

THIRD AMENDMENT
TO
POWER PURCHASE AGREEMENT
(Forks of Butte project, PG&E Log No. 10H013)

THIS THIRD AMENDMENT is by and between PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"), a California corporation, and ENERGY GROWTH PARTNERSHIP I ("Seller"), a California partnership. It amends the interim Standard Offer No. 4 power purchase agreement (the "Agreement"), signed on November 5, 1984 by PG&E and on October 31, 1984 by Energy Growth Group and Energy Growth Partnership ("EGG/EGP"), Seller's predecessors-in-interest, for the hydroelectric project located at the northwest quarter of Section 10, Township 23N, Range 3E, MDB&M, near De Sabla City in Butte County, California (the "Facility"). PG&E and Seller are sometimes referred to individually as "party" and collectively as the "parties."

RECITALS

WHEREAS, the Agreement was amended by the First Amendment To The Power Purchase Agreement For Long-Term Energy And Capacity Between EGG/EGP and PG&E, dated February 27, 1989 (the "First Amendment"); and

WHEREAS, in that Consent to Assignment and Agreement by and among PG&E, EGG/EGP and Seller, signed by PG&E on February 2, 1990, PG&E consented to the assignment of the Agreement from EGG/EGP to Seller; and

WHEREAS, the Agreement has been amended by the Second Amendment to Power Purchase Agreement dated August 14, 1991 (the "Second Amendment"); and

WHEREAS, the Agreement describes the Facility as having a nameplate rating of 10,800 kW; and

WHEREAS, the actual installed nameplate rating of the Facility is 14,400 kW (based on a 16,000 KVA at a .9 power factor); and

WHEREAS, the Facility is located in PG&E's northern transmission constrained area and originally received a transmission allocation of 10,800 kW ; and

WHEREAS, on December 12, 1990 Seller received written notification from PG&E that an additional 800 kW transmission allocation was available for the Facility and on December 18, 1990 Seller notified PG&E that it accepted this allocation; and

WHEREAS, Seller has requested and PG&E has agreed to amend the Agreement to change the Facility nameplate to 14,400 kW, provided that energy deliveries will be limited to 11,600 kW, the amount for which the Facility currently has transmission; provided further that energy deliveries from Seller to PG&E between 10,800 kW and 11,600 kW will be paid for at prices equal to PG&E's full short-run avoided operating costs ; and provided further there will be no payments for as-delivered capacity deliveries in excess of 10,800 kW; and

WHEREAS, the Second Amendment specified that the security required to secure the ratepayer benefits during the first year of operation would use the existing \$2 million Letter of Credit established in accordance with the June 17, 1988 Easement Agreement between PG&E and EGP I; and

WHEREAS, EGP I has or will acquire from PG&E the real property that is the subject of the June 17, 1988 Easement Agreement prior to the completion of the Facility's first year of operation; and

WHEREAS, the \$2 million Letter of Credit greatly exceeds the present value of the ratepayer benefits during the first year of operation; and

WHEREAS, the Parties wish to amend the Agreement to reflect their original intent to secure the ratepayer benefits with an appropriate security; and

WHEREAS, PG&E and Seller also wish to amend the Agreement to complete certain provisions which were left blank when the Agreement was executed.

AGREEMENT

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

1. All underlined terms shall have the meaning stated in Section A-1 DEFINITIONS, Appendix A, pages A-2 through A-7 of the amended Agreement, except as expressly amended by this Third Amendment.

2. Amend Article 3, PURCHASE OF POWER, Section (b), page 5, lines 10 through 12 of the Agreement, to read:

(b) Seller shall provide capacity and energy from its 14,400 kW (based on 16,000 KVA at .9 power factor) Facility located at N.W. Quarter, Section 10, T23N, R3E, MDB&M, near De Sabla City in Butte County, California.

3. Amend Article 3, PURCHASE OF POWER, Section (d), page 5, lines 19-22 of the Agreement, to read:

(d) To avoid exceeding the physical limitation of the interconnection facilities, Seller shall limit the Facility's actual rate of delivery into the PG&E system to 14,400 kW.

4. Amend Article 3, PURCHASE OF POWER, Section (g), page 6, line 12 of the Agreement, to read:

(g) The transformer loss adjustment factor is N.A. (not applicable).

5. Delete paragraph 4 on page 2 of the Second Amendment.

6. Amend Article 4, ENERGY PRICE, Section (b), page 6, lines 7 through 9, and section (d), page 6, lines 13 through 21 of the First Amendment to read:

(b) During the fixed price period, Seller shall be paid for energy delivered measured in accordance with PG&E's then current methodology, currently on a half-hourly basis, as follows: (i) Seller shall be paid for energy deliveries up to a maximum of 10,800 kW at prices equal to 100 percent of the prices set forth in Amended Table B-1.1 (ii) Seller shall be paid for energy deliveries in excess of 10,800 kW up to a maximum of 11,600 kW at prices equal to PG&E's full short-run avoided operating costs.

(d) For each calendar year during the term of agreement in which the Facility's annual generation exceeds 38,000 MW-hours as measured by the PG&E high side meter, Seller shall refund to PG&E ten percent (10%) of the payment due based on the weighted average annual price, for the amount of Seller's energy deliveries in excess of 38,000 MW-hours. PG&E will offset such refund in four (4) approximately equal amounts from subsequent payments due Seller. If PG&E has not recovered the full refund amount after four consecutive billing cycles, Seller shall thereupon directly pay PG&E the remaining amount due. During the fixed price period, the 38,000 MW-hours referred to in this subsection shall be based on energy deliveries paid in accordance with subsection (b) (i) above.

7. Amend paragraph 3, AS-DELIVERED CAPACITY PRICE, on page 7, lines 5 through 16 of the First Amendment as follows:

As-delivered capacity with payment for up to 10,800 kW as follows:
(i) During years one (1) through five (5) of the term of agreement, payment equal to one hundred percent (100%) of the payment determined in accordance with the As-Delivered Capacity Payment Option 2 set forth in Appendix D;

(ii) during years six (6) through ten (10) of the term of agreement, payment equal to ninety-five percent (95%) of the payment determined in accordance with the As-Delivered Capacity Payment Option 2 set forth in Appendix D;

(iii) beginning in year eleven (11) and continuing to the end of the term of agreement, payment equal to ninety percent (90%) of the payment determined in accordance with the As-Delivered Capacity Payment Option 2 set forth in Appendix D; provided, however that PG&E shall have no obligation to make payments for as-delivered capacity delivered prior to January 1, 1992, and provided further that PG&E shall have no obligation to make payment for as-delivered capacity in excess of 10,800 kW.

8. Amend Article 13, Security to Protect Ratepayer Benefits Obtained by the First Amendment, at pages 2-4 of the Second Amendment, by adding the following paragraph after paragraph two on page 3:

In the event that the obligation of Seller to maintain the \$2 million Letter of Credit pursuant to the June 17, 1988 Easement Agreement is extinguished by Seller's purchase or acquisition of the real property from PG&E that is the subject of said Easement Agreement, or otherwise, the security required for the first year of operation shall be satisfied by another Letter of Credit meeting all of the terms and conditions of this Article, in the amount of \$255,000.

9. Amend Article 10, DESIGNATED SWITCHING CENTER, page 13, lines 1 through 9 of the Agreement, to read:

Unless changed by PG&E, the designated PGandE switching center shall be:

Table Mountain Substation
Oroville, California
(916) 533-8313

10. Amend Appendix D, Table D-1 (a) CAPACITY LOSS ADJUSTMENT FACTORS FOR NON-REMOTE FACILITIES, page D-4, lines 8 through 9 of the Agreement, to read:

The Facility is remote, and the capacity loss adjustment factor is .9463.

11. Amend Appendix F, Section F-2 (POINT OF DELIVERY LOCATION SKETCH), by deleting page F-3 of the Agreement and substituting Amended page F-3, attached hereto and incorporated herein.

12. Amend Appendix F, Section F-3 (INTERCONNECTION FACILITIES FOR WHICH SELLER IS RESPONSIBLE), by deleting page F-4 of the Agreement and substituting Amended page F-4, attached hereto and incorporated herein.

13. Miscellaneous

13.1 Except as expressly modified by this Third Amendment, the provisions of the Agreement, as modified by the First Amendment and Second Amendment, shall remain unchanged.

13.2 This Third Amendment constitutes the entire agreement of the parties with respect to the subject-matter hereof and supersedes any and all prior negotiations, correspondence, understandings and agreements between the parties respecting the subject-matter of this Third Amendment.

13.3 This Third Amendment may be amended or modified only by a written instrument signed by both parties.

13.4 Captions are included herein for ease of reference only. The captions are not intended to affect the meaning of the contents or scope of this Third Amendment.

13.5 This Third 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.

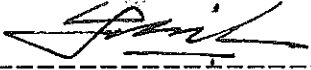
13.6 No term or provision of this Third Amendment shall be deemed waived and no breach excused unless it is in writing and signed by the party claimed to have so waived or excused.

13.7 This Third Amendment is executed in two counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

IN WITNESS THEREOF, the parties have caused this Third Amendment to be executed by their duly authorized representatives, and it is effective as of the last date written below.

ENERGY GROWTH PARTNERSHIP I PACIFIC GAS AND ELECTRIC COMPANY

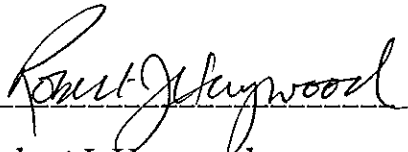
By HYPOWER, INC., its general partner

BY: 

NAME: Peter Loh

TITLE: President, Hypower, Inc.

DATE SIGNED: Oct. 21, 1992

BY: 

NAME: Robert J. Haywood

TITLE: Vice President, Power Planning and Contracts

DATE SIGNED: December 1, 1992

Addresses:

ENERGY GROWTH PARTNERSHIP I

1150 BALLENA BLVD., SUITE 220

ALAMEDA, CALIFORNIA 94501

Attention: PETER LOH

Telephone: (510) 769-0800

HYPOWER, INC.

1150 BALLENA BLVD., SUITE 220

ALAMEDA, CALIFORNIA 94501

Attention: Peter Loh, President

Telephone: (510) 769-0800

APPROVED AS TO FORM:

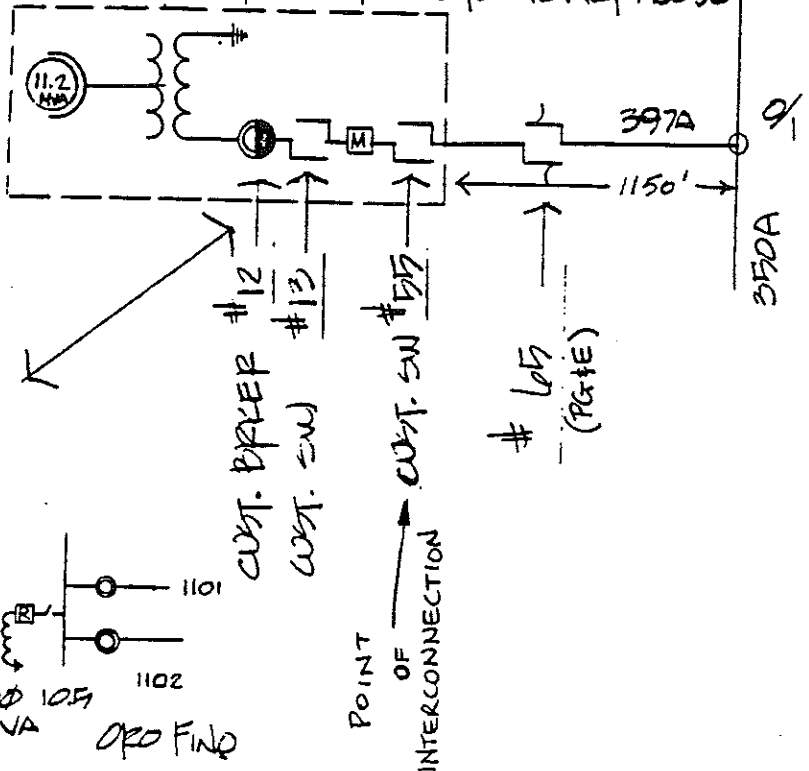
ATTORNEY

Exhibit F-2

POINT OF DELIVERY LOCATION SKETCH

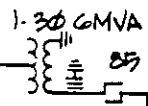
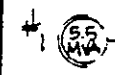
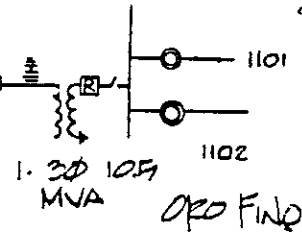
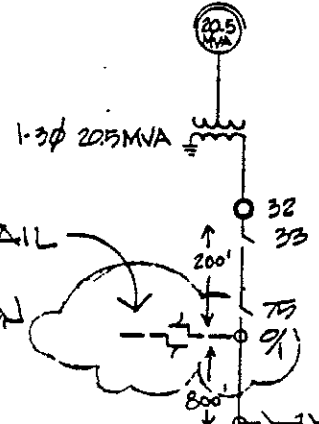
F-3

DETAIL OF INTERCONNECTION
FORKS OF BUTTE POWERHOUSE

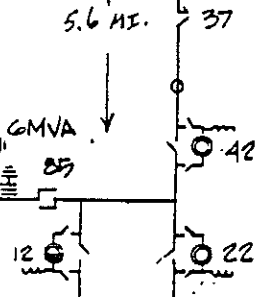


DE SABLE POWERHOUSE (SEMI-AUTOMATIC)

SEE DETAIL OF INTERCONNECTION



CENTERVILLE POWERHOUSE (SEMI-AUTOMATIC)



TO PARADISE
PARADISE NO. 2 60 KV TAP 397.5 AL.

CENTERVILLE DUFHAM JCT 60KV 397.5 AL

DE SABLE - OROVILLE 60KV 350AL

TO PARADISE
PARADISE NO. 1 60KV TAP 397.5 AL.

APPROVED BY									
REV.	DATE	DESCRIPTION	GM	DWN.	CHKD.	SUPV.	APVD.		

GM 4512883	
SUPV. B. GUENTHER	
DSGN. M. WALLACE	
DWN. M. WALLACE	
CHKD. B. GUENTHER	
O.K.	
DATE	SCALE

TRANSMISSION CIRCUIT SKETCH
FORKS OF BUTTE PROJECT

PACIFIC GAS AND ELECTRIC COMPANY
SAN FRANCISCO, CALIFORNIA

B/M	
DWG. LIST	
SUPSDS	
SUPSD BY	
SHEET NO.	SHEETS
DRAWING NUMBER	REV.

Exhibit F-3

INTERCONNECTION FACILITIES FOR WHICH SELLER IS RESPONSIBLE

Seller is responsible for installing, maintaining and if necessary, replacing the interconnection facilities described below:

1. 60 kv tap line (1150') with gang-operated switch.
2. Relay modifications at Centerville and De Sabla Substation.
3. Transfer trip from Centerville Substation to project.
4. Telemetry to San Francisco.
5. Revenue metering.

In addition to the interconnection facilities listed above, and at Seller's request, PG&E will install certain interconnection facilities as Special Facilities. PG&E will do so at Seller's expense pursuant to the Special Facilities Agreement between Seller and PG&E.