

MASTER POWER PURCHASE AND SALE AGREEMENT-WIND PROJECT**COVER SHEET**

This *Master Power Purchase and Sale Agreement* (Version 2.1; modified 4/25/00) ("*Master Agreement*") is made as of the following date: October 31, 2002 ("Effective Date"). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement." The Parties to this *Master Agreement* are the following:

Name: PacifiCorp Power Marketing, Inc. ("Party A")

All Notices:

Street: 650 N.E. Holladay, Suite 700

City: Portland, OR Zip: 97232

Attn: Contract Administration

Phone: (503) 813-6191

Facsimile: (503) 813-5707

Duns: 94-737-6422

Federal Tax ID Number: 93-1177933

Invoices:

PacifiCorp Power Marketing, Inc.

650 N.E. Holladay, Suite 700

Portland, OR 97232

Attn: Month-End Checkout

Phone: (503) 813-7102

Facsimile: (503) 813-5749

Scheduling:

PacifiCorp Power Marketing, Inc.

650 N.E. Holladay, Suite 700

Portland, OR 97232

Attn: Scheduling

Phone: (503) 813-5752

Facsimile: (503) 813-5700

Payments:

PacifiCorp Power Marketing, Inc.

650 N.E. Holladay, Suite 700

Portland, OR 97232

Attn: Month-End Checkout

Phone: (503) 813-7102

Facsimile: (503) 813-5749

Wire Transfer:

BNK: Bank One, Chicago, IL

for: PacifiCorp Power Marketing

ABA: Routing #071000013

ACCT: #5547520

Confirmation: Month-End Checkout

Phone: (503) 813-7102

Name: San Diego Gas & Electric Company ("Party B")

All Notices:

Street: 8306 Century Park Court

City: San Diego, CA Zip: 92123

Attn: Contract Administration

Phone: (858) 650-6176

Facsimile: (858) 650-6190

Duns: 006911457

Federal Tax ID Number: 95-1184800

Invoices:

San Diego Gas & Electric Company

8306 Century Park Ct.

San Diego, California 92123-1593

Attn: Energy Accounting Manager

Phone: (858) 650-6177

Facsimile: (858) 650-6190

Scheduling:

San Diego Gas & Electric Company

8306 Century Park Ct.

San Diego, California 92123-1593

Attn: Transaction Scheduling Manager

Phone: (858) 650-6160

Facsimile: (858) 650-6191

Payments:

San Diego Gas & Electric Company

PO Box 25110

Santa Ana, CA 92799-5110

Attn: Mail Payments

Phone: (619) 696-4521

Facsimile: (619) 696-4899

Wire Transfer:

BNK: Union Bank of California

for: San Diego Gas & Electric Company

ABA: Routing # 122000396

ACCT: #4430000352

Confirmation: SDG&E, Major Markets

FAX:(213) 244-8316

Credit and Collections:

PacifiCorp Power Marketing, Inc.
650 N.E. Holladay, Suite 700
Portland, OR 97232
Attn: Credit Manager
Phone: (503) 813 6763
Facsimile: (503) 813-5707

Credit and Collections:

San Diego Gas & Electric Company, Major Markets
555 W. Fifth Street
ML 10E3
Los Angeles, CA 90013-1011
Attn.: Major Markets, Credit and Collections Manager
Fax No.: (213) 244-8316
Phone: 1-866-313-6622 (toll-free)

With additional Notices of an Event of Default or Potential Event of Default to:

Office of General Counsel
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
Attn: Andrew Haller, Esq. and Jeremy Weinstein, Esq.
Facsimile: (503) 813-7262 and (925) 943-3105

With additional Notices of an Event of Default or Potential Event of Default to:

Sempra Energy
101 Ash Street
San Diego, CA 92101
Attn: Assistant General Counsel, Commercial Law
Facsimile: (619) 696-4377

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff Tariff FERC Dated 2/1/99 Docket Number 74 FERC 61,139 (1996) as amended in ER99-0178-000
Party B Tariff Tariff FERC Dated 9/10/99 and accepted 10/25/99 Docket Number 88 FERC P61,212

Article Two

Transaction Terms and Conditions X Optional provision in Section 2.4. If not checked, inapplicable.

Article Four

Remedies for Failure to Deliver or Receive X Accelerated Payment of Damages. If not checked, inapplicable.

Article Five

X Cross Default for Party A:

Events of Default; Remedies

- Party A: Cross Default Amount: _____
- X Other Entity: PacifiCorp Holdings, Inc. Cross Default Amount: \$50 Million Dollars.
- X Cross Default for Party B:
- X Party B: San Diego Gas & Electric Company Cross Default Amount: \$50 Million Dollars.
- Other Entity: N/A Cross Default Amount \$ N/A

5.6 Closeout Setoff

- Option A (Applicable if no other selection is made.)
- X Option B – Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows: Affiliates shall not include those of Party B.
- Option C (No Setoff)

Article 8

8.1 Party A Credit Protection:

Credit and Collateral Requirements

(a) Financial Information:

- Option A
- Option B Specify: _____
- Option C Specify: _____

(b) Credit Assurances:

- Not Applicable
- Applicable

(c) Collateral Threshold:

- Not Applicable
- Applicable

If applicable, complete the following:

Party B Collateral Threshold: N/A

Party B Independent Amount: \$0

Party B Rounding Amount: \$100,000

(d) Downgrade Event:

- Not Applicable
- Applicable

If applicable, complete the following:

It shall be a Downgrade Event for Party B if San Diego Gas & Electric Company's Credit Rating falls below BBB- from S&P or Baa3 from Moody's or if San Diego Gas & Electric Company is not rated by either S&P or Moody's.

Other:
Specify: _____

(e) Guarantor for Party B: None

Guarantee Amount: \$0

8.2 Party B Credit Protection:

(a) Financial Information:

- Option A
- Option B Specify: PacifiCorp Holdings, Inc.
- Option C Specify: _____

(b) Credit Assurances:

- Not Applicable
- Applicable

(c) Collateral Threshold:

- Not Applicable
- Applicable

If applicable, complete the following:

Party A Collateral Threshold: N/A

Party A Independent Amount: 0

Party A Rounding Amount: \$100,000

(d) Downgrade Event:

- Not Applicable
- Applicable

If applicable, complete the following:

X It shall be a Downgrade Event for Party A if Party A's Guarantor's Credit Rating falls below BBB- from S&P or Baa3 from Moody's or if Party A's Guarantor is not rated by either S&P or Moody's.

Other: _____
Specify: _____

(e) Guarantor for Party A: PacifiCorp Holdings, Inc.

Guarantee Amount: \$10,000,000

Guarantee must be in full force and effect to guaranty the obligations of all Transactions. If notice to terminate such Guarantee is provided prior to the final and irrevocable satisfaction of all obligations, such notice shall be sufficient to trigger Party B's right to request Performance Assurance under Section 8.2(b) and shall only be effective upon provision of such Performance Assurance.

Article 10

Confidentiality Confidentiality Applicable If not checked, inapplicable.

Schedule M

- Party A is a Governmental Entity or Public Power System
- Party B is a Governmental Entity or Public Power System
- Add Section 3.6. If not checked, inapplicable
- Add Section 8.6. If not checked, inapplicable

Other Changes

Specify, if any: Yes, the following changes shall be applicable:

Part 1. GENERAL TERMS AND CONDITIONS.

(a) **Definitions.** The following definitions are amended as set forth below:

- (1) Section 1.12 is amended by replacing the word "issues" with the word "issuer" in the fourth line.
- (2) Section 1.25 shall be modified by adding the following as the last sentence: "Guarantor shall issue a Guarantee substantially in the format attached hereto as Exhibit A."
- (3) Section 1.27 shall be modified to read as follows: "Letter(s) of Credit" means one or more irrevocable, transferable standby letters of credit, substantially in the form as Exhibit B hereto, issued by a U.S. commercial bank with such bank having a credit rating of at least A+ from S&P or A1 from Moody's, having total assets of at least \$10,000,000,000 and otherwise being acceptable to the Party in whose favor the letter of credit is issued and in an amount acceptable to such Party. Costs of a letter of credit shall be borne by the applicant for such letter of credit.

(4) Section 1.45 shall be modified by including the words “acceptable to the requesting party” after the words “Letter(s) of Credit”.

(5) Section 1.51 is amended by replacing the current definition with the following:

“‘Replacement Price’ means the price at which Buyer, acting in a commercially reasonable manner, purchases for delivery at the Delivery Point (or, if replacement power is not available at the Delivery Point, any other delivery point where Buyer is able to purchase replacement product) a replacement for any Product specified in a Transaction but not delivered by Seller, plus (i) costs reasonably incurred by Buyer in purchasing such substitute Product and (ii) additional transmission charges, if any, reasonably incurred by Buyer to the Delivery Point, or absent a purchase, the market price at the Delivery Point for such Product not delivered as determined by Buyer in a commercially reasonable manner. The Replacement Price also shall include all reasonable charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Seller’s failure to deliver; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller’s liability. For the purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party at the Delivery Point. If for any reason a Replacement Price is unavailable at the Delivery Point during a Transaction when Seller fails to deliver Product (“Missing Hours”), then the Replacement Price for Missing Hours shall be the last available Replacement Price prior to the Missing Hours together with reasonable charges and penalties allocated to Buyer for the Missing Hours.”

(6) Section 1.53 is amended by replacing the current definition with the following:

“‘Sales Price’ means the price at which Seller, acting in a commercially reasonable manner, resells any Product not received by Buyer, deducting from such proceeds any (i) costs reasonably incurred by Seller in reselling such Product and (ii) additional transmission charges, if any, reasonably incurred by Seller in delivering such Product to the third party purchasers, or absent a sale, the market price at the Delivery Point for such Product not received as determined by Seller in a commercially reasonable manner. The Sales Price also shall include all reasonable charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Buyer’s failure to take Product; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Buyer’s liability. For purposes of this definition, Seller shall be considered to have resold such Product to the extent Seller shall have entered into one or more arrangements in a commercially reasonable manner whereby Seller repurchases its obligation to purchase and receive the Product from another party at the Delivery Point.”

(7) Section 1.62 is added as follows:

“CAISO” is the California Independent System Operator, or its successor in interest.

(8) Section 1.63 is added as follows:

“CAISO Schedule Adjustment” means a schedule change implemented by the CAISO that is neither caused by nor within the control of either Party and that results in the CAISO applying Replacement Pricing to all or part of the Contract Quantity.

(9) Section 1.64 is added as follows:

“ISO Protocol” means the rules protocols, procedures and standards attached to the ISO Tariff as Appendix L, promulgated by the ISO(as amended from time to time).

(10) Section 1.65 is added as follows:

“ISO Tariff” means the CAISO Operating Agreement and Tariff, as it may be modified from time to time.

(11) “Specified Transaction” means any contract or transaction (whether or not documented under or effected pursuant to a master agreement) now existing or hereafter entered into between Party A (or any Guarantor of Party A) and Party B.

(b) **Prior Transactions.** The following is added as a separate second paragraph of Section 2.2:

“This Master Agreement supersedes and replaces all prior agreements between the Parties hereto with respect to the subject matter hereof, including the Western Systems Power Pool Agreement and any Power Sales Agreement. Any open Transactions thereunder, as evidenced by written confirmations with respect thereto, and are, as of the Effective Date, governed by this Master Agreement, and are part of the single integrated agreement between the Parties referenced above.”

(c) **Transmission and Scheduling.** Section 3.2, "Transmission and Scheduling" shall be amended by renaming it "Transmission, Scheduling and Imbalance Charges" and inserting the following sentences at the end thereof:

"In addition to the remedies provided under Article 4, Buyer shall assume all liability for and reimburse Seller within thirty (30) days of presentation of an invoice for any Penalties incurred as a result of Buyer's failure to (i) notify Seller of a failure to Schedule or a change in a Schedule or (ii) abide by a transmitting utility's tariff and scheduling policies. Seller shall assume all liability for and reimburse Buyer within thirty (30) days of presentation of an invoice for any Penalties incurred as a result of Seller's failure to (i) notify Buyer of a failure to Schedule or a change in a Schedule or (ii) abide by the ISO Tariff and Protocols. The Parties shall promptly notify each other as soon as possible of any imbalance that is occurring or has occurred and shall cooperate to eliminate imbalances and minimize Penalties to the extent possible. "Penalties" shall be defined as any fees, liabilities, assessments or similar charges assessed by the ISO as a result of a Party's failure to comply with its obligations hereunder."

(d) **New Section 3.4 to be added for non-unit specific sales and renewables if the delivery location is SP-15:** "In the event the current definition of the Delivery Point set forth in the Transaction is modified by CAISO or a successor control area operator/regional transmission operator, deliveries of Product by Seller shall continue but will be divided among the replacement nodes based on the proportion of former zonal retail load, regardless of supplier, that is located in each replacement zone or node, or as mutually agreed to by the Parties."

(e) **Events of Default.**

(1) Section 5.1(f) is hereby amended by (a) adding "or its Guarantor" immediately after the word "Party" on the first line; and (b) inserting the following new subsection (i) at the end: "(i) the occurrence with respect to such Party of an Event of Default (howsoever defined) under a Specified Transaction."

(2) Section 5.1(h)(iv) is hereby amended by replacing the words "its terms" with "the Guaranty's and this Agreement's terms".

(f) **Declaration of an Early Termination Date and Calculation of Settlement Amount.** Section 5.2 is deleted in its entirety and replaced with the following:

"Effect of Event of Default.' If at any time an Event of Default with respect to a Defaulting Party has occurred and is continuing, the Non-Defaulting Party may do one or more of the following: (a) withhold any payments due to the Defaulting Party under this Agreement; (b) suspend performance due to the Defaulting Party under this Agreement; and/or (c) by giving not more than twenty (20) days' notice, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions (each referred to as a 'Terminated Transaction'). The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date (or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, then each such Transaction (individually, an 'Excluded Transaction' and collectively, the 'Excluded Transactions') shall be terminated as soon thereafter as reasonably practicable, and upon termination shall be deemed to be a Terminated Transaction. The Termination Payment payable in connection with all such Transactions shall be calculated in accordance with Section 5.3 below."

(g) **Declaration of an Early Termination Date and Calculation of Settlement Amount.** The following shall be added to the end of Section 5.2: "The Gains and Losses for each Terminated Transaction shall be determined by calculating the amount that would be incurred or realized to replace or to provide the economic equivalent of the remaining payments or deliveries in respect of that Terminated Transaction. The Non-Defaulting Party (or its agent) may determine its Gains and Losses by reference to information either available to it internally or supplied by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. Notwithstanding the other provisions of this Agreement, if the Non-Defaulting Party has the right to liquidate or terminate all obligations arising under the Transactions under the provisions of this Article 5 because the Defaulting Party either (a) is the subject of a bankruptcy, insolvency, or similar proceeding, or (b) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator, or similar official for all or a substantial portion of its assets, then this agreement and all associated transactions shall automatically terminate, without notice, as if the Early Termination Date was the day immediately preceding the events listed in Section 5.1."

(h) **Notice of Payment of Termination Payment.** The following shall be added to the end of Section 5.4:

"Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article 5 until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion (which may include an opinion of its counsel) that all other obligations of any kind whatsoever of the Defaulting

Party to make any payments to the Non-Defaulting Party or any of its Affiliates under this Agreement or otherwise which are due and payable as of the Early Termination Date (including for these purposes amounts payable pursuant to Excluded Transactions) have been fully and finally performed.”

(i) **Suspension of Performance.** Section 5.7 is amended by deleting the phrase “ten (10) NERC Business Days” and replacing it with “five (5) NERC Business Days.”

(j) **Timeliness of Payment.** Section 6.2 is amended by revising the second sentence to read: “The Party owing the lesser amount as determined in accordance with Section 6.4 will make payment by electronic funds transfer to the account designated by the other Party.”

(k) [INTENTIONALLY OMITTED]

(l) **Limitation of Remedies, Liability and Damages.** Section 7.1 is amended by deleting “UNLESS EXPRESSLY HEREIN PROVIDED,” from the fifteenth and sixteenth lines.

(m) **Downgrade Event.** Section 8.1(d) is amended to add the following phrase “or fails to maintain such Performance Assurance or guaranty or other credit assurance for so long as the Downgrade Event is continuing” immediately after the phrase “or other credit assurance acceptable to Party B within two (2) Business Days of receipt of notice”.

(n) **Downgrade Event.** Section 8.2(d) is amended to add the following phrase “or fails to maintain such Performance Assurance or guaranty or other credit assurance for so long as the Downgrade Event is continuing” immediately after the phrase “or other credit assurance acceptable to Party A within two (2) Business Days of receipt of notice”.

(o) **Representations and Warranties.** (1) Section 10.2(vi) is amended to delete the phrase “or any of its Affiliates” and (2) Section 10.2(viii) is amended and by adding to the end: no communication (written or oral) received from the other Party shall be deemed to be an assurance or guarantee as to the expected results of a Transaction; and the other Party is not acting as a fiduciary for or an adviser to it in respect of that Transaction;”

(p) **Assignment.** Article 10.5 shall be amended by placing a period after the word “arrangements” and deleting the remainder of the paragraph.

(q) **Governing Law/Venue.** The first sentence of Article 10.6 shall be replaced with the following: “This Agreement shall be governed by and construed according to the laws of the State of California (notwithstanding otherwise applicable conflicts of law principles).”

(r) **Confidentiality.** Section 10.11 is amended by (1) inserting “or the completed Cover Sheet” following “Master Agreement” in the third line; (2) inserting “or the Party’s Affiliates” following “Party’s” in the third line; (3) replacing “have agreed to” in the fifth line with “who the Party is satisfied will”; and (4) adding the following sentence at the end: “Notwithstanding the foregoing, it shall not be a breach of this Section 10.11 if a Party discloses the terms or conditions of a Transaction, provided that the name of and any other identifying information relating to the other Party, including unique attributes and requirements, is redacted and otherwise not disclosed.”

(s) **Dispute Resolution.** Add a new section to Article 10 as follows:

10.12 Dispute Resolution.

(a) If a dispute shall arise between the Parties relating to the interpretation of this Agreement or to performance of any Transaction under it, the Party desiring resolution of the dispute shall notify the other Party in writing. The notice shall set forth the matter in dispute in reasonable detail and a proposed solution.

(b) The Parties shall attempt to resolve any dispute within 15 Business Days after delivery of the written notice referred to above. Any disputes not so resolved shall be referred by each Party to an officer (or the officer’s designee) for resolution. If the Parties fail to reach an agreement within 15 Business Days after such referral, each Party shall have the right to pursue any and all remedies provided in this Agreement and as afforded by law.

(c) The existence of any dispute or controversy under this Agreement or the pendency of the dispute settlement or resolution procedures set forth herein shall not in and of themselves relieve or excuse either Party from its ongoing duties and obligations under this Agreement.

(t) **Waiver of Jury Trial.** The following new provision is added to the end of Section 10.6. “Each Party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.”

(u) **Change in Rates.** Add a new section to Article 10 as follows:

10.13 Change in Rates. (a) "Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Agreement (including all transactions and/or confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting *sua sponte*, shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956)(the "Mobile-Sierra" doctrine).

(b) The Parties, for themselves and their successors and assigns, (i) agree that this "public interest" standard shall apply to any proposed changes in any other documents, instruments or other agreements executed or entered into by the Parties in connection with this Agreement and (ii) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the "just and reasonable" standard."

(v) **Index Transactions.** Add a new section to Article 10 as follows:

10.14 Index Transactions.

(a) **Market Disruption.** If a Market Disruption Event has occurred and is continuing during the Determination Period, the Floating Price for the affected Trading Day shall be determined pursuant to the index specified in the Transaction for the first Trading Day thereafter on which no Market Disruption Event exists; *provided, however*, if the Floating Price is not so determined within three (3) Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then the Parties shall negotiate in good faith to agree on a Floating Price (or a method for determining a Floating Price), by selecting a mutually acceptable published index or, if none exists, by taking the average of two or more dealer quotes.

"Determination Period" means each calendar month during the term of the relevant Transaction; provided that if the term of the Transaction is less than one calendar month the Determination Period shall be the term of the Transaction.

"Floating Price" means the price specified in the Transaction as being based upon a specified index.

"Market Disruption Event" means, with respect to an index, any of the following events (the existence of which shall be determined mutually in good faith by the parties): (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) a material change in the formula for or the method of determining the Floating Price.

"Trading Day" means a day in respect of which the relevant price source published the relevant price.

(b) **Corrections to Published Prices.** For purposes of determining the relevant prices for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than three (3) Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

(c) **Calculation of Floating Price.** For the purposes of the calculation of a Floating Price, all numbers shall be rounded to three (3) decimal places. If the fourth (4th) decimal number is five (5) or greater, then the third (3rd) decimal number shall be increased by one (1), and if the fourth (4th) decimal number is less than five (5), then the third (3rd) decimal number shall remain unchanged.

(w) **CPUC Approval.** Add a new section to Article 10 as follows:

10.15 CPUC Approval. The Parties hereby acknowledge and agree that SDG&E shall submit this Agreement to the CPUC for approval with a reasonable time after execution of this Agreement. This Agreement and the Parties' obligations under this Agreement are subject to SDG&E first receiving CPUC Approval. "CPUC Approval" shall mean (1) the issuance by the CPUC of a decision that does not materially alter the commercial aspects of this Agreement; (2) a finding by the CPUC that the payments under this Agreement are reasonable; and (3) SDG&E is authorized to recover the full amount of any payment made to Seller under this Agreement from SDG&E's customers in rates through any existing or future cost recovery mechanism that may be developed or instituted by the CPUC.

Should the CPUC issue a decision approving this Agreement with conditions or modifications that materially alters the commercial aspects of this Agreement, the Parties shall have ten (10) Business Days from the mailing date of such decision to provide the other Party written notice of the issuing Party's acceptance or rejection of the CPUC conditions or modifications; provided however, if a Party fails to provide written notification of its acceptance or rejection to the other Party within such ten (10) day period, that Party's silence shall be deemed to constitute acceptance of the condition or modification and agreement by such Party, upon the CPUC Approval Date (as defined below).

"CPUC Approval Date" means the first Business Day after the date on which the CPUC issues an approval of this Agreement, whether or not relevant and applicable time periods for rehearing or judicial review expire.

Each of the Parties shall use its commercially reasonable efforts to obtain CPUC Approval. Neither Party shall oppose or protest the Agreement in any way, at the CPUC. If called upon to do so, the Parties shall take reasonable actions to facilitate approval by (1) the CPUC or (2) other regulatory agencies.

Part 2. SCHEDULE P

The following definition is hereby added to Schedule P:

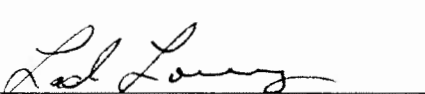
"CAISO Energy" means with respect to a transaction, a Product under which the Seller shall sell and the Purchaser shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services (as defined in the Tariff) that is or will be scheduled as a schedule coordinator to schedule coordinator transaction pursuant to the applicable tariff and protocol provisions of the CAISO (as amended from time to time, the "Tariff") for which the only excuse for failure to deliver or receive is an "Uncontrollable Force" (as defined in the Tariff). A CAISO "Schedule Adjustment" (defined as a schedule change implemented by the CAISO that is neither caused by, or within the control of, either Party) shall not constitute an Uncontrollable Force (as defined in the Tariff). In the absence of such an Uncontrollable Force, the Party to which performance is owed shall be entitled to receive from the Party which failed to deliver/receive an amount determined pursuant to Article Four."

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

Party A – PACIFICORP POWER MARKETING, INC.

Party B – SAN DIEGO GAS & ELECTRIC COMPANY

By: 

By: 

Name: Peter Van Alderwerelt

Name: Lad Lorenz

Title: Vice President, Business Development & Origination

Title: V.P. Electric & Gas Procurement

APPROVED as to legal form A.S.

PPM
Contract Administration
DAF