

**STAFF REPORT FOR CALENDAR ITEM NO.: 8
FOR THE MEETING OF: November 14, 2013**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Consideration of a Resolution authorizing the Executive Director to enter into an Electric Service Agreement (ESA) with the San Francisco Public Utilities Commission (SFPUC) for provision of long-term electric power to the Transbay Project.

SUMMARY:

In 2012, the TJPA received proposals from both Pacific Gas and Electric (PG&E) and SFPUC for long-term electric service at the Transit Center. While the two proposals offered relatively similar benefits to the TJPA regarding reliability and security, SFPUC's proposal included initial infrastructure costs that would be approximately \$650,000 less and long-term electricity rates that would be 10 percent less than those contained in PG&E's proposal. Based on SFPUC's proposal, the TJPA Board of Directors authorized the Executive Director to enter into negotiations with SFPUC for an ESA to supply electric power to the Transit Center.

Over the last ten months, TJPA and SFPUC staff and counsel have negotiated an ESA. The ESA, attached as Exhibit 1, largely contains the same terms as the 2012 SFPUC service proposal, which formed the basis of the TJPA Board of Directors' decision to enter into negotiations with SFPUC. However, as outlined below, TJPA staff has been able to secure additional beneficial terms related to moderating rate spikes and allowing the TJPA to use alternative sources of electric power. Accordingly, TJPA staff recommends that the Board of Directors approve the Resolution authorizing the Executive Director to enter into the ESA.

REPORT:

Background

In 2009, PG&E submitted to the TJPA a feasibility study and service options to serve the Transit Center with electric power. In November 2011, after the TJPA developed a better estimate of its electric power needs, SFPUC submitted its initial proposal for electric service to the Transit Center. In response to concerns about reliability, SFPUC worked with TJPA staff to develop a revised proposal, which it submitted to the TJPA in March 2012. SFPUC's modifications included enhancements to its typical service equipment to eliminate potential single points of failure and further improve reliability.

TJPA staff assessed both the PG&E and SFPUC proposals, comparing system reliability, up-front and long-term costs, and environmental benefits. This assessment revealed that the two proposals provided similar reliability, but the SFPUC proposal provided cost savings in both the short and long term and 100-percent-greenhouse-gas-emissions-free electricity. Consequently, TJPA staff recommended entering into exclusive negotiations with SFPUC. On January 10, 2013, the TJPA Board approved this recommendation.

Over the last nine months, TJPA staff has negotiated a detailed ESA with SFPUC staff. The key terms of the proposed ESA are described below.

Scope of the ESA

The ESA covers electric service to the Transit Center, including the rail levels, the bus storage facility, the bus ramps, and lighting and ventilation for the DTX. The ESA does not cover the electrification of the rail lines for train traction; that service will be negotiated at a later date and will involve other entities, such as Caltrain. SFPUC and the TJPA would agree to work in good faith to develop similar ESAs for future TJPA projects, to the extent such projects are in the interests of both parties.

Interconnection Infrastructure and Its Cost

Due to the large electric demand generated by the Transit Center, the infrastructure necessary to connect the Transit Center to the grid will be complex and will be custom-designed and constructed to meet the TJPA's special requirements for electric power. Under the ESA, the TJPA will pay what it would have paid to PG&E for similar infrastructure, with additional savings associated with SFPUC's status as a tax-exempt organization, as described below.

SFPUC generates the majority of its electricity from hydroelectric facilities at Hetch Hetchy Reservoir in Yosemite National Park. SFPUC infrastructure transmits this electricity to Sunol, but SFPUC relies on PG&E infrastructure to transmit the electricity to San Francisco. Accordingly, even though SFPUC would be the TJPA's electric utility under this ESA, the Transit Center would be connected to PG&E's transmission network via infrastructure owned by PG&E. The specific infrastructure used to connect to PG&E's system differs, however, depending on whether the Transit Center is served by SFPUC or PG&E. SFPUC service would be accomplished by dual 12-kV (kilovolt) feeds from two separate PG&E substations, one at Fremont and Folsom Streets, and the other at Mission and 8th Streets. PG&E service would be accomplished simply by connecting PG&E's downtown network grid of underground power lines to the Transit Center.

In 2009, the TJPA received cost estimates for this infrastructure from PG&E. At that time, the base price for the PG&E network option would have been \$4,575,000, while the base price for the SFPUC dual 12-kV option would have been \$6,194,454. Under the ESA, however, the TJPA will pay no more for this infrastructure than it would have if the TJPA selected PG&E. SFPUC will be responsible for the difference. SFPUC will also be fully responsible for contracting with PG&E to construct the dual 12-kV lines, although the TJPA will be permitted to participate in meetings and discussions regarding the design and construction of the interconnection infrastructure.

In addition, SFPUC's proposal would save TJPA an additional \$661,124 in up-front, one-time costs, because the TJPA would not be required to pay the "Income Tax Component of Contribution" (ITCC) that the TJPA would be required to pay if it contracted with PG&E under PG&E's 2009 proposal. The ITCC is an income tax that PG&E, as a for-profit corporation, is required to pay on certain initial infrastructure it builds for a new customer. PG&E passes this

tax on to the customer as an “ITCC fee.” SFPUC, as a municipal utility, is not subject to the ITCC, and would reduce the amount of the TJPA’s share of infrastructure costs by \$661,124.

The ESA provides that interconnection costs will be adjusted to account for increases in cost between the 2009 estimate and the date of construction. Under the proposed formula, the 2009 network estimate will be adjusted by the percentage difference between the 2009 12-kV estimate and the 12-kV actual cost.

Accommodating the dual 12-kV option at the Transit Center requires additional equipment, design, and construction costs that would not be required for the PG&E interconnection. SFPUC will install such equipment at no cost to the TJPA. In addition, SFPUC has agreed either to pay the design and construction costs directly or to reimburse the TJPA for its expenses, which total an estimated \$1.55 million.

Energy Rates

In its 2012 proposal, SFPUC offered the TJPA electricity rates that were 10 percent less than the rates contained in the applicable PG&E tariff. After further negotiations, the parties agreed to terms that would provide the TJPA with additional rate stability and SFPUC with a reduction in administrative costs.

For most electric customers, SFPUC applies its own tariff rate, which is calculated based on SFPUC’s overall cost of service. Under the ESA, SFPUC would annually evaluate whether the 10-percent-below-PG&E rate was less than any then-applicable SFPUC tariff rate, and charge the TJPA the lower rate. At this time, SFPUC does not have an applicable tariff. The closest tariff—for smaller commercial customers—is more expensive than PG&E’s current rates. SFPUC has an interest in moving the TJPA to a tariff in the future to reduce SFPUC’s administrative costs to determine PG&E’s rates. Even if the TJPA moves to a tariff in any given year, however, the ESA provides for the annual comparison indefinitely, such that the TJPA can move back to 10 percent below PG&E rates if this rate is lower. This same annual comparison would be completed for the TJPA’s retail tenants (who will be metered and billed separately), although their rates and tariffs will be based on their own load and service class.

The ESA also provides the TJPA with protection against price spikes. If PG&E rates increase by more than 5 percent in any one year, the rate increase to the TJPA would be capped at 5 percent for that year, although the amount of the increase over 5 percent could be recouped by SFPUC in later years. If PG&E rates increase by 5 percent in any two consecutive years, then the TJPA will have the option of requesting that SFPUC prepare and offer a tariff rate based on SFPUC’s cost of service.

Energy Efficiency

Under SFPUC’s energy efficiency program, the Transit Center may qualify for energy efficiency rebates to the TJPA of up to \$2,000,000. Up to \$750,000 of this amount would be granted in an up-front payment, with the remainder coming after project construction and verification of energy efficiency measures in 2017.

Alternative Energy Sources

Given the rapid technological and policy advances that are likely to affect California's energy markets, the TJPA desired the ability to take advantage of alternative energy sources in the long term, which may be lower priced or offer other environmental benefits. The ESA provides that after 10 years, the TJPA can obtain up to 10 percent of its electricity from off-site, third party sources, to the extent such arrangements are allowed by law in the future (if the TJPA elects to contract with SFPUC, it would not be permissible to obtain power from another provider under current law), and up to 10 percent of its electricity from on-site, "behind-the-meter" generation; e.g., from solar, wind, or cogeneration on-site at the Transit Center. In later years, the TJPA would be permitted to obtain even greater percentage of its electricity from this latter category.

Term of the ESA

The ESA includes no explicit termination date, a term common to electricity service ESAs. While the TJPA initially requested a 30-year contract, SFPUC staff expressed concern that SFPUC would not be able to recover its costs to provide interconnection of the Transit Center without a longer term contract or a deficiency charge. A deficiency charge is a penalty assessed if a customer does not require as much energy as initially requested. When a utility invests in interconnection equipment for a customer, the utility requires that the customer use a minimum volume of energy so that the utility earns revenues necessary to amortize the investment in the interconnection equipment. If the customer does not meet the targeted energy usage, the utility typically charges a deficiency payment to allow the utility to amortize the interconnection equipment on schedule. To avoid a deficiency charge, which potentially would be substantial due to uncertainties inherent in the energy modeling for a unique building like the Transit Center, TJPA staff recommends approving the contract without an explicit termination date. Under the assumption that SFPUC will eventually recover its investment in the interconnection equipment under a contract with an indefinite term, SFPUC staff is prepared to recommend that the TJPA be relieved of any deficiency charge.

In the event the TJPA obtains service from another provider at some point in the future, certain default provisions would apply. The TJPA would be required to pay all costs, fees, or penalties that SFPUC expended or committed to pay to provide the Transbay Project with Electric Service, less any gross revenue already received from the TJPA.

The ESA also provides protections to the TJPA in the event of delay in construction of the interconnection infrastructure, including indemnification for damages (limited to \$3 million), and indemnification from any lawsuits challenging SFPUC's right to serve. In the event the delay is caused by SFPUC negligence, the TJPA has a right to all damages. Further, the ESA provides that in the event of damage to or loss of SFPUC generation or transmission equipment, SFPUC must continue serving the TJPA under the same terms, regardless of whether SFPUC must purchase power on the wholesale market.

Easements

In order to install new equipment between the PG&E-owned 12-kV lines and the Transit Center service point, SFPUC will require licenses, easements and/or other agreements from the TJPA.

While the details of these agreements have not yet been negotiated, the attached Resolution provides that the Executive Director can negotiate and execute any necessary agreements with SFPUC without seeking further Board approval.

CEQA

The 2004 Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project Final EIS/EIR (SCH # 95063004), as amended by Addenda 1-6, included within its scope the use of electricity at the Transit Center, and the provision of such electricity by a utility provider. Since certification of the Final EIS/EIR, there have been no new or substantially increased significant effects; no substantial changes have occurred with respect to the circumstances under which the project would be undertaken that would require revisions of the Final EIS/EIR due to new or substantially increased significant effects; and there has been no discovery of new information of substantial importance that would trigger or require major revisions of the Final EIS/EIR due to new or substantially increased effects.

In addition, the construction and operation of infrastructure necessary to serve the Transit Center under this ESA is categorically exempt under section 15303 (extension of electrical service of a reasonable length constitutes a small facility or structure) and section 15301 (connection to two PG&E substations results in negligible expansion of these existing uses). None of the exceptions to exemptions found in section 15300.2 of Title 14 of the California Code of Regulations apply, as there are no impacts to environmental resources of hazardous or critical concern or historic resources, no unusual circumstances, and no cumulative impacts resulting from the execution of the ESA.

In addition, the ESA is exempt under the general rule that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. 14 C.C.R. § 15061(b)(3). It can be seen with certainty that there is no possibility that the construction and operation of necessary infrastructure may have a significant effect on the environment.

RECOMMENDATION:

The TJPA Executive Director and Staff have engaged in extensive negotiations with SFPUC and find that the terms contained in the attached ESA offer extensive cost savings and other benefits to the TJPA and are therefore favorable to the TJPA. The Staff requests that the Board authorize the Executive Director to execute the ESA.

ENCLOSURES:

1. Electric Service Agreement
2. Resolution

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, On January 10, 2013, the Transbay Joint Powers Authority (TJPA) Board directed TJPA Staff to enter into negotiations with the San Francisco Public Utilities Commission (SFPUC) regarding a long-term agreement to provide electric power to the Transbay Project based on a favorable proposal from SFPUC as compared to PG&E; and

WHEREAS, The proposed Electric Service Agreement (ESA) between the TJPA and SFPUC negotiated by TJPA staff memorializes the terms of SFPUC's proposal, including lower interconnection costs than PG&E, rates pegged to 10 percent below PG&E's applicable rates, additional energy efficiency benefits, 100-percent-greenhouse-gas-emission free electricity, and comparable levels of reliability and security; and

WHEREAS, In addition to the favorable terms SFPUC proposed, the proposed ESA provides that the TJPA will pay the rates pegged to 10 percent below PG&E's applicable rates or a rate based on SFPUC's cost of service, whichever is lower; allows the TJPA to take advantage of changes in the energy marketplace that may result in lower costs or otherwise beneficial services in the long term; and provides measures to mitigate spikes in electricity rates to the TJPA; and

WHEREAS, The TJPA Executive Director and TJPA Staff have engaged in lengthy negotiations with SFPUC and find that the terms contained in the attached ESA offer extensive and substantial benefits to the TJPA and will guarantee a reliable, low-cost, and environmentally responsible source of power for the life of the Transbay Project; and

WHEREAS, In April 2004, the City and County of San Francisco, the Peninsula Corridor Joint Powers Board, and the San Francisco Redevelopment Agency certified the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project Final Environmental Impact Statement/Environmental Impact Report ("EIS/EIR") (SCH # 95063004), as amended by Addenda 1-6. Electric Service to the Transit Center is within the scope of this EIS/EIR. Since certification of the Final EIS/EIR, there have been no new or substantially increased significant effects; no substantial changes have occurred with respect to the circumstances under which the project would be undertaken that would require revisions of the Final EIS/EIR due to new or substantially increased significant effects; and there has been no discovery of new information of substantial importance that would trigger or require major revisions of the Final EIS/EIR due to new or substantially increased effects; and

WHEREAS, The activities required to implement the ESA are exempt from the California Environmental Quality Act under sections 15301, 15303, and 15061(b)(3) of Title 14 of the California Code of Regulations. No exceptions to these exemptions apply; now, therefore, be it

RESOLVED, That the TIPA Board authorizes the Executive Director to execute the attached ESA; and be it

FURTHER RESOLVED, That the TIPA Board authorizes the Executive Director to enter into any necessary licenses, easements, or other agreements to accommodate construction of equipment necessary to effectuate the terms of the ESA.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of November 14, 2013.

Secretary, Transbay Joint Powers Authority

**Electric Service Agreement
Between
The Transbay Joint Powers Authority
And the City and County of San Francisco**

This Electric Service Agreement (“**ESA**”), dated as of _____, 2013, is by and between the Transbay Joint Powers Authority, a joint powers authority created under California Government Code Sections 6500 *et seq.* (“**TJPA**”), and the City and County of San Francisco, a municipal corporation (“**City**”), acting by and through its Public Utilities Commission (“**SFPUC**”). The TJPA and the City, by and through SFPUC, are sometimes referred to as a “**Party**” and are collectively referred to as the “**Parties**.”

RECITALS

This ESA is made with reference to the following facts and circumstances:

A. The TJPA is constructing a new multi-modal regional transportation center, including an underground train box (“**Transit Center**”), Downtown Rail Extension (“**DTX**”), bus ramps and bus storage facility at Stillman Street (“**Bus Facilities**”), and related facilities in San Francisco (collectively, “**Transbay Project**”).

B. The Transbay Project will benefit the City and the public by providing 125,000 construction and other jobs, adding approximately \$87 billion in gross regional product, increasing property values in the vicinity of the Transit Center by \$3.7 billion, and adding new open space to the area, while making the Bay Area more transit friendly on an energy efficient basis.

C. The TJPA wishes to procure reliable, economic, and clean electric service to the Transbay Project and the City wishes to provide such electric service.

D. The City’s provision of electric service to the TJPA benefits the City and its residents and is consistent with the specific requirements and the legislative intentions of the Raker Act.

E. Pursuant to City Charter Article 8B, Section 16.101 and Administrative Code Article 99, the City has the authority and has adopted a policy to supply electricity through SFPUC where feasible to all new City developments.

F. The City is a member agency of the TJPA and holds three seats on the TJPA Board of Directors. The City provides certain services to the TJPA, including legal counsel, right of way and other real property acquisition, surveys and mapping, and construction drawing review. The TJPA Board regularly meets in San Francisco City Hall and its meetings are televised on SFGOVTV.

G. Under this ESA the City, through SFPUC, shall be the primary provider of electric power service to portions of the Transbay Project as specified below.

ACCORDINGLY, the TJPA and SFPUC agree as follows:

Section 1. SCOPE OF AGREEMENT

This ESA governs the SFPUC's design, construction, operation, and maintenance of infrastructure and equipment to interconnect and provide electric service to the Transit Center, Bus Facilities, and portions of the DTX. The scope of SFPUC's work and SFPUC-owned equipment are set forth in Exhibit A. Under this ESA, the Parties will have the following general rights and obligations, as further described below in Sections 2-16.

- a. SFPUC will interconnect the Transit Center from two separate Pacific Gas & Electric ("PG&E") substations at 12 kV, or equivalent facilities, with each circuit having sufficient capacity to supply the projected maximum electric load with redundant capacity at full build-out. SFPUC will contract with PG&E for and oversee the installation of the two 12 kV lines to the Transit Center, to be owned by PG&E ("**PG&E Equipment**"). At the Transit Center, SFPUC will install and own two 12-kV switchgear units and other equipment needed to provide electric distribution service throughout the Transit Center and to the TJPA's delivery point and equipment, as described below. Collectively, the 12-kV switchgear, conduits, cables, and related equipment specified in Exhibit A are defined as "**SFPUC Equipment**" in this ESA.
- b. The TJPA and SFPUC will design and install the electric service equipment and facilities to serve the Bus Facilities.
- c. SFPUC will provide a long-term supply and delivery of firm capacity and energy ("**Electric Service**") to the Transbay Project.
- d. SFPUC will provide energy efficiency, conservation, self-generation and demand-side management incentives, economic development rates, equipment rebates, utility grants, and other incentive programs available to SFPUC and the TJPA.
- e. The Parties agree to work in good faith to develop similar arrangements for the provision of electric service to future facilities or projects that are beyond the scope of this ESA, to the extent such arrangements serve the interests of both Parties and are permitted by applicable law.

Section 2. INTERCONNECTION INFRASTRUCTURE

- a. **SFPUC Responsibilities.**
 - i. SFPUC shall be responsible for contracting for and overseeing the design, construction, installation, and maintenance of the PG&E Equipment, which shall include dual 12-kV lines interconnecting the Transit Center with the PG&E Embarcadero and Eighth and Mission substations, with each circuit having sufficient capacity to supply the projected maximum electric load at full build-out. The TJPA shall be invited to participate in any telephone or in-person meetings between SFPUC and PG&E to discuss the design, construction, and installation of the PG&E Equipment;

any failure of the TJPA to attend or respond to a meeting request shall not waive this requirement for any future meetings or discussions. The TJPA shall have the right, but not the obligation, to exercise any available review of the design, construction, or installation of the PG&E Equipment available to SFPUC, including any audit rights. The TJPA agrees to exercise its rights in this Section 2(a)(i) in a timely manner consistent with industry practices and to bear responsibility for delays caused by the exercise of the TJPA's rights.

- ii. SFPUC shall be responsible for the design, construction, installation, and maintenance of the SFPUC Equipment and any other required infrastructure in accordance with **Good Utility Practices** and in a manner consistent with the phased timetable, plans, and milestones for the Transbay Project. As used in this ESA, **Good Utility Practices** means the practices and methods that should reasonably be expected to accomplish the desired result in a manner consistent with law, regulation, permits, codes, standards, equipment manufacturer's recommendations, reliability, safety, environmental protection, economy, and expedition.
 - iii. SFPUC's responsibilities with regard to the design, construction, and installation of the SFPUC Equipment shall include obtaining any necessary permits and performing any necessary trenching.
 - iv. SFPUC will own, operate, and maintain all SFPUC Equipment to be installed up to the **TJPA Delivery Point**. The SFPUC Equipment shall be designed, installed, and operated to provide the Transbay Project with sufficient dedicated capacity and line carrying capability to supply the Transbay Project's projected maximum electric load at full build-out of the Transbay Project, or with the TJPA's written consent and approval, equivalent facilities. The specifications and standards for all SFPUC Equipment shall be consistent with Good Utility Practices and subject to the review and approval of the TJPA, which shall not be unreasonably withheld. As used in this ESA, **TJPA Delivery Point** means the bus duct termination fittings at the transformer vault wall.
 - v. SFPUC shall timely provide the TJPA with information on the design and installation of the SFPUC Equipment. In particular, SFPUC shall provide the TJPA with design specifications and construction drawings for the SFPUC Equipment in advance of the preparation of 100% Construction Drawings to permit the TJPA a reasonable time to comment on the Construction Drawings. The TJPA agrees to exercise its rights in this Section 2(a)(v) in a timely manner consistent with industry practices and to bear responsibility for delays caused by the exercise of the TJPA's rights.
- b. **TJPA Responsibilities.**
- i. The TJPA shall provide SFPUC with any access agreements, licenses, and permits within the TJPA's control that are necessary for SFPUC to enter

and encroach on TJPA property for the purpose of constructing and installing the SFPUC Equipment.

- ii. The TJPA will own, operate, and maintain all low-voltage electrical substructures and facilities on TJPA property built or installed for the Transbay Project on the TJPA's side of the TJPA Delivery Point, except for SFPUC metering equipment ("**TJPA Equipment**"). The specifications and standards for all TJPA Equipment shall be subject to the review and approval of SFPUC, which shall not be unreasonably withheld.
- iii. The TJPA shall provide SFPUC with copies of design and as-built drawings, specifications, and manuals, including single line diagrams for metering and sub-metering, plans showing the location of on-site generation sources including, but not limited to, solar photovoltaic systems, legally required backup systems, and optional standby systems for the Transbay Project.
- iv. The TJPA shall provide SFPUC with copies of revised and updated Transbay Project plans, documents, specifications, manuals, and construction schedules related to the electrical systems.

Section 3. PAYMENT TERMS

- a. **Design Cost.** SFPUC shall pay or reimburse the TJPA for design and construction fees and costs associated with redesign of the Transit Center to accommodate the dual 12-kV option. SFPUC shall either pay such costs directly to the TJPA or its contractors or issue credits to the TJPA against the Interconnection Cost defined below. These costs are anticipated to include, but are not limited to:
 - i. Costs incurred by the TJPA's architects Pelli Clarke Pelli Architects, estimated at \$400,000; and
 - ii. Costs incurred by the TJPA's Construction Manager/General Contractor Webcor/Obayashi Joint Venture, estimated at \$850,000.

In addition, SFPUC shall pay AECOM directly for fees and costs associated with redesign of the Transit Center, estimated at \$300,000.

- b. **Interconnection Cost.** The TJPA's share of costs for constructing and installing the PG&E Equipment ("**Interconnection Cost**") are set forth in Exhibit B.
 - i. The TJPA will submit the Interconnection Cost to SFPUC within 60 days after the TJPA receives a statement from SFPUC detailing the final cost for providing the dual 12-kV option from PG&E, unless the Parties subsequently agree in writing to a different payment arrangement.
 - ii. SFPUC shall be solely responsible for the costs associated with any SFPUC Equipment and the costs associated with the PG&E Equipment that are not allocated to the TJPA by this ESA.

c. **Electric Service Billing.**

- i. On a monthly basis, SFPUC shall bill the TJPA for the cost of the Electric Service provided directly to the TJPA, which bill shall be due and owing within 30 days after receipt. The bill shall show metered energy received by the TJPA, all billing parameters, rates and factors, and any other data reasonably necessary to calculate monthly payments due to SFPUC.
- ii. SFPUC shall separately bill each of the TJPA's non-transit tenants ("**TJPA Tenants**") for the cost of the Electric Service provided to them, and SFPUC will be solely responsible for collecting any amounts due and owing SFPUC from the TJPA Tenants. The TJPA shall have no liability for electric service to the TJPA Tenants, but the TJPA shall be obligated to include in tenant leases provisions for electric service connection, billing and payment, and shall provide to SFPUC information necessary for SFPUC to provide service to and collect amounts owing from the TJPA Tenants.
- iii. The Parties will resolve any billing disputes related to SFPUC's provision of Electric Service to the TJPA pursuant to the billing dispute procedure set forth in Exhibit C.
- iv. The TJPA may dispute invoiced amounts, but shall pay to SFPUC at least the undisputed portions of invoiced amounts on or before the due date. When the billing dispute is resolved, the Party owing shall pay the amount owed within 15 business days after the date of such resolution.

Section 4. DELIVERY OF ELECTRICITY

- a. SFPUC shall provide Electric Service to the Transbay Project at the TJPA Delivery Point and at the delivery points for the Bus Facilities, starting on January 1, 2017 for equipment commissioning and testing, and on October 1, 2017 for commercial operations. These dates may be amended by agreement of the Parties without further approvals.
- b. SFPUC shall provide Electric Service in accordance with Good Utility Practices.
- c. SFPUC shall ensure that staff capable of responding to any interruption in service or operations is available to respond to the TJPA on a 24 hours per day, 7 days per week, and 365 days per year basis.

Section 5. ENERGY EFFICIENCY INCENTIVES

SFPUC shall pay the TJPA up to \$2,000,000 in Energy Efficiency Incentives in the following increments:

- a. Within 60 days after SFPUC provides the TJPA with a statement detailing the final cost for providing the dual 12-kV option from PG&E, SFPUC shall pay the TJPA fifty percent of the identified Design Team Incentives, up to \$750,000.

- b. Within 60 days after the initial verification of measures, SFPUC shall pay the remaining fifty percent of the Design Team Incentives, up to an additional \$750,000.
- c. Within 60 days after the final verification of measures, SFPUC shall pay any additional Innovative Incentives, up to \$500,000.
- d. Instead of issuing payment to the TJPA for the amounts identified above, SFPUC may issue credits to the TJPA for any Interconnection Cost or Electric Service costs that are due and owing SFPUC from the TJPA at the time.

Section 6. ELECTRIC SERVICE RATE PROVISIONS

- a. **TJPA Rates.** SFPUC's rate for electric service to the Transbay Project, excluding individual TJPA Tenants, shall be the lower of:
 - i. PG&E's then-current Schedule E-20S tariff rate, (or if Rate Schedule E-20 is no longer in effect, the then-effective PG&E electric rate schedule that would be applicable to the Transbay Project), less 10 percent, or
 - ii. The rates contained in any applicable rate schedule separately approved and adopted by SFPUC.
- b. **TJPA Tenant Rates.** SFPUC's rate for electric service to the TJPA Tenants shall be the lower of:
 - i. PG&E's then-current applicable rates for similar loads, less 10 percent, or
 - ii. The rates contained in an applicable rate schedule separately approved and adopted by SFPUC.
- c. Application of a SFPUC rate schedule to the TJPA or a TJPA Tenant does not terminate SFPUC's obligation to annually evaluate whether the adjusted PG&E E-20S rate is lower than the applicable SFPUC rate, and thereafter charge the lower rate to the TJPA or the TJPA Tenant, except as provided in subsection (d)(ii) below.
- d. **Adjustment to Rates.** SFPUC shall adjust rates annually, according to procedures to be developed by the Parties, to ensure that rates remain at the levels described in subsections (a) and (b) above. SFPUC shall start adjusting the rates on the one-year anniversary of the Commercial Operation Date or another date that the Parties agree to in writing, and shall continue as long as the ESA remains in effect, except as provided in subsection (ii) below.
 - i. The Parties agree to develop and implement a rate stabilization mechanism to limit rate increases and decreases to the TJPA (not including the TJPA Tenants), resulting in changes to applicable PG&E rates, to 5% annually. The Parties intend that the portion of increases or decreases that exceeds 5% may be captured in future rate adjustments, so long as the rate charged does not increase or decrease more than 5% in any one year. Alternatively,

the Parties may develop a different, substantially equivalent, rate stabilization mechanism. The obligation to pay the amount of any accumulated increases or decreases in excess of 5% shall survive any default under this ESA.

- ii. If SFPUC has not yet adopted an applicable tariff, and applicable PG&E rates increase 5% or more in each of two successive years, the TJPA (not including the TJPA Tenants) will have the option to require SFPUC to adopt and apply a tariff based on SFPUC's cost of service no later than the next scheduled cost of service review, as required by Charter section 8B.125.2. If the TJPA elects to take service under this subsection (d)(ii), the annual review provided for in subsections (a) and (c) above shall occur at the time of each SFPUC cost of service review rather than annually.

Section 7. ALTERNATIVE ENERGY SOURCES

- a. The TJPA is expressly permitted to purchase energy from third-party suppliers ("**Alternative Energy Sources**") and/or utilize energy sources installed behind SFPUC's meter ("**On-Site Energy Sources**"), at the times and in the amounts provided below, provided that (i) the TJPA offers SFPUC the right to partner with the TJPA to develop or otherwise participate in utilizing the Alternative Energy Source; (ii) the TJPA pays all of the costs necessary for or caused by use of the Alternative Energy Source, including costs incurred by SFPUC; and (iii) such provision of electricity is permitted by applicable law and SFPUC contracts, and consistent with Good Utility Practice.
- b. **Alternative Energy Sources.** Beginning ten years after the Commercial Operation Date, the TJPA can obtain energy from Alternate Energy Sources for up to 10 percent of its annual energy use (based on TJPA usage (not including TJPA Tenant usage) during the twelve months prior to December 31 of the previous year).
- c. **On-Site Energy Sources.**
 - i. Beginning ten years after the Commercial Operation Date, the TJPA can obtain energy from On-Site Energy Sources for up to 10 percent of its annual energy use, as described in subsection (b).
 - ii. Beginning twenty years after the Commercial Operation Date, the TJPA can obtain energy from On-Site Energy Sources for up to 20 percent of its annual energy use, as described in subsection (b).
 - iii. Beginning thirty years after the Commercial Operation Date, the TJPA can obtain energy from On-Site Energy Sources for up to 30 percent of its annual energy use, as described in subsection (b).

Section 8. COORDINATION WITH PG&E

- a. SFPUC shall be solely responsible for securing the necessary services from PG&E or other providers, including any costs and charges associated therewith, to

provide electric service to the TJPA under the ESA, excluding any charges arising under Section 7 above.

- b. SFPUC shall in its sole discretion determine whether to rely on its rights under existing or future Interconnection Agreements, any Wholesale Distribution Tariff, or other arrangements for its transmission and distribution requirements to provide electric service to the TJPA under this ESA.

Section 9. TIMING

- a. This ESA will become effective upon execution by the Parties.
- b. SFPUC will design and construct the SFPUC Equipment, ensure completion of the interconnection, and be in a position to provide test energy and sufficient time for commissioning to provide Electric Service to the Transbay Project on or before the date on which the Transit Center is scheduled to open for bus service to the public (“**Commercial Operation Date**”).
- c. The TJPA shall have the right to monitor construction of the SFPUC Equipment. SFPUC shall provide progress reports to TJPA if requested.

Section 10. DEFAULT

- a. **Best Efforts to Meet Project Schedules.** The Parties agree to use best efforts to establish and meet milestones for the design, construction, installation, and testing of the equipment necessary to interconnect and provide Electric Service to the Transbay Project. The TJPA shall timely notify the SFPUC of changes to the Transbay Project schedule and the Parties will agree to commensurate changes to the schedule for provision of Electric Service.
- b. **Default by SFPUC.** In the event SFPUC fails to provide test energy and sufficient time for commissioning to provide Electric Service to the Transbay Project on or before the Commercial Operation Date, or fails to meet its other obligations under the terms of the ESA, including any unreasonable delays in meeting other milestones, SFPUC shall be in default under this ESA and the TJPA shall be entitled to the following remedies:
 - i. SFPUC shall notify the TJPA as soon as practicable that it will fail or has failed to meet the anticipated completion date for a key project component and shall provide specific assurances and an updated timetable for completion of the component by a date that will allow for provision of Electric Service as specified in Section 10(b)(ii), below.
 - ii. SFPUC shall notify the TJPA as soon as practicable that it will fail or has failed to complete construction of the interconnection equipment necessary to provide Electric Service to the Transit Center by a date that will allow a commercially reasonable period of testing prior to the Commercial Operation Date.

- iii. SFPUC shall at all times take steps necessary to avoid causing delay to the schedule for construction of the Transbay Project. If SFPUC is unable to provide test energy and sufficient time for commissioning to provide Electric Service to the Transbay Project on or before the Commercial Operation Date or Electric Service to the Transbay Project is interrupted, then it shall arrange for alternate Electric Service to the Transbay Project at the cost the TJPA would otherwise be required to pay for electric service under this ESA for the duration of any such delay or interruption, except to the extent the delay or interruption was caused in whole or in part by the TJPA or its contractors. Where the delay or interruption was caused in part by the TJPA or its contractors, the TJPA shall pay the costs to provide alternate Electric Service to the Transbay Project in proportion to the fault by the TJPA or its contractors.

- iv. If SFPUC fails to perform under this ESA for any reason other than Uncontrollable Forces, SFPUC shall indemnify the TJPA from any costs, reasonable attorneys' fees or damages arising from such failure, except to the extent that the failure is caused in whole or in part by the TJPA or its contractors. Where SFPUC's failure to perform was caused in part by the TJPA or its contractors, SFPUC shall indemnify the TJPA in proportion to SFPUC's degree of fault for the failure. The TJPA shall notify SFPUC in writing if it determines that SFPUC's failure to perform will cause material damage in excess of \$1 million to the TJPA. SFPUC shall notify the TJPA in writing whether SFPUC will continue to indemnify the TJPA. SFPUC shall use best efforts to provide the notice within 30 days after receipt of notice from the TJPA, or sooner if possible, and shall in any event provide the notice within 60 days.
 - 1) If SFPUC does not agree to continue to indemnify the TJPA or fails to respond within the 60 day period, then the TJPA (A) may terminate the ESA by giving written notice to SFPUC within 30 days after receipt of SFPUC's notice or failure to respond, (B) seek service from an alternative energy supplier, and (C) will no longer have any obligations under the ESA.

 - 2) If the TJPA terminates the ESA under this Section 10(b)(iv), SFPUC will be liable for up to \$3 million for (A) the TJPA's actual and incidental damages incurred from changing service providers and obtaining replacement Electric Service, and (B) the TJPA's consequential damages caused by SFPUC's default resulting from delays in obtaining or disruptions in electric service associated with changing service providers or obtaining replacement energy. Under no circumstance, however, shall the TJPA's actual, incidental, or consequential damages include lost energy efficiency incentives or costs resulting from increased rates or charges from a new provider, including costs charged to the TJPA by a provider to cover the income tax consequences of equipment constructed for TJPA service. In addition, SFPUC will refund to the TJPA within 30 days after the TJPA's notice of

termination, costs paid by the TJPA under this ESA for the TJPA's share of the PG&E Equipment, minus any Energy Efficiency Incentives already paid by SFPUC.

- v. If the TJPA terminates the ESA under Section 10(b)(iv), and if the TJPA determines the SFPUC Equipment and PG&E Equipment are necessary for continued electric service at the Transbay Project, the TJPA (A) shall purchase the SFPUC Equipment by paying SFPUC the unrecovered costs of the equipment and its installation, (B) the TJPA shall continue to be obligated to pay for the TJPA's portion of the cost for the PG&E Equipment and (C) TJPA shall refund to SFPUC unrecovered costs paid by SFPUC for the PG&E Equipment, provided that the sum of (B) and (C) shall be capped at the cost for the PG&E 2009 Network Option, as defined and adjusted in Exhibit B. The TJPA shall not be required to pay any of SFPUC's other costs incurred to perform its obligations under this ESA or committed to by contract.
- iv. Where the SFPUC's default results wholly from negligence by the SFPUC and TJPA terminates the ESA under Section 10(b)(iv), then the TJPA shall be entitled to recover all actual, incidental, and consequential damages (as defined in Section 10(b)(iv)(2)) caused by SFPUC's negligence, without regard to the \$3 million cap set in Section 10(b)(iv)(2). Where the SFPUC's default results in part from negligence by the SFPUC and in part from other causes, and the TJPA terminates the ESA under Section 10(b)(iv), the TJPA may recover actual damages from the SFPUC only in proportion to SFPUC's degree of negligence.
- c. **Default by the TJPA.** If the TJPA arranges for or obtains Electric Service for the Transbay Project from an entity other than SFPUC, for any reason other than SFPUC's failure to meet its obligations under this ESA and except as specifically allowed under Section 7, this ESA shall be terminated and the TJPA shall reimburse SFPUC for its unrecovered costs. For purposes of this Section 10(c), SFPUC's unrecovered costs shall mean the sum of (A) all costs associated with fulfilling its obligations under this ESA that were previously incurred by SFPUC or committed to by contract and (B) any penalties, fees, or liabilities the SFPUC may have to pay to any third party as a result of termination of the ESA under this Section 10(c), less the gross revenue retained by SFPUC under this ESA from the commencement of Electric Service through and including the date of termination. Gross revenue retained by SFPUC shall not include fees and charges paid by the TJPA to SFPUC as part of electric rates and remitted by SFPUC to other agencies. Upon receipt of payment, SFPUC shall transfer ownership of the SFPUC Equipment to the TJPA, and the Parties shall have no further obligation under this ESA, except the SFPUC's obligation to indemnify and/or pay damages to the TJPA under Sections 10(b)(iv) and 10(c) and any remaining rate obligations under Section 6.
- d. **Mitigation.** In the event of default by either Party, both Parties shall be obligated to take reasonable commercial steps to mitigate losses.

- e. **As-Is Condition.** If any SFPUC Equipment is transferred to the TJPA as a result of a default by either Party, the equipment shall be transferred without warranty in as-is condition and SFPUC shall bear no responsibility for the subsequent ownership, operation, or use of the equipment, except that SFPUC shall continue to bear liability for any negligent design or construction of the equipment.
- f. **Force Majeure.** The section does not apply to any default caused by Uncontrollable Forces, as addressed in Section 13 below.

Section 11. INDEMNIFICATION

- a. SFPUC shall defend the TJPA against any claims or lawsuits, whether in court or before regulatory agencies, initiated by PG&E, any public agency that has a contract to purchase power from the City, or any other party related to SFPUC's legal authority to provide Electric Service to the TJPA as required by this ESA. SFPUC shall also indemnify the TJPA from any costs, including attorneys' fees, expert fees, court costs, compensation, and damages arising from such claims or lawsuits, provided that SFPUC shall not be required to indemnify or defend against any claims or lawsuits caused by the TJPA's active negligence or willful misconduct. SFPUC shall take any action necessary, including initiating and diligently pursuing administrative or legal proceedings, to secure all necessary connections for the provision of electricity under this ESA. This provision shall remain in force for the term of the ESA.
- b. Consistent with California Civil Code section 2782, the TJPA shall defend, indemnify, and hold harmless the City, its boards and commissions, and all of its officers, directors, agents, members, employees, authorized representatives, or any other persons deemed necessary by any of them acting within the scope of the duties entrusted to them, from all claims, suits actions, losses and liability of every kind, nature, and description, including but not limited to reasonable attorney's fees, directly arising out of, connected with, or resulting from the performance of the TJPA's construction activities related to this ESA. This indemnification shall not be valid in the instance where the loss is caused by the sole negligence or intentional tort of any person indemnified in this section.
- c. Consistent with California Civil Code section 2782, the City shall defend, indemnify, and hold harmless the TJPA, its boards, and all of its officers, directors, agents, members, employees, authorized representatives, or any other persons deemed necessary by any of them acting within the scope of the duties entrusted to them, from all claims, suits actions, losses and liability of every kind, nature, and description, including but not limited to reasonable attorney's fees, directly arising out of, connected with, or resulting from the performance of SFPUC's construction activities related to this ESA. This indemnification shall not be valid in the instance where the loss is caused by the sole negligence or intentional tort of any person indemnified in this section.
- d. Each Party acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any legally designated hazardous material,

hazardous waste, or contaminated material as a result of the Party's construction activities related to this ESA are expressly included in the scope of the indemnities provided in Sections 12(b) and 12(c), and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, removal, repair, cleanup, restoration, remediation, penalties, and fines arising from the violation of any local, state, or federal law or regulation, reasonable attorney's fees, disbursements, and other response costs are expressly included within the scope of the indemnities.

Section 12. DISPUTE RESOLUTION

If a dispute arises out of or related to this ESA, or a breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to litigation. The parties, however, may elect to choose a mediator that is not affiliated with the American Arbitration Association. Each party shall bear its own costs associated with mediation.

Section 13. UNCONTROLLABLE FORCES

- a. Neither Party shall be considered in default in the performance of any obligations under this ESA when such failure of performance shall be the result of Uncontrollable Forces.
- b. For purposes of this Section, the term **“Uncontrollable Forces”** shall mean any cause or causes that are beyond the control of the Party obligated to perform such obligations, including, but not limited to, and subject to subsection (c), failure of or threat of failure of facilities, flood, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, sabotage, strike, lockout, labor disturbance, labor or material shortage, government priorities and restraint by court order or public authority and action or inaction by, or inability to obtain or maintain in effect the necessary authorizations or approvals from any governmental authority or agency, any of which cause or causes, by exercise of due diligence such Party could not reasonably have been expected to avoid and which, by exercise of due diligence, it has been unable to overcome; provided that the term “governmental priorities” shall not include the City, SFPUC, the TJPA and the term “necessary authorizations or approvals” shall not include the initial approval by the Federal Energy Regulatory Commission of any agreements necessary to serve the Transbay Project. Nothing contained in this Section shall be construed as requiring a Party to settle any strike, lockout, or labor dispute in which it may be involved, or to accept any permit, certificate or other authorization, or enter into other contracts or commit to financing arrangements, which contain conditions or terms that the Party determines are unduly burdensome. Nothing in this definition shall be interpreted to excuse the negligence or lack of due diligence by the Party unable to perform its obligation.
- c. For purposes of this Section, “Uncontrollable Forces” shall not include any cause or causes that affect SFPUC's ability to generate electricity at Hetch Hetchy or

elsewhere, or to transmit such electricity, but do not prevent SFPUC from purchasing and providing other electricity supplies from the California ISO or other sources. In such circumstances, SFPUC shall be required to continue service under the terms of this ESA.

Section 14. GENERAL PROVISIONS

- a. This ESA may be amended or modified only in writing, subject to the same approval process required for this ESA. The General Manager of SFPUC and the Executive Director of the TJPA may authorize, without additional approvals, amendments or modifications that do not materially alter the rights and/or obligations of the Parties.
- b. No waiver by any party of any of the provisions of this ESA shall be effective unless in writing and signed by the SFPUC General Manager or the TJPA Executive Director, and only to the extent expressly provided in such written waiver.
- c. This ESA (including the Exhibit(s) hereto) contains the entire agreement between the Parties and all prior written or oral negotiations, discussions, understandings, and agreements are merged herein.
- d. The section and other headings of this ESA are for convenience of reference only and shall be disregarded in the interpretation of this ESA.
- e. This ESA has been drafted through a cooperative effort of both Parties, and both Parties have had an opportunity to have this ESA reviewed and revised by legal counsel. No Party shall be considered the drafter of this ESA, and no presumption or rule that an ambiguity shall be construed against the Party drafting the clause shall apply to the interpretation or enforcement of this ESA.
- f. This ESA may be executed in two or more counterparts, each of which shall be deemed an original agreement, but all of which taken together shall constitute one and the same instrument.
- g. The formation, interpretation, and performance of this ESA shall be governed by the laws of the State of California. Venue for all litigation relating to the formation, interpretation, and performance of this ESA shall be in San Francisco.
- h. Should the application of any provision of this ESA to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (1) the validity of this ESA shall not be affected or impaired thereby, and (2) such provisions shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.
- i. This ESA and the TJPA's rights, duties, and obligations hereunder may be assigned or delegated by the TJPA, with the approval of SFPUC, which shall not unreasonably be withheld. The services SFPUC provides under this ESA are

personal in character and neither this ESA nor any duties or obligations hereunder may be assigned or delegated by SFPUC unless first approved by the TJPA by written instrument executed and approved in the same manner as this ESA.

- j. By executing this ESA, each Party represents and warrants to the other that it has full right and authority to enter into this ESA.

Section 15. NOTICE TO THE PARTIES

Unless otherwise indicated elsewhere in this ESA, all written notices or communications sent by the parties may be sent by registered or certified U.S. Mail, by a nationally recognized overnight courier, or fax, and shall also be sent by electronic mail, to the following persons:

To SFPUC:

Assistant General Manager for Power
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

To the TJPA:

Executive Director
Transbay Joint Powers Authority
201 Mission Street, Suite 2100
San Francisco, CA 94105

IN WITNESS WHEREOF, the TJPA and City have executed this ESA as of the date of the last signature below.

**THE TRANSBAY JOINT POWERS
AUTHORITY**

**THE CITY AND COUNTY OF SAN
FRANCISCO, acting by and through
THE SAN FRANCISCO PUBLIC
UTILITIES COMMISSION**

By: _____

MARIA AYERDI-KAPLAN
Executive Director

By: _____

HARLAN L. KELLY, Jr.
General Manager

Date: _____

Date: _____

APPROVED AS TO FORM

SHUTE, MIHALY & WEINBERGER,
LLP

APPROVED AS TO FORM

DENNIS J. HERRERA, City Attorney

By: _____

ANDREW SCHWARTZ

By: _____

(NAME)

Deputy City Attorney

Date: _____

Date: _____

EXHIBIT A

PROJECT SCOPE AND EQUIPMENT

Scope of the Project. The Project includes the design, construction, operation, and maintenance of electrical interconnection equipment and facilities for the various buildings, facilities, and structures as follows:

1. **Transit Center.** SFPUC shall be responsible for the design and installation of new electric service equipment and facilities, including but not limited to electrical conduits and cables, using two new separate 12-kilovolt (“kV”) electric circuits to interconnect the Transit Center (including the train box within the Transit Center) to PG&E’s system. The equipment to be installed by SFPUC for this purpose shall include:
 - a. Two Reinforced Concrete Utility Boxes
 - b. Two Switchgears
 - c. Two 34/12-kilovolt kV Transformers
 - d. Automatic Transfer Switches
 - e. Breakers
 - f. Cables
 - g. Meters

The Transbay Project shall include the rail levels of the Transit Center and the DTX tunnels built out as Phase II, but shall not include electrification of the rails.

2. **Bus Ramps and Bus Storage Facilities.** SFPUC shall design and install new electric service equipment and service disconnects including but not limited to electrical conduits, cables, and panels that extend from the nearest PG&E point of connection and into the service main serving the TJPA’s Bus Ramps and Bus Storage Facilities.

EXHIBIT B

INTERCONNECTION COSTS

The Interconnection Cost is set forth in the following table:

Description	Cost or Deduction
TJPA Capital Cost for Network Service (based on PG&E 2009 Network Option)	\$4,575,000
Less Up-Front Allowance	(\$150,780)
Less Up-Front Refundable Amount Using 50% Discount Option	(\$1,419,110)
Less PG&E's 22% ITCC Fee	(\$661,124)
Net TJPA Cost	\$2,343,986

The Net TJPA Cost shall be adjusted to reflect changes in costs for the network option that have occurred between 2009 and 2013. The Net TJPA Cost shall be adjusted by the percent change between \$6,194,454 (the estimated cost of providing the 12-kV option in 2009) and the actual costs charged by PG&E and/or incurred by SFPUC for providing the dual 12-kV option.

The Interconnection Cost is based on Table A of the March 20, 2012 Letter from SFPUC to the TJPA, attached as Exhibit F to this ESA. While the March 20, 2012 Letter provides context for this table, to the extent the ESA and the March 20, 2012 Letter conflict, the ESA controls.

EXHIBIT C

DISPUTE PROVISIONS

A. Bill Review Process

If the TJPA disputes the correctness of a bill, the TJPA must contact the SFPUC as soon as practicable for review of the bill, or portion thereof, disputed. The SFPUC will investigate the TJPA's disputed bill and respond promptly. In order to review the dispute, it may be necessary for the TJPA to provide copies of payment receipts, proof of payment, or other financial records.

B. Undisputed Amounts Due and Payable

Regardless of the status of a dispute, any undisputed portions of a disputed bill, or subsequent undisputed bills, are payable upon presentation.

C. Dispute Process

If the TJPA wishes to dispute the amount of a bill, or some portion thereof, the TJPA shall first seek review of the disputed bill. Following its review, if the SFPUC has determined to its satisfaction that the bill is correct, the SFPUC will notify the TJPA that it has completed its investigation and will disclose its findings within 30 days. In the event the TJPA is unsatisfied with the findings, the TJPA may rely on the Dispute Resolution provisions in Section 12.

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