

**CONTRACT AND PERMIT RIGHTS ASSIGNMENT
AND ASSUMPTION AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), dated as of April 22, 1999, is made between San Diego Unified Port District, a public entity organized and existing as a port district pursuant to Appendix 1 of the Harbors and Navigation Code of the State of California ("Assignor"), and Duke Energy South Bay, LLC, a limited liability company organized and existing under the laws of the State of Delaware ("Assignee").

WITNESSETH:

WHEREAS, Assignor owns (i) that certain power generation facility and related equipment located in Chula Vista, California known as the South Bay Power Plant and more fully described on Schedule A hereto (the "Facility"); and (ii) that certain parcel of land described on Schedule B hereto on which the Facility is located (including, without limitation, the easements and rights of way relating thereto (such parcel of land (including such easements and rights of way), is hereinafter referred to as the "South Bay Land," a portion of which is the "Facility Site," which is described on Schedule C (the Facility Site, together with the Facility, collectively, the "Leased Property"));

WHEREAS, pursuant to that certain Lease Agreement, dated of even date herewith (the "Lease"), Assignee, in its capacity as lessee, is leasing the Leased Property from Assignor, in its capacity as lessor, on the terms and conditions set forth therein;

WHEREAS, Assignor (i) owns certain right, title and interest in, to and under certain Governmental Actions, including all Applicable Permits and the SDG&E Offsets, and each of the other agreements, contracts and documents specified on Schedule D hereto (the "Contract and Permit Rights"); and (ii) has certain obligations, duties and liabilities under the Contract and Permits Rights; and

WHEREAS, Assignor desires to (i) assign, convey, transfer and deliver to Assignee, and Assignee has agreed to accept the assignment, conveyance, transfer and delivery of, all of Assignor's right, title and interest in, to and under the Contract and Permit Rights, to the extent assignable under Applicable Law (the "Assigned Property"); and (ii) assign, convey, transfer and deliver to Assignee, and Assignee has agreed to assume, undertake and be bound by and liable for all of the obligations, liabilities and duties of the Assignor under the Contract and Permit Rights, in each case to the extent arising from and after the Lease Commencement Date (the "Assumed Liabilities"), in each case subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. **Definitions.** Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in, and this Agreement (including capitalized terms

San Diego Unified Port District
Document No. 48335
Filed FEB 14 2005
Office of the District Clerk

herein) shall be interpreted in accordance with the Lease (including the definitions in Appendix A thereto and the Rules of Interpretation set forth therein).

2. **Assignment.** Effective as of the Lease Commencement Date, and subject to Section 5 hereof, Assignor hereby assigns, conveys, transfers and delivers to Assignee, and Assignee hereby accepts such assignment, conveyance, transfer and delivery of, all of Assignor's right, title and interest in, to and under the Assigned Property.

3. **Assumption.** Effective as of the Lease Commencement Date, and subject to Section 5 hereof, Assignee hereby assumes, undertakes and agrees to be bound by all of the Assumed Liabilities, and confirms that from and after the Lease Commencement Date Assignee shall be deemed a party to each of the Project Documents, Governmental Actions, and other agreements, contracts and documents comprising the Contract and Permit Rights as if it were named as a party in Assignor's place and stead therein.

4. **Representations and Warranties of Assignor.** Assignor hereby represents and warrants to Assignee as of the date hereof and as of the Lease Commencement Date that upon the execution and delivery of this Agreement, the Contract and Permit Rights will be duly and validly assigned to Assignee from Assignor, free and clear of all Liens except Liens to which such Contract and Permit Rights were subject immediately prior to Assignor's acquisition thereof from SDG&E.

5. **Term of Assignment.**

(a) **Termination.** Subject to Section 5(b) and 5(c) hereof, the assignment by Assignor and the assumption by Assignee of the Assigned Property and the Assumed Liabilities under this Agreement shall terminate concurrently upon the termination or expiration of the Lease, including any renewal periods, and the satisfaction of any decommissioning or remediation obligations of Assignee in accordance with the terms thereof (a "**Termination**" or "**Terminate**"). As of the Termination, Assignor shall be deemed to have concurrently assumed all Assumed Liabilities arising from and after such termination or expiration. Upon any Termination and such concurrent assumption, but subject, in any event, to Section 5(b) hereof, (i) Assignee shall be released from all of its obligations, liabilities and duties, and shall have no obligations, liabilities and duties whatsoever, for or in connection with any Assumed Liabilities arising, accruing or becoming due from and after such Termination and concurrent assumption, and (ii) Assignee shall not have any further right, title or interest in the Assigned Property.

(b) **Termination of SDG&E Offsets.** If Assignor terminates the Lease because of a Lease Event of Default, Assignee's right, title and interest in and to the SDG&E Offsets shall Terminate in accordance with the provisions of Section 5(a), but only to the extent that the SDG&E Offsets are necessary in connection with the continued ownership, operation and maintenance of the Facility. To the extent that some or all of the SDG&E Offsets are not necessary for the continued operation of the Facility or if the Facility will not be operated after termination of the Lease, Assignee's right, title and interest in and to the SDG&E Offsets shall not Terminate and such SDG&E Offsets shall remain Assignee's property. If the Lease is

terminated pursuant to Section 19.10 of the Lease, ownership of the SDG&E Offsets shall remain with Assignee, but the SDG&E Offsets shall be available for use by Assignor or any party operating the Facility on behalf of Assignor, but only until such time as the earlier of (a) the date upon which Assignor terminates the operation of the Facility or (b) the Facility is no longer designated as a must-run facility. Assignor shall acquire such rights to use the SDG&E Offsets automatically without further action required on the part of Assignor or Assignee; provided, however, that Assignor or Assignee shall execute all required documents and take all steps reasonably required in order to transfer the unconditional right to use the SDG&E Offsets to Assignor, including a change in the records of any applicable Governmental Authorities. Full use of the SDG&E Offsets shall automatically revert to Assignee simultaneously with the termination of operation or the termination of the must-run status of the Facility without any further action required on the part of Assignor or Assignee; provided, however, that Assignor shall take all steps reasonably required in order to transfer the unconditional right to own and use the SDG&E Offsets to Assignee, including a change in the records of any applicable Governmental Authorities. Notwithstanding anything to the contrary provided in the Lease or this Agreement, unless and until Assignee sells or transfers its rights in any Additional Offsets, Assignee is and shall remain the sole owner of the Additional Offsets and Assignee's right, title and interest in and to the Additional Offsets shall not Terminate.

(c) **Actions Upon Termination.** In connection with any Termination under Sections 5(a) and 5(b) hereof, subject to Assignor's compliance with its obligations under such Section 5(a), Assignee shall use commercially reasonable efforts to assign or cause to be assigned to and assumed by Assignor, or its designee, (i) all Assigned Property and Assumed Liabilities and (ii) at Assignor's election, any new Applicable Permits which Assignee was required to obtain during the Lease Term in order to operate the Facility (in each case (1) to the extent assignable under Applicable Law, (2) to the extent required to be assumed by Assignor pursuant to Sections 5(a) and 5(b) and (3) other than with respect to the SDG&E Offsets which do not Terminate pursuant to Section 5(b) and the Additional Offsets), as may be necessary in connection with the continued operation of the Facility, and Assignor and Assignee, in connection with such assignment to and assumption by Assignor, shall cooperate and execute any documents, assignments or other instruments reasonably required or reasonably requested by the other.

6. **Further Assurances.** Each of the parties hereto shall cooperate and use commercially reasonable efforts to take such actions and to execute such documents, assignments or other instruments reasonably required or reasonably requested by the other as shall be necessary or desirable to consummate the transactions contemplated hereunder.

7. **Authorization to Third Parties.** Subject to Section 5 above, Assignor hereby authorizes and directs each Person who is or shall be a party to or liable for the performance of any of the Assigned Property to pay, observe and otherwise perform the obligations under the Assigned Property to or for Assignee or Assignee's designee as though Assignee or such designee were Assignor named in the Contract and Permit Rights and the sole beneficiary of the Assigned Property.

8. **No Third Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or give to, any Person other than

8. **No Third Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or give to, any Person other than Assignee or Assignor and their successors and permitted assigns under the Lease, this Agreement, the Assignment and the other documents and instruments delivered in connection herewith and therewith, any remedy or claim under or by reason of this Agreement or any terms, covenants or conditions hereof, and all the terms, covenants and conditions, promises and agreements contained in this Agreement shall be for the sole and exclusive benefit of Assignee or Assignor and their successors and permitted assigns.

9. **Governing Law.** This Agreement has been negotiated and delivered in the State of California and shall be governed by, and be construed in accordance with, the laws of the State of California applicable to contracts made and to be performed entirely within such State.

10. **Amendments, Supplements, Waivers, Etc.** Neither this Agreement nor any of the terms hereof may be amended, supplemented, waived or modified orally, except by an instrument in writing signed by each of the parties hereto.

11. **Severability.** If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or such provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any remaining terms and provisions hereof or the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable. To the extent permitted by Applicable Law, the parties hereto hereby waive any provision thereof that renders any term or provision hereof invalid or unenforceable in any respect.

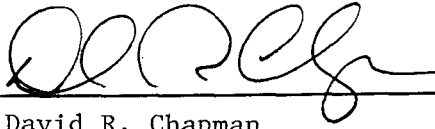
12. **Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

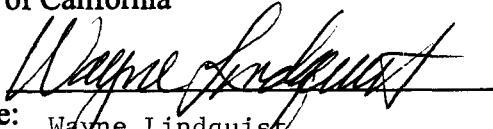
[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Contract and Permit Rights Assignment and Assumption Agreement to be duly executed and delivered on the date first above written.

APPROVED AS TO FORM
BY PORT ATTORNEY:

San Diego Unified Port District, a public entity
organized and existing as a port district pursuant to
Appendix 1 of the Harbors and Navigation Code of
the State of California

By: 
Name: David R. Chapman
Its: Port Attorney

By: 
Name: Wayne Lindquist
Its: Deputy Executive Director

Duke Energy South Bay, LLC,
a Delaware limited liability company

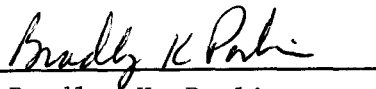
By: 
Name: Bradley K. Porlier
Its: Vice President

EXHIBIT A

DESCRIPTION OF FACILITY

The Facility, commonly known as the South Bay Power Plant, is located adjacent to San Diego Bay at 990 Bay Boulevard, Chula Vista, California 91911.

The Facility consists of four fossil-fuel steam-electric generating units and one combustion turbine. Currently, the four steam units at the Facility provide 693 MW of total generating capacity. The on-site combustion turbine at the Facility has a capacity of 13 MW, and is used for peaking purposes and to facilitate start-up of the other units at the Facility in case of system blackout.

Without limiting the foregoing, the "Facility" for purposes of this Agreement shall also include all other fixed or mobile machinery and equipment as well as similar items of tangible personal property used or useful in connection with the generation of electrical power at the Facility and located on the South Bay Land as of the Lease Commencement Date, which were conveyed to Assignor by SDG&E pursuant to the Asset Sale Agreement, including without limitation (i) vehicle refueling tanks, pumps, pipelines, fittings, tools, furniture and revenue metering equipment that are used in and necessary for the conduct of the operations of the Facility as of the Lease Commencement Date, and which are located on the South Bay Land as of the Lease Commencement Date, (ii) all property (personal or fixtures) underlying, comprising or constituting a part of any of the equipment, including transmission equipment and switchyard facilities, located on the South Bay Land as of the Lease Commencement Date, and used primarily in connection with the generation, as opposed to the transmission, of electrical power, (iii) fuel oil pipelines and related equipment used or useful in transporting fuel oil to the Facility for purposes of generation of electrical power, and (iv) all ISO meters and all equipment, water lines, mains, pipes, pumps, septic tanks and other facilities related to the firewater system, the service water system or the sanitary storage system located on the South Bay Land as of the Commencement Date.

EXHIBIT B

DESCRIPTION OF SOUTH BAY LAND

The land referred to herein as the South Bay Land is situated in the State of California, County of San Diego and is described as follows:

Parcel No. 1

PARCELS 1 AND 2 OF PARCEL MAP NO. 18185 IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY DECEMBER 30, 1998 AS FILE NO. 1998-858614 OF OFFICIAL RECORDS.

Parcel No. 2 [Sixteen Acres]

PARCEL A:

THOSE CERTAIN PARCELS OF LAND SITUATED IN THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, BEING PORTIONS OF QUARTER SECTIONS 170, 171 AND 172, IN RANCHO DE LA NACION, ACCORDING TO MAP THEREOF NO. 166, FILED IN THE OFFICE OF THE RECORDER OF SAID COUNTY, SAID PARCELS BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL NO. 1:

ALL THAT PORTION OF THE WESTERLY 150.00 FEET OF THE EASTERLY 170.00 FEET OF SAID QUARTER SECTION 170 WHICH LIES NORTHERLY OF THAT CERTAIN COURSE DESCRIBED IN DEED DATED JUNE 12, 1956, FROM SANTA FE LAND IMPROVEMENT COMPANY TO SAN DIEGO GAS AND ELECTRIC COMPANY, RECORDED IN BOOK 6156, PAGE 587 OF OFFICIAL RECORDS OF SAN DIEGO COUNTY, AS BEING "NORTH 70°12'41" EAST 150.00 FEET".

PARCEL NO. 2:

THAT CERTAIN PARCEL OF LAND SITUATED IN THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, BEING PORTIONS OF QUARTER SECTIONS 171 AND 172 IN RANCHO DE LA NACION, ACCORDING TO MAP THEREOF NO. 166, FILED IN THE OFFICE OF THE RECORDER OF SAID COUNTY, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE EASTERLY 20.00 FEET OF THE NORTHERLY 170.00 FEET OF THE WESTERLY 150.00 FEET OF THE EASTERLY 170.00 FEET OF SAID QUARTER SECTION 171.

ALSO, THAT PORTION OF THE WESTERLY 150.00 FEET OF THE EASTERLY 170.00 FEET OF SAID QUARTER SECTION 171 LYING SOUTHERLY OF THE NORTHERLY 170.00 FEET OF SAID QUARTER SECTION 171.

ALSO, THE WESTERLY 30.00 FEET OF THE EASTERLY 70.00 FEET OF THE SOUTHERLY 150.00 FEET OF THE NORTHERLY 170.00 FEET OF SAID QUARTER SECTION 171.

ALSO, INCLUDING ANY INTEREST THE SANTA FE LAND IMPROVEMENT COMPANY, A CORPORATION, MAY HAVE IN AND TO A TRACT OF LAND 2.00 FEET BY 75.00 FEET LYING WITHIN THE NORTHERLY 20.00 FEET OF THE WESTERLY 150.00 FEET OF THE EASTERLY 170.00 FEET OF SAID QUARTER SECTION 171, ON WHICH THE BUILDING OF R. TYCE AND H. TYCE STOOD ON DECEMBER 8, 1927, SAID TRACT BEING AN EXCEPTION CONTAINED IN DEED RECORDED IN BOOK 1433, PAGE 76 OF DEED,

Parcel No. 2 (continued)

RECORDS OF SAN DIEGO COUNTY.

ALSO, THE WESTERLY 150.00 FEET OF THE EASTERLY 170.00 FEET OF SAID QUARTER SECTION 172 LYING SOUTHERLY OF THE NORTHERLY LINE OF "F" STREET, 80.00 WIDE BEING THE NORTHERLY LINE OF THE SOUTHERLY 40.00 FEET OF THE NORTHEAST QUARTER OF SAID QUARTER SECTION 172.

EXCEPTING THEREFROM THE WESTERLY 90.00 FEET OF THE EASTERLY 170.00 FEET OF THE SOUTHERLY 332.00 FEET OF SAID QUARTER SECTION 172.

Parcel No. 3 [Pipeline Easement]

A nonexclusive easement and right of way to erect, construct, reconstruct, operate, repair, replace, change the size of, maintain, demolish, remove, inspect, patrol and use an underground line of pipe for the transmission and distribution of fuel oil, natural gas or other fuel, together with all the fixtures, equipment and appurtenances necessary or convenient for the operation and maintenance thereof, in, upon, under and along the following lands (the "Pipeline Easement").

That certain strip of land 10.00 feet in width, the center line of said strip is described as follows:

Commencing at the East Quarter corner of 1/4 Section 172 of Rancho De La Nacion, according to Map thereof No. 166, filed in the Office of the County Recorder of said County of San Diego; as shown and delineated on sheet 5 of Record of Survey Map No. 9039, filed in the Office of the County Recorder of said County of San Diego; thence along the center line of "F" Street, as shown and delineated on said Record of Survey Map No. 9039, South 72° 03' 28" West (rec. South 72° 03' 22" West), 95.49 feet; thence leaving said center line, North 17° 41' 08" West, 40.00 feet to a point on the Northerly right of way line of "F" Street, said point being the TRUE POINT OF BEGINNING of the center line herein described; thence continuing North 17° 41' 08" West, 2594.52 feet; thence North 15° 58' 39" West, 397.18 feet; thence North 18° 14' 24" West, 1983.87 feet; thence North 17° 19' 17" West, 406.67 feet; thence North 70° 25' 39" East, 63.71 feet; thence North 22° 01' 58" West, 48.85 feet; thence North 17° 42' 51" West, 416.79 feet; thence South 72° 00' 34" West, 59.07 feet; thence North 17° 47' 33" West, 1068.55 feet to a point on the Southwesterly line of the A. T. & S. F. Railroad.

EXHIBIT C

DESCRIPTION OF FACILITY SITE

The land referred to herein as the Facility Site is situated in the state of California, County of San Diego and is described as follows:

Parcel No. 1

PARCEL 1 OF PARCEL MAP NO. 18185 IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY DECEMBER 30, 1998 AS FILE NO. 1998-858614 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM those certain parcels described as follows:

Parcel No. 1 [ELECTRICAL SUBSTATION]

All that certain real property situated in the state of California, County of San Diego and more particularly described as follows:

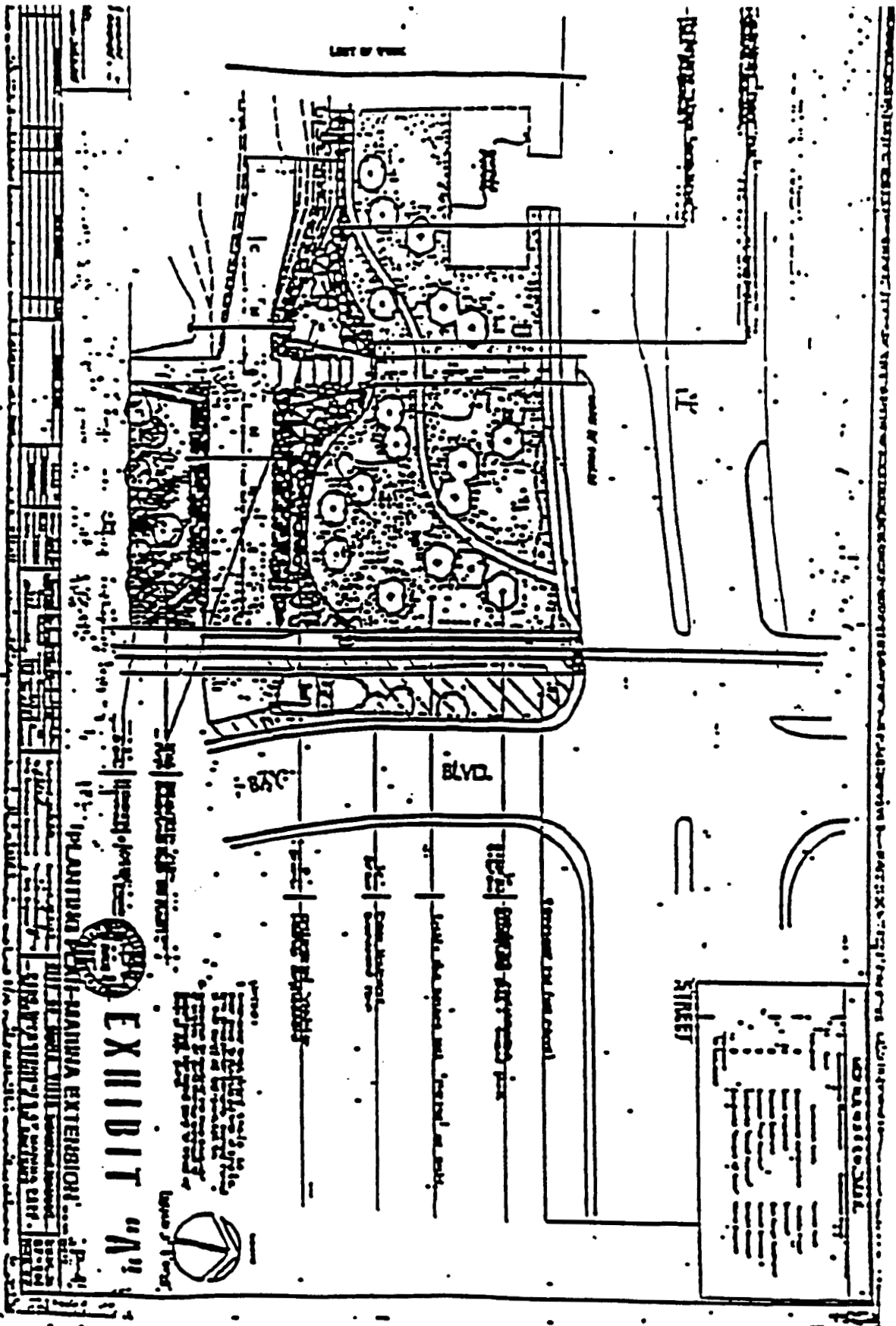
Commencing at the most Northerly corner of Parcel 1 of Parcel Map No. 16887, filed June 26, 1992 at File No. 92-0400010 in the Office of the County Recorder of said County of San Diego; thence along the Northerly line thereof, South 70° 26' 27" East, 750.24 feet (rec. South 70° 26' 34" East, 750.26 feet) to the Northeast corner thereof; thence North 21° 37' 32" East, 1189.41 feet to the TRUE POINT OF BEGINNING, thence North 59° 27' 20" West, 799.99 feet; thence North 31° 28' 13" East, 10.67 feet; thence North 59° 41' 05" West, 24.55 feet; thence North 30° 30' 51" East, 278.95 feet; thence South 59° 18' 04" East, 162.85 feet; thence North 30° 15' 11" East, 180.28 feet; thence South 59° 23' 38" East, 426.19 feet; thence South 30° 42' 07" West, 179.78 feet; thence South 59° 29' 20" East, 236.41 feet; thence South 30° 27' 07" West, 289.27 feet to the TRUE POINT OF BEGINNING.

Parcel No. 2 [PARK NOTCH]

All that certain real property situated in the state of California, County of San Diego being utilized by the City of Chula Vista for park purposes pursuant to that certain license between the City of Chula Vista and SDG&E, dated March 1, 1988, as amended by 1st Amendment to License dated December 8, 1992, as further amended by 2nd Amendment to License dated February 24, 1998, as shown on the Exhibit A drawing attached hereto.

S N O

EXHIBIT "A"



**Schedule D to
Contract and Permit Rights
Assignment**

Contracts, Permits and Other Agreements and Rights

A. Contracts

1. Those agreements relating to the following matters with the parties set forth below

Service	Vendor Name and PO Number	Issue/Expiration Date
NPDES permit required study to characterize the fish community within the discharge channel	Merkel & Associates Inc C 9704 20046	4/28/97 - 8/31/00
NPDES permit required study of temperature and turbidity effects on eelgrass.	Merkel & Associates Inc C 9708 20128	9/9/97 - 9/7/00
South Bay Unit 2 SCR Project	Raytheon Engineers & Contractors C 9807 28036	8/1/98 - 6/30/00
NPDES permit required study to assess the mass of copper discharged to San Diego Bay from the Circulating Water system	Space and Naval Warfare Systems C 9808 20114	9/10/98-12/31/99
Turnkey Equipment/Construction/Engineering Services for NOx Reduction System for South Bay Units 1 and 2	Babcock & Wilcox C950828021	9/18/95
Software service for CEMS (to address year 2000 issues)	Control Technologies Inc. C 9809 20127	9/16/98 - 12/31/99

2. Contracts which are Assigned Contracts as defined in the Asset Sale Agreement, and which are of the following type: construction contracts relating to construction work in progress at the Facility which have been executed as of the Lease Commencement Date; equipment leases (whether operating or capital leases) and installment purchase contracts which exist as of the Lease Commencement Date; contracts or arrangements binding on the Facility which restrict the nature of the business activities in which the Facility may engage and which exist as of the Lease Commencement Date.

3. Those agreements relating to the following matters with the parties set forth below

System	Licensor/Vendor
Amertap - Debris Filter PLC - Unit 1 Condenser Cleaning System	Rockwell Software, Inc.
South Bay Waste Water Blow Down PLC - PLC to control sewer water to City of Chula Vista	Rockwell Software, Inc.
Beta SER - Sequence of events microprocessor in each control room	Hathaway Process Instrumentation
South Bay Burner Control PLC - Unit 1 Burner Management System	Texas Instruments - TiSoft
South Bay Waste Water PLC - Waste Water Filter Cake Maker to remove contamination	Texas Instruments - TiSoft
DCS Application - Distributed Control System	Elsag Bailey, Inc., Bailey Controls Company Division
DCS VMS Operating System - Distributed Control System (9 DEC VMS Operating Systems)	Digital Electronic Corp.
EPSOM VMS Operating System (1 System)	Digital Electronic Corp.
CEM Machines (1 System)	Digital Electronic Corp.
DEH - Digital Electro Hydraulic System	TCSA
Machine View - On-Line Vibration Monitoring System	Computational Systems, Incorporated
IOMega Zip (CEM System)	IOMega
Q+E Software (CEM System)	Q+E
MS Visual Basic (CEM System)	Microsoft
MS Windows (CEM System)	Microsoft
Wonderware (CEM System)	Wonderware Corporation
CEM 1-4 South Bay	Transdyn Controls, Inc.
Dynac System Software - EPSOM - Application - On-Line Performance Monitoring Software/Hardware	Transdyn Controls, Inc.
Dynac System Software - EPSOM - VMS - On-Line Performance Monitoring	Transdyn Controls, Inc.

Software/Hardware	
IMPACC - Motor Monitoring Software/hardware (Series 3)	Cutler Hammer
TCP/IP - Networking Software for Performance Monitoring Computer (EPSOM)	Wollongong Group, Inc.
CMS - Control Operator Training/Simulation software	Williams Learning Network, Inc.
DBASE (DCS)	Borland

B. Permits (to the extent assignable under Applicable Law)

1. The following licenses and permits

Permit Description	Agency	Permit No.	Permitted Equipment or Activity
Power Plant			
Air Quality PTO	SDAPCD	000794	Utility Boiler No. 1
Air Quality PTO	SDAPCD	000795	Boiler No. 2
Air Quality PTO	SDAPCD	001201	Boiler No. 3
Air Quality PTO	SDAPCD	001202	Boiler No. 4
Air Quality PTO	SDAPCD	003666	Abrasive Blast Enclosure
Air Quality PTO	SDAPCD	890141	Gasoline Service Site Tank
Air Quality PTO	SDAPCD	921148	Emergency Fire Fighting Water Pump - Propane Engine Set
Air Quality PTO	SDAPCD	940438	Emergency Engine Generator Set
Air Quality PTO	SDAPCD	940439	Emergency Engine Generator Set
Air Quality PTO	SDAPCD	940833	Remote Reservoir Cleaner
Air Quality PTO	SDAPCD	940995	Remote Reservoir Cleaner
Air Quality ATC	SDAPCD	950656	Selective Catalytic Reduction Nox Emission Control Systems for Units 1 and 2
Variance	SDAPCD		Variance from Rules 50, 53, 68 and 69.
Title V Permit Application	SDAPCD	960357	Entire Facility
Title IV Permit	SDAPCD	ORIS Code 310	Entire Facility
NPDES/WDR Permit	RWQCB	CA0001368 Order No. 96-05	Entire Facility

Permit Description	Agency	Permit No.	Permitted Equipment or Activity
Notice of Intent For General Permit to Discharge Storm Water Associated with Industrial Activity	SWRCB	97-03-DWQ	Entire Station
Tiered Permit	DTSC	EPA ID No. CAT000619056	Unit SB-WWT-1
Industrial Waste Permit	Chula Vista Dept. of Public Works	13-0019	Entire Facility
Health Permit	San Diego DEH	H13939	Hazardous Materials
Elevator PTO	DOSH	----	Elevator No. 033426
Elevator PTO	DOSH	----	Elevator No. 052388
Air Pressure Tank PTO	DOSH	----	Tank No. 19758-91 (NB No. 88457)
Air Pressure Tank PTO	DOSH	----	Tank No. 19768-91 (NB No. 90900-F)
Air Pressure Tank PTO	DOSH	----	Tank No. 20105-93 (NB No. 117270)
Air Pressure Tank PTO	DOSH	----	Tank No. 22606-72 (NB No. 24252)
Air Pressure Tank PTO	DOSH	----	Tank No. 23017-62 (NB No. 44560)
Air Pressure Tank PTO	DOSH	----	Tank No. 23044-59 (NB No. 12538)
Air Pressure Tank PTO	DOSH	----	Tank No. 35028-79 (NB No. 18028)
Air Pressure Tank PTO	DOSH	----	Tank No. 23059-60 (NB No. 3180)
Air Pressure Tank PTO	DOSH	----	Tank No. 23045-59 (NB No. 12539)
Air Pressure Tank PTO	DOSH	----	Tank No. 17108-98 (NB No. 26661)
Steam Boiler PTO	DOSH	----	Boiler No. 22607-72 (NB No. 20942)
Steam Boiler PTO	DOSH	----	Boiler No. 23001-60 (NB No. 19995)
Steam Boiler PTO	DOSH	----	Boiler No. 23002-62 (NB No. 20551)
Steam Boiler PTO	DOSH	----	Boiler No. 23003-64 (NB No. 2178)

Permit Description	Agency	Permit No.	Permitted Equipment or Activity
SPCC	EPA	----	Entire Facility
SWPPP	SWRCB	----	Entire Facility
Business Emergency Plan/Haz. Mat. Inventory	County of San Diego DEH	----	Entire Facility
Hazardous Waste Source Reduction Review and Plan	DTSC	----	Entire Facility
Toxic and Prohibited Organic Chemical Management Plan	City of San Diego	----	Sewerage System
Facility Response Plan	EPA	09A0162	Entire Facility
Combustion Turbine			
Air Quality PTO	SDAPCD	001276	Gas Turbine/Generator
24th Street Marine Terminal Facility			
Air Quality PTO	SDAPCD	000802	Boiler
Health Permit	San Diego DEH	H31988	Hazardous Materials
Air Pressure Tank PTO	DOSH	----	Tank No. 19770-91 (NB No. 128944)
Fire Department Permit	National City Fire Dept.	----	Hazardous Occupancy Inspection and Permit
Business Emergency Plan/Haz. Mat. Inventory	County of San Diego DEH	----	Entire Facility
Facility Response Plan	EPA	09A0010	Entire Facility
Oil Spill Response Plan	DOT	432	Pipeline
Oil Spill Response Plan	US Coast Guard	05-93	Entire Facility
Oil Spill Contingency Plan	Cal. Fish & Game	F7-37-0150	Entire Facility
Oil Spill Response Manual	Cal. Fish & Game	F7-37-0150	Entire Facility
Marine Terminal Operation Manual	Cal. State Lands Comm'n/U.S. Coast Guard	----	Entire Facility
SPCC	EPA	----	Entire Facility

South Bay Power Plant		Schedule 2.1(g) Licenses (Others)	
Permit Description	Date	Permit No.	Permitted Equipment or Activity
Army Corps of Engineers			
Permit	1/28/58	DM-7652	Construction of Dikes and Excavation and Maintaining Cooling Water Intake and Discharge Channels
Letter of Authorization	11/5/62	--	Authorization to Dredge and Utilize Dredged Material to Form a Cooling Water Training Dike
Environmental Assessment	2/10/93	92-528-DZ	Environmental Assessment of Permit No. 92-528-DZ
Permit	2/25/93	92-528-DZ	Dredge, Transport, and Dispose at the LA-5 Ocean Disposal Site No More than 541,000 cy of Sediment from Intake Channel
Amendment to Permit	3/28/94	92-528-DZ	Amendment to Permit to Expand Current Dredge Cycle from 3/31/94 to 4/18/94
California Coastal Commission			
Coastal Development Permit	4/7/82	6-82-87	Demolition of an Existing Storage Building and Construction of Warehouse
Coastal Development Permit	4/7/82	6-82-88	Addition of Space to an Existing Office Structure
Coastal Development Permit	12/1/83	6-83-634	Construction of Storage Facility
Coastal Notice of Intent	6/13/86	6-86-117	Removal of Soils Contaminated by Oil Spill
Coastal Development Permit	1/10/89	A-6-CHV-88-555	Construction of Six Wastewater Storage Tanks
Consistency Certification	12/15/92	CC-101-92	Regarding Disposal of Dredged Material at LA-5
Coastal Development Permit	9/24/82	E-82-24	Construction of Three Metal Prefab Buildings
Letter to Coastal Commission	11/21/83	E-82-24	Letter to Coastal Commission Requesting change in Building Materials
Blanket Development Permit	7/21/73	F0335	Operation and Maintenance of Existing Power Generation Facilities

South Bay Power Plant		Schedule 2.1(g) Licenses (Others)	
Permit Description	Date	Permit No.	Permitted Equipment or Activity
Blanket Development Permit	7/21/73	F0336	Operation and Maintenance of Steam and Gas Facilities
Administrative Permit	6/9/78	F7141	Wall Panels for Gas Turbine Cycle Nitrogen Compressor Structure
California Regional Water Quality Control Board			
Closure Certification Report	10/07/91	--	Certification of Closure for the Wastewater Ponds
Adoption of Order	10/29/91	91-83	Rescinding Previous Order 88-82 Regarding Waste Discharge Requirements
Adoption of Order	12/19/94	94-164	Rescinding Previous Order 93-17 Regarding Waste Discharge Requirements for Maintenance Dredging
Adoption of Order	5/9/96	96-32	Regarding Waste Discharge Requirements for Maintenance Dredge/Fill Projects
City of Chula Vista			
Letter of Approval	2/25/82	--	Letter of Approval for Proposed Storage Building and Expanded Offices
Settlement Agreement	10/23/89	--	Concerning Agreement to Reinstate the General Industrial Land Use Designation for the Power Plant Property
Negative Declaration	6/5/92	IS-92-46	Negative Declaration Regarding Development of Concrete Floor and Three-Foot High Perimeter Wall Containment Structure
Conditional Use Permit	2/15/82	PCC-82-14	Permit to Allow Modular Unit Space (Commercial Coaches) for Use as Temporary Offices
Request for Extension	2/20/84	PCC-82-14	Request for Extension for Use of Commercial Coaches for a Period of One Year
Council Agenda	9/15/87	027	Resolution Recommending Adoption of Permit for Three-Phase Master Landscape Plan
Development Permit	1/14/88	032	Installation of an Administrative Office Building and Parking Lot

South Bay Power Plant	Schedule 2.1(g) Licenses (Others)		
Permit Description	Date	Permit No.	Permitted Equipment or Activity
Development Permit	8/25/88	041	Grading, Paving, and Containment Wall Construction
Resolution	9/12/89	15292	Resolution to Enter Into Agreement to Dismantle Two Liquefied Natural Gas Tanks
Resolution	10/23/89	15354	Resolution Reinstating General Industrial Designation on General Plan
Land Development Permit		76-16G	On site grading associated with the primary and secondary wastewater ponds and waste water treatment plant
Land Development Permit		75-12G	Pavement for Fuel Oil Storage Project
Building Permit		1948	Construction of Fuel Oil Tank No. 7
Building Permit		2624	For construction of demineralizer and condensate polisher refurbishment project
Building Permit		27690	Installation of oil storage tank #6
Building Permit		27366	Construction of two oil storage tanks
Building Permit		26501	Construction of Electric Power Plant Unit #4
Street Permit Card		022	Installation of driveway approach with storm drain pipe
Permit		5053	Construct chain link fence with barbed wire
Building Permit		33052	Construct one 20,000 Bbl fuel oil tank (Tank B)
Building Permit		33051	Construct one 20,000 Bbl fuel oil tank (Tank A)
Building Permit		31815	Construct foundations for fuel tank and turbine units
Building Permit		31814	Construction of foundation for fuel tank (Tank B)
Permit		25631	Equipment, cover, LNG processing, at foot of L street for Bldg. No. 14
Permit		25630	Equipment pavement cover, Bldg. No. 9

South Bay Power Plant		Schedule 2.1(g) Licenses (Others)	
Permit Description	Date	Permit No.	Permitted Equipment or Activity
Permit		25258	Foundations for liquefied natural gas tank for facilities bldg.
Permit		23845	First phase of construction of liquefied natural gas tank
Grading Permit			Grading permit to excavate and recompact soil under foundation for two 350,000 barrel fuel oil storage tanks, also prepare for cutter stock tank foundation and construction of earth dikes
Building Permit		25629	For control building LNG processing
Building Permit		2505	Construction of Operating Center building and Water Treatment Facility
Building Permit		7256	For South Bay LNG compressor building acoustical barrier
Building Permit			For backup power system building
Building Permit		106819	For construction of concrete pod
Building Permit		B93-3039	To install 7,500 gal. Waste Water Containment Facility
Port of San Diego			
Notice of Determination	2/23/93	--	Maintenance Dredging of Existing Intake Channel
Development Permit	3/11/93	N93-7-128	Maintenance Dredging of Existing Intake Channel
Cargo Handling Permit	2/24/99	3631	Authorization to Handle Cargo on the Marine Terminals of the Port
Least Tern Agreement	4/6/98	--	Governs access to the Chula Vista Wildlife Reserve
San Diego Coast Regional Commission			
Development Permit	8/18/73	F0283	Installation of Three New Gas Turbine Electric Generating Units
Development Permit	3/8/75	F2139	Construction of Barrel Storage Tank
Development Permit	12/17/76	F4312	Construction of 8 Ft. Chain Link Fence; Construction of Dosium Vapor Light Fixtures

South Bay Power Plant		Schedule 2.1(g) Licenses (Others)	
Permit Description	Date	Permit No.	Permitted Equipment or Activity
Exemption	4/9/73	FX0038	Exemption to Modify Boilers to Comply with Lower Emission Levels
State Lands Commission			
Reimbursement Agreement	6/5/92	R17591	Reimbursement Agreement for Dredging Between SDG&E and the State of California
U.S. Department of the Interior			
Permit	2/27/86	1-6-86-TA-108	Removal of Contaminated Soil
U.S. Department of Commerce / National Marine Fisheries Service / National Oceanic and Atmospheric Administration			
Letter of Authorization	7/1/94	--	Authorization to participate in California Marine Mammal Stranding Network (for rehabilitation of injured animals).
Catellus Management Corporation			
* License	5/26/59	ATSF #63317	License originally from Atchison, Topeka and Santa Fe Railway Company to Construct and Maintain a 10" Fuel Oil Pipeline Across the Tracks
Metropolitan Transit Development Board			
License	10/26/59		License originally from San Diego & Arizona Eastern Railway Co. to Construct and Maintain a 10" Pipeline
License	10/23/64		License originally from San Diego & Arizona Eastern Railway Co. to Construct, Repair, Maintain and Use a Private Roadway Across the Tracks

[* Assignee shall assume liabilities relating to this license (to the extent permitted by its terms) when the pipelines referenced in Schedule 2.1(d) of the Asset Sale Agreement are transferred to Assignor.]

South Bay Power Plant		Schedule 2.1(g) Licenses (Others)	
Permit Description	Date	Permit No.	Permitted Equipment or Activity
License	9/1/74		License originally from San Diego & Arizona Eastern Railway Co. to Construct, Maintain and Use a Private Roadway Across the Tracks; But License is Restricted to Emergency Cases Only
United States Fish and Wildlife Service/California Department of Fish and Game			
Subregional Natural Community Conservation Plan	10/95		Comprehensive Plan related to endangered/threatened species and habitats.
Subregional Natural Community Conservation Plan -- Implementing Agreement	12/18/95		Implements the Comprehensive Plan related to endangered/threatened species and habitats.
Section 10(a) Permit	12/18/95	PRT-809637	Incidental Take Permit

C. Other Agreements and Rights

1. All of Assignor's right, title and interest in and to all of the books, records, plans, drawings, instruction manuals, engineering and consulting reports (including those concerning year 2000 compliance) and similar items which relate exclusively to the Facility and which are located at the Facility as of the Lease Commencement Date, and other procedural manuals related primarily to the operation of the Facility which are located at the Facility as of the Lease Commencement Date.
2. To the extent transferable, all right, title and interest in and to unexpired warranties which SDG&E has received from third parties which relate to the operation or maintenance of the Facility and which exist as of the Lease Commencement Date, including warranties set forth in any equipment purchase agreement, construction agreement, lease agreement, consulting agreement or agreement for architectural or engineering services.
3. All right, title and interest in and to advance payments, prepayments, prepaid expenses, deposits and the like (i) made by SDG&E on its behalf in the ordinary course of business specifically with respect the Facility prior to the Lease Commencement Date, (ii) which exist as of such Lease Commencement Date, and (iii) with respect to which Assignee will receive the benefit after the Lease Commencement Date, which are listed below:

Permit Description	Permit No.	Due Date or Date Payment Made	Fee (Estimated or Actual)

Permit Description	Permit No.	Due Date or Date Payment Made	Fee (Estimated or Actual)
Air Permit 13D01 Boiler #1	000794	3/1/1999	\$2,228.00
Air Permit 92A01 Boiler #1	000794	3/1/1999	\$2,990.00
Air Permit 92G01 Boiler #1	000794	3/1/1999	\$1,543.00
Air Permit 92I Boiler #1	000794	3/1/1999	\$650.00
Air Permit Fee	000794	3/11/1999	\$107.00
Air Permit 13D01 Boiler #2	000795	3/1/1999	\$2,228.00
Air Permit 92A01 Boiler #2	000795	3/1/1999	\$2,990.00
Air Permit 92G01 Boiler #2	000795	3/1/1999	\$1,543.00
Air Permit 13D01 Boiler #3	001201	3/1/1999	\$2,228.00
Air Permit 92A01 Boiler #3	001201	3/1/1999	\$2,990.00
Air Permit 92G01 Boiler #3	001201	3/1/1999	\$1,543.00
Air Permit 13D01 Boiler #4	001202	3/1/1999	\$2,228.00
Air Permit 92A01 Boiler #4	001202	3/1/1999	\$2,990.00
Air Permit 92G01 Boiler #4	001202	3/1/1999	\$1,543.00
Air Permit Abrasive Blast Enclosure	003666	3/1/1999	\$98.00
Emission Fees 40(r)	00334A	3/1/1999	\$ 155,661.00
Site Processing Fee 40 (r)	00334A	3/1/1999	\$32.00
Permit Fee 40(r)	00334A	3/1/1999	\$273.00
Abrasive Blast Machine	040045	3/1/1999	\$64.00
Em DC Gen#1, S/A	940438	3/1/1999	\$100.00
Em DC Gen#2, S/A	940439	3/1/1999	\$100.00
Remote Reservoir Cleaner - Portable	940833	3/1/1999	\$72.00
Remote Reservoir Cleaner - Portable	940995	3/1/1999	\$72.00
Gas Serv Site	890141	3/1/1999	\$78.00
Title V Permit Application	960357	3/9/98	\$8,000.00
Fire Fighting Water Pump	921148	3/1/1999	\$129.00
Toxic Emission Fee 40 (r)	00334A	3/1/1999	\$184.00
Environmental Fee Return	EF HQ 42-000528	2/19/1999	\$700.00.
Health Permit for the South Bay Power Plant	H13939	6/30/1999	\$3,562.50
Industrial Users Disposal Permit	13-0019-00	11/27/99	\$1,500.00
Water Discharge Annual Fee	9000000091	10/24/1999	\$10,000.00
AST Fees - Above Ground		7/1/1998	\$400.00

Permit Description	Permit No.	Due Date or Date Payment Made	Fee (Estimated or Actual)
Storage Tank (Every two years)			
Clean Air Act (Acid Rain Fees)	Clean Air Act	6/17/1998	\$28,383.00
Clean Air Act (Acid Rain Fees)	Clean Air Act	7/31/1998	\$33,871.00
EPA ID fees	EPA	1/21/1999	\$630.00
Pipeline Safety	Hazardous Liquid Pipeline Safety Program	5/14/1998	\$2,019.00
Hazardous Waste Generator Fee & Waste Report	HYHQ36-007729	2/23/99	\$1,123.00.
<u>South Bay Gas Turbine Air Permit 20G01</u>	001276	3/1/1999	\$108.00
<u>South Bay Gas Turbine Air Permit 92G01</u>	001276	3/1/1999	\$1,543.00
<u>National City Fuel Oil Facility</u> Air Permit 13A01 Boiler	000802	2/1/1999	\$141.00
<u>National City Fuel Oil Facility</u> Emission Fees Rule 40(r)	00336A	2/1/1999	\$41.00
<u>National City Fuel Oil Facility</u> Site Processing Fee	00336A	2/1/1999	\$32.00
<u>National City Fuel Oil Facility</u> Permit Processing Fee	00336A	2/1/1999	\$21.00
<u>National City Fuel Oil Facility</u> Cargo Handling Permit	Cargo	2/28/1999	\$125.00
<u>National City Fuel Oil Facility</u> Health Permit	H31988	9/30/1999	\$ 1,215.00
<u>National City Fuel Oil Facility</u> Fire Department Permit Fee	0543	3/27/1999	\$25.00

4. All of the SDG&E Offsets.

5. All of Assignor's right, title and interest in and to the right to receive mail and other communications addressed to SDG&E or Assignor or any of their affiliates insofar as such mail or other communications relates exclusively to the ownership or operation of the Facility or Assumed Liabilities after the Lease Commencement Date.
6. Agreement between the city of Chula Vista and SDG&E, dated November 13, 1978, wherein SDG&E agrees to allow the city of Chula Vista to utilize a portion of the Facility Site to train K-9 officers.
7. All liabilities and obligations of Assignor under open purchase orders pertaining to the Facility that were entered into by SDG&E in the ordinary course of business with respect to operation of the Facility on or prior to the Lease Commencement Date and which provide for the delivery of goods or services subsequent to the Lease Commencement Date.
8. Easement for waste water sewer connection pipe arising under Easement Agreement between SDG&E and San Diego & Arizona Eastern Railroad Company, dated as of June 19, 1997, recorded September 9, 1997 as document number 1997-0436325.
9. All obligations or liabilities related to year 2000 compliance matters.