

SERVICE AGREEMENT

This Service Agreement ("Agreement") is made and entered into as of the last date signed below ("Effective Date") by and between City of San Luis Obispo, a California municipal corporation and charter city ("Customer") and Pacific Gas and Electric Company, a California corporation ("PG&E"). Customer and PG&E shall each individually be referred to as "Party" and together constitute the "Parties."

I. RECITALS

- A. PG&E is a public utility regulated by the California Public Utilities Commission. PG&E provides power to customers in its service territory.
- B. Customer receives power from PG&E at Customer facilities within PG&E's service area.
- C. PG&E also provides turnkey energy conservation services to customers ("Turnkey Services"). Turnkey Services typically include energy conservation assessments of a customer facility and/or installation of energy conservation measures ("ECMs"). Typical ECMs include, but are not limited to, any of the following techniques, equipment, or other measures to reduce energy use or make for a more efficient use of energy: energy efficiency measures, water efficiency measures, energy generation measures, demand control measures, energy storage measures and services to operate, maintain, repair, inspect and construct customer-owned or third-party electric and gas systems.
- D. PG&E is interested in providing Turnkey Services to Customer, and Customer is interested in receiving Turnkey Services from PG&E. Customer will have the sole discretion whether to install any ECM identified in any assessment provided as part of the Turnkey Services. Any such ECM installation authorized by the Customer will be implemented by way of a Work Order ("WO") issued by Customer and subject to the terms and conditions of this Agreement.
- E. At a public hearing on March 4, 2025, Customer's governing body determined to enter into this Agreement and adopted findings consistent with Government Code Section 4217.12 that the anticipated costs of the energy conservation services provided under this Agreement will be less than the Customer's anticipated cost of energy that would otherwise have been consumed by the Customer in the absence of this Agreement.
- F. This Agreement sets forth the terms and conditions under which PG&E may provide Turnkey Services to Customer.
- G. Now, therefore, in consideration of the promises and covenants set out herein, Customer and PG&E agree as follows:

II. Agreement

A. Relationship of the Parties

- 1. **No agency or partnership:** Nothing in this Agreement creates an agency, partnership, or other form of joint enterprise between the Parties, and neither Party may create any obligations or responsibilities on behalf of the other Party. In conducting a Preliminary Assessment or an Investment Grade Assessment as specified in Section B.1 below, PG&E

is not acting on behalf of Customer but is acting in its private capacity as a vendor of conservation services.

2. **Subcontractors:** PG&E may perform any or all Turnkey Services through subcontractors ("Subcontractors"). PG&E agrees that, as between PG&E and Customer, PG&E shall be solely responsible for the Subcontractors performance of the Turnkey Services under this Agreement and any Work Order issued hereunder in respect of such Turnkey Services. In addition, unless otherwise set forth in any such Work Order, the fees and costs billed to Customer shall be inclusive of any and all fees and compensation due to any Subcontractors. PG&E shall be responsible for the payment of any compensation, monies, wages or other payment due or allegedly due Subcontractors. For purposes of this Agreement, PG&E and its Subcontractors shall be collectively referred to as "PG&E".
3. **Project Management:** Customer and PG&E shall each designate an authorized employee ("Authorized Person") who shall be the primary point of contact for inquiries and requests relating to this Agreement.

B. Turnkey Services

1. **Turnkey Services:** Turnkey Services to be provided by PG&E under this Agreement in respect of any particular energy conservation project ("Project") shall consist of the following phases:
 - 1.1 **Preliminary Assessment ("PA"):** PG&E may conduct, at no cost to Customer, a PA consisting of a brief on-site investigation and high-level evaluation of a Customer facility to identify possible ECMs. The purpose of the PA is to determine whether energy-related opportunities exist, and whether a more detailed assessment and/or implementation is desired by the Customer.
 - 1.2 **Investment Grade Assessment ("IGA"):** After reviewing the PA, the Customer may issue a Work Order ("WO") setting forth a Scope of Work for an IGA. An IGA is a detailed assessment that describes the technical and financial feasibility of implementing one or more potential ECMs. If applicable, it provides the estimated energy savings and/or generation for each identified ECM. It may also support procurement of project financing. The IGA will not recommend any particular ECM and PG&E will not participate in any Customer decision whether or not to authorize any particular ECM.
 - 1.3 **Implementation Work:** Upon completion of the IGA, PG&E will provide an ECM implementation proposal for the Project that was the subject of that IGA, which will include a description of the additional design, engineering and construction services PG&E could provide under this Agreement to implement the ECMs that were the subject of the IGA, including the proposed price and schedule for implementation. PG&E will not participate in any Customer decision regarding whether and to what extent to pursue implementation of such Project. If Customer decides to pursue implementation of the Project, it may issue an Implementation WO to PG&E specifying, among other things, the ECMs to be installed as part of the Project, price, schedule, and source of funding.

2. IGA WO

- 2.1** The IGA WO is issued under and subject to the terms and conditions of this Agreement, but will include Project-specific supplemental terms, such as price, scope, and schedule. Unless otherwise agreed in the IGA WO, Customer will provide PG&E, at no cost to PG&E, legible copies of all relevant facility plans and other facility-related drawings and information in order that an accurate IGA can be prepared. Customer will pay PG&E for the IGA according to the terms of the applicable IGA WO. If Customer decides to implement one or more ECMs identified in the IGA, the cost of the IGA will be included in the amount to be paid to PG&E under the resulting implementation WO.
- 2.2** Ownership and title to any Deliverable produced by or on behalf of PG&E pursuant to this Work Order will be transferred to Customer upon delivery of Deliverable to Customer as per the Project Schedule, and no further agreement will be necessary to transfer ownership to Customer. PG&E shall furnish Customer all necessary copies of data used to prepare the documents that Customer requires to complete its review and approval process.
- 2.3** The Parties understand and agree that all calculations, drawings and specifications, whether in hard copy or machine-readable form, are intended for one-time use in the performance of the SOW and any implementation thereof.
- 2.4** PG&E shall not be liable for any claims, liabilities, or losses arising out of, resulting from, or in any way connected with, Customer's use of the Deliverables for other projects, except as permitted by PG&E in writing.
- 2.5** The Deliverables PG&E prepares as part of the SOW under this Work Order are the Customer's property, and PG&E will not make them available to any individual or organization without Customer's prior written approval; provided such restriction does not apply to: (a) PG&E's agents, employees, consultants, representatives, or Subcontractors performing any portion of the SOW hereunder, or (b) to regulatory authorities and government agencies.

3. Implementation Work and Project Construction

- 3.1 PG&E's Responsibilities.** On the date Customer in writing issues a WO that authorizes and directs PG&E to commence Implementation Work, PG&E shall commence the Implementation Work in accordance with the Agreement, the WO, the WO's attached Scope of Work and any applicable modifications to the WO. PG&E will provide all professional and other services, labor, materials, equipment, tools, transportation and other services necessary for the proper performance and completion of the Implementation Work. PG&E will be responsible for the means, methods, techniques, sequences and procedures to implement the Project, and shall oversee Project construction. PG&E shall be responsible for preparation of the Site for the Implementation Work. It is acknowledged and agreed that PG&E, working on Customer's behalf, will provide all services to obtain all permits and approvals necessary to proceed with the Implementation Work. Permitting fees will be the responsibility of the Customer.

- 3.1.1** PG&E shall keep itself fully informed of and shall observe and comply with all applicable state and federal laws and county and City of San Luis Obispo ordinances, regulations, and adopted codes during its performance of work. This includes compliance with prevailing wage rates and their payment in accordance with California Labor Code, as applicable.
- 3.1.2** PG&E will use commercially reasonable efforts to minimize disruption to Customer's use and operations at the Site. PG&E will provide at least ten (10) calendar days written notice to Customer of any planned power or other utilities outages that will be necessary for the Implementation Work. Customer will cooperate with PG&E in scheduling such outages, and Customer agrees to provide its reasonable approval of any scheduled outage.
- 3.1.3** PG&E shall take all reasonable precautions to ensure the safety and protection of PG&E personnel, Subcontractor employees and Customer employees.

3.2 Customer's Responsibilities.

- 3.2.1** Customer will take reasonable measures to provide PG&E, its personnel and Subcontractors with site access, suitable office space and other reasonable accommodations and facilities necessary to permit PG&E personnel and its Subcontractors to perform the Implementation Work on this Project. While working on the Site, if requested by Customer, the PG&E Project team personnel will be located in an area adjacent to Customer's subject matter experts and technical personnel, and all necessary security badges and clearances will be provided for access to this area, all in accordance with Customer's vendor policies. Additionally, upon request Customer will provide to PG&E and its Subcontractors relevant site information or documents necessary to perform the Implementation Work, including but not limited to a copy of the authorizing Work Order(s), all modifications to Work Order(s), the Agreement, a copy of relevant drawings, specifications, operation and maintenance manuals for equipment at the Site, and other pertinent documents.
- 3.2.2** Customer will take reasonable measures to arrange for a temporary staging area for the storage and assembly of equipment for completion of the Implementation Work, if needed.
- 3.2.3** Customer will coordinate the Implementation Work to be performed by PG&E with the Customer's operations and other activities and with any other construction project that is ongoing at or around the Site.

- 3.3 Commissioning Services.** PG&E shall perform commissioning services in accordance with the equipment manufacturers' startup and commissioning recommendations.
- 3.4 Certificate of Substantial Completion.** "Substantial Completion" means an ECM is generally capable of being used for or achieving the purpose intended by the Implementation WO relating to that ECM. Substantial Completion does not occur until the ECM is commissioned and accepted by the Customer and the Customer executes the Substantial Completion form attached to the WO. Promptly upon Substantial Completion of each Project measure, PG&E will submit a Certificate of Substantial Completion to Customer for such measure. Upon receipt of such certificate, Customer may inspect the Implementation Work and meet with PG&E's Project Manager to determine if the Project measure has achieved Substantial Completion. Customer shall, within ten (10) business days of receipt of the Certificate of Substantial Completion, inform PG&E if Customer agrees that the Project measure has achieved Substantial Completion. If Customer disagrees that the Project measure has achieved Substantial Completion, Customer will specify in detail and in writing the deficiencies requiring correction in order to achieve Substantial Completion. When Substantial Completion has been achieved it will execute and return the Certificate of Substantial Completion to PG&E stating that: (i) the Project measure has achieved Substantial Completion and the date on which it did so, and (ii) that on and after that date Customer will assume responsibility for the Project measure's operation, maintenance and repair, for damage to or destruction of the Project measure, and for the Project measure's security and insurance coverage. Title to the Project measure materials and equipment installed pursuant to a Work Order shall pass to Customer on the date of Substantial Completion together with equipment warranties.
- 3.5 Close-Out Documentation.** Within forty-five (45) days after each Certificate of Substantial Completion has been executed by Customer and received by PG&E, PG&E shall provide Customer with (a) any applicable governmental approvals, permits, and sign-offs, (b) all equipment specifications and ratings, (c) any applicable test data and reports, (d) final as-built and shop drawings, (e) operating instructions, operations and maintenance manuals and schedules, recommended spare parts lists, and all other written information relating to the Project measure, and (f) equipment warranties.
- 3.6 Final Completion.** Promptly after PG&E reasonably believes that Final Completion (as defined below in Section 3.6.1) of an ECM has occurred, including completion of any punch list items that may have been listed on the Substantial Completion Certificate for such ECM, PG&E shall issue to Customer a Notice of Final Completion. Thereafter, Customer shall, within fourteen (14) business days, deliver its acknowledgment that Final Completion has been achieved. The date of Final Completion shall be the date of Customer's written acceptance of PG&E's Notice of Final Completion. Customer's failure to respond within the fourteen (14) day notice period shall be deemed acceptance that Final Completion has occurred.

3.6.1 For purposes of this Agreement, the term “Final Completion” means when all of the following have been accomplished in respect of a specific ECM: (a) the ECM has achieved Substantial Completion, (b) all “punch list” items listed on the ECM’s Certificate of Substantial Completion have been completed, (c) all close-out documentation specified in Section 3.5 has been delivered to Customer.

3.7 Final Project Completion. Promptly after PG&E reasonably believes that Final Project Completion has occurred, PG&E shall issue to Customer a Notice of final Project Completion that will include a summary of all ECMs and their respective Substantial Completion Dates and Final Completion Dates. Thereafter, Customer shall, within fourteen (14) days, deliver its acknowledgement that Final Project Completion has been achieved. The date of final Project Completion shall be the date of Customer’s written acceptance of PG&E’s Notice of Final Project Completion. Customer’s failure to respond within the fourteen (14) day notice period shall be deemed acceptance that Final Completion has occurred.

3.7.1 For purposes of this Agreement, the term “Final Project Completion” means when all of the ECMs comprising the Project have achieved Substantial Completion, and when all of the following have been accomplished: (a) PG&E has delivered to Customer: (i) a release of all lien rights, (ii) certification that all claims for payment for labor and equipment for which PG&E is responsible have been paid or satisfied, (iii) copies of waivers/releases of lien rights by Subcontractors that have furnished more than twenty-five thousand dollars (\$25,000) of goods, services or both for the Project, (iv) notice of all outstanding claims of PG&E, any Subcontractor or equipment or materials supplier or distributor that may affect Customer, PG&E or the Project, (v) a letter of indemnification regarding claims not addressed by waivers/releases, and (b) removal of all of PG&E and Subcontractors’ personnel, supplies, equipment, waste materials, rubbish, and temporary facilities from the Site.

3.8 Ownership of Equipment

3.8.1 Ownership and title to any equipment, as further defined and specified in the Investment Grade Audit report, purchased by PG&E or its Subcontractor on Customer’s behalf in connection with providing the Implementation Services will be transferred to Customer upon Substantial Completion of the Project measure of which such equipment is a part, and no further agreement will be necessary to transfer ownership to the Customer.

3.8.2 PG&E shall not be liable for any claims, liabilities, or losses arising out of, resulting from or in any way connected with Customer’s use of such equipment.

4. **Cooperation and Access:** Customer acknowledges that PG&E's performance of Turnkey Services depends upon Customer's cooperation. Thus, Customer agrees to use its best efforts to cooperate with PG&E in PG&E's performance of Turnkey Services. Customer will provide access to the subject Customer facilities for PG&E and its subcontractors to perform any function related to this Agreement during regular business hours, or during other reasonable hours as requested by PG&E and acceptable to Customer. PG&E will comply with all Customer access procedures. Customer and PG&E will coordinate PG&E's activities with Customer's activities and any construction or equipment installation will occur according to a schedule approved by Customer in advance.

To the extent PG&E's ability to perform depends upon Customer's performance (e.g., Customer review or approval of drawings or other submittals or Customer providing data, drawings, documents, or other information) and Customer's performance is not completed within the agreed time period, PG&E's period for performance will be extended accordingly and any costs incurred by PG&E because Customer's performance was not timely completed shall be reimbursed to PG&E.

Customer shall be responsible for ensuring that the Customer facilities that are the subject of a WO under this Agreement are safe for PG&E personnel and subcontractors performing Turnkey Services at those facilities and shall promptly take such actions that may be requested by PG&E to help ensure a safe working environment.

Customer will use best efforts to assist PG&E in obtaining all necessary permits and approvals for the performance of the Turnkey Services.

5. **WO Modifications for Changes:** If either Party proposes any material addition, deletion, or modification to the IGA WO or implementation WO or Customer takes action which may have a material impact on the work under the IGA WO or implementation WO, then the Parties will negotiate a modification to the WO which is agreeable to both Parties, and which shall be in writing that is signed and/or acknowledged by both Parties. If the Parties are unable to reach agreement, PG&E will suspend its performance under the applicable WO until such time as the dispute has been resolved pursuant to Section III.C (Dispute Resolution) and the modified WO has been executed by both Parties.
6. **PG&E's Utility Obligations:** Customer acknowledges that as a public utility, PG&E is obligated to maintain, repair, and service its own facilities, including those under the operation and control of the California Independent System Operator, and that this obligation takes precedence over any obligations undertaken in this Agreement. If PG&E decides, in its sole discretion, to divert personnel or resources committed to the performance of Turnkey Services under this Agreement to meet a utility obligation, PG&E's actions will not constitute a default, and PG&E will have no liability to Customer as a result. PG&E will have the option to resume the Turnkey Services as soon as possible if it determines, in its sole discretion, that such resumption will not interfere with its fulfilling its utility obligations.

C. Hazardous Materials and Other Unanticipated Conditions

1. **Customer Responsibility:** The Customer understands and agrees that PG&E has no responsibility to investigate or inspect a Customer facility where Turnkey Services are

being provided for the presence of any hazardous, toxic or dangerous wastes, substances, chemicals, constituents, contaminants, pollutants, and materials subject to regulation under applicable law ("Hazardous Materials"), or to identify, remove, dispose of, abate or remediate Hazardous Materials. Customer shall have sole responsibility for the identification, removal, disposal, abatement or remediation of Hazardous Materials, and for the clean-up and disposal of any materials, equipment or substances containing, exposed to or contaminated by Hazardous Materials, all in accordance with applicable laws.

2. **Discovery of Hazardous Materials:** If PG&E discovers Hazardous Materials during the course of providing Turnkey Services, PG&E will immediately cease work, remove all PG&E personnel or subcontractors from the site, and notify Customer. Customer will be responsible for handling and removal of such Hazardous Materials at its expense, and Customer will bear the sole risk and responsibility. PG&E will not resume the Turnkey Services until the Hazardous Materials have been removed and/or remediated to PG&E's reasonable satisfaction. Any schedule delay or increase in the Turnkey Services or costs as a result of the presence of Hazardous Materials shall be grounds for a WO modification as described in Section II.B.5.
3. **Unanticipated Conditions:** If any unanticipated conditions exist or arise at the site where the Turnkey Services are being provided that could not reasonably have been anticipated or discovered by PG&E (such as Hazardous Materials, environmental conditions or pollution) and that would involve the incurrence by PG&E of any expenses to correct such conditions, PG&E may cease work and request that Customer mitigate such circumstances or it may submit a request for a modification of the work order to cover any corrective work and payment of related expenses. The Parties will negotiate a modification to the work order which is agreeable to both Parties. If the Parties are unable to reach agreement PG&E will suspend its performance under the applicable work order until such time as the disagreement has been resolved pursuant to the Dispute Resolution process set forth in Section III.C. and the modified work order has been executed by both Parties.
4. **Safety Waiver:** If during performance of the Turnkey Services a condition is discovered at the work site that, in the sole judgment of PG&E (a) represents an extreme safety hazard to its workers or other personnel, or (b) may cause operational failure of equipment at the site or damage to other equipment being served by the site, PG&E will immediately notify Customer of such condition and the Turnkey Services necessary to remedy the condition. At PG&E's sole discretion, it may either (a) suspend the Turnkey Services at that work site until such condition has been corrected to PG&E's satisfaction, or (b) ask that Customer sign a written notification in the form of Exhibit A (Safety Waiver). If Customer fails or refuses to either remedy the condition or sign the Safety Waiver, as designated by PG&E, PG&E shall be entitled to continue or commence suspension of the Turnkey Services at that site and refer the matter to Dispute Resolution under Section III.C. PG&E will not be liable for any costs incurred as a result of such suspension of Turnkey Services.

D. Compensation

1. **Payment terms:** Customer will pay PG&E for the Turnkey Services provided according to the payment terms contained in the relevant WO. All late payments shall be subject to an interest charge, which is the greater of: (i) one and one-half percent (1.5%) per month, or (ii) the maximum legal rate.
2. **Expense:** Customer agrees to reimburse PG&E for all expenses incurred in connection with PG&E's performance of the Turnkey Services, consistent with the provisions of the applicable WO.
3. **Taxes:** Customer shall be solely responsible for the payment of any sales, use, transfer and other taxes and duties which are imposed on PG&E because of the Turnkey Services performed under this Agreement (other than taxes based on PG&E's net income).
4. **ACH Enrollment:** Customer shall enroll in the ACH payment program and shall make all payments for services under this Agreement by ACH.

E. Warranties

1. **Services Warranty:** PG&E warrants it will perform the Turnkey Services specified in a WO under this Agreement in a commercially reasonable manner consistent with applicable industry standards. The warranty period for Turnkey Services relating to an ECM is one year from the date of Substantial Completion of that ECM. If Customer notifies PG&E within that one-year warranty period of any non-conformity or defect in such Turnkey Services, then PG&E will either re-perform, or refund the compensation received for such defective Turnkey Services, in full satisfaction of its liability for any breach of its Services Warranty. This Services Warranty extends to Customer only and cannot be assigned by Customer.
2. **Third Party Warranties:** PG&E will use commercially reasonable efforts to obtain from the manufacturers of equipment used in the Turnkey Services or ECMs installed as part of a Project standard guarantees and warranties and will assign any such third party warranties directly to Customer. Any warranty for such equipment is limited to such third-party warranties, and PG&E will not be liable for any breach of a third-party warranty. If Customer notifies PG&E of a defect in equipment installed as part of a Project within the term of the applicable third-party warranty, PG&E will consult with Customer regarding the appropriate remedy under the third-party warranty.
3. **No Guarantee of Savings:** Notwithstanding that the cost of the Turnkey Services provided in connection with a particular Project is expected to be less than the energy savings generated by such Project, PG&E does not warrant or guarantee any specific level of energy savings, water savings, cost reductions, or equipment or ECM performance.
4. **Disclaimer:** Except as expressly provided in this Section E, Customer expressly agrees that PG&E makes no other warranties in connection with the assessment, design, engineering, equipment procurement, construction, implementation, operations, maintenance, services, equipment or ECMs hereunder whether express or implied, in law, in equity or in communications between PG&E and Customer. PG&E specifically disclaims any implied warranties of merchantability or fitness for a particular purpose. Customer shall have no remedies against PG&E for any defective services, installed equipment, or operation of

an ECM except in accordance with the warranty set forth in this Section E or as the Parties may expressly agree in any WO or amendment to this Agreement.

F. PG&E Insurance

Prior to commencing Turnkey Services under a WO, PG&E will provide Customer with evidence that the following insurance is in full force and effect: (i) Worker's Compensation Insurance as required by applicable workers' compensation laws; and (ii) Commercial general liability of \$5,000,000 per occurrence; and (iii) Automobile liability of \$1,000,000 per person and \$2,500,000 per occurrence for bodily injury and \$1,000,000 per occurrence for property damage. PG&E shall have the right to self-insure with respect to any of these insurance requirements.

G. Limitation of Liability

NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR TO ANY PERSONNEL, SUBCONTRACTOR OR OTHER PERSON OR ENTITY CLAIMING THROUGH SUCH PARTY FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES, ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT.

FURTHER, PG&E'S LIABILITY TO CUSTOMER UNDER THIS AGREEMENT, INCLUDING UNDER SECTION III.H., WILL NOT EXCEED THE AMOUNTS OF INSURANCE PROVIDED FOR BY SECTION F (REGARDLESS OF WHETHER AN INSURANCE CARRIER PROVIDES COVERAGE).

III. General Provisions

A. Term and Termination

- 1. Term:** The term of this Agreement is five (5) years beginning on the Effective Date. Upon thirty (30) days' written notice prior to the expiration of the Agreement, the parties may renew this Agreement for two (2) additional three (3) year extensions by mutual written Agreement.
- 2. Termination for Cause:** If either Party materially defaults in the performance of its obligations under this Agreement or under a specific WO and the default is incapable of being cured, or, being capable of being cured, has not been cured within thirty (30) days after receipt of written notice of such default, this Agreement or that WO may be terminated by the non-defaulting party for cause upon thirty (30) days written notice. In addition to all remedies available to it at law or in equity, the non-defaulting party will be entitled to recover all costs and expenses reasonably incurred to exercise its remedies, including attorneys' fees.
- 3. Termination for Change in Law:** Either Party may terminate this Agreement, or a specific WO, upon forty-five (45) days written notice, or sooner as may be required, without liability or penalty if a change in law or regulations or a court or California Public Utilities Commission ruling or order would prohibit PG&E from providing Turnkey Services under this Agreement or that specific WO, in which event Customer would pay PG&E for the Turnkey Services provided to Customer as of the effective date of such termination and reimburse PG&E for reasonable demobilization costs incurred as a result of such termination.

- 4. Termination for Convenience:** This Agreement or a specific WO may be terminated at any time by the mutual Agreement of PG&E and Customer. Upon such termination, Customer shall pay PG&E for those Turnkey Services provided to Customer as of the effective date of such termination and reimburse PG&E for reasonable demobilization costs incurred as a result of such termination.

B. Force Majeure.

If a Party is unable to perform its obligations under this Agreement due to any cause, event or other occurrence materially impacting the Turnkey Services that is not caused by that party or within its control to avoid or remedy ("Force Majeure Event"), this Agreement will at the other party's option: (i) remain in effect but the performing party's obligations will be suspended until the Force Majeure Event has ended; or, (ii) be terminated upon ten (10) days' notice to the non-performing party, in which event neither party will have any further liability to the other, other than Customer's obligation to pay PG&E; (i) for Turnkey Services rendered prior to the Force Majeure Event; and (ii) for reasonable demobilization costs incurred as a result of such termination.

C. Dispute Resolution.

If any dispute, excluding payment defaults or delinquencies, arises under this Agreement that is not settled promptly in the ordinary course of business, the Parties will first attempt to resolve such dispute by negotiating promptly in face-to-face negotiations between the respective designated senior managers of each Party. If the Parties are unable to resolve the dispute through these negotiations within thirty (30) business days following the start of such negotiations, then the Parties shall escalate the dispute to the business line vice president of PG&E and the appropriate senior manager within Customer's organization. If the matter has not been resolved within thirty (30) business days following commencement of discussions between the senior executives, either Party may initiate a non-binding mediation. If Parties are unable to resolve their dispute by way of non-binding mediation, the cost of which shall be shared equally by the Parties, then either Party may file suit in a court of competent jurisdiction. Completion of non-binding mediation is a condition precedent to commencement or continued prosecution of litigation. All negotiations and any mediation conducted pursuant to this Section III.C are confidential and shall be treated as compromise and settlement negotiations, to which Section 1119 of the California Evidence Code shall apply, and Section 1119 is incorporated herein by reference.

D. Notices.

Any notice required or permitted under this Agreement will be deemed sufficient if given in writing and delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, or delivered to a nationally recognized express mail service, charges prepaid, receipt obtained, to the address shown below or to such other persons or addresses as are specified by similar notice.

To Customer:

cc: _____

To PG&E:

Pacific Gas and Electric Company
300 Lakeside Drive,
Oakland, CA 94612
Attn: New Revenue Development
SST Contract Specialist

cc: General Counsel
PG&E Law Department

E. Applicable Law and Venue.

This Agreement is governed, construed, and enforced in accordance with the laws of the State of California, without regard to its conflict of laws rules. Any controversy or claim arising out of or relating to this Agreement shall be litigated in a California Superior Court of competent jurisdiction; or if jurisdiction over the action cannot be obtained in a California Superior Court, in a Federal District Court of competent jurisdiction situated in the State of California, and Customer hereby consents to the personal jurisdiction of such courts.

F. General Terms.

This Agreement contains the entire Agreement between the Parties regarding the Turnkey Services and supersedes any other prior oral or written Agreements. If a conflict or inconsistency arises between the terms of this Agreement and any WO issued under it, the WO will control, as specified in Section D.8. Any different or additional provisions in purchase orders, invoices or similar documents issued by the Customer are deemed refused by PG&E and unenforceable. Any modifications to this Agreement must be in writing and signed by the Parties. A waiver by either Party of any breach does not constitute a waiver of different or subsequent breaches. If any part of this Agreement is invalid, illegal, or unenforceable for any reason, that portion shall be replaced with a valid provision appropriate to the Parties' original intent and the remainder will be enforced.

G. Execution of Agreement.

This Agreement may be executed by providing an electronic signature under the terms of the Electronic Signatures Act, 15 U.S.C. SS 7001 et. seq., and may not be denied legal effect solely because it is in electronic form or permits the completion of the business transaction referenced herein electronically instead of in person. The exchange of copies of this Agreement and of signature pages by electronic mail transmission will constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all

purposes. Signatures of the parties transmitted by electronic mail will be deemed to be their original signatures for all purposes.

H. Indemnification

Each Party shall indemnify, defend, and hold harmless the other Party and its officers, officials, employees, agents and volunteers ("Indemnitees") from and against any and all liability, loss, damage, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, civil penalties and fines, expenses and costs (including, without limitation, claims expenses, attorney's fees, and costs and fees of litigation) of every nature to the extent arising out of the negligence or willful misconduct of the indemnifying Party or its officers, officials, employees, or agents ("Indemnifying Parties") in connection with the services provided under this Agreement and any WO issued under it. In no event, however, will the Indemnifying Parties be required to reimburse or indemnify any of the Indemnitees to the extent such losses are due to the negligence or willful misconduct of the Indemnitees.

I. Order of Precedence

In the event of a conflict between the provisions of this Agreement and a WO, (including, in each case, any Exhibit or Schedule thereto), the following order of precedence shall apply (in descending order): (a) any modification to a WO; (b) the WO; (c) amendments to this Agreement; and (d) this Agreement

Intending to be legally bound, the Parties execute this Agreement by their duly authorized representatives.

PACIFIC GAS AND ELECTRIC COMPANY

CITY OF SAN LUIS OBISPO

By:

By:

(Signature)

(Signature)

Name:

Name:

Title:

Title:

Date:

Date:

EXHIBIT A
SAFETY WAIVER

PG&E has informed the Customer's on-site representative of the following condition(s) which, in the opinion of PG&E's on-site representative, should be remedied before the Turnkey Services may be resumed at the work site. Customer recognizes that if the below-listed condition at the work site is not remedied as recommended by PG&E, an accident may occur, causing damage to the work site, equipment and/or injury to persons, including but not limited to, the employees of Customer, PG&E and subcontractors.

By signing this waiver, Customer acknowledges and accepts all liability associated with this condition.

Description of condition:

Description of condition:

Equipment ID#: _____ (If applicable)

Executed this ____ day of _____, _____

Facility name: _____

Sign: _____

Name (print): _____

Title _____

Date: _____

PACIFIC GAS AND ELECTRIC COMPANY

Sign: _____

Name (print): _____

Title: _____

Date: _____