POWER PURCHASE AGREEMENT

FOR

LONG-TERM ENERGY AND CAPACITY

BETWEEN

ORANGE COVE IRRIGATION DISTRICT

AND

PACIFIC GAS AND ELECTRIC COMPANY

MAY 1984

STANDARD OFFER #4:

LONG-TERM ENERGY AND CAPACITY

POWER PURCHASE AGREEMENT

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ORANGE COVE IRRIGATION DISTRICT

AND

PACIFIC GAS AND ELECTRIC COMPANY

ORANGE COVE IRRIGATION DISTRICT ("Seller"), and PACIFIC GAS AND ELECTRIC COMPANY ("PGandE"), referred to collectively as "Parties" and individually as "Party", agree as follows:

ARTICLE 1 QUALIFYING STATUS

Seller warrants that, at the date of first power deliveries from Seller's Facility[1] and during the term of agreement, its Facility shall meet the qualifying facility requirements established as of the effective date of this Agreement by the Federal Energy Regulatory Commission's rules (18 Code of Federal Regulations 292) implementing the Public Utility Regulatory Policies Act of 1978 (16 U.S.C.A. 796, et seq.).

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[1] Underlining identifies those terms which are defined in Section A-1 of Appendix A.

ARTICLE 2 COMMITMENT OF PARTIES

The prices to be paid Seller for energy and/or capacity delivered pursuant to this Agreement have wholly or partly been fixed at the time of execution. Actual avoided costs at the time of energy and/or capacity deliveries may be substantially above or below the prices fixed in this Agreement. Therefore, the Parties expressly commit to the prices fixed in this Agreement for the applicable period of performance and shall not seek to or have a right to renegotiate such prices for any reason. As part of its consideration for the benefit of fixing part or all of the energy and/or capacity prices under this Agreement, Seller waives any and all rights to judicial or other relief from its obligations and/or prices set forth in Appendices B, D, and E, or modification of any other term or provision for any reasons whatsoever.

This Agreement contains certain provisions which set forth methods of calculating damages to be paid to PGandE in the event Seller fails to fulfill certain performance obligations. The inclusion of such provisions is not intended to create any express or implied right in Seller to terminate this Agreement prior to the expiration of the <u>term of agreement</u>. Termination of this Agreement by Seller prior to its expiration date shall constitute a breach of this Agreement and the damages expressly set forth in this

Agreement shall not constitute PGandE's sole remedy for such breach.

ARTICLE 3 PURCHASE OF POWER

(a) Seller shall sell and deliver and PGandE shall purchase and accept delivery of capacity and energy at the voltage level of ______[1] kV.

(b) Seller shall provide capacity and energy from its 1,800 kW [Nameplate rating of generator(s)] Facility located at upstream side of the siphon for the Friant-Kern Canal at the Kings River, Fresno County, California.

(c) The scheduled operation date of the Facility is October 1, 1987 ~~March 1, 1987~~ [Date]. At the end of each calendar quarter Seller shall give written notice to PGandE of any change in the scheduled operation date.

(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 ______[2] kW.

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1 The Seller requests and PGandE consents that this blank not be filled in at the time of executing the Agreement, because the Seller, recognizing that the information is not yet available to make a definitive determination of the number to be inserted in this blank, shall request PGandE to perform an interconnection study to be done in its accustomed manner of making such studies to determine the number to be inserted.

2 The appropriate number will be inserted upon completion of an interconnection study.

(e) The primary energy source for the Facility is Falling Water/Hydro.

(f) If Seller does not begin construction of its Facility by ~~June 1, 1987~~ January 1, 1988 [Date], 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 ______[1].

ARTICLE 4 ENERGY PRICE

PGandE shall pay Seller for its net energy output[2] under the energy payment option checked below[3]:

XX Energy Payment Option 1 - Forecasted Energy Prices

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1 If Seller chooses to have meters placed on Seller's side of the transformer, an estimated transformer loss adjustment factor of 2 percent, unless the Parties agree otherwise, will be applied. This estimated transformer loss figure will be adjusted to a measurement of actual transformer losses performed at Seller's request and expense.

2 Insert either "net energy output" or "surplus energy output" to show the energy sale option selected by Seller.

3 Energy Payment Option 2 is not available to oil or gas-fired cogenerators.

During the _fixed price period_, Seller shall be paid for energy delivered at prices equal to ___100___[1] percent of the prices set forth in Table B-1, Appendix B, plus ___0___[2] percent of PGandE's _full_ _short-run_ _avoided_ _operating_ _costs_.

For the remaining years of the _term of agreement_, Seller shall be paid for energy delivered at prices equal to PGandE's _full_ _short-run_ _avoided_ _operating_ _costs_.

If Seller's _Facility_ is not an oil or gas-fired cogeneration facility, Seller may convert from Energy Payment Option 1 to Energy Payment Option 2 and be subject to the conditions therein, provided that Seller shall not change the percentage of energy prices to be based on PGandE's _full_ _short-run_ _avoided_ _operating_ _costs_. Such conversion must be made at least 90 days prior to the date of initial energy deliveries and must be made by written notice in accordance with Section A-17, Appendix A.

______ Energy Payment Option 2 - Levelized Energy Prices

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[1] Insert either 0, 20, 40, 60, 80, or 100, at Seller's option. If Seller's _Facility_ is an oil or gas-fired cogeneration facility, either 0 or 20 must be inserted.

[2] Insert the difference between 100 and the percentage selected under footnote 1 above.

During the fixed price period, Seller shall be paid for energy delivered at prices equal to ________[1] percent of the levelized energy prices set forth in Table B-2, Appendix B for the year in which energy deliveries begin and term of agreement, plus ________[2] percent of PGandE's full short-run avoided operating costs. During the fixed price period, Seller shall be subject to the conditions and terms set forth in Appendix B, Energy Payment Option 2.

For the remaining years of the term of agreement, Seller shall be paid for energy delivered at prices equal to PGandE's full short-run avoided operating costs.

Seller may convert from Energy Payment Option 2 to Energy Payment Option 1, provided that Seller shall not change the percentage of energy prices to be based on PGandE's full short-run avoided operating costs. Such conversion must be made at least 90 days prior to the date of initial energy deliveries and must be made by written notice in accordance with Section A-17, Appendix A.

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1 Insert either 20, 40, 60, 80, or 100, at Seller's option.

2 Insert the difference between 100 and the percentage selected under footnote 1 above.

______ Energy Payment Option 3 - Incremental Energy Rate

Beginning with the date of initial energy deliveries and continuing until ______________[1], Seller shall be paid monthly for energy delivered at prices equal to PGandE's full short-run avoided operating costs, provided that adjustments shall be made annually to the extent set forth in Appendix B, Energy Payment Option 3.

The Incremental Energy Rate Band Widths specified by Seller in Table I below shall be used in determining the annual adjustment, if any.

Table I

Year	Incremental Energy Rate Band Widths (must be multiples of 100 or zero)
1984	______
1985	______
1986	______
1987	______
1988	______
1989	______
1990	______
1991	______
1992	______
1993	______
1994	______
1995	______
1996	______
1997	______
1998	______

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[1] Specified by Seller. Must be December 31, 1998 or prior.

After ______________, Seller shall be paid for energy delivered at prices equal to PGandE's full short-run avoided operating costs.

ARTICLE 5 CAPACITY ELECTION AND CAPACITY PRICE

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.

______ Firm capacity - ______ kW for ____ 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 ______ set forth in Appendix D.

OR

__x__ As-delivered capacity with payment determined in accordance with As-Delivered Capacity Payment Option __2__ set forth in Appendix D.

ARTICLE 6 LOSS ADJUSTMENT FACTORS

Capacity Loss Adjustment Factors shall be as shown in Appendix D and Appendix E, dependent upon Seller's capacity election set forth in Article 5 of this Agreement.

Energy Loss Adjustment Factors shall be considered as unity for all energy payments related to Energy Payment Options 1 and 2 set forth in Appendix B for the entire fixed price period of this Agreement, except for the percentage of payments that Seller elected in Article 4 to have calculated based on PGandE's full short-run avoided operating costs. Energy Loss Adjustment Factors for all payments related to PGandE's full short-run avoided operating costs are subject to CPUC rulings for the entire term of agreement.

ARTICLE 7 CURTAILMENT

Seller has two options regarding possible curtailment by PGandE of Seller's deliveries, and Seller's selection is indicated below:

_x_ Curtailment Option A - Hydro Spill and Negative Avoided Cost

____ Curtailment Option B - Adjusted Price Period

The two options are described in Appendix C.

ARTICLE 8 RETROACTIVE APPLICATION OF CPUC ORDERS

Pursuant to Ordering Paragraph 1(f) of CPUC Decision No. 83-09-054 (September 7, 1983), after the effective date of the CPUC's Application 82-03-26 decision relating to line loss factors, Seller has the option to retain the relevant terms of this Agreement or have the results of that decision incorporated into this Agreement. To retain the terms herein, Seller shall provide written notice to PGandE within 30 days after the effective date of the relevant CPUC decision on Application 82-03-26. Failure to provide such notice will result in the amendment of this Agreement to comply with that decision.

As soon as practicable following the issuance of a decision in Application 82-03-26, PGandE shall notify Seller of the effective date thereof and its results.

ARTICLE 9 NOTICES

All written notices shall be directed as follows:

To PGandE: Pacific Gas and Electric Company
Attention: Vice President -
Electric Operations
77 Beale Street
San Francisco, CA 94106

To Seller: Orange Cove Irrigation District
Attention: Manager
P. O. Box 308
Orange Cove, California 93646.

ARTICLE 10 DESIGNATED SWITCHING CENTER

The <u>designated</u> <u>PGandE</u> <u>switching</u> <u>center</u> shall be, unless changed by PGandE:

Fresno Dispatch Office
(Name)

1401 Fulton Avenue, Fresno, CA
(Location)

(209) 268-0441
(Phone number)

ARTICLE 11 TERMS AND CONDITIONS

This Agreement includes the following appendices which are attached and incorporated by reference:

Appendix A - GENERAL TERMS AND CONDITIONS
Appendix B - ENERGY PAYMENT OPTIONS
Appendix C - CURTAILMENT OPTIONS
Appendix D - AS-DELIVERED CAPACITY
Appendix E - FIRM CAPACITY
Appendix F - INTERCONNECTION

ARTICLE 12 TERM OF AGREEMENT

This Agreement shall be binding upon execution and remain in effect thereafter for 30 years[1] from the date of initial deliveries [2]; provided, however, that it shall terminate if energy deliveries do not start within five years of the execution date.

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

ORANGE COVE IRRIGATION DISTRICT (SELLER)	PACIFIC GAS AND ELECTRIC COMPANY
BY: Harvey S. Chase	BY: E E Hall
HARVEY S. CHASE (Type Name)	E. E. HALL
TITLE: President	TITLE: Chief Generation Planning Engineer
DATE SIGNED: August 7, 1985	DATE SIGNED: 8/19/85

ATTEST:

1 The minimum contract term is 15 years and the maximum contract term is 30 years.

2 Insert "firm capacity availability date" if Seller has elected to deliver firm capacity or "date of initial energy deliveries" if Seller has elected to deliver as-delivered capacity.