

**FIVE-YEAR FIXED ENERGY PRICE AMENDMENT TO THE  
COVANTA CONTRACTS  
BETWEEN  
THE COVANTA QFs  
AND  
PACIFIC GAS AND ELECTRIC COMPANY**

THIS AMENDMENT ("Amendment") is by and among Burney Mountain Power, a California corporation, Mt. Lassen Power, a California corporation, Pacific Oroville Power, Inc., a California corporation, Pacific-Ultrapower Chinese Station, a California general partnership and Covanta Power Pacific, Inc., a California corporation each in their individual capacities, (collectively defined herein as, the "Covanta QFs") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). The Covanta QFs and PG&E are sometimes referred to herein collectively as the "Parties."

**RECITALS**

- A. The Covanta QFs and PG&E are parties to those certain contracts listed in Attachment A hereto (collectively, the "Covanta Contracts").
- 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 Covanta QFs 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 Covanta QFs agree as follows:

### **1. PPA AMENDMENT**

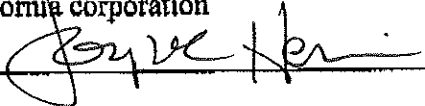
Pursuant to that certain July 13, 2001 Agreement between PG&E and the Covanta QFs (the "July 13 Agreement"), a copy of which is attached hereto as Attachment I, the Covanta Contracts are hereby amended as set forth in Section 1 of the July 13 Agreement, entitled "Acceptance of the CPUC Five-Year Fixed Energy Price Option," and Attachment C of the July 13 Agreement, entitled "FIXED ENERGY PRICES FOR QUALIFYING FACILITIES UNDER D.01-06-015." No provision of the Covanta Contracts other than the energy pricing term is or shall be deemed to be modified, amended, waived or otherwise affected by this Amendment.

### **2. SIGNATURES**

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

**PACIFIC GAS AND ELECTRIC COMPANY**

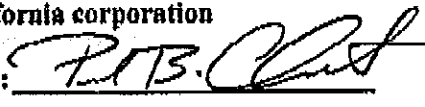
a California corporation

By: 

Title: \_\_\_\_\_

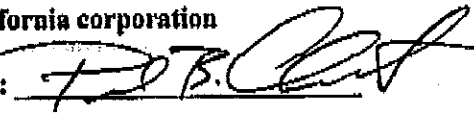
Date: 7/14/01

**Burney Mountain Power,**  
a California corporation

By: 

**Paul B. Clements**  
President

**Mt. Lassen Power,**  
A California corporation

By: 

**Paul B. Clements**  
President

**Pacific Oroville Power, Inc.**  
a California corporation

By: 

**Paul B. Clements**  
President

**Covanta Power Pacific, Inc.**  
a California corporation

By: 

**Paul B. Clements**  
President

**Pacific-Ultrapower Chinese Station**  
a California general partnership

By: **Pacific Energy Resources Incorporated**  
a California corporation,  
a general partner

By: 

**Paul B. Clements**  
President

**ATTACHMENT A**  
**THE COVANTA AFFILIATES' QF FACILITIES**

**Burney Mountain Power:** Long-Term Energy and Capacity Power Purchase Agreement Between Burney Mountain Power, as successor in interest to Ultrapower 1, a Joint Venture (Burney) and Pacific Gas and Electric Company, dated December 5, 1983, executed December 19, 1983, as amended (PG&E Log #13P118) [Burney Mountain]

**Mt. Lassen Power:** Long-Term Energy and Capacity Power Purchase Agreement Between Mt. Lassen Power, as successor in interest to Ultrapower 2, a Joint Venture (Westwood) and Pacific Gas and Electric Company, dated December 7, 1983, executed December 19, 1983, as amended (PG&E Log # 10P001) [Mt. Lassen]

**Pacific Oroville Power, Inc.:** Long-Term Energy and Capacity Power Purchase Agreement Between Pacific Oroville Power, Inc., as successor in interest to Applied Power Technology, Inc. (Oroville) and Pacific Gas and Electric Company, dated December 5, 1983, executed December 28, 1983, as amended (PG&E Log #12P001) [POPI]

**Pacific-Ultrapower Chinese Station:** Long-Term Energy and Capacity Power Purchase Agreement Between Pacific-Ultrapower Chinese Station, as successor in interest to Ultrapower, Incorporated (Tuolumne), and Pacific Gas and Electric Company, dated December 5, 1983, executed December 21, 1983, as amended (PG&E Log #16P002) [Chinese Station]

**Covanta Power Pacific, Inc. (Salinas):** Long-Term Energy and Capacity Power Purchase Agreement Between Covanta Power Pacific, Inc., as successor in interest to Pacific Lighting Energy Systems (Crazy Horse Landfill-Salinas Facility, City of Salinas, CA.) and Pacific Gas and Electric Company, executed by Pacific Lighting Energy Systems on December 26, 1984, and Pacific Gas and Electric Company on February 8, 1985, as amended (PG&E Log # 18P014) [Salinas].

**Covanta Power Pacific, Inc. (Santa Clara):** Power Purchase Agreement for As-Delivered Capacity and Energy Between Covanta Power Pacific, Inc., as successor in interest to Pacific Lighting Energy Systems and Pacific Gas and Electric Company (Santa Clara Landfill), executed by Pacific Lighting Energy Systems on May 29, 1985 and by Pacific Gas and Electric Company on February 8, 1985, as amended (PG&E Log #08P008) [Santa Clara].

**Covanta Power Pacific, Inc. (Stockton):** Long-Term Energy and Capacity Power Purchase Agreement Between Covanta Power Pacific, Inc., as successor in interest to Central Plants Inc., and Pacific Gas and Electric Company (Stockton Facility), executed by Central Plants, Inc. on December 14, 1983, and by Pacific Gas and Electric Company on December 19, 1983, as amended (PG&E Log #16P001) [Stockton].