

**JULY 13, 2001 AMENDMENT TO THE
POWER PURCHASE AGREEMENT
BETWEEN
FRIANT POWER AUTHORITY
AND
PACIFIC GAS AND ELECTRIC COMPANY
(PG&E LOG NO. 25H037)**

THIS JULY 13, 2001 AMENDMENT ("Amendment") is by and between PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"), a California corporation and FRIANT POWER AUTHORITY, a public agency ("Seller"). PG&E and Seller are sometimes referred to herein individually as "Party" and collectively as the "Parties."

RECITALS

- A. Seller and PG&E are Parties to a Power Purchase Agreement, effective January 1, 1986 (as amended, the "PPA").
- B. On April 6, 2001, PG&E filed a voluntary petition under chapter 11 of the United States Bankruptcy Code in the San Francisco Division of the United States Bankruptcy Court for the Northern District of California (the "Bankruptcy Court") (*In re Pacific Gas and Electric Company*, Bankr. Case No. 01-03923).
- C. On June 14, 2001, the Commission issued D.01-06-015, which approved as reasonable certain non-standard PPA price modifications
- D. Seller and PG&E now desire to enter into the PPA price modification set forth below.

AMENDMENT

In consideration of the mutual promises and covenants contained herein, PG&E and Seller agree to as follows:

1. PPA AMENDMENT

Pursuant to that certain July 13, 2001 agreement between PG&E and Friant Power Authority (the "July 13, 2001 Agreement"), a copy of which is attached hereto as Attachment I, Seller's PPA is hereby amended as set forth in Section 1 of the July 13, 2001 Agreement, entitled "Acceptance of the CPUC Five-Year Fixed Energy Price Option," and Attachment B of the July 13, 2001 Agreement, entitled "FIXED ENERGY PRICES FOR QUALIFYING FACILITIES UNDER D.01-06-015" No provision of the PPA other than the energy pricing term is or shall be deemed to be modified, amended, waived or otherwise affected by this Amendment.

2. SIGNATURES

IN WITNESS WHEREFORE, Seller and PG&E have caused this Amendment to be executed by their authorized representatives.

PACIFIC GAS AND ELECTRIC COMPANY

a California corporation

By: [Signature]

Title: Director WBPM

Date: 7/14/01

FRIANT POWER AUTHORITY

a Public Agency

By: [Signature]

Title: President

Date: July 13, 2001