

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

BETWEEN

FAIRHAVEN POWER CO.

AND

PACIFIC GAS AND ELECTRIC COMPANY

This is the Second Amendment to the Power Purchase Agreement dated September 18, 1984 ("Agreement") as amended in the First Amendment to the Power Purchase Agreement signed by PG&E on October 1, 1986, 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 5, CAPACITY ELECTION AND CAPACITY PRICE, of the Agreement is amended, to read as follows:

"Seller may elect to deliver either firm capacity or as-delivered capacity, and Seller's election is indicated below. PGandE's prices for firm capacity and as-delivered capacity are derived from PGandE's full avoided costs as approved by the CPUC.

X Firm capacity - 16,000 kW for 30 years from the firm capacity availability date with payment determined in accordance with Appendix E. Except for hydroelectric facilities, PGandE shall pay Seller for capacity delivered in excess of firm capacity on an as-delivered capacity basis in accordance with As-Delivered Capacity Payment Option 1 set forth in Appendix D.

OR

As-delivered capacity with payment determined in accordance with As-Delivered Capacity Payment Option set forth in Appendix D.

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

IN WITNESS WHEREOF, the Parties hereto have caused this Second Amendment to be executed by their duly authorized representatives and it is effective as of the last date set forth below.

FAIRHAVEN POWER COMPANY

By Dennis Scott

Name Dennis Scott

Title Vice President

Date Signed June 3, 1988

PACIFIC GAS AND ELECTRIC COMPANY

By Paula G. Rosput
Paula G. Rosput

Manager

Qualifying Facilities Contracts

Date Signed 6/30/88

Approved as to Form

J.P.
Attorney