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POWER PURCHASE AGREEMENT
FOR
LONG-TERM ENERGY AND CAPACITY
BETWEEN
FRIANT POWER AUTHORITY
AND
PACIFIC GAS AND ELECTRIC COMPANY

MAY 1984

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STANDARD OFFER #4:
LONG-TERM ENERGY AND CAPACITY
POWER PURCHASE AGREEMENT

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LONG-TERM ENERGY AND CAPACITY
POWER PURCHASE AGREEMENT
BETWEEN
FRIANT POWER AUTHORITY
AND
PACIFIC GAS AND ELECTRIC COMPANY

FRIANT POWER AUTHORITY ("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 Facility¹ 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.).

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

1 ARTICLE 2 COMMITMENT OF PARTIES
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 ____¹ kV.

9
10 *Exhibit J.E. 450* (b) Seller shall provide capacity and energy from its
11 ~~750~~ kW Facility located at Friant Dam, Fresno County,
12 California.

13
14 (c) The scheduled operation date of the Facility is
15 January 1, 1988. At the end of each calendar quarter Seller
16 shall give written notice to PGandE of any change in the
17 scheduled operation date.

18
19 (d) To avoid exceeding the physical limitations of the
20 interconnection facilities, Seller shall limit the
21 Facility's actual rate of delivery into the PGandE system to
22 _____² kW.

23
24 ¹ The Seller requests and PGandE consents that this blank not be
25 filled in at the time of executing the Agreement, because the
26 Seller, recognizing that the information is not yet available to
27 make a definitive determination of the number to be inserted in
28 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.

1 (e) The primary energy source for the Facility is
2 falling water.

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

14
15 (g) The transformer loss adjustment factor is 0².

16
17 ARTICLE 4 ENERGY PRICE

18 PGandE shall pay Seller for its surplus energy output³
19 under the energy payment option checked below⁴:

20 _____
21 ¹ Seller shall provide this date in the project development schedule
22 to be submitted no later than 30 days after signing the Special
23 Facilities Agreement for the Facility.

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

³ Insert either "net energy output" or "surplus energy output" to
show the energy sale option selected by Seller.

⁴ Energy Payment Option 2 is not available to oil or gas-fired
cogenerators.

1 _____ Energy Payment Option 1 - Forecasted Energy Prices

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During the fixed price period, Seller shall be paid for energy delivered at prices equal to _____¹ percent of the prices set forth in Table B-1, Appendix B, plus _____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.

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.

1 X Energy Payment Option 2 - Levelized Energy Prices

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During the fixed price period, Seller shall be paid for energy delivered at prices equal to 100¹ 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 0² 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.

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.

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_____ 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

<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	_____

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

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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 hydro-electric 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.

1 ARTICLE 6 LOSS ADJUSTMENT FACTORS

2
3 Capacity Loss Adjustment Factors shall be as shown in
4 Appendix D and Appendix E, dependent upon Seller's capacity
5 election set forth in Article 5 of this Agreement.
6

7 Energy Loss Adjustment Factors shall be considered as
8 unity for all energy payments related to Energy Payment
9 Options 1 and 2 set forth in Appendix B for the entire fixed
10 price period of this Agreement, except for the percentage of
11 payments that Seller elected in Article 4 to have calculated
12 based on PGandE's full short-run avoided operating costs.
13 Energy Loss Adjustment Factors for all payments related to
14 PGandE's full short-run avoided operating costs are subject
15 to CPUC rulings for the entire term of agreement.
16

17 ARTICLE 7 CURTAILMENT

18
19 Seller has two options regarding possible curtailment
20 by PGandE of Seller's deliveries, and Seller's selection is
21 indicated below:

22 X Curtailment Option A - Hydro Spill and Negative Avoided
23 Cost

24 _____ Curtailment Option B - Adjusted Price Period
25

26 The two options are described in Appendix C.
27
28

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

27 To Seller: Friant Power Authority
28 Attention: Manager
 24790 Avenue 95
 Terra Bella, CA 93270

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ARTICLE 10 DESIGNATED SWITCHING CENTER

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

Fresno Distribution Center
1401 Fulton, Fresno, CA
(209) 268-0441

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 years¹ from the date of initial delivery²; provided, however, that it shall

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.

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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.

FRIANT POWER AUTHORITY

PACIFIC GAS AND ELECTRIC COMPANY

BY: 
THOMAS CANNELLA


BY: 
E. E. HALL

TITLE: President

TITLE: Chief Generation
Planning Engineer

DATE SIGNED: 4/10/85

DATE SIGNED: 8/26/85

BY: 
ERNEST W. TAYLOR

TITLE: Secretary-Treasurer

DATE SIGNED: 4/10/85