

**FIVE-YEAR FIXED ENERGY PRICE AMENDMENT TO THE  
MALACHA CONTRACT  
BETWEEN  
THE MALACHA QF  
AND  
PACIFIC GAS AND ELECTRIC COMPANY**

THIS AMENDMENT ("Amendment") is by and between MALACHA HYDRO LIMITED PARTNERSHIP, a Delaware limited partnership, (the "MALACHA QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). The MALACHA QF and PG&E are sometimes referred to herein collectively as the "Parties."

**RECITALS**

- A. The MALACHA QF and PG&E are parties to that certain contract listed in Attachment A hereto (the "MALACHA Contract").
- 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. The MALACHA QF 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 the MALACHA QF agree as follows:

### 1. PPA AMENDMENT

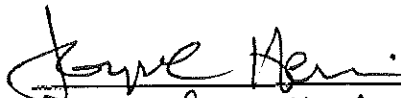
Pursuant to that certain July 11, 2001 Agreement between PG&E and the MALACHA QF (the "July 11 Agreement"), a copy of which is attached hereto as Attachment I, the MALACHA Contract is hereby amended as set forth in Section 1 of the July 11 Agreement, entitled "Acceptance of the CPUC Five-Year Fixed Energy Price Option," and Attachment C of the July 11 Agreement, entitled "FIXED ENERGY PRICES FOR QUALIFYING FACILITIES UNDER D.01-06-015." No provision of the MALACHA Contract other than the energy pricing term is or shall be deemed to be modified, amended, waived or otherwise affected by this Amendment.

If there is not an order by the Bankruptcy Court authorizing the July 11 Agreement by July 31, 2001, the MALACHA QF has the sole right either to unilaterally terminate the July 11 Agreement or unilaterally terminate all provisions of the July 11 Agreement other than Paragraph 1 thereof. Upon termination of the July 11 Agreement, none of the waivers, covenants, warranties, representations, and other provisions of the July 11 Agreement including the terms of this Amendment shall survive, except that the provisions of this Amendment shall survive if the paragraph 1 provisions of the July 11 Agreement are not terminated.

2. SIGNATURES

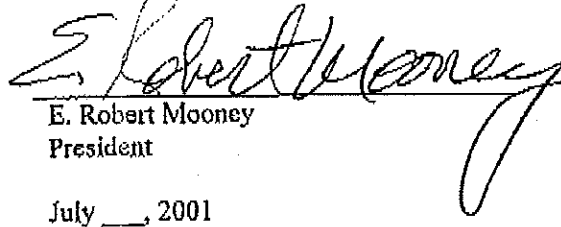
IN WITNESS WHEREOF, this Amendment has been duly executed by or on behalf of the MALACHA QF and PG&E.

PACIFIC GAS AND ELECTRIC COMPANY  
a California corporation

By:   
Title: Director UEM  
Date: 7/14/01

MALACHA HYDRO LIMITED PARTNERSHIP,  
a Delaware limited partnership

By: MALACHA Power Project, Inc.,  
a California corporation,  
its managing general partner

By:   
E. Robert Mooney  
President  
Date: July \_\_, 2001

**ATTACHMENT A**  
**Muck Valley QF Facility**

MALACHA Hydro Limited Partnership: Power Purchase Agreement for Long-Term Energy and Capacity Power Purchase Agreement between MALACHA Hydro Limited Partnership, as successor to Juniper Ridge Hydro, Inc. and Pacific Gas and Electric Company, executed by Juniper Ridge Hydro, Inc. on October 15, 1984 and by Pacific Gas and Electric Company on December 4, 1984, and amended by the Settlement Agreement between MALACHA Hydro Limited Partnership and Pacific Gas and Electric Company, executed by MALACHA Hydro Limited Partnership and Pacific Gas and Electric Company on August 24, 1990.

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