assessment that are attributable to CUSTOMER's use of the Fibers or the public rights-of-way that support or contain the Fibers (excluding property taxes). CUSTOMER shall keep SCE's Fibers free from all liens, including but not limited to mechanics liens, and encumbrances by reason of the use of said Fibers by CUSTOMER or any person claiming under CUSTOMER. It is further agreed that in the event CUSTOMER shall fail to pay the above-mentioned taxes, assessments, or liens when due, SCE shall have the right to pay the same and charge the
amount thereof to CUSTOMER, who shall pay the same upon demand together with interest at the maximum rate allowed by law from the date of such expenditure by SCE.

Should any such tax or other fees, regardless of form, be levied and/or assessed against SCE and/or its property due to the action or inaction of CUSTOMER, then SCE shall notify CUSTOMER as soon as is reasonably practical. SCE shall also provide CUSTOMER with copies of any and all notices, bills, and other pertinent documentation. CUSTOMER shall, by the earlier of forty-five (45) days of receipt of such written notification(s) or ten (10) business days prior to the specified due date for payment of such taxes, pay to SCE the amount(s) of any such assessment(s) and/or levy(ies).

8. NATURE OF RIGHTS GRANTED HEREUNDER.

Neither the lease granted herein nor CUSTOMER's exercise of the rights given hereunder shall confer upon CUSTOMER any property interest or possessory interest in SCE's fibers or facilities or the Fibers and CUSTOMER shall never claim any such interest. The Parties further acknowledge that this Agreement is solely a fiber use agreement and does not require SCE to furnish any telecommunications services to CUSTOMER.

9. REPRESENTATIONS, WARRANTIES AND DISCLAIMERS.

9.1 SCE REPRESENTS AND WARRANTS TO CUSTOMER THAT:

a. SCE is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and has all requisite corporate power and authority to enter into this Agreement.

b. This Agreement, when duly executed by SCE, shall constitute a valid, legal and binding obligation of SCE, and shall be enforceable in accordance with its terms, subject to the effect of any bankruptcy, insolvency, reorganization, liquidation, moratorium, receivership, conservatorship, readjustment of debts, or other similar laws affecting the rights of creditors generally.

c. To SCE's knowledge after due inquiry, its existing franchise rights as an electric utility, as described in the Recitals, are in full force and effect.

9.2 CUSTOMER REPRESENTS AND WARRANTS TO SCE THAT:

a. CUSTOMER is a political subdivision of the State of California duly organized, validly existing and in good standing under the laws of the State of California, and has all requisite power and authority to enter into this Agreement.

b. This Agreement, when duly executed by CUSTOMER, shall constitute a valid, legal and binding obligation of CUSTOMER, and shall be enforceable in accordance with its terms, subject to the effect of any bankruptcy, insolvency, reorganization, liquidation, moratorium, receivership, conservatorship, readjustment of debts, or other similar laws affecting the rights of creditors generally.

c. As of the Effective Date and for the term of this Agreement, that it has, or will obtain before using any Fibers, all government franchises, licenses, permits, certificates, approvals, consents and rights authorizing it to engage in the telecommunications business in the State of California and to utilize public rights of way ("Approvals") and will obtain and maintain such Approvals and any additional rights required for it to comply with all applicable legal requirements associated with this Agreement for and during the term of this Agreement. CUSTOMER acknowledges that the failure to obtain such Approvals and rights shall constitute a material breach of this Agreement and is grounds for termination, notwithstanding any provision to the contrary in this Agreement.
d. CUSTOMER is not aware of any facts that would justify a complaint to the Federal Communications Commission or any state regulatory authority concerning the fees, terms, or conditions of the transaction contemplated by this Agreement.

e. CUSTOMER shall not use the Fibers in a way that physically interferes in any way with, or adversely affects the use of the Fibers or cable of any other person using the SCE network. CUSTOMER shall keep all SCE property free from any liens, rights or claims of any third party attributable to CUSTOMER.

f. CUSTOMER will use the Fibers in compliance with all applicable government codes, ordinances, laws, rules and regulations during the term of this Agreement.

9.3 The Parties acknowledge and agree that CUSTOMER's sole rights and remedies with respect to any defect in or failure of the Fibers to perform in accordance with the applicable manufacturers', contractors' or vendors' specifications with respect to the Fibers shall be limited to the particular manufacturer's, contractor's, or vendor's warranty with respect thereto, which warranty, to the extent permitted by the terms thereof, shall be assigned to CUSTOMER upon its request. In the event any maintenance or repairs to the SCE network are required as a result of a breach of any warranty made by any manufacturers, contractors or vendors, unless CUSTOMER shall elect to pursue such remedies itself, SCE shall pursue all remedies against such manufacturers, contractors or vendors on behalf of CUSTOMER and SCE shall reimburse CUSTOMER for the costs it incurs as a result of any such breach of warranty to the extent the manufacturer, contractor or vendor has paid such cost.

9.4 DISCLAIMER OF WARRANTY.

SCE MAKES NO WARRANTY, EXPRESSED OR IMPLIED, WITH RESPECT TO ANY FIBERS OR ROUTES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. SCE MAKES NO REPRESENTATIONS OR WARRANTIES ABOUT THE ADEQUACY OF SCE'S PROPERTY RIGHTS OR CUSTOMER'S ABILITY TO USE THESE RIGHTS TO OCCUPY OR USE THE FACILITIES OR FIBERS. ALL SUCH WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED.

10. TERM.

This Agreement shall go into effect on the Effective Date. The term of the lease described herein shall begin on the date the customer accepts the Fibers as described in Section 1 and shall continue for an initial term of five (5) years and may be renewed by CUSTOMER with the agreement of SCE for one additional five (5) year term thereafter. The terms and conditions in this Agreement shall remain unchanged for this additional term. In the event CUSTOMER chooses not to renew this Agreement, it shall notify SCE in writing no later than one year prior to the end of the initial term. Notwithstanding this provision, the Agreement may be terminated prior to the end of the term as described in Section 12. Unless terminated earlier, this Agreement shall expire at the end of the five year lease or the five year extension, if any.

11. PAYMENTS.

CUSTOMER shall pay SCE a one-time non-refundable fee of One Hundred Ninety-Five Thousand Dollars ($195,000.00) ("One-Time Fee"). CUSTOMER shall pay Fifty Thousand Dollars ($50,000.00) of the One-Time Fee within five days of the Effective Date and the remainder of the One-Time Fee will be due upon CUSTOMER's acceptance of the Fiber, or after the Fiber is deemed accepted, as set forth in Section 1. CUSTOMER shall also pay SCE a monthly fee of Seven Thousand Nine Hundred and Eighty-Eight Dollars ($7,988.00) during the term of the lease for use of the Fibers on the Route ("Monthly Fee").
SCE will invoice CUSTOMER for the first Monthly Fee promptly upon CUSTOMER's acceptance of the Fiber, or after the Fiber is deemed accepted, as set forth in Section 1. Thereafter, SCE shall invoice CUSTOMER monthly in advance. All payments shall be due and payable within thirty-five (35) days of the invoice postmark date. If SCE does not receive payment in full or a valid notice of dispute pursuant to this Section from CUSTOMER within thirty-five (35) days of the invoice postmark date, then SCE may, without limiting its rights and remedies under this Agreement and at law or equity, elect to (i) notify CUSTOMER it is in default under Section 13 or (ii) terminate this Agreement and/or disconnect the Fibers from CUSTOMER's equipment without incurring any liability.

CUSTOMER shall have ninety (90) days from the invoice postmark date to notify SCE of any dispute concerning the invoice. If CUSTOMER does not notify SCE of a dispute within the ninety (90) day period, then CUSTOMER shall be deemed to have waived any and all rights to dispute the invoice and the invoice shall conclusively be deemed to have been proper, correct and complete as submitted by SCE. In order for any such notice of dispute to be valid, CUSTOMER shall pay all undisputed amounts on or before the date of CUSTOMER's notice of dispute. SCE may not back bill CUSTOMER beyond ninety (90) days from the invoice postmark date for fees not indicated on the initial invoice for such services.

12. TERMINATION.

This Agreement shall automatically terminate upon the expiration of the initial term, unless renewed by the Parties as described in Section 10. Either Party shall have the right to terminate this Agreement in the event the other Party is in default as described in Section 13. This Agreement may also terminate, or be terminated by one of the Parties, as specifically described in Sections 2.1, 2.2, 2.4, 4.4, 5.1, and 9.2. No termination, expiration, or cancellation of this Agreement shall effect the rights or obligations of either Party with respect to; (i) the obligation to make payment hereunder for payments due or services rendered prior to the date of termination, cancellation, or expiration; or (ii) Sections 16, 17, 19, 20, 21 and 25.

13. DEFAULT.

Neither Party shall be in default under this Agreement or in breach of any provisions thereof unless and until it has been given written notice of such default by the other Party and shall have failed to cure such default within thirty (30) days after receipt of such notice except for default in any payment by CUSTOMER, in which case CUSTOMER shall cure such default in payment within ten (10) business days after notice by SCE. Where a default other than for payment cannot reasonably be cured within a thirty (30) day period, if the defaulting Party shall proceed promptly to cure the same and prosecute such curing with due diligence, the time for curing such default shall be extended for such period of time as maybe necessary to complete such cure. Upon the failure to cure any such default within thirty (30) days after notice thereof or within thirty (30) days plus the extension for curing with due diligence as set forth above, the Party giving notice of the default may thereupon terminate this Agreement by providing written notice pursuant to Section 24. Except as provided in Sections 16.4 and 16.5, upon default by either Party, the non-defaulting Party shall have the right to pursue any or all remedies available at law or equity.

14. FORCE MAJEURE.

Neither Party shall be in default under this Agreement or liable or responsible for failure or delay if and to the extent that any failure or delay in the Party's performance of one or more of its obligations hereunder is caused by any of the following conditions: act of God, fire, flood, lack of or delay in transportation, changes in government codes, ordinances, laws, rules, regulations or licenses affecting this Agreement or changes in the interpretation of such laws,
rules, regulations or licenses by a court or agency having appropriate jurisdiction, war, terrorism or civil disorder, strikes or other labor disputes, failure of a third party to grant a property right required or useful to perform such agreement, changes in regulatory conditions that materially impair either Party's ability to perform its duties or obligations or to obtain the material benefits of this Agreement, or any other cause beyond the reasonable control of such Party. The Party claiming relief under this Article shall notify the other Party in writing of the existence of a force majeure event relied on and the cessation or termination of said event. The Party claiming relief shall exercise reasonable commercial efforts to minimize any such delay; provided that nothing in this section shall be construed as requiring SCE or CUSTOMER to settle any strike, work stoppage or labor dispute in which it may be involved or to accept any permit, certificate license or other government approval on terms deemed unacceptable to such Party, or to enter into any contract or other undertaking on terms which the Party deemed to be unduly burdensome and costly.

15. ASSIGNMENT AND TRANSFER.

SCE may sell, convey, assign or otherwise transfer, in whole or in part, its interest in this Agreement, any Facility or any structures thereon, or any Fibers at any time without the consent of CUSTOMER. A transfer of this Agreement pursuant to this provision shall not release SCE from its obligations under this Agreement which have accrued prior to the date of transfer except where the transfer is to an Affiliate and SCE and the Affiliate notify CUSTOMER that the Affiliate expressly accepts and assumes all of SCE's rights, obligations and liabilities under this Agreement. Provided such notice is provided to CUSTOMER, SCE shall be relieved of all liability under this Agreement from and after the date of transfer and the Affiliate shall substitute for SCE as party to this Agreement from that day forward. CUSTOMER may not assign or transfer this Agreement without the prior written consent of SCE, which consent shall not be unreasonably withheld. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. For purpose of this section, "Affiliate" means any corporation, including limited liability corporation, utility, or other entity 5 percent or more of whose outstanding securities are owned, controlled, or held with power to vote, directly or indirectly either by SCE, or any of its subsidiaries, or by SCE's parent corporation.

Notwithstanding the foregoing paragraph, SCE shall have the unrestricted right, without CUSTOMER's consent, to subcontract any of its construction, maintenance, or other obligations hereunder.

16. INDEMNIFICATION AND LIMITATION OF LIABILITY.

16.1 CUSTOMER shall indemnify and hold harmless SCE, its parent company, affiliates, directors, shareholders, invitees, licensees, employees, agents, contractors, successors and assigns, from any and all costs, liabilities, penalties, claims and expenses, including those from death or injury to any person or from a loss or damage to any real, personal or other property, arising from any negligent act or omission or willful misconduct by CUSTOMER, or by any of CUSTOMER's agents, contractors, affiliates, invitees or employees. Notwithstanding, CUSTOMER shall not be obligated to indemnify SCE for SCE's sole negligence or willful misconduct.

16.2 The obligations of Customer under this Section 16 shall arise at such time, if any, that any claim is made, or loss is incurred by SCE, and the entry of judgment or the litigation of any claim shall not be a condition precedent to the obligations of Customer hereunder.
16.3 CUSTOMER shall promptly notify SCE of the existence of any matters to which CUSTOMER's indemnity obligations apply. Upon demand by SCE, CUSTOMER shall defend at its own expense any such matter; provided that SCE shall at all times also have the right to fully participate in the defense and consent to any settlement or compromise.

16.4 IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES (INCLUDING LOSS OF THE OTHER PARTY'S CUSTOMERS OR GOOD WILL, OR LOST REVENUE OR PROFITS), FOR ANY CAUSE OF ACTION, WHETHER IN CONTRACT OR TORT, ARISING IN ANY MANNER FROM THIS AGREEMENT OR THE PERFORMANCE OR NON-PERFORMANCE OF OBLIGATIONS HEREUNDER, REGARDLESS OF THE CAUSE OR FORESEEABILITY THEREOF.

16.5 THE ENTIRE LIABILITY OF EITHER PARTY TO THE OTHER PARTY FOR DAMAGES UNDER THIS AGREEMENT, WHETHER IN CONTRACT OR TORT (EXCLUDING INTENTIONAL WRONGDOING, BUT NOT INTENTIONAL BREACH OF THIS AGREEMENT) SHALL NOT EXCEED THE TOTAL AMOUNT PAID BY CUSTOMER UNDER THIS AGREEMENT.

17. INSURANCE.

At all times during the term of this Agreement, both parties shall maintain and shall require its subcontractors, which do any work on connections to the Fibers, to maintain insurance coverage as described in the following subsections. Both parties, upon request shall promptly furnish written proof of insurance satisfactory to the other party.

17.1 Worker's Compensation Insurance with statutory limits, in accordance with the laws of the State of California, and Employer's Liability Insurance with limits of not less than $1,000,000.

17.2 Commercial General Liability Coverage, including owner's and contractor's protective liability, product/completed operations liability, and contractual liability, with a combined single limit of $1,000,000 each occurrence.

17.3 Excess liability/umbrella coverage of $5,000,000.

17.4 Such insurance policies shall provide that the other party shall receive not less than thirty (30) days written notice prior to the cancellation or reduction in coverage of such insurance. If requested, a party shall provide proof of such insurance coverage to the other party. Each party shall be permitted to lawfully self-insure to satisfy all or any part of these insurance coverage requirements.

18. RIGHTS OF OTHERS TO USE OF SCE FACILITIES.

This Agreement shall not foreclose SCE from entering into agreements with others for the use of any of SCE's facilities other than the Fibers leased to CUSTOMER pursuant to Section 1 of this Agreement.

19. DISCLOSURE OF CONFIDENTIAL INFORMATION.

Notwithstanding any language to the contrary in this Agreement or in any other agreement between the Parties, including in any confidentiality agreement, SCE may, without the prior consent of the CUSTOMER, provide information related to this Agreement to any regulatory or governmental entity that requests such information. Neither Party shall issue or sponsor any advertising or publicity that states or implies, either directly or indirectly, that a Party endorses, recommends or prefers the other Party's services without first obtaining the
other Party's prior written consent. Any press release concerning this Agreement requires the prior approval of the other Party.

20. GOVERNING LAW AND REQUIREMENTS.

This Agreement and the rights and obligations of the Parties hereunder shall for all purposes be governed by, and shall be construed in accordance with, the laws of the State of California, without regard to principles of conflicts of law.

21. NO THIRD PARTY BENEFICIARIES.

All of the terms, conditions, rights and duties provided for in this Agreement are, and shall always be, solely for the benefit of the Parties hereto. It is the intent of the Parties that no third party (including either Party's customers) shall ever be the intended beneficiary of any performance, duty or right created or required pursuant to the terms and conditions of this Agreement.

22. WAIVER.

This failure of either Party to enforce any of the provisions of this Agreement, or the waiver thereof in any instance, shall not be construed as a general waiver or relinquishment on its part of any such provision, but the same shall nevertheless be and remain in full force and effect.

23. COMPLIANCE WITH LAWS.

At all times during the term of this Agreement, the Parties shall comply in all material respects with all laws, rules, regulations, and codes of all governmental authorities having jurisdiction over a Party or its performance of obligations under this Agreement, including applicable State and Federal reporting requirements relating to employment and court-ordered child, family, and spousal support obligations and wage and earnings assignment orders and notices of assignment. Nothing herein shall be deemed a waiver of the Parties' right to challenge the validity of any such law, rule, regulation, code, or third party right.

As of the effective date of this Agreement, the signer of this Agreement is not aware of any current material violations of applicable provisions of Federal, State, or Local laws, rules, regulations, or ordinances concerning SCE's commercial telecommunications business and, states that to the extent a material violation is discovered, it is SCE's policy to remedy or correct any such material violation.

24. NOTICE.

All notices, requests or other communications (other than those normally required during the installation process) under this Agreement or required by law shall be in writing and shall be hand-delivered, sent by overnight delivery service, mailed by first-class, registered or certified mail, postage prepaid and return receipt requested, addressed as follows:

If to CUSTOMER: COUNTY OF LOS ANGELES
1110 N. Eastern Ave.
Los Angeles, CA 90063
ATTN: Yvonne Parker, PPCA
If to SCE:
Edison Carrier Solutions
Southern California Edison Company
4900 Rivergrade Road, Suite B120
Irwindale, California 91706
Attn: Carrier Solutions Contract Administrator

With copy to:
Southern California Edison Company
Law Department, G.O. 1, Quad 3C
2244 Walnut Grove Avenue
Rosemead, California 91770
Attn: Law Department – Telecommunications Section

Each Party shall be responsible for giving timely notice of any changes in the notice information listed above.

25. DISPUTE RESOLUTION.

25.1 Except as may otherwise be set forth in this Agreement, all disputes arising under this Agreement shall be resolved as set forth in this Section 25. To be eligible for resolution under this Section 26, any dispute by CUSTOMER concerning payments must be invoked in accordance with the requirements of Section 11.

25.2 SCE and CUSTOMER shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiations between an authorized representative of each of the Parties. Any dispute which cannot be resolved between the authorized representatives shall be referred to an officer or designee, of each of the Parties for resolution. SCE or CUSTOMER may give the other Party written notice of any dispute. Within twenty (20) days after delivery of such notice, the designated parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute. If the matter has not been resolved within thirty (30) days of the first meeting, SCE or CUSTOMER may initiate a mediation of the controversy. The mediation shall be facilitated by a mediator that is acceptable to all parties and shall conclude within sixty (60) days of its commencement, unless SCE and CUSTOMER agree to extend the mediation process beyond such deadline. Upon agreeing on a mediator, SCE and CUSTOMER shall enter into a written agreement for the mediation services. The mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association; provided, however, that no incidental, consequential or punitive damages shall be awarded in any such proceeding and each party shall bear its own legal fees and expense.

25.3 All negotiations and any mediation conducted pursuant to this Section shall be confidential and shall be treated as compromise and settlement negotiations, to which Section 1154 of the California Evidence Code shall apply, which section is incorporated in this Agreement by reference.

25.4 Notwithstanding the foregoing provisions, either SCE or CUSTOMER may seek a preliminary injunction or other provisional judicial remedy if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo.

25.5 SCE and CUSTOMER shall continue to perform their obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement.
25.6 If SCE and CUSTOMER, after good faith efforts to resolve a dispute under the
terms of this Agreement (as provided in Section 25.2), cannot agree to a resolution of the
dispute, either Party may pursue whatever legal remedies may be available to such Party, at
law or in equity, before a court of competent jurisdiction and with venue in Los Angeles County,
California.

26. GENERAL PROVISIONS

a) Maintenance of Records by CUSTOMER. For the term of this Agreement and for one
year after its termination, CUSTOMER shall maintain records sufficient to demonstrate to SCE
that it is in full compliance with the requirements of this Agreement. CUSTOMER shall promptly
comply with any request by SCE for such records.

b) Review or Inspection Rights of SCE. Any review or inspection by SCE, whether made or
not, shall not relieve CUSTOMER of any responsibility, obligation, or liability assumed under this
Agreement. CUSTOMER further agrees not to hold SCE liable for any loss or damages from
any review or inspection by SCE, or from SCE’s failure to review or inspect, and shall indemnify
SCE from any claim that SCE’s review or inspection, or failure to review or inspect resulted,
directly or indirectly, in any loss or damage.

c) No Subleasing. CUSTOMER shall not sublease, or sublet the Fibers, this Agreement or
any right, obligation, or privilege given to it under this Agreement.

d) Interpretation. The language of each part of this Agreement shall be construed simply
and according to its fair meaning, and shall never be construed either for or against either Party,
regardless of which Party may have drafted the provision.

e) Nondiscrimination Policy. SCE states that it has adopted and adheres to a
nondiscrimination policy in employment and contracting that complies with applicable Federal
and State employment laws and regulatory policies.

f) Los Angeles County GAIN/GROW Program. To the extent Los Angeles County refers
participants in its GAIN/GROW Program by category to SCE, SCE shall give consideration to
such participants for any employment openings in its commercial telecommunications business
consistent with SCE’s normal employment processes and policies.

g) County Lobbyists. As of the effective date, of this Agreement, neither SCE nor any
Lobbyist acting on behalf of SCE engages in any lobbying activity with the County of Los
Angeles as defined in the Los Angeles County Lobbyist Ordinance, County Code Chapter 2.160
with regard to SCE’s commercial telecommunications business. If SCE engages in any
lobbying activity with the County of Los Angeles concerning its commercial telecommunications
business during the term of this Agreement, SCE agrees that it will comply with the County’s
applicable lobbying ordinances.

h) Safely Surrendered Baby Law. After the execution of this Agreement, SCE shall inform
employees in its commercial telecommunications business unit of the existence of the Safely
Surrendered Baby Law by posting a fact sheet about the law in a prominent location in the
business offices of the commercial telecommunications business. The fact sheet shall be
substantially as shown at the website www.babysafeLA.org.

i) Jury Duty Policy. SCE states that, as of the date of execution of this Agreement, it has a
policy regarding employee’s jury service that is consistent with Los Angeles County Ordinance
2002-0015 § 1 (part), 2002.
j) **Invalidity of Provisions.** To the extent that any terms or provisions of this Agreement shall be finally determined by a court of competent jurisdiction to be invalid, (i) such invalidity shall not affect, release or modify any other terms or provisions, and (ii) in lieu of each such provision which is invalid, illegal or unenforceable, there shall be substituted or added as part of this Agreement a legal, valid and enforceable provision which shall be selected to be as similar as possible, in achieving the economic and business objectives of the Parties, to such illegal, invalid or unenforceable provision.

k) **Incorporation Clause.** This Agreement and Customer’s Purchase Order constitutes the entire agreement between the Parties with respect to the subject matter hereof and it supersedes all prior oral or written agreements, commitments or understanding with respect to the subject matter hereof. No subsequent agreement among the Parties concerning the subject matter of this Agreement shall be effective or binding unless it is made in writing by authorized representatives of the Parties. All references to sections, unless otherwise noted, shall refer to sections of this Agreement and all references to Exhibits are to the Exhibits attached hereto, each of which is made a part hereof for all purposes. This Agreement together with any exhibits hereto, supersedes all conflicting or contradictory terms and conditions within Customer’s Purchase Order. The following provisions of the Customer’s Purchase Order are conflicting or contradictory with this Agreement and are superseded in their entirety: 2, 5, 6, 7, 11, 12, 13, 14, 17, 21, 22, 23, P. 15 “A. Jury Service”, and P.16, “Assignment by Contractor”. Other provisions in Customer’s Purchase Order may conflict with or contradict provisions of this Agreement and be superseded by the terms of this Agreement; however, in the interest of completing this contract in a timely manner, the parties agree that the list in the preceding sentence of provisions in the Purchase Order that have been superseded is not intended to be exhaustive and that neither party is required to comply with other provisions of the Purchase Order that the party believes in good faith to conflict with or contradict provisions of the Agreement. If at anytime during the term of this Agreement one party questions whether the other party is in compliance with a provision of the Purchase Order, at that point the other party may assert its good faith belief that the provision of the Purchase Order conflicts with or contradicts provisions in this Agreement and therefore has been superseded by this Agreement. The parties then will meet and confer to attempt to reach agreement on whether the provision in the Purchase order conflicts with or contradicts a provision of this Agreement. If the parties are unable to reach agreement, then either party may terminate the Agreement upon 10 business days notice to the other party without termination liability attaching to either party. Neither the meet and confer, nor any termination if the parties do not reach agreement, will be subject to the dispute resolution provisions in Section 25 of this Agreement. Further, each party agrees that it will forego, waive and otherwise not assert any claim, cause of action or other demand for compensation or performance against the other party whether for breach of contract or otherwise that arises out of or relates to noncompliance with any provision of the Purchase Order that is asserted to conflict with or contradict a provision of this Agreement. The Parties further agree that Section 8, 10, 32, and P.16 of the Customer’s Purchase Order (Prohibition Against Use Of Child Labor), are waived in their entirety.

I) **Performance in Stad.** Should CUSTOMER fail to make any payment or perform any act or obligations required under this Agreement, then SCE, at its option (without any obligation to do so and without releasing CUSTOMER from any liability or obligation hereunder due to its failure to perform) may: (i) make such payment or perform such act or obligation in such manner and to such extent as SCE may deem necessary to protect SCE’s rights; (ii) commence, appear in and defend any action or proceeding purporting to affect SCE’s rights or interest; (iii) pay, purchase, contest or compromise any encumbrance, charge or lien which, in the sole judgment of SCE affects or may affect SCE’s rights or interests; and (iv) in exercising any such powers, incur any liability and expend such reasonable amounts as SCE, in its sole
discretion, may deem necessary. CUSTOMER shall promptly reimburse, defend, and indemnify SCE against all liability, loss, cost or expense arising from its performance pursuant to this provision.

m) Exhibits. Exhibits referenced herein are incorporated by said reference and may only be modified as described herein or by a written agreement of the Parties.

27. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which need not contain the signatures of more than one Party, but both such counterparts taken together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, each of the signatories hereto represent and warrant that they have been duly and properly authorized to sign this Agreement on behalf of the Party for whom they sign.

SOUTHERN CALIFORNIA EDISON COMPANY    COUNTY OF LOS ANGELES

By: /s/ Lisa Swenerton
    Lisa Swenerton
Title: General Manager,
      Edison Carrier Solutions

By: /s/ Yvonne Parker
    Yvonne Parker
Title: Principle Purchasing &
      Contracts Analyst
1. Typical Fiber Attenuation:

Single mode fiber specifications may vary, depending on the fiber manufacturer. Typical levels of 0.45 dB per km @ 1310nm and 0.30 dB per km @ 1550nm are expected excluding connector losses.

2. Design Criteria:

The number of cable splices at the time of original construction was designed to an average of 2.0 km between splices. Due to cable cuts, and cable relocation, additional splices may be installed.

3. Span Characteristics:

Maximum total span loss must not exceed 35.0 dB at 1550nm for a 100 km span.

Span loss will be the sum of cable loss in dB/km plus System splice loss in dB.

Maximum span dispersion = 2250ps/nm for a 100 km span.

4. Splice Loss:

Splices shall be measured using bi-directional methods to average splice loss. The splice loss of a single splice will average 0.3 dB @ 1550nm. The mean average loss of all splices in a span will average 0.15 dB or less. (To calculate this measurement, the bi-directional splice losses measured above will be summed and divided by the number of splices within the span.)
EXHIBIT C
FORM OF EASEMENT

(Name of property Owner) hereby grants to Southern California Edison Company (SCE), and its successors and assigns, and (Name of Customer), and its successors and assigns, (collectively, "Grantee"), an easement over the portion of the property commonly known as (street address, city, state and zip code) that is encumbered by SCE's existing electric utility easement, for the purposes of constructing, using, maintaining, operating, altering, adding to, repairing, replacing, reconstructing, inspecting and/or removing facilities, consisting of, but not limited to cables, poles, cross arms, wires, anchors, guys, braces, amplifiers, vaults and enclosures, concrete pads, markers and other appurtenances, fixtures and/or facilities necessary or useful for internal and commercial communications purposes. Grantee shall have the right of ingress and egress from said easement for the purpose of exercising the rights herein granted.

Date:

Owner's Signature:
COUNTY OF LOS ANGELES
FEDERAL TAX EXEMPTION CERTIFICATE

The undersigned hereby certifies that he is a deputy purchasing agent of the county of Los Angeles. A political subdivision of the State of California, that he is authorized to execute this certificate and that the article or articles indicated in this purchase order are for exclusive use of the county of Los Angeles, a political subdivision of the State of California.

It is understood that the exemption from tax in the case of sales of articles under this exemption certificate to the states or political subdivisions thereof, is limited to the sale of articles purchased for their exclusive use and it is agreed that if articles purchased tax free under this exemption certificate are used otherwise or are sold to employees or others, such fact must be reported by me to the vendor or the article or articles covered by this certificate. It is also understood that the fraudulent use of this certificate to secure exemption will subject the undersigned and all guilty parties to a fine of not more than $10,000 or to imprisonment for not more than five years, or both, together with cost of prosecution.

County purchasing Agent

By

This certificate is applicable only when signed by an authorized person.

TERMS AND CONDITION OF PURCHASE

1. CONDITIONS OF PURCHASE: This order shall be in accordance with these terms and conditions and any attachments here to. No other conditions or modifications of these terms and conditions will be effective unless specifically agreed to in writing by the county of Los Angeles ("County") Purchasing Agent. Failure of County to object to provisions contained in any acknowledgment, document or other communications from vendor shall not be construed as a waiver of these terms and conditions or an acceptance of any such provision.

2. DELIVERY: Delivery shall be as stated herein. When using common carriers, County reserves the right to designate the transportation carrier. Failure on the part of Vendor to adhere to shipping terms specified hereon or contained in a written agreement for this purchase may, at County's discretion, result in additional handling costs being deducted from Vendor's invoice. Cost of inspection on deliveries or offers for delivery which do not meet specifications will be for the account of Vendor. Unless otherwise set forth herein, all items shall be suitably packed and marked. Purchase Order number must be on all shipping documents and containers.

3. INVOICES: Invoices shall include the Purchase Order number, which is located in the upper right hand corner of the Purchase Order. Invoices must state that they cover, as the case may be, complete or partial delivery, and must show units and unit prices. Invoices still not be paid unless and until the requirements have been fully met. When price shown is delivered price, all transportation and delivery charges must be prepaid in full to destination.

4. PRICE/SALES TAX: Unless otherwise specified herein, the prices herein do not include sales or use tax. No charges for transportation, containers, packing, unloading, etc. shall be allowed unless specified herein.

5. PAYMENT TERMS: Unless otherwise specified herein, payment terms are net 30 days from the date County receives a correct and proper invoice. In no event shall County be liable for any late charges. Cash discount periods shall be computed either from the date of delivery and County's acceptance or the date of County's receipt of correct and proper invoices, whichever date is later, prepared in accordance with the terms herein.
6. WARRANTIES: Vendor shall, at no cost to County, promptly correct any and all defects in the items/services provided hereunder. Vendor shall also reimburse County for any costs incurred as a result of defect(s). The term of this warranty shall be as set forth in the Purchase Order, or if no term is shown, ninety (90) days from the date of County’s acceptance of the item/service. Vendor warrants that items may be shipped, sold and used in a customary manner without violation of any law, ordinance, rule or regulation of any government or administrative body.

7. CANCELLATION: Unless otherwise specified herein, County may cancel all or part of this Purchase Order and/or Contract at no cost and for any reason by giving written notice to vendor at least thirty (30) calendar days prior to scheduled delivery. A cancellation change not exceeding one percent (1%) of the value of the cancelled portion of the Purchasing one percent (1%) of the value of the cancelled portion of the Purchase Order and/or Contract may be charged County for cancellation with less than thirty (30) calendar days prior written notice.

8. HAZARDOUS MATERIALS: Vendor warrants that it complies with all federal, state and local laws, rules, ordinances and regulations concerning hazardous materials and toxic substances.

9. COVENANT AGAINST GRATUITIES: Vendor warrants that no gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by vendor, or any agent or representative of Vendor, to any officer or employee of County with a view toward securing this Purchase Order or favorable treatment with respect to any determination concerning the performance of this Purchase Order. In the event of breach of this warranty, County shall be entitled to pursue the same remedies including, but not limited to, termination, against Vendor as it could pursue in the event of Vendor’s default.

10.0 CONFLICT OF INTEREST: 10.1 No County employee whose position with county enables such employee to influence the award of the Purchase Order or any competing agreement, and no spouse or economic dependent of such employee, shall be employed in any capacity by Vendor, or have any other direct or indirect financial interest in this Purchase Order. No officer or employee of Vendor, who may financially benefit from the award of this Purchase Order shall in any way participate in County’s approval or ongoing evaluation of this purchase.

10.2 Vendor shall comply with all conflict of interest laws, ordinances and regulations now in effect or hereafter to be enacted during the term of this Purchase Order. Vendor warrants that it is not aware of any facts, which create a conflict of interest. If Vendor hereafter becomes aware of any facts, which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances.

11. GOVERNING LAW AND VENUE: This Purchase Order shall be governed by and construed in accordance with the laws of the state of California. Vendor agrees and consents to the exclusive jurisdiction of the courts of the state of California for all purposes regarding this Purchase order, and further agrees and consents that venue of any action hereunder shall be exclusively in the County of Los Angeles, California.

12. INDEMNIFICATION: Vendor shall indemnify, defend and hold harmless County, its agents, officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever arising from or connected with Vendor’s operations, goods and/or commodities or services provided hereunder. This indemnity shall include, but not be limited to, claims for or by reason of any actual or alleged infringement of any United States patent or copyright or any actual or alleged trade secret disclosure.
13. DEFAULT: The County may, by written notice to the Vendor, terminate the Purchase Order, if, in the judgment of the County:
   
   a. Vendor has materially breached the Purchase Order; or
   
   b. Vendor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required under the Purchase Order or fails to demonstrate a high probability of timely fulfillment of performance requirements, or of any obligations of the Purchase Order and in either case, fails to demonstrate convincing progress toward a cure within ten (10) working days, (or such longer period as the county may authorize in writing) after receipt of written notice from the County specifying such failure.

In the event that the County terminates the Purchase Order, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The Vendor shall be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services.

The rights and remedies of the County shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Purchase Order.

14. INVALIDITY, REMEDIES NOT EXCLUSIVE: If any provision of this Purchase Order or the application thereof to any person or circumstance is held invalid, the remainder of this Purchase Order and the application of such provisions to other persons or circumstances shall not be affected thereby. The rights and remedies provided herein shall not be exclusive and are in addition to any other rights and remedies in law or equity.

15. COMPLIANCE WITH LAWS: The Vendor shall comply with all applicable provisions of Federal, State and Local laws, rules, regulations, ordinances, and directives, and all provisions required thereby to be included in this Purchase Order are hereby incorporated herein by reference.

The Vendor shall indemnify and hold harmless the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorney fees, arising from or related to any violation on the part of the Vendor or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives.

16. NONDISCRIMINATION: By acceptance of this Purchase Order, vendor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and will be treated equally by it without regard to or because of race, religion, ancestry, national origin, disability or sex and in compliance with all applicable Federal and State anti-discrimination laws and regulations. Vendor further certifies and agrees that it will deal with its subcontractors, bidders or Vendor without regard to or because of race, religion, ancestry, national origin, disability or sex. Vendor shall allow the County access to its employment records during the regular business hours to verify compliance with these provisions when so requested by the County. If the County finds that any of the above provisions have been violated, the same shall constitute a material breach of contract upon which the County may determine to cancel, terminate, or suspend the Purchase Order. The parties agree that in the event the Vendor violates the anti-discrimination provisions of the Purchase Order, the County shall, at its option and in lieu of termination or suspending this Purchase Order, be entitled to liquidated damages, pursuant to California Civil Code Section 1671, of the greater of ten percent (10%) of the Purchase Order amount or One Thousand Dollars ($1,000).

17. FORCE MAJEURE: Neither party will be liable for delays in performance beyond its reasonable control, including, but not limited to, fire, flood, act of God or restriction of civil or military authority.

18. NON-EXCLUSIVITY: Nothing herein is intended nor shall it be construed as creating any exclusive arrangement with Vendor. This Purchase Order shall not restrict the purchasing Agent from acquiring similar, equal or like goods and/or services from other entities or sources.
19. **MOST FAVORED CUSTOMER:** Vendor represents that the prices charged County in this Purchase Order do not exceed existing selling prices to other customers for the same or substantially similar items or services for comparable quantities under similar terms and conditions.

20. **WAIVER:** No waiver by the County of any breach of any provision of this Purchase Order shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Purchase Order shall not be construed as a waiver thereof. The rights and remedies set forth in this provision shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Purchase Order.

21. **ACCEPTANCE:** Unless explicitly stated by County as otherwise, county may conduct, at its location or any other County designated location and at its expense, an incoming acceptance test on all items purchased hereunder. The acceptance test period shall not exceed thirty (30) days from receipt of such item by County. County may, at its sole discretion, reject all or any part of items or services not conforming to the requirements/specifications stated in this Purchase Order.

22. **SPARE PARTS:** Unless otherwise set forth herein, Vendor shall make spare parts available to County for a period of two (2) years from the date of delivery of the items to County; If Vendor is unable to so provide spare parts, it shall provide County with the name(s) of Vendor’s suppliers so that County may attempt to procure such parts directly. In the event of such unavailability, Vendor shall provide, at no cost, reasonable assistance to County in obtaining spare parts.

23. **ENTIRE AGREEMENT MODIFICATIONS:** This Purchase Order and any attachments hereto, constitutes the complete and exclusive statement of the parties which supersedes all previous agreements, written or oral, and all communications between the parties relating to the subject matter hereof. This Purchase Order shall not be modified, supplemented, qualified or interpreted by any prior course of dealing between the parties or by any usage of trade. Only County’s Purchasing Agent can make changes or modifications by issuance of an official change notice.

24. **INDEPENDENT CONTRACTOR STATUS:** This Purchase Order is by and between the County and the Vendor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Vendor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

The Vendor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Purchase Order all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, Federal, State or Local Taxes, or other compensation, benefits, or taxes for any personnel provided by, or on behalf of the Vendor.

The Vendor understands and agrees that all persons performing work pursuant to this Purchase Order are, for purposes of workers Compensation liability; solely employees of the Vendor and not employees of the County. The Vendor shall be solely liable and responsible for furnishing any and all Workers compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Vendor pursuant to this Purchase Order.

25. **COUNTY STOCK:** Stock furnished by County to be used in this Purchase Order shall be returned to County free from damage from any cause and in accordance with all other terms and conditions of bid and this Purchase Order.

26. **TAX EXEMPT STATUS:** Tax exempt items shall be clearly listed and identified.
27. COUNTY LOBBYISTS: The Vendor, and each County Lobbyist or County Lobbying firm as defined in County Code section 2.160.910 retained by the Vendor, shall fully comply with the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the Vendor or any county Lobbyist or county Lobbying firm: retained by the Vendor to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Purchase Order, upon which the County may in its sole discretion, immediately, terminate or suspend this Purchase Order.

28. CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS: Should the Vendor require additional or replacement personnel after the effective date of this Purchase Order, the Vendor shall give consideration for such employment openings to participants in the county's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for work (GROW) Program who meet the Vendor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Vendor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Vendor. In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

29. TERMINATION FOR IMPROPER CONSIDERATION: The County may, by written notice to the Vendor, immediately terminate the right of the Vendor to proceed under this Purchase Order if it is found that consideration, in any form, was offered or given by the, Vendor, either directly or through an intermediary, to any county officer, employee, or agent with the intent of securing this Purchase Order or securing favorable treatment with respect to the award; amendment, or extension of this Purchase Order or the making of any determinations with respect to the Vendor's performance pursuant to this Purchase Order. In the event of such termination, the County shall be entitled to pursue the same remedies against the Vendor as it could pursue in the event of default by the vendor.

The Vendor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller’s Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel, entertainment, or tangible gifts, or the promise of any of these.

30. SAFELY SURRENDERED BABY LAW: The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available on the Internet at www.babysafelaw.org for printing purposes.

31. CONTRACTOR’S WARRANTY OF ADHERENCE TO COUNTY’S CHILD SUPPORT COMPLIANCE PROGRAM

The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contracts/purchase Orders are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

As required by the County’s Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor’s duty under this Contract/purchase Order to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 use Section 653a) and California unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of civil Procedure Section 706.031 and Family Code Section 5246(b).
TERMINATION FOR SREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM. Failure of Contractor to maintain compliance with the requirements set forth in the paragraphs under "CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM" shall constitute default under this Contract/Purchase Order. Without limiting the rights and remedies available to COUNTY under any other provision of this contract/purchase order, failure of CONTRACTOR to cure such default within ninety (90) calendar days of written notice shall be grounds upon which COUNTY may terminate this contract/purchase order pursuant to "VENDOR'S RESPONSIBILITY AND DEBARMENT" and pursue debarment of CONTRACTOR, pursuant to County code, Chapter 2.202.

32. PAYROLL RECORDS: Wherever required, the Contractor shall comply with the requirements of Section 1776 of the Labor Code, State of California, including maintaining payroll records as enumerated in Subdivision (a). The Contractor and the Contractor's subcontractors shall be responsible to maintain, and make readily available for inspection purposes, a copy of all certified payroll records for each work project associated with or obtained by the County under this or any future or successive County Agreement, Contract or Purchase Order. All certified payroll records shall indicate that the wage rates are not less than those determined by the State Division of Industrial Relations, and that the classifications set forth for each labor or mechanic conform with the work that he/she performed. The Contractor shall be responsible for the submission of copies of payrolls for all subcontractors, upon request by the County, arising from and/or relating to any Agreement formulated as a result of this inquiry.

Certified payroll shall be submitted upon request and shall include:
A. Original Document
B. Company Name & Address
C. Account Number/Project Number
D. Project Name and Address
E. Authorizing County Department and Purchase Order or Contract Number
F. Period of Time in which Work is Being Performed
G. Employee Name, Address and Social Security Number
H. Work Classification, Including Sub-classification
I. Hours Paid
J. Rate of Pay
K. Deductions
L. Payroll Check Number
M. Benefits
N. Signature of Employee Authorized to Certify Payroll

Prevailing wage Scale Wherever required:

A. The Contractor shall comply with all provisions of the Labor Code of the State of California.

B. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workers or mechanic needed to execute any Contract that may be awarded by the County.

C. Particulars of the current prevailing wage Scale, which are applicable to the work contemplated under these specifications, are to be maintained in the Department, and must be posted at the project site by the Contractor or his/her subcontractor.
D. Current prevailing wage rates may be obtained at:

www.dir.ca.gov/DLSR/PWD/Apprentice.htm

Division of Labor Standards Enforcement
455 Golden Gate Avenue, 9th Floor
San Francisco, CA 94102

(415) 703-4810

CONTRACTOR RESPONSIBILITY AND DEBARMENT

1. A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible contractors.

2. The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the contractor on this or other contracts which indicates that the Contractor is not responsible. The County may, in addition to other remedies provided in the contract, debar the Contractor from bidding on County contracts for a specified period of time not to exceed 5 years, and terminate any or all existing contracts the Contractor may have with the county.

3. The County may debar a contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated any term of a contract with the County, (2) committed any act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

4. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

5. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed, decision, which shall contain a recommendation regarding whether the contractor should be debarred, and, if so, the appropriate length of time of the debarment. If the Contractor fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Contractor may be deemed to have waived all rights of appeal.

6. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

7. These terms shall also apply to (subcontractors/subconsultants) of County Contractors.
## STANDARD TERMS & CONDITIONS

<table>
<thead>
<tr>
<th>PURCHASE ORDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER NO: PO-PW-32001027-1</td>
</tr>
</tbody>
</table>

| VENDOR NO: 052753 |
| VENDOR: TECHNOLOGY INTEGRATION GROUP |

### PROHIBITION AGAINST USE OF CHILD LABOR

**VENDOR shall:**

1. Not knowingly sell or supply to COUNTY any products, goods, supplies or other personal property produced or manufactured in violation of child labor standards set by the International Labor Organizations through its 1973 Convention Concerning Minimum Age for Employment.

2. Upon request by COUNTY, identify the country/countries of origin of any products, goods, supplies or other personal property bidder sells or supplies to COUNTY, and

3. Upon request by COUNTY, provide to COUNTY the manufacturer’s certification of compliance with all international child labor conventions.

Should COUNTY discover that any products, goods, supplies or other personal property sold or supplied by VENDOR to COUNTY are produced in violation of any international child labor conventions, VENDOR shall immediately provide an alternative, compliant source of supply.

Failure by VENDOR to comply with the provisions of this clause will be grounds for immediate cancellation of this purchase Order or termination of this Agreement and award to an alternative vendor.

**A. Jury Service Program.**

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

**B. Written Employee Jury Service policy.**

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the county code) or that contractor qualifies for an exception to the Jury Service program a(Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employee shall receive, from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. This policy may provide that Employees deposit any fees received for such jury-service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

2. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more County Contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full Time" means 40 hours or more worked per week, or a lesser number of hours if the lesser number is a recognized industry standard and is approved as such by the county. If Contractor uses any subcontractor to perform services for the County under the Contract, The subcontractor shall also be subject to the provisions of this section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Program, In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program, The County may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the county’s d/or
that contractor continues to qualify for an exception to the program.

4. Contractor's violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future contracts for a period of time consistent with the seriousness of the breach.

PRICE SPECIFIC CONTRACTS AND PURCHASE ORDERS

Vendors are entitled to receive payment for goods received by, or services provided to the County specific to the Contract or Purchase Order price amount. Under no circumstances will those Suppliers, Contractors or Vendors who supply goods or otherwise contract services with the County of Los Angeles be entitled to or paid for expenditures beyond the Contract or Purchase Order amounts.

ASSIGNMENT BY CONTRACTOR

A. Contractor shall not assign its rights or delegate its duties under the Agreement, or both whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this paragraph, County consent shall require a written amendment to the Agreement, which is formally approved and executed by the parties. Any payments by County to any approved delegate or assignee on any claim under the Agreement shall be deductible, at County's sole discretion, against the claims which Contractor may have against County.

B. Shareholders, partners, members, or other equity holders of Contractor may transfer, sell exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

C. Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.
Exhibit 2

SCE’s Balance Sheet and Statement of Income as of March 31, 2010
SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
MARCH 31, 2010

ASSETS

(Millions of Dollars)

<table>
<thead>
<tr>
<th>UTILITY PLANT:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility plant, at original cost</td>
<td>$25,354</td>
</tr>
<tr>
<td>Less - Accumulated depreciation</td>
<td>(6,064)</td>
</tr>
<tr>
<td></td>
<td>19,290</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>2,790</td>
</tr>
<tr>
<td>Nuclear fuel, at amortized cost</td>
<td>314</td>
</tr>
<tr>
<td></td>
<td>22,394</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER PROPERTY AND INVESTMENTS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonutility property - less accumulated</td>
<td></td>
</tr>
<tr>
<td>depreciation of $92</td>
<td>70</td>
</tr>
<tr>
<td>Nuclear decommissioning trusts</td>
<td>3,248</td>
</tr>
<tr>
<td>Other Investments</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>3,393</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CURRENT ASSETS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and equivalents</td>
<td>66</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>9</td>
</tr>
<tr>
<td>Receivables, less allowances</td>
<td>626</td>
</tr>
<tr>
<td>of $53 for uncollectible accounts</td>
<td></td>
</tr>
<tr>
<td>Accrued unbilled revenue</td>
<td>360</td>
</tr>
<tr>
<td>Inventory</td>
<td>320</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>130</td>
</tr>
<tr>
<td>Regulatory assets</td>
<td>303</td>
</tr>
<tr>
<td>Other current assets</td>
<td>229</td>
</tr>
<tr>
<td></td>
<td>2,043</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEFERRED CHARGES:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory assets</td>
<td>4,675</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>141</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>329</td>
</tr>
<tr>
<td></td>
<td>5,145</td>
</tr>
</tbody>
</table>

|                                     | $32,975 |

APPENDIX A

A-1
# SOUTHERN CALIFORNIA EDISON COMPANY

## BALANCE SHEET

**MARCH 31, 2010**

**CAPITALIZATION AND LIABILITIES**

(Millions of Dollars)

### CAPITALIZATION:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>$2,168</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>557</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(18)</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>4,905</td>
</tr>
<tr>
<td>Common shareholder's equity</td>
<td>7,612</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred and preference stock</td>
<td>920</td>
</tr>
<tr>
<td>not subject to redemption requirements</td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>6,984</td>
</tr>
<tr>
<td></td>
<td>15,516</td>
</tr>
</tbody>
</table>

### CURRENT LIABILITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term debt</td>
<td>180</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>897</td>
</tr>
<tr>
<td>Accrued taxes</td>
<td>39</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>114</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>234</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>178</td>
</tr>
<tr>
<td>Regulatory liabilities</td>
<td>288</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>47</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>427</td>
</tr>
<tr>
<td></td>
<td>2,404</td>
</tr>
</tbody>
</table>

### DEFERRED CREDITS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred income taxes</td>
<td>3,796</td>
</tr>
<tr>
<td>Deferred investment tax credits</td>
<td>95</td>
</tr>
<tr>
<td>Customer advances</td>
<td>112</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>920</td>
</tr>
<tr>
<td>Pensions and benefits</td>
<td>1,702</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>3,229</td>
</tr>
<tr>
<td>Regulatory liabilities</td>
<td>3,521</td>
</tr>
<tr>
<td>Other deferred credits and other long-term liabilities</td>
<td>1,680</td>
</tr>
<tr>
<td></td>
<td>15,055</td>
</tr>
<tr>
<td></td>
<td>$32,975</td>
</tr>
</tbody>
</table>

APPENDIX A

A-2
SOUTHERN CALIFORNIA EDISON COMPANY
STATEMENT OF INCOME
3 MONTHS ENDED MARCH 31, 2010

(Millions of Dollars)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td>$2,159</td>
</tr>
<tr>
<td>OPERATING EXPENSES:</td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>81</td>
</tr>
<tr>
<td>Purchased power</td>
<td>608</td>
</tr>
<tr>
<td>Other operation and maintenance</td>
<td>713</td>
</tr>
<tr>
<td>Depreciation, decommissioning and amortization</td>
<td>309</td>
</tr>
<tr>
<td>Property and other taxes</td>
<td>68</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>1,779</strong></td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>380</td>
</tr>
<tr>
<td>Other income</td>
<td>1</td>
</tr>
<tr>
<td>Interest expense - net of amounts capitalized</td>
<td>34</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(99)</td>
</tr>
<tr>
<td><strong>INCOME BEFORE INCOME TAX</strong></td>
<td><strong>306</strong></td>
</tr>
<tr>
<td>INCOME TAX EXPENSE</td>
<td></td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td><strong>129</strong></td>
</tr>
<tr>
<td><strong>NET INCOME AVAILABLE FOR COMMON STOCK</strong></td>
<td><strong>177</strong></td>
</tr>
<tr>
<td>Less: Dividends on preferred and preference stock not subject to mandatory redemption</td>
<td>13</td>
</tr>
<tr>
<td><strong>NET INCOME AVAILABLE FOR COMMON STOCK</strong></td>
<td><strong>$164</strong></td>
</tr>
</tbody>
</table>
Exhibit 3
List of Counties and Municipalities served by SCE
Citizens or some of the citizens of the following counties and municipal corporations will or may be affected by the changes in rates proposed herein.

### COUNTIES

<table>
<thead>
<tr>
<th>County</th>
<th>County</th>
<th>County</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresno</td>
<td>Kings</td>
<td>Orange</td>
<td>Tuolumne*</td>
</tr>
<tr>
<td>Imperial</td>
<td>Los Angeles</td>
<td>Riverside</td>
<td>Tulare</td>
</tr>
<tr>
<td>Inyo</td>
<td>Madera</td>
<td>San Bernardino</td>
<td>Ventura</td>
</tr>
<tr>
<td>Kern</td>
<td>Mono</td>
<td>Santa Barbara</td>
<td></td>
</tr>
</tbody>
</table>

### MUNICIPAL CORPORATIONS

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Corporation</th>
<th>Corporation</th>
<th>Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelanto</td>
<td>Covina</td>
<td>Irwindale</td>
<td>Newport Beach</td>
</tr>
<tr>
<td>Agoura Hills</td>
<td>Cudahy</td>
<td>La Canada Flintridge</td>
<td>Norco</td>
</tr>
<tr>
<td>Alhambra</td>
<td>Culver City</td>
<td>La Habra</td>
<td>Norwalk</td>
</tr>
<tr>
<td>Aliso Viejo</td>
<td>Cypress</td>
<td>La Habra Heights</td>
<td>Ojai</td>
</tr>
<tr>
<td>Apple Valley</td>
<td>Delano</td>
<td>La Mirada</td>
<td>Ontario</td>
</tr>
<tr>
<td>Arcadia</td>
<td>Desert Hot Springs</td>
<td>La Palma</td>
<td>Orange</td>
</tr>
<tr>
<td>Artesia</td>
<td>Diamond Bar</td>
<td>La Puente</td>
<td>Oxnard</td>
</tr>
<tr>
<td>Avalon</td>
<td>Downey</td>
<td>La Verne</td>
<td>Palm Desert</td>
</tr>
<tr>
<td>Baldwin Park</td>
<td>Duarte</td>
<td>Laguna Beach</td>
<td>Palm Springs</td>
</tr>
<tr>
<td>Barstow</td>
<td>Eastvale</td>
<td>Laguna Hills</td>
<td>Palmdale</td>
</tr>
<tr>
<td>Beaumont</td>
<td>El Monte</td>
<td>Laguna Niguel</td>
<td>Palos Verdes Estates</td>
</tr>
<tr>
<td>Bell</td>
<td>El Segundo</td>
<td>Laguna Woods</td>
<td>Paramount</td>
</tr>
<tr>
<td>Bell Gardens</td>
<td>Exeter</td>
<td>Lake Elsinore</td>
<td>Perris</td>
</tr>
<tr>
<td>Bellflower</td>
<td>Farmersville</td>
<td>Lake Forest</td>
<td>Pico Rivera</td>
</tr>
<tr>
<td>Beverly Hills</td>
<td>Fillmore</td>
<td>Lakewood</td>
<td>Placentia</td>
</tr>
<tr>
<td>Bishop</td>
<td>Fontana</td>
<td>Lancaster</td>
<td>Pomona</td>
</tr>
<tr>
<td>Blythe</td>
<td>Fountain Valley</td>
<td>Lawndale</td>
<td>Port Hueneme</td>
</tr>
<tr>
<td>Bradbury</td>
<td>Fullerton</td>
<td>Lindsay</td>
<td>Porterville</td>
</tr>
<tr>
<td>Brea</td>
<td>Garden Grove</td>
<td>Loma Linda</td>
<td>Rancho Cucamonga</td>
</tr>
<tr>
<td>Buena Park</td>
<td>Gardena</td>
<td>Lomita</td>
<td>Rancho Mirage</td>
</tr>
<tr>
<td>Calabasas</td>
<td>Glendora</td>
<td>Long Beach</td>
<td>Rancho Palos Verdes</td>
</tr>
<tr>
<td>California City</td>
<td>Goleta</td>
<td>Los Alamitos</td>
<td>Rancho Santa Margarita</td>
</tr>
<tr>
<td>Calimesa</td>
<td>Grand Terrace</td>
<td>Lynwood</td>
<td>Redlands</td>
</tr>
<tr>
<td>Camarillo</td>
<td>Hanford</td>
<td>Malibu</td>
<td>Redondo Beach</td>
</tr>
<tr>
<td>Canyon Lake</td>
<td>Hawaiian Gardens</td>
<td>Mammoth Lakes</td>
<td>Rialto</td>
</tr>
<tr>
<td>Carpinteria</td>
<td>Hawthorne</td>
<td>Manhattan Beach</td>
<td>Ridgecrest</td>
</tr>
<tr>
<td>Carson</td>
<td>Hemet</td>
<td>Maywood</td>
<td>Rolling Hills</td>
</tr>
<tr>
<td>Cathedral City</td>
<td>Hermosa Beach</td>
<td>McFarland</td>
<td>Rolling Hills Estates</td>
</tr>
<tr>
<td>Cerritos</td>
<td>Hesperia</td>
<td>Menifee</td>
<td>Rosemead</td>
</tr>
<tr>
<td>Chino</td>
<td>Hidden Hills</td>
<td>Mission Viejo</td>
<td>San Bernardino</td>
</tr>
<tr>
<td>Chino Hills</td>
<td>Highland</td>
<td>Monrovia</td>
<td>San Buenaventura</td>
</tr>
<tr>
<td>Claremont</td>
<td>Huntington Beach</td>
<td>Montclair</td>
<td>San Dimas</td>
</tr>
<tr>
<td>Commerce</td>
<td>Huntington Park</td>
<td>Montebello</td>
<td>San Fernando</td>
</tr>
<tr>
<td>Compton</td>
<td>Indian Wells</td>
<td>Monterey Park</td>
<td>San Gabriel</td>
</tr>
<tr>
<td>Corona</td>
<td>Industry</td>
<td>Moorpark</td>
<td>San Jacinto</td>
</tr>
<tr>
<td>Costa Mesa</td>
<td>Inglewood</td>
<td>Moreno Valley</td>
<td>San Marino</td>
</tr>
<tr>
<td></td>
<td>Irvine</td>
<td>Murrieta</td>
<td>Santa Ana</td>
</tr>
</tbody>
</table>

*SCE provides electric service to a small number of customer accounts in Tuolumne County and is not subject to franchise requirements.*
VERIFICATION

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 4th day of June, 2010, at Rosemead, California.

/s/ Pedro J. Pizarro
PEDRO J. PIZARRO
EXECUTIVE VICE PRESIDENT
POWER OPERATIONS
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
VERIFICATION

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 24th day of June, 2010, at Los Angeles, California.

_/s/ M. Toney Smith

M. Toney Smith, Esq.
Principal Purchasing Analyst
ISD Purchasing Division
1100 N. Eastern Avenue, Room G115
Los Angeles, CA 90063

THE COUNTY OF LOS ANGELES
CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission’s Rules of Practice and Procedure, I have this day served a true copy of APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR AUTHORITY TO LEASE CERTAIN FIBER OPTIC CABLES TO THE COUNTY OF LOS ANGELES on all parties identified on the attached service list(s).

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Executed this 25th day of June, 2010, at Rosemead, California.

/s/ Andrea Moreno
ANDREA MORENO
Project Analyst
SOUTHERN CALIFORNIA EDISON COMPANY

Post Office Box 800
2244 Walnut Grove Avenue
Rosemead, California  91770
Service List:

MSmith@isd.lacounty.gov,
Andrea Moreno/SCE/EIX,
Alejandra Arzola/SCE/EIX,
Robert F 'Law' LeMoine/SCE/EIX,
kvc@cpuc.ca.gov,
webmaster@downeyca.org,
clh@ci.laguna-hills.ca.us,
cityhall@lagunawoodscity.org,
cityclerk@chinohills.org,
cityclerk@cityofmissionviejo.org,
pac@cpuc.ca.gov,
VPOLIQIUN@CI.VENTURA.CA.US
kvc@cpuc.ca.gov
mp1@cpuc.ca.gov