

Log # - M-R-7014



**Pacific Gas and  
Electric Company\***

Ray M. Kuga  
Vice President  
Energy Supply

*US Mail:*  
Mail Code N13R  
Pacific Gas and Electric Company  
P. O. Box 770000  
San Francisco, CA 94177-0001

September 27, 2007

**VIA PDF EMAIL**

*Overnight Mail:*  
Mail Code N13R  
Pacific Gas and Electric Company  
245 Market Street, Room 1360  
San Francisco, CA 94105-1702

Mr. Jeffrey Dasovich  
Microgy, Inc.  
900 Larkspur Landing Circle, Suite 230  
Larkspur, CA 94939  
[jdasovich@microgy.com](mailto:jdasovich@microgy.com)

415.973.3808  
Internet: 223.3808  
Fax: 415.973.1859  
Website: [www.pge.com](http://www.pge.com)

Re: Site Addition Letter Agreement ("Letter Agreement")

Dear Jeff:

Microgy, Inc. ("Microgy" or "Seller") and Pacific Gas and Electric Company ("PG&E" or "Buyer") entered into an agreement for the Sale and Purchase of Gas on February 23, 2007, as amended on July 9, 2007 (collectively the "Agreement"). As Microgy and PG&E have discussed, Microgy desires to sell and PG&E desires to purchase, through the Agreement for a single transaction, Product from a Site which does not directly connect to a natural gas transmission system owned and operated by PG&E, the site for which is described and identified in detail on Exhibit A to the Agreement ("Transaction"). To facilitate such a Transaction, the Parties agree as follows for this single transaction only:

1. For the Transaction only, Section 2(f) of the Agreement is deleted in its entirety and replaced with the following:
  5. (f) Delivery Point. The Delivery Point for Gas shall be the point of interconnection with the PG&E gas transmission system known as "PG&E Topock", as is more particularly identified in Exhibit A. Seller shall be responsible for and retain ownership of the Gas up to the Delivery Point; Buyer shall assume responsibility for and ownership of the Gas at the Delivery Point. Seller shall provide documentation of deliveries of Gas from the outlet of the Facility to the PG&E Topock Delivery Point.
2. For the Transaction only, Section 7(a)(1) shall be deleted in its entirety and replaced with the following:
  - (a) Price.
    - (1) Contract Price:
      - a. For each Decatherm of metered Accepted Gas, Buyer shall pay to Seller for the Product as follows, subject to Section 7(a)(ii) below:

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- i. For the first six months of delivery subsequent to CPUC Approval ("Initial 6 Months of Delivery"):

Volume	Price
Accepted Gas volume less than or equal to 500 Dct	\$ 9.75
Accepted Gas volume above 500 Dct	\$ 8.55

B. For all other periods of time subsequent to the Initial 6 Months of Delivery:

Volume	Price
Accepted Gas volume in Dct	\$ 8.55

3. Except as contained in this Letter Agreement, all other terms and conditions of the Agreement remain unchanged for this Transaction.
4. Any future transactions between the Parties entered into pursuant to the Agreement shall not be amended by this Letter Agreement.
5. All capitalized terms contained herein shall have the meanings ascribed to them in the Agreement, unless otherwise defined in this Letter Agreement.
6. No deliveries of Product pursuant to this Transaction shall be made until CPUC Approval of the Letter Agreement is received, or waived, by Buyer.

If Microgy agrees with the foregoing, please acknowledge so by signing where indicated below and returning to me at the address listed above.

Best regards,

Acknowledgement:  
Microgy, Inc.

By: 

(Signature)

Name: MICHAEL HUIDOB - EXECUTIVE VP  
(Type or Print)

Date: 9/28/07