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AS-DELIVERED CAPACITY AND ENERGY
POWER PURCHASE AGREEMENT
BETWEEN
SEQUENCE CONSTRUCTION, INC.
AND
PACIFIC GAS AND ELECTRIC COMPANY

SEQUENCE CONSTRUCTION, INC. ("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.).

ARTICLE 2 PURCHASE OF POWER

- (a) Seller shall sell and deliver and PGandE shall purchase and accept from the Facility having a nameplate rating of 700 kW located at Rock Creek Water District
Star Route, Farmington, CA 95230 (see page D-3 for location and interconnection point)
the as-delivered capacity and energy at the voltage level of 17 kV. Seller has chosen net energy² as its energy sale option. Seller may convert its energy sale option as provided in Section A-3 of Appendix A.
- (b) The scheduled operation date when Seller estimates first delivery of electric energy from the Facility to PGandE is March 15, 1985. At the end of each calendar quarter Seller shall give to PGandE written notice of any change in the scheduled operation date.
[Date]
- (c) To avoid exceeding the physical limitations of the interconnection facilities, Seller shall limit the Facility's actual rate of delivery into the PGandE system to 750 kW.
- (d) The primary energy source for the Facility is Salt Springs Valley Reservoir.
- (e) If Seller does not begin construction of its Facility by June, 1985, PGandE may reallocate
[Date]
the existing capacity on PGandE's transmission and/or distribution system which would have been used to accommodate Seller's power deliveries to other uses. In the event of such reallocation, Seller shall pay PGandE for the cost of any upgrades or additions to PGandE's system necessary to accommodate the output from the Facility. Such additional facilities shall be installed, owned, and maintained in accordance with the applicable PGandE tariff.
- (f) The transformer loss adjustment factor is -0-³.

ARTICLE 3 PURCHASE PRICE

PGandE shall pay Seller for as-delivered capacity at prices authorized from time to time by the CPUC and which are derived from PGandE's full avoided costs as approved by the CPUC. PGandE shall pay Seller for energy at prices equal to PGandE's full short run avoided operating costs as approved by the CPUC. PGandE's current as-delivered capacity price calculation is shown in Appendix C. PGandE's current energy price calculation is shown in Table A, Appendix B.

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

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

³ If Seller chooses to have meters placed on Seller's side of the transformer, an estimated transformer loss adjustment factor of 2 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.

ARTICLE 4 NOTICES

All written notices shall be directed as follows:

to PGandE: Pacific Gas and Electric Company
Attention: Vice President -
Electric Operations
77 Beale Street
San Francisco, CA 94106

to Seller: SEQUENCE CONSTRUCTION, INC.
2120 E. Howell, Suite 406
Anaheim, CA 92806

ARTICLE 5 DESIGNATED SWITCHING CENTER

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

Stockton Division Operator
4040 West Lane, Stockton
(209) 942-1548
(Name)
(Location)
(Phone number)

ARTICLE 6 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 PRICES
- Appendix C - AS-DELIVERED CAPACITY PRICES
- Appendix D - INTERCONNECTION

ARTICLE 7 TERM OF AGREEMENT

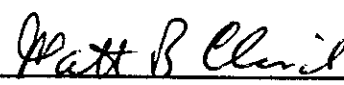
This Agreement shall become effective on the date of execution by the Parties and shall remain in effect until terminated by Seller.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives and effective as of the last date set forth below.

SEQUENCE CONSTRUCTION, INC.
(SELLER)

PACIFIC GAS AND ELECTRIC COMPANY

BY: 

BY: 

ROBERT C. LYLE
(Type Name)

WATT B. CLINCH
(Type Name)

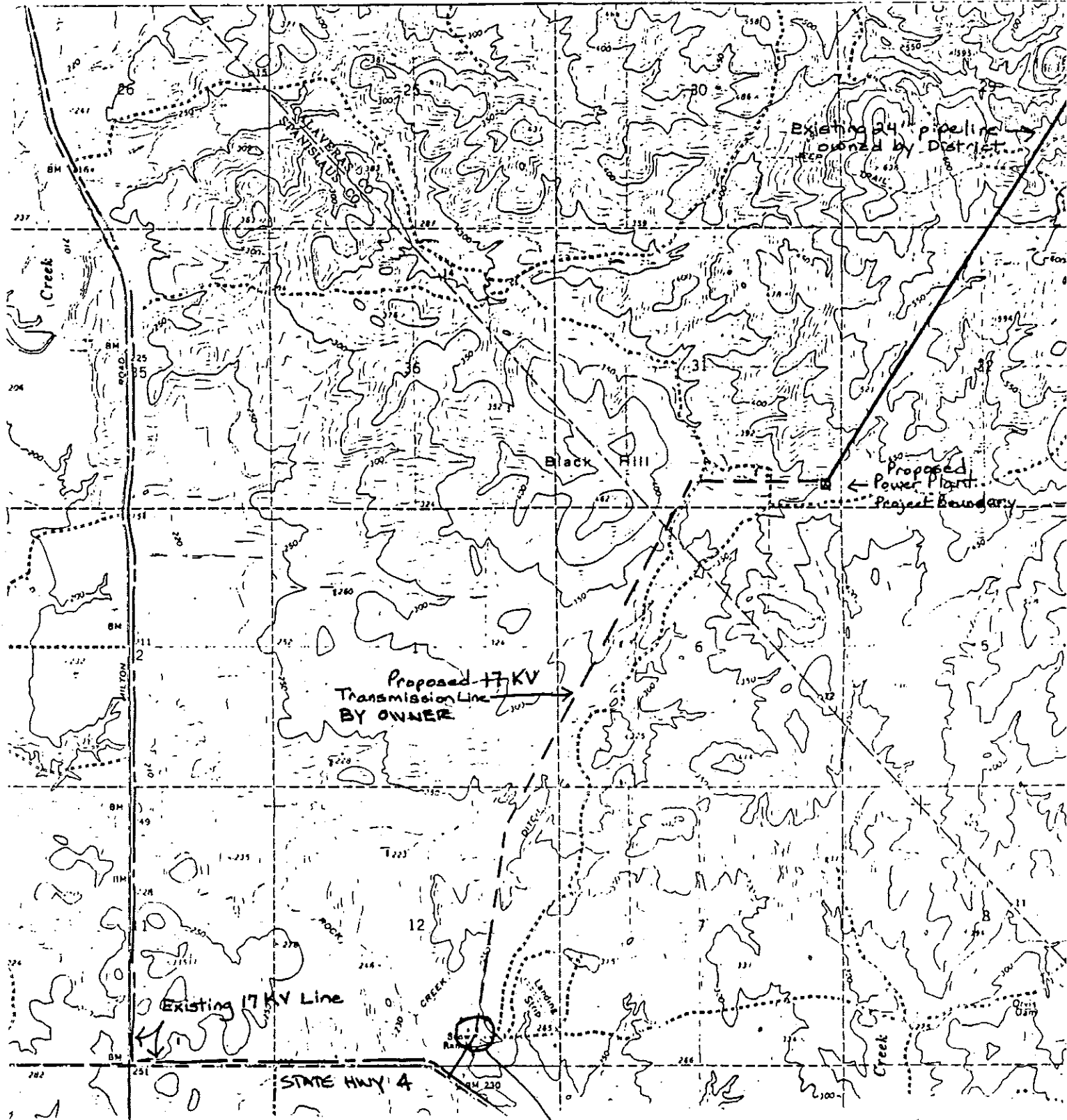
TITLE: VICE PRESIDENT

TITLE: Manager, Commercial Department

DATE SIGNED: 10/26/84

DATE SIGNED: 10/26/84

D-2 POINT OF DELIVERY LOCATION SKETCH



PROPOSED INTERCONNECTION POINT