SAN BERNARDINO VALLEY | A REGIONAL WATER AGENCY SINCE 1954

The meeting teleconference will begin shortly.

Listen in using your device speakers or by calling **(877) 853 5247 -** meeting ID **884-5249-9078**

View the live meeting presentation at **sbvmwd.zoom.us/j/88452499078** PASSCODE: **3802026**

Email Public comments to comments@sbvmwd.com

To comment, use Zoom’s chat or “raise hand” feature. Please stay muted unless speaking.

CALL TO ORDER

Board of Directors' Special Meeting – Policy/Administration

Thursday, July 2, 2026

Chair – Vice President Botello
Vice-Chair – Director Kielhold

Introductions

Following the introduction of Directors and District staff, participants may use this time to state their name and agency/affiliation in order to be included in the formal record of attendees.

Public Comment

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items except as authorized by law. Each speaker is limited to a maximum of three (3) minutes.

Discussion and Possible Action Items

Discussion Item 3.1 (pg. 3)

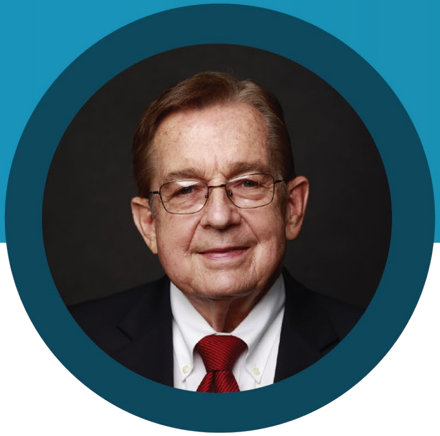
Kelly Malloy, MPA – Strategic Communications Manager

State Legislative Update

State Legislative Updates

- AB 35: Proposition 4 Funding
- AB 2215 Water Rights: State Water Project
- AB 2568 Water District Directors: Compensation
- SB 872: Delta Levees and Canal Subsidence Fund
- FY 2026/27 Budget

BOARD MOTION & ROLL CALL VOTE



T. Milford Harrison
President

Gil J. Botello
Vice President

Susan Longville
Treasurer

Paul Kielhold
Director

Jose Velasquez
Director

Staff Recommendation:

Receive and file.

Discussion Item 3.2 (pg. 5)

Leo Ferrando, PE, MS – Assistant Chief Engineer

Consider the Second Amendment to the Asset Purchase Agreement with Southern California Edison for the Hydroelectric Facilities, Including the Generator Interconnection and Distribution Service Agreements

Background

1. **Asset Purchase Agreement (APA)** – The original APA executed in June 2024

2. **First Amendment to APA** – The BOD approved the First Amendment to the APA on April 7, 2026. It updated certain terms of the original agreement, revising the outside closing date, and clarified responsibility for interconnection facilities and related post-closing work
3. **Regulatory Approvals** – California Public Utilities Commission (CPUC) in October 2025, and approval of the FERC license transfer from SCE to San Bernardino Valley in April 2026

Important Definitions

1. **Generator Interconnection Agreements (GIA) –** GIAs govern how a generator physically connects to SCE's distribution system.
2. **CAISO –** California Independent System Operator is a FERC-regulated entity that operates the power grid and the wholesale electricity market, balancing supply and demand in real time.
3. **Rule 21 –** is SCE's CPUC-jurisdictional interconnection tariff, generally used for generators interconnecting for retail or non-wholesale export.
4. **Wholesale Distribution Access Tariff (WDAT) –** is SCE's FERC-jurisdictional tariff, used when a generator interconnects to sell power at wholesale to move that energy across SCE's system and participate in the CAISO market.

Second Amendment to the APA

- Conforms the APA to SCE's FERC WDAT, replacing the previous CPUC Rule 21 framework.
- Replaces the variable Interconnection Facilities Charge and Distribution Upgrades Charge with a flat Fixed Monthly GIA Payment.
- Attaches the updated GIA forms and the revised interconnection facilities schedule.

FIXED MONTHLY GIA PAYMENT

$1,000 per month per facility

- $7,000 / month for all seven plants
- $84,000 per year
- $1.68M over the 20-year term
- vs. ~$3.5M estimated under the prior variable-cost approach
- **Provides significant savings**
- **Eliminates cost uncertainty**

Assignment and Assumption Agreement

- This transfers each plant's existing GIA from SCE's Generation Department to SBV.
- SBV steps into SCE's place as the Interconnection Customer with all the rights and obligations under that agreement.
- Assigning the GIAs was addressed in the original APA.

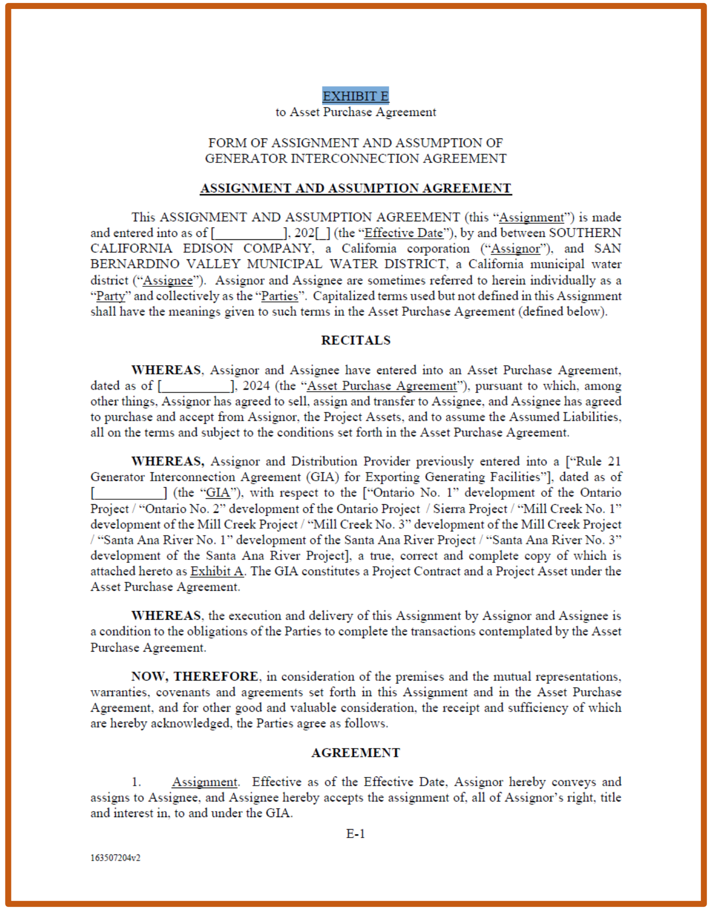


EXHIBIT E
to Asset Purchase Agreement

FORM OF ASSIGNMENT AND ASSUMPTION OF
GENERATOR INTERCONNECTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made and entered into as of [__________], 202[_] (the "Effective Date"), by and between SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation ("Assignor"), and SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, a California municipal water district ("Assignee"). Assignor and Assignee are sometimes referred to herein individually as a "Party" and collectively as the "Parties". Capitalized terms used but not defined in this Assignment shall have the meanings given to such terms in the Asset Purchase Agreement (defined below).

RECITALS

WHEREAS, Assignor and Assignee have entered into an Asset Purchase Agreement, dated as of [__________], 2024 (the "Asset Purchase Agreement"), pursuant to which, among other things, Assignor has agreed to sell, assign and transfer to Assignee, and Assignee has agreed to purchase and accept from Assignor, the Project Assets, and to assume the Assumed Liabilities, all on the terms and subject to the conditions set forth in the Asset Purchase Agreement.

WHEREAS, Assignor and Distribution Provider previously entered into a ["Rule 21 Generator Interconnection Agreement (GIA) for Exporting Generating Facilities"], dated as of [__________] (the "GIA"), with respect to the ["Ontario No. 1" development of the Ontario Project / "Ontario No. 2" development of the Ontario Project / Sierra Project / "Mill Creek No. 1" development of the Mill Creek Project / "Mill Creek No. 3" development of the Mill Creek Project / "Santa Ana River No. 1" development of the Santa Ana River Project / "Santa Ana River No. 3" development of the Santa Ana River Project], a true, correct and complete copy of which is attached hereto as Exhibit A. The GIA constitutes a Project Contract and a Project Asset under the Asset Purchase Agreement.

WHEREAS, the execution and delivery of this Assignment by Assignor and Assignee is a condition to the obligations of the Parties to complete the transactions contemplated by the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements set forth in this Assignment and in the Asset Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

AGREEMENT

1. Assignment. Effective as of the Effective Date, Assignor hereby conveys and assigns to Assignee, and Assignee hereby accepts the assignment of, all of Assignor's right, title and interest in, to and under the GIA.

E-1

163507204v2

Amendments Generator Interconnection Agreement (GIA)

- Each existing GIA is amended:
  - Amendment No. 2 for all facilities, except
  - Santa Ana River No. 3, Amendment No. 1.
- Physically and electrically interconnects each plant's generating facility to SCE's distribution system.
- SBV becomes the Interconnection Customer in place of SCE's Generation Department.
- Sets a 20-year term and the plant's Full Capacity Deliverability Status with CAISO.

The GIA defines the point of interconnection and the protection, metering, and operating standards required to connect each generator to SCE's grid.

Distribution Service Agreements (DSA)

- SCE must carry the energy the plant produces across its distribution system.
- Under the DSA, SCE provides the wholesale distribution service.
- SBV agrees to take and pay for the service under the tariff.
- These are new and did not exist under the original APA (i.e., prior Rule 21 arrangement).

This agreement commits SCE to carry the generation across its distribution system and deliver it to the wholesale market.

BOARD MOTION & ROLL CALL VOTE

T. Milford Harrison
President

Gil J. Botello
Vice President

Susan Longville
Treasurer

Paul Kielhold
Director

Jose Velasquez
Director

Staff Recommendation:

Staff recommends that the Board of Directors (Board) consider and approve the Second Amendment to the Asset Purchase Agreement (APA) with Southern California Edison (SCE) for the acquisition of the hydroelectric facilities, together with the associated Generator Interconnection Agreements (GIAs) and Distribution Service Agreements (DSAs), and authorize the CEO/General Manager to execute the Agreements, subject to any minor, technical, or non-substantive revisions deemed necessary and approved by House Counsel.

Future Business

Closed Session

5.1 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code section 54956.9 (one potential case)

SAN BERNARDINO VALLEY

A REGIONAL WATER AGENCY
SINCE 1954

Adjourn