SECOND AMENDMENT

TO

POWER PURCHASE AGREEMENT

(PG&E Log No. 10H013)

This Second Amendment is by and between Pacific Gas and Electric Company ("PG&E"), a California corporation, and Energy Growth Partnership I, a California partnership ("Seller"). It amends the interim Standard Offer 4 Power Purchase Agreement signed by PG&E on November 5, 1984 and by Energy Growth Group, Inc. and Energy Growth Partnership , Seller's predecessors-in-interest, on October 31, 1984 ("Agreement"), for the 10,800 kW hydroelectric project located at NW Quarter, Section 10, Township 23N, Range 3E, MDB&M, near De Sabla City in Butte County.

WHEREAS, PG&E and Energy Growth Group, Inc. and Energy Growth Partnership amended certain provisions of the Agreement by amendment effective as of February 27, 1989 ("First Amendment"); and

WHEREAS, in that Consent to Assignment and Agreement by and among PG&E, Energy Growth Group, Inc., Energy Growth Partnership, and Seller, signed by PG&E on February 2, 1990, PG&E consented to the assignment of the Agreement from Energy Growth Group, Inc. and Energy Growth Partnership to Seller; and

WHEREAS, PG&E and Seller wish to amend the Agreement further to change certain provisions; ad

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, PG&E and Seller agree as follows:

1. All underlined terms used herein shall have the meanings ascribed to them in APPENDIX A, Section A-1 DEFINITIONS, of the Agreement, as amended by the First Amendment.

2. The reference to PG&E at page 3, line 11 of the Agreement is amended to read:

"PACIFIC GAS AND ELECTRIC COMPANY ("PG&E")".

3. The definition of "fixed price period" in the First Amendment at page 5, lines 15 to 21, is amended to read, in its entirety, as follows:

> Fixed price period -- The period during which forecasted and levelized energy prices and /or forecasted as-delivered capacity prices, are in effect; defined as the period beginning on

the later of either the date of initial energy deliveries or January 1, 1992, and running five years if the term of agreement is 15 or 16 years; six years if the term of agreement is 17, 18 or 19 years; or ten years if the term of agreement is anywhere from 20 through 30 years.

4. Amend subsection (b) Article 4, Energy Price, as amended by the First Amendment at page 6, lines 7 to 9, to read:

(b) During the fixed price period, Seller shall be paid for energy deliveries at prices equal to 100 percent of the prices set forth in Amended Table B-1.1 which is attached hereto as Attachment 1 and incorporated herein by this reference.

5. Delete Amended Table B-1, Forecasted Energy Price Schedule, and substitute "Amended Table B-1.1, Forecasted Energy Price Schedule," which is attached as Attachment 1.

6. Amend Article 12, Term of Agreement, as amended in the First Amendment at page 8, lines 4 to 11, in its entirety to read:

This agreement shall be binding upon execution and remain in effect thereafter for 30 years from the later of the date of initial energy deliveries or January 1, 1992; provided however that it shall terminate if energy deliveries from the Facility do not start by January 1, 1993. The obligation to begin energy deliveries by January 1, 1993 represents a contractual obligation by the Seller for the Facility which Seller may not breach in order to, among other things, take advantage of higher prices which may be available in the future.

7. Add Article 13, Security to Protect Ratepayer Benefits Obtained by the First Amendment, which shall read:

Seller shall provide security to protect the ratepayer benefits obtained by the pricing modifications obtained by the First Amendment. This security shall be in the form of an Irrevocable Letter of Credit ("LOC") delivered annually to and shall be in favor of PG&E, with terms acceptable to PG&E.

For the first year of operation, the security required by this Second Amendment shall be satisfied by the LOC already in place in accordance with the easement agreement dated June 17, 1988, executed by John Eastwood on March 31, 1989 as agent for Energy Growth Partnership, a true and correct copy of which is attached as Attachment 2. That LOC must be in the amount of $2 million. During the first year of operation, in the event of any non-performance by Seller of any of its obligations under either of the agreements for which the LOC is acting as security, PG&E's Hydro Generation Department, QF Contracts Department, or both, may call upon the LOC.

Beginning with the second year of operation and for each year thereafter during the term of the Agreement, security shall be in place solely to protect the ratepayer benefits obtained by the First Amendment. For purposes of second year of operation, the letter of credit put in place in accordance with the June 17, 1988 easement agreement described with terms acceptable to PG&E, in an amount calculated by taking the net present value of the future benefits, discounted to the year for which the security is being calculated. The calculated security amounts, assuming a 29% capacity factor, are found in Attachment 3. The amount of security for any year after the first is calculated by multiplying the security amount found in Attachment 3 for that year by the previous year's capacity factor and dividing that product by .29.

Beginning with the second year of operation and for each year thereafter during the term of the Agreement, the LOC for that calendar year shall be tendered for PG&E's inspection ninety (90) days prior to the commencement of that calendar year. The form and content of the LOC must be acceptable to PG&E, and must provide that it shall be effective immediately upon the expiration of the security for the preceding year and shall be in an amount calculated by taking the net present value of the future benefits obtained by the First Amendment, discounted to the year for which the security is being calculated. The calculated security amounts, assuming a 29% capacity factor are found in Attachment 3.

The amount of security for any year after the first is calculated by multiplying the security amount found in Attachment 3 for that year by the previous year's capacity factor and dividing that product by .29.

If at any time during the term of agreement, PG&E believes the Seller is in material breach of any provision of this Agreement, as amended by the First Amendment, PG&E shall so notify Seller, in writing, and Seller must remedy the breach within a reasonable period of time, not to exceed ninety (90) days. If Seller does not remedy the breach, PG&E may, at its discretion, draw upon the LOC up to the amount posted, but limited to the amount of damage claimed. If Seller disputes PG&E's conclusion that Seller is in material breach, and PG&E elects to draw upon the LOC, the amount drawn by PG&E shall be deposited in an interest-earning escrow account until the dispute is settled in accordance with Section (c) (5) of the Agreement.

8. Amend Article 9, <u>Notices</u>, to read:

All written notices shall be directed as follows:

To PG&E:

Pacific Gas and Electric Company
Attention: Vice President - Power Generation
245 Market Street, Room 316
San Francisco, California 94106

To Seller:

Energy Growth Partnership I
1150 Ballena Blvd., Suite 250
Alameda, California 94501

9. All other provisions of the Agreement remain unchanged.

10. This Second Amendment shall be construed and interpreted in accordance with the laws of the State of California, excluding any choice of law rules that may direct the application of the laws of another jurisdiction.

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.

ENERGY GROWTH PARTNERSHIP I HYPOWER, INC., GENERAL PARTNER	PACIFIC GAS AND ELECTRIC COMPANY
By	By
Peter Loh	Robert J. Haywood
Name	Name
President, Hypower, Inc.	Vice President Power Planning & Contracts
Title	Title
August 1, 1991	8/14/91
Date	Date

APPROVED AS TO FORM

ATTACHMENT 1

AMENDED TABLE B-1.1 (1)
Forecasted Energy Price Schedule

Year	On-Peak	Period A Partial-Peak	Off-Peak	Super Off	Period B Partial-Peak	Off-Peak	Super Off	Weighted Average
1992	9.20	8.98	8.46	8.17	9.28	8.92	8.28	8.80
1993	9.96	9.71	9.15	8.83	10.04	9.65	8.96	9.52
1994	10.15	9.89	9.32	9.00	10.23	9.84	9.13	9.70
1995	10.66	10.39	9.79	9.46	10.75	10.33	9.59	10.19
1996	11.16	10.88	10.25	9.90	11.26	10.82	10.04	10.67
1997	12.55	12.24	11.53	11.14	12.66	12.17	11.29	12.00
1998	12.87	12.55	11.82	11.41	12.98	12.47	11.57	12.30
1999	12.87	12.55	11.82	11.41	12.98	12.47	11.57	12.30
2000	13.14	12.81	12.07	11.66	13.25	12.74	11.82	12.56
2001	13.14	12.81	12.07	11.66	13.25	12.74	11.82	12.56
2002	13.14	12.81	12.07	11.66	13.25	12.74	11.82	12.56

(1) These prices are to be based on time-of-day deliveries. The time periods are: peak; partial-peak; off-peak; and super off-peak. These time periods are subject to change from time to time to comply with California Public Utilities Commission decisions.