

FIRST AMENDMENT TO
POWER PURCHASE AGREEMENT (DATED SEPTEMBER 18, 1984)

BETWEEN

FAIRHAVEN POWER CO.

AND

PACIFIC GAS AND ELECTRIC COMPANY

This is the First Amendment to the Power Purchase Agreement dated September 18, 1984 ("Agreement") by and between FAIRHAVEN POWER CO. and PACIFIC GAS AND ELECTRIC COMPANY, hereinafter sometimes referred to collectively as "Parties."

The Parties agree as follows:

1. Article 3, PURCHASE OF POWER, of the Agreement is amended, to read as follows:

- " (a) Seller shall sell and deliver and PGandE shall purchase and accept delivery of capacity and energy at the voltage level of 60 kV.
- (b) Seller shall provide capacity and energy from its 17,250 kW Facility located at Navy Base Road and Bay Street, Fairhaven, California.
- (c) The scheduled operation date of the facility is September 1, 1986.
- (d) To avoid exceeding the physical limitations of the interconnection facilities, Seller shall limit the Facility's actual rate of delivery into the PGandE system to 17.25 MW.
- (e) The primary energy source for the Facility is woodwaste.
- (f) If Seller does not begin construction of its Facility by September 17, 1985, PGandE may reallocate the existing capacity on PGandE's transmission and/or distribution system which would have been used to accommodate Seller's power deliveries to other uses. In the event of such reallocation, Seller shall pay PGandE for the cost of any upgrades or additions to PGandE's system necessary to accommodate the output from the Facility. Such additional facilities shall be installed, owned and maintained in accordance with the applicable PGandE tariff.
- (g) The transformer loss adjustment factor is 0%. "

August 28, 1986

2. Article 5, CAPACITY ELECTION AND CAPACITY PRICE, line 13, of the Agreement is amended, to read as follows:

" Firm Capacity - 17,250 kW for 30 years from the "

3. Table D-1(a), Page D-4, lines 9 and 10, and Table E-1, Page E-9, lines 21 and 22, of the Agreement are amended, to read as follows:

" PGandE has determined that the Facility is remote and that the capacity loss adjustment factor is 0.92823. "

4. Section F-2, POINT OF DELIVERY LOCATION SKETCH, of the Agreement is amended and replaced with the attached page numbered F-3.

5. Section F-3, INTERCONNECTION FACILITIES FOR WHICH SELLER IS RESPONSIBLE, of the Agreement is amended and replaced with the attached page numbered F-4.

6. All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed by their duly authorized representatives as of the last date set forth below, and effective as of the date of first energy deliveries:

FAIRHAVEN POWER CO.

PACIFIC GAS AND ELECTRIC COMPANY

By *Dennis Scott*

By *Theodore L. Lindberg*
THEODORE L. LINDBERG

Type Name: DENNIS SCOTT

Manager, Cogeneration and
Qualifying Facilities Contracts

Title: VICE-PRESIDENT

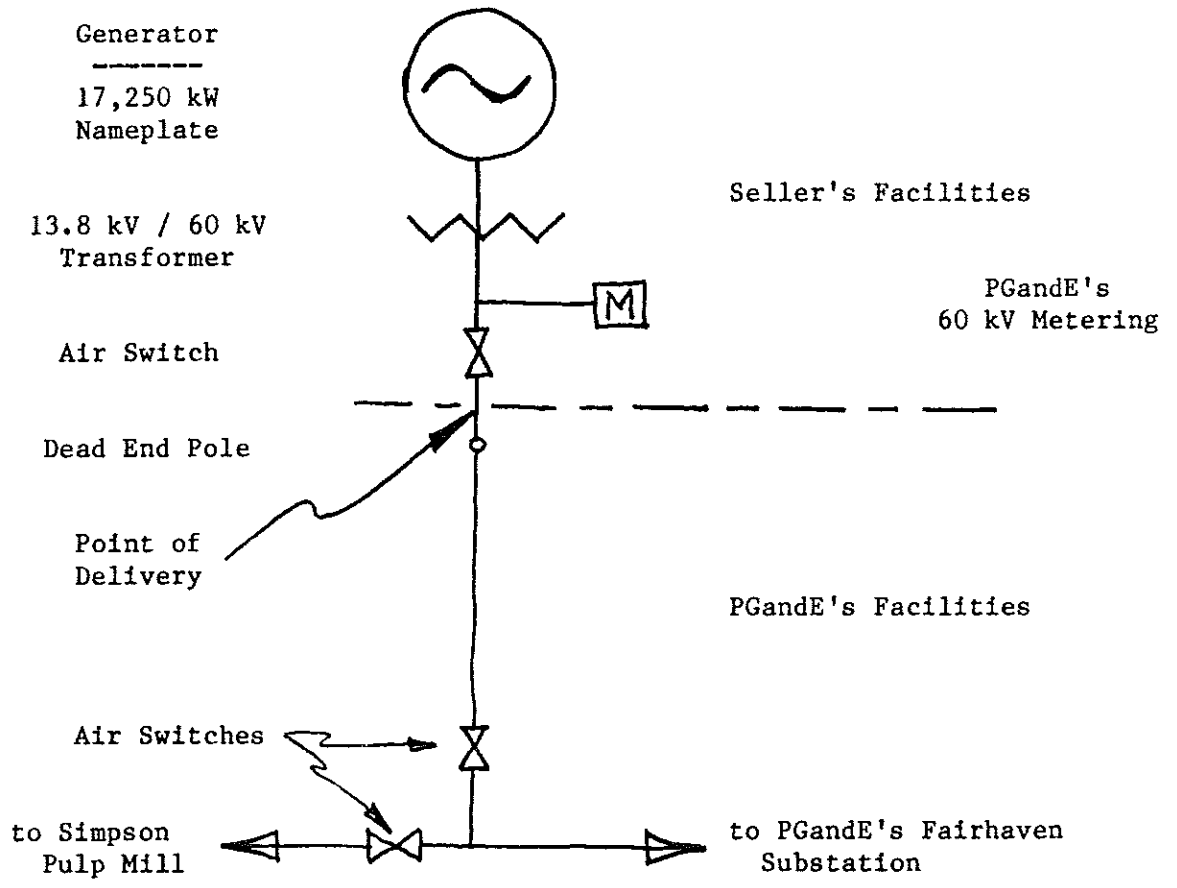
Date Signed: 9/22/86

Date Signed: 10/1/86

Attachments: - Point of Delivery Location Sketch
- Interconnection Facilities for which Seller is Responsible

F-2 POINT OF DELIVERY LOCATION SKETCH

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1 F-3 INTERCONNECTION FACILITIES FOR WHICH SELLER IS
2 RESPONSIBLE
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4 1. 1,857 feet of 4/0 Al. 60 kV transmission line from
5 Fairhaven Power Co. to the Simpson Pulp Mill tapline.
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7 2. In-out 60 kV metering at Fairhaven Power Co.'s
8 substation.
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10 3. Two 115 kV air switches at the junction of the
11 Fairhaven Power Co. and Simpson Pulp Mill taplines.
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13 4. Two 60 kV circuit breakers at PGandE's Fairhaven
14 Substation.
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16 5. Reconductoring of the bus wire in PGandE's
17 Fairhaven Substation based on 501 amp. load with Fairhaven
18 Power Co., Simpson Pulp Mill and Louisiana-Pacific on line.
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20 6. Prorated share of OCB #32 and all associated
21 equipment at PGandE's Fairhaven Substation. Fairhaven Power
22 Co.'s prorated share is 32.8%, based on nominal deliveries
23 to PGandE of 17 MW (Fairhaven Power Co.), 9.9 MW (Simpson
24 Pulp Mill) and 25 MW (Louisiana-Pacific).
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