

Pacific Gas and Electric Company

POWER PURCHASE AGREEMENT
FOR
SMALL POWER GENERATION FACILITIES

(100 kilowatts or less)

THIS AGREEMENT, between STEVEN C. ONKEN (Seller) and PACIFIC GAS AND ELECTRIC COMPANY (PGandE), bears the following recitals:

- A. Seller intends to own and/or operate an electric power generating facility using cogeneration, fuels derived from biomass, waste or renewable energy sources, including wind, solar energy, and water to produce power. Seller desires to operate such generation in parallel with PGandE's system and sell a portion or all of the power produced to PGandE. PGandE has no direct financial involvement in the investment, construction, operation or maintenance of Seller's generation facility.
- B. Seller's generating facility is located in Placer County Parcel No. 38-24-05 (former Bell Power House site) and will be ready to produce and deliver power for sale on or about May 1, 1982.
- C. Seller's generating facility is described as having a nameplate output rating of 100 kW, 480 volts, 3 phase, 60 hertz. The energy source is the Lower Fiddler Green Canal. Make, model and serial number of Seller's generating facility will be submitted to PGandE by Seller by January 1, 1982.
- D. PGandE is willing to permit Seller to operate its generating facility in parallel with PGandE's system under certain conditions for the purpose of delivering power to PGandE.
- E. PGandE is willing to purchase Seller's delivered energy and pay installation and performance incentives, based on the deliverability of the output of Seller's generating facility.
- F. PGandE's energy prices are based on PGandE's average incremental fuel costs and are subject to revision every three months. In addition to the energy prices, incentive payments are to encourage the installation and operation of small power generation facilities, and the payments may be increased or decreased after sufficient numbers of installations have been studied to determine the aggregated

capacity contribution of all such installations in various classifications.

NOW THEREFORE, Seller and PGandE agree to the following:

1. PGandE shall purchase and pay for Seller's produced power that is delivered to PGandE under the provisions of Appendix A - Schedule of Purchase Prices, as further modified by Provision 16 below:
 - a. The energy payments shall be determined either (1) by the standard weighted-average price using a standard watt-hour meter furnished by PGandE at no expense to Seller, or (2) at the Seller's option, by time-of-delivery prices using additional time-of-delivery metering furnished by PGandE at the Seller's expense. Seller hereby elects to sell energy and receive payments under option number (2): time-of-delivery prices.
 - b. The installation and performance incentive payments shall be based on the output rating of the generating facility up to the normal nameplate rating.
2. PGandE's obligation for payments to Seller for energy deliveries to PGandE shall commence on the date stated by PGandE in its written approval for Seller to commence parallel operation as described in Paragraph 8.
3. PGandE shall sell any electric power delivered by PGandE to Seller under the provisions of PGandE's applicable tariff schedules on file with the California Public Utilities Commission.
4. Seller shall be fully responsible for the costs and performance of designing, installing, owning, operating and maintaining Seller's:
 - a. generating facility in accordance with the requirements of all applicable laws and governmental agencies having jurisdiction;
 - b. control and protective devices as required by PGandE for safe parallel operation of Seller's generation facility with PGandE's system; and
 - c. interconnection facilities on Seller's premises as may be required to deliver power from Seller's generation facilities to the agreed point of interconnection with PGandE's system as shown in Appendix B - Location Sketch.

5. PGandE's metering facilities shall be installed in meter socket and enclosure equipment provided and installed by Seller at or near the point of interconnection. The entire metering installation shall be subject to approval by PGandE.
6. In the event it is necessary for PGandE to install any special or additional interconnection facilities, including control or protective devices, time-of-delivery metering, and reinforcement of its system to receive or continue to receive the power delivered under this agreement, Seller shall reimburse PGandE its costs associated with the installation of such facilities under a separate special facilities agreement.
7. Seller shall submit equipment specifications and detailed plans to PGandE for the installation of its interconnection facilities, control and protective devices, and facilities to accommodate PGandE's meter(s) for review and advance written approval prior to their actual installation.
8. Seller agrees not to operate its generator in parallel with PGandE's system until the installation has been inspected by an authorized PGandE representative and final written approval is received from PGandE to commence parallel operations.
9. PGandE's approvals described in this agreement shall not be construed as any warranty of safety, durability or reliability of Seller's generation, service facilities, or its control or protective devices.
10. PGandE shall have the right (a) to enter Seller's premises at any reasonable time for inspection of Seller's protective devices and for reading or testing of meters, and (b) to disconnect without notice the interconnection facilities if, in PGandE's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or PGandE's facilities, or other customers' facilities from damage or interference caused by Seller's generator, or lack of properly operating protective devices.
11. This agreement may be assigned by Seller to another party with PGandE's written consent, which shall not be unreasonably refused. Any assignment without PGandE's written consent shall be null and void.
12. Each party shall indemnify the other party, its officers, agents, and employees against all loss, damage, expense and liability to third persons for injury to or death of person(s) or injury to property, proximately caused by the indemnifying party's construction, ownership, operation, or

maintenance of, or by failure of, any of such party's works or facilities used in connection with this Agreement. The indemnifying party shall, on the other party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying party shall pay all costs that may be incurred by the other party in enforcing this indemnity.

13. Neither party shall be liable to the other for damages caused to the facilities of the other by reason of the operation, faulty operation, or nonoperation of the other's facilities.

14. The following appendices, which are attached to this agreement are incorporate herein by reference:

Appendix A - Schedule of Purchase Prices

Appendix B - Location Sketch

15. This agreement shall be in effect when signed by the Seller and PGandE for an initial term of 40 years and shall remain in effect thereafter month to month unless terminated by either party on 30 (thirty) days advance written notice to the other.

16. Seller recognizes that it will benefit from PGandE's Drum-Spauling Hydroelectric project located upstream of Seller's project. Therefore, in recognition of Section 10(f) of the Federal Power Act relating to upstream benefits, Seller agrees that in consideration of such headwater benefit, the energy payment under paragraph 1(a) above will be modified by a multiplication factor of 0.90.

17. This Agreement may be amended, at the written option of the Seller, to conform in whole, but not in part, to the final decision and order which is issued by the California Public Utilities Commission in connection with Order Instituting Rulemaking No. 2 and which affects PGandE's purchase of electric power from cogeneration and small power production facilities. To exercise this option, Seller must deliver to PGandE a written notice of election to amend within 90 days of the effective date of the final decision and order in OIR 2. Said amendment shall be effective as of the date of delivery of said notice or as of such other date as may be agreed upon by the Seller and PGandE. It is understood that the provisions of paragraph 16 above shall apply to such revised agreement.

18. Releases at the project site are currently made to satisfy domestic and irrigation water commitments. Scller understands that these water commitments may be reduced in the future and that PGandE does not guarantee any minimum release quantity.

19. Seller and PGandE shall endeavor to execute by December 1, 1981 a mutually satisfactory operations agreement prior to construction and operation of Seller's power house on the Lower Fiddler Green Canal. This agreement shall include, but not be limited to, the following:
- a. The Bell diversion structure or other project features should not interfere with maximum releases from Wise Forebay down the spillway channel or with releases to Lower Fiddler Green Canal.
 - b. The existing Lower Fiddler Green conduit shall remain unchanged so that water can be by-passed when Bell Power House is not operating.
 - c. Those portions of the Bell project that may impact the PGandE system or affect the flow of water in the spillway channel, such as the intake and tailrace, shall be submitted to PGandE for approval prior to release for construction. These features shall be designed and maintained to the same standards used by PGandE. PGandE may require reimbursement for its costs of such review and approval. PGandE's approval shall not be construed as a warranty on design, safety, etc.
 - d. This project shall not interfere with PGandE's outage schedule on the Drum-Spaulling Project.
 - e. Seller must not store or consume water or use any water for purposes other than power generation. All water must be released from this project to satisfy commitments further downstream.
 - f. Any surplus water made available to Seller shall be strictly on an "as-available" basis, is not dedicated and shall occur only to the extent it can be done at no additional expense to PGandE. PGandE would be the sole judge as to the availability of surplus water in the water system above Bell Powerhouse and whether or not it is in the best interest of PGandE to spill it at the Bell Powerhouse site. PGandE can withdraw any or all surplus water from the Lower Fiddler Green Canal at any time without liability.
 - g. If "Seller" elects to use surplus water through his powerhouse and release it into the existing spill channel, he shall assume all risks associated with the spill arising from claims or other action by downstream property owners.
 - h. PGandE does not warrant or guarantee the water right or supply from third parties attacking our rights.

- i. Seller agrees not to challenge PGandE's water rights or to aid others in doing so.
- j. Seller agrees not to enter into any agreement with a third party which creates direct or indirect adverseness to PGandE's operation of its system.

DATED this 27 day of October, 1981.

Steven C. Onken
Seller

PACIFIC GAS AND ELECTRIC COMPANY

By: Steven C. Onken

By: G. A. Maneatis

Title _____

G. A. Maneatis
(Type Name)

Mailing Address:

Steven C. Onken
P.O. Box 117
Forbestown, CA 95941

Title: Senior Vice President
Facilities Development

APPENDIX A (cont'd)

TABLE I

	<u>Monday through Friday*</u>	<u>Saturdays</u>	<u>Holidays</u>
<u>Period A</u> (May 1 to 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.	12:00 a.m. to 12:00 a.m.
<u>Period B</u> (October 1 to 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.	12:00 a.m. to 12:00 a.m.

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

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

APPENDIX B
LOCATION SKETCH

