

1 FIRST AMENDMENT TO THE POWER PURCHASE AGREEMENT
2 BETWEEN STEVEN C. ONKEN AND PACIFIC GAS AND ELECTRIC
3 COMPANY, AS ASSIGNED TO SWISS AMERICAN COMPANY.

4 WHEREAS, Steven C. Onken entered into a Power
5 Purchase Agreement for Small Power Generation Facilities
6 with Pacific Gas and Electric Company ("PG&E"), effective
7 October 27, 1981 (the "Agreement"), which was assigned to
8 Swiss American Company ("Seller") with PG&E's consent on
9 December 13, 1985 and which was amended on December 16,
10 1985;

11 WHEREAS, the Agreement is for the purchase of
12 energy and capacity from Seller's 100 kilowatt hydroelectric
13 facility located at Placer County Parcel No. 38-24-05
14 (former Bell Power House site) California (the "Facility");

15 WHEREAS, the Facility began commercial operation
16 on April 29, 1983, and has since regularly produced power
17 for sale to PG&E (except for limited forced outage and
18 scheduled maintenance periods);

19 WHEREAS, the Facility is a "pioneer" QF project as
20 defined by the California Public Utilities Commission
21 ("CPUC") in Decision ("D.") 87-01-049 (January 28, 1987);

22 WHEREAS, the CPUC stated in D. 87-01-049 that
23 "negotiated contracts offer an opportunity to tailor relief
24 appropriately to the individual needs of specific pioneer QF
25 projects."

26 WHEREAS, Seller and PG&E desire to amend the
27 Agreement for the twin purposes of first, providing short-
28 term price relief for Seller's "pioneer" Facility so as to

1 assure its continued operation for the term of the
2 Agreement, and second, providing overall, long-term benefits
3 from the Facility for PG&E and its ratepayers.

4 THEREFORE, Seller and PG&E hereby agree to amend
5 the Agreement (the "Second Amendment") as follows:

6 1. ENERGY PRICE

7 Delete Paragraph 1(a), page 2, of the Agreement,
8 and substitute the following:

9 "a. From January 1, 1988 through April 29, 1993,
10 PG&E shall pay Seller a fixed price of 4.0¢/kWh for energy
11 deliveries;

12 From April 30, 1993 through April 29, 2007, PG&E
13 shall pay Seller for energy deliveries at ninety-five (95)
14 percent of the published quarterly price based upon PG&E's
15 short-run avoided operating costs as approved by the
16 California Public Utilities Commission from time to time
17 ("short-run energy prices").

18 From April 30, 2007 through the remainder of the
19 term of the Agreement, PG&E shall pay Seller for energy
20 deliveries at one hundred percent of the short-run energy
21 prices."

22 2. OPTION TO AMEND

23 Amend Paragraph 17, page 4, of the Agreement by
24 adding the following sentence at the end of the paragraph:

25 "In addition, PG&E shall pay Seller ninety-five
26 (95) percent of the energy price otherwise payable under the
27 final decision and order in OIR 2 from April 30, 1993
28 through April 29, 2007."

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3. TERM OF AGREEMENT

Amend Paragraph 15, page 4, of the Agreement to read as follows:

"This agreement shall be in effect when signed by the Seller and PG&E for an initial term of forty (40) years. It shall remain in effect after the initial 40 year term on a month to month basis, unless terminated by either party on 30 (thirty) days advance written notice to the other."

4. TERM OF AMENDMENT

(a) This Second Amendment shall be binding upon execution by PG&E and Seller's authorized representatives and remain in effect thereafter for the remainder of the term of agreement specified in Paragraph 15, as amended by Section 3 of this Second Amendment.

(b) Except as expressly modified by this Second Amendment, the provisions of the Agreement shall remain unchanged.

5. REASONABLENESS REVIEW

PG&E and Seller shall support the reasonableness of the Second Amendment, and the Agreement as amended, before any governmental authority of competent jurisdiction in a proceeding involving a review of the Second Amendment and/or the Agreement for purposes of allowance or disallowance in rates charged by PG&E.

6. CPUC APPROVAL

As a condition subsequent to the effectiveness of this Second Amendment, PG&E may at its sole discretion submit this Second Amendment to the California Public

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Utilities Commission for a determination that the provisions hereof are reasonable and that PG&E acted prudently in negotiating this Second Amendment, and Seller and PG&E shall defend its reasonableness before the California Public Utilities Commission. If the California Public Utilities Commission does not approve this Second Amendment to the satisfaction of PG&E within a reasonable time after its submittal, the Second Amendment shall be null and void, and Seller shall refund to PG&E all energy payments in excess of the short-run energy prices that Seller would have received but for the Second Amendment.

IN WITNESS WHEREOF, Seller and PG&E have caused this Amendment to be executed by their duly authorized representatives as of the last date set forth below.

SWISS AMERICAN COMPANY

PACIFIC GAS AND ELECTRIC COMPANY

BY: *Adrian Haemig*
Mr. Adrian Haemig

BY: *Robert J. Haywood*
Robert J. Haywood
Vice President - Power

TITLE: PARTNER

TITLE: Planning and Contracts *RH*

DATE SIGNED: 2.25.88

DATE SIGNED: _____