

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 25, 2008

Advice Letter 3107-E

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Subject: Tres Vaqueros Wind Farm, LLC (PG&E Log No. 01W094)  
Power Purchase Agreement Restructuring Advice Letter Filing

Dear Mr. Cherry:

Advice Letter 3107-E is effective February 14, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

*Mailing Address*  
Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415.973.7226

August 20, 2007

**Advice 3107-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**SUBJECT: Tres Vaqueros Wind Farm, LLC (PG&E Log No. 01W094) Power Purchase Agreement Restructuring Advice Letter Filing**

Pacific Gas and Electric Company ("PG&E") seeks Commission approval of an amendment ("Amendment") of its Interim Standard Offer 4 Power Purchase Agreement ("ISO4 PPA") with Tres Vaqueros Wind Farm, LLC ("Tres Vaqueros") that will restructure its pricing in accordance with the principles contained in TITLE 26, Subtitle A, CHAPTER 1, Subchapter A, PART IV, Subpart D, Sec. 45(d)(7)(B) of the Internal Revenue Code ("California Fix"). This second amendment to the ISO4 PPA is designed to allow Tres Vaqueros to claim federal Production Tax Credits. Under the Amendment, PG&E's customers will receive energy price reductions valued at approximately \$[REDACTED] in present value ("PV"). The Amendment also addresses repowering and thus may facilitate future repowering in the Altamont Pass.

Commission review and approval should be granted pursuant to the Restructuring Advice Letter Filing ("RALF") procedure adopted in Decision ("D.") 98-12-066, The Amendment is included as Confidential Appendix A; the existing ISO4 PPA and its related amendments and agreements are included as Public Appendix B1 and Confidential Appendix B2. The Amendment anticipates CPUC Approval within the time frame prescribed via the RALF procedure. If approved, the Amendment proposed herein would result in significant savings for PG&E's customers compared to the costs incurred under the terms of the existing ISO4 PPA.

**A. PURPOSE**

PG&E requests that the Commission issue a resolution no later than December 20, 2007, that:

1. Approves the Amendment as reasonable and prudent;

2. Authorizes recovery of all payments made under the Amendment, subject only to ongoing CPUC review with respect to the reasonableness of PG&E's administration of the Amendment, existing ISO4 PPA, and prior amendments;
3. Finds that any procurement pursuant to the Amendment is procurement from an eligible renewable energy resource for purposes of determining PG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071, or other applicable law;
4. Finds that any procurement pursuant to the Amendment constitutes incremental procurement or procurement for baseline replenishment by PG&E from an eligible renewable energy resource for purposes of determining PG&E's compliance with any obligation to increase its total procurement of eligible renewable energy resources that it may have pursuant to the California Renewables Portfolio Standard, CPUC Decision 03-06-071, or other applicable law; and
5. Authorizes the recovery of \$ [REDACTED] as a shareholder incentive associated with this PPA restructuring, as authorized by the Commission in D.95-12-063 and modified by D.96-01-009; and
6. Authorizes recovery of all payments under the Amendment in PG&E's Energy Resource Recovery Account (ERRA) including an above-market portion in the Ongoing Competition Transition Charge (Ongoing CTC), or any other cost recovery mechanism subsequently authorized by the Commission, subject only to PG&E's prudent administration of the Amendment.

## **B. BACKGROUND**

On July 19, 2006 and on March 30, 2007, PG&E presented details of the Amendment to its Procurement Review Group ("PRG"). On June 18, 2007, PG&E submitted a draft of this Advice Letter, the Amendment ("Confidential Appendix A"), the existing ISO4 PPA ("Public Appendix B"), PRG Minutes and PG&E's supporting analyses ("Confidential Appendices D, and F through H") to the Division of Ratepayer Advocates ("DRA"). On August 13, 2007, the DRA issued a letter conditionally supporting this filing. The DRA letter is attached as Confidential Appendix E.

### Tres Vaqueros PPA

The restructuring involves an existing 28 MW nameplate capacity wind generating facility currently delivering under the Interim Standard Offer Four ("ISO4") PPA in the Altamont Pass Wind Resource Area.

PG&E entered into the ISO4 PPA in December 1985. The Facility (as defined in the ISO4 PP) has been delivering energy over the Term of the ISO4 PPA. The ISO4 PPA

delivery dates, term, and nameplate are shown in Public Appendix B1 and Confidential Appendix B2.

PG&E Corporation and its affiliate, Pacific Gas and Electric Company, are not and have never been affiliated in any way with Tres Vaqueros, LLC or Babcock and Brown.

### **C. THE GENERATING FACILITIES**

The contract summaries, including counterparty, resource type, location, capacity, expected deliveries, delivery point, length of contract, and online date of the ISO4 PPA are shown in Public Appendix C.

### **D. FACILITY OWNERSHIP**

PG&E has no ownership interest in any of the generating facilities in the Altamont Pass.

### **E. HISTORIC PERFORMANCE OPERATION AND COMPLIANCE WITH EFFICIENCY STANDARDS**

#### 1. Historical Performance of the Facility

From 1996-2006, the Facility operated at capacity factors ranging from 13%-20%; the average generation was 33 GWh per year. Historical Deliveries are provided in Public Appendix G.

#### 2. Capacity payments

Tres Vaqueros receives payments, expressed in \$ per kw-yr, for as-delivered capacity under the ISO4 PPA. This Amendment does not modify capacity payments.

#### 3. Compliance with Performance and Efficiency Standards

Since the Facility is fueled by wind, it is not subject to the FERC-mandated operating and efficiency standards applicable to cogenerators.

### **F. SUMMARY OF THE TRANSACTION DOCUMENTS**

A complete summary of the Amendment is contained in Confidential Appendix D attached to this advice letter.

### **G. CUSTOMER BENEFITS AND SHAREHOLDER INCENTIVE**

A description of the customer benefits and corresponding shareholder incentive amounts are contained in Confidential Appendix H.

## H. LEGAL OR REGULATORY DISPUTES

This Transaction does not resolve any current or recent legal or regulatory dispute associated with Tres Vaqueros. There are no current disputes between PG&E and Tres Vaqueros.

## I. PROJECTED ECONOMIC AND OPERATIONAL VIABILITY

The Altamont Pass is a known wind resource and the project has a long operating history. A further discussion of the projected economic and operational viability of Tres Vaqueros is contained in Public Appendix G attached to this advice letter.

## J. DRA LETTER

As required by the RALF procedure established in D.98-12-066, PG&E sought a Qualifying Facility Restructuring Reasonableness Letter (QFRRL) of support or no opposition from the DRA. Confidential Appendix E is the letter from Dana Appling, Director of DRA, to Frank De Rosa, PG&E's Director of Power Contracts, dated August 13, 2007, which finds the Amendment reasonable and consistent with Commission guidelines on restructuring QF contracts. The letter states, "DRA recommends that the Commission approves (sic) the second amendment in its entirety and authorize PG&E to recover the associated contract costs, as well as the 10% of the ratepayers' benefits for shareholder incentives." The Commission should confirm the DRA's conclusions and recommendations.

## K. PROTESTS

Anyone wishing to protest this filing may do so by sending a letter by **September 10, 2007**, which is 21<sup>1</sup> days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously.

Pursuant to D.98-12-066, this RALF may be protested on one or more of the following grounds:

- a. PG&E did not properly serve or give notice of the advice letter;
- b. The relief requested in the advice letter would violate statute or Commission order;
- c. The advice letter contains material errors, or it does not follow the Commission's approved methodology, if any; or
- d. The proposed restructuring is unjust, unreasonable, or discriminatory, provided, however, that this advice letter is not subject to protest on these grounds if such protest would require re-litigating a prior order of the Commission.

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<sup>1</sup> The 20 day protest period concludes on a weekend. PG&E moves it to the following business day.

Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4th Floor  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov) and [inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company  
Attention: Brian Cherry  
Vice President, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

## **EFFECTIVE DATE**

PG&E requests that this advice filing become effective on **December 20, 2007**. PG&E submits this as a Tier 3 filing.

## **NOTICE**

D.98-12-066 provides that RALFs should be served on the Consumer Service & Information Division ("CSID"), the DRA, and on PG&E's restructuring advice letter service list and any other third parties as specified by the Energy Division or other Commission order or statute. PG&E has served copies on CSID and DRA. However, D.03-01-034 closed the restructuring dockets effective January 16, 2003. Therefore, in accordance with Section IV of General Order No. 96-B, PG&E is sending a copy of this advice letter, excluding the confidential appendices, electronically and via U.S. mail to parties shown on the service list of R.06-05-027 and R.01-10-024 and to the attached list. Non-market participants who are members of PG&E's Procurement Review Group and have signed appropriate Non-Disclosure Certificates will also receive the advice letter and accompanying confidential appendices by overnight mail.

**LIMITED ACCESS TO CONFIDENTIAL MATERIAL**

The portions of this advice letter marked, "Confidential Protected Material" are entitled to confidential protection pursuant to D.06-06-066, issued August 22, 2006 in Rulemaking 05-06-040 and are submitted under the confidentiality protection of Section 583 of the Public Utilities Code and General Order 66-C. Pursuant to the Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with D.06-06-066, a separate Declaration of Confidential Treatment regarding the confidential information is filed concurrently herewith.



Vice President – Regulatory Relations

Index of Appendices:

Confidential Appendix A –	Amendment
Public Appendix B1 –	Existing Power Purchase Agreements (including all prior amendments and agreements)
Confidential Appendix B2 -	Existing Power Purchase Agreements (including all prior amendments and agreements)
Public Appendix C-	Contract Summaries
Confidential Appendix D –	Summary of the Transaction Documents and Transaction Details
Confidential Appendix E –	DRA Letter of Conditional Support
Confidential Appendix F –	Operational Viability Assessment
Public Appendix G –	Historical Output of Project and Payment History
Confidential Appendix H –	Customer Benefits Analysis

cc: R.06-05-027

R.01-10-024

Pacific Gas and Electric Company's Procurement Review Group

Joe Abhulimen (DRA)

Scott Cauchois (DRA)

Teresa Hortinela (DRA)

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail: DXPU@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3107-E**

Tier: **[3]**

Subject of AL: Tres Vaqueros Wind Farm, LLC (PG&E Log No. 01W094) Power Purchase Agreement Restructuring Advice Letter

Keywords (choose from CPUC listing): RALF

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: Yes. See the attached matrix that identifies all of the confidential information.

Confidential information will be made available to those who have executed a nondisclosure agreement: All members of PG&E's Procurement Review Group who have signed nondisclosure agreements will receive the confidential information.

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Hugh Merriam. (415)-973-1269.

Resolution Required?  Yes  No

Requested effective date: 12/20/2007

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division**  
**Tariff Files, Room 4005**  
**DMS Branch**  
**505 Van Ness Ave., San Francisco, CA 94102**  
**jn@cpuc.ca.gov and mas@cpuc.ca.gov**

**Pacific Gas and Electric Company**  
**Attn: Brian K. Cherry, Vice President, Regulatory Relations**  
**77 Beale Street, Mail Code B10C**  
**P.O. Box 770000**  
**San Francisco, CA 94177**  
**E-mail: PGETariffs@pge.com**

**BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**DECLARATION OF HUGH MERRIAM SEEKING CONFIDENTIAL  
TREATMENT FOR CERTAIN DATA AND INFORMATION  
RELATED TO THE TRES VAQUEROS WIND FARM, LLC (PG&E LOG NO. 01W094)  
POWER PURCHASE AGREEMENT RESTRUCTURING ADVICE LETTER**

I, Hugh Merriam, declare:

1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee since 1983. My current title is Senior Structured Transmission Analyst, Energy Supply in the Energy Procurement organization. In this position, my responsibilities include structured transmission analysis. In carrying out these responsibilities, I have acquired knowledge of PG&E's electric price forecast.

2. Attached as part of this filing are the restructured Power Purchase Agreements (PPAs), analyses, and evaluations associated with the PPA restructuring and a letter from The Division of Ratepayer Advocates that contains confidential market-sensitive information, which if revealed, could result in PG&E's customers paying more to purchase electricity from eligible renewable energy resources. The confidentiality of the terms and conditions of the restructured contracts must be protected to avoid setting a benchmark price that potential sellers may demand in exchange for incremental energy sold to PG&E.

3. Restructured contracts provide for the purchase and sale of wind generation procured under existing Qualifying Facility (QF) standard offer agreements. In Decision (D.) 98-12-066, the Commission determined that the terms of restructured Qualifying Facility contracts should be confidential. Attachment B of that decision, which sets forth the procedure for CPUC review of restructured QF contracts, states that, "The publicly available version of the restructuring advice letter may be redacted to delete the following types of confidential information, which redaction would be approved in advance by the Commission in its orders authorizing the use of the advice letter process" The list includes restructured payments,

estimates of replacement energy and capacity costs, estimates of future production and payments under the existing contract, confidential financial and operating data, estimates of financial and operating viability, analysis of rate savings, and “portions of restructuring agreements that are deemed to be confidential by the parties and which, if made public, would place the Utility and/or the QF at a competitive disadvantage.”

4. Based on my knowledge and experience, and in accordance with the “Administrative Law Judge’s Ruling Clarifying Interim Procedures For Complying With Decision 06-06-066,” issued in Rulemaking 05-06-040 on August 22, 2006, I make this declaration seeking confidential treatment of certain data and information related to the Tres Vaqueros Wind Farm, LLC PPA Restructuring Advice Letter.

5. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in Appendix 1 (the “IOU Matrix”) of D.06-06-066. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, and why confidential protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text that is pertinent to my testimony in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on August 15, 2007, at San Francisco, California.



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HUGH MERRIAM

PACIFIC GAS AND ELECTRIC COMPANY								
Tres Vaqueros Wind Farm, LLC (PG&E Log No. 01W094) Power Purchase Agreement Restructuring Advice Letter Filing - August 17, 2007								
IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066								
		1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
1	Redaction Reference	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
1	Page 1, paragraph 1, line reads, "valued at approximately_{redacted}." Redacted portion is confidential.	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
2	Page 2, PG&E request #5, line reads, "Authorizes the recovery of_{redacted}." Redacted portion is confidential.	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
2	Appendix A	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
3	Appendix B2	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
4								

PACIFIC GAS AND ELECTRIC COMPANY

Tres Vaqueros Wind Farm, LLC (PG&E Log No. 01W094) Power Purchase Agreement Restructuring Advice Letter Filing - August 17, 2007

IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066

1	2	3	4	5	6	7	8
Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to: Item VII.B	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Appendix C	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
Appendix E	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
Appendix F	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
Appendix G	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.

IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066

1	2	3	4	5	6	7	8	9
Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time	
Appendix H	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.	
Appendix I	Y	Item VII.B	Y	Y	Y	Contains information from specific contracts between the IOU and other parties to deliver power to the IOU. The contract information may include capacity, energy, timing, and/or pricing terms of the contracts.	3 years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.	

## **APPENDIX B1**

### **EXISTING POWER PURCHASE AGREEMENTS**

#### **PUBLIC**

- **The California Public Utilities Commission Standard Offer No. 4 Power Purchase Agreement between Howden Wind Parks, Inc. and PG&E, executed by PG&E on December 11, 1985.**
- **The Pacific Gas and Electric Company Agreement for Installation or Allocation of Special Facilities for Parallel Operation of Nonutility-owned Generation and/or Electrical Standby Service between PG&E and Altamont Energy Corporation and Howden Wind Parks, Inc. executed by PG&E on November 19, 1985.**
- **The Consent to Assignment and Agreement between Pacific Gas and Electric Company and Tres Vaqueros Wind Farm and Power Partners IV.**

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POWER PURCHASE AGREEMENT  
FOR  
LONG-TERM ENERGY AND CAPACITY  
BETWEEN  
HOWDEN WIND PARKS, INC.  
AND  
PACIFIC GAS AND ELECTRIC COMPANY

Seller: Howden Wind Parks, Inc.

Location: Altamont Pass

Capacity: 33,000 kW

Energy Source: Wind

AUGUST 1985

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LONG-TERM ENERGY AND CAPACITY  
POWER PURCHASE AGREEMENT

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LONG-TERM ENERGY AND CAPACITY  
POWER PURCHASE AGREEMENT  
BETWEEN  
HOWDEN WIND PARKS, INC.  
AND  
PACIFIC GAS AND ELECTRIC COMPANY

HOWDEN WIND PARKS, INC. ("Seller"), and PACIFIC GAS AND ELECTRIC COMPANY ("PGandE"), referred to collectively as "Parties" and individually as "Party", agree as follows:

ARTICLE 1 QUALIFYING STATUS

Seller warrants that, at the date of first power deliveries from Seller's Facility<sup>1</sup> and during the term of agreement, its Facility shall meet the qualifying facility requirements established as of the effective date of this Agreement 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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<sup>1</sup> Underlining identifies those terms which are defined in Section A-1 of Appendix A.

1 Agreement shall not constitute PGandE's sole remedy for such  
2 breach.

3  
4 ARTICLE 3 PURCHASE OF POWER

5 (a) Seller shall sell and deliver and PGandE shall  
6 purchase and accept delivery of capacity and energy at the  
7 voltage level of 230 kv.

8  
9 (b) Seller shall provide capacity and energy from its  
10 33,000 kW Facility located at Sections 19, 20, 21, 29, 30,  
11 31 in Township 1 South, Range 3 East and Sections 23, 24 and  
12 25 in Township 1 South, Range 2 East in Contra Costa County,  
13 M.D.B.&M.

14  
15 (c) The scheduled operation date of the Facility is  
16 January 1, 1986. At the end of each calendar quarter Seller  
17 shall give written notice to PGandE of any change in the  
18 scheduled operation date.

19  
20 (d) To avoid exceeding the physical limitations of the  
21 interconnection facilities, Seller shall limit the  
22 Facility's actual rate of delivery into the PGandE system to  
23 \_\_\_\_\_ kW\*.

24  
25 (e) The primary energy source for the Facility is  
26 wind.

27 \_\_\_\_\_  
28 \* The appropriate number will be inserted upon completion of an  
interconnection study.

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ARTICLE 2 COMMITMENT OF PARTIES

The prices to be paid Seller for energy and/or capacity delivered pursuant to this Agreement have wholly or partly been fixed at the time of execution. Actual avoided costs at the time of energy and/or capacity deliveries may be substantially above or below the prices fixed in this Agreement. Therefore, the Parties expressly commit to the prices fixed in this Agreement for the applicable period of performance and shall not seek to or have a right to renegotiate such prices for any reason. As part of its consideration for the benefit of fixing part or all of the energy and/or capacity prices under this Agreement, Seller waives any and all rights to judicial or other relief from its obligations and/or prices set forth in Appendices B, D, and E, or modification of any other term or provision for any reasons whatsoever.

This Agreement contains certain provisions which set forth methods of calculating damages to be paid to PGandE in the event Seller fails to fulfill certain performance obligations. The inclusion of such provisions is not intended to create any express or implied right in Seller to terminate this Agreement prior to the expiration of the term of agreement. Termination of this Agreement by Seller prior to its expiration date shall constitute a breach of this Agreement and the damages expressly set forth in this

1 (f) If Seller does not begin construction of its  
2 Facility by \_\_\_\_\_\*, PGandE may reallocate the  
3 [Date]  
4 existing capacity on PGandE's transmission and/or  
5 distribution system which would have been used to  
6 accommodate Seller's power deliveries to other uses. In the  
7 event of such reallocation, Seller shall pay PGandE for the  
8 cost of any upgrades or additions to PGandE's system  
9 necessary to accommodate the output from the Facility. Such  
10 additional facilities shall be installed, owned and  
11 maintained in accordance with the applicable PGandE tariff.

12 (g) The transformer loss adjustment factor is \_\_\_\_\_<sup>1</sup>.

#### 14 ARTICLE 4 ENERGY PRICE

15 PGandE shall pay Seller for its net energy output<sup>2</sup>  
16 under the energy payment option checked below<sup>3</sup>:

18 \_\_\_\_\_ Energy Payment Option 1 - Forecasted Energy Prices  
19 \_\_\_\_\_

20 <sup>1</sup> If Seller chooses to have meters placed on Seller's side of the  
21 transformer, an estimated transformer loss adjustment factor of 2  
22 percent, unless the Parties agree otherwise, will be applied. This  
23 estimated transformer loss figure will be adjusted to a measurement  
of actual transformer losses performed at Seller's request and  
expense.

24 <sup>2</sup> Insert either "net energy output" or "surplus energy output" to  
show the energy sale option selected by Seller.

25 <sup>3</sup> Energy Payment Option 2 is not available to oil or gas-fired  
26 cogenerators.

27 \* Seller shall provide this date in the project development schedule  
28 to be submitted not later than 30 days after signing the Special  
Facilities Agreement for the Facility.

1           During the fixed price period, Seller shall be  
2 paid for energy delivered at prices equal to \_\_\_\_\_<sup>1</sup>  
3 percent of the prices set forth in Table B-1, Appen-  
4 dix B, plus \_\_\_\_\_<sup>2</sup> percent of PGandE's full short-run  
5 avoided operating costs.

6  
7           For the remaining years of the term of agreement,  
8 Seller shall be paid for energy delivered at prices  
9 equal to PGandE's full short-run avoided operating  
10 costs.

11  
12           If Seller's Facility is not an oil or gas-fired  
13 cogeneration facility, Seller may convert from Energy  
14 Payment Option 1 to Energy Payment Option 2 and be  
15 subject to the conditions therein, provided that Seller  
16 shall not change the percentage of energy prices to be  
17 based on PGandE's full short-run avoided operating  
18 costs. Such conversion must be made at least 90 days  
19 prior to the date of initial energy deliveries and must  
20 be made by written notice in accordance with  
21 Section A-17, Appendix A.

22  
23   X   Energy Payment Option 2 - Levelized Energy Prices

24  
25 \_\_\_\_\_  
26 <sup>1</sup> Insert either 0, 20, 40, 60, 80, or 100, at Seller's option. If  
27 Seller's Facility is an oil or gas-fired cogeneration facility,  
28 either 0 or 20 must be inserted.

<sup>2</sup> Insert the difference between 100 and the percentage selected under  
footnote 1 above.

1           During the fixed price period, Seller shall be  
2 paid for energy delivered at prices equal to 80<sup>1</sup>  
3 percent of the levelized energy prices set forth in  
4 Table B-2, Appendix B for the year in which energy  
5 deliveries begin and term of agreement, plus 20<sup>2</sup>  
6 percent of PGandE's full short-run avoided operating  
7 costs. During the fixed price period, Seller shall be  
8 subject to the conditions and terms set forth in  
9 Appendix B, Energy Payment Option 2.

10  
11           For the remaining years of the term of agreement,  
12 Seller shall be paid for energy delivered at prices  
13 equal to PGandE's full short-run avoided operating  
14 costs.

15  
16           Seller may convert from Energy Payment Option 2 to  
17 Energy Payment Option 1, provided that Seller shall not  
18 change the percentage of energy prices to be based on  
19 PGandE's full short-run avoided operating costs. Such  
20 conversion must be made at least 90 days prior to the  
21 date of initial energy deliveries and must be made by  
22 written notice in accordance with Section A-17,  
23 Appendix A.

24  
25  
26 \_\_\_\_\_  
27 <sup>1</sup> Insert either 20, 40, 60, 80, or 100, at Seller's option.

28 <sup>2</sup> Insert the difference between 100 and the percentage selected under  
footnote 1 above.

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\_\_\_\_\_ Energy Payment Option 3 - Incremental Energy Rate

Beginning with the date of initial energy deliveries and continuing until \_\_\_\_\_<sup>1</sup>, Seller shall be paid monthly for energy delivered at prices equal to PGandE's full short-run avoided operating costs, provided that adjustments shall be made annually to the extent set forth in Appendix B, Energy Payment Option 3.

The Incremental Energy Rate Band Widths specified by Seller in Table I below shall be used in determining the annual adjustment, if any.

Table I

<u>Year</u>	<u>Incremental Energy Rate Band Widths</u> (must be multiples of 100 or zero)
1984	_____
1985	_____
1986	_____
1987	_____
1988	_____
1989	_____
1990	_____
1991	_____
1992	_____
1993	_____
1994	_____
1995	_____
1996	_____
1997	_____
1998	_____

<sup>1</sup> Specified by Seller. Must be December 31, 1998 or prior.

1 After \_\_\_\_\_, Seller shall be paid for  
2 energy delivered at prices equal to PGandE's full  
3 short-run avoided operating costs.

4  
5 ARTICLE 5 CAPACITY ELECTION AND CAPACITY PRICE

6  
7 Seller may elect to deliver either firm capacity or  
8 as-delivered capacity, and Seller's election is indicated  
9 below. PGandE's prices for firm capacity and as-delivered  
10 capacity are derived from PGandE's full avoided costs as  
11 approved by the CPUC.

12  
13 \_\_\_\_\_ Firm capacity - \_\_\_\_\_ kW for \_\_\_\_\_ years from the  
14 firm capacity availability date with payment determined  
15 in accordance with Appendix E. Except for hydro-  
16 electric facilities, PGandE shall pay Seller for  
17 capacity delivered in excess of firm capacity on an  
18 as-delivered capacity basis in accordance with  
19 As-Delivered Capacity Payment Option \_\_\_\_\_ set forth  
20 in Appendix D.

21  
22 OR

23  
24 X As-delivered capacity with payment determined in  
25 accordance with As-Delivered Capacity Payment Option 2  
26 set forth in Appendix D.

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ARTICLE 6 LOSS ADJUSTMENT FACTORS

Capacity Loss Adjustment Factors shall be as shown in Appendix D and Appendix E, dependent upon Seller's capacity election set forth in Article 5 of this Agreement.

Energy Loss Adjustment Factors shall be considered as unity for all energy payments related to Energy Payment Options 1 and 2 set forth in Appendix B for the entire fixed price period of this Agreement, except for the percentage of payments that Seller elected in Article 4 to have calculated based on PGandE's full short-run avoided operating costs. Energy Loss Adjustment Factors for all payments related to PGandE's full short-run avoided operating costs are subject to CPUC rulings for the entire term of agreement.

ARTICLE 7 CURTAILMENT

Seller has two options regarding possible curtailment by PGandE of Seller's deliveries, and Seller's selection is indicated below:

- Curtailment Option A - Hydro Spill and Negative Avoided Cost
- Curtailment Option B - Adjusted Price Period

The two options are described in Appendix C.

1                   ARTICLE 8   RETROACTIVE APPLICATION OF CPUC ORDERS

2  
3                   Pursuant to Ordering Paragraph 1(f) of CPUC Decision  
4 No. 83-09-054 (September 7, 1983), after the effective date  
5 of the CPUC's Application 82-03-26 decision relating to line  
6 loss factors, Seller has the option to retain the relevant  
7 terms of this Agreement or have the results of that decision  
8 incorporated into this Agreement. To retain the terms  
9 herein, Seller shall provide written notice to PGandE within  
10 30 days after the effective date of the relevant CPUC  
11 decision on Application 82-03-26. Failure to provide such  
12 notice will result in the amendment of this Agreement to  
13 comply with that decision.

14  
15                   As soon as practicable following the issuance of a  
16 decision in Application 82-03-26, PGandE shall notify Seller  
17 of the effective date thereof and its results.

18  
19                   ARTICLE 9   NOTICES

20  
21                   All written notices shall be directed as follows:

22                   To PGandE:           Pacific Gas and Electric Company  
23                                    Attention: Vice President -  
24                                    Electric Operations  
25                                    77 Beale Street  
26                                    San Francisco, CA 94106

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To Seller: Mr. David L. Shearer  
Howden Wind Parks, Inc.  
1330 Lincoln Ave., Suite 310  
San Rafael, CA 94901

ARTICLE 10 DESIGNATED SWITCHING CENTER

The designated PGandE switching center shall be, unless changed by PGandE:

Contra Costa Switching Center  
1450 Wilbur Avenue  
Antioch, CA  
(415) 757-3189

ARTICLE 11 TERMS AND CONDITIONS

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

- Appendix A - GENERAL TERMS AND CONDITIONS
- Appendix B - ENERGY PAYMENT OPTIONS
- Appendix C - CURTAILMENT OPTIONS
- Appendix D - AS-DELIVERED CAPACITY
- Appendix E - FIRM CAPACITY
- Appendix F - INTERCONNECTION

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ARTICLE 12 TERM OF AGREEMENT

This Agreement shall be binding upon execution and remain in effect thereafter for 29 years<sup>1</sup> from January 1, 1986<sup>2</sup>; provided, however, that it shall terminate if energy deliveries do not start within five years of June 21, 1984.

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

HOWDEN WIND PARKS

PACIFIC GAS AND ELECTRIC COMPANY

BY: *David L. Shearer*  
DAVID L. SHEARER

BY: *E. E. Hall*  
E. E. HALL

TITLE: Vice President

TITLE: Chief Generation Planning Engineer

DATE SIGNED: *12/11/85*

DATE SIGNED: *12/15/85*

\_\_\_\_\_

<sup>1</sup> The minimum contract term is 15 years and the maximum contract term is 30 years.

<sup>2</sup> Insert "firm capacity availability date" if Seller has elected to deliver firm capacity or "date of initial energy deliveries" if Seller has elected to deliver as-delivered capacity.

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APPENDIX F  
INTERCONNECTION  
CONTENTS

<u>Section</u>		<u>Page</u>
F-1	INTERCONNECTION TARIFFS	F-2
F-2	POINT OF DELIVERY LOCATION SKETCH	F-3
F-3	INTERCONNECTION FACILITIES FOR WHICH SELLER IS RESPONSIBLE	F-4

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F-1 INTERCONNECTION TARIFFS

(The applicable tariffs in effect at the time of execution of this Agreement shall be attached.)

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F-2 POINT OF DELIVERY LOCATION SKETCH<sup>1</sup>

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<sup>1</sup> To be determined upon execution of the Special Facilities Agreement for the Facility.

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F-3 INTERCONNECTION FACILITIES FOR WHICH SELLER IS  
RESPONSIBLE<sup>1</sup>

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<sup>1</sup> To be determined upon execution of the Special Facilities Agreement  
for the Facility.

Region  
 Applicant  
 Construction Accounting  
 Accounting Operations  
 Commercial

PACIFIC GAS AND ELECTRIC COMPANY  
 AGREEMENT FOR INSTALLATION OR ALLOCATION OF  
 SPECIAL FACILITIES FOR PARALLEL OPERATION  
 OF NONUTILITY-OWNED GENERATION AND/OR  
 ELECTRICAL STANDBY SERVICE  
 (Electric Rules Nos. 2 and 21)

01 32E63696

GM 1945559

**J.V. ENTERPRISE, A JOINT VENTURE, ALTAMONT ENERGY CORPORATION**

At the request of and HOWDEN WIND PARKS, INC.

(Applicant), PACIFIC GAS AND ELECTRIC COMPANY (PGandE) hereby agrees to furnish at Applicant's expense within a reasonable time certain facilities consisting of 230 kv tap line including structures, carrier relaying equipment, line tuner & wave trap, revenue metering and telemetering (Special Facilities) are expected to be necessary on or about December 1, 1985 for the interconnection of Applicant's electric generating plant with PGandE's system and/or PGandE's delivery of electrical standby service to Applicant's premises at The Souza/Vaquero Ranch, Byron, County of Contra Costa, State of California.

1. This Agreement includes Appendix A, Detail of Special Facilities Charges, which is attached and incorporated herein by reference. Appendix A may be revised or superseded by mutual written agreement and without formal amendment of the remainder of this Agreement.
2. Applicant shall pay PGandE, on demand prior to commencement of any work by PGandE, an initial charge equal to the sum of (a) plus (b) below, the amounts of which are specified in Appendix A:
  - (a) an ADVANCE equal to PGandE's estimated installed cost of Special Facilities which are financed by Applicant including, in lieu of cash payment, a credit for that portion of Special Facilities furnished and deeded to PGandE by Applicant; and
  - (b) a REARRANGEMENT CHARGE which is equal to PGandE's estimated cost of rearranging existing facilities to accommodate the installation of Special Facilities.
3. Applicant also shall pay PGandE any applicable monthly rates and charges for service under PGandE's tariff schedules plus an ownership charge, either (a) or (b) below as specified in Appendix A, namely:
  - (a) COST OF OWNERSHIP CHARGE representing PGandE's continuing monthly cost of financing (if applicable), owning and maintaining Special Facilities; or
  - (b) an EQUIVALENT ONE-TIME CHARGE which is equal to the present worth of the monthly COST OF OWNERSHIP CHARGE in perpetuity. The COST OF OWNERSHIP CHARGE shall commence on the date Special Facilities are first available for Applicant's use, as such date is established in PGandE's records. PGandE will notify Applicant, in writing, of such commencement date. The EQUIVALENT ONE-TIME CHARGE (if applicable) shall be payable by Applicant to PGandE on demand.
4. The ownership charge set forth in paragraphs 3(a) or 3(b) herein is determined in accordance with the applicable percentage rates established in the Special Facilities section of PGandE's electric Rule No. 2, copy attached. Should the California Public Utilities Commission (Commission) subsequently authorize higher or lower percentage rates, the monthly COST OF OWNERSHIP CHARGE shall automatically increase or decrease without formal amendment to Appendix A as of the effective date of the Commission's authorization.
5. Where it is necessary to install Special Facilities on Applicant's premises, Applicant hereby grants to PGandE:
  - (a) the right to make such installation on Applicant's premises along the shortest practical route thereon with sufficient legal clearance from all structures now or hereafter erected on Applicant's premises; and
  - (b) the right of ingress to and egress from Applicant's premises at all reasonable hours for any purposes reasonably connected with the operation and maintenance of Special Facilities.
6. Where formal rights of way or easements are required on or over property of Applicant or the property of others for the installation of Special Facilities, Applicant agrees that PGandE shall obtain them at Applicant's expense, or if Applicant and PGandE agree otherwise, Applicant shall obtain any necessary permanent rights of way or easements, satisfactory to and without cost to PGandE.
7. PGandE shall not be responsible for any delay in completion of the installation of Special Facilities resulting from shortage of labor or materials, strike, labor disturbance, war, riot, weather conditions, governmental rule, regulation or order, including orders or judgments of any court or regulatory agency, delay in obtaining necessary rights of way and easements, acts of God, or any other cause or condition beyond the control of PGandE, nor shall PGandE be liable for incidental, indirect, special, punitive, or consequential damages for any such delay. PGandE shall have the right, if for one of the above reasons it is unable to obtain materials or labor for all of its construction requirements, to allocate materials and labor to construction projects which it deems, in its sole discretion, most important to serve the needs of its customers, and any delay in construction hereunder resulting from such allocation shall be deemed to be a cause beyond PGandE's control. In any event, PGandE's total liability for any delay in the completion of the installation of Special Facilities shall not exceed the amount of Special Facilities charges paid by Applicant.
8. In the event that PGandE is prevented from completing the installation of Special Facilities for reasons beyond its control after twelve (12) months following the date of this Agreement, PGandE shall have the right to supersede this Agreement subject to Applicant's election as provided below upon at least thirty (30) days' written notice to Applicant and adjust any amounts paid or required to be paid by Applicant hereunder that may be due based on that portion of the Special Facilities then completed, if any, utilizing the estimated costs developed by PGandE for this agreement. Such a superseding agreement, if any, shall be in substantially the same form as this agreement, be executed by both parties hereto, and shall provide that costs be allocated to the portion of the Special Facilities then completed, if any, consistent with those costs estimated by PGandE for this agreement. If Applicant elects not to execute a superseding agreement, this agreement shall be terminated and the provisions of paragraph 11 herein shall be applied to that portion of Special Facilities then completed, if any. Applicant also shall reimburse PGandE for any expenses it may have incurred for engineering, surveying, right of way acquisition and other work associated with that portion of Special Facilities not installed.

9. If it becomes necessary for PGandE to alter, rearrange or make addition to Special Facilities in order to maintain parallel operation of Applicant's generation or electrical standby service to Applicant's premises, Applicant shall be notified, in writing, of such necessity and shall be given the option to either terminate this Agreement upon thirty (30) days' written notice to PGandE, or to pay to PGandE additional Special Facilities charges consisting of:

(a) a facility termination charge for that portion of Special Facilities which is being removed because of alteration, rearrangement or addition to Special Facilities. Such charge to be determined in the same manner as described in paragraph 11 herein; plus,

(b) an additional ADVANCE and/or REARRANGEMENT CHARGE, if any, for any new Special Facilities which shall be applied in the same manner as prescribed in paragraph 2 herein; plus,

(c) a revised monthly COST OF OWNERSHIP CHARGE or EQUIVALENT ONE-TIME CHARGE based on the estimated installed costs of all new and remaining Special Facilities. Such revised monthly COST OF OWNERSHIP CHARGE or EQUIVALENT ONE-TIME CHARGE shall be applied in the same manner as prescribed in paragraph 3 herein.

10. This Agreement shall become effective when executed by the parties hereto and, except as provided for in paragraphs 8 and 9 herein, shall remain in force until one of the following events occurs:

(a) a power purchase, parallel operation, electrical standby service or other form of agreement no longer exists between Applicant and PGandE which would occasion the need for Special Facilities; or

(b) the ownership of Special Facilities or any portion thereof is deeded to a public authority; or

(c) Applicant fails to pay the monthly COST OF OWNERSHIP CHARGE prescribed in this Agreement, if applicable.

Either party shall provide the other at least thirty (30) days' written notice of termination pursuant to this paragraph.

11. Upon termination of this Agreement for any reason:

(a) Applicant shall pay to PGandE on written demand (in addition to all other monies to which PGandE may be legally entitled by virtue of such termination) a facility termination charge defined as the estimated installed cost, plus the estimated removal cost less the estimated salvage value for any Special Facilities which can be removed, all as determined by PGandE in accordance with its standard accounting practices. PGandE shall deduct from the facility termination charge the ADVANCE plus the unamortized balance of the EQUIVALENT ONE-TIME CHARGE previously paid, if any. If the ADVANCE paid plus the unamortized balance of the EQUIVALENT ONE-TIME CHARGE, if any, is greater than the facility termination charge, PGandE shall refund the difference, without interest, to Applicant; and

(b) PGandE shall be entitled to remove and shall have a reasonable time in which to remove any portion of the Special Facilities located on Applicant's premises; and

(c) PGandE may, at its option, alter, rearrange, convey or retain in place any portion of the Special Facilities located on other property off Applicant's premises. Where all or any portion of the Special Facilities located off Applicant's premises are retained in place in anticipation of providing permanent service to customers of PGandE, an equitable adjustment shall be made in the facility termination charge.

12. In the event any of the Special Facilities are used during the term of this agreement to provide permanent service to customers of PGandE, an adjustment shall be made in accordance with PGandE's electric Rule No. 21, copy attached.

13. Special Facilities shall at all times be the property of PGandE.

14. As provided in PGandE's electric Rule No. 14, copy attached, PGandE does not guarantee electrical standby service to be free from outages, interruptions or curtailments and the charges for Special Facilities represent PGandE's cost associated with providing Special Facilities rather than for a guaranteed level of service or reliability.

15. Applicant may, with PGandE's written consent, assign this Agreement if the assignee thereof will agree in writing to perform Applicant's obligations hereunder. Such assignment will be deemed to include, unless otherwise specified therein, all of Applicant's rights to any refunds which might become due upon discontinuance of the use of any Special Facilities.

16. This Agreement shall be subject to all of PGandE's applicable tariffs on file with and authorized by the Commission, and shall at all times be subject to such changes or modifications as the Commission may direct from time to time in the exercise of its jurisdiction.

Dated this 19 day of November, 1985. *a*

**ALTAMONT ENERGY CORPORATION**  
(Applicant)

**HOWDEN WIND PARKS, INC.**  
Applicant

PACIFIC GAS AND ELECTRIC COMPANY

By: Vernon A. Harris  
Title: Secretary

[Signature]  
Secretary/Treasurer

By: [Signature]  
Manager, JOE W. DE YOUNG  
Region EAST BAY

Mailing Address: 1330 Lincoln Avenue  
San Rafael, CA 94901

1330 Lincoln Avenue  
San Rafael, CA 94901

Attachments: Electric Rule No. 2  
Electric Rule No. 14  
Electric Rule No. 21  
Appendix A

79-702 (6/84)  
 Region  
 Applicant  
 Construction Accounting  
 Accounting Operations  
 Commercial

Appendix A (Dated: 11-19-85 )  
 to the AGREEMENT FOR INSTALLATION  
 OR ALLOCATION OF SPECIAL FACILITIES  
 FOR PARALLEL OPERATION OF NONUTILITY-  
 OWNED GENERATION AND/OR ELECTRICAL  
 STANDBY SERVICE (Dated: \_\_\_\_\_)

DETAIL OF SPECIAL FACILITIES CHARGES

I. Applicability

The application of charges specified herein are pursuant to the provisions of this Agreement between J.V. Enterprises (A Joint Venture) (Applicant) and Pacific Gas and Electric Company (PGandE) and shall be a part thereof and in effect until superseded by mutual written agreement.

II. Initial Charge

A. net cost of all Special Facilities .....	\$ <u>278,004</u>
B. less the cost of "removable and reusable" Special Facilities which are provided, installed and financed by PGandE pursuant to Rule No. 21 .....	\$ ( <u>-0-</u> ) <sup>1</sup>
C. ADVANCE .....	\$ <u>278,004</u> <sup>1</sup>
D. less PGandE's estimate of the cost of Special Facilities provided, installed and deeded to PGandE by Applicant (includes costs of design and administration by PGandE).....	\$ ( <u>13,413</u> )
E. plus the cost of design, administration and inspection by PGandE of Special Facilities provided, installed and deeded to PGandE by Applicant.....	\$ <u>-0-</u>
F. plus REARRANGEMENT CHARGE .....	\$ <u>-0-</u>
G. Initial Charge .....	\$ <u>264,591</u>

III. Installed Cost of PGandE's Existing Facilities Allocated to Applicant's Use ..... \$ \_\_\_\_\_<sup>1</sup>

IV. Monthly COST OF OWNERSHIP CHARGE

Special Facilities financed by:	Application base	Current percentage <sub>2</sub> rate	Monthly Charge
A. Applicant	ADVANCE (II.C. above equals 1. plus 2. below)		
	1. cost of distribution facilities.. \$ <u>40,483</u>		
	less allowance for existing facilities..... \$ ( <u>-0-</u> ) <sup>3</sup>		
	net amount..... \$ <u>40,483</u>	x <u>.011</u> /mo.	= \$ <u>445.31</u> /mo.
	2. cost of transmission facilities.. \$ <u>237,521</u>		
	less allowance for existing facilities..... \$ ( <u>-0-</u> ) <sup>3</sup>		
	net amount..... \$ <u>237,521</u>	x <u>.006</u> /mo.	= \$ <u>1,425.13</u> /mo.
B. PGandE	"removable and reusable" Special Facilities (II.B. above equals 3. plus 4. below)		
	3. distribution facilities..... \$ <u>-0-</u>	x <u>-0-</u> /mo.	= \$ <u>-0-</u> /mo.
	4. transmission facilities..... \$ <u>-0-</u>	x <u>-0-</u> /mo.	= \$ <u>-0-</u> /mo.
C. PGandE	existing facilities allocated as Special Facilities (III. above equals 5. plus 6. below)		
	5. distribution facilities..... \$ <u>-0-</u>	x <u>-0-</u> /mo.	= \$ <u>-0-</u> /mo.
	6. transmission facilities..... \$ <u>-0-</u>	x <u>-0-</u> /mo.	= \$ <u>-0-</u> /mo.

D. Monthly COST OF OWNERSHIP CHARGE ..... \$ 1,870.44 /mo.

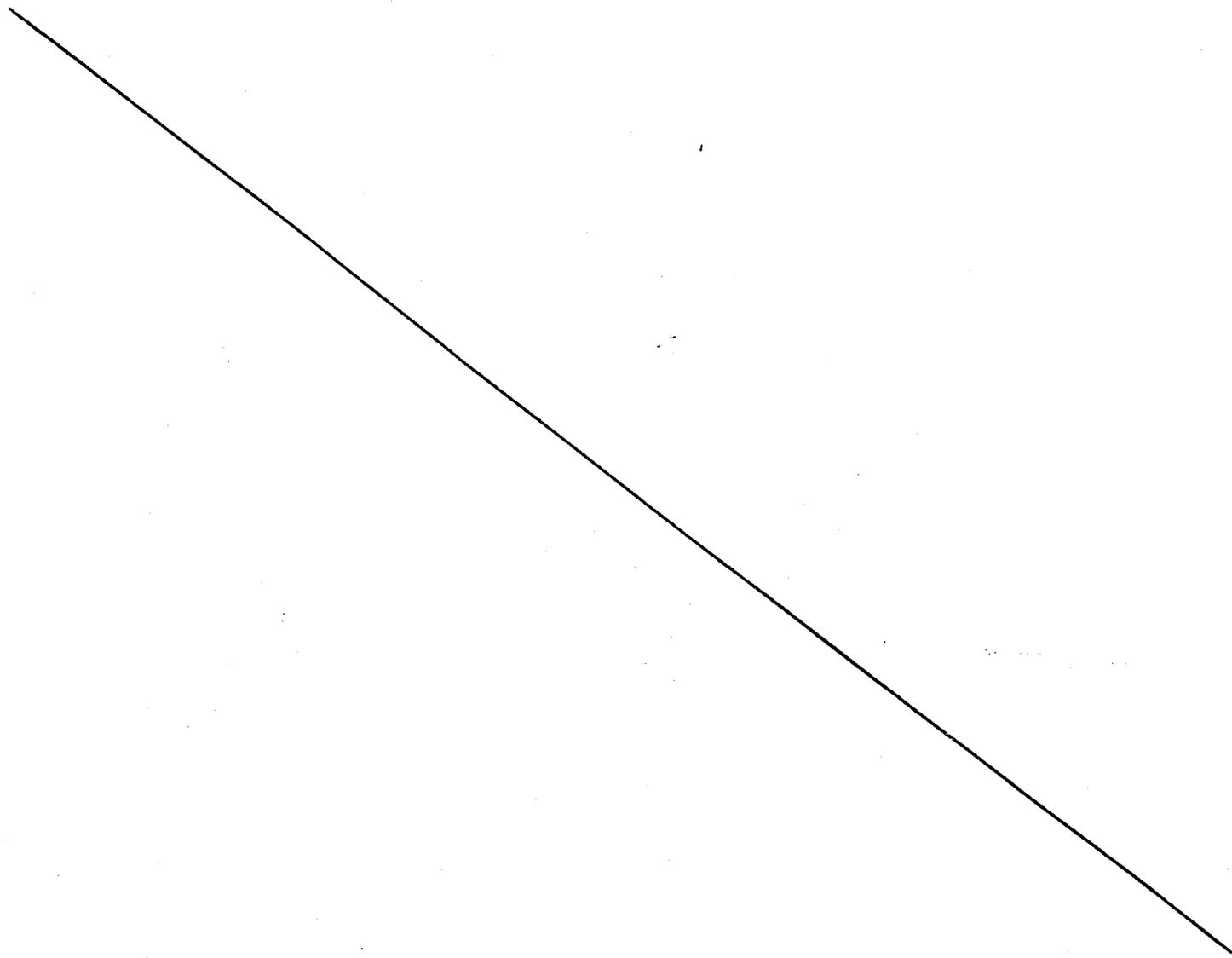
V. EQUIVALENT ONE-TIME CHARGE (in lieu of monthly COST OF OWNERSHIP CHARGE); check  if applicable

\$ 1,870.44 mo. (line IV.D.) x 12 mo. x 7.98 (present worth factor)..... \$ 179.113

1 Used in calculation of the monthly COST OF OWNERSHIP CHARGE or EQUIVALENT ONE-TIME CHARGE.

2 This percentage rate is set forth in Section I of PGandE's current electric Rule No. 2 and is subject to change upon authorization by the California Public Utilities Commission.

3 Where Special Facilities displace PGandE's existing facilities, this allowance assures the exclusion of PGandE's existing ownership costs from Applicant's monthly COST OF OWNERSHIP CHARGE or EQUIVALENT ONE-TIME CHARGE.



-----  
Complete the following section only in conjunction with revision of this Appendix

This Appendix A supersedes Appendix A dated \_\_\_\_\_, 19\_\_\_\_. The changes hereon are hereby agreed to by both parties on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
(Applicant)

By: \_\_\_\_\_

Title: \_\_\_\_\_

PACIFIC GAS AND ELECTRIC COMPANY

By: \_\_\_\_\_

Manager, \_\_\_\_\_

CONSENT TO ASSIGNMENT AND AGREEMENT  
(Security)

This Consent to Assignment and Agreement is by and between PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("PG&E"), and TRES VAQUEROS WIND FARMS LLC, a California limited liability company ("Assignor"), and POWER PARTNERS IV, a California general partnership ("Assignee").

PG&E hereby consents to an assignment by Assignor to Assignee of whatever rights, title and interest it may have in and to the agreement(s) described on Exhibit A (collectively, "Assigned Agreements") attached hereto and incorporated herein, for the 33,000 kW nameplate rating wind farm project (PG&E Log No. 01 W094) located at Altamont Pass, California (the "Facility"), under the following terms and conditions:

1. Assignor and Assignee recognize and acknowledge that PG&E makes no representation or warranty, express or implied that Assignor has any right, title, or interest in the Assigned Agreements. Assignee is responsible for satisfying itself as to the existence and extent of Assignor's right, title, and interest in the Assigned Agreements and Assignor and Assignee expressly release PG&E from any liability resulting from the assignment, including assignment for security, to which PG&E is consenting herein. Assignee and Assignor further release PG&E from any liability for consenting to any future assignments of the Agreements by Assignee or Assignor.

2. The assignment shall be made as security for payment by Assignor of obligations under a Term Loan Agreement made as of April 28, 1998 (the "Loan") between Assignor, as borrower, and Assignee, as lender. Assignee shall have no right under the assignment, or otherwise, to enforce any provision of the Assigned Agreements until a default has occurred with respect to the Loan.

3. Upon default by the Assignor under the terms of the Loan, Assignee may give notice to PG&E requesting that payments from PG&E due to the Seller, Applicant and/or QF, as the case may be, under the Assigned Agreements be made directly to Assignee. Assignee releases PG&E from all liability for failure to direct such payments to Assignee rather than Assignor. Assignor hereby agrees that such notice by Assignee to PG&E shall be deemed a default by Assignor under the terms of the Loan, and Assignor releases PG&E from all liability for making payments to Assignee upon receipt by PG&E of such notice.

4. Assignee and Assignor each agree that PG&E shall have the right to set off or deduct from payments due to the Seller, Applicant and/or QF, as the case may be, each and every amount due PG&E from Assignor arising out of or in connection with the Assigned Agreements. Assignee further agrees that it takes this Assignment subject to any defenses or causes of action PG&E may have against Assignor arising out of or in connection with the Assigned Agreements or the Facility.

5. Assignee acknowledges that the assignment of rights to it may be subject to previous assignments, liens or claims executed or arising prior to the date of execution of this Consent to Assignment and Agreement.

6. Assignee agrees that in the event that Assignee operates the Facility, directly or indirectly through an agent or through a subsidiary, affiliate, or other entity in which Assignee holds an ownership interest, Assignee shall also assume each and every duty and obligation of the Seller, Applicant and/or QF, as the case may be, arising out of or in connection with the Assigned Agreements, including but not limited to each and every such duty and obligation arising prior to the date of such assumption and also at such time exercise and enjoy whatever right, title and interest in and to the Assigned Agreements as was assigned to it.

7. Assignor hereby agrees that it shall remain liable to PG&E for each and every duty and obligation of the Seller, Applicant and/or QF, as the case may be, under the Assigned Agreements.

8. All notices hereunder shall be in writing and shall be deemed received (i) at the close of business of the date of receipt, if delivered by hand or (ii) when signed for by recipient, if sent registered or certified mail, postage prepaid, provided such notice was properly addressed to the appropriate address indicated on the signature page hereof or to such other address as a party may designate by prior written notice to the other parties.

9. Except as otherwise provided in the Assigned Agreements, Assignee hereby agrees that it will not reassign its rights, title or interest in and to the Assigned Agreements without the prior consent of PG&E.

10. This Consent to Assignment and Agreement is neither a modification of nor an amendment to the Assigned Agreements.

11. The parties hereto agree that this Consent to Assignment and Agreement shall be construed and interpreted in accordance with the laws of the State of California, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

12. No term, covenant or condition hereof shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the party claimed to have so waived or excused such term, covenant or condition.

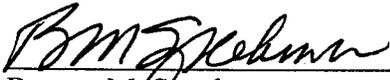
13. Assignee acknowledges and agrees that PG&E may agree with Assignor to modify or amend the Assigned Agreements and, further, that PG&E is not obligated to notify Assignee of any such amendment or modification to the Assigned Agreements. Assignee releases PG&E from all liability arising out of or in connection with the making of any amendment or modification to the Assigned Agreements.

PG&E:

PACIFIC GAS AND ELECTRIC  
COMPANY  
P.O. Box 770000  
Mail Code B23C  
San Francisco, CA 94177

Attn: Manager  
Utility Electric Supply  
Department

PACIFIC GAS AND ELECTRIC COMPANY, a  
California corporation

By:   
Barney M. Speckman  
Manager, Utility Electric Supply

Date: \_\_\_\_\_

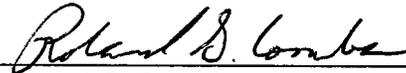
ASSIGNOR:

TRES VAQUEROS WIND FARMS,  
LLC  
c/o Foras Wind Farm II, Inc.  
63-665 19<sup>th</sup> Avenue  
P.O. Box 1043  
North Palm Springs, CA 92258

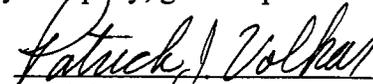
Attn: Jørn Larsen

TRES VAQUEROS WIND FARMS, LLC, a  
California limited liability company

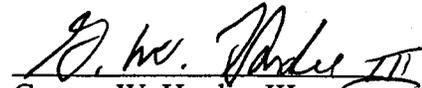
By: Volkar/Coombs Partners, a California general  
partnership, member

By:   
Roland S. Coombs, general partner

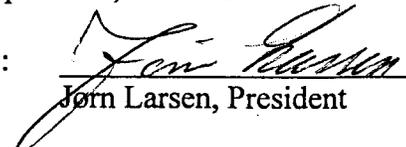
By: VH Energy, L.L.C., an Illinois limited  
liability company, general partner

By:   
Patrick J. Volkar, member

By: International Wind Investments, LLC.,  
a Delaware limited liability company,  
member

By:   
George W. Hardie, III,  
member

By: Foras Wind Farm II, Inc., a Delaware  
corporation, member

By:   
Jørn Larsen, President

ASSIGNEE:

POWER PARTNERS IV  
233 Pine Street  
Jackson, CA 95642

Attn: Patrick J. Volkar

POWER PARTNERS IV, a California general  
partnership

By: Power Joint Ventures IV, Inc., a California  
corporation, its Partner

By: Patrick J. Volkar  
Patrick J. Volkar, President

By: P&W Ventures IV, INC., a California  
corporation, its Partner

By: Roland S. Coombs  
Roland S. Coombs, President

## EXHIBIT A

- 1) The California Public Utilities Commission Standard Offer No. 4 Power Purchase Agreement Between Howden Wind Parks, Inc. and PG&E, executed by PG&E on December 11, 1985.
- 2) The Pacific Gas and Electric Company Agreement for Installation or Allocation of Special Facilities for Parallel Operation of Nonutility-owned Generation and/or Electrical Standby Service between PG&E and Altamont Energy Corporation and Howden Wind Parks, Inc., executed by PG&E on November 19, 1985.
- 3) The Pacific Gas and Electric Company Agreement for Electrical Standby Service between PG&E and Altamont Energy Corporation and Howden Wind Parks, Inc., executed by PG&E on November 19, 1985.
- 4) The Qualifying Facility Standard Operating Agreement for Facilities of 40 kW and Larger between Pacific Gas and Electric Company and Altamont Energy Corporation and Howden Wind Parks, Inc.

**APPENDIX C**

**PUBLIC**

**CONTRACT SUMMARY**

**Public Appendix C**  
**Contract Summary**

<b>Counterparty</b>	<b>Resource Type</b>	<b>Location</b>	<b>Capacity</b>	<b>Expected 2007 Deliveries</b>	<b>Delivery Point</b>	<b>Length of Contract</b>	<b>On-Line Date</b>
Tres Vaqueros Wind Farm, LLC	Wind	Altamont Pass, California	28 MW	33 GWh	NP-15	8 Years	Operating

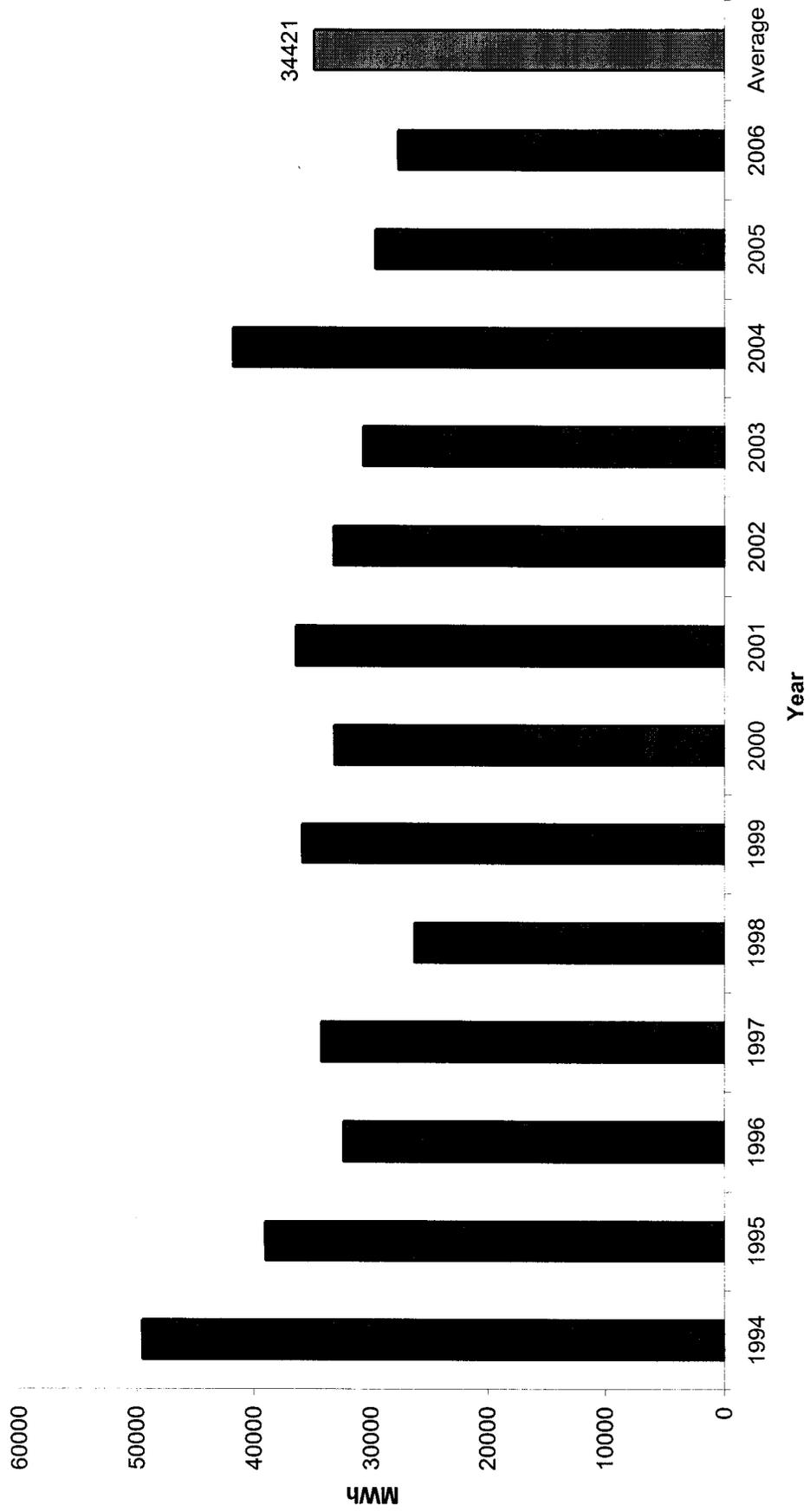
**APPENDIX G**

**PUBLIC**

**HISTORICAL PRODUCTION**

# Appendix G

Public Appendix G  
Historical Performance  
Tres Vaqueros Wind Farm, LLC  
PG&E Log No. 01W094



**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynergy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	