

1 LONG-TERM ENERGY AND CAPACITY
2 POWER PURCHASE AGREEMENT
3 BETWEEN
4 MADERA-CHOWCHILLA POWER AUTHORITY
5 AND
6 PACIFIC GAS AND ELECTRIC COMPANY
7
8
9

10 MADERA-CHOWCHILLA POWER AUTHORITY ("Seller"),
11 and PACIFIC GAS AND ELECTRIC COMPANY ("PGandE"), referred to
12 collectively as "Parties" and individually as "Party", agree
13 as follows:
14

15 ARTICLE 1 QUALIFYING STATUS
16

17 Seller warrants that, at the date of first power
18 deliveries from Seller's Facility¹ and during the term of
19 agreement, its Facility shall meet the qualifying facility
20 requirements established as of the effective date of this
21 Agreement by the Federal Energy Regulatory Commission's
22 rules (18 Code of Federal Regulations 292) implementing the
23 Public Utility Regulatory Policies Act of 1978 (16 U.S.C.A.
24 796, et seq.).
25

26
27 ¹ Underlining identifies those terms which are defined in Section A-1
28 of Appendix A.

ARTICLE 2 COMMITMENT OF PARTIES

1
2
3 The prices to be paid Seller for energy and/or capacity
4 delivered pursuant to this Agreement have wholly or partly
5 been fixed at the time of execution. Actual avoided costs
6 at the time of energy and/or capacity deliveries may be
7 substantially above or below the prices fixed in this
8 Agreement. Therefore, the Parties expressly commit to the
9 prices fixed in this Agreement for the applicable period of
10 performance and shall not seek to or have a right to
11 renegotiate such prices for any reason. As part of its
12 consideration for the benefit of fixing part or all of the
13 energy and/or capacity prices under this Agreement, Seller
14 waives any and all rights to judicial or other relief from
15 its obligations and/or prices set forth in Appendices B, D,
16 and E, or modification of any other term or provision for
17 any reasons whatsoever.

18
19 This Agreement contains certain provisions which set
20 forth methods of calculating damages to be paid to PGandE in
21 the event Seller fails to fulfill certain performance
22 obligations. The inclusion of such provisions is not
23 intended to create any express or implied right in Seller to
24 terminate this Agreement prior to the expiration of the term
25 of agreement. Termination of this Agreement by Seller prior
26 to its expiration date shall constitute a breach of this
27 Agreement and the damages expressly set forth in this
28

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

3
4 ARTICLE 3 PURCHASE OF POWER

5
6 (a) Seller shall sell and deliver and PGandE shall
7 purchase and accept delivery of capacity and energy at the
8 voltage level of 12.47 kV.

9
10 (b) Seller shall provide capacity and energy from its
11 Four Hundred Twenty Four (424) kW
12 [Nameplate rating of generator(s)]
13 Facility located at Station 1302+10 on the Madera Canal in
Madera County.

14
15 (c) The scheduled operation date of the Facility is
16 July 15, 1985. At the end of each calendar quarter
17 [Date] Seller shall give written notice to PGandE of any change in
18 the scheduled operation date.

19
20 (d) To avoid exceeding the physical limitations of the
21 interconnection facilities, Seller shall limit the
22 Facility's actual rate of delivery into the PGandE system to
23 490 kW.

24
25 (e) The primary energy source for the Facility is
26 head developed in drop in elevation of flow of irrigation water (canal)

1 (f) If Seller does not begin construction of its
2 Facility by December 31, 1984, PGandE may reallocate the
3 existing capacity on PGandE's transmission and/or
4 distribution system which would have been used to
5 accommodate Seller's power deliveries to other uses. In the
6 event of such reallocation, Seller shall pay PGandE for the
7 cost of any upgrades or additions to PGandE's system
8 necessary to accommodate the output from the Facility. Such
9 additional facilities shall be installed, owned and
10 maintained in accordance with the applicable PGandE tariff.

11
12 (g) The transformer loss adjustment factor is 2%¹.

13
14 ARTICLE 4 ENERGY PRICE

15
16 PGandE shall pay Seller for its net energy output²
17 under the energy payment option checked below³:

18
19 Energy Payment Option 1 - Forecasted Energy Prices

20
21 During the fixed price period, Seller shall be

22
23 ¹ If Seller chooses to have meters placed on Seller's side of the
24 transformer, an estimated transformer loss adjustment factor of 2
25 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.

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

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

1 paid for energy delivered at prices equal to _____¹
2 percent of the prices set forth in Table B-1, Appen-
3 dix B, plus _____² percent of PGandE's full short-run
4 avoided operating costs.

5
6 For the remaining years of the term of agreement,
7 Seller shall be paid for energy delivered at prices
8 equal to PGandE's full short-run avoided operating
9 costs.

10
11 If Seller's Facility is not an oil or gas-fired
12 cogeneration facility, Seller may convert from Energy
13 Payment Option 1 to Energy Payment Option 2 and be
14 subject to the conditions therein, provided that Seller
15 shall not change the percentage of energy prices to be
16 based on PGandE's full short-run avoided operating
17 costs. Such conversion must be made at least 90 days
18 prior to the date of initial energy deliveries and must
19 be made by written notice in accordance with
20 Section A-17, Appendix A.

21
22 X Energy Payment Option 2 - Levelized Energy Prices

23
24 During the fixed price period, Seller shall be

25
26 ¹ Insert either 0, 20, 40, 60, 80, or 100, at Seller's option. If
27 Seller's Facility is an oil or gas-fired cogeneration facility,
28 either 0 or 20 must be inserted.

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

1 paid for energy delivered at prices equal to 100%¹
2 percent of the levelized energy prices set forth in
3 Table B-2, Appendix B for the year in which energy
4 deliveries begin and term of agreement, plus 0%²
5 percent of PGandE's full short-run avoided operating
6 costs. During the fixed price period, Seller shall be
7 subject to the conditions and terms set forth in
8 Appendix B, Energy Payment Option 2.

9
10 For the remaining years of the term of agreement,
11 Seller shall be paid for energy delivered at prices
12 equal to PGandE's full short-run avoided operating
13 costs.

14
15 Seller may convert from Energy Payment Option 2 to
16 Energy Payment Option 1, provided that Seller shall not
17 change the percentage of energy prices to be based on
18 PGandE's full short-run avoided operating costs. Such
19 conversion must be made at least 90 days prior to the
20 date of initial energy deliveries and must be made by
21 written notice in accordance with Section A-17,
22 Appendix A.

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24
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26
27 ¹ Insert either 20, 40, 60, 80, or 100, at Seller's option.

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

1 _____ Energy Payment Option 3 - Incremental Energy Rate

2
3 Beginning with the date of initial energy
4 deliveries and continuing until _____¹, Seller
5 shall be paid monthly for energy delivered at prices
6 equal to PGandE's full short-run avoided operating
7 costs, provided that adjustments shall be made annually
8 to the extent set forth in Appendix B, Energy Payment
9 Option 3.

10
11 The Incremental Energy Rate Band Widths specified
12 by Seller in Table I below shall be used in determining
13 the annual adjustment, if any.

14
15
16 Table I

| <u>Year</u> | <u>Incremental Energy Rate Band Widths</u> (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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28 ¹ Specified by Seller. Must be December 31, 1998 or prior.

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

4
5 ARTICLE 5 CAPACITY ELECTION AND CAPACITY PRICE

6
7 Seller may elect to deliver either firm capacity or
8 as-delivered capacity, and Seller's election is indicated
9 below. PGandE's prices for firm capacity and as-delivered
10 capacity are derived from PGandE's full avoided costs as
11 approved by the CPUC.

12
13 _____ Firm capacity - _____ kW for _____ years from the
14 firm capacity availability date with payment determined
15 in accordance with Appendix E. Except for hydro-
16 electric facilities, PGandE shall pay Seller for
17 capacity delivered in excess of firm capacity on an
18 as-delivered capacity basis in accordance with
19 As-Delivered Capacity Payment Option _____ set forth
20 in Appendix D.

21
22 OR

23
24 X As-delivered capacity with payment determined in
25 accordance with As-Delivered Capacity Payment Option
26 Two set forth in Appendix D.

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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:

- Curtailment Option A - Hydro Spill and Negative Avoided Cost
- Curtailment Option B - Adjusted Price Period

The two options are described in Appendix C.

1 ARTICLE 8 RETROACTIVE APPLICATION OF CPUC ORDERS

2
3 Pursuant to Ordering Paragraph 1(f) of CPUC Decision
4 No. 83-09-054 (September 7, 1983), after the effective date
5 of the CPUC's Application 82-03-26 decision relating to line
6 loss factors, Seller has the option to retain the relevant
7 terms of this Agreement or have the results of that decision
8 incorporated into this Agreement. To retain the terms
9 herein, Seller shall provide written notice to PGandE within
10 30 days after the effective date of the relevant CPUC
11 decision on Application 82-03-26. Failure to provide such
12 notice will result in the amendment of this Agreement to
13 comply with that decision.

14
15 As soon as practicable following the issuance of a
16 decision in Application 82-03-26, PGandE shall notify Seller
17 of the effective date thereof and its results.

18
19 ARTICLE 9 NOTICES

20
21 All written notices shall be directed as follows:

22 To PGandE: Pacific Gas and Electric Company
23 Attention: Vice President -
24 Electric Operations
25 77 Beale Street
26 San Francisco, CA 94106

1 To Seller: Madera-Chowchilla Power Authority
2 12152 Road 28-1/4
3 Madera, California 93637
4 _____
5 _____

6 ARTICLE 10 DESIGNATED SWITCHING CENTER

7
8 The designated PGandE switching center shall be, unless
9 changed by PGandE:

10 Yosemite D.O.
11 (Name)
12 Merced, California
13 (Location)
14 (209) 723-3841
15 (Phone number)

16 ARTICLE 11 TERMS AND CONDITIONS

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

- 19 Appendix A - GENERAL TERMS AND CONDITIONS
20 Appendix B - ENERGY PAYMENT OPTIONS
21 Appendix C - CURTAILMENT OPTIONS
22 Appendix D - AS-DELIVERED CAPACITY
23 Appendix E - FIRM CAPACITY
24 Appendix F - INTERCONNECTION
25
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ARTICLE 12 TERM OF AGREEMENT

This Agreement shall be binding upon execution and remain in effect thereafter for 30 years¹ from the date of initial energy deliveries²; 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.

Madera-Chowchilla Power Authority
(SELLER)

PACIFIC GAS AND ELECTRIC COMPANY

BY: *Johnny Deniz*
Johnny Deniz
(Type Name)

BY: *Nolan Daines*
NOLAN H. DAINES
(Type Name)

TITLE: President

TITLE: VICE PRESIDENT - PLANNING AND RESEARCH

DATE SIGNED: July 19, 1984

DATE SIGNED: July 25, 1984

g/h
R/V
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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.