

SCHEDULE WATER
WATER AGENCY TARIFF FOR ELIGIBLE RENEWABLES

APPLICABILITY

This Schedule is optional for customers who meet the definition of an Eligible Public Water Agency or Wastewater Agency, as defined in the Special Condition section of this Schedule, who own and operate an Eligible Electric Generation Facility, as defined in the Special Conditions section of this Schedule, with a total effective generation capacity of not more than 1.0 megawatt. The Company shall purchase all of the output of any Eligible Electric Generation Facility accepted by the Company under this tariff.

Service under this Schedule is on a first-come-first-served basis and shall be closed to new customers once the combined rated generating capacity of Eligible Electric Generation Facilities within the Company's service territory reaches the Company's proportionate share of 250 megawatts, or 404 kilowatts. This is based on the ratio of the Company's peak demand to the total peak demand of all electrical corporations within the State of California. See Special Condition 5.

TERRITORY

Within the entire territory served.

RATES

All charges and provisions of the customer's otherwise applicable tariff (OAT) shall apply except as follows:

The Company shall purchase the output produced by an Eligible Electric Generation Facility up to the Company's available proportionate share limit at a price equal to the Market Price Referent ("MPR") as determined by the Commission during the calendar year of the actual commercial operation date of the Facility and that corresponds to the term selected by the customer. The current Adopted 2011 MPR values (Nominal – dollars/kWh) are:

Contract Start Date	10-Year	15-year	20-Year	25-Year
2012	0.07688	0.08353	0.08956	0.09274
2013	0.08103	0.08775	0.09375	0.09695
2014	0.08454	0.09151	0.09756	0.10081
2015	0.08804	0.09520	0.10132	0.10464
2016	0.09156	0.09883	0.10509	0.10848
2017	0.09488	0.10223	0.10859	0.11206
2018	0.09831	0.10570	0.11218	0.11572
2019	0.10186	0.10928	0.11587	0.11946
2020	0.10550	0.11296	0.11965	0.12326

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(Continued)

RATES (Continued)

Contract Start Date	10-Year	15-year	20-Year	25-Year
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SPECIAL CONDITIONS

1. Participation in other Company Programs: Participating customers with multiple generators may not participate in any other Company interruptible or net energy metering programs, unless sufficient Company metering is in place to isolate the output of the Eligible Electric Generation Facility from the output of any non-participating generator for purposes of applying this Schedule.
2. Definitions: The following definitions are applicable to service provided under this Schedule.
 - a. Eligible Wastewater Agency – Any state, local, or federal agency owning a facility, as defined in Water Code Section 13625 (b) (1), used in the treatment or reclamation of sewage or industrial wastes.
 - b. Eligible Public Water Agency – As defined in Water Code Section 12970, means any public corporation, district, political subdivision, or any other agency or authority now or hereafter organized under the laws of this state which develops, stores, distributes or supplies water.
 - c. Eligible Electric Generation Facility – A generating facility that is owned and operated by an Eligible Public Water Agency or an Eligible Wastewater Agency that is a retail Customer of the Company, and where the Eligible Electric Generation Facility meets all of the following criteria:

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(Continued)

SPECIAL CONDITIONS (Continued)

2. Definitions: (Continued)

- (1) Has an effective capacity of not more than 1.0 megawatts and facility is located on property owned or under the control of the public water or wastewater agency.
 - (2) Is interconnected and operates in parallel with the electric transmission and distribution grid.
 - (3) Is sized to offset part or all of the electricity demand of the Eligible Public Water Agency or Eligible Wastewater Agency.
 - (4) Is strategically located and interconnected to the electric transmission system in a manner that optimizes the deliverability of electricity generated at the facility to load centers.
 - (5) Is an eligible renewable energy resource, as defined in Public Utilities Code Section 399.12.
- d. Green Attributes -- Any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Eligible Electric Generation Facility and its displacement of conventional energy generation. Green Attributes include but are not limited to Renewable Energy Credits, as well as:
- (1) Any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants;
 - (2) Any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere;
 - (3) The reporting rights to these avoided emissions, such as, Green Tag Reporting Rights;

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(Continued)

SPECIAL CONDITIONS (Continued)

2. Definitions: (Continued)

- (4) Renewable Energy Credits, and
- (5) Other tradable rights.

Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on kWh basis and one Green Tag represents the Green Attributes associated with 1,000 kWh of energy.

Green Attributes do not include:

- (1) Any electric energy, capacity, reliability or other power attributes from the Generating Facility unit(s);
- (2) Production Tax Credits associated with the construction or operation of the Generating Facility and other financial incentives in the form of credits, reductions, or allowances associated with Generation Facility that are applicable to a state or federal income taxation obligation;
- (3) Fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the Seller for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits; or
- (4) Emission reduction credits encumbered or used by the Generating Facility for compliance with local, state, or federal operating and/or air quality permits.

If the Generating Facility is a biomass or landfill gas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributable to its fuel usage, it shall provide the Company with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Generating Facility.

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SPECIAL CONDITIONS (Continued)

3. Metering Requirements: Customers served on this Schedule shall be separately metered with the Company's metering to reflect the customer's total load to be served under the Company's OAT and the Net Generation Metering output of the Eligible Electric Generation Facility. Customers shall be responsible for all costs associated with separately metering the customer's Eligible Electric Generation Facility output and associated load. All metering required for service on this Schedule shall be installed and maintained in accordance with the Company's requirements and the Customer shall meet all the requirements of the Company's Rule 21.
4. For purposes of this tariff, the Company shall pay for all Green Attributes and all electrical energy, measured as output by Net Generation Metering, as defined in the Company's Rule 21. Such payments will be made in accordance with the Rates section of this schedule. Customer's load will be metered separately and served under the OAT.
5. Customer Participation: Except as provided below, customers may participate in accordance with this Schedule until the sum of all customers' contracted capacity reaches the Company's proportionate share of 250 MW, or 404 kW. This amount will be calculated by the summation of all net power ratings (in kW) of Eligible Electric Generation Facilities accepted by the Company for service under this tariff. Should additional customers express interest in this Schedule after the Company's share of the contract capacity limit is reached, the Company will maintain a list of interested customers, ranked in order of the date on which they requested service under this Schedule. Should the capacity installed fall below the Company's share of the 250 MW, or 404 kW, the Company will allow those customers from the previously described list of interested customers who remain interested in the tariff the opportunity to participate under this Schedule on a first come, first served basis until the amount installed and operating capacity plus the capacity taken from the previously described list of interested customers equals CalPeco's share of the 250 MW or 404 kW. This process will continue until such time, if any, as the installed capacity of projects in operation equals Liberty's proportionate share of 250 MW, or 404 kW.
6. Applicable Law. To the extent enforceable at such time, each part waives its respective right to any jury trial with respect to any litigation arising under or in connection with this tariff.
7. Confidentiality. The Customer authorizes the Company to release to the CEC and/or the Commission information regarding the Renewable Generating Facility, including the Customer's name and location, and the size, location and operational characteristics of the Renewable Generating Facility, the Term, the ERR type, the initial Operation Date and the Net Power Rating of the Renewable Generating Facility, pursuant to the CEC's or Commission's rules and regulations.

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(Continued)

SPECIAL CONDITIONS (Continued)

8. Initial Operation. The Utility shall have the right to terminate the service if the Customer has not achieved Commercial Operation within 18 months of taking service hereunder.
9. Interconnection Facilities.
 - (1) Customer and or the Utility, as appropriate, shall provide Interconnection Facilities that adequately protect the Utility's Distribution System , personnel, and other persons from damage or injury, which may be caused by the Operation of Producer's Renewable Generating Facility.
 - (2) The Customer shall be solely responsible for the costs, design, purchase, construction, Operation, and maintenance of the Interconnection Facilities that the Customer owns.
 - (3) If the provisions of the Utility's Rule 21, or any other Tariff approved by the Commission, require the Utility to own and operate a portion of the Interconnection Facilities, the Customer and the Utility shall promptly execute an interconnection agreement that establishes and allocates responsibility for the design, installation, Operation, maintenance and ownership of the Interconnection Facilities.
10. Changes in Law. The Customer, and, if applicable, its successors, represents and warrants as a condition of eligibility for this tariff that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project's output delivered to the Utility qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after eligibility for this tariff is determined that causes this representation and warranty to be materially false or misleading, the Customer shall not be considered ineligible for the tariff if the Customer has used commercially reasonable efforts to comply with such change in law.

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