

Reoffering Circular**Not a New Issue – Book Entry Only**

On May 19, 2011, Greenberg Traurig, LLP, as Bond Counsel at that time, rendered its opinion that under then existing law, (a) interest on the Bonds was excludable from gross income of the owners thereof for federal income tax purposes (except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and (b) such interest was not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, however, such interest was taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Greenberg Traurig, LLP also rendered its opinion that so long as interest on the Bonds is not included in gross income for federal income tax purposes, interest on the Bonds is not included in net income for purposes of the tax imposed on individuals, estate, and trusts under the New Mexico Income Tax Act or the tax imposed on corporations under the New Mexico Corporate Income and Franchise Tax Act. The opinions of Greenberg Traurig, LLP are not required to be, and have not been, updated or reissued in connection with the reoffering of the Bonds. Kutak Rock LLP, as successor Bond Counsel, will render its opinion to the effect that the change in Mode for the Bonds to the Term Rate Mode on the Mode Change Date will not, in and of itself, impair any exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes. For a more complete discussion, see “TAX MATTERS.”

\$55,540,000
City of Farmington, New Mexico
Pollution Control Refunding Revenue Bonds
(Southern California Edison Company Four Corners Project)
2011 Series (Non-AMT)

Mode Change Date: April 1, 2015**Mandatory Purchase Date: April 1, 2020****Due: April 1, 2029**

The Bonds being reoffered hereby were issued by the City of Farmington, New Mexico (the “City”) to refinance the cost of certain facilities for the abatement, control, reduction or prevention of pollution caused by the operation of certain electric generating units at the Four Corners Generating Station located in San Juan County, New Mexico. The Bonds are limited obligations of the City, and are payable solely from and secured by a pledge of payments to be made on a series of First and Refunding Mortgage Bonds issued by and otherwise from payments to be made under an Installment Sale Agreement between the City and

Southern California Edison Company

The Bonds will bear interest at a Term Rate of 1.875% per annum from April 1, 2015 to, but not including, April 1, 2020, payable on October 1, 2015 and on the first day of each April and October thereafter. On and after April 1, 2020, the rate of interest on the Bonds may be adjusted from time to time to Daily, Weekly, SIFMA-Based Term, Term, Fixed or Commercial Paper Rates upon notice and as described herein.

On April 1, 2020, the Bonds are subject to mandatory purchase at 100% of the principal amount thereof, as described herein. Failure to pay the purchase price of the Bonds on the Mandatory Purchase Date would constitute an Event of Default under the Ordinance pursuant to which the Bonds were issued. The Bonds are not subject to optional redemption prior to April 1, 2020 but are subject to extraordinary optional and mandatory redemption in the manner and at the times described herein.

Morgan Stanley & Co. LLC will serve as lead Underwriter for the Bonds.

The Bonds are reoffered only as fully registered bonds registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which currently acts as securities depository for the Bonds as described herein. Beneficial ownership interests in the Bonds may be acquired initially in denominations of \$5,000 and any integral multiple thereof. Beneficial owners of the Bonds will not receive physical delivery of the bond certificates except as described herein. So long as Cede & Co., as nominee of DTC, is the exclusive registered owner of the Bonds, payments of principal of, and interest on, the Bonds, will be made by The Bank of New York Mellon, as Trustee for the Bonds, to DTC on each applicable payment date. Disbursement of such payments to DTC’s participants will be the responsibility of DTC, and disbursement of such payments to beneficial owners of the Bonds will be the responsibility of such participants. See “THE BONDS—Book-Entry Only System” herein.

This Reoffering Circular has been prepared solely for use in connection with the reoffering of the Bonds in the Term Rate Mode on the Mode Change Date. Offering materials would be required to be prepared and delivered to prospective purchasers of the Bonds before any reoffering of the Bonds in the Daily Mode, the Weekly Mode, the SIFMA-Based Term Rate Mode, the Fixed Rate Mode or the Commercial Paper Mode, or to another Term Rate Mode, could take place.

The Bonds do not constitute nor give rise to a pecuniary liability of the City of Farmington, New Mexico, or a charge against its general credit or taxing power.

This cover page contains certain information for quick reference only. It is not a summary of the matters referred to herein. Investors must read this entire Reoffering Circular to obtain information essential to the making of an informed investment decision.

Price: 100%

The Bonds are reoffered subject to prior sale, withdrawal or modification of the offer without notice and to certain other conditions. It is expected that delivery of the Bonds in definitive form will take place through the facilities of DTC in New York, New York on April 1, 2015.

Morgan Stanley

**Barclays
Blaylock Beal Van, LLC
Loop Capital Markets**

**J.P. Morgan
C.L. King & Associates
Siebert Brandford Shank & Co., L.L.C.**

March 19, 2015

No broker, dealer, sales representative or other person has been authorized to give any information or to make any representations other than as contained in this Reoffering Circular in connection with the reoffering described herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City of Farmington, New Mexico, Southern California Edison Company or the Underwriters. This Reoffering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of, such securities by any person in any jurisdiction in which it is unlawful for any person to make such offer, solicitation or sale. Neither the delivery of this Reoffering Circular nor the sale of any of the Bonds implies that the information herein is correct as of any time subsequent to the date hereof.

Information herein has been obtained from Southern California Edison Company and other sources deemed reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation by, the Underwriters. This Reoffering Circular is submitted in connection with the sale of the securities referred to herein, and may not be reproduced or used, in whole or in part, for any other purposes. Neither the delivery of this Reoffering Circular nor the sale of any securities hereunder, under any circumstances at any time, shall imply that the information herein is correct as of any time subsequent to its date.

This Reoffering Circular and the information contained herein and in the appendices hereto (including, but not limited to, the information incorporated into APPENDIX A hereto by reference) are not to be construed to be representations by the City of Farmington, New Mexico. The City of Farmington, New Mexico, neither has nor assumes any responsibility for the accuracy or completeness of any information in this Reoffering Circular or its appendices or the information incorporated by reference into APPENDIX A hereto.

In connection with this reoffering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Bonds reoffered hereby at a level above that which might otherwise prevail on the open market. Such stabilizing, if commenced, may be discontinued at any time.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Reoffering Circular. Any representation to the contrary is a criminal offense.

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\$55,540,000
CITY OF FARMINGTON, NEW MEXICO
POLLUTION CONTROL REFUNDING REVENUE BONDS
(SOUTHERN CALIFORNIA EDISON COMPANY FOUR CORNERS PROJECT)
SERIES 2011

INTRODUCTORY STATEMENT

This Reoffering Circular is provided to furnish information in connection with the reoffering of Pollution Control Refunding Revenue Bonds (Southern California Edison Company Four Corners Project) 2011 Series in the aggregate principal amount of \$55,540,000 (the "Bonds"), issued by the City of Farmington, New Mexico (the "City") pursuant to Ordinance No. 2011-1243 adopted by the City Council of the City on May 10, 2011 (the "Ordinance"). The Bank of New York Mellon has been appointed trustee under the Ordinance (the "Trustee"). Capitalized terms used but not defined herein (including in APPENDIX D hereto) have the meanings assigned to them in the Ordinance.

Purpose

The Bonds were issued by the City on May 19, 2011 at the request of Southern California Edison Company, a California corporation (the "Company"), for the purpose of refunding \$55,540,000 aggregate principal amount of the City's outstanding Pollution Control Refunding Revenue Bonds (Southern California Edison Company Four Corners Project) 1999 Series A (the "Prior Bonds"). The Prior Bonds were issued to refinance the cost to the Company of certain facilities (the "Facilities") for the abatement, control, reduction or prevention of pollution caused by the operation of Units 4 and 5 at the Four Corners Generating Station, a coal-fired electric power generating plant located in San Juan County, New Mexico (the "Plant"). The Company's undivided interest (approximately 48%) in the Facilities is herein referred to as the "Project." See "THE PROJECT" below for a discussion of the sale of the Project by the Company to Arizona Public Service Company, an Arizona corporation and electric utility that was a co-owner of the Plant with the Company and is the operator of the Plant ("APS").

Authority

The City was authorized to issue the Bonds pursuant to the Pollution Control Revenue Bond Act, Sections 3-59-1 to 3-59-14 New Mexico Statutes Annotated 1978, as amended (the "Act"), the Ordinance, and a resolution adopted by the City Council of the City on May 10, 2011 (the "Resolution").

Security and Sources of Payment

Pursuant to an Installment Sale Agreement, dated as of May 1, 2011 (the "Agreement"), between the City and the Company, the Project was sold by the Company to the City and resold by the City to the Company. Under the Agreement, the Company is obligated to pay the purchase price of the Project by making payments at such times and in such amounts as are required to pay when due the principal of and interest on the Bonds (the "Purchase Installments"). Pursuant to the Agreement, the Company's obligations to make the Purchase Installments and to make Purchase Price payments on the Bonds when due, as described herein,

and to perform and observe the other agreements on its part contained in the Agreement are absolute and unconditional, irrespective of any defense, lack of or defect in title to the Project or any rights of setoff, recoupment or counterclaim it might otherwise have against the City. To secure and provide for the payment of the Purchase Installments, the Company has issued a series of its first and refunding mortgage bonds (the "Series 2011 First Mortgage Bonds") under a Trust Indenture, dated as of October 1, 1923, between the Company and The Bank of New York Mellon Trust Company, N.A. and D. G. Donovan, as successor trustees (the "First Mortgage Trustees"), as amended and supplemented (the "Company Indenture") in the same principal amount, bearing the same rate of interest and maturing on the same date as the Bonds. Pursuant to the Ordinance, all rights, titles and interests of the City under the Agreement and the Series 2011 First Mortgage Bonds have been assigned to the Trustee, except for certain rights of the City to receive payment for fees and expenses and rights to indemnification.

The Bonds will never constitute the debt or indebtedness of the City within the meaning of any provision or limitation of the Constitution or statutes of the State of New Mexico and will never constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers. The Bonds are limited obligations of the City payable solely from the revenues and receipts derived by the City pursuant to the Agreement and pledged under the Ordinance to the Trustee for the payment of the Bonds, including payments on the Series 2011 First Mortgage Bonds. No Holder of any Bond will have any right to compel any exercise of the taxing power of the City to pay the principal of, or interest on the Bonds.

Concurrent Reofferings

Concurrently with the reoffering of the Bonds, (i) \$203,460,000 aggregate principal amount of Pollution Control Refunding Revenue Bonds (Southern California Edison Company Four Corners Project) 2005 Series A and B, issued by the City for the benefit of the Company, and (ii) \$75,000,000 aggregate principal amount of Pollution Control Refunding Revenue Bonds (Southern California Edison Company) 2010 Series, issued by Clark County, Nevada for the benefit of the Company (the "Clark County Bonds"), are being reoffered on April 1, 2015 pursuant to separate reoffering circulars. The consummation of each of the reoffering of the Bonds and each of the other two reofferings of bonds described above is subject to customary closing conditions and termination provisions. However, the consummation of none of these reofferings is contingent upon the consummation of any of the others. Accordingly, it is possible that one or more of these reofferings will be consummated, while one or more of the others will not be consummated.

Since the Company is currently the holder of the Bonds and the Clark County Bonds, the Company will receive the proceeds of the reofferings of those bonds and intends to use such proceeds for the repayment of short-term borrowings and general corporate purposes.

Miscellaneous

Brief descriptions of the City, the Bonds, the Project, the Agreement, the Ordinance, the Company Indenture, the Series 2011 First Mortgage Bonds and the Resolution are included in this Reoffering Circular. For information concerning the Company, see APPENDIX A hereto. The text of the approving opinion of Greenberg Traurig, LLP, Bond Counsel at the time of the

issuance of the Bonds on May 19, 2011, is included as APPENDIX B hereto. The proposed form of the opinion of Kutak Rock LLP, as successor Bond Counsel in connection with this reoffering of the Bonds (the “Successor Bond Counsel”), to be delivered on the April 1, 2015 Mode Change Date is included as APPENDIX C hereto. Certain definitions used herein are set forth in APPENDIX D hereto. The references herein to the Bonds, the Agreement, the Ordinance and the Resolution are qualified in their entirety by reference to such documents, copies of which may be obtained at the designated corporate trust office of the Trustee at 385 Rifle Camp Road, 3rd Floor, Woodland Park, New Jersey 07424. In addition, a copy of the Company Indenture may be obtained upon request to the Company, or through the Internet, as described in APPENDIX A. All such descriptions are further qualified in their entirety by reference to bankruptcy, insolvency, reorganization, moratorium or similar laws or governmental actions relating to or affecting generally the enforcement of creditors’ rights.

The City

The City is an incorporated municipality, a body politic and corporate, existing under the Constitution and laws of the State of New Mexico. The City is located in San Juan County, New Mexico. The City was authorized and empowered under the Act to issue the Bonds, to acquire the Project from, and sell the Project to, the Company, to adopt the Authorizing Ordinance, to secure the Bonds by a pledge of the receipts and revenues of the City from the Company pursuant to the Agreement and to adopt the First Supplemental Ordinance.

THE PROJECT

The Project consists of the undivided interest in the Facilities at the Plant previously owned by the Company. On December 30, 2013, the Company sold the Project to APS.

As discussed below under the heading “THE INSTALLMENT SALE AGREEMENT—Tax Matters,” the Company has agreed that it has not taken or permitted, or omitted to take, and will not take or permit, or omit to take, any action which will cause the interest on the Bonds to be includable in the federal gross income of the holders or Beneficial Owners thereof (except a person who is a “substantial user” of the facilities refinanced with proceeds of the Bonds or a “related person” within the meaning of Section 103(b)(13) of the 1954 Code).

Without limiting the generality of the preceding paragraph, the Company has covenanted and agreed that, if any change in the use of the Project (or any portion thereof) has occurred which would, without the taking of the appropriate remedial action, result in the interest on the Bonds being included in the gross income of the holders or Beneficial Owners thereof for purposes of federal income taxation (any such change in use, with such result, being hereinafter called a “Disqualifying Change in Use”), the Company will take any and all actions necessary or required in order that interest on the Bonds will not be included in gross income of the holders or Beneficial Owners thereof for purposes of federal income taxation (other than a holder or Beneficial Owner who is a “substantial user” of the Project or a “related person” within the meaning of Section 103(b)(13) of the 1954 Code).

The City has also issued tax-exempt bonds to finance pollution control facilities at the Plant for the benefit of APS pursuant to an Amended and Restated Installment Sale Agreement between the City and APS dated as of September 1, 1994 (the “APS Sale Agreement”).

At the request of the Company, on May 19, 2011, APS provided a letter to the City under which APS agreed to provide the City with access to the Project in accordance with the provisions of the APS Sale Agreement, to maintain the Project in accordance with the provisions of the APS Sale Agreement and to maintain insurance on the Project in accordance with the provisions of the APS Sale Agreement (the “APS Letter Agreement”) in order that the Company could satisfy its covenants with respect to such matters under the Agreement. The City agreed under the APS Letter Agreement that the agreement by APS with respect to the Project did not in any way limit or restrict the right or ability of APS at any time to sell, modify or cease operation of, or take any other action related to, the Project, provided that at least 60 days prior to any sale of the Project, any modification of the Project which changes the use of the Project, the discontinuance of operation by APS of the Project or APS ceasing to be the operator of the Plant, APS will give written notice thereof to the City and the Company. The APS Letter Agreement terminates on the earliest of (i) the sale by APS of the Project, (ii) the discontinuance of operation by APS of the Project, (iii) the Bonds and all other tax-exempt bonds issued by the City to finance certain pollution control facilities at the Plant for the Company’s benefit no longer being outstanding and (iv) APS ceasing to be the operator of the Plant.

The 60-day notice period in the APS Letter Agreement is designed to enable the Company to determine whether a Disqualifying Change in Use has occurred or will occur and, if it has or will, to act in accordance with the Internal Revenue Code of 1986, as amended (the “Code”), and regulations promulgated thereunder to preserve the tax-exempt status of interest on the Bonds by taking “remedial action” to redeem all or a portion of the Bonds within 90 days of the Disqualifying Change in Use.

If there is a Disqualifying Change in Use of the Project or any portion thereof and the Company is unable after reasonable effort to obtain an Opinion of Bond Counsel to the effect that a court in a properly presented case should decide that Section 150 of the Code (or successor provision of similar import), does not prevent that portion of the Purchase Installment payable under the Agreement attributable to interest on the Bonds from being deductible by the Company for federal income tax purposes, the Company has the option to cause a redemption of all or a portion of the Bonds at a redemption price equal to 100% of the principal amount of the Bonds which the Company has determined to be necessary to be redeemed in order for the Company to retain its right to such interest deductions plus accrued interest, if any, to the redemption date, by exercising its option to prepay Purchase Installments payable under the Agreement (a “Change in Use Redemption”). The Change in Use Redemption is discussed below in the last paragraph under the heading “THE BONDS—Redemption—*Extraordinary Optional Redemption.*”

In addition, as discussed below under the heading “THE BONDS—Redemption—*Mandatory Redemption on Determination of Taxability,*” on any date not later than the 180th day following the occurrence of a Determination of Taxability, the Bonds are required to be redeemed at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date in whole, or in part if the Trustee and the City receive an Opinion of Bond Counsel to the effect that the redemption of a specified portion of the Bonds

Outstanding would have the result that interest payable on the Bonds remaining Outstanding after such redemption would be Tax-Exempt to any holder or Beneficial Owner of a Bond (other than a holder or Beneficial Owner who is a “substantial user” of the facilities refinanced with the proceeds of the Bonds or a “related person” within the meaning of Section 103(b)(13) of the 1954 Code), and in such event the Bonds will be redeemed (in Authorized Denominations) in such amount as Bond Counsel in such opinion has determined is necessary as to accomplish that result.

Notice of the call for any redemption of Bonds or any portion thereof (which must be in Authorized Denominations) identifying the Bonds or portions thereof to be redeemed, specifying the redemption date, the redemption price, the redemption place and manner of payment and that from the redemption date interest will cease to accrue, must be given by the Trustee to the Owners of Bonds to be redeemed by mailing a copy of the redemption notice by first-class mail, postage prepaid, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books not less than 20 days nor more than 60 days prior to the redemption date.

THE BONDS

General

On April 1, 2015 (the “Mode Change Date”) the Bonds will begin to bear interest at the Term Rate set forth on the cover page hereof (the “Term Rate”) and will continue to bear interest at the Term Rate from the Mode Change Date to, and including, March 31, 2020 (such period being herein referred to as the “Term Rate Mode”). Interest on the Bonds at the Term Rate will begin accruing on the Mode Change Date and will be payable on October 1, 2015 and on the first day of each April and October thereafter (the “Interest Payment Dates”) and will be calculated on the basis of a 360-day year comprised of twelve 30-day months. On and after April 1, 2020, the rate of interest on the Bonds may be adjusted from time to time to Daily, Weekly, SIFMA-Based Term, Term, Fixed or Commercial Paper Rates, at the option of the Company, subject to certain restrictions and upon notice as described in the Ordinance. This Reoffering Circular does not contain any information regarding the Bonds after the end of the Term Rate Mode.

On April 1, 2020 (the “Mandatory Purchase Date”), the Bonds are subject to mandatory purchase by the Company at 100% of the principal amount thereof, as described below under “THE BONDS—Mandatory Purchase.” The Bonds are not subject to optional redemption prior to the Mandatory Purchase Date but are subject to extraordinary optional redemption and to mandatory redemption prior to the Mandatory Purchase Date in the manner and at the times described below under “THE BONDS—Redemption.” The Bonds mature on April 1, 2029 (the “Maturity Date”). The principal of the Bonds will be payable on the Principal Payment Dates, upon surrender thereof at the Principal Office of the Trustee.

During the Term Rate Mode, the Bonds will be fully registered Bonds, without coupons, in denominations of \$5,000 and any integral multiple thereof (the “Authorized Denominations”). The Bonds are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to DTC’s book-entry only system (the “Book-Entry Only System”). Purchases of beneficial interests in the Bonds will be made in

book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Bonds, the Bonds will be exchangeable for other fully registered certificated Bonds bearing interest at the Term Rate in any Authorized Denominations. See “THE BONDS—Book-Entry Only System—*Discontinuance of Book-Entry Only System*” herein. The Trustee may require the payment by any Owner of any tax or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond.

The principal of and interest on the Bonds will be payable in lawful money of the United States of America. The interest on the Bonds will be paid by the Trustee on the Interest Payment Dates by checks mailed by the Trustee to the respective Owners of record thereof on the 15th day (whether or not a Business Day) of the month immediately preceding each Interest Payment Date (the “Record Date”) at their addresses as they appear on the applicable Record Date in the books required to be kept by the Trustee, except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of the Bonds, payment of interest will be made by wire transfer of immediately available funds to an account within the continental United States on the Interest Payment Date following such Record Date upon the written request of such Owner to the Trustee.

The Bonds are subject to extraordinary optional redemption during the Term Rate Mode as described below under “THE BONDS—Redemption—*Extraordinary Optional Redemption*.”

The Bonds are also subject to special mandatory redemption during the Term Rate Mode as described below under “THE BONDS—Redemption—*Mandatory Redemption on Determination of Taxability*.”

Redemption

Optional Redemption. During the Term Rate Mode, the Bonds are not subject to optional redemption at the direction of the Company.

Extraordinary Optional Redemption. During the Term Rate Mode, the Bonds will be redeemed by the City in whole, but not in part, at any time, upon the exercise by the Company of its option to prepay the Purchase Installments in whole pursuant to the Agreement, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption, upon the occurrence of any of the following events:

- (i) all or substantially all of the Project is damaged or destroyed and the Company determines that it is not practicable or desirable to rebuild, repair and restore the Project;
- (ii) all or substantially all of the Project is condemned or such use or control thereof is taken by eminent domain as to render the Project unsatisfactory to the Company for continued operation;
- (iii) unreasonable burdens or excessive liabilities are imposed upon the City or the Company with respect to the Project or the operation thereof;

(iv) all or substantially all of the property of the Company is transferred or sold to any corporation other than an affiliate of the Company or the Company is consolidated with or merged into a corporation other than an affiliate of the Company in such manner that the Company is not the surviving corporation; or

(v) APS does not provide right of access to the Project, or does not maintain the Project or does not maintain insurance with respect to the Project in the manner required by the Agreement and described herein under “THE INSTALLMENT SALE AGREEMENT—Certain Additional Covenants of the Company—*Right of Access to the Project*” and “—*Maintenance and Repair, Taxes, Insurance and Other Charges,*” and the Company is notified of its failure to observe or perform any such covenant as described below under (c) of the first paragraph under “THE INSTALLMENT SALE AGREEMENT—Defaults.”

See “THE PROJECT” above and the discussion of the sale of the Project by the Company to APS on December 30, 2013.

The Bonds will also be subject to optional redemption during the Term Rate Mode, in whole or in part, on any date at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the date of redemption, if the Company delivers to the Trustee a written certificate (A) to the effect that by reason of a change in use of the Project or any portion thereof, the Company has been unable, after reasonable effort, to obtain an Opinion of Bond Counsel to the effect that a court, in a properly presented case, should decide that Section 150 of the Code (or successor provision of similar import) does not prevent that portion of the Purchase Installment payable under the Agreement attributable to interest on the Bonds from being deductible by the Company for federal income tax purposes; (B) specifying that as a result of its inability to obtain such Opinion of Bond Counsel, the Company has elected to prepay amounts due under the Agreement equal to the redemption price of the Bonds to be so redeemed; and (C) specifying the principal amount of Bonds which the Company has determined to be necessary to be so redeemed in order for the Company to retain its right to such interest deductions (which principal amount of Bonds will be so redeemed).

Mandatory Redemption on Determination of Taxability. On any date not later than the 180th day following the occurrence of a Determination of Taxability, the Bonds will be redeemed at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date in whole, or in part if the Trustee and the City receive an Opinion of Bond Counsel to the effect that the redemption of a specified portion of the Bonds Outstanding would have the result that interest payable on the Bonds remaining Outstanding after such redemption would be Tax-Exempt to any holder or Beneficial Owner of a Bond (other than a holder or Beneficial Owner who is a “substantial user” of the facilities refinanced with the proceeds of the Bonds or a “related person” within the meaning of Section 103(b)(13) of the 1954 Code), upon which opinion the Trustee and the City may rely, and in such event the Bonds will be redeemed (in Authorized Denominations) in such amount as Bond Counsel in such opinion has determined is necessary as to accomplish that result. Upon a Determination of Taxability, the Trustee will give notice of such redemption as provided in the Ordinance and described below.

Selection of Bonds for Redemption. If not otherwise provided in the Ordinance, whenever less than all the Outstanding Bonds are to be redeemed on any one date; the Trustee, unless directed otherwise by the Company as provided in the Ordinance, will select the Bonds to be redeemed from the Outstanding Bonds by lot, or in such other manner as the Trustee deems fair; provided, that the Trustee will first select the following Bonds for redemption in the following order of priority: first, any Bonds held by the Trustee for the account of the Company and, second, any undelivered Bonds, if the Company has offered to purchase all Bonds in lieu of redemption. The Trustee, or the Company, as the case may be, will make the selection from Bonds not previously called for redemption. For this purpose, each Bond in a denomination larger than the minimum Authorized Denomination at the time will be considered to be separate Bonds each in the minimum Authorized Denomination.

Notice of Redemption. Except as otherwise provided in the Ordinance, the Trustee will give notice of the redemption of any Bonds to be redeemed, as described above, upon receipt of notice from the Company, which notice must be given to the Trustee not less than five Business Days prior to the date notice of redemption must be given by the Trustee to the Owners of the Bonds to be redeemed as provided in the next succeeding paragraph (unless the Company and the Trustee agree to a shorter period).

Except as otherwise provided in the Ordinance, notice of redemption will be given by mail by the Trustee to the City, the Remarketing Agent and the Owners of any Bonds designated for redemption in whole or in part at the addresses shown on the registration books not less than 20 days nor more than 60 days prior to the redemption date. Each notice of redemption will state the redemption date, the redemption price, the redemption place and manner of payment, the principal amount, the Bonds or portions thereof to be redeemed, the distinctive numbers (including CUSIP numbers) of the Bonds, and that on said date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and that thereafter interest ceases to accrue and that the holders of said Bonds will cease to be entitled to any lien, benefit or security under the Ordinance. The failure to mail such notice with respect to any Bond will not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed.

With respect to any notice of optional redemption of Bonds, unless, upon the giving of such notice, such Bonds are deemed to have been paid within the meaning of the Ordinance, such notice may state (if so directed by the Company) that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, and interest on, such Bonds to be redeemed, and that if such moneys are not so received said notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Any notice mailed as described above will be conclusively presumed to have been given, whether or not actually received by any Owner. If a Bond is presented to the Trustee for transfer after notice of redemption of such Bond has been mailed as provided in the Ordinance and

described above, the Trustee will deliver a copy of such notice of redemption to the new Owner of such Bond.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Trustee will provide a replacement Bond in a principal amount equal to the portion of such Bond not redeemed and deliver it to the registered owner thereof. The Bond so surrendered will be cancelled by the Trustee. The City, the Company and the Trustee are fully released and discharged from all liability to the extent of payment of the redemption price for such partial redemption.

Effect of Redemption. If notice of redemption has been duly given as described above and moneys for payment of the redemption price are being held by the Trustee, the Bonds so called for redemption will, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Bonds so called for redemption will cease to accrue, said Bonds will cease to be entitled to any lien, benefit or security under the Ordinance, and the holders of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. If such moneys are invested, they must be invested upon the specific written direction of the Company only in Permitted Investments having a maturity of 30 days or less and maturing not later than the redemption date.

All Bonds redeemed as described in the above provisions will be cancelled by the Trustee upon surrender thereof and a certificate of such cancellation will be delivered to the City and the Company by the Trustee.

Mandatory Purchase

Mandatory Purchase at End of Term Rate Mode. The Bonds are subject to mandatory purchase on the Mandatory Purchase Date (April 1, 2020; the first day after the last day of the Term Rate Mode) at a Purchase Price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the Mandatory Purchase Date. Failure to pay the Purchase Price on the Mandatory Purchase Date would constitute an Event of Default under the Ordinance (see (c) of the first paragraph under “THE ORDINANCE—Defaults and Remedies” below). Subject to the provisions of the Book-Entry Only System, Bonds so purchased are required to be delivered by the Owners (with all necessary endorsements) to the office of the Trustee at or before 12:00 Noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price will be made by wire transfer of immediately available funds by the Trustee by the close of business on such Mandatory Purchase Date. No notice of this mandatory purchase is required under the Ordinance to be given to the Owners.

Source of Funds for Purchase of Bonds. By the close of business on the Mandatory Purchase Date, the Trustee will purchase tendered Bonds from the tendering Owners at the Purchase Price by wire transfer of immediately available funds on deposit in the Purchase Fund. Funds for the payment of the Purchase Price will be derived solely from the following sources in the order of priority indicated and neither the Trustee nor the Remarketing Agent is obligated to provide funds from any other source:

(i) immediately available funds representing the proceeds of the remarketing of Bonds by the Remarketing Agent on deposit in the Remarketing Proceeds Account established in the Purchase Fund created under the Ordinance; and

(ii) unless otherwise required in the Ordinance that the Purchase Price be paid solely with remarketing proceeds, immediately available funds representing payments by the Company under the Agreement on deposit in the Company Purchase Account of the Purchase Fund.

Undelivered Bonds. If the Bonds are not delivered by the Owners to the Trustee by 12:00 Noon, New York City time, on the Mandatory Purchase Date, the Trustee will hold the funds received for the purchase of the Bonds in trust in a separate account and will pay such funds to the former Owners of the Bonds upon presentation of the Bonds. Such undelivered Bonds will cease to be Outstanding and, therefore, to accrue interest as to the former Owners on the Mandatory Purchase Date, and moneys representing the Purchase Price will be available against delivery of those Bonds at the office of the Trustee. The Trustee will authenticate a replacement Bond for any undelivered Bond which may then be remarketed by the Remarketing Agent.

No Sales After Payment Default. Anything in the Ordinance to the contrary notwithstanding, if there has occurred and is continuing an Event of Default described in (a), (b) or (c) of the first paragraph below under “THE ORDINANCE—Defaults and Remedies,” the Remarketing Agent will not remarket any Bonds; provided, that nothing described herein or in the Ordinance will be construed as prohibiting purchases by the Remarketing Agent of Bonds on the Mandatory Purchase Date.

Purchase Fund. There has been established with the Trustee a separate fund maintained by it and known as the City of Farmington, New Mexico Pollution Control Refunding Revenue Bonds (Southern California Edison Company Four Corners Project) 2011 Series Purchase Fund (the “Purchase Fund”). There have been established separate accounts within the Purchase Fund known as the “Remarketing Proceeds Account” and the “Company Purchase Account.”

(i) **Remarketing Proceeds Account.** Upon receipt of the proceeds of a remarketing of Bonds by the Remarketing Agent, the Trustee will deposit such proceeds in the Remarketing Proceeds Account to be used to pay the Purchase Price of the Bonds.

(ii) **Company Purchase Account.** Upon receipt of money provided by the Company pursuant to the Agreement for the payment of the Purchase Price of Bonds, the Trustee will deposit such proceeds in the Company Purchase Account to be used to pay the Purchase Price of the Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account will not be sufficient. Any amounts deposited in the Company Purchase Account and not needed on the Mandatory Purchase Date for the payment of the Purchase Price of the Bonds will be immediately returned to the Company.

(iii) *Investment.* Amounts held in the Remarketing Proceeds Account and the Company Purchase Account and any subaccount by the Trustee will be held uninvested and separate and apart from each other and from all other funds and accounts.

Book-Entry Only System

The following information concerning DTC and DTC's Book Entry Only System has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book entry transfers of securities distributed through DTC and certain related matters, but the City, the Company, the Underwriters and the Remarketing Agent take no responsibility for the accuracy of such statements.

Book-Entry System. DTC is acting as Securities Depository for the Bonds. One fully registered bond in the aggregate principal amount of the Bonds has been deposited with DTC and registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for equity issues, corporate and municipal debt issues, and money market instruments that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book entry transfers and pledges between Direct Participants' accounts. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org (it being understood that information available at these websites is not incorporated herein by reference). So long as the Bonds are maintained in book entry form with DTC, the following procedures will be applicable with respect to the Bonds.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into

the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued. See “THE BONDS—Book-Entry Only System—*Discontinuance of Book-Entry Only System*” below.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them. **THE CITY, THE COMPANY, THE UNDERWRITERS, THE REMARKETING AGENT AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT AND INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.**

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detailed information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be

governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, the Company, the Underwriters, the Remarketing Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall effect delivery of its Bonds for purchase on the Mandatory Purchase Date by causing the Direct Participant to transfer the Participant’s interest in the Bonds, on DTC’s records, to the Trustee. The requirement for physical delivery of Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC’s records and followed by a book entry credit of tendered Bonds to the Trustee’s DTC account.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor Securities Depository is not obtained, bond certificates are required to be delivered as described in the Ordinance (see “THE BONDS—Book-Entry Only System—*Discontinuance of Book Entry Only System*” below). The Beneficial Owner, upon registration of certificates held in the Beneficial Owner’s name, will become the registered owner of the Bonds.

The City, upon the direction of the Company, may decide to discontinue use of the system of book entry transfers through DTC (or a successor Securities Depository). In that event, bond certificates will be delivered as described in the Ordinance (see “THE BONDS—Book-Entry Only System—*Discontinuance of Book Entry Only System*” below).

So long as Cede & Co., or such other name as may be requested by an authorized representative of DTC, is the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners of the Bonds will mean Cede & Co. or such other name and will not mean the Beneficial Owners. Under the Ordinance, payments made by the Trustee to DTC or its nominee will satisfy the City’s obligations under the Ordinance and the Company’s obligations under the Agreement to the extent of the payments so made. Beneficial Owners will not be, and will not be considered by the City or the Trustee to be, and will not have any rights as, registered owners of Bonds under the Ordinance.

THE CITY, THE COMPANY, THE UNDERWRITERS, THE REMARKETING AGENT AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT OF ANY AMOUNT DUE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR

REDEMPTION OR PURCHASE PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO REGISTERED OWNERS UNDER THE TERMS OF THE ORDINANCE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ANY PARTICIPANT AS REGISTERED OWNER.

As long as DTC (or any successor Securities Depository) or its nominee is the registered owner of the Bonds, the Trustee will send any notice of redemption or of proposed document amendments requiring consent of registered owners and any other notices required by the documents to be sent to registered owners only to such registered owner. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption, the document amendment or any other action premised on that notice.

The City, the Company, the Trustee, the Underwriters and the Remarketing Agent cannot and do not give any assurances that DTC will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner or any redemption or other notices to the Participants, or that the Participants or others will distribute such payments or notices to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Reoffering Circular.

According to DTC, the foregoing information concerning DTC has been provided for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Discontinuance of Book-Entry Only System. The Ordinance provides that the Book-Entry Only System for registration of the ownership of the Bonds in book entry form may be discontinued at any time if: (i) after notice to the City or the Trustee, DTC determines to resign as Securities Depository for the Bonds; or (ii) after notice to DTC, the Trustee and the Remarketing Agent, the Company determines that a continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Company; or (iii) after notice to the City or the Trustee, DTC determines that the current system of book-entry transfers through DTC does not permit DTC to act as a securities depository for the Bonds during the time that Bonds are in a particular Mode. In each of such events (unless, in the cases described in clause (i) or (iii) above, the Company appoints a successor securities depository), the Bonds will be delivered in registered certificate form to such persons, and in such principal amounts, as may be designated by DTC, but without any liability on the part of the City, the Trustee or the Company for the accuracy of such designation. Whenever DTC requests the City and the Trustee to do so, the City and the Trustee will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

The City, at the request of the Company, hereafter may adopt, and the Trustee may accept, Supplemental Ordinances without notice to or consent of the Owners of any of the Bonds in order (i) to offer to the Beneficial Owners of the Bonds the option of receiving any Bonds in certificated form, or (ii) to require the execution and delivery of certificated Bonds representing a portion or all of the Bonds, (A) if DTC ceases to serve as depository and no successor depository can be found to serve upon terms satisfactory to the Company, or (B) if the Company determines that it would be in its best interest or in the best interests of the Beneficial Owners of the Bonds that they obtain certificated Bonds; provided, that any such Supplemental Ordinance is in form reasonably satisfactory to the Trustee and the City.

If at any time DTC ceases to hold the Bonds, all references herein and in the Ordinance to DTC will be of no further force or effect.

The Trustee, the City and the Remarketing Agent may rely on information from DTC and its Participants as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners of the Bonds.

In the event that the Book-Entry Only System is discontinued, the principal or redemption price of and interest on the Bonds will be payable, and the Bonds will be issued in the Authorized Denominations, in the manner described above under the caption “THE BONDS—General.” All Bonds will be transferable or exchangeable by the Owner, in person or by the Owner’s attorney duly authorized in writing, at the office of the Trustee in the registration books required to be kept by the Trustee pursuant to the provisions of the Ordinance, upon surrender of such Bonds accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Whenever any Bond or Bonds are surrendered for registration of transfer or exchange, the Trustee will execute and deliver a new Bond or Bonds of Authorized Denominations of the same aggregate principal amount as the Bonds so surrendered, except that the Trustee may require the payment by any Owner requesting such registration of transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

Neither the City nor the Trustee will be required to register the transfer or exchange of any Bonds (i) during the period commencing on the date ten days prior to the date of redemption of such Bonds to the redemption date or (ii) after such Bonds (or any portion thereof) have been selected for redemption.

THE INSTALLMENT SALE AGREEMENT

The following is a summary of certain provisions of the Agreement. This summary does not purport to be complete, comprehensive or definitive and is not to be considered a full statement of the terms of the Agreement and accordingly is qualified in its entirety by reference to the Agreement and is subject to the full text thereof.

Payments

The Company has been making, and has agreed to make, Purchase Installments in amounts sufficient to pay the principal of and interest on the Bonds when due. The Company has also agreed to pay to the Trustee, on the Mandatory Purchase Date, an amount which,

together with other moneys held by the Trustee under the Ordinance and available therefor, will enable the Trustee to make such payment in full in a timely manner. In addition, the Company has agreed to pay fees and expenses of the Trustee and the City. The Company has the option, and in certain circumstances the obligation, to prepay all or a portion of the Purchase Installments in certain circumstances or upon the occurrence of certain events involving the redemption of the Bonds.

To secure and provide for the payments of Purchase Installments when they become due, the Company issued and delivered to the Trustee, concurrently with the issuance of the Bonds, its Series 2011 First Mortgage Bonds and has covenanted under the Agreement to maintain the Series 2011 First Mortgage Bonds in place during the term of the Agreement. Payments of Purchase Installments made by the Company will be considered to be a satisfaction, to such extent, of its obligation to make corresponding payments on the Series 2011 First Mortgage Bonds. The Company has agreed that upon the occurrence and continuation of an Event of Default under the Ordinance as described below in clause (c) of the first paragraph under “THE ORDINANCE—Defaults and Remedies,” the Trustee may demand an immediate mandatory redemption of the Series 2011 First Mortgage Bonds.

Unconditional Obligation

The Company’s obligations to make payments pursuant to the Agreement and the Series 2011 First Mortgage Bonds and to perform and observe the other agreements on its part contained in the Agreement are absolute and unconditional, irrespective of any defense (including lack of, or defect in, title to the Project) or any rights of setoff, recoupment or counterclaim it might otherwise have against the City. During the term of the Agreement, the Company must pay absolutely all the Purchase Installments and all other payments required under the Agreement, free of any deductions and without abatement, diminution or setoff. Until such time as the principal of and interest on all of the Bonds have been fully paid (or provision for the payment thereof has been made as required by the Ordinance), the Company (i) will not suspend or discontinue any Purchase Installments, any Purchase Price payments that have become due or any payments under the Series 2011 First Mortgage Bonds; (ii) will perform and observe all of its other covenants contained in the Agreement and in the Ordinance; and (iii) except as provided in the Agreement, will not terminate the Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or New Mexico or any political subdivision of either of these, or any failure of the City or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Agreement or the Ordinance.

Tax Matters

The Company has covenanted and agreed that it has not taken or permitted, or omitted to take, and will not take or permit, or omit to take, any action which will cause the interest on the Bonds to be includable in the federal gross income of the holders or Beneficial Owners thereof (except a person who is a “substantial user” of the facilities refinanced with the proceeds of the Bonds or a “related person” within the meaning of Section 103(b)(13) of the 1954 Code). The

Company will be deemed to have taken or permitted or omitted the taking of any action of any person to which the Company sells, leases or otherwise disposes of all or part of the Project, or of such person's successors, transferees or assigns.

Without limiting the generality of the preceding paragraph, the Company has covenanted and agreed that, if any Disqualifying Change in Use has occurred, the Company will take any and all actions necessary or required in order that interest on the Bonds will not be included in gross income of the holders or Beneficial Owners thereof for purposes of federal income taxation (other than a holder or Beneficial Owner who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(b)(13) of the 1954 Code). See "THE PROJECT" above.

Certain Additional Covenants of the Company

Maintenance of Corporate Existence. The Company has agreed that, during the term of the Agreement, it will maintain its corporate existence in good standing in the state of its incorporation, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not combine or consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it unless the surviving, resulting or transferee person, if other than the Company, assumes and agrees in writing to pay and perform all of the obligations of the Company under the Agreement and qualifies to do business in the State of New Mexico. The Company need not comply with any of the provisions described in the immediately preceding sentence if, at the time of such merger, combination, sale of assets, dissolution or reorganization, the Bonds will be defeased as provided in the Ordinance.

Right of Access to the Project. The Company has agreed that, during the term of the Agreement, it will provide, or will cause to be provided, access to the site of the Project so that the City and its duly authorized agents have the right at all reasonable times during normal business hours to enter upon the site of the Project to examine and inspect the Project; provided, however such right is subject to federal, Navajo Nation and State of New Mexico laws and regulations applicable to the site of the Project; and provided further that, by virtue of the agreement of APS to provide access to the Project to the City during the term of the APS Letter Agreement as provided therein, the Company will be deemed to have complied with this right of access covenant during the term of the APS Letter Agreement.

Maintenance and Repair, Taxes, Insurance and Other Charges. The Company has agreed to maintain the Project, or to cause the Project to be maintained, in as reasonably safe condition as its operations permit and in good repair and in good operating condition, ordinary wear and tear excepted; provided that by virtue of the agreement of APS to maintain the Project during the term of the APS Letter Agreement as provided therein, the Company will be deemed to have complied with the requirements described above during the term of the APS Letter Agreement. The Company has agreed also, subject to certain rights of contest, that, until the earlier of (i) the date it no longer owns, operates or controls the Project or (ii) the termination of the Agreement, it will pay or to cause to be paid all taxes, governmental charges of any kind lawfully assessed or levied upon the Project, all utility and other charges and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project. The Company agrees to maintain insurance (which may include self-

insurance) with respect to the Project and the Company's activities related thereto against such risks, and in such amounts, as are consistent with the insurance practices of the Company; provided that by virtue of the agreement of APS to maintain insurance with respect to the Project during the term of the APS Letter Agreement as provided therein, the Company will be deemed to have complied with the requirements described above during the term of the APS Letter Agreement.

Assignments. The rights and obligations of the Company under the Agreement may be assigned by the Company to any person in whole or in part; provided (i) that no assignment, except for an assignment described in "THE INSTALLMENT SALE AGREEMENT—Certain Additional Covenants of the Company—*Maintenance of Corporate Existence*" above, will relieve the Company from primary liability for any of its obligations under the Agreement, including its obligation to maintain the Series 2011 First Mortgage Bonds and the Company Indenture in full force and effect; (ii) the Company will retain such rights and interests as will permit it to perform its obligations under the Agreement, and any assignee must assume in writing the obligations of the Company to the extent of the interest assigned; (iii) the City and the Trustee will be furnished a true and complete copy of such assignment together with an instrument of assumption and an opinion of counsel satisfactory to the City that the requirements described in this paragraph have been complied with; and (iv) the Company will, on the effective date of such assignment, cause to be delivered to the City and the Trustee an opinion of Bond Counsel to the effect that such assignment does not adversely affect the Tax-Exempt status of interest on the Bonds.

Defaults

Any one of the following which occurs and continues will constitute an "Event of Default" under the Agreement:

- (a) failure by the Company to pay any Purchase Installment at the times specified in the Agreement; or
- (b) failure by the Company to pay any Purchase Price of a Bond at the times specified in the Agreement; or
- (c) failure of the Company to observe and perform any covenant, condition or agreement required by the Agreement to be observed or performed by the Company, other than making the payments referred to in (a) and (b) above, which continues for a period of 30 days after written notice, which notice must specify such failure and request that it be remedied, given to the Company by the City or the Trustee, unless the City, the Trustee agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the City and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected; or
- (d) an Event of Default under the Ordinance.

The provisions of (c) above are subject to the limitation that the Company will not be deemed in default if and so long as the Company is unable to carry out its agreements under the Agreement by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States, of the Navajo Nation or of the State of New Mexico or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides, lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Company, the settlement of strikes, lockouts and other industrial disturbances being entirely within the discretion of the Company, and the Company will not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Company, unfavorable to the Company.

Whenever any Event of Default under the Agreement has occurred and continues:

(a) the Trustee, by written notice to the Company, is required to declare the unpaid balance of the Purchase Installments in respect of the Bonds to be due and payable immediately, provided that concurrently with such notice the unpaid principal amount of the Bonds has become immediately due and payable;

(b) the Trustee may have access to and may inspect, examine and make copies of the books and records and any and all accounts and data of the Company relating to the Project; and

(c) the City or the Trustee may, but is under no obligation to, take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Company under the Agreement.

In case proceedings are pending for the bankruptcy or for the reorganization of the Company under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee has been appointed for the property of the Company or in the case of any other similar judicial proceedings relative to the Company, or the creditors or property of the Company, then the Trustee will be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Agreement and in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Company, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Ordinance after the deduction of its charges and expenses.

Amendments, Changes and Modifications

Except as otherwise provided in the Agreement or the Ordinance, the Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee. See “THE ORDINANCE—Amendments to the Agreement” herein.

Term of Agreement

The Agreement will continue in effect as long as any of the Bonds are Outstanding under the Ordinance or the Trustee holds any moneys under the Ordinance, whichever is later. All representations, covenants and certifications by the Company as to all matters affecting the Tax-Exempt status of the Bonds will survive the termination of the Agreement.

THE ORDINANCE

The following is a summary of certain provisions of the Ordinance. This summary does not purport to be complete, comprehensive or definitive and is not to be considered a full statement of the terms of the Ordinance and accordingly is qualified in its entirety by reference to the Ordinance and is subject to the full text thereof.

Assignment of Agreement; Pledge of Revenues

Pursuant to the Ordinance, all rights, titles and interests of the City under the Agreement (except for certain rights to receive payment of expenses and to indemnification), including the right to receive Purchase Installments, have been assigned and pledged to the Trustee to secure the punctual payment of the principal of and interest on the Bonds.

All of the Revenues and the Series 2011 First Mortgage Bonds have been irrevocably pledged to the punctual payment of the principal of and interest on the Bonds and such Revenues and such Series 2011 First Mortgage Bonds may not be used for any other purpose while any of the Bonds remain Outstanding. Said pledge constitutes a first lien on such Revenues for the payment of the Bonds in accordance with the terms of the Ordinance.

Application of the Bond Fund

The Bond Fund, into which the accrued interest from the proceeds of the sale of the Bonds, if any, and the Purchase Installments are required to be deposited, will be maintained with the Trustee. Except as otherwise provided in the Ordinance, while any Bonds are Outstanding, moneys in the Bond Fund will be used solely for the payment of the principal of, and interest on, the Bonds as the same become due and payable at maturity, upon redemption or otherwise. The Trustee is required to deposit into the Bond Fund all Purchase Installments it receives.

Defaults and Remedies

Each of the following events constitutes an “Event of Default” with respect to the Bonds under the Ordinance:

- (a) failure to make payment of any installment of interest upon any Bond when the same becomes due and payable;
- (b) failure to make due and punctual payment of the principal of any Bond at the stated maturity thereof or upon redemption;
- (c) failure to make due and punctual payment of the Purchase Price of any Bond pursuant to the Ordinance;
- (d) the occurrence of an “Event of Default” under the Agreement;
- (e) default by the City in the performance or observance of any other of the covenants, agreements or conditions on its part in the Ordinance or in the Bonds contained, and the continuance of such default for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the City and the Company by the Trustee, or to the City, the Company and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; or
- (f) a “default” by the Company on any of its First Mortgage Bonds, as set forth in the Company Indenture.

No default described in (e) above will constitute an Event of Default unless the City and the Company have failed to correct such default within the applicable period; provided, however, that if the default is such that it cannot be corrected within such period, it will not constitute an Event of Default if corrective action is instituted by the City or the Company within the applicable period and diligently pursued until the default is corrected. With regard to any alleged default concerning which notice is given to the Company under the provisions described above, the City has granted to the Company under the Ordinance the full power to do any and all things and acts to the same extent that the City could do and perform any such things and acts and with power of substitution.

Upon the occurrence and continuation of an Event of Default described in (c) above, the Trustee may, by notice to the First Mortgage Trustees, demand an immediate mandatory redemption of the Series 2011 First Mortgage Bonds as provided therein.

Upon the occurrence and continuance of an Event of Default under the Ordinance, and upon the condition that, in accordance with the terms of the Company Indenture, the First Mortgage Bonds issued and outstanding thereunder have become immediately due and payable pursuant to any provision of the Company Indenture or the mandatory redemption of the Series 2011 First Mortgage Bonds has been demanded by the Trustee pursuant to the Ordinance as described in the immediately preceding paragraph, the Bonds will, without further action, become and be immediately due and payable, anything in the Ordinance or in the Bonds to the contrary notwithstanding, and the Trustee will give notice thereof in writing to the City and the Company, and notice to the Bondholders in the same manner as a notice of redemption under the Ordinance. The amount so immediately due and payable upon the Bonds will be (i) the principal amount thereof plus (ii) interest accrued thereon to such date.

The preceding paragraph, however, is subject to the condition that if the acceleration of the First Mortgage Bonds, or the demand for the mandatory redemption of the Series 2011 First Mortgage Bonds, as the case may be, has been rescinded and annulled, the automatic acceleration of the Bonds under the Ordinance will be automatically rescinded and annulled without further action of the Trustee.

In the event the Trustee recovers any moneys following an Event of Default, such moneys are required to be applied (except as otherwise provided in the Ordinance): (i) first, to the payment of all the Trustee's fees and expenses, including for the services of counsel, agents and employees properly engaged and employed, and all other expenses and liabilities incurred, and any advances made pursuant to the provisions of the Ordinance with interest on all such advances at the rate of 10% per annum; (ii) second, in case the principal of none of the Bonds has become due and remains unpaid, to the payment of any interest in default in order of the maturity thereof, ratably and proportionately to the persons entitled thereto without discrimination or preference; and (iii) third, in case the principal of any of the Bonds has become due by declaration of acceleration or otherwise and remains unpaid, to the payment of the principal of all Bonds then due and unpaid, then to the payment of interest in default in order of maturity thereof, and then to the payment of the premium thereon, if any; in every instance such payment to be made ratably to the persons entitled thereto without discrimination or preference.

Supplemental Ordinances

The City, without the consent of, or notice to, any of the Holders of the Bonds, may adopt, and the Trustee may accept, Supplemental Ordinances: (a) to add to the covenants and agreements of the City contained in the Ordinance, or to assign or pledge additional security for the Bonds, or to surrender any right or power reserved or conferred upon the City in the Ordinance, provided such change does not materially adversely affect the interests of the holders of the Bonds; (b) to cure any ambiguity or correct or supplement any defective provision under the Ordinance which does not materially adversely affect the interests of the holders of the Bonds; (c) to permit qualification of the Ordinance under the Trust Indenture Act of 1939 or similar federal statute, provided such change does not materially adversely affect the interests of the holders of the Bonds; (d) to provide for the procedures required to permit any holder of a Bond, at its option, to utilize an uncertificated system of Bond registration and which does not materially adversely affect the interests of the holders of the Bonds; (e) to make any other change, which in the judgment of the Trustee, is not to the prejudice of the Trustee and which does not materially adversely affect the interests of the holders of the Bonds; (f) to comply with the requirements of Moody's or S&P, as applicable, as a condition of rating, or maintaining an existing rating on, the Bonds, provided such change is not materially adverse to the interests of the holders of the Bonds; (g) to provide for (or subsequently modify) an additional Mode for the Bonds and the provisions relating thereto; (h) to provide for the delivery of Bonds in book entry form and as provided in the Ordinance; (i) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority; (j) to subject to the Ordinance additional collateral; (k) to permit the qualification of the Bonds for sale under the securities laws of any state of the United States; (l) to authorize different Authorized Denominations of the Bonds and to make correlative amendments and modifications to the Ordinance regarding exchangeability of Bonds of different Authorized Denominations, redemptions of portions of Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature;

(m) to evidence the succession of a new Trustee or the appointment by the Trustee, with the consent of the Company, of a co-trustee; (n) to make any change that does not materially adversely affect the rights of any Owner; or (o) to make any change necessary, desirable or appropriate to secure the Bonds with bond insurance, a line of credit, liquidity facility, standby bond purchase agreement and/or other similar security for the Bonds.

The holders of not less than 66-2/3% in aggregate principal amount of the then Outstanding Bonds will have the right to consent to and approve the execution by the City and the acceptance by the Trustee of Supplemental Ordinances which add any provisions to, change in any manner or eliminate any of the provisions of, the Ordinance or of any Supplemental Ordinance; provided, however, without the consents of the holders of all Bonds then Outstanding, no such Supplemental Ordinance may (a) extend the fixed maturity of, reduce the principal amount of, reduce the rate or extend the time of payment of interest on, or reduce any premium payable on redemption of, any Bond; or (b) reduce the aforesaid percentage of holders of Bonds whose consent is required for the execution of such Supplemental Ordinances; or (c) extend the time of payment or reduce the amount of any payment; or (d) permit the creation of any lien on the Revenues prior to or on a parity with the lien of the Ordinance; or (e) permit the creation of any preference of any Bondholder over any other Bondholder; or (f) deprive the holders of the Bonds of the lien created by the Ordinance on the Revenues; or (g) extend the due date for the purchase of Bonds on the Mandatory Purchase Date or reduce the Purchase Price of such Bonds. Upon receipt by the Trustee of a certified copy of any such Supplemental Ordinance, and upon the filing with the Trustee of evidence of the consent of Bondholders, the Trustee will accept such Supplemental Ordinance by execution unless such Supplemental Ordinance affects the Trustee's own rights, duties or immunities under the Ordinance, in which case the Trustee may in its discretion, but is not be obligated to, accept such Supplemental Ordinance.

If at any time the City requests the Trustee to enter into any Supplemental Ordinance described in the immediately preceding paragraph, the Trustee will cause notice of the proposed adoption of such Supplemental Ordinance to be given to each Bondholder in substantially the manner provided with respect to redemption of Bonds. Such notice will be prepared by the Company and will briefly set forth the nature of the proposed Supplemental Ordinance.

It will not be necessary for the consent of the Bondholders to approve the particular form of any proposed Supplemental Ordinance, but it will be sufficient if such consent approves the substance thereof.

Promptly after the adoption by the City and the acceptance by the Trustee of any Supplemental Ordinance, the Trustee will mail a notice, to be prepared by the Company, setting forth in general terms the substance of such Supplemental Ordinance, to each Bondholder at the address contained in the registration books maintained by the Trustee. Any failure of the Trustee to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Ordinance.

No Supplemental Ordinance will become effective unless and until the Company consents to the execution and delivery of such Supplemental Ordinance. The Company will be

given prior written notice of the proposed execution and delivery of any Supplemental Ordinance.

Amendments to the Agreement

The City and the Company may, with the consent of the Trustee, but without the consent of or notice to the Bondholders, amend, change or modify the Agreement as may be (a) required by the provisions of the Agreement and the Ordinance; (b) for the purpose of curing any ambiguity or formal defect or omission; (c) in connection with any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee or materially adverse to the Bondholders; or (d) to comply with the requirements of Moody's or S&P as a condition of rating, or maintaining an existing rating on, the Bonds, provided such change is not materially adverse to the interests of the Owners of any of the Bonds. Except for the amendments, changes or modifications as provided in the preceding sentence, the City and the Trustee may not consent to any amendment, change or modification of the Agreement without the consent of the holders of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding; provided, however, that the foregoing will not permit or be construed as permitting without the consent of the holders of 100% in aggregate principal amount of the Bonds then outstanding (i) an extension of the time of payment of any Purchase Installment or Purchase Price payment, or (ii) a reduction in the amount of any payment or in the total payment of any Purchase Installment or Purchase Price payment payable under the Agreement, or (iii) a change in the requirements of the Agreement with respect to the maintenance of the Series 2011 First Mortgage Bonds.

Opinion of Bond Counsel; Trustee Consent

Anything in the Ordinance to the contrary notwithstanding, no Supplemental Ordinance or amendment, change or modification to the Agreement will become effective unless there has been delivered to the Trustee an opinion of Bond Counsel to the effect that such complies with the provisions of the Ordinance and does not adversely affect the Tax-Exempt status of interest on the Bonds. The Trustee is required under the Ordinance to consent to any Supplemental Ordinance or amendment, change or modification to the Agreement provided such opinion of Bond Counsel is so delivered and provided such does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, consent to it.

Discharge of Ordinance

If the entire indebtedness on all Bonds Outstanding has been paid and discharged:

- (a) by the payment of the principal of (including redemption premium, if any) and interest on Bonds Outstanding, as and when the same become due and payable; or
- (b) by the delivery to the Trustee, for cancellation by it, of all Bonds Outstanding;

and if all other sums payable under the Ordinance by the City have been paid and discharged, then the Ordinance will cease, terminate and become null and void, and the Trustee will, upon Written Request of the City, and upon receipt by the Trustee of a certificate of the Company and an Opinion of Bond Counsel, each stating that in the opinion of the signers all conditions

precedent to the satisfaction and discharge of the Ordinance have been complied with, execute proper instruments acknowledging satisfaction of and discharging the Ordinance.

Notwithstanding the satisfaction and discharge of the Ordinance or the discharge of the Ordinance in respect of any Bonds, those provisions of the Ordinance relating to the maturity of the Bonds, interest payments and dates thereof, tender for purchase provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds and the duties of the Trustee in connection with all of the foregoing, will remain in effect and will be binding upon the City, the Trustee and the Owners of the Bonds and the Trustee will continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of, redemption price and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due.

Any Bond or Authorized Denomination thereof will be deemed to be paid within the meaning of the Ordinance when (a) payment of the principal of such Bond or Authorized Denomination thereof, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (A) moneys sufficient to make such payment; and/or (B) Permitted Investments described in (a) of the definition thereof, maturing as to principal and interest in such amount and at such time as will insure, without reinvestment, the availability of sufficient moneys, in the opinion of an accountant, banker or other expert reasonably acceptable to the Trustee, to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to any such deposit have been paid or the payment thereof provided for to the satisfaction of the Trustee; provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption must have been given or irrevocable provisions satisfactory to the Trustee must have been made for giving such notice. At such times as a Bond or Authorized Denomination thereof is deemed to be paid, such Bond or Authorized Denomination thereof will no longer be secured by or entitled to the benefits of the Ordinance, except for the purposes of transfer and exchange and any such payment from such moneys or Permitted Investments.

The City or the Company may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the City or the Company lawfully may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

THE SERIES 2011 FIRST MORTGAGE BONDS

The following description discusses the general terms and provisions of the Company's First Mortgage Bonds, including the Series 2011 First Mortgage Bonds. The Series 2011 First Mortgage Bonds have been issued under the Company Indenture.

The Company Indenture contains the full legal text of the matters described in this section. Because this section is a summary, it does not describe every aspect of the First Mortgage Bonds or the Company Indenture. This summary is subject to and qualified by all the

provisions of the Company Indenture, including definitions of terms used in the Company Indenture. A copy of the Company Indenture may be obtained upon request to the Company, or through the Internet, as described in APPENDIX A.

General

Before issuing the Series 2011 First Mortgage Bonds, the Company specified the terms of the Series 2011 First Mortgage Bonds through a board or executive committee resolution, an officer's action, or a supplemental indenture. The Series 2011 First Mortgage Bonds were issued in the principal amount and mature on the Maturity Date of the Bonds and bear interest at the same rate or rates, payable at the same times, as the Bonds. The Series 2011 First Mortgage Bonds are registered in the name of and owned and held by the Trustee for the benefit of the owners of the Bonds and are not transferable except to a successor Trustee under the Ordinance.

In the event of the mandatory redemption, unconditional optional redemption, or acceleration of the Bonds, the Company is required to redeem the Series 2011 First Mortgage Bonds in a principal amount equal to the principal amount of the Bonds to be paid.

The Company's obligation to make any payment of the principal of or interest on the Series 2011 First Mortgage Bonds, whether at maturity, upon redemption or acceleration, or otherwise, will be reduced by the amount of any reduction under the Ordinance of the corresponding payment of principal of, or interest on the Bonds.

Security

The Series 2011 First Mortgage Bonds, as to the security afforded by the Company Indenture, are secured equally and ratably with all the Company's other First Mortgage Bonds by a legally valid first lien or charge on substantially all of the property and franchises now owned by the Company (with exceptions and exclusions noted below). Such lien and the Company's title to its properties are subject to the terms of franchises, licenses, easements, leases, permits, contracts and other instruments under which properties are held or operated, statutes and governmental regulations, liens for taxes and assessments, and liens of the First Mortgage Trustees. In addition, such liens and the Company's title to its properties are subject to other liens, prior rights and other encumbrances, none of which, with minor or insubstantial exceptions, affects from a legal standpoint the security for the First Mortgage Bonds or the Company's rights to use such properties in its business.

The Company Indenture provides that property hereafter acquired (other than excepted kinds noted below) is to become subject to the lien of the Company Indenture. Such property may be subject to prior liens and other encumbrances.

Properties excepted from the lien of the Company Indenture include cash, accounts receivable, deposits, bills and notes, contracts, leases under which the Company is lessor, securities not specifically required to be pledged, office equipment, vehicles, and all materials, supplies and electric energy acquired or produced for sale, consumption or use in the ordinary conduct of business.

Special Trust Fund

The Company is required to deposit in a special trust fund with The Bank of New York Mellon Trust Company, N.A., as trustee, on each May 1 and November 1, cash equal to 1-1/2% (subject to redetermination by agreement between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee) of the aggregate principal amount of the First Mortgage Bonds and underlying bonds then outstanding (excluding certain bonds and underlying bonds, such as bonds called for redemption), less certain amounts paid or credited in respect of underlying bonds. The term “underlying bonds” is defined in the Company Indenture to mean any securities or other evidence of indebtedness secured by property subsequently acquired by the Company. Amounts in the special trust fund may, in general, be paid out for payment, redemption (at the redemption prices, including applicable premiums, set forth in the First Mortgage Bonds and subject to the limitation on refunding applicable to various series) or purchase of First Mortgage Bonds or underlying bonds, or to reimburse the Company for the acquisition of certain additional properties. The foregoing deposit requirement has not affected the Company’s cash flow, because the cash deposited has been simultaneously offset by its payment to the Company to reimburse it for the acquisition of additional properties. Thus, there currently are no funds on deposit in the special trust fund.

Issue of Additional First Mortgage Bonds

In general, additional First Mortgage Bonds, ranking equally and ratably with the then outstanding First Mortgage Bonds, may be issued in principal amounts equal to the lesser of (i) the amount authorized under the net earnings test described below, and (ii) the sum of the following:

- (a) certain First Mortgage Bonds and underlying bonds acquired, redeemed or otherwise retired;
- (b) cash deposited to pay or redeem First Mortgage Bonds or underlying bonds;
- (c) 66-2/3% of the net amount of additional property constructed or acquired by the Company and not theretofore used for other purposes under the Company Indenture, subject to certain restrictions; and
- (d) cash deposited in an advance construction account with The Bank of New York Mellon Trust Company, N.A., as trustee (in certain events with such trustee’s consent), to be withdrawn to reimburse the Company for 66-2/3% of unbonded additional property.

As of February 28, 2015, there were \$700 million in principal amount of First Mortgage Bonds acquired, redeemed or otherwise retired against which bonds might be issued under the Company Indenture pursuant to clause (a) above. As of February 28, 2015, the net amount of additional property against which First Mortgage Bonds might be issued under the Company Indenture pursuant to clause (c) above was approximately \$26.4 billion, resulting in the ability to issue \$17.6 billion of first mortgage bonds pursuant to clause (c) (i.e. \$26.4 billion x .6666 = \$17.6 billion). As of February 28, 2015, the Company had approximately \$10.7 billion of First

Mortgage Bonds outstanding (including \$939 million of First Mortgage Bonds issued to secure pollution control bonds and such amount includes \$161 million of pollution control bonds that the Company repurchased but which remain outstanding, including the Bonds being reoffered hereby).

Furthermore, in addition to the Company Indenture's bondable property requirement described in clause (c) above, the Company Indenture also provides that additional First Mortgage Bonds may not be issued unless the Company's net earnings (as defined) for 12 months shall have been at least two and one half times (2.5x) the Company's total annual First Mortgage Bond interest charge. At December 31, 2014, under the net earnings test the Company could issue \$28.5 billion of additional First Mortgage Bonds (based on net earnings as of December 31, 2014). Notwithstanding the net earnings requirement, additional First Mortgage Bonds may be issued under the provisions referred to in (a) and (b) above under some circumstances involving, among other things, issuance of First Mortgage Bonds not bearing a higher interest rate than the First Mortgage Bonds to be retired, issuance of First Mortgage Bonds to pay or redeem First Mortgage Bonds maturing within two years, and issuance of First Mortgage Bonds on the basis of acquisition, redemption or other retirement of underlying bonds. Additional First Mortgage Bonds may not be issued under the provisions referred to in clauses (c) and (d) above during any period when indebtedness secured by a prior lien on acquired utility property has not been established as underlying bonds.

Other than the security afforded by the lien of the Company Indenture and restrictions on the issuance of additional bonds described above, there are no provisions of the Company Indenture which afford holders of the First Mortgage Bonds protection against the Company increasing the Company's ratio of total debt to total "bondable" assets.

Defaults and Other Provisions

The Company Indenture provides that the following are defaults:

- default in payment of principal;
- default for 60 days in payment of interest or satisfaction of the special trust fund obligation;
- default under the Company's covenants and conditions in the Company Indenture or in the First Mortgage Bonds for 60 days after notice by The Bank of New York Mellon Trust Company, N.A., as trustee;
- certain acts of bankruptcy and certain events in bankruptcy, insolvency, receivership or reorganization proceedings; and
- the Company's failure to discharge or stay within 60 days any judgment against the Company for the payment of money in excess of \$100,000.

A California court may not strictly enforce certain of the Company's covenants contained in the Company Indenture or the First Mortgage Bonds or allow acceleration of the due date of

the First Mortgage Bonds, or mandatory redemption of the First Mortgage Bonds upon demand by the Trustee, if it concludes that such enforcement, acceleration or redemption would be unreasonable under the then existing circumstances. However, acceleration would be available if an event of default occurs as a result of a material breach of a material covenant contained in the Company Indenture or the First Mortgage Bonds.

The Company Indenture and the Trust Indenture Act of 1939 require the Company to file with the First Mortgage Trustees documents and reports with respect to the absence of default and compliance with the terms of the Company Indenture annually and upon the authentication and delivery of additional First Mortgage Bonds, the release of cash or property, the satisfaction and discharge of the Company Indenture, or any other action requested to be taken by the First Mortgage Trustees at the Company's request.

The holders of a majority in principal amount of outstanding First Mortgage Bonds may require the First Mortgage Trustees to enforce the lien of the Company Indenture upon the happening (and continuance for the prescribed grace period, if any) of any of the defaults referred to above, and upon the indemnification of the First Mortgage Trustees to their reasonable satisfaction.

Concerning the First Mortgage Trustees

The Bank of New York Mellon Trust Company, N.A and certain of its affiliates act as trustees for the Company's senior debt securities and certain pollution control bonds issued on the Company's behalf, including the Bonds. The Company maintains bank deposits with The Bank of New York Mellon Trust Company, N.A. and may borrow money from the bank from time to time.

Neither by the Company Indenture nor otherwise are the First Mortgage Trustees restricted from dealing in the First Mortgage Bonds as freely as though they were not the First Mortgage Trustees. However, the Trust Indenture Act provides that if a trustee acquires or has acquired a conflicting interest, as defined in the Trust Indenture Act, and a default under the indenture occurs or has occurred, such trustee must within 90 days following the default eliminate such conflict, cure the default, or resign. The Trust Indenture Act provides that a trustee with an uncured conflict of interest will not be required to resign if it can show that the conflict will be cured or the default waived within a reasonable time and a stay of its duty to resign is not inconsistent with the interests of the holders of the outstanding securities. In certain cases, the Company Indenture and the Trust Indenture Act require the First Mortgage Trustees to share the benefit of payments received as a creditor after the beginning of the third month prior to a default.

Modification of the Company Indenture

The holders of 80% in principal amount of all First Mortgage Bonds outstanding may authorize release of trust property, waive defaults and authorize certain modifications of the Company Indenture. However, the Company's obligation to pay principal and interest will continue unimpaired; and such modifications may not include, among other things, modifications giving any First Mortgage Bonds preference over other First Mortgage Bonds or authorizing any

lien prior to that of the Company Indenture. In addition, modifications of rights of any series require the assent of the holders of 80% in principal amount of the First Mortgage Bonds of that series.

THE TRUSTEE

There will at all times be a Trustee under the Ordinance which will be a bank, national association or trust company, organized and doing business under the laws of the United States or any state and authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$75,000,000 and subject to supervision or examination by state or federal authorities. If such bank, national association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Ordinance the combined capital and surplus of such bank, national association or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice to the City and the Company; provided, however, that any such resignation will not be effective until a successor Trustee has been appointed and has accepted such appointment. Upon receiving such written notice of resignation, the City, at the direction of the Company (provided that the Company is not in default under the Agreement), will appoint a successor Trustee by an instrument in writing.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, to the City and to the Company, and signed by the owners of a majority in aggregate principal amount of Outstanding Bonds. In addition, the Trustee may be removed at the written direction of the Company (provided that the Company is not in default under the Agreement) to the Trustee and the City. Upon any such removal, the Company (provided that the Company is not in default under the Agreement), or such Bondholders, as the case may be, will appoint a successor Trustee. If no successor Trustee has been so appointed and accepted appointment within 30 days after the giving of such notice of resignation or removal, the Trustee resigning or being removed may petition at the expense of the Company any court of competent jurisdiction for the appointment of a successor Trustee.

The City authorized and directed the Trustee under the Ordinance, and the Trustee agreed, to take such actions as the Trustee determines are necessary to realize moneys under the Series 2011 First Mortgage Bonds as necessary to make timely payment of principal of and interest on the Bonds to the extent other moneys in the Bond Fund are not available for such payment.

The Trustee, as holder of the Series 2011 First Mortgage Bonds, will attend meetings of bondholders under the Company Indenture or deliver its proxy in connection therewith. So long as no Event of Default under the Ordinance has occurred and is continuing, either at such meeting, or otherwise when the consent of the holders of the First Mortgage Bonds issued under the Company Indenture is sought without a meeting, the Trustee will vote as the holder of the Series 2011 First Mortgage Bonds, or will consent with respect thereto, proportionately with what the Trustee reasonably believes will be the vote or consent of the holders of all other

outstanding First Mortgage Bonds voting or consenting; provided, however, that if (a) the Company has proposed one or more modifications to the Company Indenture; and (b) each Rating Agency has indicated in writing that such modification or modifications would not result in a withdrawal or a reduction of the ratings on the First Mortgage Bonds of the Company issued under the Company Indenture, the Trustee will vote as holder of the Series 2011 First Mortgage Bonds or will consent in writing with respect thereto, to approve, adopt and consent to such modification or modifications; and provided further, that the Trustee will not vote in favor of, or consent to, any modification of the Company Indenture which is of such a character or nature as would require the approval of the owners of the Bonds were such modification to be made to the Ordinance without the approval of the owners of Bonds which would be required for a correlative modification of the Ordinance. Where the direction to the Trustee described in this paragraph is not applicable, the Trustee is authorized under the Ordinance to act with respect to the Series 2011 First Mortgage Bonds as otherwise permitted or required by the Ordinance.

REOFFERING

The Underwriters named on the cover page of this Reoffering Circular have agreed, jointly and severally, subject to certain conditions, to purchase the Bonds on the Mode Change Date at a purchase price of 100% of the principal amount thereof. The Company has agreed to pay the Underwriters compensation of \$222,160 and to reimburse the Underwriters for certain reasonable out-of-pocket expenses. The Underwriters have agreed to purchase all Bonds if any are purchased.

The Company has agreed to indemnify the Underwriters against certain liabilities or to contribute to any payments required to be made by the Underwriters relating to such liabilities, including liabilities under the federal securities laws. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering price stated on the cover page of this Reoffering Circular. After the initial public reoffering, the public offering price of the Bonds may be changed from time to time by the Underwriters.

Each of the Underwriters and/or their affiliates engages in transactions with and performs investment banking and other services for the Company and its affiliates from time to time in the ordinary course of business.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an Underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of

CS&Co. and LPL will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Siebert Brandford Shank & Co., L.L.C. (“SBS”) has entered into an agreement with Credit Suisse Securities (USA) for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the Bonds, Credit Suisse Securities (USA) will purchase Bonds at the original issue price less the selling concession with respect to any Bonds that Credit Suisse Securities (USA) sells. SBS will share a portion of its underwriting compensation with Credit Suisse Securities (USA).

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements incorporated in this Reoffering Circular by reference to the Annual Report on Form 10-K for the year ended December 31, 2014, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report incorporated herein.

TAX MATTERS

On May 19, 2011, the date on which the Bonds were issued, Greenberg Traurig, LLP, Bond Counsel at that time, rendered an approving opinion to the effect, among other things, that, subject to compliance by the City and the Company with certain covenants, under then existing law, (a) interest on the Bonds was excludable from gross income of the owners thereof for federal income tax purposes (except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and (b) such interest was not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, however, such interest was taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations (the “Approving Opinion”). The text of the Approving Opinion is included as APPENDIX B hereto. Greenberg Traurig, LLP has not been engaged in connection with the reoffering of the Bonds contemplated by this Reoffering Circular.

On the Mode Change Date, Kutak Rock LLP, as Successor Bond Counsel, will render its opinion to the effect that the change in Mode for the Bonds to the Term Rate Mode on such date is permitted under the Act and the Ordinance and will not, in and of itself, impair any exclusion of interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation. The proposed form of the opinion of the Successor Bond Counsel is attached hereto as APPENDIX C. As indicated in such opinion, the Successor Bond Counsel has not been requested, and has not undertaken, to make an independent investigation regarding the expenditure of Bond proceeds, to confirm that the Company and the City have complied with the covenants, certifications and representations in the Agreement or certain tax documents, or (except in respect of the change in Mode for the Bonds to the Term Rate Mode on the Mode Change Date) to review any other events which may have occurred since the Approving Opinion was rendered which might affect the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes or which might change the opinions

expressed in the Approving Opinion. The Successor Bond Counsel will assume the accuracy of the Approving Opinion, and will not verify such accuracy and also will not express any opinion with respect to (i) whether the proceeds of the Bonds have been used in the required manner, or as to the status of the Project; (ii) the enforceability of the Ordinance or the compliance by the City with the terms and provisions of the Ordinance; (iii) the enforceability of the Agreement against the parties thereto, or the compliance by the City or the Company with the terms and provisions of the Agreement or any other document executed in connection with the Bonds; (iv) any governmental approvals, consents or authorizations that may be required in connection with the original or any subsequent purchase or sale of the Bonds; (v) the exclusion from gross income for federal or state income tax purposes of the interest on the Bonds (except in respect of the change in Mode for the Bonds to the Term Rate Mode on the Mode Change Date); or (vi) the accuracy, completeness or sufficiency of any disclosure material relating to the Bonds, including any disclosure material utilized in connection with the reoffering of the Bonds on the Mode Change Date.

CONTINUING DISCLOSURE

Pursuant to Securities and Exchange Commission (“SEC”) Rule 15c2-12, as amended (the “Rule”), and unless exempt thereunder, the issuer of municipal securities, or an obligated person, must undertake to provide certain annual financial and other information to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access System (“EMMA”) on an ongoing basis. The information provided to the MSRB must refer to each issue of securities with respect to which it is furnished. The Company has agreed to comply with the requirements of the Rule with respect to the Bonds which include, among other things, entering into a continuing disclosure agreement to file on EMMA:

(a) within 120 days after the close of its fiscal year, a copy of the Company’s Annual Report on Form 10-K for each fiscal year (or a notice incorporating by reference the report filed with the SEC), or in the event that the Company no longer files such reports with the SEC, such annual financial information and audited financial statements as will satisfy the Rule; and

(b) in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related Events of Default under, and as defined in, the Ordinance, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Owners of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar proceeding regarding an issuer or an obligated person; (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or

substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and (15) any failure of the Company to timely provide an Annual Report.

The Company is party to several similar continuing disclosure agreements entered into in accordance with the Rule, relating to various issues of pollution control revenue bonds with respect to which it is the obligated person. To the best of the Company's knowledge after due inquiry, in the past five years the Company has fully complied with all requirements of these disclosure agreements, except in the following instances:

- when the Company filed its annual financial information for the years 2011 and 2013 on EMMA (by reference to the Company's Annual Report on Form 10-K for those years filed with the SEC), the Company inadvertently omitted one of the issues, in the case of 2011, and two of the issues, in the case of 2013, of pollution control revenue bonds for which it is the obligated person (but correctly listed all the others); and
- when the Company reported on EMMA the upgrading by Moody's of the Company's debt securities on January 30, 2014, the Company referred to the upgrade of its senior unsecured debt from A3 to A2, but inadvertently omitted reference to the upgrading of its senior secured debt from A1 to Aa3.

The foregoing deficiencies were remediated by corrective filings on EMMA promptly after discovery thereof. The Company has established procedures to assure that required filings on EMMA are made timely and correctly. Information regarding the Company's results of operations and financial condition, as well as the ratings of its securities, is contained in periodic reports filed with the SEC, all of which have been made timely, and on the Company's website.

See "AVAILABLE INFORMATION" and "INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE" in APPENDIX A hereto.

The City is not an obligated person under the Rule and is not required to provide continuing disclosure information with respect to itself or the Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters will be passed upon by Kutak Rock LLP, who has been retained by, and acts as Successor Bond Counsel to, the Company with respect to the reoffering of the Bonds. The proposed form of the opinion of the Successor Bond Counsel is set forth as APPENDIX C to this Reoffering Circular. The Successor Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Reoffering Circular or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Reoffering Circular, except that in its capacity as Successor Bond Counsel,

Kutak Rock LLP has, at the request of the Underwriters, reviewed the statements describing its proposed opinion and the information under the captions “THE BONDS” (except for information relating to DTC and its Book-Entry Only System), “THE INSTALLMENT SALE AGREEMENT” and “THE ORDINANCE” solely to determine whether such information conforms to the Bonds, the Agreement and the Ordinance. This review was undertaken solely at the request and for the benefit of the Underwriters and did not include any obligation to establish or confirm factual matters set forth therein.

Certain legal matters will be passed upon for the Company by Barbara E. Mathews, Esq., Vice President, Associate General Counsel, Chief Governance Officer and Corporate Secretary of the Company. Certain legal matters will be passed upon for the Underwriters by Pillsbury Winthrop Shaw Pittman LLP.

The California Public Utilities Code (the “Utilities Code”) requires (with certain exceptions) that the Company obtain authorization of the California Public Utilities Commission (“CPUC”) in order to issue securities, and provides that securities issued without such an order then in effect are void. Section 1708 of the Utilities Code further provides that the CPUC may at any time, upon notice and opportunity for hearing, rescind, alter or amend any order and that any order rescinding, altering or amending a prior order will have the same effect as an original order. The Company obtained an order of the CPUC authorizing the execution and delivery by the Company of the Agreement and the issuance and delivery by the Company of the Series 2011 First Mortgage Bonds. However, in recognition of the ambiguities in the Utilities Code, the legal opinion of Barbara E. Mathews, Esq. referred to above, which covers, among other things, the validity of the Company’s obligations under the Agreement and the Series 2011 First Mortgage Bonds, is subject to her statement therein that no opinion is expressed as to the possible effect of Section 1708 of the Utilities Code. The Company believes that the CPUC has no reason to initiate proceedings to rescind, alter or amend the aforesaid financing order in any respect. Furthermore, the Company is not aware of any instance in which the CPUC has attempted to rescind, alter or amend a financing order in a manner that would adversely affect the validity of outstanding securities.

This Reoffering Circular has been duly approved and delivered by the Company. The Company neither has nor assumes any responsibility as to the accuracy or completeness with respect to the information under the captions “INTRODUCTORY STATEMENT—The City,” “THE BONDS—Book-Entry Only System,” “REOFFERING” and “TAX MATTERS.”

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APPENDIX A
SOUTHERN CALIFORNIA EDISON COMPANY

AVAILABLE INFORMATION

Southern California Edison Company (the “Company”) is subject to the informational requirements of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”). Such reports, proxy statements and other information on file can be inspected and copied at the public reference facilities maintained by the Commission at 100 “F” Street, N.E., Washington, D.C. 20549. Information about the operation of the public reference room can be obtained by calling the Commission at 1-800-SEC-0330. The Company’s filings with the Commission are also available to the public at the Commission’s web site at <http://www.sec.gov>. In addition, reports, proxy statements and other information concerning the Company can be inspected on the web site of the Company’s parent, Edison International (“EIX”), at <http://www.edison.com>.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Annual Report on Form 10-K for the year ended December 31, 2014 and the Current Reports on Form 8-K dated January 7 and January 15, 2015 filed with the Commission by the Company are incorporated by reference in this APPENDIX A to this Reoffering Circular.

All documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering of the Bonds shall be deemed to be incorporated by reference in this APPENDIX A to this Reoffering Circular and to be a part hereof from the date of filing such documents.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Reoffering Circular has been delivered, on the written or oral request of any such person, a copy of any and all of the documents referred to above which have been or may be incorporated by reference in this APPENDIX A to this Reoffering Circular other than exhibits to such documents. The Company will also provide a copy of the Company Indenture upon request. Written requests for such copies should be directed to: Southern California Edison Company, P.O. Box 800, Rosemead, California 91770, Attention: Corporate Governance. Oral requests should be directed to 626-302-2662.

THE COMPANY

The Company was incorporated in 1909 under the laws of the State of California. The Company is an investor-owned public utility primarily engaged in the business of supplying electric energy to an approximately 50,000 square-mile area of southern California. The Company’s service territory contains a population of nearly 14 million people and the Company serves the population through approximately 5 million customer accounts. The mailing address and telephone number of the Company are, respectively, P.O. Box 800, Rosemead, California 91770 and 626-302-1212.

All of the Company’s common stock is owned by EIX. EIX is a publicly held company and files periodic reports and other documents with the Commission.

APPENDIX B

TEXT OF OPINION OF GREENBERG TRAURIG, LLP DATED MAY 19, 2011

On May 19, 2011, the date on which the Bonds were issued, Greenberg Traurig, LLP, as Bond Counsel at that time, issued its approving opinion as follows:

Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770

Re: \$55,540,000
City of Farmington, New Mexico
Pollution Control Refunding Revenue Bonds
(Southern California Edison Company Four Corners Project)
2011 Series

We hereby certify that we have examined a certified copy of the proceedings of record of the City Council of the City of Farmington, New Mexico (the "Issuer") preliminary to and in connection with the issuance of its Pollution Control Refunding Revenue Bonds (Southern California Edison Company Four Corners Project) 2011 Series in the aggregate principal amount of \$55,540,000 (the "Bonds"). The Bonds are being issued pursuant to the provisions of the Pollution Control Revenue Bond Act, Sections 3-59-1 to 3-59-14 NMSA 1978, as amended (the "Act"), for the purpose of refunding certain bonds heretofore issued by the Issuer, the proceeds of which were used to refinance costs to Southern California Edison Company, a California corporation (the "Company"), of acquiring, constructing, reconstructing, improving, maintaining, equipping or furnishing its undivided interest in certain pollution control facilities at the Four Corners Generating Station located in San Juan County, New Mexico (the "Project").

The Bonds are issuable as fully registered Bonds in authorized denominations, are dated the date of issuance, mature on April 1, 2029, bear interest as determined from time to time in the manner set forth in the Bonds, and are subject to tender for purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in the Ordinance (as hereinafter defined). As provided in the Act, the Bonds and interest and premium, if any, thereon are special limited obligations of the Issuer, payable solely from the sources hereinafter described, and shall never constitute the debt or indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation and shall not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

From such examination of the proceedings of the City Council of the Issuer referred to above and such other matters as we deem appropriate and from an examination of the Act and such other laws as we deem appropriate, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of New Mexico now in force, that the form of bond prescribed for said issue is in due form of law and that the Bonds to the amount named are valid and legally binding special limited obligations of the Issuer, enforceable in accordance with their terms, subject to the qualification that the enforcement thereof may be

limited by bankruptcy, insolvency and other laws affecting creditors' rights generally or by general principles of equity.

Pursuant to an Installment Sale Agreement by and between the Company and the Issuer, dated as of May 1, 2011 (the "Agreement"), the Issuer has agreed to use the proceeds from the sale of the Bonds for the purpose stated above, and the Company has agreed to pay amounts representing purchase price installments for the Project, which shall be at least sufficient to pay the principal of, and premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer and, assuming the due authorization, execution and delivery thereof by the Company, is a valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency and other laws affecting creditors' rights generally or by general principles of equity.

We have also examined a certified copy of Ordinance No. 2011-1243, adopted by the City Council of the Issuer on May 10, 2011 (the "Ordinance"), which Ordinance secures the Bonds and sets forth the covenants and undertakings of the Issuer in connection with the Bonds and appoints The Bank of New York Mellon, as Trustee (the "Trustee"), and a certified copy of Resolution No. 2011-1393 adopted by the City Council of the Issuer on May 10, 2011 (the "Resolution"), approving the terms of the sale of the Bonds. Under the Ordinance, the revenues and receipts derived by the Issuer from the payment of purchase price installments by the Company under the Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the City Council of the Issuer referred to above show lawful authority for the adoption of the Ordinance and the Resolution, that the Ordinance, as supplemented by the Resolution, is a valid and binding special limited obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency and other laws affecting creditors' rights generally or by general principles of equity, that the Bonds have been validly issued under the Ordinance and the Resolution and that all requirements under the Ordinance and the Resolution precedent to delivery of the Bonds have been satisfied.

It is our opinion that, subject to compliance by the Issuer and the Company with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes (except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and such interest is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. However, such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Issuer and Company covenants could cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

In our opinion, under the laws of the State of New Mexico as presently enacted and construed, so long as interest on the Bonds is not included in gross income for federal income tax purposes, interest on the Bonds is not included in net income for purposes of the tax imposed on individuals, estates and trusts under the New Mexico Income Tax Act or the tax imposed on corporations under the New Mexico Corporate Income and Franchise Tax Act. We express no opinion with respect to any other taxes imposed by the State of New Mexico or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

In rendering the opinions set forth above, we have relied upon certifications of the Company and the Issuer with respect to certain material facts within the Company's and the Issuer's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

Greenberg Traurig, LLP

APPENDIX C

PROPOSED FORM OF OPINION OF KUTAK ROCK LLP DATED APRIL 1, 2015

[Letterhead of Kutak Rock LLP]

[To Be Dated Mode Change Date]

City of Farmington
City Hall
800 Municipal Drive
Farmington, New Mexico 87401

The Bank of New York Mellon, as Trustee
385 Rifle Camp Road, 3rd Floor
Woodland Park, New Jersey 07424
Attention: Corporate Trust Administration

Morgan Stanley & Co. LLC, as
Remarketing Agent
1585 Broadway, 16th Floor
New York, New York 10036

\$55,540,000
City of Farmington, New Mexico
Pollution Control Refunding Revenue Bonds
(Southern California Edison Company Four Corners Project)

Ladies and Gentlemen:

The above-described Bonds (the “Bonds”) were issued by the City of Farmington, New Mexico (the “City”) on May 19, 2011 pursuant to Ordinance No. 2011-1243 (the “Ordinance”) and Resolution No. 2011-1393, both adopted by the City on May 10, 2011. The Bank of New York Mellon has been appointed trustee under the Ordinance (the “Trustee”). We have been advised by Southern California Edison Company (the “Company”) that the Bonds bore interest at Weekly Rates during a Weekly Mode that began on their Issue Date on May 19, 2011. We have been advised by the Trustee that no Event of Default has occurred and is continuing under the Ordinance. Each capitalized term used herein and not defined herein shall have the meaning given to such term in the Ordinance.

We have been provided with an executed copy of a written notice of the Company dated March 11, 2015 (the “Company Notice”) addressed to the City, the Trustee and the Remarketing Agent (together, the “Notice Parties”), notifying such parties that, pursuant to the Ordinance, the Company intended to change the Mode for the Bonds from the Weekly Mode to the Term Rate Mode on the date hereof (the “Mode Change Date”). Section 2.07(a)(iii) of the Ordinance provides that the change to the Term Rate Mode from the Weekly Mode will not occur unless a Favorable Opinion of Bond Counsel dated the Mode Change Date is addressed and delivered to the City, the Trustee and the Remarketing Agent on the Mode Change Date. Section 5.06(c)(i) of the Ordinance also requires that the City receive a Favorable Opinion of Bond Counsel with respect to the remarketing of the Bonds on the date hereof. The Company has requested that we provide these Favorable Opinions of Bond Counsel as required by the Ordinance.

In that regard, we have examined the Company Notice, the Ordinance, the Installment Sale Agreement dated as of May 1, 2011 between the City and the Company (the "Sale Agreement") and such other certificates, documents and matters of law as we have deemed necessary to render the opinions set forth below. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, all parties thereto. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the Ordinance, the Sale Agreement, the Project Certificate of the Company dated May 19, 2011 (which includes prior tax certificates of the Company, the "Project Certificate") and the Tax Exemption Certificate and Agreement among the City, the Company and the Trustee dated May 19, 2011 (which includes prior tax agreements of the Company, the "Tax Agreement"), and that the use and purposes of the facilities refinanced with the proceeds of the Bonds have not been altered to a use or purpose other than air or water pollution control as set forth in the Project Certificate and the Tax Agreement.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof under existing law, we are of the opinion that the change in Mode for the Bonds from the Weekly Mode to the Term Rate Mode on the date hereof and the remarketing of the Bonds on the date hereof is permitted under the Act and the Ordinance and will not, in and of themselves, impair any exclusion of interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation.

On May 19, 2011, the date on which the Bonds were issued, Greenberg Traurig, LLP, bond counsel at that time, rendered an approving opinion to the effect, among other things, that, subject to compliance by the City and the Company with certain covenants, under then existing law, (a) interest on the Bonds was excludable from gross income of the owners thereof for federal income tax purposes (except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and (b) such interest was not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, however, it was taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations (the "Approving Opinion"). As indicated in the Approving Opinion, Greenberg Traurig, LLP relied upon certifications of the Company and the City with respect to certain material facts within the Company's and the City's knowledge.

We have not been requested, nor have we undertaken, to make an independent investigation regarding the expenditure of Bond proceeds, to confirm that the Company and the City have complied with the covenants, certifications and representations in the Sale Agreement, the Tax Agreement and the Project Certificate, or (except in respect of the change in Mode for the Bonds from the Weekly Mode to the Term Rate Mode on the date hereof and the remarketing of the Bonds on the date hereof) to review any other events which may have occurred since the Approving Opinion was rendered which might affect the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes or which might change the opinions expressed in the Approving Opinion. We have assumed the accuracy of the Approving Opinion, and we have not verified such accuracy. Further, without limiting the generality of the foregoing, we express no opinion with respect to (i) whether the proceeds of the

Bonds have been used in the required manner, or as to the status of the Project; (ii) the enforceability of the Ordinance or the compliance by the City with the terms and provisions of the Ordinance; (iii) the enforceability of the Sale Agreement against the parties thereto, or the compliance by the City or the Company with the terms and provisions of the Sale Agreement or any other document executed in connection with the Bonds; (iv) any governmental approvals, consents or authorizations that may be required in connection with the original or any subsequent purchase or sale of the Bonds; (v) the exclusion from gross income for federal or state income tax purposes of the interest on the Bonds (except as specifically set forth in the second immediately preceding paragraph); or (vi) the accuracy, completeness or sufficiency of any disclosure material relating to the Bonds, including any disclosure material utilized in connection with the reoffering of the Bonds on the date hereof. The opinions expressed herein are accordingly limited to the opinions specifically stated in the second immediately preceding paragraph as required by Sections 2.07(a)(iii) and 5.06(c)(i) of the Ordinance.

The opinions set forth above are furnished by us as Bond Counsel to the Company. No attorney-client relationship has existed or exists between our firm and the addressees by virtue of such opinions.

The opinions set forth above represent our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinions, and are not a guarantee of a result. The opinions set forth above are given as of the date hereof and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. The opinions set forth above are furnished solely for your information and benefit in connection with the change in Mode for the Bonds from the Weekly Mode to the Term Rate Mode on the date hereof and the remarketing of the Bonds on the date hereof, and may not be relied upon by any other person.

Respectfully submitted,

APPENDIX D

CERTAIN DEFINITIONS

Unless the context otherwise requires, the following terms relating to the Bonds shall, as used in this Reoffering Circular, have the following meanings:

“*Agreement*” means the Installment Sale Agreement, dated as of May 1, 2011, between the City and the Company, as it may be supplemented and amended from time to time.

“*Authorized Denominations*” means, during the Term Rate Mode, \$5,000 and any integral multiple thereof.

“*Bond Counsel*” means any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the issuance of bonds by states and political subdivisions and the federal tax-exemption of interest on bonds issued by states and political subdivisions, selected by the Company with the Written Consent of the City.

“*Bond Fund*” means the Bond Fund established pursuant to the Ordinance and held by the Trustee into which all Purchase Installments are deposited and used to pay the principal of and interest on the Bonds.

“*Bondholder*” or “*Owner*” or “*owner*” or “*holder of Bonds*” or “*Holder*” or “*holder*” means the person or persons in whose name or names a Bond is registered on the books of the City kept by the Trustee for that purpose in accordance with the terms of the Ordinance.

“*Business Day*” means a day on which the Trustee, the Remarketing Agent or banks or trust companies in New York, New York, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed and, in the case of any action to be taken by the Company, which is not a day on which banks or trust companies in Los Angeles, California are required or authorized to be closed.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the applicable Treasury regulations under it and, to the extent applicable to the Bonds or the Prior Bonds, the 1954 Code.

“*Company*” means Southern California Edison Company, a corporation organized under the laws of the State of California, and its successors and assigns, and any surviving, resulting or transferee corporation as provided in the Agreement.

“*Company Indenture*” means that certain Trust Indenture, dated as of October 1, 1923, between Southern California Edison Company and The Bank of New York Mellon Trust Company, N.A. and D. G. Donovan, as successor trustees, as amended and supplemented.

“*Company Purchase Account*” means the account by that name created in the Purchase Fund and maintained by the Trustee pursuant to the Ordinance, into which any moneys received by the Trustee from the Company will be deposited and used by the Trustee to pay the Purchase

Price on the Mandatory Purchase Date to the extent remarketing proceeds are not available in the Remarketing Proceeds Account.

“Determination of Taxability” means a determination that the interest payable on any Bond is not Tax-Exempt to the holder or Beneficial Owner of such Bond (other than a holder or Beneficial Owner who is a “substantial user” of the facilities refinanced with the proceeds of the Bonds or a “related person” within the meaning of Section 103(b)(13) of the 1954 Code). Such determination will be deemed to have been made upon the date on which, due to the untruth or inaccuracy of any representation or warranty made by the Company in the Agreement, or in connection with the offer and sale of the Bonds, or the breach of any covenant or warranty of the Company contained in the Agreement, interest on the Bonds, or any of them, is determined not to be Tax-Exempt to the owners or Beneficial Owners thereof (other than an owner or Beneficial Owner who is a “substantial user” of the facilities refinanced with the proceeds of the Bonds or a “related person” within the meaning of Section 103(b)(13) of the 1954 Code) by a final administrative determination of the Internal Revenue Service or final judicial decision of a court of competent jurisdiction. A determination or decision will not be considered final for purposes of the preceding sentence unless (A) the holder or holders or Beneficial Owner or Beneficial Owners of the Bonds involved in the proceeding in which the issue is raised (i) has given the Company prompt notice of the commencement thereof; and (ii) has offered the Company the opportunity to control the proceeding, provided the Company agrees to pay all expenses in connection therewith and to indemnify such holder or holders or Beneficial Owner or Beneficial Owners against all liability for such expenses (except that any such holder or Beneficial Owner may engage separate counsel, and the Company will not be liable for the fees or expenses of such counsel); and (B) such proceeding will not be subject to a further right of appeal or will not have been timely appealed.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Electronic Means” means facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

“Favorable Opinion of Bond Counsel” means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Bond Counsel to the effect that such action is permitted under the Act and the Ordinance and will not impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds). In situations where a Favorable Opinion of Bond Counsel or an opinion of Bond Counsel is required or requested to be delivered under the Ordinance or under the Agreement, the Trustee is required to accept (unless otherwise directed by the Company) an opinion (acceptable to the City as evidenced by a Written Consent of the City) in such form and with such disclosures as may be required so that such opinion will not be treated as a “covered opinion” for purposes of the Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

“*First Mortgage Bonds*” means the first and refunding mortgage bonds issued under and secured by the Company Indenture.

“*First Mortgage Trustees*” means The Bank of New York Mellon Trust Company, N.A. and D. G. Donovan, as successor co trustees, or any successor trustee at the time serving under the Company Indenture.

“*Fitch*” means Fitch, Inc., a nationally recognized statistical rating organization, and its successors and assigns, except that if such rating organization is dissolved or liquidated or no longer performs the functions of a rating organization, then the term “Fitch” will be deemed to refer to any other nationally recognized statistical rating organization selected by the Company.

“*Interest Payment Date*” means each date on which interest is to be paid on the Bonds during the Term Rate Mode, which is October 1, 2015, the first day of each April and October thereafter, and the day after the last day of the Term Rate Mode.

“*Interest Period*” means the period of time during which the Bonds bear interest at a specific numerical rate (per annum) which becomes effective at the beginning of such period. The Interest Period for the Bonds during the Term Rate Mode means the period from (and including) the Mode Change Date to (and including) the last day of such period as established by the Company for such Bonds.

“*Mandatory Purchase Date*” means April 1, 2020.

“*Maturity Date*” means April 1, 2029.

“*Mode*” means, as the context may require, the Commercial Paper Mode, the Daily Mode, the Weekly Mode, the SIFMA-Based Term Rate Mode, the Term Rate Mode or the Fixed Rate Mode.

“*Mode Change Date*” means for the Term Rate Mode, April 1, 2015.

“*Moody’s*” means Moody’s Investors Service, Inc., a nationally recognized statistical rating organization, and its successors and assigns, except that if such rating organization is dissolved or liquidated or no longer performs the functions of a rating organization, then the term “Moody’s” will be deemed to refer to any other nationally recognized statistical rating organization selected by the Company.

“*1954 Code*” means the Internal Revenue Code of 1954, as amended, and the applicable Treasury Regulations under it.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel.

“*Opinion of Counsel*” means a written opinion of counsel (who may be counsel for the Company) selected by the Company and acceptable to the Trustee.

“*Outstanding*” when used as of a particular time with reference to the Bonds, means (subject to the provisions of the Ordinance) all Bonds delivered under the Ordinance except:

(a) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid and Bonds in lieu of or in substitution for which replacement Bonds have been authenticated and delivered by the Trustee under the Ordinance unless proof satisfactory to the Trustee and the Company is presented that such Bond is held by a bona fide holder in due course; and

(c) Bonds deemed to be paid within the meaning of the Ordinance as described herein under “THE ORDINANCE—Discharge of Ordinance.”

Bonds purchased by the Trustee on behalf of the Company or by the Company will continue to be Outstanding until the Company directs the Trustee in writing to cancel them. Bonds purchased on the Mandatory Purchase Date and not delivered to the Trustee for payment are not Outstanding, but there will be Outstanding Bonds authenticated and delivered in lieu of such undelivered Bonds as provided in the Ordinance and described herein under “THE BONDS—Mandatory Purchase—*Undelivered Bonds*.”

“*Permitted Investments*” means, to the extent permitted by law:

(a) Direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America; and

(b) Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, providing any such fund has been rated “AAAm-G,” “AAAm” or “AAm” by Standard & Poor’s (which may include funds for which The Bank of New York, its affiliates or subsidiaries provide investment advisory or other management services).

“*Person*” or “*person*” means an individual, a corporation, a partnership, a limited liability company, a trust, a joint venture, an unincorporated organization, or any other legally recognized entity, or a government or any agency or political subdivision thereof.

“*Principal Payment Date*” means any date upon which the principal amount of the Bonds is due under the Ordinance, including the Maturity Date, any redemption date, or the date the maturity of the Bonds is accelerated pursuant to the terms of the Ordinance or otherwise.

“*Purchase Fund*” means the fund by that name established pursuant to the Ordinance and described herein under “THE BONDS—Mandatory Purchase—*Purchase Fund*.”

“*Purchase Installment*” means any amount that the Company is required to pay directly to the Trustee pursuant to the Agreement as a payment of the Project Purchase Price under the Agreement (including payments, if any, on the Series 2011 First Mortgage Bonds).

“*Purchase Price*” means an amount equal to the principal amount of the Bonds to be purchased on the Mandatory Purchase Date, plus an amount equal to accrued interest, if any, to

the Mandatory Purchase Date, as described herein under “THE BONDS—Mandatory Purchase—*Mandatory Purchase at End of Term Rate Mode.*”

“*Rating Agency*” means Fitch, Moody’s or S&P to the extent they then are providing or maintaining a rating on the Bonds at the request of the Company, or in the event that Fitch, Moody’s or S&P no longer maintains a rating on the Bonds, any other nationally recognized statistical rating organization then providing or maintaining a rating on the Bonds at the request of the Company.

“*Record Date*” means in regard to an Interest Payment Date, the fifteenth day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

“*Remarketing Agent*” means, in connection with the remarketing of the Bonds on the April 1, 2015 Mode Change Date, Morgan Stanley & Co. LLC and, thereafter, any investment banking firm which may at any time be appointed Remarketing Agent for the Bonds as provided in the Ordinance.

“*Remarketing Proceeds Account*” means the account by that name created in the Purchase Fund and maintained by the Trustee, into which remarketing proceeds received by the Trustee from the Remarketing Agent will be deposited and used by the Trustee to pay the Purchase Price on the Mandatory Purchase Date.

“*Revenues*” means all receipts, installment payments and other income derived by the City or the Trustee with respect to the Bonds under the Agreement, including any amounts paid pursuant to the Series 2011 First Mortgage Bonds, and any income or revenue derived from the investment of any money in any fund or account established pursuant to the Ordinance, including all Purchase Installments and any other payments made by the Company with respect to the Bonds pursuant to the Agreement; but such term does not include (a) payments to the City or the Trustee of their fees, charges and expenses (or those of their attorneys) pursuant to the Agreement; (b) any indemnification payments made to the City or the Trustee under the Agreement; or (c) any moneys paid to the Trustee for deposit in the Rebate Fund or the Purchase Fund created under the Ordinance.

“*S&P*” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., a nationally recognized statistical rating organization, and its successors and assigns, except that if such rating organization is dissolved or liquidated or no longer performs the functions of a rating organization, then the term “*S&P*” will be deemed to refer to any other nationally recognized statistical rating organization selected by the Company.

“*Series 2011 First Mortgage Bonds*” means the “First and Refunding Mortgage Bonds, Series 2011B, Due 2029,” pledged by the Agreement in support of payment of principal of and premium, if any, and interest on the Bonds.

“*Supplemental Ordinance*” means any ordinance of the City hereafter duly adopted, modifying, altering, amending, supplementing or confirming the Ordinance in accordance with the terms thereof.

Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

Term Rate” means 1.875% per annum, the interest rate for the Bonds during the Term Rate Mode which was determined pursuant to the provisions of the Ordinance.

Term Rate Mode” means the period of time from the Mode Change Date to, but not including March 31, 2020, during which the Bonds will bear interest at the Term Rate.

Trustee” means The Bank of New York Mellon, a New York banking corporation, and its successor or successors under the Ordinance, as trustee, paying agent and registrar under the Ordinance.

Underwriters” means, in connection with the reoffering of the Bonds contemplated by this Reoffering Circular, the investment banking firms indicated on the cover page hereof.

Written Consent of the City” and *Written Request of the City*” mean, respectively, a written consent or request signed by or on behalf of the City by its Mayor, Treasurer or City Clerk.