

Agreement No. W2184, AMENDMENT NUMBER 1

**Memorandum of Understanding
Among
El Segundo Energy Center LLC
and
West Basin Municipal Water District
for
Procurement of Pipeline Design Services as Part of the ESEC Project**

This Amendment Number 1 to Agreement No. W2184 is entered into as of December ____, 2010, by West Basin Municipal Water District, a California Municipal Water District (hereinafter "WEST BASIN"), and El Segundo Energy Center LLC, a Delaware limited liability company ("ESEC") to initiate procurement of engineering services and perform necessary project management services relating to the El Segundo Energy Center Pipeline Project ("Pipeline Project") which is expected to meet the planned water needs for ESEC's new generating facilities (the "ESEC Project") approved by the California Energy Commission in its proceeding AFC-0014C on June 30, 2010 (the "CEC Permit"). ESEC and West Basin may be referred to individually as "Party" and collectively as "Parties."

RECITALS

WHEREAS, recent developments concerning water supplies to Southern California suggest a future reduction in imported potable water, potentially making the region more susceptible to drought and more likely to experience rationing;

WHEREAS, water recycling is an important strategy to help reduce the region's water demand by using recycled water for appropriate non-potable uses, thereby reducing the likelihood of drought or rationing;

WHEREAS, WEST BASIN is an established recycled water producer which distributes recycled water for a variety of approved uses, including industrial applications;

WHEREAS, ESEC has been issued a permit from the California Energy Commission ("CEC") to re-power a power plant in the City of El Segundo (CITY), California (the "Power Plant");

WHEREAS, the CEC Permit authorizes ESEC to use recycled water from West Basin for all process needs;

WHEREAS, the CEC Permit authorizes provision of an emergency source of potable water for fire protection for ESEC via a pipeline from the City of El Segundo;

WHEREAS, the initial start-up and testing operation of the ESEC Project is scheduled for 2013; and

WHEREAS, ESEC desires West Basin provide management services to solicit and support required design and construction engineering services to implement capital facilities necessary for recycled water service to ESEC, including supporting the expeditious execution of agreements for recycled water and potable water service from the CITY for emergency fire protection as identified in the CEC Permit.

NOW, THEREFORE, Agreement W2184 is hereby amended as follows:

The following subsection (d) is added at the end of Section 1:

(d) West Basin will secure a qualified Engineering Design firm to design the Pipeline Project and develop construction cost estimate, and award a contract not to exceed \$706,085.

Section 4 is deleted in its entirety and replaced with the following:

- 4 If ESEC cancels the Pipeline Project, or an agreement to provide recycled water service to the Power Plant is not established with WEST BASIN by February 28, 2011, ESEC agrees to reimburse WEST BASIN as provided herein, for:
 - a. All agreed upon and documented WEST BASIN staff time associated with the Pipeline Project in accordance with agreed to billing rates, up to a not to exceed cost amount of \$50,000 retroactive to July 20, 2010, and

- b. Documented and invoiced time and materials for the selected Engineering Design firm up to \$706,085, plus \$20,000 for proposal preparation.

Effective as of the date first written above.

EL SEGUNDO ENERGY CENTER LLC West Basin Municipal Water District

M. Stephen Hoffmann, President

Richard Nagel, General Manager

Steven O'Neill, District Counsel