PARAGRAPH 10

to the

COLLATERAL ANNEX

**to the**

EEI MASTER POWER PURCHASE AND SALE AGREEMENT

**Between \_\_\_\_ (“Party A”) and**

**Southern California Edison Company (“SCE” or “Party B”)**

CREDIT ELECTIONS COVER SHEET

**Paragraph 10. Elections and Variables**

**I. Collateral Threshold.**

1. **Party A Collateral Threshold.**

**🗆** $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Threshold Amount”); provided, however, that the Collateral Threshold for Party A shall be zero upon the occurrence and during the continuance of an Event of Default or a Potential Event of Default with respect to Party A; and provided further that, in the event that, and on the date that, Party A cures the Potential Event of Default on or prior to the date that Party A is required to post Performance Assurance to Party B pursuant to a demand made by Party B pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party A shall automatically increase from zero to the Threshold Amount and (ii) Party A shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

**🗆** (a) The amount (the “Threshold Amount”) set forth below under the heading “Party A Collateral Threshold” opposite the Credit Rating for [Party A][Party A’s Guarantor] on the relevant date of determination, or (b) zero if on the relevant date of determination [Party A][its Guarantor] does not have a Credit Rating from the Ratings Agency specified below or an Event of Default or a Potential Event of Default with respect to Party A has occurred and is continuing; provided, however, in the event that, and on the date that, Party A cures the Potential Event of Default on or prior to the date that Party A is required to post Performance Assurance to Party B pursuant to a demand made by Party B pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party A shall automatically increase from zero to the Threshold Amount and (ii) Party A shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

|  |  |  |
| --- | --- | --- |
| **Party A**  **Collateral Threshold** | **Credit Rating** |  |
| $\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ (or above) |  |
| $\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |  |
| $\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |  |
| $\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |  |
| $\_\_\_\_\_\_\_\_\_\_ | Below \_\_\_\_\_\_\_ |  |

⌧The amount (“Threshold Amount”) which is the lowest of:

(1) the amount set forth below under the heading “Party A Collateral Threshold” opposite the lower of the Credit Ratings for Party A or, if applicable, Party A’s Guarantor on the relevant date of determination. If Party A or, if applicable, its Guarantor does not have a Credit Rating on the relevant date of determination from at least one of the Ratings Agencies specified below, the Collateral Threshold shall be $0 (zero);

(2) 80% of the amount of the guaranty agreement, as amended from time to time, provided by Party A’s Guarantor, if any, for the benefit of Party B; or

1. $0 (zero) if an Event of Default or a Potential Event of Default with respect to Party A has occurred and is continuing:

|  |  |  |
| --- | --- | --- |
| **Party A**  **Collateral Threshold** | **Moody’s**  **Credit Rating** | **S&P**  **Credit Rating** |
| $[To be negotiated] | Aa3 or above | AA- or above |
| $[To be negotiated] | A1 | A+ |
| $[To be negotiated] | A2 | A |
| $[To be negotiated] | A3 | A- |
| $[To be negotiated] | Baa1 | BBB+ |
| $[To be negotiated] | Baa2 | BBB |
| $[To be negotiated] | Baa3 | BBB- |
| $ 0 (zero) | Ba1 or below | BB+ or below |

**🗆** The amount of the Guaranty Agreement dated \_\_\_\_\_ from \_\_\_\_\_, as amended from time to time but in no event shall Party A’s Collateral Threshold be greater than $\_\_\_\_\_\_.

**🗆** Other – see attachedthreshold terms

1. **Party B Collateral Threshold.**

**🗆** $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Threshold Amount”); provided, however, that the Collateral Threshold for Party B shall be zero upon the occurrence and during the continuance of an Event of Default or a Potential Event of Default with respect to Party B; and provided further that, in the event that, and on the date that, Party B cures the Potential Event of Default on or prior to the date that Party B is required to post Performance Assurance to Party A pursuant to a demand made by Party A pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party B shall automatically increase from zero to the Threshold Amount and (ii) Party B shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

**🗆** (a) The amount (the “Threshold Amount”) set forth below under the heading “Party B Collateral Threshold” opposite the Credit Rating for [Party B][Party B’s Guarantor] on the relevant date of determination, or (b) zero if on the relevant date of determination [Party B][its Guarantor] does not have a Credit Rating from the Ratings Agency specified below or an Event of Default or a Potential Event of Default with respect to Party B has occurred and is continuing; provided, however, in the event that, and on the date that, Party B cures the Potential Event of Default on or prior to the date that Party B is required to post Performance Assurance to Party A pursuant to a demand made by Party A pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party B shall automatically increase from zero to the Threshold Amount and (ii) Party B shall be relieved of its obligation to post Performance Assurance pursuant to such demand:

|  |  |  |
| --- | --- | --- |
| **Party B**  **Collateral Threshold** | **\_\_\_\_\_Credit Rating** |  |
| $\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ (or above) |  |
| $\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |  |
| $\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |  |
| $\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |  |
| $\_\_\_\_\_\_\_\_\_\_ | Below \_\_\_\_\_\_\_ |  |

⌧The amount (the “Threshold Amount”) which is the lower of:

(1) the amount set forth below under the heading “Party B Collateral Threshold” opposite the lower of the Credit Ratings for Party B on the relevant date of determination. If Party B does not have a Credit Rating on the relevant date of determination from at least one of the Ratings Agencies specified below, the Collateral Threshold shall be $0 (zero);

(2) $0 (zero) if an Event of Default or a Potential Event of Default with respect to Party B has occurred and is continuing:

|  |  |  |
| --- | --- | --- |
| **Party B**  **Collateral Threshold** | **Moody’s**  **Credit Rating** | **S&P**  **Credit Rating** |
| $[To be negotiated] | Aa3 or above | AA- or above |
| $[To be negotiated] | A1 | A+ |
| $[To be negotiated] | A2 | A |
| $[To be negotiated] | A3 | A- |
| $[To be negotiated] | Baa1 | BBB+ |
| $[To be negotiated] | Baa2 | BBB |
| $[To be negotiated] | Baa3 | BBB- |
| $[To be negotiated] | Ba1 | BB+ |
| $ 0 (zero) | Ba2 or below | BB or below |

**🗆** The amount of the Guaranty Agreement dated \_\_\_\_\_ from \_\_\_\_\_, as amended from time to time but in no event shall Party B’s Collateral Threshold be greater than $\_\_\_\_\_\_.

**🗆** Other – see attachedthreshold terms

**II. Eligible Collateral and Valuation Percentage.**

The following items will qualify as "Eligible Collateral" for the Party specified:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Party A** | **Party B** | **Valuation Percentage** |
| (A) | Cash | **[ X ]** | **[ X ]** | 100% |
| (B) | Letters of Credit | **[ X ]** | **[ X ]** | 100% unless either (i) a Letter of Credit Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Business Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0%). |
|  |  |  |  |  |

**III. Independent Amount.**

1. **Party A Independent Amount.**

**🗆** Party A shall have a Fixed Independent Amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If the Fixed Independent Amount option is selected for Party A, then Party A (which shall be a Pledging Party with respect to the Fixed IA Performance Assurance) will be required to Transfer or cause to be Transferred to Party B (which shall be a Secured Party with respect to the Fixed IA Performance Assurance) Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the “Fixed IA Performance Assurance”). The Fixed IA Performance Assurance shall not be reduced for so long as there are any outstanding obligations between the Parties as a result of the Agreement, and shall not be taken into account when calculating Party A’s Collateral Requirement pursuant to the Collateral Annex. Except as expressly set forth above, the Fixed IA Performance Assurance shall be held and maintained in accordance with, and otherwise be subject to, Paragraphs 2, 5(b), 5(c), 6, 7 and 9 of the Collateral Annex.

* Party A shall have a Full Floating Independent Amount of (i) the amount specified in a Transaction or Confirmation, if any; and (ii) if Party A’s Credit Rating is lower than BBB- by S&P or Baa3 by Moody’s, the amount equal to ten percent (10%) of the market value of all outstanding Transactions (except those for which an alternative Independent Amount is specified in the Confirmation), adjusted by the netting of the market value of purchases with the market value of sales within the same billing cycles. If the Full Floating Independent Amount option is selected for Party A, then for purposes of calculating the Collateral Requirements pursuant to Paragraph 3 of the Collateral Annex, such Full Floating Independent Amount for Party A shall be added to the Exposure Amount for Party B and subtracted from the Exposure Amount for Party A. ***[This option is applicable if Party A does not have investment grade Credit Ratings.]***
* Party A shall have a Partial Floating Independent Amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If the Partial Floating Independent Amount option is selected for Party A, then Party A will be required to Transfer or cause to be Transferred to Party B Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the “Partial Floating IA Performance Assurance”) if at any time Party A otherwise has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount) pursuant to Paragraph 3 of the Collateral Annex. The Partial Floating IA Performance Assurance shall not be reduced so long as Party A has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount). The Partial Floating Independent Amount shall not be taken into account when calculating a Party’s Collateral Requirements pursuant to the Collateral Annex. Except as expressly set forth above, the Partial Floating Independent Amount shall be held and maintained in accordance with, and otherwise be subject to, the Collateral Annex.
* Not Applicable.

1. **Party B Independent Amount.**

**🗆** Party B shall have a Fixed Independent Amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If the Fixed Independent Amount Option is selected for Party B, then Party B (which shall be a Pledging Party with respect to the Fixed IA Performance Assurance) will be required to Transfer or cause to be Transferred to Party A (which shall be a Secured Party with respect to the Fixed IA Performance Assurance) Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the “Fixed IA Performance Assurance”). The Fixed IA Performance Assurance shall not be reduced for so long as there are any outstanding obligations between the Parties as a result of the Agreement, and shall not be taken into account when calculating Party B’s Collateral Requirement pursuant to the Collateral Annex. Except as expressly set forth above, the Fixed IA Performance Assurance shall be held and maintained in accordance with, and otherwise be subject to, Paragraphs 2, 5(b), 5(c), 6, 7 and 9 of the Collateral Annex.

* Party B shall have a Full Floating Independent Amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If the Full Floating Independent Amount Option is selected for Party B then for purposes of calculating Party B’s Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, such Full Floating Independent Amount for Party B shall be added by Party A to its Exposure Amount for purposes of determining Net Exposure pursuant to Paragraph 3(a) of the Collateral Annex.

**🗆** Party B shall have a Partial Floating Independent Amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If the Partial Floating Independent Amount option is selected for Party B, then Party B will be required to Transfer or cause to be Transferred to Party A Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the “Partial Floating IA Performance Assurance”) if at any time Party B otherwise has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount) pursuant to Paragraph 3 of the Collateral Annex. The Partial Floating IA Performance Assurance shall not be reduced for so long as Party B has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount). The Partial Floating Independent Amount shall not be taken into account when calculating a Party’s Collateral Requirements pursuant to the Collateral Annex. Except as expressly set forth above, the Partial Floating Independent Amount shall be held and maintained in accordance with, and otherwise be subject to, the Collateral Annex.

* Not Applicable.

**IV. Minimum Transfer Amount.**

**A. Party A Minimum Transfer Amount:** $1.00

**B. Party B Minimum Transfer Amount:** $1.00

**V. Rounding Amount.**

**A. Party A Rounding Amount:** $100,000.00

**B. Party B Rounding Amount:** $100,000.00

**VI. Administration of Cash Collateral.**

**A. Party A Eligibility to Hold Cash.**

**🗆** Party A shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party A shall pay to Party B in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party B.

⌧Party A shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party; (2) Party A or, if applicable, Party A’s Guarantor has a Credit Rating of at least BBB- from S&P or Baa3 from Moody’s; provided, if Party A, or, if applicable, Party A’s Guarantor has a Credit Rating of BBB- by S&P or Baa3 by Moody’s, such entity, in each case, has a “Stable” outlook or above; and (3) Cash shall be held only in any jurisdiction within the United States. To the extent Party A is entitled to hold Cash, the Interest Rate payable to Party B on Cash shall be as selected below:

**Party A Interest Rate.**

⌧Federal Funds Effective Rate – for any given month, the average of the annual interest rates reported for all weekdays in the month opposite the caption "Federal funds (effective)" as set forth in the H.15 release, or any successor publication, published by the Board of Governors of the Federal Reserve System.

**🗆** Other - \_\_\_\_\_\_\_\_\_\_\_\_

To the extent that Party A is not entitled to hold Cash,Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party A shall pay to Party B in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party B.

**B. Party B Eligibility to Hold Cash.**

**🗆** Party B shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party B shall pay to Party A in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party A.

⌧Party B shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party; (2) Party B has a Credit Rating of at least BBB- from S&P or Baa3 from Moody’s; provided, if Party B has a Credit Rating of BBB- by S&P or Baa3 by Moody’s, such entity, in each case, has a “Stable” outlook or above; and (3) Cash shall be held only in any jurisdiction within the United States. To the extent Party B is entitled to hold Cash, the Interest Rate payable to Party A on Cash shall be as selected below:

**Party B Interest Rate.**

⌧Federal Funds Effective Rate – for any given month, the average of the annual interest rates reported for all weekdays in the month opposite the caption "Federal funds (effective)" as set forth in the H.15 release, or any successor publication, published by the Board of Governors of the Federal Reserve System.

**🗆** Other - \_\_\_\_\_\_\_\_\_\_\_\_

To the extent that Party B is not entitled to hold Cash,Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party B shall pay to Party A in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party A.

**VII. Notification Time.**

10:00 a.m. Pacific Prevailing Time on a Local Business Day.

**VIII. General.**

**With respect to the Collateral Threshold, Independent Amount, Minimum Transfer Amount and Rounding Amount, if no selection is made in this Cover Sheet with respect to a Party, then the applicable amount in each case for such Party shall be zero (0). In addition, with respect to the “Administration of Cash Collateral” section of this Paragraph 10, if no selection is made with respect to a Party, then such Party shall not be entitled to hold Performance Assurance in the form of Cash and such Cash, if any, shall be held in a Qualified Institution pursuant to Paragraph 6(a)(ii)(B) of the Collateral Annex. If a Party is eligible to hold Cash pursuant to a selection in this Paragraph 10 but no Interest Rate is selected, then the Interest Rate for such Party shall be the Federal Funds Effective Rate as defined in Section VI of this Paragraph 10.**

**IX. Other Changes.** The following changes to the Collateral Annex shall be applicable.

1. **Introduction.** The first paragraph of the introduction is amended to read as follows:

“This Collateral Annex, together with the Paragraph 10 Cover Sheet, (the “Collateral Annex”) supplements, forms a part of, and is subject to the EEI Master Power Purchase and Sale Agreement dated as of \_\_\_\_\_\_\_\_\_ between \_\_\_\_\_\_\_\_\_ (“Party A”) and Southern California Edison Company (“Party B”), including the Cover Sheet and any other annexes thereto (as amended and supplemented from time to time, the “Agreement”). Capitalized terms used in this Collateral Annex but not defined herein shall have the meanings given such terms in the Agreement.”

1. **Paragraph 1. Definitions.** Amend Paragraph 1 as follows:
2. The definition of “Credit Rating” is deleted from the Collateral Annex and all references shall have the meaning set forth in Section 1.12 of the Master Agreement as modified in the Cover Sheet.
3. The definition of “Credit Rating Event” is amended by replacing “6(a)(iii)” with “6(a)(ii)”.
4. The definition of “Downgraded Party” is amended by replacing “6(a)(i)” with “6(a)(ii)”.
5. The definition of “Interest Amount” is deleted in its entirety and replaced as follows:

"Interest Amount" means the product of the following three factors: (a) the dollar amount of Cash on which an interest payment is based; (b) Interest Rate; and (c) the number of days in the calculation period divided by 360.

1. The definition of “Interest Period” is deleted in its entirety.
2. The definition of “Letter of Credit” is deleted from the Collateral Annex and all references shall have the meaning set forth in Section 1.27 of the Master Agreement as modified in the Cover Sheet.
3. The definition of “Letter of Credit Default” is amended by replacing the word “or” in the third line with the word “and”.
4. The definition of “Local Business Day” is amended by replacing the word “day” with “Business Day”.
5. The definition of “Notification Time” is amended by replacing “11:00, New York” with “10:00 a.m. Pacific Prevailing.”
6. The definition of “Performance Assurance” is amended by replacing “6(a)(iv)” with “6(a)(iii)”.
7. The definition of “Qualified Institution” is amended to read as follows:

“ “Qualified Institution” means either (A) a commercial bank or financial institution (that is not an Affiliate or a Guarantor of any party to this Agreement) organized under the laws of the United States or a political subdivision thereof or (B) a U.S. branch office of a foreign bank, and, with respect to both entities identified in clause (A) and (B), having (i) Credit Ratings of at least "A-" by S&P or "A3" by Moody's, and (ii) shareholder equity (determined in accordance with generally accepted accounting principles) of at least $1,000,000,000.00 (ONE BILLION AND 00/100 DOLLARS).”

1. The definition of “Reference Market-maker” is deleted from the Collateral Annex and all references shall have the meaning set forth in Section 1.66 of the Master Agreement as modified in the Cover Sheet.
2. The definition of “Secured Party” is amended by replacing “3(b)” with “3(a)”.
3. **Paragraph 3. Calculations of Collateral Requirement.** In Paragraph 3(b)(2), is amended by replacing the comma after “Secured Party” with “and” and by deleting the phrase “, and any Interest Amount that has not yet been Transferred to the Pledging Party”.
4. **Paragraph 4. Delivery of Performance Assurance.** In Paragraph 4, the penultimate sentence is amended by replacing the words “next Local Business Day” with “third Local Business Day thereafter” in clause (i), and by replacing the word “second” with fourth” in clause (ii).
5. **Paragraph 5. Reduction and Substitution of Performance Assurance.** Amend Paragraph 5 as follows:
   * 1. Paragraph 5(a) is amended by deleting the parenthetical “(but no more frequently than weekly with respect to Letters of Credit and daily with respect to Cash)” from the first line.
     2. The sixth sentence of Paragraph 5(a) is amended by
        1. inserting the word “Local” before “Business Day,” and replacing the words “one (1) Local Business Day” with “three (3) Local Business Days” in clause (i) of that sentence.
        2. Replacing the words “two (2) Local Business Days” with “four (4) Local Business Days” in clause (ii) of that sentence.
6. **Paragraph 6. Administration of Performance Assurance.** Amend Paragraph 6 as follows:
   * 1. Paragraph 6(a)(ii)(A) is amended by inserting “(other than subparagraph (B) below)” after “the provisions of this Paragraph 6(a)(ii)” in the first line thereof.
     2. Paragraph 6(a)(ii)(B) is amended by replacing “Non-Downgraded Party” with “Downgraded Party” in the second sentence of this paragraph.
     3. Paragraph 6(a)(iii) is deleted in its entirety and replaced as follows:

Interest Payments on Cash. So long as no Event of Default or Potential Event of Default with respect to the Pledging Party has occurred and is continuing, and no Early Termination Date for which any unsatisfied payment Obligations of the Pledging Party exist has occurred or been designated as the result of an Event of Default with respect to the Pledging Party, and to the extent that an obligation to Transfer Performance Assurance would not be created or increased by the Transfer, in the event that the Secured Party or its Custodian is holding Cash, the Secured Party will Transfer (or caused to be Transferred) to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which may be retained by the Secured Party or its Custodian), the Interest Amount, concurrently with the return of such Cash to the Pledging Party in accordance with the terms of the Agreement. On or after the occurrence of a Potential Event of Default or an Event of Default with respect to the Pledging Party or an Early Termination Date as a result of an Event of Default with respect to the Pledging Party, the Secured Party or its Custodian shall retain any such Interest Amount as additional Performance Assurance hereunder until the obligations of the Pledging Party under the Agreement have been satisfied in the case of an Early Termination Date or for so long as such Event of Default is continuing in the case of an Event of Default; provided that*,* any Interest Amount that is held by the Secured Party as an additional Performance Assurance amount shall not accrue interest in accordance with this paragraph.

* + 1. Paragraph 6(b)(iv) is amended by capitalizing the second instance of the word “cash” in the second sentence.
    2. Paragraph 6(b)(v) is amended by deleting the parenthetical phrase “(including but not limited to the reasonable costs, expenses, and attorneys’ fees of the Secured Party)”.

1. **Paragraph 7. Exercise of Rights Against Performance Assurance.** Paragraph 7(b) is amended by deleting it in its entirety and inserting the words “Intentionally Omitted.”.
2. **Paragraph 8. Disputed Calculations.** Amend Paragraph 8 as follows:
3. Paragraph 8(a) is amended by adding in the third sentence the phrase “and, provided further, that if no quotations can be obtained, then the Secured Party’s original calculation shall be used” immediately after the words “then that quotation shall be used” and before the “)”.
4. Paragraph 8(b) is amended by (1) adding the words “requested by the Pledging Party” between the word “Assurance” and the phrase “to be reduced”, and (2) adding in the third sentence the phrase “and, provided further that, if no quotations can be obtained, then the Secured Party’s original calculation shall be used” immediately after the words “then that quotation shall be used” and before the “)”.
5. **Paragraph 9. Covenants; Representations and Warranties; Miscellaneous.** Section 9(d) is amended by deleting (i) the parenthetical phrase at the end of the first sentence, which reads, “(including, without limitation costs and reasonable fees and disbursements of counsel)” and (ii) the entire second sentence.
6. **Schedule 1 to Collateral Annex**: Schedule 1 to the Collateral Annex is deleted in its entirety.

IN WITNESS WHEREOF, the Parties have caused this Paragraph 10 to the Collateral Annex to be duly executed as of the Effective Date of the Agreement.

Party A: Party B: **Southern California Edison Company**

By: By:

Name: Name: Colin E. Cushnie

Title: Title: Vice President, Energy Procurement &

Management