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Sutter's mill

PACIFIC GAS AND ELECTRIC COMPANY

STANDARD OFFER #1

POWER PURCHASE AGREEMENT

FOR

AS-DELIVERED CAPACITY AND ENERGY

MAY 1984

STANDARD OFFER #1:
AS-DELIVERED CAPACITY AND ENERGY
POWER PURCHASE AGREEMENT

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AS-DELIVERED CAPACITY AND ENERGY
POWER PURCHASE AGREEMENT
BETWEEN
FRED N. SUTTER, JR.

AND
PACIFIC GAS AND ELECTRIC COMPANY
and JANICE M. SUTTER

FRED N. SUTTER, JR., an individual ("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 150 kW located at Millseat Creek, County of Shasta, near Shingletown

the as-delivered capacity and energy at the voltage level of 12 kV. Seller has chosen net energy output² 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 December 1984. 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 150 kW.
180 kW Fall 84

(d) The primary energy source for the Facility is water.

(e) If Seller does not begin construction of its Facility by July 1985, PGandE may reallocate 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.
[Date]

(f) The transformer loss adjustment factor is 2%.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.

⁴ Physical limitations of the interconnection are based on the transformer limitations.

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: Fred N. Sutter, Jr.
[Redacted]
[Redacted]

ARTICLE 5 DESIGNATED SWITCHING CENTER

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

Cottonwood Substation
(Name)
Trefoil Lane, Cottonwood
(Location)
(916) 347-3019
(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.

FRED N. SUTTER, JR.
(SELLER)

BY: [Signature]

FRED N. SUTTER, JR.
(Type Name)

TITLE: _____

DATE SIGNED: 7-12-84

JANICE M. SUTTER
[Signature]

PACIFIC GAS AND ELECTRIC COMPANY

BY: [Signature]

J. M. STEARNS
(Type Name)

TITLE: MANAGER, COMMERCIAL DEPARTMENT

DATE SIGNED: _____

APPENDIX A
GENERAL TERMS AND CONDITIONS

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APPENDIX A

GENERAL TERMS AND CONDITIONS

A-1 DEFINITIONS

Whenever used in this Agreement, appendices, and attachments hereto, the following terms shall have the following meanings:

CPUC - The Public Utilities Commission of the State of California.

Designated PGandE switching center - That switching center or other PGandE installation identified in Article 5.

Facility - That generation apparatus described in Article 2 and all associated equipment owned, maintained, and operated by Seller.

Interconnection facilities - All means required and apparatus installed to interconnect and deliver power from the Facility to the PGandE system including, but not limited to, connection, transformation, switching, metering, communications, and safety equipment, such as equipment required to protect (1) the PGandE system and its customers from faults occurring at the Facility, and (2) the Facility from faults occurring on the PGandE system or on the systems of others to which the PGandE system is directly or indirectly connected. Interconnection facilities also include any necessary additions and reinforcements by PGandE to the PGandE system required as a result of the interconnection of the Facility to the PGandE system.

Net energy output - The Facility's gross output in kilowatt-hours less station use and transformation and transmission losses to the point of delivery into the PGandE system. Where PGandE agrees that it is impractical to connect the station use on the generator side of the power purchase meter, PGandE may, at its option, apply a station load adjustment.

Prudent electrical practices - Those practices, methods, and equipment, as changed from time to time, that are commonly used in prudent electrical engineering and operations to design and operate electric equipment lawfully and with safety, dependability, efficiency, and economy.

Special facilities - Those additions and reinforcements to the PGandE system which are needed to accommodate the maximum delivery of energy and capacity from the Facility as provided in this Agreement and those parts of the interconnection facilities which are owned and maintained by PGandE at Seller's request, including metering and data processing equipment. All special facilities shall be owned, operated, and maintained pursuant to PGandE's electric Rule No. 21, which is attached hereto.

Station use - Energy used to operate the Facility's auxiliary equipment. The auxiliary equipment includes, but is not limited to, forced and induced draft fans, cooling towers, boiler feed pumps, lubricating oil systems, plant lighting, fuel handling systems, control systems, and sump pumps.

Surplus energy output - The Facility's gross output, in kilowatt-hours, less station use, and any other use by the Seller, and transformation and transmission losses to the point of delivery into the PGandE system.

Term of agreement - The period of time during which this Agreement will be in effect as provided in Article 7.

Voltage level - The voltage at which the Facility interconnects with the PGandE system, measured at the point of delivery.

A-2 CONSTRUCTION

A-2.1 Land Rights

Seller hereby grants to PGandE all necessary rights of way and easements to install, operate, maintain, replace, and remove the special facilities, including adequate and continuing access rights on property of Seller. Seller agrees to execute such other grants, deeds, or documents as PGandE may require to enable it to record such rights of way and easements. If any part of PGandE's equipment is to be installed on property owned by other than Seller, Seller shall, at its own cost and expense, obtain from the owners thereof all necessary rights of way and easements, in a form satisfactory to PGandE, for the construction, operation, maintenance, and replacement of PGandE's equipment upon such property. If Seller is unable to obtain these rights of way and easements, Seller shall reimburse PGandE for all costs incurred by PGandE in obtaining them. PGandE shall at all times have the right of ingress to and egress from the Facility at all reasonable hours for any purposes reasonably connected with this Agreement or the exercise of any and all rights secured to PGandE by law or its tariff schedules.

A-2.2 Design, Construction, Ownership, and Maintenance

- (a) Seller shall design, construct, install, own, operate, and maintain all interconnection facilities, except special facilities, to the point of interconnection with the PGandE system as required for PGandE to receive as-delivered capacity and energy from the Facility. The Facility and interconnection facilities shall meet all requirements of applicable codes and all standards of prudent electrical practices and shall be maintained in a safe and prudent manner. A description of the interconnection facilities for which Seller is solely responsible is set forth in Appendix D or if the interconnection requirements have not yet been determined at the time of the execution of this Agreement, the description of such facilities will be appended to this Agreement at the time such determination is made.
- (b) Seller shall submit to PGandE the design and all specifications for the interconnection facilities (except special facilities) for review and written acceptance prior to their release for construction purposes. PGandE shall notify Seller in writing of the outcome of PGandE's review of the design and specifications for Seller's interconnection facilities within 30 days of the receipt of the design and all of the specifications for the interconnection facilities. Any flaws perceived by PGandE in the design and specifications for the interconnection facilities will be described in PGandE's written notification. PGandE's review and acceptance of the design and specifications shall not be construed as confirming or endorsing the design and specifications or as warranting their safety, durability, or reliability. PGandE shall not, by reason of such review or lack of review, be responsible for strength, details of design, adequacy, or capacity of equipment built pursuant to such design and specifications, nor shall PGandE's acceptance be deemed to be an endorsement of any of such equipment. Seller shall change the interconnection facilities as may be reasonably required by PGandE to meet changing requirements of the PGandE system.
- (c) In the event it is necessary for PGandE to install interconnection facilities for the purposes of this Agreement, they shall be installed as special facilities.
- (d) Upon the request of Seller, PGandE shall provide a binding estimate for the installation of interconnection facilities by PGandE.

A-2.3 Meter Installation

- (a) PGandE shall specify, provide, install, own, operate, and maintain as special facilities all metering and data processing equipment for the registration and recording of energy and other related parameters which are required for the reporting of data to PGandE and for computing the payment due Seller from PGandE.
- (b) Seller shall provide, construct, install, own, and maintain at Seller's expense all that is required to accommodate the metering and data processing equipment, such as, but not limited to, metal-clad switchgear, switchboards, cubicles, metering panels, enclosures, conduits, rack structures, and equipment mounting pads.
- (c) PGandE shall permit meters to be fixed on PGandE's side of the transformer. If meters are placed on PGandE's side of the transformer, service will be provided at the available primary voltage and no transformer loss adjustment will be made. 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.

A-3 ENERGY SALE OPTIONS

A-3.1 General

Seller has two energy sale options, net energy output or surplus energy output. Seller has made its initial selection in Article 2(a).

A-3.2 Energy Sale Conversion

- (a) Seller is entitled to convert from one option to the other 12 months after execution of this Agreement, and thereafter at least 12 months after the effective date of the most recent conversion, subject to the following conditions:
 - (1) Seller shall provide PGandE with a written request to convert its energy sale option.
 - (2) Seller shall comply with all applicable tariffs on file with the CPUC and contracts in effect between the Parties at the time of conversion covering the existing and proposed (i) facilities used to serve Seller's premises and (ii) interconnection facilities.
 - (3) Seller shall install and operate equipment required by PGandE to prevent PGandE from serving any part of Seller's load which is served by the Facility and not under contract for PGandE standby service. At Seller's request, PGandE shall provide this equipment as special facilities.

- (b) If, as a result of an energy sales conversion, Seller no longer requires the use of interconnection facilities installed and/or operated and maintained by PGandE as special facilities under a Special Facilities Agreement, Seller may reserve these facilities, for its future use, by continuing its performance under its Special Facilities Agreement. If Seller does not wish to reserve such facilities, it may terminate its Special Facilities Agreement.

If Seller's energy sale conversion results in its discontinuation of its use of PGandE facilities not covered by Seller's Special Facilities Agreement, Seller cannot reserve those facilities for future use. Seller's future use of such facilities shall be contingent upon the availability of such facilities at the time Seller requests such use. If such facilities are not available, Seller shall bear the expense necessary to install, own, and maintain the needed additional facilities in accordance with PGandE's applicable tariff.

- (c) PGandE shall process requests for conversion in the order received. The effective date of conversion shall depend on the completion of the changes required to accommodate Seller's energy sale conversion.

A-4 OPERATION

A-4.1 Inspection and Approval

Seller shall not operate the Facility in parallel with PGandE's system until an authorized PGandE representative has inspected the interconnection facilities, and PGandE has given written approval to begin parallel operation. Seller shall notify PGandE of the Facility's start-up date at least 45 days prior to such date. PGandE shall inspect the interconnection facilities within 30 days of the receipt of such notice. If parallel operation is not authorized by PGandE, PGandE shall notify Seller in writing within five days after inspection of the reason authorization for parallel operation was withheld.

A-4.2 Facility Operation and Maintenance

Seller shall operate and maintain its Facility according to prudent electrical practices, applicable laws, orders, rules, and tariffs and shall provide such reactive power support as may be reasonably required by PGandE to maintain system voltage level and power factor. Seller shall operate the Facility at the power factors or voltage levels prescribed by PGandE's system dispatcher or designated representative. If Seller fails to provide reactive power support, PGandE may do so at Seller's expense.

A-4.3 Point of Delivery

Seller shall deliver the energy at the point where Seller's electrical conductors (or those of Seller's agent) contact PGandE's system as it shall exist whenever the deliveries are being made or at such other point or points as the Parties may agree in writing. The initial point of delivery of Seller's power to the PGandE system is set forth in Appendix D.

A-4.4 Operating Communications

- (a) Seller shall maintain operating communications with the designated PGandE switching center. The operating communications shall include, but not be limited to, system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, levels of operating voltage or power factors, and daily capacity and generation reports.
- (b) Seller shall keep a daily operations log for each generating unit which shall include information on unit availability, maintenance outages, circuit breaker trip operations requiring a manual reset, and any significant events related to the operation of the Facility.
- (c) If Seller makes deliveries greater than one megawatt, Seller shall measure and register on a graphic recording device power in kW and voltage in kV at a location within the Facility agreed to by both Parties.
- (d) If Seller makes deliveries greater than one and up to and including ten megawatts, Seller shall report to the designated PGandE switching center, twice a day at agreed upon times for the current day's operation, the hourly readings in kW of capacity delivered and the energy in kWh delivered since the last report.
- (e) If Seller makes deliveries of greater than ten megawatts, Seller shall telemeter the delivered capacity and energy information, including real power in kW, reactive power in kVAR, and energy in kWh to a switching center selected by PGandE. PGandE may also require Seller to telemeter transmission kW, kVAR, and kV data depending on the number of generators and transmission configuration. Seller shall provide and maintain the data circuits required for telemetering. When telemetering is inoperative, Seller shall report daily the capacity delivered each hour and the energy delivered each day to the designated PGandE switching center.

A-4.5 Meter Testing and Inspection

- (a) All meters used to provide data for the computation of the payments due Seller from PGandE shall be sealed, and the seals shall be broken only by PGandE when the meters are to be inspected, tested, or adjusted.
- (b) PGandE shall inspect and test all meters upon their installation and annually thereafter. At Seller's request and expense, PGandE shall inspect or test a meter more frequently. PGandE shall give reasonable notice to Seller of the time when any inspection or test shall take place, and Seller may have representatives present at the test or inspection. If a meter is found to be inaccurate or defective, PGandE shall adjust, repair, or replace it at its expense in order to provide accurate metering.

A-4.6 Adjustments to Meter Measurements

If a meter fails to register, or if the measurement made by a meter during a test varies by more than two percent from the measurement made by the standard meter used in the test, an adjustment shall be made correcting all measurements made by the inaccurate meter for (1) the actual period during which inaccurate measurements were made, if the period can be determined, or if not, (2) the period immediately preceding the test of the meter equal to one-half the time from the date of the last previous test of the meter, provided that the period covered by the correction shall not exceed six months.

A-5 PAYMENT

PGandE shall mail to Seller not later than 30 days after the end of each monthly billing period (1) a statement showing the kilowatt-hours delivered to PGandE during on-peak, partial-peak, and off-peak periods during the monthly billing period, (2) PGandE's computation of the payment due Seller, and (3) PGandE's check in payment of said amount. Except as provided in Section A-6, if within 30 days of receipt of the statement Seller does not make a report in writing to PGandE of an error, Seller shall be deemed to have waived any error in PGandE's statement, computation, and payment, and they shall be considered correct and complete.

A-6 ADJUSTMENTS OF PAYMENTS

- (a) In the event adjustments to payments are required as a result of inaccurate meters, PGandE shall use the corrected measurements described in Section A-4.6 to recompute the amount due from PGandE to Seller for the as-delivered capacity and energy delivered under this Agreement during the period of inaccuracy.
- (b) The additional payment to Seller or refund to PGandE shall be made within 30 days of notification of the owing Party of the amount due.

A-7 ACCESS TO RECORDS AND PGandE DATA

Each Party, after reasonable written notice to the other Party, shall have the right of access to all metering and related records including the operations logs of the Facility. Data filed by PGandE with the CPUC pursuant to CPUC orders governing the purchase of power from qualifying facilities shall be provided to Seller upon request; provided that Seller shall reimburse PGandE for the costs it incurs to respond to such request.

A-8 CURTAILMENT OF DELIVERIES AND HYDRO SPILL CONDITIONS

- (a) PGandE shall not be obligated to accept or pay for and may require Seller to interrupt or reduce deliveries of as-delivered capacity and energy (1) when necessary in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or any part of its system, or (2) if it determines that interruption or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices.
- (b) In anticipation of a period of hydro spill conditions, as defined by the CPUC, PGandE may notify Seller that any purchases of energy from Seller during such period shall be at hydro savings prices quoted by PGandE. If Seller delivers energy to PGandE during any such period, Seller shall be paid hydro savings prices for those deliveries in lieu of prices which would otherwise be applicable. The hydro savings prices shall be calculated by PGandE using the following formula:

$$\frac{AQF - S}{AQF} \times PP$$

where: AQF = Energy, in kWh, projected to be available during hydro spill conditions from all qualifying facilities under agreements containing hydro savings price provisions.

S = Potential energy, in kWh, from PGandE hydro facilities which will be spilled if all AQF is delivered to PGandE.

PP = Prices published by PGandE for purchases during other than hydro spill conditions.

- (c) PGandE shall not be obligated to accept or pay for and may require Seller with a Facility with a nameplate rating of one megawatt or greater to interrupt or reduce deliveries of as-delivered capacity and energy during periods when purchases under this Agreement would result in costs greater than those which PGandE would incur if it did not make such purchases but instead generated an equivalent amount of energy itself.
- (d) Whenever possible, PGandE shall give Seller reasonable notice of the possibility that interruption or reduction of deliveries under subsections (a) or (c), above, may be required. PGandE shall give Seller notice of general periods when hydro spill conditions are anticipated, and shall give Seller as much advance notice as practical of any specific hydro spill period and the hydro savings price which will be applicable during such period. Before interrupting or reducing deliveries under subsection (c), above, and before invoking hydro savings prices under subsection (b) above, PGandE shall take reasonable steps to make economy sales of the surplus energy giving rise to the condition. If such economy sales are made, while the surplus energy condition exists Seller shall be paid at the economy sales price obtained by PGandE in lieu of the otherwise applicable prices.
- (e) If Seller is selling net energy output to PGandE and simultaneously purchasing its electrical needs from PGandE, energy curtailed pursuant to subsections (b) or (c) above shall not be used by Seller to meet its electrical needs. When Seller elects not to sell energy to PGandE at the hydro savings price pursuant to subsection (b) or when PGandE curtails deliveries of energy pursuant to subsection (c), Seller shall continue to purchase all its electrical needs from PGandE. If Seller is selling surplus energy output to PGandE, subsections (b) or (c) shall only apply to the surplus energy output being delivered to PGandE, and Seller can continue to internally use that generation it has retained for its own use.

A-9 FORCE MAJEURE

- (a) The term force majeure as used herein means unforeseeable causes beyond the reasonable control of and without the fault or negligence of the Party claiming force majeure including, but not limited to, acts of God, labor disputes, sudden actions of the elements, actions by federal, state, and municipal agencies, and actions of legislative, judicial, or regulatory agencies which conflict with the terms of this Agreement.
- (b) If either Party because of force majeure is rendered wholly or partly unable to perform its obligations under this Agreement, that Party shall be excused from whatever performance is affected by the force majeure to the extent so affected provided that:
 - (1) the non-performing Party, within two weeks after the occurrence of the force majeure, gives the other Party written notice describing the particulars of the occurrence,
 - (2) the suspension of performance is of no greater scope and of no longer duration than is required by the force majeure,
 - (3) the non-performing Party uses its best efforts to remedy its inability to perform (this subsection shall not require the settlement of any strike, walkout, lockout, or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts, or other labor disputes shall be at the sole discretion of the Party having the difficulty), and
 - (4) when the non-performing Party is able to resume performance of its obligations under this Agreement, that Party shall give other Party written notice to that effect.
- (c) In the event a Party is unable to perform due to legislative, judicial, or regulatory agency action, this Agreement shall be renegotiated to comply with the legal change which caused the non-performance.

A-10 INDEMNITY

Each Party as indemnitor shall save harmless and indemnify the other Party and the directors, officers, and employees of such other Party against and from any and all loss and liability for injuries to persons including employees of either Party, and property damages, including property of either Party, resulting from or arising out of (1) the engineering, design, construction, maintenance, or operation of or (2) the making of replacements, additions, or betterments to, the indemnitor's facilities. This indemnity and save harmless provision shall apply notwithstanding the active or passive negligence of the indemnitee.

Neither Party shall be indemnified hereunder for liability or loss resulting from its sole negligence or willful misconduct. The indemnitor shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity and shall pay all costs, including reasonable attorney fees, that may be incurred by the other Party in enforcing this indemnity.

A-11 LIABILITY; DEDICATION

- (a) Nothing in this Agreement shall create any duty to, any standard of care with reference to, or any liability to any person not a Party to it. Neither Party shall be liable to the other Party for consequential damages.
- (b) Each Party shall be responsible for protecting its facilities from possible damage by reason of electrical disturbances or faults caused by the operation, faulty operation, or nonoperation of the other Party's facilities, and such other Party shall not be liable for any such damages so caused.
- (c) No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public nor affect the status of PGandE as an independent public utility corporation or Seller as an independent individual or entity and not a public utility.

A-12 SEVERAL OBLIGATIONS

Except where specifically stated in this Agreement to be otherwise, the duties, obligations, and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership, or joint venture or impose a trust or partnership duty, obligation, or liability on or with regard to either Party. Each Party shall be liable individually and severally for its own obligations under this Agreement.

A-13 NON-WAIVER

Failure to enforce any right or obligation by either Party with respect to any matter arising in connection with this Agreement shall not constitute a waiver as to that matter or any other matter.

A-14 ASSIGNMENT

Neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party, except in connection with the sale or merger of a substantial portion of its properties. Any such assignment or delegation made without such written consent shall be null and void. Consent for assignment will not be withheld unreasonably. Such assignment shall include, unless otherwise specified therein, all of Seller's rights to any refunds which might become due under this Agreement.

A-15 CAPTIONS

All indexes, titles, subject headings, section titles, and similar items are provided for the purpose of reference and convenience and are not intended to affect the meaning of the contents or scope of this Agreement.

A-16 CHOICE OF LAWS

This Agreement shall be interpreted in accordance with the laws of the State of California, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

A-17 GOVERNMENTAL JURISDICTION AND AUTHORIZATION

Seller shall obtain any governmental authorizations and permits required for the construction and operation of the Facility. Seller shall reimburse PGandE for any and all losses, damages, claims, penalties, or liability it incurs as a result of Seller's failure to obtain or maintain such authorizations and permits.

A-18 NOTICES

Any notice, demand, or request required or permitted to be given by either Party to the other, and any instrument required or permitted to be tendered or delivered by either Party to the other, shall be in writing and so given, tendered, or delivered, as the case may be, by depositing the same in any United States Post Office with postage prepaid for transmission by certified mail, return receipt requested, addressed to the Party, or personally delivered to the Party, at the address in Article 4 of this Agreement. Changes in such designation may be made by notice similarly given.

A-19 INSURANCE

A-19.1 General Liability Coverage

- (a) Seller shall maintain during the performance hereof, General Liability Insurance¹ of not less than \$1,000,000 if the Facility is over 100 kW, \$500,000 if the Facility is over 20 kW to 100 kW, and \$100,000 if the Facility is 20 kW or below of combined single limit or equivalent for bodily injury, personal injury, and property damage as the result of any one occurrence.
- (b) General Liability Insurance shall include coverage for Premises-Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations.
- (c) Such insurance, by endorsement to the policy(ies), shall include PGandE as an additional insured if the Facility is over 100 kW insofar as work performed by Seller for PGandE is concerned, shall contain a severability of interest clause, shall provide that PGandE shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance, and shall provide for 30-days' written notice to PGandE prior to cancellation, termination, alteration, or material change of such insurance.

A-19.2 Additional Insurance Provisions

- (a) Evidence of coverage described above in Section A-19.1 shall state that coverage provided is primary and is not excess to or contributing with any insurance or self-insurance maintained by PGandE.
- (b) PGandE shall have the right to inspect or obtain a copy of the original policy(ies) of insurance.
- (c) Seller shall furnish the required certificates² and endorsements to PGandE prior to commencing operation.
- (d) All insurance certificates², endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following:

PACIFIC GAS AND ELECTRIC COMPANY
Attention: Manager - Insurance Department
77 Beale Street, Room E280
San Francisco, CA 94106

¹ Governmental agencies which have an established record of self-insurance may provide the required coverage through self-insurance.

² A governmental agency qualifying to maintain self-insurance should provide a statement of self-insurance.

APPENDIX B

ENERGY PRICES

TABLE A

Energy Prices Effective May 1 - July 31, 1984

The energy purchase price calculations which will apply to energy deliveries determined from meter readings taken during May, June, and July 1984 are as follows:

Time Period	(a) Incremental Energy Rate ¹ (Btu/kWh)	(b) Cost of Energy ² (\$/10 ⁶ Btu)	(c) Revenue Requirement for Cash Working Capital ³ (\$/kWh)	(d) Energy Purchase Price ⁴ $(d) = [(a) \times (b)] + (c)$ (\$/kWh)
May 1 - July 31 (Period A)				
Time of Delivery Basis:				
On-Peak	13,674	5.4152	0.00041	0.07446
Partial-Peak	12,665	5.4152	0.00038	0.06896
Off-Peak	10,119	5.4152	0.00033	0.05513
Seasonal Average (Period A)	11,538	5.4152	0.00036	0.06284

¹ Incremental energy rates (Btu/kWh) for Seasonal Period A are derived from the marginal energy costs (including variable operating and maintenance expense) adopted by the CPUC in Decision No. 83-12-068 (page 339). They are based upon natural gas as the incremental fuel and weighted average hydroelectric power conditions.

² Cost of natural gas under PGandE Gas Schedule No. G-55 effective April 18, 1984 per Advice No. 1261-G.

³ Revenue requirement for cash working capital as prescribed by the CPUC in Decision No. 83-12-068.

⁴ Energy Purchase Price = (Incremental Energy Rate x Cost of Energy) + Revenue Requirement for Cash Working Capital. The energy purchase price excludes the applicable energy line loss adjustment factors. However, as ordered by Ordering Paragraph No. 12(j) of CPUC Decision No. 82-12-120, this figure is currently 1.0 for transmission and primary distribution loss adjustments and is equal to marginal cost line loss adjustment factors for the secondary distribution voltage level. These factors may be changed by the CPUC in the future. The currently applicable energy loss adjustment factors are shown in Table C.

TABLE B¹
Time Periods

	<u>Monday through Friday²</u>	<u>Saturdays²</u>	<u>Sundays and Holidays</u>
Seasonal Period A (May 1 through September 30)			
On-Peak	12:30 p.m. to 6:30 p.m.		
Partial-Peak	8:30 a.m. to 12:30 p.m. 6:30 p.m. to 10:30 p.m.	8:30 a.m. to 10:30 p.m.	
Off-Peak	10:30 p.m. to 8:30 a.m.	10:30 p.m. to 8:30 a.m.	All Day
Seasonal Period B (October 1 through April 30)			
On-Peak	4:30 p.m. to 8:30 p.m.		
Partial-Peak	8:30 p.m. to 10:30 p.m. 8:30 a.m. to 4:30 p.m.	8:30 a.m. to 10:30 p.m.	
Off-Peak	10:30 p.m. to 8:30 a.m.	10:30 p.m. to 8:30 a.m.	All Day

TABLE C
Energy Loss Adjustment Factors³

	<u>Transmission</u>	<u>Primary Distribution</u>	<u>Secondary Distribution</u>
Seasonal Period A (May 1 through September 30)			
On-Peak	1.0	1.0	1.0148
Partial-Peak	1.0	1.0	1.0131
Off-Peak	1.0	1.0	1.0093
Seasonal Period B (October 1 through April 30)			
On-Peak	1.0	1.0	1.0128
Partial-Peak	1.0	1.0	1.0119
Off-Peak	1.0	1.0	1.0087

¹ This table is subject to change to accord with the on-peak, partial-peak, and off-peak periods as defined in PGandE's own rate schedules for the sale of electricity to its large industrial customers.

² Except the following holidays: New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, and Christmas Day, as specified in Public Law 90-363 (5 U.S.C.A. Section 6103(a)).

³ The applicable energy loss adjustment factors may be revised pursuant to orders of the CPUC.

APPENDIX C

AS-DELIVERED CAPACITY PRICES

Purchase Price for As-Delivered Capacity from Qualifying Facilities for 1984

For Facilities with time-of-delivery metering and from which PGandE is contractually obligated to purchase as-delivered capacity at its annually published as-delivered capacity price, the as-delivered capacity payment for power delivered by the Facility to PGandE and accepted by PGandE is based on 100 percent of the shortage value of such power. The payment will be made at a rate which will vary by time of delivery and will be made for each kWh produced and delivered by the Facility. The as-delivered capacity purchase price is shown on Table C as a function of the interconnection voltage, and is the product of three factors:

- (a) The current shortage cost in each year the Facility is operating. Currently, this shortage cost, \$156 per kW-year, is the product of the annualized gas turbine cost and the Energy Reliability Index (ERI) adjustment factor, as prescribed by the CPUC in Decision No. 83-12-068 (December 22, 1983). The basis for the shortage cost may be revised by the CPUC from time to time.
- (b) A capacity loss adjustment factor. The current shortage cost is adjusted for the effect of the deliveries on PGandE's transmission and distribution losses based on the Seller's interconnection voltage level. The applicable capacity loss adjustment factors for non-remote¹ Facilities are presented in Table A. Capacity loss adjustment factors for remote Facilities shall be calculated individually.
- (c) An allocation factor, which accounts for the different values of as-delivered capacity in different time periods, and converts dollars per kW-year to cents per kWh. The allocation factors are presented in Table B. The time periods to which they apply are shown in Table B, Appendix B.

For Facilities without time-of-delivery metering, the price paid for as-delivered capacity shall be 50% of the current shortage cost (a) multiplied by a capacity loss adjustment factor (b) and multiplied by a weighted average allocation factor (c).

TABLE A

Capacity Loss Adjustment Factors²
for Non-Remote¹ Facilities

Voltage Level	Loss Adjustment Factor
Transmission	.989
Primary Distribution	.991
Secondary Distribution	.991

TABLE B

Allocation Factors for
As-Delivered Capacity³

Voltage Level	Loss Adjustment Factor	With Time-of-Delivery Metering	On-Peak	Partial-Peak	Off-Peak
			(¢-yr/\$-hr)	(¢-yr/\$-hr)	(¢-yr/\$-hr)
Transmission	.989	Seasonal Period A	0.10835	0.02055	.00002
Primary Distribution	.991	Seasonal Period B	0.00896	0.00109	.00001
Secondary Distribution	.991				
		Without Time-of-Delivery Metering		Weighted Average	
				(¢-yr/\$-hr)	
		Seasonal Period A		0.02525	
		Seasonal Period B		0.00144	

¹ As defined by the CPUC.

² The capacity loss adjustment factors for non-remote Facilities are subject to change pursuant to orders of the CPUC. The capacity loss adjustment factors for remote Facilities are determined individually.

³ The units for the allocation factor, ¢-yr/\$-hr, are derived from the conversion of \$/kW-yr into ¢/kWh as follows:

$$\frac{\text{¢/kWh}}{\text{\$/kW-yr}} = \frac{\text{¢/kW-hr}}{\text{\$/kW-yr}} = \frac{\text{¢-yr}}{\text{\$-hr}}$$

The allocation factors were described by the CPUC in Decision No. 83-12-068 and are subject to change from time to time.

TABLE C

Purchase Price for As-Delivered Capacity
from Non-Remote¹ Qualifying Facilities

(The product of the current shortage
cost (a), the capacity loss adjustment
factor (b), and the allocation factor (c))

	<u>Transmission Voltage</u>		<u>Primary Distribution Voltage</u>		<u>Secondary Distribution Voltage</u>	
	<u>Seasonal Period A</u> (¢/kWh)	<u>Seasonal Period B</u> (¢/kWh)	<u>Seasonal Period A</u> (¢/kWh)	<u>Seasonal Period B</u> (¢/kWh)	<u>Seasonal Period A</u> (¢/kWh)	<u>Seasonal Period B</u> (¢/kWh)
<u>With Time-of Delivery Metering</u>						
<u>Time of Delivery</u>						
On-Peak	16.717	1.382	16.750	1.385	16.750	1.385
Partial-Peak	3.171	0.168	3.177	0.169	3.177	0.169
Off-Peak	0.003	0.002	0.003	0.002	0.003	0.002
<u>Without Time-of Delivery Metering</u>						
Weighted Average	1.948	0.111	1.952	0.111	1.952	0.111

¹ As defined by the CPUC.

APPENDIX D
INTERCONNECTION

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APPENDIX D
INTERCONNECTION

D-1 INTERCONNECTION TARIFFS

(The applicable tariffs in effect at the time of execution of this Agreement shall be attached.)

D-3 INTERCONNECTION FACILITIES FOR WHICH SELLER IS RESPONSIBLE