FIRST AMENDMENT

TO THE

LONG-TERM ENERGY AND CAPACITY

POWER PURCHASE AGREEMENT

BETWEEN

SIERRA PACIFIC INDUSTRIES

AND PACIFIC GAS AND ELECTRIC COMPANY

(BURNEY COGENERATION PROJECT, PG&E LOG No. 13C049)

This First Amendment is by and between Pacific Gas and Electric Company ("PG&E" or "PGandE"), a California corporation, and Sierra Pacific Industries ("Seller"), a California corporation. PG&E and Seller are sometimes referred to herein collectively as the "Parties" and individually as "Party".

RECITALS

WHEREAS, Seller, on October 16, 1984, and PG&E, on December 12, 1984, executed a Standard Offer No. 4 Long-Term Energy and Capacity Power Purchase Agreement (the "Agreement") for a proposed woodwaste fueled cogeneration facility, identified by PG&E Log No. 13C049, located at Highway 299 East, Shasta County, California (the "Facility"); and

WHEREAS, the Agreement describes the <u>Facility</u> as having a nameplate rating of 9,500 kW; and

WHEREAS, Seller, on June 24, 1985, received written notification from PG&E that a transmission allocation of 9,500 kW was available for the <u>Facility</u> and Seller notified PG&E that it accepted this allocation; and

WHEREAS, Seller on December 10, 1990 received written notification from PG&E that an additional 6,500 kW transmission allocation was available for the <u>Facility</u> and Seller notified PG&E on December 12, 1990 that it accepted this allocation; and

WHEREAS, Seller has requested an amendment to the Agreement to change the nameplate of its <u>Facility</u> to 16,000 kW and to allow for the payment for energy deliveries above 9,500 kW up to the 16,000 kW; and

WHEREAS, on December 13, 1990, the Parties agreed to terminate a January 16, 1987 letter agreement which stated that PG&E would pay non-firm interruptible energy prices for deliveries exceeding the original 9,500 kW; and

WHEREAS, Seller agrees to accept adjusted energy prices for 200 hours a year, applicable to energy deliveries above 13,000 kW, in 4-hour increments during super off-peak periods, a schedule for which will be supplied to Seller by PG&E on December 1 prior to each year until the termination of the Agreement; and

WHEREAS, the Parties agree to put the payments modifications reflected in this amendment into effect retroactively as of December 7, 1990 at 10:23 hours:

NOW, THEREFORE in exchange for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Article 3, PURCHASE OF POWER, Section (a), page 5, lines 6 through 8, shall read:

> "Seller shall sell and deliver and PG&E shall purchase and accept delivery of capacity and energy at the <u>voltage level</u> of 230 kV."

2. Article 3, PURCHASE OF POWER, Section (b), page 5, lines 10 through 11, shall read:

> "Seller shall provide capacity and energy from its 16,000 kW <u>Facility</u> located at Burney, California."

3. Article 3, PURCHASE OF POWER, Section (d), page 5, lines 18 through 21, shall read:

"To avoid exceeding the physical limitations of the interconnection facilities, Seller shall limit the Facility's actual rate of delivery into the PG&E system to 33,000 kW (unity power factor rating or 33 MVA)."

4. Article 3, PURCHASE OF POWER, Section (g), page 6, line 15, shall read:

"The transformer loss adjustment factor is N.A. (not applicable)."

5. Article 4, ENERGY PRICE, page 7, lines 3 through 7, shall read:

"During the fixed price period, Seller shall be paid for energy delivered, up to the level of 9,500 kW, at prices equal to 60 percent[1] of the prices set forth in Table B-1, Appendix B, plus 40 percent[2] of PG&E's full short-run avoided operating costs.

"For the energy deliveries exceeding 9,500 kW and up to 16,000 kW, except during periods of economic curtailment as provided for in Appendix C, Seller shall be paid for all deliveries at prices equal to PG&E's full short-run avoided operating costs.

"Until and unless Seller receives a transmission allocation for deliveries exceeding 16,000 kW, PG&E shall pay Seller <u>non-firm interruptible energy prices</u> for energy deliveries exceeding 16,000 kW, or 13,000 kW during the 200 hours of economic curtailment per year (as provided in Appendix C). If Seller receives a transmission allocation for deliveries above 16,000 kW, PG&E shall pay Seller for all deliveries above 16,000 kW but within such additional transmission allocation at prices equal to PG&E's <u>full short-run avoided operating costs</u>, except during 200 hours per year when deliveries above 13,000 kW shall be at <u>non-firm interruptible energy prices</u> as provided in Appendix C.

6. Article 5, CAPACITY ELECTION AND CAPACITY PRICE, page 10, lines 17 through 24, shall read:

<u>x</u> <u>Firm capacity</u> - 9,500 kW for 30 years from the <u>firm capacity availability date</u> with payment determined in accordance with Appendix E. PG&E shall pay Seller for capacity delivered in excess of 9,500 kW <u>firm capacity</u>, limited to 6,500 kW (equalling a total rate of delivery of up to 16,000 kW), on an <u>as-delivered capacity</u> basis in accordance

with As-Delivered Capacity Payment Option 1 set forth in Appendix D. Seller shall receive payment for <u>as-delivered capacity</u> for deliveries above 16,000 kW only if and when Seller receives an additional transmission capacity allocation.

7. Article 9, NOTICES, page 12, line 25, shall read:

"Attention: Vice President - Power Generation"

8. Appendix A, Section A-1, DEFINITIONS, page A-5, at line 22, insert the following definition:

<u>Non-firm interruptible energy price</u> - A price, offered by PG&E on a monthly basis, based on the price that PG&E will pay for purchases of Non-firm Energy for other utilities and governmental power authorities during the following month, for energy delivered in excess of 16,000 kW and/or for energy deliveries exceeding 13,000 kW during 200 hours per year as provided in Appendix C. In the event Seller receives a transmission allocation for deliveries above 16,000 kW, the prices hereunder shall only be applicable for energy delivered in excess of Seller's transmission allocation and during 200 hours per year for deliveries above

13,000 kW as provided in Appendix C. The energy is subject to immediate interruption by either the buyer or seller for any reason at any time without advance notice. PG&E shall not be obligated to accept or pay for energy delivered when PG&E has ordered the Seller to interrupt or reduce deliveries. Seller shall be responsible for the cost of any additional special facilities necessary to accept the Non-firm Energy.

9. Appendix C, CURTAILMENT OPTION A, HYDRO SPILL AND NEGATIVE AVOIDED COST, page C-3, at line 16, insert the following:

(e) In each calendar year, the price which PG&E is obligated to pay Seller for energy deliveries above 13,000 kw during 200 super off-peak hours shall be non-firm interruptible energy prices. The 200 hours of economic curtailment shall be specified by PG&E and will be in four hour blocks during the super off-peak period which is currently from 1 a.m. to 5 a.m. PG&E shall give Seller a yearly schedule for the periods in which economic curtailment shall occur by December 1 of the preceding year. The definition of super off-peak period shall remain open to changes made by the CPUC.

10. Appendix D, AS-DELIVERED CAPACITY, Table D-1(a), page D-4, line 9, shall read:

"The Facility is remote, and the capacity loss adjustment factor is 0.88816."

11. Appendix E, FIRM CAPACITY, Table E-1, page E-9, lines 19 through 20 shall read:

"The Facility is remote, and the firm capacity loss adjustment factor is 0.88816."

All other provisions of the Agreement, as amended by this First Amendment, remain unchanged.

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed by their duly authorized representatives and it is effective as of the last date set forth below.

SIERRA PACIFIC INDUSTRIES	PACIFIC GAS AND ELECTRIC COMPANY
By Ray Lowry	By
RAY LOWRY Name	ROY M. KUGA Name
Corporate Controller and Energy Development Title	MANAGER, QF CONTRACTS Title
May 6, 1991 Date of Signature	MAY 21 1991 Date of Signature

APPROVED AS TO FORM

F-2 - POINT OF DELIVERY LOCATION SKETCH

SIERRA PACIFIC INDUSTRIES - BURNEY

NOT TO SCALE

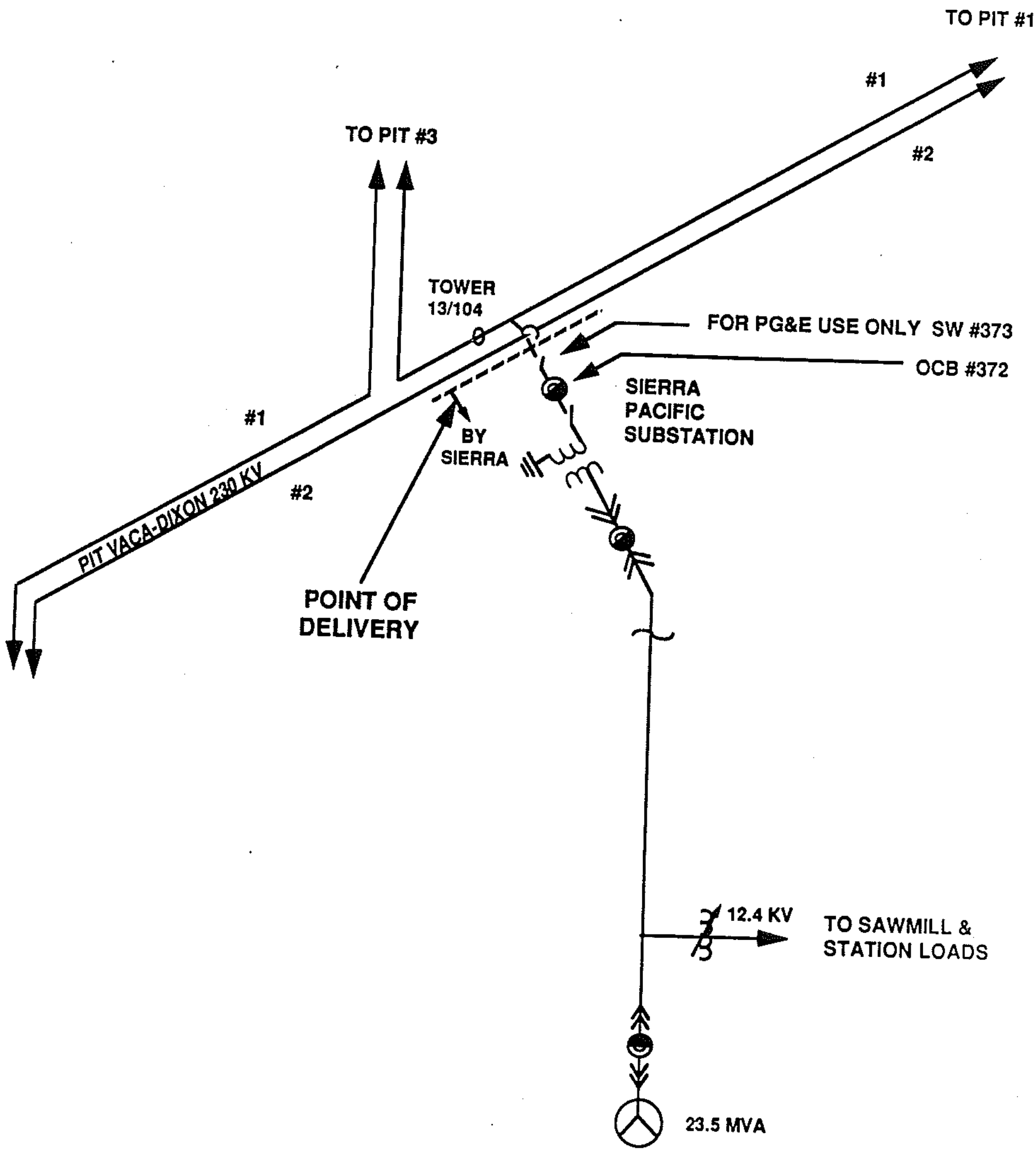

EXHIBIT F-3

INTERCONNECTION FACILTIES FOR WHICH SELLER IS RESPONSIBLE

Seller is responsible for installing, maintaining, and, if necessary, replacing the interconnection facilities as generally described below:

1. Leased telephone lines for transfer trip
2. 230 kV metering units
3. Line disconnect
4. Metering disconnect
5. Oil circuit breaker
6. Protective relays
7. Structures and associated equipment
8. Transformer bank
9. Other associated equipment

In addition to the interconnection facilities listed above, and at Seller's request, PG&E will install certain interconnection facilities as Special Facilities. Although responsible for operating and maintaining Special Facilities, PG&E will do so at Seller's expense pursuant to the Special Facilities Agreement between Seller and PG&E.