

154069

EXHIBIT A

THIRD AMENDMENT
TO
POWER PURCHASE AGREEMENT
BETWEEN
SWISS AMERICAN COMPANY
AND
PACIFIC GAS AND ELECTRIC COMPANY

This Power Purchase Agreement is entered into by SWISS AMERICAN COMPANY ("Seller"), and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"), referred to collectively as "Parties" and individually as "Party".

Whereas, Steven C. Onken and PG&E entered into a Power Purchase Agreement for Small Power Generation Facilities, effective October 27, 1981, which was assigned to Seller on December 13, 1985, and which was amended on December 16, 1985 and on February 25, 1988 (the "PPA"); and

Whereas, the PPA is for the sale of energy and capacity from Seller's 100 kilowatt hydroelectric facility located at Placer County Parcel No. 38-24-05 (former Bell Powerhouse site), California; and

Whereas, Seller and PG&E desire to amend the PPA to provide benefits to both Seller and PG&E;

Therefore, PG&E and Seller hereby amend the PPA by substituting this Agreement in its entirety.

1. Seller has two options for payment of as-delivered capacity and energy delivered to PG&E. They are:

Option No. 1: Seller elects to have the value of the purchased power credited to its monthly bill from PG&E for electric service in the next billing period (assumes electric service account).

Option No. 2: Seller elects to receive payment check within approximately 30 days of the meter reading date.

Seller has selected Option No. 2.

2. On and after the date PG&E gives its written approval for parallel operation, PG&E shall pay Seller for as-delivered capacity at prices authorized from time to time by the California Public Utilities Commission (CPUC) and which are derived from PG&E's full avoided costs as approved by the CPUC. PG&E shall pay Seller for energy at prices equal to PG&E's full short-run avoided operating costs as approved by the CPUC.
3. Seller shall pay for designing, installing, operating, and maintaining the facility in accordance with all applicable laws and regulations and shall comply with PG&E's electric Rule No. 21, which is attached hereto as Appendix A.
4. Seller shall deliver the as-delivered capacity and energy to PG&E at the agreed point of delivery as shown in Appendix B.
5. PG&E shall, at its expense, furnish and install a standard watt-hour meter (and current transformers if required) in a meter socket and enclosure equipment provided and installed by Seller at or near the point of delivery. At Seller's option and expense, PG&E shall furnish and install a time-of-delivery meter pursuant to a separate special facilities agreement referred to in PG&E electric Rule No. 21.
6. Seller shall (a) maintain the facility and interconnection facilities, except facilities installed by PG&E, in conformance with all applicable laws and regulations, (b) obtain any governmental authorizations and permits required for the construction and operation thereof, and (c) maintain the facility and interconnection facilities in a safe and prudent manner. Seller shall reimburse PG&E for any and all losses, damages, claims, penalties, or liability it incurs as a result of Seller's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of Seller's facility.

7. (a) PG&E may enter Seller's premises (1) to inspect at any reasonable times Seller's protective devices and read or test meters, and (2) to disconnect, without notice, the interconnection facilities if, in PG&E's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or PG&E's facilities, or other customer's facilities from damage or interference caused by Seller's facility, or lack of properly operating protective devices.
 - (b) PG&E 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 part of its system, or (2) if it determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices.
 - (c) Whenever possible, PG&E shall give Seller reasonable notice of the possibility that interruption or reduction of deliveries may be required.
8. 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 damages, including property of either Party, resulting from or arising out of (a) the engineering, design, construction, maintenance, or operation of or (b) 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 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 for all costs, including reasonable attorney fees, that may be incurred by the other Party in enforcing this indemnity.
 9. 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.
 10. Each Party shall be responsible for protecting its facilities from possible damage by reason of the 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.

11. This Agreement shall be in effect when signed by the Seller and PG&E for an initial term of one year and shall remain in effect thereafter month to month unless terminated by either Party on 30 (thirty) days' advance written notice to the other.
12. Except for notices required under the Operating Agreement attached hereto as Appendix D, any notice required under this Agreement shall be in writing and mailed at 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 below. Changes in such designation may be made by notice similarly given.

All written notices shall be directed as follows:

to PG&E: Pacific Gas and Electric Company
Attention: Manager, Power Contracts
Mail Code B23C
P.O. Box 770000
San Francisco, CA 94177

to Seller: Mr. Adrian Haemmig
Swiss American Company
P.O. Box 1326
Grass Valley, CA 95945

13. This Agreement includes the following appendices which are attached and incorporated by reference:

APPENDIX A - PG&E ELECTRIC RULE 21
APPENDIX B - POINT OF DELIVERY
APPENDIX C - LOCATION SKETCH
APPENDIX D - OPERATING AGREEMENT

14. Insurance

- 14.1 General Liability Coverage

- (a) Seller shall maintain during the performance hereof, General Liability Insurance** of not less than \$500,000 if the nameplate rating of Seller's facility is over 20 kW or \$100,000 if the nameplate rating of Seller's 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.

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

- (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, shall provide for 30 days' written notice to PG&E prior to cancellation, termination, alteration, or material change of such insurance.

14.2 Additional Insurance Provisions

- (a) Evidence of coverage described above in Paragraph 14.1 shall state that coverage provided is primary and is not excess to or contributing with any insurance or self-insurance maintained by PG&E.
- (b) PG&E shall have the right to inspect or obtain a copy of the original policy(ies) of insurance.
- (c) Seller shall furnish the required certificates*** and endorsements to PG&E prior to commencing operation.
- (d) All insurance certificates,*** 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 - Power Contracts
Mail Code B23C
P.O. Box 770000
San Francisco, CA 94177

- 15: This Agreement may be assigned by Seller to another party with PG&E's written consent, which shall not be unreasonably refused. Any assignment without PG&E's written consent shall be null and void.

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

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

Mr. Donald Pingley
Randolph C Lowland
SWISS AMERICAN CO.
(SELLER)

PACIFIC GAS AND ELECTRIC COMPANY

BY: *A. Haemmig*
A. HAEMMIG
(Type Name)

BY: *B. M. Speckman*
B. M. SPECKMAN
(Type Name)

TITLE: PARTNER

TITLE: MANAGER, POWER CONTRACTS

DATE SIGNED: FEB. 6, 1996

DATE SIGNED: March 16, 1996

Mailing Address:
P.O. BOX 1326
GRASS VALLEY
CA. 95945

APPROVED AS TO FORM

April

APPENDIX A

PG&E'S ELECTRIC RULE NO. 21



RULE 21--NONUTILITY-OWNED PARALLEL GENERATION

This describes the minimum operation, metering and interconnection requirements for any generating source or sources paralleled with PG&E's electric system. Such source or sources may include, but are not limited to, hydroelectric generators, wind-turbine generators, steam or gas-driven turbine generators and photovoltaic systems.

A. GENERAL

1. The type of interconnection and voltage available at any location and PG&E's specific interconnection requirements shall be determined by inquiry at PG&E's local office.
2. The Power Producer (Producer) will normally connect to PG&E's facilities at or above the minimum nominal voltage indicated in the table below.

Net Generator Output (MVA)	Minimum Nominal Voltage (kv)
0 to less than 12	None
12 to less than 30	60, 70
30 to less than 90	115
90 to less than 250	230
greater than 250	To be determined on a case-by-case basis

PG&E shall determine where the Producer may connect to its system. Any deviation from this table shall be at the sole discretion of PG&E.

3. The Producer shall ascertain and be responsible for compliance with the requirements of all governmental authorities having jurisdiction.

(Continued)

Advice Letter No. 1310-E
Decision No.

Issued by
Gordon R. Smith
Vice President and
Chief Financial Officer

Date Filed July 31, 1990
Effective September 9, 1990
Resolution No. _____



RULE 21--NONUTILITY-OWNED PARALLEL GENERATION

(Continued)

B. INTERCONNECTION FACILITIES

1. GENERAL

Interconnection facilities are all means required, and apparatus installed, to interconnect the Producer's generation with PG&E's system. Where the Producer desires to sell power to PG&E, interconnection facilities are also all means required, and apparatus installed, to enable PG&E to receive power deliveries from the Producer. Interconnection facilities may include, but are not limited to:

- a. connection, transformation, switching, metering, communications, control, protective and safety equipment; and
- b. any necessary additions to and reinforcements of PG&E's system by PG&E. Interconnection facilities shall be categorized as either:
 - 1) Producer-Specific Facilities -- those interconnection facilities that have a direct benefit only to the Producer(s).
 - 2) Multipurpose Facilities -- those interconnection facilities that have a direct benefit to PG&E's system as well as the Producer(s).

2. CONTROL, PROTECTION AND SAFETY EQUIPMENT

- a. GENERAL: PG&E has established functional requirements essential for safe and reliable parallel operation of the Producer's generation. These requirements provide for control, protective and safety equipment to:

(Continued)

Advice Letter No. 1310-E
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RULE 21--NONUTILITY-OWNED PARALLEL GENERATION

(Continued)

- B. INTERCONNECTION FACILITIES (Cont'd.)
2. CONTROL, PROTECTION AND SAFETY EQUIPMENT (Cont'd.)
b. (Cont'd.)

(L)

CONTROL, PROTECTION AND SAFETY EQUIPMENT GENERAL REQUIREMENTS¹

Device or Feature	GENERATOR SIZE						(T)
	10 kW or Less	11 kW to 40 kW	41 kW to 100 kW	101 kW to 400 kW	401 kW to 1,000 kW	Over 1,000 kW	
Dedicated Transformer ²	-	X	X	X	X	X	(T)
Interconnection Disconnect Device	X	X	X	X	X	X	(T)
Generator Circuit Breaker	X	X	X	X	X	X	
Over-voltage Protection	X	X	X	X	X	X	
Under-voltage Protection	-	-	X	X	X	X	
Under/Over-frequency Protection	X	X	X	X	X	X	
Ground Fault Protection	-	-	X	X	X	X	
Over-current Relay w/Voltage Restraint	-	-	-	-	X	X	
Synchronizing ³	Manual	Manual	Manual	Manual	Manual	Automatic	
Power Factor or Voltage Regulation Equipment	-	-	X	X	X	X	
Fault Interrupting Device ⁴				X	X	X	

1. Detailed requirements are specified in PG&E's current operating, metering and equipment protection publications, as revised from time to time by PG&E and available to the Producer upon request. For a particular generator application, PG&E will furnish its specific control, protective and safety requirements to the Producer after the exact location of the generator has been agreed upon and the interconnection voltage level has been established.

(L)

(Continued)

Advice Letter No. 1421-E
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RULE 21--NONUTILITY-OWNED PARALLEL GENERATION

(Continued)

B. INTERCONNECTION FACILITIES (Cont'd.)

2. CONTROL, PROTECTION AND SAFETY EQUIPMENT (Cont'd.)

c. DISCONNECT DEVICE

The Producer shall provide, install, own and maintain the interconnection disconnect device required by Section B.2.b at a location readily accessible to PG&E. Such device shall normally be located near PG&E's meter or meters for sole operation by PG&E. The interconnection disconnect device and its precise location shall be specified by PG&E. At the Producer's option and request, PG&E will provide, install, own and maintain the disconnect device on PG&E's system as special facilities in accordance with Section F.

3. METERING

- a. A Producer desiring to sell power to PG&E shall provide, install, own and maintain all facilities necessary to accommodate metering equipment specified by PG&E. Such metering equipment may include meters, telemetering (applicable where deliveries to the utility exceed 10 mw) and other recording and data to PG&E. Except as provided for in Section B.3.b following, PG&E shall provide, install, own and maintain all metering equipment as special facilities in accordance with Section F.
- b. The Producer may at its option provide, install, own and maintain current and potential transformers rated above 600 volts and a non-revenue type graphic recorded where applicable. Such metering equipment, its installation and maintenance shall all be in conformance with PG&E's specifications.

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Advice Letter No. 1310-E
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RULE 21--NONUTILITY-OWNED PARALLEL GENERATION

(Continued)

B. INTERCONNECTION FACILITIES (Cont'd.)

5. PRODUCER-INSTALLED UTILITY-OWNED LINE EXTENSIONS

The Producer may at its option employ a qualified contractor/subcontractor (as defined in Rule 1) to provide and install an extension of PG&E's distribution or transmission lines where required to complete the Producer's interconnection with PG&E. Such extension shall be installed in accordance with PG&E's design and specifications. The Producer shall pay PG&E's estimated costs of design, administration compliance with PG&E's requirements. Upon final inspection and acceptance by PG&E, the Producer shall transfer ownership of the line extension and it shall be owned and maintained as special facilities in accordance with Section F. This provision does not preclude the Producer from installing owning and maintaining a distribution or transmission line extension as part of its other Producer-owned interconnection facilities.

6. COSTS OF FUTURE UTILITY SYSTEM ALTERATIONS

The Producer shall be responsible for the costs of only those future Utility system alterations which are directly related to the Producer's presence or necessary to maintain the Producer's interconnection in accordance with PG&E's applicable operating, metering and equipment publication in effect when the Producer and PG&E entered into a written form of power purchase agreement. Such alterations may include, but are not limited to, relocation or undergrounding of PG&E's distribution or transmission facilities as may be ordered by a governmental authority having jurisdiction. Alterations made at the Producer's expense shall specifically exclude increase of existing line capacity necessary to accommodate other Producers or PG&E customers.

(Continued)

Advice Letter No. 1310-E
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Chief Financial Officer

Date Filed July 31, 1990
Effective September 9, 1990
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RULE 21--NONUTILITY-OWNED PARALLEL GENERATION

(Continued)

C. ELECTRIC SERVICE FROM PG&E

If the Producer requires regular, supplemental, interruptible or standby service from PG&E, the Producer shall enter into separate contractual arrangements with PG&E in accordance with PG&E's applicable electric tariffs on file with and authorized by the Public Utilities Commission.

D. OPERATION

1. PREPARALLEL INSPECTION

In accordance with Section A.7, PG&E will inspect the Producer's interconnection facilities prior to providing it with written authorization to commence parallel operation. Such inspection shall determine whether or not the Producer has installed certain control, protective and safety equipment to PG&E's specifications. Where the Producer's generation has a rated output in excess of 100 kw, the Producer shall pay PG&E its estimated costs of performing the inspection.

2. JURISDICTION OF PG&E'S SYSTEM DISPATCHER

The Producer's generation while operating in parallel with PG&E's system is at all times under the jurisdiction of PG&E's system dispatcher. The system dispatcher shall normally delegate such control to PG&E's designated switching center.

3. COMMUNICATIONS

The Producer shall maintain telephone service from the local telephone company to the location of the Producer's generation. In the event such location is remote or unattended, telephone service shall be provided to the nearest building normally occupied by the Producer's generator operator. PG&E and the Producer shall maintain operating communications through PG&E's designated switching center.

(Continued)

Advice Letter No. 1310-E
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RULE 21--NONUTILITY-OWNED PARALLEL GENERATION

(Continued)

D. OPERATION (Cont'd.)

6. POWER FACTOR (Cont'd.)

b. Where either the Producer or PG&E determines that it is not practical for the Producer to furnish PG&E's required level of reactive power or when PG&E specifies switched capacitors in its system pursuant to Section D.6.a, PG&E will provide, install, own and maintain the necessary devices on its system in accordance with Section F.

E. INTERFERENCE WITH SERVICE AND COMMUNICATION FACILITIES

1. GENERAL

PG&E reserves the right to refuse to connect to any new equipment or to remain connected to any existing equipment of a size or character that may be detrimental to PG&E's operations or service to its customers.

2. The Producer shall not operate equipment that superimposes upon PG&E's system a voltage or current which causes interference with PG&E's operations, service to PG&E's customers or interference to communication facilities. If the Producer causes service interference to others, the Producer must diligently pursue and take corrective action at the Producer's expense after being given notice and reasonable time to do so by PG&E. If the Producer does not take timely corrective action, or continues to operate the equipment causing the interference without restriction or limit, PG&E may, without liability, disconnect the Producer's equipment from PG&E's system until a suitable permanent solution provided by the Producer is operational at the Producer's expense.

(Continued)

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RULE 21--NONUTILITY-OWNED PARALLEL GENERATION

(Continued)

F. SPECIAL FACILITIES (Cont'd.)

3. (Cont'd.)

- a. Where facilities are installed by PG&E for the Producer's use as special facilities, the Producer shall advance to PG&E its estimated installed cost of the special facilities. The amount advanced is subject to the monthly ownership charge applicable to customer-financed special facilities as set forth in Section 1 of PG&E's Rule 2.
- b. At the Producer's option, and where such Producer's generation is a qualifying facility¹ and the Producer has established credit worthiness to PG&E's satisfaction, PG&E shall finance those special facilities it deems to be removable and reusable equipment. Such equipment shall include, but not be limited to, transformation, disconnection and metering equipment.
- c. Existing facilities allocated for the Producer's use as special facilities and removable and reusable equipment financed by PG&E in accordance with Section F.3.b are subject to the monthly ownership charge applicable to Utility-financed special facilities as set forth in Section 1 of Rule 2.
- d. Where the Producer elects to install and deed to PG&E an extension of PG&E's distribution or transmission lines for use as special facilities in accordance with Section B.5, PG&E's estimate of the installed cost of such extension shall be subject to the monthly ownership charge applicable to customer-financed special facilities as set forth in Section 1 of Rule 2.

¹A qualifying facility is one which meets the requirements established 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.).

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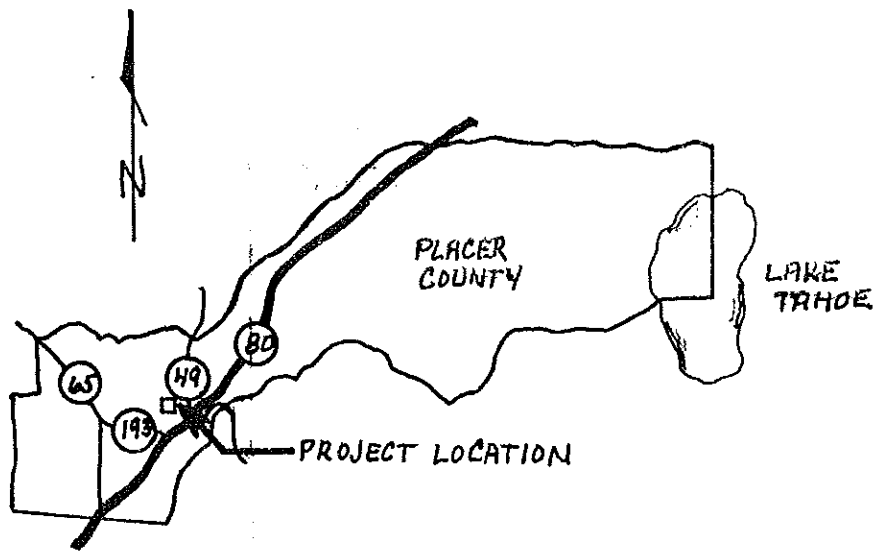
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Vice President and
Chief Financial Officer
AppB-15

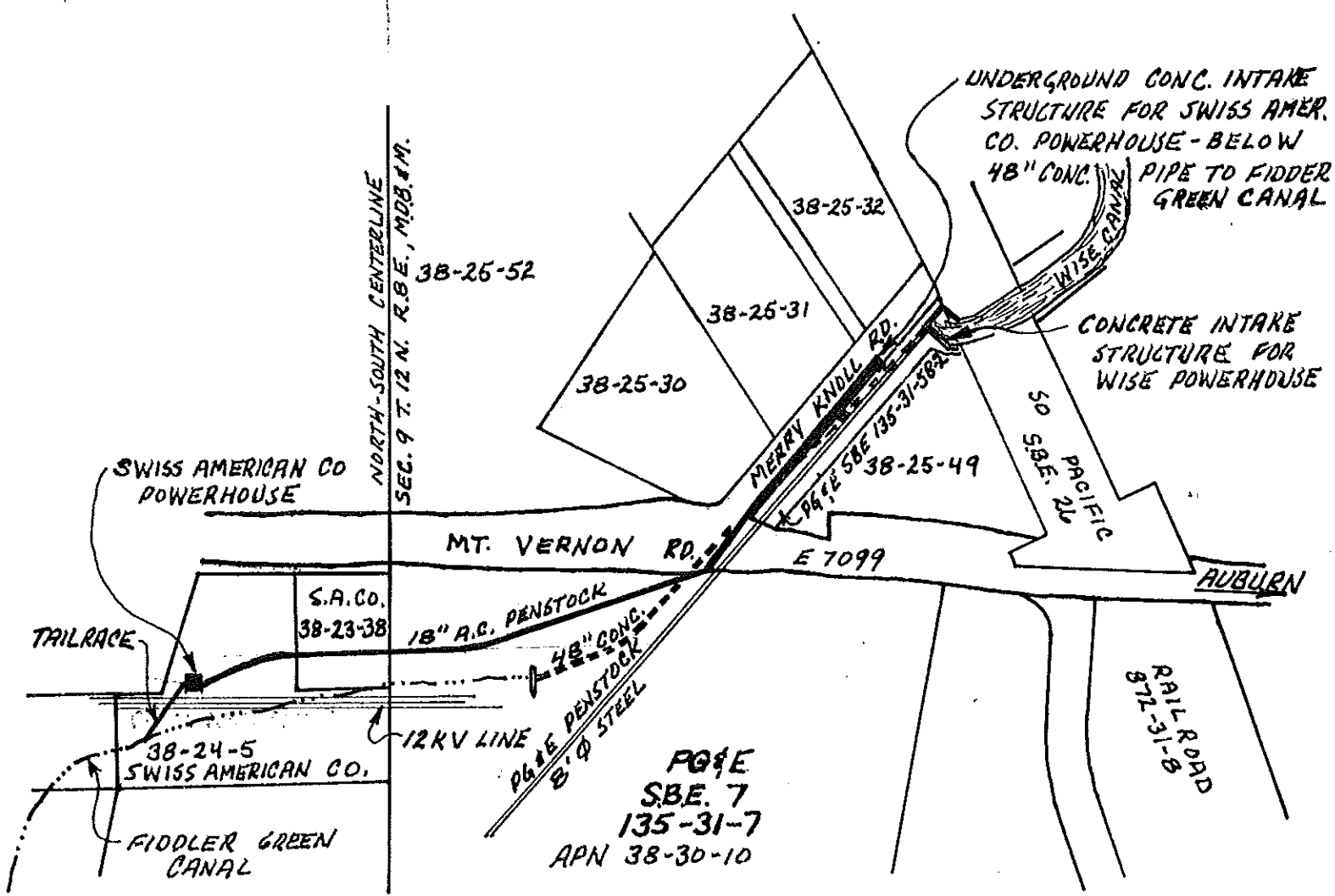
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APPENDIX B
POINT OF DELIVERY

APPENDIX C
LOCATION SKETCH



SCALE 1"=200'±



LOCATION MAP
 SWISS AMERICAN CO. HYDRO.
 AUBURN, CA
 26 JANUARY 1996

APPENDIX D
OPERATING AGREEMENT

1. Seller shall operate Seller's Project in such a manner as not to cause injury to PG&E's downstream flow requirements. Should any such operation cause injury to PG&E, Seller agrees to immediately modify its operation so that no such injury will continue or subsequently occur. Seller shall install and maintain in an operable condition such equipment and controls necessary to maintain a constant flow of water past the turbine or other facilities to prevent disruption in the outflow rate immediately below Seller's Project.
2. Seller shall be liable for, and compensate PG&E for, any and all damages, losses, claims and liabilities resulting from the operation, non-operation or faulty operation of Seller's Project.
3. PG&E is granted the right of access, upon reasonable advance notice, to Seller's Project to determine if Seller's operation is in compliance with the operations of the Lower Fiddler Green Canal and conforms with the terms of the Power Purchase Agreement, including this Agreement. Seller will execute any documents reasonably requested by PG&E to enforce this right.
4. In addition to the notice requirements in the Power Purchase Agreement, any notice to be given by Seller under this

Operating Agreement shall be directed to the PG&E Drum Division Hydro Superintendent, 343 Sacramento Street, Auburn, CA 95603, Telephone (916) 885-2431, or other locations as may be directed. Notices to Seller under this Operating Agreement shall be as provided in the Power Purchase Agreement.

5. The right to exercise PG&E's water entitlement for power purposes at the Bell Powerhouse shall terminate when the Bell Powerhouse is decommissioned.
6. Releases at the project site are currently made to satisfy domestic and irrigation water commitments. Seller understands that PG&E does not guarantee any minimum release quantity.
7. Seller and PG&E agree to the following provisions regarding the operation of Seller's Bell Powerhouse on the Lower Fiddler Green Canal:
 - 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. Those portions of Seller's Project that may impact the PG&E system or affect the flow of water in the spillway channel, such as the intake and tailrace, shall be submitted to PG&E for approval prior to release for construction. These features shall be designed and maintained to the same standards used by PG&E. PG&E may require reimbursement for its costs of such review and approval. PG&E's approval shall not be construed as a warranty on design, safety, etc.
 - c. Seller's Project shall not interfere with PG&E's outage schedule on the Drum-Spaulding Project.

- d. Seller must not store or consume water or use any water for purposes other than power generation. All water must be released from Seller's Project to satisfy commitments further downstream.
 - e. 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 PG&E. PG&E shall 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 PG&E to spill it at the Bell Powerhouse site. PG&E may withdraw any or all surplus water from the Lower Fiddler Green Canal at any time without liability.
 - f. Seller agrees not to challenge PG&E's water rights or to aid others in doing so.
 - g. Seller agrees not to enter into any agreement with a third party which creates any direct or indirect adverse impact to PG&E's operation of its system.
8. It is understood that PG&E may be interested in selling the Middle and Lower Fiddler Green Canals to a third party. Seller agrees that the operation of the Bell Powerhouse shall not interfere with PG&E's or the third party's ability to deliver water to the Lower Fiddler Green Canal at the time and rate desired.
9. Seller shall, as necessary, provide current on-call schedule of personnel to be contacted regarding operation of Seller's facilities.
10. Seller shall notify PG&E as soon as Seller is aware of major or long-term outages of Seller's generating facilities or other conditions which could affect PG&E's operations.