

1
2 FIRST AMENDMENT
3 TO THE
4 POWER PURCHASE AGREEMENT
5 FOR THE
6 LONG-TERM ENERGY AND CAPACITY
7 POWER PURCHASE AGREEMENT
8 BETWEEN
9 OLCESE WATER DISTRICT
10 AND
11 PACIFIC GAS AND ELECTRIC COMPANY
12
13

14 WHEREAS, Olcese Water District ("Seller"), on April 4, 1985, and
15 Pacific Gas and Electric Company ("PGandE"), on June 26, 1985, executed an
16 Interim Standard Offer No. 4 Long-Term Energy and Capacity Power Purchase
17 Agreement (the "Agreement") for a proposed hydroelectric facility to be
18 located at Rio Bravo near Bakersfield, California (the "Facility"); and
19

20 WHEREAS, Seller, on July 14, 1986, and PGandE, on August 1, 1986,
21 executed a Standard Offer No. 1 As-Delivered Capacity and Energy Power
22 Purchase Agreement for the Facility; and
23

24 WHEREAS, Seller requests PGandE to terminate the As-Delivered
25 Capacity and Energy Power Purchase Agreement; and
26

27 WHEREAS, Seller requests to amend the Agreement by changing its
28 capacity sale election from firm capacity to as-delivered capacity; and

1
2 WHEREAS, PGandE is willing to agree to Seller's request to
3 change the capacity sale election in exchange for commensurate ratepayer
4 benefits; and

5
6 WHEREAS, Seller requests PGandE to amend the Agreement by
7 increasing the Facility's generator nameplate rating, as specified in
8 Article 3(b), from 7,120 kw to 16,000 kw; and

9
10 WHEREAS, PGandE is willing to agree to Seller's request to
11 increase the Facility's generator nameplate rating in exchange for
12 commensurate ratepayer benefits; and

13
14 WHEREAS, Seller and PGandE agree that the prices for capacity
15 and energy delivered at a rate up to and including 7,120 kw shall be based
16 on the existing Agreement; and

17
18 WHEREAS, Seller and PGandE agree that PGandE will accept
19 deliveries of energy and capacity at a rate in excess of 7,120 kw and pay
20 for that energy and capacity delivered at a rate in excess of 7,120 kw
21 based on full short-run avoided operating costs established for Standard
22 Offer No. 1 as determined by the CPUC from time to time; and

23
24 WHEREAS, Seller and PGandE agree to change Seller's capacity
25 election and capacity price; and

26
27 WHEREAS, Seller and PGandE agree that all other terms and
28 conditions of the Agreement, including the net energy output option (which

1 requires Seller to sell the Facility's entire gross output, less only
2 station use and transformation and transmission losses to PGandE), will not
3 be changed;

4
5 NOW THEREFORE, Seller and PGandE hereby agree to amend the
6 Agreement as follows ("the First Amendment"):

7
8 1. DEFINITIONS

9
10 Underlined terms shall have the same meaning stated in
11 Appendix A, Section A-1 DEFINITIONS, pages A-2 through A-7, of the
12 Agreement.

13
14 2. ARTICLE 3 PURCHASE OF POWER

15
16 2.1 Amend Article 3(a), page 5, lines 6-8, to read:

17
18 "(a) Seller shall sell and deliver and PG&E shall
19 purchase and accept delivery of capacity and energy at the voltage level of
20 70 kV."

21
22 2.2 Amend Article 3(b), page 5, lines 10-11, to read:

23
24 "(b) Seller shall provide capacity and energy from its
25 16,000 kW (combined two-turbine total generator nameplate) Facility located
26 at Rio Bravo near Bakersfield."

27
28 2.3 Amend Article 3(d), page 5, lines 18-21, to read:

1
2 "(d) To avoid exceeding the physical limitations of the
3 interconnection facilities, Seller shall limit the Facility's actual rate
4 of delivery into the PGandE system to 16,000 kW."

5
6 2.4 Amend Article 3(g), page 6, line 12, to read:

7
8 "(g) The transformer loss adjustment factor is N.A."

9
10 3. ARTICLE 4 ENERGY PRICE

11
12 Amend Article 4, page 7, lines 1-5, to read:

13
14 "During each year of the fixed price period, Seller shall be
15 paid for energy delivered to PGandE as follows:

16
17 (a) the initial 41,700,000 kwh at prices equal to 100 percent of the
18 prices set forth in Table B-1, Appendix B, plus 0 percent of
19 PGandE's full short-run avoided operating cost; and

20
21 (b) deliveries exceeding 41,700,000 kwh at prices equal to 0 percent
22 of the prices set forth in Table B-1, Appendix B, plus 100 percent
23 of PGandE's full short-run avoided operating costs.

24
25 During any year of the fixed price period, in no event shall
26 more than 41,700,000 kwh of energy deliveries by Seller to PGandE
27 during a year be paid at prices set forth in Table B-1, Appendix B.
28

1 4. ARTICLE 5 CAPACITY ELECTION AND CAPACITY PRICE

2 Amend Article 5, page 10, lines 13-26, to read:

3
4 _____ Firm capacity - _____ kW for ___ years from the
5 firm capacity availability date with payment determined in accordance with
6 Appendix E. Except for hydroelectric facilities, PGandE shall pay Seller
7 for capacity delivered in excess of firm capacity on an as-delivered
8 capacity basis in accordance with As-Delivered Capacity Payment Option ___
9 set forth in Appendix D.

10
11 OR

12
13 X As-delivered capacity with payment determined in
14 accordance with As-Delivered Capacity Payment Option 1 set forth in
15 Appendix D."

16
17 5. APPENDIX D AS-DELIVERED CAPACITY

18
19 Amend Appendix D by deleting lines 9-10, page D-4, and
20 substituting the following:

21
22 "The Facility is non-remote."
23

24 6. APPENDIX E FIRM CAPACITY

25
26 Amend Appendix E by deleting lines 21-22, page E-9, and
27 substituting the following:
28

1 "The Facility is non-remote."
2

3 7. APPENDIX F INTERCONNECTION
4

5 7.1 Section F-2 (POINT OF DELIVERY LOCATION SKETCH),
6 attached hereto and incorporated herein, is hereby appended to the
7 Agreement.
8

9 7.2 Section F-3 (INTERCONNECTION FACILITIES FOR WHICH SELLER
10 IS RESPONSIBLE), attached hereto and incorporated herein, is hereby
11 appended to the Agreement.
12

13 8. EFFECT ON AGREEMENT
14

15 Except as expressly modified by the First Amendment, the
16 provisions of the Agreement shall remain unchanged.
17

18
19 9. ENTIRE AGREEMENT; MODIFICATION
20

21 The First Amendment constitutes the entire agreement of the
22 Parties with respect to the subject-matter thereof and supersedes any and
23 all prior negotiations, correspondence, understandings and agreements
24 between the Parties respecting the subject-matter thereof. The First
25 Amendment may be further amended or modified only by a written instrument
26 signed by the Parties hereto.
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

10. CPUC APPROVAL, REASONABLENESS

As a condition precedent to the effectiveness of this First Amendment, PGandE and Seller shall submit this First Amendment to the CPUC for a determination that the provisions hereof are reasonable and that PGandE acted prudently in negotiating this First Amendment. PGandE and Seller shall support the reasonableness of this First Amendment before the CPUC in an application by PGandE and Seller for approval and a dismissal, with prejudice, of Seller's pending complaint before the CPUC. If the CPUC does not approve the reasonableness of this First Amendment and the prudence of PGandE in negotiating it, the First Amendment shall be null and void.

11. TERMINATION OF STANDARD OFFER NO. 1

Seller, on July 14, 1986, and PGandE, on August 1, 1986, executed a Standard Offer No. 1 As-Delivered Capacity and Energy Power Purchase Agreement for the Facility. On the date that this First Amendment is approved by the CPUC, and Seller's complaint is thereby dismissed with prejudice by the CPUC, said Standard Offer No. 1 Power Purchase Agreement is terminated.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

OLCESE WATER DISTRICT

PACIFIC GAS & ELECTRIC COMPANY

By: *Martin I. Davis*

By: *Robert J. Haywood*

Type Name: Martin I. Davis

Robert J. Haywood

Title: Vice President

Title: Vice President, Power
Planning and Contracts

Date Signed: 6-21-88

Date Signed: 7/5/88

WUM
APPROVED AS TO FORM