



**Pacific Gas and
Electric Company**

Energy Procurement,
Contract Management

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April 2, 2009

Mr. Kent Duysen
President
Sierra Power Corporation
9000 Road 234
Terra Bella, CA 93270

Subject: Extension of Sierra Power Corporation Agreement (PG&E Log No. 33R007) to Term 3

Dear Mr. Duysen:

Pacific Gas and Electric Company ("PG&E") and Sierra Power Corporation ("SPC") are parties to a Power Purchase Agreement ("PPA") entitled "Sierra Power Corporation" under which electricity generated by a renewable resource is delivered to PG&E. Section 7.d. of SPC's Confirmation Letter, dated September 17, 2003, provides PG&E with the unilateral option to extend the Agreement for an additional 5-year term ("Term 3") by delivering to Seller written notice of its intent to extend the Agreement no later than 90 days before the expiration of Term 2 on July 8, 2009.

California Public Utilities Commission Resolution E-3853, which initially approved the Agreements in October 2003, required PG&E to seek Commission approval through an advice letter for contract extensions. PG&E filed an Advice Letter 3368-E on November 17, 2008 to seek Commission approval to extend the Agreements. The Commission approved Advice Letter 3368-E through adoption of Resolution E-4223, filed February 23, 2009.

Therefore, pursuant to Section 7.d. of the Confirmation Letter, PG&E hereby exercises its option to extend the Agreement to Term 3 and notifies SPC in writing of the extension through this letter. Accordingly, Term 3 of the Agreement begins on July 9, 2009 and shall expire on July 8, 2014.

Please note that all other provisions of the Agreement that are not specifically changed by this notification remain unmodified and in full effect.

Should you have questions, please call Elizabeth Motley at (415) 973-2368.

Sincerely,

Chad Curran
Manager, QF and Renewables Contract Management
Pacific Gas and Electric Company