

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



April 18, 2019

Advice Letter 5406-E

Erik Jacobson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

**SUBJECT: Sale of Narrows Hydroelectric Project to Yuba County Water Agency
Under California Public Utilities Code Section 851 and General Order 173**

Dear Mr. Jacobson:

Advice Letter 5406-E is rejected per Resolution E-4978 Ordering Paragraphs.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division

October 17, 2018

Advice 5406-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Sale of Narrows Hydroelectric Project to Yuba County Water Agency
Under California Public Utilities Code Section 851 and General Order
173**

Purpose

Pacific Gas and Electric Company (PG&E) submits this Advice Letter to request the California Public Utilities Commission's (CPUC or Commission) approval under California Public Utilities Code Section 851¹ (Section 851) and General Order (GO) 173 for the sale of the Narrows Hydroelectric Project and associated real property (Project) to Yuba County Water Agency (YCWA), and of PG&E's proposed rate treatment for the recovery of the remaining book value of the Project.

In accordance with General Order 173, Rule 4, PG&E provides the following information related to the proposed transaction:

- I. Description of the Project and Reasons for Proposed Sale
- II. Purchase and Sale Agreement (PSA)
- III. Fair Market Value of Project
- IV. Net Present Value (NPV) Analysis & Cost of Alternative Paths
- V. Accounting and Proposed Ratemaking
 - A. Original Cost, Book Value, Purchase Price & Tax Effect
 - B. Impact on Rate Base and Application of the Gain (Loss) on Sale Decision
- VI. Compliance with the California Environmental Quality Act (CEQA)
- VII. Confidentiality Treatment
- VIII. Advice Letter Eligibility Under Rule 3 of General Order 173
- IX. Related Federal Energy Regulatory Commission (FERC) Proceeding
- X. Attachments
 - A. Purchase and Sale Agreement

¹ Cal Pub Util Code § 851.

- B. Appraisal
- C. NPV Analysis of Alternative Paths (Public)
- D. Accounting for Loss on Sale
- E. YCWA's Resolution approving the PSA and CEQA Determination

I. Description of the Project and Reasons for Proposed Sale

PG&E owns the Narrows Project, a 12.0 megawatt (MW) hydroelectric generation facility, located on the Yuba River in Nevada County, California, approximately 23 miles east of the city of Marysville. PG&E executed a PSA to sell the Project to YCWA on September 21, 2018. A map of the Project location and PG&E's real property is included in the PSA (Attachment A) in Schedule 2.1(c).

The Project began operations on December 29, 1942, and PG&E has owned and operated the Project since that time. Water is diverted from the Englebright Reservoir (owned and operated by the U.S. Army Corps of Engineers, or ACE) at Englebright dam, sent through a 0.2-mile tunnel and a penstock to the Narrows powerhouse and is then discharged into the Yuba River. The Project includes 26.4 acres of land of which PG&E owns approximately 23 acres in fee. The PG&E-owned property is encumbered by a Conservation Easement (CE) held by the Bear Yuba Land Trust. All of PG&E's current obligations under the CE will be transferred to YCWA under the terms of the PSA. A complete description of the Project assets is found in the PSA in Schedule 2.1(a). Assets excluded from the sale include a local electric substation and electric transmission and distribution equipment that will remain owned and operated by PG&E and are described in the PSA in Schedule 2.2. YCWA intends to continue to use the property as a hydroelectric generation project.

The Project operates subject to a license issued by the FERC as FERC Project 1403. The FERC license was due to expire on January 31, 2023, and as such PG&E had begun to prepare to file its Notice of Intent and Pre-Application Document for submittal to FERC by the January 31, 2018, statutory deadline. PG&E had been concurrently discussing a possible transfer of the Project to YCWA, and on December 14, 2017, YCWA and PG&E agreed to a term sheet, launching formal negotiations for transfer of the Project. PG&E and YCWA jointly met with FERC on December 18, 2017, to inform them that the parties were negotiating a PSA for the Project, and as such wanted to delay the relicensing proceeding. On December 20, 2017, PG&E filed a request to extend the existing license to allow PG&E time to complete the proposed transfer of the Project to YCWA without formally initiating the relicensing process. On January 26, 2018, FERC granted PG&E a 3-year extension of the Narrows license term to January 31, 2026.

PG&E proposes to sell the Project to YCWA because it will reduce costs to PG&E's customers compared to the other identified alternatives for the Project as described below under NPV Analysis and Cost of Alternative Paths. The Project provides non-flexible base load energy and its operations are coordinated with those of YCWA's

nearby Narrows #2 (55 MW) powerhouse (FERC Project No. 2246), making YCWA a well-situated buyer. Removal of Narrows from PG&E's Utility Owned Generation (UOG) portfolio is a portfolio optimization and cost reduction activity addressing PG&E's excess energy supply. Furthermore, PG&E has determined that the proposed sale of the Project to YCWA will not interfere with PG&E's operations or PG&E's ability to provide safe and reliable utility service to customers.

There are no other recent past or anticipated future transactions anticipated by PG&E that are related to the Narrows Project sale.

II. Purchase and Sale Agreement

PG&E and YCWA negotiated a purchase price of \$507,500 for the Project. CPUC approval of the proposed sale pursuant to Section 851 and GO 173 is a condition of closing under the PSA. PG&E will operate and maintain the Project until regulatory approvals are complete and the transaction closes. The PSA is provided as Attachment A.

III. Fair Market Value of Project

The fair market value of the Project was determined by Bodington & Company, an investment banking firm specializing in the financing, selling, purchasing, restructuring, and appraising of electric generation facilities.² Bodington & Company estimated the fair market value of the Project as \$350,000 in an appraisal dated September 26, 2018. The appraisal is provided as Attachment B.

IV. NPV Analysis & Cost of Alternative Paths

As the Project approached the expiration of the FERC license, PG&E identified and evaluated three viable paths available for the Project:

- (1) Keep (continue to own and operate the Project including completing the required FERC relicensing process);
- (2) Sell (continue the required FERC relicensing process at minimal cost as necessary to support having a saleable Project); or
- (3) Decommission (surrender the FERC license and decommission the Project).

PG&E's analysis, using actual cost data through December 31, 2017, forecasted future costs of operating and maintaining the Project and forecasted values of energy, renewable energy credits (RECs) and capacity, indicates the total estimated net costs to customers (based on a 30-year NPV) is lowest in the Sell scenario. The comparison

²The Bodington & Company is a Broker/Dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority.

of the cost to customers in each of the scenarios is presented “NPV Analysis of Alternative Paths” (NPV Analysis).³ The confidential version of the NPV Analysis is provided as Attachment C1, and the public version of the NPV Analysis is provided as Attachment C2.

In evaluating the three alternatives, PG&E looked at the revenue requirement associated with the past (or sunk) costs of the Project, the future costs of the Project, forecasted foregone value of energy, RECs, and capacity if the Project were no longer operating or owned by PG&E. For each path, the past costs include the revenue requirement associated with the unrecovered capital invested in the Project, comprised of the undepreciated plant in service and Construction Work in Progress (CWIP), which includes incurred relicensing costs. For the Keep path, the future costs include future operations and maintenance (O&M) costs and the revenue requirement on future capital investments, including the costs to relicense the Project and implement new license conditions. For the Decommission path, future costs include future O&M costs and the revenue requirement on future capital investments up until decommissioning commences, as well as the costs to decommission the Project. For both the Sell and Decommission paths, PG&E included the forgone value of energy RECs, and capacity that would otherwise be generated by the Project.

Keeping the Project after the new FERC license is issued means customers will pay all of the past and future Project costs. By selling the Project, customers will pay only the past Project costs, and no Project costs going forward thus avoiding: 1) the cost risk of major repairs or upgrades needed to address aging equipment; 2) the additional costs to relicense the Project; 3) the additional costs imposed by new license conditions; and 4) the future O&M costs. The estimated value of the energy products that would have been generated by the Project is less than the costs associated with continuing to own and operate the Project. The Decommission path is significantly higher cost and higher risk to customers than the Sell path and only slightly less costly compared to the Keep path.

The NPV Analysis provides the breakdown of the total costs for each of the three alternative paths by grouping the costs into three categories. For each path, the Past Costs category presents the revenue requirement associated with net book value, including CWIP as of December 31, 2017. Past Costs are identical for each of the three alternative paths, with the exception of the Sell path being reduced by the net sales proceeds.⁴ The cost recovery period assumption differs for the Keep path versus the other two paths because PG&E used the composite depreciation rate for hydro assets in ongoing operations (approximately 50 years), rather than the shortened depreciation period that was used for the Sell and Decommission paths. For the Sell path, PG&E is proposing to recover the Past Costs in the year the sale closes. In the

³Amounts shown are the 30-year Net Present Values of each alternative in 2017 dollars.

⁴ The net sales proceeds are the sales price less transaction costs.

Decommission path, the sunk costs are amortized over a 5-year period following plant shut down, as it is assumed that decommissioning would begin in 2034 in that alternative.

The Future Costs category in the NPV Analysis represents the O&M expenses and revenue requirements associated with future capital investments. These costs are eliminated once the project is sold in the Sell path and the additional costs to decommission the Project are included in the Decommission path.

The Foregone Energy Value category in the NPV Analysis represents the value of the energy, RECs, and the capacity that the project provides. Given PG&E's remaining portfolio of generation relative to its expected load, PG&E does not expect to contract for replacement energy, RECs or capacity when Narrows is transferred out of its portfolio. Never-the-less, the Foregone Energy Value is intrinsic value associated with the asset that will be eliminated with a sale or shut-down of the facility, so it is included as a cost in the Sell and Decommission paths.

The sum of the three cost categories (Past Costs, Future Costs and Foregone Energy Value) gives the overall total costs to customers for each of the three alternative paths (Keep, Sell or Decommission). Selling the Project is estimated to save customers \$13.7 million compared to keeping and continuing to own and operate it. The NPV Analysis also shows that the going-forward net present value of the benefits (energy value, RECs, and capacity) versus the costs of the Project is highest in the Sell scenario.

V. Accounting & Proposed Ratemaking

A. Original Cost, Book Value, Purchase Price & Tax Effect

The total historical cost (Original Cost) of the Project as of December 31, 2017, is approximately \$10.5 million. Of the total historical cost, approximately \$1.1 million is associated with CWIP including preliminary costs associated with FERC relicensing. The historical cost less depreciation value of the Project is approximately \$4.3 million (Net Book Value). PG&E and YCWA negotiated a purchase price of \$507,500. The pre-tax loss-on-sale is estimated to be \$3.8 million and the after-tax loss-on sale is estimated to be \$2.5 million. Pursuant to PG&E's agreement with the Office of Ratepayer Advocates/Cal PA, a table showing sales price, expenses, tax effects, and the resulting gain/loss calculation is provided as Attachment D.⁵ The amounts cited here and shown in Attachment D are estimated values based on recorded amounts as of December 31, 2017. The actual amounts will be based on the book values as of the close date.

⁵ See Application No. 95-08-035, Joint Motion of All Parties For Adoption Of Settlement And For Waiver Of Noticed Settlement Conference And Comment Period Requirements.

B. Impact on Rate Base and Application of the Gain (Loss) on Sale Decision

PG&E proposes the following ratemaking for the sale transaction:

Rate base and CWIP will be reduced by the amount of the historical cost, less depreciated value and the net sale proceeds at the time the sale closes. The net sales proceeds will be distributed in accordance with the Commission's policy for the allocation of the gains (losses) from the sale of utility assets adopted in the Commission's Gain on Sale of Utility Assets decision, Decision 06-05-041, as modified by Decision 06-12-043.

The loss on the sale (approximately \$3.8 million) will be credited to the Utility Generation Balancing Account (UGBA) as authorized utility-owned generation revenue requirement. The authorized revenue requirement for UOG resources are included in the Power Charge Indifference Adjustment (PCIA) and recovered from bundled and non-exempt departing load customers through the PCIA, as affirmed by the PCIA Order Instituting Rulemaking (OIR) Decision 18-10-019.⁶

The revenue requirement associated with the Project's retired rate base and associated estimated O&M costs included as part of the 2017 General Rate Case (GRC) will be reduced from the base revenues recovered in customer rates for the months after the sale closes.

PG&E requests that the accounting loss from the sale of the Project be recovered in accordance with Ordering Paragraphs 4 and 9 of the Commission's Gain on Sale of Utility Assets decision, Decision 06-05-041, as modified by Decision 06-12-043. Specifically, Ordering Paragraph 9 states, "In cases involving losses of \$50 million or less, the utility may seek allocation of the loss according to the allocation percentage rules adopted here (100% for depreciable assets; 67%-33% for non-depreciable assets)." The resulting loss from this transaction, if approved, should be treated consistent with the percentage allocation rules adopted in the Commission's Gain on Sale of Utility Assets decision because, as previously mentioned, the sale is anticipated to save PG&E customers approximately \$13.7 million compared to PG&E continuing to own and operate the facility over a 30-year time period.

In this case, almost all the book costs for the Project are associated with the depreciable assets. The only non-depreciable asset is the small land value, which was purchased decades ago. Using the December 31, 2017 balances, the application of the Gain/Loss on Sale Decision to the Narrows Project transaction results in the following allocations on a pre-tax basis:

⁶ Decision D.18-10-019, Conclusion of Law 12.

Assets	Gain on Sale (Loss) Decision	Narrows Transaction
Depreciable Assets:*	100% to Ratepayers	(\$3,569,988)
Non-Depreciable Assets (Land):	67% to Ratepayers	(\$172,779)
	33% to Shareholders	(\$85,100)
Total Pre-tax Gain (Loss):		(\$3,827,867)

* Depreciable Assets includes CWIP.

Upon completion of the sale, the Project assets in rate base will be retired, and rate base and CWIP will be reduced by the remaining net book value (historical cost less depreciation) less the net sale proceeds, or approximately \$3.8 million. The loss of approximately \$3.8 million⁷ will be recorded to the UGBA at the close of the sale.

Additionally, this sale transaction is not reflected in the forecast rate base adopted in the 2017 GRC. As such, upon completion of the sale, the estimated revenue requirement associated with the Project assets and the estimated associated adopted O&M costs will be reduced in the UGBA to reflect the base revenue reduction for the remaining months of 2019 at the time the sale closes. Likewise, the sale is not currently reflected in the soon-to-be filed 2020 GRC forecast. PG&E proposes to update its forecast in the 2020 GRC to remove the estimated revenue requirement associated with the Project once the sale closes.

Lastly, PG&E proposes that the final calculation of the loss-on-sale and tax information be provided to the Commission in a Tier 1 advice letter submittal submitted within 45 days following closing. Such a process is consistent with procedures that have been followed in other instances where the amount of gain (loss) was unsettled. For example, in CPUC Decision 02-12-020, which addressed the sale by PG&E of streetlight facilities to the City of Manteca, the Commission approved the allocation of gain as proposed in the application but deferred the determination of the actual gain allocation to a later compliance advice letter procedure. In accordance with this precedent, PG&E requests that the Commission approve the process discussed above for calculating and allocating the loss on the sale in its decision approving this advice letter and determine the specific amounts to be so allocated upon review of a compliance advice letter to be filed by PG&E within 45 days following the closing.

⁷ The regulatory asset amount also incorporates the reversal of the deferred tax liability as reflected in Attachment D.

VI. Compliance with CEQA

The California Environmental Quality Act (CEQA) requires any California government agency approving a discretionary project to consider the environmental impacts of its decisions.⁸ A project is an activity that “may cause either a direct physical change in the environment, or a reasonable foreseeable indirect physical change in the environment” and either (a) is directly undertaken by any public agency, (b) is supported by contracts, grants, subsidies, loans, or other forms of assistance from a public agency, or (c) involves the issuance of a lease, permit, license, certificate, or other entitlement for use by one or more public agencies⁹. Accordingly, the Commission is typically required to consider the environmental consequences of projects that are subject to the Commission’s discretionary approval. However, under the CEQA Guidelines¹⁰, where a project is to be approved by more than one public agency, only one agency becomes the “Lead Agency” for purposes of CEQA¹¹. As such, the YCWA is acting as the Lead Agency for CEQA compliance.

Because YCWA plans to operate the Project in essentially the same manner as before this proposed transaction, it has concluded the transaction has no potential for “either a direct physical change in the environment or a reasonable foreseeable indirect physical change in the environment.” Accordingly, YCWA, serving as the CEQA Lead Agency, has concluded that the Project is exempt from the requirements of CEQA. The CEQA exemption determination is contained in a resolution of the YCWA Board of Directors approved August 21, 2018, and in a CEQA Notice of Exemption that was filed with the County of Nevada and State Clearinghouse, included as Attachment E. The Commission, serving as a Responsible Agency can reasonably rely on YCWA’s CEQA findings and conclusions.

VII. Confidentiality Treatment

In support of this Advice Letter, PG&E has provided confidential, proprietary and market-sensitive information (Information) in Columns (G) through (O) of the NPV Analysis in Attachment C1. This Information is being submitted in with a claim of confidentiality to the commission in the manner directed by CPUC General Order No. 66-D, Section (3.2). A separate Declaration Supporting Confidential Designation on behalf of Pacific Gas and Electric Company (U 39 E), dated October 12, 2018, is being submitted concurrently with this Advice Letter. The Commission may contact Molly Zimney at molly.zimney@pge.com, regarding the potential release of Information by the Commission, per Section 5 of General Order No. 66-D.

⁸ Cal. Pub. Res. Code, §21080.

⁹ Cal. Pub. Res. Code, §21065.

¹⁰ 14 Cal. Code Regs., §15000 et seq.

¹¹ CEQA Guidelines, § 15050(b)-(c).

VIII. Advice Letter Eligibility Under Rule 3 of General Order 173

PG&E has provided information in this Advice Letter to satisfy the eligibility criteria under General Order 173 in that:

- The activity proposed in the transaction will not require environmental review by the CPUC as a Lead Agency;
- The transaction will not have an adverse effect on the public interest or on the ability of PG&E to provide safe and reliable service to its customers at reasonable rates;
- The transaction will not materially impact the rate base of PG&E; and
- The transaction does not warrant a more comprehensive review that would be provided through a formal Section 851 application.

IX. Related FERC Proceedings

The Narrows Project is licensed as FERC Project 1403. Section 8 of the Federal Power Act (FPA)¹² provides that the FERC license may be transferred only with the written approval of the FERC. PG&E, as the licensee, must file an application with the FERC that sets forth the qualifications of YCWA to hold the license and to operate the Project. Therefore, PG&E and YCWA have jointly filed a license transfer application with the FERC concurrently with this advice submittal. PG&E expects FERC to approve the transfer effective upon close of the transaction because it is in the public's interest and because YCWA has clearly demonstrated its capability to operate the Project.

Protests

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than November 6, 2018, which is 20 days after the date of this submittal. Protests must be submitted to:

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

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@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.

¹² 16 U.S.C. § 801.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 3 advice submittal become effective upon Commission approval.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Erik Jacobson
Director, Regulatory Relations

cc: Willie Whittlesey (YCWA)

Attachments:

Attachment A. Purchase and Sale Agreement

Attachment B. Appraisal

Attachment C1. NPV Analysis of Alternative Paths (Confidential)

Attachment C2. NPV Analysis of Alternative Paths (Public)

Attachment D. Accounting for Loss on Sale

Attachment E. YCWA's Resolution approving the PSA and CEQA Determination

Attachment F. Confidential Designation



ADVICE LETTER 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 E)

Utility type:

☒ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5406-E

Tier Designation: 3

Subject of AL: Sale of Narrows Hydroelectric Project to Yuba County Water Agency Under California Public Utilities Code Section 851 and General Order 173

Keywords (choose from CPUC listing): Agreement, Section 851

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other:

If AL submitted 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:

Confidential treatment requested? ☒ Yes ☐ No

If yes, specification of confidential information: See Attachment F

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information: Stephanie Maggard 415-973-2812

Resolution required? ☒ Yes ☐ No

Requested effective date:

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:

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Erik Jacobson, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Clear Form

Attachment A

Purchase and Sale Agreement

EXECUTION VERSION

NARROWS PROJECT ASSET PURCHASE AND SALE AGREEMENT

BY AND BETWEEN

PACIFIC GAS AND ELECTRIC COMPANY, AS SELLER

AND

YUBA COUNTY WATER AGENCY, AS BUYER

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NARROWS PROJECT ASSET PURCHASE AND SALE AGREEMENT

This NARROWS PROJECT ASSET PURCHASE AND SALE AGREEMENT (“Agreement”) is made as of September 21, 2018 (“Execution Date”) by and between Pacific Gas and Electric Company, a California corporation (“PG&E”), and the Yuba County Water Agency, a California public water agency (“YCWA”). PG&E and YCWA are referred to herein sometimes individually as a “Party” and collectively as the “Parties”.

RECITALS

A. PG&E owns the Narrows Project (which is defined in Article I below) and certain assets associated with the Narrows Project.

B. PG&E desires to sell and transfer to YCWA, and YCWA desires to purchase and acquire from PG&E, the Narrows Assets (which are defined in Article II below) as set forth in this Agreement.

C. PG&E and YCWA are entering into this Agreement to evidence their respective duties, obligations and responsibilities with respect to the Acquisition (as defined in Article I below).

NOW, THEREFORE, in consideration of the respective representations, warranties, covenants and agreements contained in this Agreement, intending to be legally bound, PG&E and YCWA agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Defined Terms. The following terms when used in this Agreement (or in the Schedules and Exhibits attached to this Agreement) with initial letters capitalized have the meanings set forth below:

“Acquisition” means the sale by PG&E and purchase by YCWA of the Narrows Assets and related transactions contemplated in this Agreement.

“Affiliate” of a Person means any other Person that (a) directly or indirectly controls the specified Person; (b) is controlled by or is under direct or indirect common control with the specified Person; or (c) is an officer, director, employee, representative, agent or subsidiary of the Person. For the purposes of this definition, “control”, when used with respect to any specified Person, means (i) the power to direct the management or policies of the specified Person, directly or indirectly, whether through the ownership of voting securities, partnership or limited liability company interests, by contract or otherwise; or (ii) the direct or indirect ownership of fifty percent (50%) or more of the voting securities or interests of that Person.

“Agreement” means this Narrows Project Asset Sale and Purchase Agreement, together with the Exhibits and Schedules attached hereto.

“Article” means a numbered article of this Agreement. An Article includes all of the numbered sections of this Agreement that begin with the same number as that Article.

“Assignment and Assumption Agreement” means the Assignment and Assumption Agreement described in Section 7.2(a)(ii) to be executed by the Parties at the Closing.

“Assignment of Reserved Rights (U.C. Parcel)” means the assignment described in Section 7.2(a)(ix)

“Assumed Contracts” means the (a) Agreement for Operation and Maintenance of Narrows #1 Hydroelectric Project Between the United States of America and Pacific Gas and Electric Company dated March 28, 1994, and (b) Agreement for Use of Outlet Facilities and Storage Space Between the United States of America and Pacific Gas and Electric Company dated March 28, 1994.

“Assumed Liabilities” means any and all obligations and liabilities (including those arising under Environmental Laws) that: (a) arise out of or relate to the ownership, use, operation, maintenance or management of the Narrows Assets concerning facts, circumstances, acts or omissions occurring or arising on or after the Closing Date, or (b) arise out of or relate to the condition of the Narrows Assets as of or after the Closing Date. However, Assumed Liabilities shall not include any (a) obligations and liabilities of PG&E or any Affiliate of PG&E that arise pursuant to Section 11.2 (Indemnification by PG&E), or (b) Retained Liabilities.

“Authorized Representative” means any Person authorized to act on behalf of a Party with respect to the proceedings described in Section 12.9 (Dispute Resolution), as so designated by a Party in a written notice to the other Party made in accordance with Section 12.9. Each Party may change its designation of an “Authorized Representative” from time to time by providing notice thereof as described in this definition.

“Bill of Sale” means the bill of sale described in Section 7.2(a)(i) to be executed by the Parties at the Closing.

“BK Governing Documents” has the meaning set forth in Section 2.5(a)(iii).

“Business Day” means a day other than a Saturday, Sunday or a day on which banks are legally closed for business in the State of California.

“BYLT” means the Bear Yuba Land Trust, a California nonprofit corporation.

“CAISO” means the California Independent System Operator Corporation or its regulatory successor, as applicable.

“CEQA” means the California Environmental Quality Act (California Public Resources Code §§ 21000 et seq.).

“Catastrophic Failure” means either (a) an event of natural causes that occurs prior to the Closing and that renders the Narrows Project completely inoperable, or (b) the Narrows Project

becomes substantially inoperable due to the failure of a major component of the Narrows Powerhouse prior to the Closing that is fundamental to the operation of such Powerhouse.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.).

“Closing” has the meaning set forth in Section 7.1.

“Closing Date” has the meaning set forth in Section 7.1.

“Code” means the Internal Revenue Code of 1986 (26 U.S.C. §§ 1 et seq.).

“Commercially Reasonable Efforts” means efforts which are reasonably within the contemplation of the Parties at the time of executing this Agreement and which do not require the performing Party to expend any funds other than expenditures which are customary and reasonable in transactions of the kind and nature contemplated by this Agreement in order for the performing Party to satisfy its obligations hereunder.

“Confidential Information” means information or data that the Disclosing Party considers to be a trade secret or competitively sensitive and may include written, verbal or visual information. In order to be considered Confidential Information, written information has to be identified at the time of the disclosure with an appropriate legend, marking, stamp or positive written identification on the face thereof as Confidential Information. In order to be considered Confidential Information, verbal or visual information has to be so identified at the time of the verbal or visual disclosure and the Disclosing Party shall notify the receiving Party in writing within thirty (30) calendar days of the disclosure and specifically identify the Confidential Information previously disclosed. Magnetic tape, computer software or any other similar type of machine readable format shall be considered as a verbal disclosure and shall only be considered Confidential Information to the extent the Disclosing Party complies with the requirements for verbal disclosures set forth above, including the thirty (30) calendar day notification requirement. Confidential Information does not include information or data that:

(a) was in the public domain at the time of the disclosure or subsequently is made available to the general public without restriction and without breach of this Agreement by the receiving Party;

(b) was known by the receiving Party at the time of the disclosure without restrictions on its use or independently was developed by the receiving Party, as shown by adequate documentation;

(c) is disclosed to the receiving Party by a third Person without restriction and without breach of any agreement or other duty to keep the information or data confidential;

(d) is used or disclosed as required by applicable law, including without limitation the California Public Records Act, the Ralph M. Brown Act, or a court order, subpoena or other lawful order of a court or government authority of competent jurisdiction; or,

(e) is requested by any governmental or quasi-governmental authority (including, but not limited to, the California Public Utilities Commission or Federal Energy Regulatory Commission) with authority over the approval of this and related agreements to this Acquisition.

“Confidentiality Agreement” means that certain Confidentiality Agreement between PG&E and YCWA dated as of December 12, 2016.

“Conservation Easement” means the Deed of Conservation Easement and Agreement (Narrows Planning Unit) dated September 4, 2015, between PG&E and BYLT, as recorded in the Official Records of Nevada County, California on September 4, 2015 as Document Number 20150021007.

“Conservation Easement Assignment and Assumption Agreement” means that certain Assignment and Assumption Agreement by and among PG&E, YCWA and BYLT in the form attached hereto as Exhibit F, with such additional revisions as may be mutually acceptable to the Parties.

“Consent” means any consent, approval or authorization of, notice to, or designation, registration, declaration or filing with, any Person.

“Coordinated Operations Agreement” means the Narrows 1 and Narrows 2 Coordinated Operations and Revenue Allocation Agreement between PG&E and YCWA executed by YCWA on April 18, 2016 and by PG&E on April 20, 2016.

“CPUC” means the California Public Utilities Commission or its regulatory successor, as applicable.

“CPUC Application” means PG&E’s application seeking an order from the CPUC in connection with this Agreement and the Acquisition contemplated herein.

“CPUC Approval” means a final and non-appealable order or orders of the CPUC that grants in their entirety and without conditions, restrictions or modifications all approvals PG&E has requested in the CPUC Application, including without limitation (a) authorization for PG&E to sell the Narrows Assets to YCWA in accordance with the terms and conditions of this Agreement, (b) approval of all related ratemaking treatment requested by PG&E.

“CPUC Approval Notice Date” has the meaning set forth in Section 10.1 (CPUC Approval).

“CPUC Filing Date” means the date that PG&E files the CPUC Application with the CPUC.

“CPUC Preliminary Notice” has the meaning set forth in Section 10.1 (CPUC Approval).

“Damages” has the meaning set forth in Section 11.2(a) (YCWA Claims).

“Deed” means the deed for the Narrows Fee Parcel described in Section 7.2(a)(iii).

“Direct Claim” means any claim by an Indemnitee on account of an Indemnifiable Loss that does not result from a Third Party Claim.

“Disclosing Party” has the meaning set forth in Section 10.2(a) (Confidentiality).

“Disclosure Order” has the meaning set forth in Section 10.2(b) (Confidentiality).

“Due Diligence Materials” has the meaning set forth in Section 10.5 (Disclaimer of Other PG&E Representations and Warranties).

“Election to Terminate” has the meaning set forth in Section 3.6 (Catastrophic Failure).

“Environmental Laws” means any Governmental Rules relating to or imposing liability or standards of conduct with respect to the protection of human health, safety or the environment (including ambient air, soil, surface water, groundwater, wetlands, land or subsurface strata), including Governmental Rules relating to (a) emissions, discharges, releases or threatened releases of Hazardous Substances into the environment; (b) manufacture, generation, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances; and (c) exposure to Hazardous Substances or conditions, including CERCLA, the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901, et seq.), the Federal Water Pollution Control Act (33 U.S.C. §§ 1251, et seq.), the Clean Air Act (42 U.S.C. §§ 7401, et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601, et seq.), the Oil Pollution Act (33 U.S.C. §§ 2701 et seq.), the Occupational Safety and Health Act (29 U.S.C. §§ 651, et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. §§ 11001, et seq.), the Endangered Species Act (16 U.S.C. §§ 1531, et seq.), the Porter-Cologne Water Quality Control Act (Cal. Water Code §§ 13000, et seq.), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code §§ 25249.5, et seq.), the Hazardous Substance Account Act (Cal. Health & Safety Code §§ 25300, et seq.), the Hazardous Waste Control Act (Cal. Health & Safety Code §§ 25100, et seq.), the California Clean Air Act (Cal. Health & Safety Code §§ 39000, et seq.), the California Endangered Species Act (Cal. Fish & Game Code §§ 2050, et seq.) and the California Native Plant Protection Act (Cal. Fish & Game Code §§ 1900, et seq.).

“Escrow” has the meaning set forth in Section 7.1 (Open Escrow; Closing).

“Escrow Fees” has the meaning set forth in Section 7.4(b) (Transfer and Sales Taxes, and Escrow Fees).

“Escrow Instructions” has the meaning set forth in Section 7.1 (Open Escrow; Closing).

“Excluded Assets” has the meaning set forth in Section 2.2 (Excluded Assets).

“Executive(s)” has the meaning set forth in Section 12.9 (Dispute Resolution).

“Execution Date” has the meaning set forth in the introductory paragraph of this Agreement.

“Exhibit” means a designated exhibit attached to this Agreement.

“FERC” means the Federal Energy Regulatory Commission or its regulatory successor, as applicable.

“FERC Approval” means a final and non-appealable order or orders of the FERC that grants in their entirety and without conditions, restrictions or modifications all approvals the Parties have requested in the FERC Transfer Application and in any subsequent submission made in connection therewith, including without limitation (a) approval of the transfer of the Narrows License to YCWA, and (b) approval of the transfer of the Narrows Primary Transmission Line into an amended Narrows 2 Transmission Line License.

“FERC Approval Completion” has the meaning set forth in Section 4.4(a).

“FERC Transfer Application” has the meaning set forth in Section 3.4(a).

“Governing Documents” means the applicable documents under which the specified Person is organized and existing, including, in the case of PG&E its articles of incorporation and bylaws, and in the case of YCWA the Yuba County Water Agency Act and YCWA Board-adopted ordinances, resolutions and policies.

“Governmental Approvals” means all consents and approvals of Governmental Authorities, other than Permits, CPUC Approval, and FERC Approval, necessary under applicable Governmental Rules for the consummation of the transactions contemplated by this Agreement.

“Governmental Authority” means, with the exclusion of YCWA, any federal, state, local or other governmental, regulatory or administrative agency, governmental commission, department, board, subdivision, court, tribunal, or other governmental arbitrator, arbitral body or other authority, in each case having legal jurisdiction over the matter or Person in question or over any of the Narrows Assets.

“Governmental Approvals, Permits and Consents” means the certain Governmental Approvals, Permits and Consents identified in Schedule 2.1(d).

“Governmental Rules” means any applicable laws, Permits, statutes, treaties, rules, regulations, ordinances, codes, judgments, enactments, decrees, injunctions, writs and orders, decisions, directives and agreements, authorizations or other restrictions of or enacted by any Governmental Authority (including common law), or any binding interpretation or administration of any of the foregoing.

“Hazardous Substance” means, collectively, (a) any chemical, material or substance that is listed or regulated under applicable Governmental Rules as a “hazardous” or “toxic” substance or waste, or as a “contaminant” or “pollutant” or words of similar import, (b) any petroleum or petroleum products, flammable materials, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, and transformers or other equipment that contain polychlorinated biphenyls (“PCBs”), and (c) any other chemical or other material or substance, exposure to which is prohibited, limited or regulated by any Governmental Rules.

“In-Progress Work” has the meaning set forth in Section 10.9(b) (In-Progress Work).

“Indemnifiable Loss” means any Damages, and any claims, demands or suits (by any Person), including the costs and expenses of any and all actions, suits, proceedings, demands, assessments, judgments, settlements and compromises relating thereto and including reasonable attorneys’ fees and expenses in connection therewith.

“Indemnitee” has the meaning set forth in Section 11.6 (Notice of Claim).

“Indemnitor” has the meaning set forth in Section 11.6 (Notice of Claim).

“Initial Negotiation End Date” has the meaning set forth in Section 12.9 (Dispute Resolution).

“Knowledge” means, with respect to each Party, the actual, current knowledge after reasonable inquiry of the Persons listed in Schedule 1.1 for each Party of any fact, circumstance or condition irrespective of the group and title set forth in Schedule 1.1. For purposes of this definition, “reasonable inquiry” includes consultation with those consultants to and employees of each Party and its Affiliates who the Persons set forth in Schedule 1.1 reasonably believe are likely to have any material knowledge of the matter which is the subject of the fact, circumstance or condition in question.

“Land Conservation Commitment” has the meaning set forth in Section 2.5(a)(iii).

“LCP” has the meaning set forth in Section 2.5(a)(iv).

“Liens” means (a) with respect to real property, liens, charges, pledges, options, mortgages, deeds of trust, security interests, claims, easements, and other encumbrances affecting title to real property, and (b) with respect to personal property, liens, charges, pledges, options and security interests; in the case of (a) or (b), whether imposed by law, agreement, understanding, or otherwise.

“Maintenance Agreement” has the meaning set forth in Section 10.9(a) (Election for Maintenance Agreement).

“Manager” has the meaning set forth in Section 12.9 (Dispute Resolution).

“Material Adverse Change” means any change or effect that is, or is reasonably likely to be, materially adverse to (a) the utility or value of the Narrows Assets, taken as a whole, or (b) a Party’s ability to perform any of its material obligations under this Agreement.

“Narrows Assets” means those assets identified in Section 2.1 (Sale and Purchase).

“Narrows Fee Parcel” means that certain parcel of real property on which the Narrows Project is located and that PG&E owns in fee, as shown and described in Schedule 2.1(c).

“Narrows License” means PG&E’s FERC hydroelectric operating license for the Narrows Project, FERC Project No. 1403, as extended to January 31, 2026 pursuant to FERC Order issued January 26, 2018 and more particularly described in Schedule 2.1(e).

“Narrows Powerhouse” means the powerhouse described in Schedule 2.1(a).

“Narrows Project” means the Narrows Powerhouse and related facilities described in Schedule 2.1(a).

“Narrows Project Records” means those records in PG&E’s possession relating to the operation and maintenance of the Narrows Project that are identified in Schedule 2.1(g).

“Narrows Primary Transmission Line Easement” means that certain easement between PG&E and YCWA across the Narrows Fee Parcel for the Narrows Primary Transmission Line (which may be a separate easement document or an easement created by a reservation in the Deed).

“Narrows Primary Transmission Line” means that certain 11 KV transmission line interconnected with the Narrows Project and included in the Narrows License.

“Narrows 2 Transmission Line License” means PG&E’s FERC transmission license for the Narrows No. 2-Smartville Transmission Line, FERC Project No. 2678.

“Narrows Water Rights” means those water rights owned and utilized by PG&E in the operation of the Narrows Project that are identified in Schedule 2.1(g).

“Natural Hazards Expert” means the company retained by PG&E to conduct disclosure searches for natural hazards, and known as JCP-LGS Hazard Disclosures.

“Natural Hazards Report” means the Natural Hazards Disclosure Report No. 2318651, dated June 29, 2018, prepared by the Natural Hazards Expert.

“Notice of Claim” has the meaning set forth in Section 11.6 (Notice of Claim).

“Party” and “Parties” have the meanings set forth in the introductory paragraph of this Agreement.

“Permits” means any license, approval, waiver, exemption, variance, franchise, permit, authorization, consent, ruling, certification, or similar order of or from, or filing or registration with, or notice to, any Governmental Authority having jurisdiction over any of the Narrows Assets, including the Narrows License.

“Permitted Encumbrances” means (a) the Deed, (b) the Assignment of Reserved Rights (U.C. Parcel), (c) the Conservation Easement, along with the Conservation Easement Assignment and Assumption Agreement, (d) Liens for Taxes and other governmental charges and assessments which are not yet delinquent, (e) statutory Liens (including mechanics’ and materialmen’s liens and other like Liens and inchoate liens incurred in connection with worker’s compensation, unemployment insurance, and social security laws) arising in the ordinary course of business securing payments not yet delinquent (or any such Lien for a delinquent payment that has been waived in writing by the holder thereof or any such Lien for a delinquent payment for which PG&E has obtained a waiver, bond or other security in accordance with Governmental Rules to fully protect the Narrows Assets from any and all claims that may be made on account

of any such Lien), (f) Liens, encumbrances or title imperfections with respect to any of the Narrows Assets created by or resulting from the acts or omissions of YCWA, (g) any existing zoning, entitlement, conservation restriction and other land use and environmental regulations of any Governmental Authority and any conditions, obligations and liabilities arising under any Permit, (h) any imperfection of title that does not and could not individually or in the aggregate with other such Liens detract from the value, usefulness or productivity of the Narrows Assets or interfere with the operation of the Narrows Project, and (i) all Liens and all exceptions set forth in the Preliminary Title Report not otherwise addressed in (a) through (h) of this definition and accepted in writing by YCWA.

“Person” means an individual, partnership, joint venture, corporation, limited liability company, trust, association or unincorporated organization, district, or any Governmental Authority.

“Preliminary Title Report” means that certain Preliminary Title Report dated as of June 23, 2015 issued by Placer Title Company and attached hereto as Exhibit D, as will be updated pursuant to Section 3.7.

“Prepaid Assumed Liabilities” has the meaning set forth in Section 2.3(c) (Reimbursement for Any Prepaid Assumed Liabilities).

“Prudent Utility Practices” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the State of California during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, expedition and compliance with Governmental Rules. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of reasonable and prudent practices, methods, actions, standards and procedures.

“Purchase Price” means Five Hundred Seven Thousand Five Hundred Dollars and no cents (US \$507,500.00).

“Purchaser Claims” has the meaning set forth in Section 11.2(a) (YCWA Claims).

“Purchaser Group” has the meaning set forth in Section 11.2(a) (YCWA Claims).

“Referral Date” has the meaning set forth in Section 12.9 (Dispute Resolution).

“Regulatory Disclosure” has the meaning set forth in Section 10.2 (Confidentiality).

“Remediation” means any or all of the following activities to the extent they relate to or arise from the presence of Hazardous Substances in the soil or groundwater or both, or in above-ground or underground structures, equipment, fixtures or personal property, at the Narrows Fee Parcel: (a) performing any activities that are remedial or removal actions under CERCLA, or that result in response costs as defined under CERCLA, including monitoring, investigation, cleanup, containment, remediation, removal, mitigation, response or restoration work; (b) obtaining any

Governmental Approvals, Permits or Consents necessary to conduct any such work; (c) preparing and implementing any plans or studies for such work; (d) obtaining a written notice from all applicable Governmental Authorities with jurisdiction over the Narrows Fee Parcel under Environmental Laws that no material additional work is required by such Governmental Authority; and (e) any other activities reasonably determined by PG&E to be required under Environmental Laws to address the presence of Hazardous Substances at the Narrows Fee Parcel.

“Restoration Work” has the meaning set forth in Section 3.6 (Catastrophic Failure).

“Retained Liabilities” means any and all obligations and liabilities (including those arising under Environmental Laws) that: (a) arise out of or relate to the ownership, use, operation, maintenance, or management of the Narrows Assets concerning facts, circumstances, acts or omissions occurring or arising during the period prior to the Closing Date, and (b) arise out of the ownership, use, operation, maintenance, or management of the Excluded Assets. However, Retained Liabilities shall not include any (a) obligations and liabilities of YCWA or any Affiliate of YCWA that arise pursuant to Section 11.3 (Indemnification by YCWA) or (b) Assumed Liabilities.

“Schedule” means a designated schedule attached to this Agreement.

“Seller Claims” has the meaning set forth in Section 11.3(a) (PG&E Claims).

“Seller Group” has the meaning set forth in Section 11.3(a) (PG&E Claims).

“Settlement Agreement” has the meaning set forth in Section 2.5(a)(i).

“Shared Facility/Operations Agreement” means the Colgate/Narrows 2/Oregon Peak Shared Facility and Site Operations Agreement between the Parties dated April 26, 2016.

“Stewardship Council” has the meaning set forth in Section 2.5(a)(iv).

“Stipulation” has the meaning set forth in Section 2.5(a)(ii).

“Tangible Personal Property” means the certain personal property and spare parts described in Schedule 2.1(b).

“Tax” means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property (including assessments, fees or other charges based on the use or ownership of real property), personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated tax, or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not, including any item for which liability arises as a transferee or successor-in-interest.

“Tax Claim” has the meaning set forth in Section 10.3(d) (Cooperation and Defense of Tax Claims).

“Third Party Claim” means a claim by a Person that is not a member of the Seller Group or the Purchaser Group, including any claim in respect of contract, tort, or other liabilities or for the costs of conducting Remediation or seeking an order or demanding that a Person undertake Remediation.

“Title Company” means the title company set forth at Section 7.1, or another recognized title insurance company to which the Parties may mutually agree.

“Title Policy” means a California Land Title Association (CLTA) standard owner’s title insurance policy issued the Title Company and insuring the Narrows Fee Parcel as vested in YCWA, subject only to the Permitted Encumbrances, and in an amount equal to the Purchase Price (or such other commercially reasonable insurance amount as requested by YCWA and approved by the Title Company).

“Transfer and Sales Taxes” has the meaning set forth in Section 7.4(b) (Transfer and Sales Taxes, and Escrow Fees).

“UCC” means the Uniform Commercial Code as in effect in California.

“Watershed Lands” has the meaning set forth in Section 2.5(a)(iii).

1.2 Interpretation. In this Agreement, unless a clear contrary intention appears:

(a) references in the singular include references in the plural and vice versa, reference to any gender includes each other gender, reference to any Person includes such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity;

(b) reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof;

(c) reference to any Article, Section, Schedule or Exhibit means such Article, Section, Schedule or Exhibit to this Agreement, and references in any Article, Section, Schedule, Exhibit or definition to any clause means such clause of such Article, Section, Schedule, Exhibit or definition;

(d) “hereunder,” “hereof,” “hereto” and words of similar import are references to this Agreement as a whole and not to any particular Section or other provision hereof or thereof, and except where the context otherwise requires, “or” shall have the inclusive meaning frequently designated by “and/or”;

(e) “including” (and correlative terms) means “including without limitation” and “including, but not limited to”, examples shall not be construed to limit, expressly or by implication, the matter they illustrate, and relative to the determination of any period of time, “from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”; and

(f) reference to any law (including statutes and ordinances) means such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder.

ARTICLE 2

SALE AND PURCHASE OF THE NARROWS ASSETS

2.1 Sale and Purchase. At the Closing, subject to the terms and conditions of this Agreement, including satisfaction (or waiver by the Party entitled thereto) of the conditions precedent to the Closing set forth in Articles IV, V and VI, PG&E shall sell, convey, assign, transfer and deliver to YCWA, and YCWA shall purchase, acquire and assume from PG&E, all of PG&E's right, title and interest in and to the following assets (collectively, "Narrows Assets"):

- (a) the Narrows Project described in Schedule 2.1(a);
- (b) the Tangible Personal Property described in Schedule 2.1(b);
- (c) the Narrows Fee Parcel described in Schedule 2.1(c);
- (d) the Governmental Approvals, Permits and Consents identified in Schedule 2.1(d);
- (e) the Narrows License described in Schedule 2.1(e);
- (f) the Narrows Water Rights described in Schedule 2.1(f);
- (g) the Narrows Project Records identified in Schedule 2.1(g); and
- (h) the Assumed Contracts.

2.2 Excluded Assets. Nothing in this Agreement shall constitute or be construed as conferring on YCWA, and YCWA is not acquiring pursuant to this Agreement, any right, title or interest in or to any of the assets listed or described in Schedule 2.2, all of which are specifically excluded from the sale (collectively, "Excluded Assets").

2.3 Assumption by YCWA.

(a) Assumption of Liabilities and Obligations. Upon the Closing, YCWA shall assume and retain the Assumed Liabilities. PG&E shall have no liability or obligation for any of the Assumed Liabilities on and after the Closing Date.

(i) PG&E shall pay or otherwise satisfy in the ordinary course of business all of the liabilities and obligations related to the Narrows Assets accruing prior to the Closing Date, including the costs to operate and maintain the Narrows Project as required by Section 3.1 (Pre-Closing Operations, Maintenance and Repair) and the In-Progress Work.

(ii) YCWA shall pay or otherwise satisfy in the ordinary course of business all of the liabilities and obligations related to the Narrows Assets accruing on, from, and after the Closing Date, including any In-Progress Work.

(b) However, YCWA shall not assume any (i) Retained Liabilities, (ii) any liabilities of PG&E relating to accounts payable, indebtedness, legal services, accounting services, or other professional services performed in connection with the sale of the Narrows Assets, or (iii) any wages or salaries or other related liabilities concerning any PG&E employee. Upon the Closing, PG&E shall continue to be responsible for any Retained Liabilities.

(c) Reimbursement for Any Prepaid Assumed Liabilities. YCWA covenants and agrees that YCWA shall be responsible for all of the Assumed Liabilities as of the Closing Date. To the extent that PG&E prepays any Assumed Liabilities that are not yet due and payable until or after the Closing Date, including any liabilities for the payment of Taxes under Section 10.3(a) (collectively, "Prepaid Assumed Liabilities"), then the total amount of such Prepaid Assumed Liabilities shall be disclosed by PG&E to YCWA in writing prior to the Closing and added to the payment YCWA is required to make under Section 2.4(a) (Purchase Price and Payment). To the extent that the amount of any Prepaid Assumed Liabilities cannot be determined by PG&E as of the Closing Date, then such amount shall be determined by PG&E as soon thereafter as possible and PG&E shall disclose the claim to YCWA in writing together with an explanation about how the claim constitutes an Assumed Liability that should be YCWA's obligation. If the documentation provided by PG&E satisfactorily demonstrates that the claim is an Assumed Liability, then YCWA shall promptly pay PG&E any payment required because of such prepayment, in the form of a wire transfer in United States dollars in immediately available funds to the account(s) designated by PG&E.

2.4 Purchase Price and Payment.

(a) The consideration for the purchase of the Narrows Assets is the Purchase Price. YCWA shall pay to PG&E the Purchase Price, plus the total amount of any Prepaid Assumed Liabilities pursuant to Section 2.3(b) (which shall include YCWA's share of real and personal property taxes as provided in Section 10.3(a)), plus YCWA's share of the Transfer and Sales Taxes and Escrow Fees pursuant to Section 7.4(b)). The Purchase Price shall be paid through Escrow in accordance with Article VII.

(b) The Parties agree that the Purchase Price shall be allocated among the real property and the personal property assets for federal and state tax purposes as determined by PG&E in its reasonable discretion on or before the Closing Date; provided that before such Purchase Price allocation determination is finalized, YCWA shall have a reasonable opportunity to review the preliminary allocation determination made by PG&E and, if requested by YCWA, to meet and confer with PG&E regarding such preliminary determination and PG&E shall take into consideration any YCWA comments and concerns before PG&E makes its final allocation determination, in PG&E's sole discretion. The Parties shall prepare and file all tax forms and tax returns consistent with the allocation determined pursuant to this section and as required by applicable federal and state law.

2.5 Conservation Easement.

(a) YCWA acknowledges that PG&E has informed YCWA of the following:

(i) PG&E is a party to that certain Settlement Agreement as modified and approved by the CPUC in its Opinion and Order of December 18, 2003 (Decision 03-12-035) ("Settlement Agreement").

(ii) In furtherance of the Settlement Agreement, and to provide additional detail regarding the implementation of the "Land Conservation Commitment" (defined below), the parties to the Settlement Agreement and other interested parties entered into that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 ("Stipulation").

(iii) The Settlement Agreement and the Stipulation (collectively, "BK Governing Documents") require PG&E to ensure that approximately one hundred forty thousand (140,000) acres of watershed lands, all owned by PG&E ("Watershed Lands"), including the Narrows Fee Parcel, are conserved for a broad range of beneficial public values. The obligations of PG&E to convey conservation easements and to protect such beneficial public values on the Watershed Lands are set forth in the Settlement Agreement and are defined therein as the "Land Conservation Commitment".

(iv) Pursuant to the BK Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California non-profit public benefit corporation ("Stewardship Council") was created to oversee and carry out the Land Conservation Commitment. The BK Governing Documents require the Stewardship Council to develop a Land Conservation Plan ("LCP") for protection of the Watershed Lands for the benefit of the citizens of California. The LCP is required to include, among other things, objectives to preserve or enhance the beneficial public values identified on each parcel of the Watershed Lands. The LCP was formally adopted by the Stewardship Council and submitted to PG&E in November 2007. PG&E subsequently provided the LCP to the CPUC in April 2008 as part of its application seeking authorization for a streamlined approval process for real property transactions necessary to implement the LCP.

(v) The Conservation Easement was entered into in furtherance of the Land Conservation Commitment and PG&E's obligations pursuant to the BK Governing Documents.

(vi) PG&E desires, through this Agreement and the other agreements to be entered into pursuant hereto, to ensure the permanent protection of the beneficial public values on the Narrows Fee Parcel as identified in the LCP while allowing the ongoing use of the Narrows Fee Parcel for hydroelectric operations, water delivery and other related activities.

(b) YCWA acknowledges that the Conservation Easement is a Permitted Encumbrance.

(c) The Parties agree to record the fully executed and acknowledged Conservation Easement Assignment and Assumption Agreement in the Official Records of Nevada County on the Closing Date as provided in Section 7.3.

ARTICLE 3

CERTAIN PRE-CLOSING COVENANTS

3.1 Pre-Closing Operations, Maintenance and Repair. Between the Execution Date and the Closing Date, PG&E at its sole cost and expense shall:

(a) retain all control over and, as between the Parties, shall make all decisions with respect to the operations, maintenance, management and repair of the Narrows Assets;

(b) operate, maintain, manage and repair the Narrows Assets in compliance with all applicable Governmental Rules insofar as they relate to the Narrows Project;

(c) operate, maintain, manage and repair the Narrows Assets consistent with the Coordinated Operations Agreement;

(d) operate, maintain, manage and repair the Narrows Assets in accordance with Prudent Utility Practices;

(e) operate, maintain, manage and repair the Narrows Assets in substantially the same manner as other PG&E small hydro assets;

(f) operate, maintain, manage and repair the Narrows Assets in substantially the same manner as they have previously been carried out, and PG&E shall not make or institute any unusual or novel methods of operation, management or accounting that vary from methods and practices used by PG&E as of the Execution Date, except as may be required by Governmental Rules;

(g) provide YCWA with an opportunity to review and comment on PG&E's plans to make any material capital expenditure on the Narrows Assets prior to making such expenditure;

(h) consult with YCWA pursuant to the customary and usual communication practices of the Parties with respect to any decision that either Party reasonably determines could have a material impact on the operation of the Narrows Assets;

(i) consult with YCWA by telephone conference call on a monthly basis, or on such other basis as may be agreed upon by the Parties, with respect to any decision that either Party reasonably determines could have a material impact on the scheduling or marketing of generation from the Narrows Project; and

(j) not approve any new or extended Lien on, against, or encumbering any of the Narrows Assets, other than as may be required to satisfy its obligations under Sections 3.1(b) through (f). However, if PG&E does approve any such new or extended pre-Closing Lien to

satisfy its obligations under Sections 3.1(b) through (f), it shall provide written notice of such Lien to YCWA.

3.2 Reasonable Access and Consultation.

(a) Between the Execution Date and the Closing Date, and upon reasonable advance written notice received from YCWA, PG&E shall afford YCWA and its representatives access, during regular business hours, to the Narrows Project to confirm PG&E's compliance with Section 3.1 (Pre-Closing Operations, Maintenance and Repair). YCWA shall exercise such right of access in a manner that does not unreasonably interfere with the activities of PG&E or its contractors.

(b) Between the Execution Date and the Closing Date, PG&E shall consult and coordinate with YCWA as reasonably appropriate with respect to actions undertaken by PG&E with regard to the Narrows License and the relicensing of the Narrows Project. In the event YCWA desires to provide direction to PG&E with respect to the relicensing of the Narrows Project, YCWA shall do so in writing and at reasonable and appropriate intervals. PG&E shall follow such direction if PG&E determines that, in its sole discretion after consultation with YCWA, doing so could not result in a material adverse impact on PG&E's position or interests in its relicensing of the Narrows Project in the event the Closing does not occur.

(c) Between the Execution Date and the Closing Date, PG&E will not, without YCWA's written consent, such consent not to be unreasonably withheld, conditioned or delayed, enter into or approve any contract, contract amendment, lease or other transaction directly affecting the Narrows Assets, except for those contracts, contract amendments, leases, or transactions that (i) are in the usual and ordinary course of operating, maintaining, managing or repairing the Narrows Assets, and (ii) are in the amount of or involve less than One Hundred Thousand Dollars (US \$100,000), unless otherwise required under Governmental Rules.

3.3 Commercially Reasonable Efforts. Upon the terms and subject to the conditions of this Agreement, each of the Parties shall use its Commercially Reasonable Efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable consistent with Governmental Rules to consummate and make effective in the most expeditious manner practicable the Acquisition contemplated by this Agreement. Each of the Parties shall cooperate with the other and its representatives with respect to all filings, submissions and acknowledgements that a Party elects to make or, pursuant to Governmental Rules, shall be required to make in connection with the Acquisition contemplated by this Agreement. PG&E and YCWA agree to provide such reasonable assistance that the other may reasonably request to support the transfer of the Narrows Assets pursuant to this Agreement.

3.4 Notifications.

(a) PG&E and YCWA shall prepare a mutually acceptable joint application to the FERC for its approval of (i) the transfer of the Narrows License to YCWA pursuant to Section 8 of the Federal Power Act (16 U.S.C. § 801) and Part 9 of the FERC Regulations (18 C.F.R. Part 9), and (ii) the transfer of the Narrows Primary Transmission Line into the Narrows 2

Transmission Line License ("FERC Transfer Application"). PG&E shall file the agreed-upon final version of the FERC Transfer Application with the FERC on behalf of the Parties.

(b) Between the Execution Date and the Closing Date, PG&E shall diligently prosecute the FERC Transfer Application and promptly shall notify YCWA of any proceedings, actions, claims, suits or investigations pending or threatened against the Narrows Assets or PG&E with respect thereto, as well as any proceeding, action, claim, suit or investigation against PG&E that challenges or could affect the Acquisition contemplated by this Agreement.

(c) Between the Execution Date and the Closing Date, after obtaining Knowledge thereof, PG&E shall provide prompt written notice to YCWA of any material change in any of the information contained in PG&E's representations and warranties made in Article VIII or any Exhibits or Schedules and promptly shall furnish any information which YCWA may reasonably request in relation to such change; provided, however, that such notice shall not operate to cure any breach of PG&E's representations and warranties made in Article VIII or any Exhibits or Schedules.

(d) Between the Execution Date and the Closing Date, after obtaining Knowledge thereof, PG&E promptly shall, and in any event within fifteen (15) Business Days after receipt thereof, provide to YCWA all material notices, correspondence and other communications from any Governmental Authority relating to the Narrows Assets with the exception of routine or standard communications from the CAISO.

3.5 Publicity. Prior to (a) the Closing or (b) if this Agreement is terminated pursuant to Section 12.12 (Termination), the close of business on the date that constitutes the six (6) month anniversary of the date of such termination, no Party or any Affiliate of a Party shall issue any press release or otherwise make any public statement with respect to this Agreement or the Acquisition contemplated hereby without the other Party's prior written consent, except as may be required by Governmental Rule or stock exchange rule (in which case the Party subject to such requirement shall consult with the other Party regarding the content of any such press release or announcement prior to its release). However, this Agreement shall not restrict or affect any public statement made by any PG&E or YCWA director, officer or employee at a public meeting or in meeting minutes concerning this Agreement or the implementation and consummation of the Acquisition contemplated by this Agreement. Nothing in this Section is intended to affect a Party's obligations under Section 10.2 (Confidentiality).

3.6 Catastrophic Failure. If a Catastrophic Failure occurs between the Execution Date and the Closing Date, the Parties promptly shall meet and confer to discuss the scope of the work required to restore the Narrows Project to the condition it was in prior to the occurrence of the Catastrophic Failure ("Restoration Work"). Either Party shall have the right to terminate this Agreement under Section 12.12 by written notice to the other no earlier than sixty (60) calendar days from the date that the Parties first met and conferred as required in the preceding sentence ("Election to Terminate") if (a) the Parties cannot agree upon the scope of the Restoration Work; (b) the Parties cannot agree upon whether to perform the Restoration Work; or (c) the Parties agree not to perform the Restoration Work. In the event neither Party timely exercises its Election to Terminate following a Catastrophic Failure, then the Parties shall negotiate thereafter, in good faith, with respect to the specific terms and conditions for the performance of the

Restoration Work including its scope, and shall use Commercially Reasonable Efforts to implement such terms and conditions in accordance with the Parties' intent to consummate and make effective in the most expeditious manner practicable the Acquisition contemplated by this Agreement.

3.7 Title Review.

(a) YCWA shall have thirty (30) calendar days following the Execution Date to notify PG&E in writing as to any items (other than Permitted Encumbrances) on the Preliminary Title Report that are unacceptable to YCWA. If YCWA fails to furnish PG&E with such an objection notice within said thirty (30) day period, YCWA shall be deemed to have irrevocably waived any right to object to such information, and this Agreement shall continue in full force and effect.

(b) No later than ninety (90) calendar days prior to the expected date for the Closing, YCWA shall obtain from the Title Company an updated Preliminary Title Report for the Title Policy. YCWA shall have twenty (20) calendar days following its receipt of the updated Preliminary Title Report to object to PG&E in writing as to any items (other than Permitted Encumbrances) not appearing on the original Preliminary Title Report that are unacceptable to YCWA. If YCWA fails to furnish PG&E with such an objection notice within said twenty (20) day period, YCWA shall be deemed to have irrevocably waived any right to object to such information, and this Agreement shall continue in full force and effect.

(c) The Parties acknowledge and agree that PG&E shall have no obligation to cure any such objection(s). To the extent that PG&E elects to do so, PG&E shall use commercially reasonable efforts to remove or otherwise cure the objection(s) identified in any such notice prior to the Closing. If PG&E is unable or unwilling to cure such objection(s), and if the Title Company does not agree to insure over, without additional costs in excess of Five Thousand Dollars (\$5,000.00) to YCWA, any such objection(s), then YCWA may elect by written notice to PG&E to either accept title to the Narrows Fee Parcel subject to the objection(s) or terminate this Agreement pursuant to Section 12.12.

ARTICLE 4

MUTUAL CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BOTH PARTIES AT THE CLOSING

Each Party's respective obligations under this Agreement are subject to the satisfaction (or waiver by both Parties), on or prior to the Closing, of each of the following mutual conditions precedent:

4.1 Interconnection Data. PG&E shall have provided to YCWA data in the possession of and reasonably available to PG&E that reasonably is necessary to support (a) the execution of an interconnection agreement between and among YCWA, PG&E and the CAISO for the Narrows Project and (b) the execution of a Meter Service Agreement and a Participating Generator Agreement between YCWA and the CAISO; provided, however, that PG&E's

provision of any such data hereunder shall be consistent with FERC regulations, rules and standards as determined by PG&E.

4.2 Interconnection Agreement. If required for YCWA to market generation from the Narrows Project after the Closing, YCWA shall have completed the appropriate interconnection process with the CAISO for the Narrows Project, including confirmation to the reasonable satisfaction of YCWA that the Narrows Project meets current CAISO interconnection standards, the execution of an interconnection agreement between and among YCWA, PG&E and the CAISO in substantially the form attached hereto as Exhibit E, and the execution of a Meter Service Agreement and a Participating Generator Agreement between YCWA and the CAISO.

4.3 Section 851 Authorization. The CPUC shall have authorized the sale of the Narrows Assets to YCWA in accordance with the terms and conditions of this Agreement under Section 851 of the California Public Utilities Code.

4.4 FERC Approval. FERC Approval of (i) the Narrows License transfer and (ii) the Narrows Primary Transmission Line transfer shall have been obtained.

(a) While the FERC Approval is a pre-Closing condition, the parties anticipate that the FERC Approval will be contingent upon final Closing, submittal to FERC of certified copies of the Closing conveyance documents, transferee acceptance of the FERC Approval by signing and returning an acceptance sheet, and possibly other contingencies to be set forth in the FERC Approval. The post-Closing final satisfaction of the FERC Approval contingencies shall be referred to as the "FERC Approval Completion."

(b) If the FERC Approval is subject to a contingency or condition other than final Closing, submittal to FERC of certified copies of the Closing conveyance documents, and transferee acceptance of the FERC Approval, and if YCWA reasonably determines the other contingency or condition constitutes a Material Adverse Change, then YCWA may terminate this Agreement by giving written notice of such termination to PG&E pursuant to Section 12.12.

4.5 Conservation Easement. PG&E, YCWA and BYLT shall have executed and acknowledged the Conservation Easement Assignment and Assumption Agreement.

ARTICLE 5

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF YCWA AT THE CLOSING

In addition to the mutual conditions in Article IV above, YCWA's obligations under this Agreement, including the obligation to pay the Purchase Price and to take the other actions required to be taken by YCWA at the Closing, are subject to the satisfaction (or waiver by YCWA in its sole discretion), on or prior to the Closing, of each of the following conditions precedent:

5.1 Compliance with Provisions. PG&E shall have performed or complied in all material respects with all covenants, agreements and conditions contained in this Agreement on its part required to be performed or complied with at or prior to the Closing and shall not

otherwise be in breach in any material respect of any of its covenants and agreements contained herein as of the Closing.

5.2 No Conflict. Neither the consummation nor the performance of any of the Acquisition contemplated by this Agreement shall, directly or indirectly (with or without notice or lapse of time), contravene or conflict with or result in a violation of any applicable Governmental Rule.

5.3 Representations and Warranties. All representations and warranties of PG&E contained in Article VIII shall be true and correct in all material respects as of the Closing.

5.4 No Adverse Proceedings or Events. With respect to any suit, action or other proceeding against any Party or its Affiliates by any court or Governmental Authority (including administrative proceedings) there is no order, judgment or injunction that has been issued, or if such proceeding is still pending, is reasonably likely to be issued, which restrains or prohibits one or more of the Acquisition contemplated by this Agreement, including the Closing.

5.5 Deliveries. PG&E shall have delivered, or caused to be delivered, to YCWA at the Closing the documents and other deliverables listed in Section 7.2(a) (Deliveries by PG&E).

5.6 Title Review for Narrows Fee Parcel. YCWA shall have approved the status of the title to the Narrows Fee Parcel pursuant to Section 3.7, and the Title Company is prepared to issue the Title Policy to YCWA, at YCWA's sole cost and expense.

5.7 No Termination. Neither Party shall have exercised any termination right such Party is entitled to exercise pursuant to Section 12.12 (Termination).

5.8 Schedules and Exhibits. PG&E shall have updated all Schedules and Exhibits as provided in Article VIII to reflect information current as of the Closing Date, and YCWA shall have received, reviewed and approved the updated Schedules and Exhibits pursuant to Article VIII.

5.9 Governmental Approvals, Permits and Consents. Subject to Section 10.8 (Transfer and Amendment), YCWA shall have received the Governmental Approvals, Permits and Consents that are identified in Schedule 2.1(d), each of which shall be in full force and effect when transferred.

5.10 Only Permitted Encumbrances. The Narrows Assets shall be conveyed to YCWA free and clear of any Liens other than Permitted Encumbrances.

5.11 Asset Condition Assessment. YCWA shall have undertaken a pre-Closing inspection and assessment of the Narrows Project and Tangible Personal Property and confirmed that (i) the Narrows Project and Tangible Personal Property are operable, functional, and capable of generating power, and (ii) there has been no Material Adverse Change to or affecting the Narrows Project or Tangible Personal Property since the Execution Date. PG&E operations staff shall assist and cooperate with YCWA in undertaking this inspection and assessment. The pre-Closing condition inspection and assessment shall include, but not be limited to, a demonstration of full functionality and operability of the Narrows Project and Tangible Personal Property by, at

YCWA's reasonable discretion, actual performance of the specific equipment or item or by PG&E providing up-to-date and satisfactory test, inspection, and maintenance records. The specific items to be assessed are set forth on the attached Schedule 5.11.

5.12 County Review. The Nevada County Planning Department has approved YCWA's proposed acquisition of the Narrows Fee Parcel pursuant to California Government Code section 65402(c) or County disapproval has been overruled by YCWA.

5.13 Change Petition Approval. The State Water Resources Control Board has approved the water right change petition to add the YCWA Narrows 2 project as a permitted place of use for the Narrows Water Rights. However, if the State Water Resources Control Board has not approved the water right change petition by the time of the Closing, then at Closing PG&E shall assign and transfer to YCWA all of its right, title, and interest in the petition. This assignment shall be added to the Assignment and Assumption Agreement. Additionally, following the Closing, PG&E shall make Commercially Reasonable Efforts to provide such information, sign and deliver such further instruments and documents, and take such actions as may be reasonably requested by YCWA or the State Water Resources Control Board in order to facilitate the processing and approval of the petition.

5.14 Cutover Plan. The Parties have prepared and approved a "cutover plan" that describes the at-Closing and post-Closing plan to switch operational control of the Narrows Project from the PG&E Wise Switching Center to the YCWA Colgate Control Room and related operational testing.

5.15 Shared Facility/Site Operations Agreement Amendment. The Parties have approved an amendment of the Shared Facility/Site Operations Agreement to address PG&E's post-Closing access to and use of the Narrows Fee Parcel in connection with the Excluded Assets that will be located on YCWA-owned real property, on terms satisfactory to the Parties. The amendment terms will include, but not be limited to, the following:

- (i) Communication protocol for PG&E to notify YCWA when accessing the site;
- (ii) PG&E access to the Narrows Fee Parcel, including access via tram to the Narrows Powerhouse, for transmission line-related inspection and maintenance and clearance point inspection;
- (iii) Communication between Parties to coordinate generator and transmission line outages;
- (iv) Communication between Parties for clearance point identification and lock-out-tag-put/clearance procedures; and
- (v) Exhibit memorializing the equipment, facilities, improvements, and structures located on the Narrows Fee Parcel and owned post-Closing by PG&E.

ARTICLE 6

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PG&E AT THE CLOSING

In addition to the mutual conditions in Article IV above, PG&E's obligations under this Agreement, including to complete the sale of the Narrows Assets, to transfer the Narrows Assets to YCWA, and to take the other actions required to be taken by PG&E at the Closing, are subject to the satisfaction (or waiver by PG&E in its sole discretion), on or prior to the Closing, of each of the following conditions precedent:

6.1 Compliance with Provisions. YCWA shall have performed or complied in all material respects with all covenants, agreements and conditions contained in this Agreement on its part required to be performed or complied with at or prior to the Closing and shall not otherwise be in breach in any material respect of any of its covenants and agreements contained herein as of the Closing.

6.2 No Conflict. Neither the consummation nor the performance of any of the Acquisition contemplated by this Agreement shall, directly or indirectly (with or without notice or lapse of time), contravene or conflict with or result in a violation of any applicable Governmental Rule.

6.3 Representations and Warranties. All representations and warranties of YCWA contained in Article IX shall be true and correct in all material respects as of the Closing Date.

6.4 No Adverse Proceedings or Events. With respect to any suit, action or other proceeding against any Party or its Affiliates by any court or Governmental Authority (including administrative proceedings) there is no order, judgment or injunction that has been issued, or if such proceeding is still pending, is reasonably likely to be issued, which restrains or prohibits one or more of the Acquisition contemplated by this Agreement, including the Closing.

6.5 Deliveries. YCWA shall have delivered, or caused to be delivered, to PG&E at the Closing the applicable payment and other deliverables listed in Section 7.2(b) (Deliveries by YCWA).

6.6 No Termination. Neither Party shall have exercised any termination right such Party is entitled to exercise pursuant to Section 12.12 (Termination).

6.7 CPUC Approval. PG&E shall have obtained CPUC Approval.

6.8 FERC Amendment of the Narrows 2 Transmission License. FERC shall have provided a process and schedule to amend the Narrows 2 Transmission License to incorporate the Narrows Primary Transmission Line in a manner reasonably acceptable to PG&E.

6.9 Narrows Primary Transmission Line Easement. YCWA shall have executed the Narrows Primary Transmission Line Easement (unless the easement is created by a reservation in the Deed).

6.10 Governmental Approvals, Permits and Consents. PG&E shall have received all required Governmental Approvals, Permits and Consents for the sale and transfer of the Narrows Assets in form and substance reasonably acceptable to PG&E.

ARTICLE 7

CLOSING

7.1 Open Escrow; Closing. Within ten (10) days after the later of the CPUC Approval or FERC Approval, YCWA shall open an escrow ("Escrow") with Placer Title Company, 5828 Lonetree Blvd., Suite 200, Rocklin, CA (attention Scott Stanford) by delivering a fully-executed copy of escrow instructions detailing the Closing deliverables and process set forth in this Agreement ("Escrow Instructions") to the Title Company. Subject to the satisfaction or waiver of the conditions set forth in this Agreement, and unless earlier terminated under Section 12.12 (Termination), the consummation of YCWA's purchase of PG&E's right, title and interest in and to the Narrows Assets contemplated hereby ("Closing") shall take place at the Title Company as soon as practicable following the satisfaction or waiver of all conditions precedent to the Closing. The "Closing Date" shall be the date that the Title Company records the Deed and other transaction documents in accordance with Section 7.3. If the CPUC Approval and FERC Approval have not occurred within 18 months after the CPUC Filing Date (or such longer period as may be approved in writing by the Parties), then either YCWA or PG&E may terminate this Agreement by giving written notice of such termination to the other Party pursuant to Section 12.12.

7.2 Deliveries at Closing.

(a) Deliveries by PG&E. At least one (1) business day before the Closing Date, PG&E shall deposit or cause to be deposited with the Title Company the items described below:

(i) a bill of sale in the form of Exhibit A ("Bill of Sale") duly executed by PG&E with respect to the (1) Narrows Project; (2) Tangible Personal Property; and (3) Narrows Project Records; each Schedule for which shall be updated as contemplated in Section 5.8 and Article VIII of this Agreement and attached to the Bill of Sale;

(ii) an assignment and assumption agreement in the form of Exhibit B ("Assignment and Assumption Agreement") duly executed by PG&E with respect to the (1) Governmental Approvals, Permits and Consents; (2) Narrows License; (3) Narrows Water Rights; and (4) Assumed Contracts; each Schedule for which shall be updated as contemplated in Section 5.8 and Article VIII of this Agreement and attached to the Assignment and Assumption Agreement;

(iii) a grant deed in the form of Exhibit C ("Deed") duly executed by PG&E transferring and conveying good, marketable and insurable fee simple title to the Narrows Fee Parcel and Narrows Water Rights to YCWA in recordable form;

(iv) evidence in form and substance reasonably satisfactory to YCWA that, at or prior to the Closing, all Liens on the personal and real property included in the

Narrows Assets, other than Permitted Encumbrances, have been discharged by PG&E or by the Person in whose favor such Liens exist, which evidence shall in any case be satisfied by UCC termination statements or the equivalent instruments or documents previously delivered to and approved by YCWA, and at no expense to YCWA;

(v) a certificate executed on behalf of PG&E by an authorized officer or representative of PG&E, dated as of the Closing Date, representing and certifying that (1) the conditions specified in Article IV and VI hereof have been fulfilled, (2) the representations and warranties made by PG&E under Article VIII (as they may have been updated pursuant to this Agreement) are true and correct in all material respects as of the Closing Date with the same effect as though those representations and warranties had been made again at and as of the Closing Date, (3) the information in the Schedules (as it may be updated pursuant to this Agreement) is true and correct in all material respects as of the Closing Date, and (4) all of the terms, covenants and conditions to be complied with and performed by PG&E on or prior to the Closing Date have been complied with or performed in all material respects; and

(vi) an executed and acknowledged original of the Conservation Easement Assignment and Assumption Agreement which shall be recorded in the Official Records of Nevada County on the Closing Date immediately after the Deed.

(vii) the following completed, signed, and file-ready State Water Resources Control Board forms: Change of Ownership Form concerning the transfer of the appropriative water right (License 6388); and Supplemental Statement for Change in Diverter Name, Address or Responsible Party Form concerning the transfer of the riparian water right (S010838).

(viii) PG&E's signed counterpart of the Escrow closing statement for the Title Company in a form as mutually agreed to by the Parties, together with such other instruments and documents as may be reasonably required by the Title Company.

(ix) an assignment in the form of Exhibit G ("Assignment of Reserved Rights (U.C. Parcel)") duly executed by PG&E transferring and conveying title to YCWA, in recordable form, all rights reserved by PG&E in its January 20, 2015, deed to the Regents of the University of California.

(b) Deliveries by YCWA. At least one (1) business day before the Closing Date, YCWA shall deposit or cause to be deposited with the Title Company the items described below:

(i) the payment required under Section 2.4(a);

(ii) an executed and acknowledged original of the Conservation Easement Assignment and Assumption Agreement, which shall be recorded in the Official Records of Nevada County on the Closing Date immediately after the Deed pursuant to Section 2.5(d);

(iii) a certificate executed on behalf of YCWA by an authorized officer or representative of YCWA, dated as of the Closing Date, representing and certifying that (1) the conditions specified in Article IV and V hereof have been fulfilled; (2) the representations and

warranties made by YCWA under Article IX are true and correct in all material respects as of the Closing Date with the same effect as though those representations and warranties had been made again at and as of the Closing Date, and (3) all of the terms, covenants and conditions to be complied with and performed by YCWA on or prior to the Closing Date have been complied with or performed in all material respects;

(iv) YCWA's acknowledgement and execution, as applicable, of the Bill of Sale and the Assignment and Assumption Agreement, each as delivered by PG&E hereunder; and

(v) YCWA's payment in full of the Title Policy premium and all other related costs and expenses in the amount charged by the Title Company.

(vi) YCWA's signed counterpart of the Escrow closing statement for the Title Company in a form as mutually agreed to by the Parties together with such other instruments and documents as may be reasonably required by the Title Company.

7.3 Close of Escrow. At the Closing, the Parties shall instruct the Title Company to close Escrow by the following actions:

(a) Recording the Deed, the Assignment of Reserved Rights (U.C. Parcel) and Conservation Easement Assignment and Assumption Agreement, and instructing the Nevada County Recorder to deliver the original documents to YCWA after recording, and to deliver a conformed copies of the recorded documents to PG&E;

(b) Delivering the Bill of Sale, Assignment and Assumption Agreement, Change of Ownership Form concerning the transfer of the appropriative water right (License 6388), and Supplemental Statement for Change in Diverter Name, Address or Responsible Party Form concerning the transfer of the riparian water right (S010838) to YCWA;

(c) Delivering to or for the account of PG&E, the Purchase Price paid by YCWA (subject to adjustments pursuant to Sections 2.4 and 7.4); and,

(d) Delivering to YCWA the Title Policy.

7.4 Recordation Costs, Transfer and Sales Taxes, and Escrow Fees. In connection with the Acquisition contemplated by this Agreement, the Parties agree to pay the following costs in accordance with this Section 7.3:

(a) Recordation Fees. PG&E shall bear the cost of the recording fees for recordation of the Deed, the Assignment of Reserved Rights (U.C. Parcel) and the Conservation Easement Assignment and Assumption Agreement.

(b) Transfer and Sales Taxes, and Escrow Fees. The Parties shall split equally, and share on an equal basis, the total liability for (i) any transfer and sales Taxes arising in connection with the sale and transfer of the Narrows Assets hereunder ("Transfer and Sales Taxes"), and (ii) the Escrow fees charged by the Title Company for the Acquisition contemplated hereunder ("Escrow Fees"). YCWA shall pay its share of the Transfer and Sales

Taxes and Escrow Fees as provided in Section 2.4(a) (Purchase Price and Payment). Each Party agrees to provide such cooperation as the other may reasonably request to lawfully minimize its respective incurrence of Transfer and Sales Taxes in connection with the sale or transfer of the Narrows Assets; provided that, such cooperation shall not obligate a Party to take any action inconsistent with the other provisions of this Agreement.

7.5 Cutover Plan. Upon Closing, the Parties will implement the cutover plan approved pursuant to Section 5.14 and all communication circuits will be migrated from PG&E channel banks to YCWA channel banks.

7.6 Possession of Narrows Assets. PG&E shall deliver possession of the Narrows Assets to YCWA on the Closing Date upon the close of Escrow. PG&E shall leave the Tangible Personal Property and on-site Narrows Project Records at the Narrows Project site and possession shall be deemed delivered to YCWA on the Closing Date. For any Narrows Project Records not located on the Narrows Project site, PG&E shall compile and deliver those records to YCWA at least one business day prior to the Closing.

7.7 Termination of Coordinated Operations Agreement. The Parties agree that upon Closing, the Coordinated Operations Agreement shall terminate, except with regard to Articles III, V (with regard to billing and payments related to pre-Closing obligations), Section 6.2, and Articles VII through IX, which will remain in effect until the FERC Approval Completion. The Coordinated Operations Agreement will terminate completely upon the FERC Approval Completion consistent with Section 10.9(e).

ARTICLE 8

REPRESENTATIONS AND WARRANTIES OF PG&E

PG&E represents and warrants to YCWA as of the Execution Date and as of the Closing Date as set forth in this Article VIII, which representations and warranties shall survive the Closing in accordance with Section 11.1 (Survival of the Parties' Representations, Warranties and Covenants); provided that, PG&E shall have no liability for any immaterial breach of any representation or warranty contained herein. PG&E shall update the Schedules and Exhibits as contemplated in Section 5.8 and this Article VIII at such times as PG&E deems appropriate, but at a minimum on or before the date that is thirty (30) calendar days prior to the expected date for the Closing. When PG&E provides an updated Schedule or Exhibit to YCWA, it shall also provide such supporting evidence as is reasonably requested by YCWA to allow YCWA to make a determination as to whether it believes that such updated Schedule or Exhibit evidences a Material Adverse Change. YCWA shall review the updated Schedule or Exhibit and such evidence as is provided by PG&E, and within thirty (30) calendar days after its receipt of the same or such longer period as may be agreed by the Parties, shall advise PG&E whether it believes the updated Schedule or Exhibit reflects a Material Adverse Change. If YCWA fails to advise PG&E within such thirty (30) calendar day period that an updated Schedule or Exhibit reflects a Material Adverse Change, then such updated Schedule or Exhibit shall be deemed not to reflect a Material Adverse Change. In the event YCWA advises PG&E that it has determined that an updated Schedule or Exhibit reflects a Material Adverse Change, YCWA shall specify the reasons for such determination. Any dispute as to whether or not an updated Schedule or

Exhibit evidences a Material Adverse Change shall be resolved in accordance with Section 12.9 (Dispute Resolution). If the Parties agree, or it is determined under Section 12.9, that a Material Adverse Change has occurred, then YCWA may terminate this Agreement.

8.1 Transaction Representations.

(a) Organization and Existence. PG&E is a duly organized and validly existing corporation in good standing under the laws of California and is qualified to transact business in the State of California.

(b) Execution, Delivery and Enforceability. Subject to CPUC Approval and FERC Approval, PG&E has all requisite power and authority to enter into and carry out its obligations under this Agreement. The execution, delivery and performance by PG&E of this Agreement, and the consummation of the Acquisition contemplated hereby, have been duly authorized by all necessary corporate or company action required on the part of PG&E. This Agreement has been duly and validly executed and delivered by PG&E and constitutes the valid and legally binding obligation of PG&E, enforceable against PG&E in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general equitable principles.

(c) No Violation. None of the execution and delivery of this Agreement, the performance or compliance with any provision hereof, or the consummation of the Acquisition contemplated hereby will:

(i) violate, or conflict with, or result in a breach of any provision of the Governing Documents of PG&E;

(ii) subject to obtaining CPUC Approval and FERC Approval, violate any Governmental Rule or Consent, or result in the termination of, or require the material modification of any Governmental Rule or Consent, in each case that PG&E is required to comply with to own or operate the Narrows Project; or

(iii) result in the creation or imposition of any Lien, other than Permitted Encumbrances, upon any of the Narrows Assets, or a breach of, or constitute a default under, or give to any other Person any right of termination, amendment, acceleration or cancellation of any agreement to which PG&E is a party that would affect the Narrows Assets.

8.2 Compliance with Governmental Rules and Disclosure. To the Knowledge of PG&E, no material violation exists under any Governmental Rules (including Environmental Laws) applicable to the Narrows Assets. To the Knowledge of PG&E, PG&E has disclosed to YCWA all material information relating to the Narrows Assets that is in its possession.

8.3 Litigation. There is no pending or, to the Knowledge of PG&E, threatened actions, suits, proceeding, investigation, request for information, or notice of violation by any Governmental Authority or other Person which could reasonably be expected to result, or has resulted, in (a) the institution of legal proceedings to prohibit or restrain the performance of this Agreement or the consummation of the Acquisition contemplated hereby, (b) a claim for

damages as a result of this Agreement or the consummation of the Acquisition contemplated hereby, or (c) potential fines, penalties, or other liability arising out of an alleged violation of Environmental Law involving the Narrows Assets. To the Knowledge of PG&E, there is no reasonable basis for such a litigation, claim, investigation or proceeding, which directly and specifically relates to the Narrows Assets.

8.4 Brokers. All negotiations relating to this Agreement and the Acquisition contemplated hereby have been carried on by PG&E without the intervention of any other Person and in such a manner as not to give rise to any valid claim against YCWA (by reason of PG&E's actions) for a brokerage commission, finder's fee or other like payment to any Person.

8.5 No Third Party Options. Except for the agreement to transfer the Narrows Assets to YCWA subject to the terms and conditions of this Agreement (including with respect to the Conservation Easement), there are no existing agreements, options or commitments granting to any Person the right to acquire any interest in any of the Narrows Assets.

8.6 Zoning and Condemnation. To the Knowledge of PG&E, there are no pending or threatened proceedings or governmental actions to modify the zoning classification of, or to condemn or take by power of eminent domain or to classify as a landmark or otherwise impose any similar restraint or restriction on, all or any part of the Narrows Assets (except with respect to the terms and conditions of this Agreement relating to the Conservation Easement).

8.7 Title. PG&E has title or the ownership rights to the Narrows Fee Parcel, the Narrows Water Rights, the Narrows Project, the Narrows Project Records, and the Tangible Personal Property free and clear of all Liens other than Permitted Encumbrances.

8.8 Permits. To the Knowledge of PG&E, PG&E has obtained and properly maintained all Permits necessary for the operation of the Narrows Assets and all such Permits are in full force and effect.

ARTICLE 9

REPRESENTATIONS AND WARRANTIES OF YCWA

YCWA represents and warrants to PG&E as of the Execution Date and as of the Closing Date as set forth in this Article IX, which representations and warranties shall survive the Closing in accordance with Section 11.1 (Survival of the Parties' Representations, Warranties and Covenants); provided that, YCWA shall have no liability for any immaterial breach of any representation or warranty contained herein.

9.1 Transaction Representations.

(a) Organization and Existence. YCWA is a duly organized and validly existing public water agency in good standing under the laws of the State of California and is qualified to do business in the State of California.

(b) Execution, Delivery and Enforceability. Subject to CPUC Approval and FERC Approval, YCWA has all requisite power and authority to enter into and to carry out its

obligations under this Agreement. The execution, delivery and performance by YCWA of this Agreement, and the consummation of the Acquisition contemplated hereby, have been duly authorized by all necessary action required on the part of YCWA. This Agreement has been duly and validly executed and delivered by YCWA and constitutes the valid and legally binding obligation of YCWA, enforceable against YCWA in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general equitable principles.

(c) No Violation. Neither the execution and delivery of this Agreement, nor the compliance with any provision hereof, nor the consummation of the Acquisition contemplated hereby will:

(i) violate or conflict with, or result in a breach of any provision of the Governing Documents of YCWA; or

(ii) subject to CPUC Approval and FERC Approval, violate any Governmental Rule or Consent, or result in the termination of, or require the material modification of any Governmental Rule or Consent, in each case applicable to YCWA.

(d) Due Diligence Investigation and Other Acknowledgements. YCWA acknowledges and agrees that, upon satisfaction or waiver of the Closing conditions set forth in Articles IV and V, (i) it has been afforded access to and the opportunity to inspect all of the Narrows Assets, (ii) it has been provided and has reviewed all of the documents listed or described in PG&E's Schedules, and (iii) it is relying upon its own inspections, review and investigations of the Narrows Assets, and the accuracy of the representations and warranties of PG&E contained in Article VIII in the purchase of the Narrows Assets and the consummation of the Acquisition contemplated by this Agreement. YCWA acknowledges and agrees that it has reviewed and accepted the disclaimers set forth in Section 10.5 (Disclaimer of Other PG&E Representations and Warranties).

9.2 Litigation. There is no pending or, to the Knowledge of YCWA, threatened action, suit, proceeding, investigation or request for information by any Governmental Authority or other Person which could result, or has resulted, in (a) the institution of legal proceedings to prohibit or restrain the performance of this Agreement, or the consummation of the Acquisition contemplated hereby, or (b) a claim for damages as a result of this Agreement, or the consummation of the Acquisition contemplated hereby. To the Knowledge of YCWA, there is no reasonable basis for such a litigation, claim, investigation or proceeding, which directly and specifically relates to any of the Narrows Assets.

9.3 Brokers. All negotiations relating to this Agreement and the Acquisition contemplated hereby have been carried on by YCWA without the intervention of any other Person and in such a manner as not to give rise to any valid claim against PG&E (by reason of YCWA's actions) for a brokerage commission, finder's fee or other like payment to any Person.

ARTICLE 10

OTHER COVENANTS AND AGREEMENTS

10.1 CPUC Approval. PG&E agrees to file the CPUC Application for CPUC Approval within sixty (60) calendar days after the Execution Date. Prior to doing so, PG&E shall provide YCWA with a reasonable opportunity to review the draft CPUC Application and to comment on its contents, and to consult with YCWA with respect to any conditions or requirements applicable to the ownership or operation of the Narrows Assets proposed in the draft CPUC Application. PG&E shall provide notice to YCWA of the CPUC Filing Date within five (5) Business Days thereafter. By no later than the date that is five (5) Business Days after the CPUC issues one or more draft orders with respect to the grant or denial of relief requested from it in the CPUC Application, PG&E shall provide YCWA with a copy of such draft order or orders ("CPUC Preliminary Notice"). If the applicable order or orders issued by the CPUC with respect to the grant or denial of relief requested from it in the CPUC Application would, if final and non-appealable, constitute CPUC Approval, then PG&E shall notify YCWA that the CPUC Approval has been obtained not later than five (5) Business Days following the date that the applicable order or orders have become final and non-appealable ("CPUC Approval Notice Date"). If the applicable order or orders issued by the CPUC with respect to the grant or denial of relief requested from it in the CPUC Application could not, even if final and non-appealable, constitute CPUC Approval, but would satisfy the mutual condition precedent in Section 4.3 (Section 851 Authorization), then the Parties promptly shall meet and confer with respect to such order(s); provided that, PG&E shall determine in its sole discretion whether to waive the condition precedent to Closing in Section 6.7 (CPUC Approval).

10.2 Confidentiality.

(a) Neither Party shall disclose any Confidential Information to a third party, other than (i) such Party's employees, officers, lenders, counsel, accountants, advisors, rating agencies, equity investors, potential lenders or potential equity investors who have a need to know such information and have agreed to keep such terms confidential, (ii) to the CPUC under seal for purposes of review, (iii) disclosure of terms specified in and pursuant to this Section 10.2; (iv) in order to comply with any applicable law, regulation, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (v); (v) in order to comply with any applicable regulation, rule, or order of the CPUC or the California Energy Commission; or (vi) as PG&E deems necessary in order to demonstrate the reasonableness of its actions to duly authorized governmental or regulatory agencies including the CPUC or any division thereof.

(b) In connection with requests made pursuant to clause (iv) of Section 10.2(a) ("Disclosure Order") and disclosures pursuant to clause (v) or (vi) of Section 10.2(a) ("Regulatory Disclosures") each Party shall, to the extent practicable, use reasonable efforts to (i) notify the other Party prior to disclosing the Confidential Information, and (ii) prevent or limit such disclosure. After using such reasonable efforts, the Disclosing Party shall not be (x)

prohibited from complying with a Disclosure Order or making the Regulatory Disclosures, or (y) liable to the other Party for monetary or other damages incurred in connection with such disclosures of the Confidential Information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(c) The confidentiality obligation hereunder shall not apply to any information that was or hereafter becomes available to the public other than as a result of a disclosure in violation of this Section 10.2.

(d) If this Agreement is terminated pursuant to Section 12.12 (Termination), each Party shall promptly return or certify the destruction of, if so requested by the other Party, any Confidential Information provided to it and shall use Commercially Reasonable Efforts to return any copies thereof that may have been provided to others in accordance with this Section 10.2.

(e) The obligations of the Parties in this Section 10.2 shall survive the termination of this Agreement, the discharge of all other obligations owed by the Parties to each other, any transfer of title to any of the Narrows Assets, and the Closing of the Acquisition contemplated in this Agreement.

(f) The Parties acknowledge that the obligations to prevent disclosure of Confidential Information are subject to the public records laws of the State of California, including the California Public Records Act and the Ralph M. Brown Act. The Parties further acknowledge that Section 6253 of the California Public Records Act provides that any person may receive a copy of any identifiable public record that is not exempt from disclosure under other provisions of the California Public Records Act.

10.3 Tax Matters.

(a) Real and Personal Property Taxes. State and local real and personal property Taxes relating to the Narrows Assets (excluding Transfer and Sales Taxes which shall be shared equally pursuant to Section 7.4(b)) for the tax year in which the Closing occurs shall be the responsibility of (i) PG&E for the period accruing up to the Closing Date and (ii) YCWA for the period accruing on, from, and after the Closing Date. If either Party pays any State or local real or personal property Taxes relating to the Narrows Assets (excluding Transfer and Sales Taxes) with respect to any period for which the other Party is responsible pursuant to this Section 10.3(a), upon receipt of a request from the paying Party, the responsible Party agrees to promptly reimburse the paying Party for the responsible Party's prorated share of such Taxes. All such Taxes assessed on an annual basis (whether calendar or other twelve (12) month period) shall be prorated on the assumption that an equal amount of Taxes applies to each day of the tax year, regardless of how many installment payments are billed or made.

(b) Tax Refunds. PG&E shall be entitled to any refunds or credits of Taxes relating to the Narrows Assets for the period prior to the Closing Date which PG&E has paid prior to or on the Closing Date. YCWA shall promptly notify and forward to PG&E the amounts of any such refunds or credits within sixty (60) calendar days after receipt thereof.

(c) Pending or Threatened Actions. After the Closing Date, YCWA shall notify PG&E in writing, within fifteen (15) calendar days after its receipt of any correspondence, notice or other communication from a taxing authority or any representative thereof, of any pending or threatened Tax audit, or any pending or threatened judicial or administrative proceeding that involves Taxes relating to any of the Narrows Assets for the period prior to the Closing Date, and furnish PG&E with copies of all correspondence received from any taxing authority in connection with any audit or information request with respect to any such Taxes relating to any of the Narrows Assets for the period prior to the Closing Date.

(d) Cooperation and Defense of Tax Claims. Notwithstanding any provision of this Agreement to the contrary, with respect to any claim for refund, audit, examination, notice of deficiency or assessment or any judicial or administrative proceeding that involves Taxes relating to any of the Narrows Assets for the period either (i) prior to the Closing Date, or (ii) prior to, including and after the Closing Date (collectively, "Tax Claim"), the Parties shall reasonably cooperate with each other in contesting any Tax Claim, including making available original books, records, documents and information for inspection, copying and, if necessary, introduction as evidence at any such Tax Claim contest and making employees available on a mutually convenient basis to provide additional information or explanation of any material provided hereunder with respect to such Tax Claim or to testify at proceedings relating to such Tax Claim. PG&E shall control all proceedings taken in connection with any Tax Claim that pertains to the period prior to the Closing Date, and the Parties shall jointly control all proceedings taken in connection with any Tax Claim pertaining to the period prior to, including and after the Closing Date. YCWA has no right to settle or otherwise compromise any Tax Claim which pertains to the period prior to the Closing Date; and neither Party has the right to settle or otherwise compromise any Tax Claim which pertains to the period prior to, including and after the Closing Date without the other Party's prior written consent.

(e) Survival. The obligations of the Parties under this Section 10.3 shall survive the Closing until sixty (60) calendar days following the expiration of the applicable statute of limitations period after giving effect to any waivers or extensions thereof.

10.4 Power Sale Revenue Allocation. All Narrows Project power sale revenue collected by PG&E or YCWA (either before or after the Closing Date) shall be allocated to PG&E and YCWA based upon whether such revenue was earned for power generated and sold prior to or after the Closing Date. Revenue from power generated prior to the Closing Date shall be allocated and distributed pursuant to the Coordinated Operations Agreement. YCWA shall be entitled to revenue from power generated from and after the Closing Date. If a Party collects or receives any payment that, under the above principles, the other Party is entitled to, then the Party receiving the payment will remit the collected monies to other Party. Upon request by either Party within 90 days after the Closing Date, YCWA, in coordination with PG&E, will prepare an accounting and reconciliation statement concerning any payments owed by a Party pursuant to this section. Upon completion of the statement, any Party owing money under this section will pay the amount owed to the other Party within 30 days from the date of the statement. The Parties acknowledge that CAISO calculates and manages the payment of power sale revenue from the Narrows Project and that CAISO may undertake post-Closing Date settlements, corrections, recalculations, and billings that could affect the allocation of revenues and expenses. If, following the Closing Date, there is any CAISO charge or negative payment

adjustment for the Narrows Project, then the Party responsible for that charge or payment adjustment will be based on when the subject power was generated and sold, with PG&E responsible for such charges and adjustments for power generated and sold prior to the Closing Date and YCWA responsible on and after the Closing Date.

10.5 Disclaimer of Other PG&E Representations and Warranties. EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, PG&E MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO ANY OF THE NARROWS ASSETS OR AS TO THE RISKS AND OTHER INCIDENTS OF ANY OF THE NARROWS ASSETS.

WITHOUT LIMITING THE FOREGOING, AND EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, PG&E MAKES NO REPRESENTATIONS OR WARRANTIES OF MERCHANTABILITY, USAGE OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO ANY OF THE NARROWS ASSETS OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, OR COMPLIANCE OF SUCH PROPERTIES OR ASSETS WITH ANY LAWS, INCLUDING ENVIRONMENTAL LAWS, OR AS TO THE CONDITION OF ANY OF THE NARROWS ASSETS OR ANY PART THEREOF, ANY SUCH REPRESENTATIONS AND WARRANTIES BEING HEREBY EXPRESSLY DISCLAIMED.

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, THE NARROWS ASSETS ARE SOLD "AS IS, WHERE IS" ON THE CLOSING DATE, AND IN THEIR RESPECTIVE CONDITION ON SUCH CLOSING DATE "WITH ALL FAULTS."

WITHOUT LIMITING THE FOREGOING, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, NO MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS BY PG&E OR ITS REPRESENTATIVES TO YCWA, WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF ANY OF THE NARROWS ASSETS OR ANY PART THEREOF.

ANY AND ALL DOCUMENTS AND OTHER MATERIALS PROVIDED TO YCWA BY OR ON BEHALF OF PG&E (COLLECTIVELY, "DUE DILIGENCE MATERIALS") WERE MADE AVAILABLE TO YCWA AS A COURTESY, AND THAT, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, PG&E DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF THE DUE DILIGENCE MATERIALS, AND YCWA AGREES THAT IT HAS NOT BEEN AUTHORIZED TO RELY UPON THE DOCUMENTS, REPORTS AND OTHER MATERIALS INCLUDED IN THE DUE DILIGENCE MATERIALS AND THAT PG&E SHALL HAVE NO LIABILITY FOR THE CONTENTS AND ACCURACY OF THE DUE DILIGENCE MATERIALS. YCWA ACKNOWLEDGES AND AGREES THAT PG&E AND ITS AFFILIATES HAVE GONE THROUGH NUMEROUS MANAGEMENT CHANGES AND PERSONNEL CHANGES OVER THE YEARS, AND THE EMPLOYEES

WHO CURRENTLY MANAGE THE NARROWS ASSETS MAY HAVE LITTLE OR NO KNOWLEDGE OF THE LOCATION OR CONTENTS OF THE FILES AND RECORDS RELATING TO THE NARROWS ASSETS. IN LIGHT OF THE VOLUMINOUS FILES AND RECORDS OF PG&E, AND THE UNCERTAINTY OF THE LOCATION OR CONTENT OF SUCH FILES, YCWA ACKNOWLEDGES AND AGREES THAT IT WILL RELY SOLELY ON ITS OWN INVESTIGATIONS IN MAKING ITS DECISION TO COMPLETE THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

10.6 Disclaimer of Other YCWA Representations and Warranties. EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, YCWA MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THIS ACQUISITION OR AS TO THE RISKS AND OTHER INCIDENTS OF ANY OF THE NARROWS ASSETS.

10.7 Ancillary Agreements, Shared Facilities and Access Rights. After the Closing, the Parties understand and agree that, as will be set forth in the amendment to the Shared Facilities/Operations Agreement contemplated in Section 5.15: (a) the Excluded Assets will be located on real property owned by YCWA, and (b) some Narrows Assets will be used by both PG&E and YCWA. The Parties agree that to the extent further modifications to the Shared Facility/Operations Agreement may be required to accommodate the reasonable needs of each Party, PG&E and YCWA agree to work diligently and in good faith to negotiate and approve such further amendments to the Shared Facilities/Operations Agreement as may be reasonably necessary to facilitate PG&E's post-Closing ownership, operation, maintenance and replacement of the Excluded Assets.

10.8 Transfer and Amendment. To the extent that Governmental Rules do not permit, prior to or by the Closing, the transfer, amendment or issuance in the name of YCWA of any Governmental Approval or Permit required to be transferred from PG&E to YCWA hereunder and YCWA is not a co-holder thereof, then PG&E shall use Commercially Reasonable Efforts to prepare and submit prior to or at the Closing all applications, documentation, amendments, certifications or other filings requested or required by Governmental Rules or Governmental Authorities to obtain such transfer, amendment or re-issuance of such Governmental Approval or Permit. PG&E's use of such Commercially Reasonable Efforts and submission of such documents by the Closing shall satisfy the condition precedent in Section 5.9 (Governmental Approvals, Permits and Consents) with respect to any such Governmental Approval or Permit. YCWA shall provide such cooperation as PG&E may reasonably request, prior to and after the Closing Date, to assist PG&E with transferring, amending, or issuing in the name of YCWA any such Governmental Approval or Permit, and shall cooperate with PG&E in executing such applications and other documents as are required to effectuate any transfers (or issuance, as applicable) thereof to YCWA.

10.9 Post-Closing Maintenance and Assignments; Further Assurances.

(a) Election for Maintenance Agreement. No later than ninety (90) calendar days prior to the expected date for the Closing, YCWA may elect by written notice to PG&E to initiate negotiations for a maintenance agreement with PG&E with respect to the Narrows Project. If YCWA makes this election, the Parties shall engage in negotiations for such a

maintenance agreement. In the event the Parties successfully negotiate and agree to execute such maintenance agreement ("Maintenance Agreement"), each Party shall deliver a duly authorized executed version of the Maintenance Agreement to the other Party promptly following its respective execution; provided that, the respective deliveries of such executed Maintenance Agreement shall not be a condition precedent to, or delay in any way, the Closing.

(b) In-Progress Work. Upon the Closing, YCWA shall assume and retain the obligations and liabilities for all work and activities then in-progress by PG&E relating to the Narrows Assets ("In-Progress Work"). No later than ninety (90) calendar days prior to the expected date for the Closing, PG&E shall provide to YCWA a list of such In-Progress Work and thereafter provide to YCWA on a monthly basis any updates to such list up to the Closing Date. No less than five (5) Business Days following the Closing Date, the Parties shall meet and confer with the objective to develop a plan to transfer, to the extent practicable, In-Progress Work from PG&E to YCWA, and to provide YCWA with applicable records or documentation of such In-Progress Work. The transfer of In-Progress Work shall be conducted in good faith and in such a manner and time frame as to result in a timely, cost-effective and functionally viable transition for both Parties. Consistent with Section 2.3(a) (Assumption of Liabilities and Obligations), PG&E shall be responsible for the costs incurred prior to the Closing Date for In-Progress Work and YCWA shall be responsible for the costs incurred on, from and after the Closing Date for In-Progress Work, including the costs incurred by PG&E to continue the performance of any In-Progress Work on behalf of YCWA after the Closing Date.

(c) Post-Closing Cooperation.

(i) In the event that any Governmental Approval, Permit, Consent or agreement required to be conveyed or otherwise transferred by PG&E to YCWA at the Closing is not issued in the name of YCWA at or before the Closing, and if YCWA nevertheless proceeds to Closing, PG&E agrees to maintain in effect such Governmental Approval, Permit, Consent or agreement for the benefit of and at the expense of YCWA, and YCWA agrees to perform all obligations and to bear all liabilities under such Governmental Approval, Permit, Consent or agreement, until an applicable amendment or replacement Governmental Approval, Permit, Consent or agreement has been approved by the relevant Governmental Authority or Person and such amendment or replacement has been issued to or received by YCWA as the Person authorized under such Governmental Approval, Permit, Consent or agreement, as applicable.

(ii) From time to time following the Closing Date, PG&E shall execute, acknowledge and deliver such additional documents, instruments of conveyance, transfer, assignment or assurance, and take such other action as YCWA may reasonably request to more effectively assign, convey and transfer to YCWA the entirety of the Narrows Assets and fully vest title in YCWA with respect to the Narrows Assets as provided in this Agreement. Without limiting the generality of the foregoing, after the Closing Date and upon the discovery by PG&E of any items included within the definition of the Narrows Assets, but not transferred, conveyed or assigned to or assumed by YCWA in the Bill of Sale, the Assignment and Assumption Agreement, the Deed, the Assignment of Reserved Rights (U.C. Parcel) or any other applicable instrument of conveyance, PG&E shall (1) promptly deliver written notice to YCWA of the existence and non-transfer or non-assumption of such item and (2) subsequently transfer,

convey or assign to YCWA such item in a manner consistent with this Agreement as if it were a part of the assets transferred under the Agreement as of the Closing Date.

(iii) After the Closing, PG&E shall notify all relevant Governmental Authorities and all third Persons from whom Consents have been obtained or to whom notice must be given of the change in ownership of the Narrows Assets resulting from the Acquisition contemplated herein, in each case to the extent required by Governmental Rules or the agreements to which such Consents relate.

(d) Scheduling Coordinator Services. No later than ninety (90) calendar days prior to the expected date for the Closing, YCWA may elect by written notice to PG&E to initiate negotiations for a scheduling coordinator agreement with PG&E with respect to the Narrows Project. If YCWA makes this election, the Parties shall engage in negotiations for such agreement. In the event the Parties successfully negotiate and agree to execute such agreement ("Scheduling Coordinator Agreement"), each Party shall deliver a duly authorized executed version of the Scheduling Coordinator Agreement to the other Party promptly following its respective execution; provided that, the respective deliveries of such executed Scheduling Coordinator Agreement shall not be a condition precedent to, or delay in any way, the Closing.

(e) Satisfaction of FERC Approval Contingencies. Upon receipt of the FERC Approval, and subject to Section 4.4(b) of this Agreement, YCWA shall do all things necessary and appropriate to satisfy the contingencies set forth in the FERC Approval. It is anticipated that such actions will include, without limitation, submittal by YCWA to FERC of: (a) an executed 'acceptance sheet' acknowledging YCWA's acceptance of the FERC Approval and its terms and conditions; and (b) certified copies of all instruments of conveyance from the Closing. Similarly, if there are any FERC Approval contingencies to be satisfied by PG&E in connection with the transfer of the Narrows Primary Transmission Line into an amended Narrows 2 Transmission Line License, PG&E shall do all things necessary and appropriate to satisfy those contingencies. Between the time of the Closing until the FERC Approval Completion, YCWA shall operate and maintain the Narrows Project at YCWA's expense consistent with Article III and Section 6.2 of the Coordinated Operations Agreement. The Coordinated Operations Agreement will terminate as provided in Section 7.7.

10.10 Disclosure Requirements. PG&E is, or may be, required under California law to disclose if the Narrows Fee Parcel lie within the following natural hazard areas or zones (a) a special flood hazard area designated by the Federal Emergency Management Agency (Government Code Section 8589.3); (b) an area of potential flooding shown on a dam failure inundation map (Government Code Section 8589.4); (c) a very high fire hazard severity zone ("Fire Hazard Severity Zone") (Government Code Section 51183.5); (d) a wildland area that may contain substantial forest fire risks and hazards ("Wildland Fire Zone") (Public Resources Code Section 4136); (e) an earthquake fault zone (Public Resources Code Section 2621.9); or (f) a seismic hazard zone (Public Resources Code Section 2694). YCWA acknowledges and understands that (i) if the Narrows Fee Parcel are located in a Fire Hazard Severity Zone, the owner is subject to the maintenance requirements of Government Code Section 51182; and (ii) if the Narrows Fee Parcel are located in a Wildland Fire Zone, it is subject to the maintenance requirements of Public Resources Code Section 4291, and it is not the State of California's responsibility to provide fire protection services to any building or structure located within a

Wildland Fire Zone unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Public Resources Code Section 4142. In addition, if the Narrows Fee Parcel are situated in one or more of the hazard zones described above, the ability to improve the Narrows Fee Parcel, obtain insurance, or receive assistance after a disaster may be limited. YCWA further acknowledges that the maps on which the natural hazard disclosures are based only estimate where natural hazards exist, and are not definitive indicators of whether or not a property will be affected by a natural disaster. PG&E has employed the services of a Natural Hazards Expert to examine the maps and other information specifically made available to the public by government agencies for the purpose of enabling PG&E to fulfill the foregoing disclosure obligations. A copy of the Natural Hazards Report has been provided to YCWA. YCWA acknowledges that the Natural Hazards Report deals with matters within the scope of the Natural Hazards Expert's professional license or expertise. PG&E shall not be liable for any error, inaccuracy or omission of any information relating to natural hazards disclosures not within its personal knowledge. Except as expressly provided herein, PG&E has made no representations regarding the seismic, geologic or other natural hazards affecting the Narrows Fee Parcel, or the effect thereof on the future use or development thereof, and YCWA should make its own inquiry and investigation of such hazards. Further, YCWA hereby waives, to the fullest extent permitted by law, any other disclosure requirements relating to natural hazards imposed on PG&E by California law.

10.11 PG&E Training. Prior to the Closing and for one year after the Closing Date, PG&E will provide up to 160 hours of PG&E labor during normal business hours for its employees to train YCWA and its staff in the operation and maintenance of the Narrows Project and related tasks. YCWA acknowledges that YCWA's personnel shall remain YCWA's employees or agents at all times and that PG&E will not be responsible for the conduct or safety of YCWA's personnel. If YCWA desires training assistance, it will provide its preferred schedule for training at least 30 days in advance. PG&E will notify YCWA as soon as possible if it cannot accommodate YCWA's preferred schedule so that training can be rescheduled. PG&E reserves the right to cancel scheduled training without notice in the event of emergencies or unexpected unavailability of personnel. If PG&E provides any training assistance under this section, then it will be entitled to reimbursement of its costs pursuant to section 11.4(B) of the Shared Facility/Operations Agreement.

ARTICLE 11

SURVIVAL AND INDEMNIFICATION

11.1 Survival of the Parties' Representations, Warranties and Covenants. The representations and warranties of PG&E and YCWA contained in this Agreement or in any instrument delivered in connection herewith shall survive the Closing only until the expiration of six (6) months after the Closing Date. Unless a specified survival period is otherwise set forth in this Agreement (in which event such specified period will control), the covenants in this Agreement or in any instrument delivered in connection herewith shall survive the Closing and remain in effect until six (6) months after the Closing Date. Any indemnification claim that is not asserted by a Notice of Claim (given as herein provided) relating thereto within the applicable survival period specified above may not be pursued and is hereby irrevocably waived

after such period. Any Third Party Claim for an Indemnifiable Loss asserted within such period of survival as herein provided will be timely made for purposes hereof.

11.2 Indemnification by PG&E.

(a) YCWA Claims. Except as otherwise provided in Section 11.2(b) (PG&E's Exceptions) and subject to the limitations set forth in this Article XI, PG&E shall indemnify, defend and hold harmless YCWA and each of its officers, directors, employees, attorneys, agents and successors and assigns (collectively, "Purchaser Group"), from and against any and all damages, claims, losses, liabilities, obligations, costs and expenses, including reasonable legal, accounting and other expenses, and the costs and expenses (collectively, "Damages") of any and all actions, suits, proceedings, demands, assessments, judgments, settlements and compromises, which arise out of or relate to the following (collectively, "Purchaser Claims"):

- (i) any breach or violation by PG&E of this Agreement;
- (ii) any breach of the representations or warranties of PG&E set forth in Article VIII;
- (iii) any loss or damage directly resulting from PG&E's ownership, operation, or maintenance or management of the Excluded Assets;
- (iv) any personal injury or death to a third party or property damage that (1) occurs before the Closing Date and (2) was caused or ultimately determined to be caused directly by PG&E's operation, or maintenance, or management of the Narrows Project; or
- (v) any Retained Liabilities.

(b) PG&E's Exceptions. Purchaser Claims shall not include any damages, claims, losses, liabilities and expenses to the extent YCWA has agreed to provide indemnification therefore pursuant to Section 11.3 (Indemnification by YCWA), which YCWA has agreed to assume pursuant to this Agreement, or which result from YCWA's negligence or willful misconduct.

11.3 Indemnification by YCWA.

(a) PG&E Claims. Except as otherwise specifically provided in Section 11.3(b) and subject to the limitations set forth in this Article XI, YCWA shall indemnify, defend and hold harmless PG&E and its parents and Affiliates and each of their officers, directors, employees, attorneys, agents and successors and assigns (collectively, "Seller Group"), from and against any and all Damages of any and all actions, suits, proceedings, demands, assessments, judgments, settlements and compromises, which arise out of or relate to the following (collectively, "Seller Claims"):

- (i) any breach or violation by YCWA of this Agreement;
- (ii) any breach of the representations or warranties of YCWA set forth in Article IX;

(iii) YCWA's ownership, operation, maintenance or use of any of the Narrows Assets; or

(iv) any Assumed Liabilities.

(b) Purchaser Exceptions. Seller Claims shall not include any damages, claims, losses, liabilities and expenses to the extent PG&E has agreed to provide indemnification therefor pursuant to Section 11.2 (Indemnification by PG&E), which PG&E has agreed to assume pursuant to this Agreement, or which result from PG&E's negligence or willful misconduct.

11.4 Each Party's Limitation of Liability to the Other Party/Liquidated Damages.

Notwithstanding any other provision of this Agreement:

(a) Of PG&E. PG&E's aggregate liability to YCWA and any member of the Purchaser Group for Damages incurred by YCWA or any member of the Purchaser Group under Section 11.2 (Indemnification by PG&E) or otherwise for a breach or default of this Agreement, whether as a result of a single claim or multiple claims, shall be limited to the amount of One Million Dollars (US \$1,000,000) in the aggregate for all such breaches or defaults, together with any interest recoverable thereon pursuant to this Agreement or applicable law. The limitations contained in this Section 11.4(a) shall apply to claims of any nature against PG&E including indemnification obligations, except for those indemnification obligations under Section 11.2(a) for breaches of any representations, warranties or covenants in this Agreement which breach is the result of or arises out of fraud, intentional misrepresentation or intentional torts of PG&E.

(b) Of YCWA. YCWA's aggregate liability to PG&E and any member of the Seller Group for Damages incurred by PG&E or any member of the Seller Group under Section 11.3 (Indemnification by YCWA) or otherwise for a breach or default of this Agreement, whether as a result of a single claim or multiple claims, shall be limited to the amount of One Million Dollars (US \$1,000,000) in the aggregate for all such breaches or defaults, together with any interest recoverable thereon pursuant to this Agreement or applicable law. The limitations contained in this Section 11.4(b) shall apply to claims of any nature against YCWA including indemnification obligations, except for those indemnification obligations under Section 11.3(a) for breaches of any representations, warranties or covenants in this Agreement which breach is the result of or arises out of fraud, intentional misrepresentation or intentional torts of YCWA.

(c) Liquidated Damages. Notwithstanding Section 11.4(b) and in the event PG&E terminates this Agreement because of a breach or default of YCWA prior to the Closing, YCWA shall pay to PG&E as liquidated damages a sum equal to the lesser of 10% of the Purchase Price or One Hundred Thousand Dollars (US \$100,000). YCWA shall make such payment no later than five (5) Business Days following the date of termination in the form of a wire transfer in United States dollars in immediately available funds to the account(s) designated by PG&E. PG&E's receipt of such payment shall be its sole remedy for such breach or default by YCWA prior to the Closing, in lieu of any other damages, monetary relief, or other remedy to which it otherwise might be entitled under this Agreement or at law on account of any such default. The Parties have determined and agree that the actual amount of damage that would be

suffered by PG&E as a result of such a default by YCWA is difficult or impracticable to determine as of the Execution Date and that the amount of the liquidated damages is a reasonable estimate of the amount of such damages.

11.5 Insurance Recovery. The amount of Damages for which a Party may be liable under this Agreement for a given claim shall be reduced dollar for dollar by the amount of Damages recovered by the Party seeking indemnity from an insurer or other third party with respect to such claim; provided, that a Party need not collect its claims or exhaust its rights to a claim with an insurer prior to receipt of the indemnity hereunder.

11.6 Notice of Claim. Subject to the terms of this Agreement and upon obtaining knowledge of a claim for which it is entitled to indemnity under this Article XI, the Party seeking indemnification hereunder ("Indemnitee") shall promptly notify the Party against whom indemnification is sought ("Indemnitor") in writing of any damage, claim, loss, liability or expense which the Indemnitee has determined has given or could give rise to a claim under Section 11.2 or Section 11.3 (such written notice is referred to as a "Notice of Claim"). A Notice of Claim shall specify, in reasonable detail, the facts known to the Indemnitee regarding the claim. Subject to the terms of this Agreement, the failure to provide (or timely provide) a Notice of Claim shall not affect the Indemnitee's rights to indemnification, except as otherwise provided by the specific time frames set forth in this Article XI; provided, however, the Indemnitor is not obligated to indemnify the Indemnitee for the increased amount of any claim which would otherwise have been payable to the extent that the increase resulted from the failure to deliver timely a Notice of Claim.

11.7 Defense of Third Party Claims.

(a) Notice of Claim. If an Indemnitee receives notice of the assertion or commencement of a Third Party Claim against it with respect to which an Indemnitor is obligated to provide indemnification under this Agreement, such Indemnitee shall give such Indemnitor a Notice of Claim as promptly as practicable, but in any event not later than ten (10) calendar days after such Indemnitee's receipt of notice of such Third Party Claim. Such Notice of Claim shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate, if reasonably practicable, the estimated amount of the Indemnifiable Loss that has been or may be sustained by the Indemnitee. The Indemnitor shall have the right to participate in, or, by giving written notice to the Indemnitee, to assume the defense of any Third Party Claim at such Indemnitor's own expense and by such Indemnitor's own counsel (as is reasonably satisfactory to the Indemnitee), and the Indemnitee shall cooperate in good faith in such defense.

(b) Defense of Claim. If, within ten (10) calendar days after giving a Notice of Claim regarding a Third Party Claim to an Indemnitor pursuant to Section 11.7(a), an Indemnitee receives written notice from such Indemnitor that the Indemnitor has elected to assume the defense of such Third Party Claim as provided in the last sentence of Section 11.7(a), the Indemnitor shall not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, however, that if the Indemnitor fails to take reasonable steps necessary to defend diligently such Third Party Claim within ten (10) calendar days after receiving written notice from the Indemnitee that the Indemnitee believes the

Indemnitor has failed to take such steps, or if the Indemnitor has not undertaken fully to indemnify the Indemnitee in respect of all Indemnifiable Losses relating to the matter, the Indemnitee may assume its own defense, and the Indemnitor shall be liable for all reasonable costs or expenses, including attorneys' fees, paid or incurred in connection therewith. Without the prior written consent of the Indemnitee, the Indemnitor shall not enter into any settlement of any Third Party Claim which would lead to liability or create any financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder; provided, however, that the Indemnitor may accept any settlement without the consent of the Indemnitee if such settlement provides a full release to the Indemnitee and no requirement that the Indemnitee acknowledge fault or culpability. If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder and the Indemnitor desires to accept and agrees to such offer, the Indemnitor shall give written notice to the Indemnitee to that effect. If the Indemnitee fails to consent to such firm offer within ten (10) calendar days after its receipt of such notice, the Indemnitee may continue to contest or defend such Third Party Claim and, in such event, the maximum liability of the Indemnitor to such Third Party Claim shall be the amount of such settlement offer, plus reasonable costs and expenses paid or incurred by the Indemnitee up to the date of such notice.

(c) Failure to Provide Notice. A failure to give timely notice or to include any specified information in any notice as provided in Sections 11.7(a) or 11.7(b) shall not affect the rights or obligations of any Party hereunder except and only to the extent that, as a result of such failure, any Party which was entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise materially damaged as a direct result of such failure.

(d) Direct Claims. Any Direct Claim must be asserted by giving the Indemnitor written notice thereof, stating the nature of such claim in reasonable detail and indicating the estimated amount, if practicable. The Indemnitor shall have a period of sixty (60) calendar days from receipt of such notice within which to respond to such Direct Claim. If the Indemnitor does not respond within such sixty-day period, the Indemnitor shall be deemed to have accepted such Direct Claim. If the Indemnitor rejects such Direct Claim, the Indemnitee shall be free to seek enforcement of its rights to indemnification under this Agreement.

(e) Subrogation of Rights. Upon making any indemnity payment, the Indemnitor shall, to the extent of such indemnity payment, be subrogated to all rights of the Indemnitee against any third party in respect of the Indemnifiable Loss to which the indemnity payment relates; provided that (i) the Indemnitor is in compliance with its obligations under this Agreement in respect of such Indemnifiable Loss, and (ii) until the Indemnitee recovers full payment of its Indemnifiable Loss, any and all claims of the Indemnitor against any such third party on account of said indemnity payment are hereby made expressly subordinated and subjected in right of payment to the Indemnitee's rights against such third party. Without limiting the generality or effect of any other provision hereof, each such Indemnitee and Indemnitor shall execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights.

ARTICLE 12

MISCELLANEOUS AGREEMENTS AND ACKNOWLEDGMENTS

12.1 Expenses. Except as otherwise provided herein, each Party is responsible for its own costs and expenses (including attorneys' and consultants' fees, costs and expenses) incurred in connection with this Agreement and the consummation of the Acquisition contemplated by this Agreement.

12.2 Entire Document. This Agreement (including the Exhibits and Schedules to this Agreement) contains the entire agreement between the Parties with respect to the Acquisition contemplated hereby, and supersedes all negotiations, representations, warranties, commitments, offers, contracts and writings prior to the Execution Date of this Agreement, written or oral. No waiver and no modification or amendment of any provision of this Agreement is effective unless made in writing and duly signed by the Parties referring specifically to this Agreement, and then only to the specific purpose, extent and interest so provided.

12.3 Exhibits and Schedules. The Exhibits and Schedules delivered pursuant to the terms of this Agreement are an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

12.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

12.5 Severability. If any provision hereof is held invalid or unenforceable by any arbitrator or court or as a result of future legislative action, this holding or action shall be strictly construed and shall not affect the validity or effect of any other provision hereof.

12.6 Assignability. This Agreement is binding upon and inures to the benefit of the successors and assigns of the Parties, but is not assignable by any Party without the prior written consent of the other Party, which consent may be granted or withheld in such Party's sole discretion. Any such assignment is conditioned on the assignee's agreement in writing to assume the assigning Party's duties and obligations under this Agreement. Any assignment effected in accordance with this Section 12.6 shall not relieve the assigning Party of its obligations and liabilities under this Agreement unless otherwise agreed by the Parties.

12.7 Captions. The captions of the various Articles, Sections, Exhibits and Schedules of this Agreement have been inserted only for convenience of reference and do not modify, explain, enlarge or restrict any of the provisions of this Agreement.

12.8 Governing Law. The validity, interpretation and effect of this Agreement are governed by and shall be construed in accordance with the laws of the State of California applicable to contracts made and performed in such State and without regard to conflicts of law doctrines except to the extent that certain matters are preempted by Federal law.

12.9 Dispute Resolution.

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement is the dispute resolution procedure set forth in this Section 12.9. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless shall continue to pursue resolution of the dispute by means of this procedure.

(b) Management Negotiations.

(i) The Parties shall attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement by prompt negotiations between each Party's Authorized Representative, or such other person designated in writing as a representative of the Party (each, a "Manager"). Either Manager may request a meeting (such meeting to be held in person or telephonically) to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place. If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies ("Executive(s)"), who shall have authority to settle the dispute. Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another written notice confirming the referral and identifying the name and title of the Executive who will represent the Party.

(ii) Within five (5) Business Days of the Referral Date the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) calendar days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute.

(iii) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.

(iv) If the matter is not resolved within forty-five (45) calendar days of the Referral Date, or if the Party receiving the written request to meet, pursuant to Section 12.9(b)(i) above, refuses or does not meet within the ten (10) Business Day period specified in Section 12.9(b)(i) above, either Party may initiate mediation of the controversy or claim according to the terms of the following Section 12.9(c).

(c) Mediation and Arbitration. If the dispute cannot be so resolved by negotiation as set forth in Section 12.9(b) above, it shall be resolved at the request of either Party through a two-step dispute resolution process administered by JAMS. As the first step the Parties agree to mediate any controversy before a mediator from the JAMS, pursuant to the applicable JAMS commercial mediation rules, in San Francisco, California. Either Party may begin mediation by serving a written demand for mediation. The mediator shall not have the authority to require, and neither Party may be compelled to engage in, any form of discovery prior to or in connection with the mediation. If within sixty (60) calendar days after service of a written demand for mediation, the mediation does not result in resolution of the dispute, then the

controversy shall be settled by arbitration conducted by a retired judge or justice from JAMS conducted in San Francisco, California, administered by and in accordance with the applicable JAMS commercial arbitration rules (“Arbitration”). The period commencing from the date of the written demand for mediation until the appointment of a mediator shall be included within the sixty (60) day mediation period. Any mediator(s) and arbitrator(s) shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. Either Party may initiate arbitration by filing with JAMS a notice of intent to arbitrate within sixty (60) calendar days of service of the written demand for mediation.

(d) Arbitration Procedures. At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) calendar days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.

(i) Each of the Parties shall submit to the arbitrator, in accordance with a schedule set by the arbitrator, offers in the form of the award it considers the arbitrator should make. If the arbitrator requires the Parties to submit more than one such offer, the arbitrator shall designate a deadline by which time the Parties shall submit their last and best offer. In such proceedings the arbitrator shall be limited to awarding only one of the two “last and best” offers submitted, and shall not determine an alternative or compromise remedy.

(ii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other damages contemplated by this Agreement.

(iii) The arbitrator’s award shall be made within nine (9) months of the filing of the notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary. The Sacramento County Superior Court may enter judgment upon any award rendered by the arbitrator. The Parties are aware of the decision in *Advanced Micro Devices, Inc. v. Intel Corp.*, 9 Cal. 4th 362 (1994), and, except as modified by this Agreement, intend to limit the power of the arbitrator to that of a Superior Court judge enforcing California law. The prevailing Party in this dispute resolution process is entitled to recover its costs and reasonable attorneys’ fees.

(iv) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before him.

Except as may be required by law, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

12.10 No Consequential Damages. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE, EXCEPT UNDER ARTICLE XI IN RESPECT OF THIRD PARTY CLAIMS. UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF ARTICLE XI, IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES, INCLUDING THE LIMITATIONS OF LIABILITY AND THE EXCLUSION OF CONSEQUENTIAL DAMAGES, BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE, AND SHALL APPLY IRRESPECTIVE OF WHETHER A PARTY OR ANY AFFILIATE THEREOF, OR ANY PARTNER, MEMBER, SHAREHOLDER, OFFICER, DIRECTOR OR EMPLOYEE OF A PARTY OR AN AFFILIATE THEREOF, ASSERTS A THEORY OF LIABILITY IN CONTRACT, TORT, NEGLIGENCE, MISREPRESENTATION (INCLUDING NEGLIGENT MISREPRESENTATION), STRICT LIABILITY, STATUTORY LIABILITY, OR ANY THEORY OF LIABILITY.

12.11 Notices. All notices, requests, demands and other communications under this Agreement must be in writing and must be delivered in person or sent by overnight delivery using a nationally recognized delivery service, or by electronic mail (with a copy of the notice given no later than the next Business Day in one of the other forms described in this Section 12.11), and properly addressed as follows:

If to PG&E:

Stephanie Maggard, Director, Portfolio Strategy
Pacific Gas and Electric Company
245 Market Street, N11E
San Francisco, CA 94105
Email: stephanie.maggard@pge.com

With copies to:

Jason Hannigan
Law
77 Beale Street, B30A
San Francisco, CA 94105
Email: jason.hannigan@pge.com

If to YCWA:

General Manager
Yuba County Water Agency
1220 F Street
Marysville, CA 95901
Email: caikens@ycwa.com

With copies to:

Richard P. Shanahan
Bartkiewicz, Kronick & Shanahan
1011 22nd Street
Sacramento, CA 95816
Email: rps@bkslawfirm.com

Any Party may from time to time change its address for the purpose of notices to that Party by a similar notice specifying a new address, but no such change is effective until it is actually received by the Party sought to be charged with its contents.

All notices and other communications required or permitted under this Agreement which are addressed as provided in this Section 12.11 are effective upon delivery, provided that in the case of a notice sent by electronic mail a copy of the notice given is sent no later than the next Business Day following the date on which the electronic mail was sent in one of the other forms described in this Section 12.11.

12.12 Termination.

(a) Rights To Terminate. This Agreement may, by written notice given to the non-terminating Party on or prior to the Closing Date or within any other specific time period set forth below after the occurrence of the event giving rise to the Party's right to terminate, in the manner provided in Section 12.12, be terminated at any time prior to the Closing Date as provided below:

(i) by PG&E if there has been a material misrepresentation or a material default or breach by YCWA with respect to any of YCWA's representations and warranties in this Agreement or the due and timely performance of any of YCWA's covenants and agreements contained in this Agreement, and such misrepresentation, default or breach is not cured (1) within ten (10) calendar days of written notice from PG&E specifying particularly such misrepresentation, default or breach in the case of any of YCWA's payment obligations, or (2) within thirty (30) calendar days of written notice from PG&E specifying particularly such misrepresentation, default or breach in all other cases; provided, however, no right of termination shall arise under this subsection (2) if such misrepresentation, default or breach is not able to be cured in such thirty-day period, and YCWA is in the process of curing the misrepresentation, default or breach in such thirty-day period and shall have cured the misrepresentation, default or breach within ninety (90) calendar days of written notice from PG&E thereof;

(ii) by YCWA if there has been a material misrepresentation or a material default or breach by PG&E with respect to PG&E's representations and warranties in this Agreement or the due and timely performance of PG&E's covenants and agreements contained in this Agreement, and such misrepresentation, default or breach is not cured (1) within ten (10) calendar days of written notice from YCWA specifying particularly such misrepresentation, default or breach in the case of any of PG&E's payment obligations, or (2) within thirty (30) calendar days of written notice from YCWA specifying particularly such misrepresentation, default or breach in all other cases, provided, however, no right of termination shall arise under this subsection (2) if such misrepresentation, default or breach is not able to be cured in such thirty-day period, and PG&E is in the process of curing the misrepresentation, default or breach in such thirty-day period and shall have cured the misrepresentation, default or breach within ninety (90) calendar days of written notice from YCWA thereof;

(iii) by YCWA or PG&E if a Catastrophic Failure has occurred and an Election to Terminate has been made in accordance with Section 3.6;

(iv) by YCWA if it has made an election to terminate in accordance with Section 3.7(c);

(v) by YCWA if it has made an election to terminate in accordance with Section 4.4(b);

(vi) by YCWA or PG&E in accordance with Section 7.1;

(vii) as provided in the opening paragraph of Article VIII; or

(viii) by mutual agreement of the Parties.

(b) Effect of Termination. If this Agreement is terminated pursuant to Section 12.12(a), all further obligations and liabilities of the Parties hereunder shall terminate, except (i) as otherwise contemplated by this Agreement, (ii) for the obligations set forth in Section 10.2 (Confidentiality), Section 3.5 (Publicity), Article XI (Indemnification), and Article XII (Miscellaneous Agreements and Acknowledgements), and (iii) for the obligations of the Parties set forth in the Confidentiality Agreement; provided, that if such termination is the result of a misrepresentation or default or breach by a Party under this Agreement, the other Party shall have the right to exercise any and all rights and remedies, including the recovery of Damages permitted under this Agreement or available at law or in equity, subject to the limitations of liability set forth in Section 11.4 (Each Party's Limitation of Liability to the Other Party/Liquidated Damages) and Section 12.10 (No Consequential Damages).

12.13 No Third Party Beneficiaries. Except as may be specifically set forth in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Persons other than the Parties and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third Persons to any Party, nor give any third Persons any right of subrogation or action against any Party.

12.14 No Joint Venture. Nothing contained in this Agreement creates or is intended to create an association, trust, partnership, or joint venture or impose a trust or partnership duty, obligation, or liability on or with regard to any Party.

12.15 Construction of Agreement. Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but shall be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

12.16 Conflicts. In the event of any conflicts or inconsistencies between the terms of this Agreement and the terms of any Exhibit or Schedule, the terms of this Agreement shall govern and prevail. In the event of any conflict between the allocation of liability between the Parties under applicable Environmental Laws and the allocation of liability between the Parties under this Agreement, the allocation of liability under applicable Environmental Laws shall govern.

12.17 Consent to Venue and Jurisdiction. EACH OF PG&E AND YCWA CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA FOR ADJUDICATION OF A PRELIMINARY INJUNCTION OR OTHER PROVISIONAL JUDICIAL REMEDY AS PROVIDED IN SECTION 12.9 (DISPUTE RESOLUTION). EACH OF PG&E AND YCWA ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. NOTHING IN THIS SECTION 12.17 IS INTENDED TO MODIFY OR EXPAND THE TERMS AND PROVISIONS OF SECTION 12.9(a).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Execution Date set forth above.

YUBA COUNTY WATER AGENCY

By: _____
Curt Aikens, General Manager

PACIFIC GAS AND ELECTRIC COMPANY

By:  _____
Name: Steven Malnight
Title: Senior Vice President

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Execution Date set forth above.

YUBA COUNTY WATER AGENCY

By: 
Curt Aikens, General Manager

PACIFIC GAS AND ELECTRIC COMPANY

By: _____
Name: Steven Malnight
Title: Senior Vice President

EXHIBIT A

BILL OF SALE

This BILL OF SALE, dated as of [_____, ____] (the “Effective Date”), is made by and between Pacific Gas and Electric Company, a California corporation (“Seller”), and Yuba County Water Agency, a California public agency (“Buyer”).

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Seller irrevocably sells, conveys, assigns, transfers, and delivers to Buyer all of its right, title and interest in and to the assets identified in Attachment 1 hereto (“Bill of Sale Assets”).

This Bill of Sale is given pursuant to that certain Narrows Project Asset Purchase and Sale Agreement dated as of September 21, 2018 by and between Seller and Buyer (the “Purchase Agreement”), providing for, among other things, the conveyance of the Bill of Sale Assets.

Buyer hereby accepts the foregoing sale, conveyance, assignment and transfer and hereby agrees to assume and discharge, in accordance with the terms thereof, all of the duties, liabilities and obligations of Seller relating to the Bill of Sale Assets in accordance with the Purchase Agreement. Buyer will be entitled to possession of the Bill of Sale Assets at the location of such assets at the time of close of escrow under the Purchase Agreement and Seller will reasonably cooperate in the transfer and delivery of the Bill of Sale Assets to Buyer’s possession and control.

This Bill of Sale is made without any covenant, warranty or representation by Seller of any kind whatsoever, except as expressly set forth in the Purchase Agreement, and is made subject to the disclaimers set forth in Section 10.5 of the Purchase Agreement and all other terms and conditions of the Purchase Agreement.

This Bill of Sale may be executed in any number of counterparts, each of which is an original, but all of which together constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

EXHIBIT A

IN WITNESS WHEREOF, the duly authorized representatives of the undersigned parties have executed and delivered this Bill of Sale as of the Effective Date set forth above.

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Print Name: _____

Its: _____

BUYER:

YUBA COUNTY WATER AGENCY,
a California public agency

By: _____
Curt Aikens, General Manager

EXHIBIT A

ATTACHMENT 1

BILL OF SALE ASSETS

A. Narrows Project

1. Narrows Tunnel and Penstock

The Narrows Project receives water via the outlet works structure located at the east abutment of the U.S. Corps of Engineers-administered Englebright Dam. The Narrows Project measures flows to calibrate hydrographic data via an automated cableway gage (NY-28) located in the NY-28 gage house. The outlet works connect directly to the Narrows Project tunnel, which runs for approximately 1077 ft to the Narrows Project penstock. The Narrows Project penstock is a 266-foot-long, 8-foot diameter steel pipe with welded longitudinal seams and riveted circumferential butt joints, monitored by a penstock flow gauge (NY-13; USGS #11417970). The penstock extends northwest and down the steep slope to the Narrows 1 Powerhouse on the Yuba River. Most of the penstock pipe is above ground, supported on the hillside by two anchors and three piers. A standpipe for pressure release is attached to the upper end of the penstock and extends further up the slope above the penstock. The surge structure is a 227-foot-long, 24-inch steel standpipe.

2. Sniper Lane and Tram Facilities.

Sniper Lane is an approximately 2,300 ft, gated access road providing vehicular access to the Narrows Powerhouse. At the end of the lane, there is a parking area directly adjacent to the tram house which contains a tramcar, hoist, and motors. The foundation of the tram house is constructed of reinforced concrete. The tram consists of a car running on a steel track to the Narrows Powerhouse down an approximate 517-foot change in elevation.

3. Narrows Powerhouse.

The Narrows Powerhouse contains a turbine/generator unit with a capacity of 12,000 kilovolt-amperes (kVA). Associated appurtenances and equipment consist of a single vertical "I.P. Morris" Francis turbine coupled to a 3-phase vertical Westinghouse Electric and Manufacturing Company generator, a closed system of air cooling and water-cooled bearings

EXHIBIT A

and a control room within a reinforced concrete structure that contains a main floor, basement, and sub-basement.

B. Tangible Personal Property

1. NY-28 Gagehouse and associated equipment (Smartsville Gage)
2. NY-28 Automated cableway to measure flows to calibrate hydrographic data
3. NY-14 (Englebright Elevation) sensor, data logger, radio and solar panel.
4. N1 Penstock flow gage (USGS #11417970)
5. Telecom lines from N2 to N1 that crosses the river
6. Operator Desk
7. Multi-functional printer/scanner
8. Various operator chairs
9. Print table
10. Lavatory – In-Operable
11. Refrigerator/freezer combo
12. Microwave Oven
13. Coffee Maker
14. LOTO Station, Various LOTO Locks (GREEN, RED, ORANGE, YELLOW, BLUE) and Locking Devices
15. 4 drawing cabinets including equipment operating procedures
16. 3 – Ladder stations with multiple size ladders; stationed at each floor level
17. Fire Extinguishers, stationed as shown on Facility Plan
18. 1- Red Tool Chest with various tools
19. 1- Grounding Buggy, includes equipment metal storage cabinet for plug and controller and various supplies
20. 1- Beech Winch Lift Truck
21. Hazardous Spill Response Cabinet with spill response equipment
22. 2 – Counter weights for Tram Car and Overhead load test (6300, 3250)
23. Removable metal safety post and chains for indoor tram parking
24. 2 – Vice and 1 Grinder
25. 4 Work Benches with various tools and cabinetry
26. 2 Flammable Materials Cabinet, 1 Non-Flammable Cabinet
27. 2- Pressure Washers
28. 3 Wood Cabinets
29. Red Roller Welder
30. Various plug-in portable heaters
31. 2 metal shelves and 2 wood shelves with miscellaneous incidental materials pipe, fittings, fuses, fasteners, rigging etc...
32. TSV Hydro Controlled Locking Collar
33. Original Tool Board with assortment of slugging wrenches
34. Stacked Large Wood Cribbing
35. Spare Guide Bearing thrust shoes – 06-3280 (total of 8)

EXHIBIT A

- 36. 90 inch TSV Seat
- 37. Exciter Armature 100 Kw DC
- 38. Two Runner Seal Rings
- 39. Lube Grease system
- 40. 2- Tram Car Radio Controllers
- 41. 1- Tram Car Cover, 1 Tram Car Seats
- 42. Box of stator coils
- 43. 2 field poles
- 44. 1 set of TSV seals.
- 45. 1 Spare Turbine guide bearing

C. Narrows Project Records

Number	Document Name	Previously Provided (Y/N)	To be provided or updated upon close (Y/N/Maybe)
1	Arc Flash Label Info record	N	Y
2	Oil Test Results records	Y	Y
3	Equipment History Records	Y	Y
4	Water Diversion Information records	Y	Y
5	Auto Tests records	N	Y
6	Battery Test records	Y	Y
7	Penstock Inspection records (including monthly inspection records)	Y	Y
8	Narrows 1 & 2 COA Record	Y	N
9	Emergency Action Plan (EAP) records	N	Y
10	Pressure Vessel Permit records	Y	Y
11	Flow and Generation Records	Y	Y
12	Description of Operations (If changed with new exciter then will need to re-send upon close)	Y	M
13	Powerhouse Data Sheet record	Y	N
14	Powerhouse Layout drawing (record)	Y	N
15	Incident Report record	Y	Y
16	SAP Cost Data record	Y	N
17	Powerhouse Prints (equipment drawings/diagrams)	Y	N
18	Draft Narrows PAD as of January 2018	Y	Y
19	Operator Read Sheets	Y	Y
20	Records and files relating to FERC License No. 1403	N	Y

EXHIBIT B

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Assignment”), dated as of [_____, ____], (the “Effective Date”), is made by and between Pacific Gas and Electric Company, a California corporation (“Assignor”), and the Yuba County Water Agency, a California public agency (“Assignee”).

WITNESSETH:

WHEREAS, Assignor and Assignee are parties to that certain Narrows Project Asset Purchase and Sale Agreement, dated as of September 21, 2018 (the “Purchase Agreement”);

WHEREAS, the Purchase Agreement provides for, among other things, the execution and delivery of an assignment and assumption agreement to effect the sale by Assignor to Assignee of all of Assignor’s right, title and interest in and to the Narrows Assets identified in Attachment 1 hereto (“Assigned Assets”); and

WHEREAS, Assignor desires to assign and transfer to Assignee, and Assignee desires to assume and accept, all of Assignor’s rights, duties and obligations under and pursuant to the Assigned Assets in accordance with the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby covenant and agree as follows:

1. Definitions. Capitalized terms used herein without other definition have the meanings given to them in the Purchase Agreement.

2. Assignment. Assignor hereby irrevocably sells, conveys, assigns and transfers to Assignee all of its right, title and interest in and to, and all of its duties, liabilities and obligations under or pursuant to, the Assigned Assets.

3. Assumption. Assignee hereby assumes and accepts all of Assignor’s right, title and interest in and to, and all of Assignor’s duties, liabilities and obligations under or pursuant to, the Assigned Assets, and agrees to perform under and be bound by the terms of the Assigned Assets.

4. Disclaimer. The assignment and assumption hereunder is made without any covenant, warranty or representation by Assignor of any kind whatsoever, except as expressly set forth in the Purchase Agreement, and is made subject to the disclaimers set forth in Section 10.5 of the Purchase Agreement and all other terms and conditions of the Purchase Agreement.

5. Effectiveness. This assignment shall become effective as of the Closing Date.

6. Further Assurances. Assignor and Assignee each agrees to execute and deliver such additional instruments as may reasonably be requested by the other to give effect to,

EXHIBIT B

document or further assure the transfer, acceptance and assumption of the Assigned Assets as provided for herein.

7. Successors and Assigns. This Assignment is binding upon and inures to the benefit of the successors and assigns of the Assignor and Assignee, respectively.

8. General. In the event of any conflict or ambiguity between the terms of the Purchase Agreement and the terms of this Assignment, the terms of the Purchase Agreement shall govern. This Assignment may be executed in any number of counterparts, each of which is an original, but all of which together constitute one and the same instrument. If any provision of this Assignment is held invalid or unenforceable, such provision shall be deemed to be severed from this Assignment, and the validity and enforceability of the remaining provisions contained herein shall not be affected or impaired in any way thereby.

9. Governing Law. The validity, interpretation and effect of this Assignment shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State and without regard to conflicts of law doctrines except to the extent that certain matters are preempted by Federal law.

[Remainder of Page Intentionally Left Blank]

EXHIBIT B

IN WITNESS WHEREOF, the duly authorized representatives of the undersigned parties have executed and delivered this Assignment as of the Effective Date set forth above.

ASSIGNOR:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Print Name: _____

Its: _____

ASSIGNEE:

YUBA COUNTY WATER AGENCY,
a California public agency

By: _____

Curt Aikens, General Manager

EXHIBIT B

ATTACHMENT 1

ASSIGNED ASSETS

A. Governmental Approvals, Permits and Consents

- Annual Environmental Health Permit**
PG&E Narrows 1 Powerhouse & Switchyard; Facility ID: FA0000516
County of Nevada, Department of Environmental Health
2017/2018 Permit Year Certificate of Operation
Expiration Date: October 31, 2018
PR0001502 2222 HazMat Storage High Risk
- Permit to Operate Air Pressure Tank**
State Serial No. A031904-84; NB/SER# 365881
PG&E Narrows Powerhouse; Moony Flat Road, Smartsville, CA 95977
State of California, Department of Industrial Relations
Division of Occupational Safety and Health
Pressure Vessel Unit; Location: NR STATION AIR
Date of Inspection: 10/12/2015
Permit Expires: 10/12/2020

B. Narrows License

Federal Energy Regulatory Commission (FERC) hydroelectric operating license for the Narrows Project, FERC Project No. 1403, including the following license-related orders and amendments:

No.	LICENSE ORDERS	DATE
1	Order issuing new license (major)	2/11/1993
2	Order approving and modifying plan to quantify storage releases (Article 401)	6/16/1993
3	Order granting extension of time (Articles 101 and 102)	6/22/1993
4	Order approving Raptor Protection Plan (Article 408)	6/29/1993
5	Order granting extension of time (Articles 101 and 102)	9/27/1993
6	Order approving and modifying fisheries enhancement plan (Article 404)	1/24/1994
7	Order approving and modifying Ramping Rate Plan (Article 405)	3/23/1994
8	Order granting extension of time (Articles 101 and 102)	3/31/1994

EXHIBIT B

No.	LICENSE ORDERS	DATE
9	Order approving Cooperative Funding Agreement (Article 409)	4/7/1994
10	Order approving survey for the California Red-legged Frog and the Sacramento Valley Tiger Beetle (Article 406)	4/11/1994
11	Order approving with modification the Bald Eagle Enhancement Plan (Article 407)	7/12/1994
12	Order granting rehearing for further consideration (of previous order)	8/30/1994
13	Order on rehearing (Bald Eagle Enhancement Plan, Article 407)	6/22/1995
14	Order granting extension of time (Bald Eagle Survey Plan, Article 407)	10/17/1995
15	Order approving Bald Eagle Monitoring Plan (Article 407)	2/7/1996
16	Order modifying Fisheries Enhancement Plan (Article 404)	5/21/1996
17	Order approving revised Exhibit F	9/16/1997
No.	LICENSE ORDERS	DATE
18	Order Granting License Amendments (Transmission Line Removal)	12/22/1998
19	Order Denying Joint Motion for Credits on Future Annual Charges Bills (Appalachian Group)	7/13/2001
20	Order Denying Rehearing (Appalachian Group request)	9/12/2001
21	Order Permitting a Combined Answer to Motions to Intervene and Comments (response to 12/13/2001 notice)	1/10/2002
22	Order approving final Bald Eagle Survey Report pursuant to Article 407	6/11/2002
23	Letter order exempting PG&E from filing FERC Form 80 until further order	6/4/2003
24	Order Granting Temporary Amendment of Supplemental Flow Release Requirements Under Article 402	5/16/2008

EXHIBIT B

No.	LICENSE ORDERS	DATE
25	Order Granting Amendment of Article 402	4/1/2009
26	Order Approving Change in Land Rights	12/16/2014
27	Order Approving 3-Yr Extension of License	1/26/2018

C. Narrows Water Rights [to be conformed to Schedule 2.1(f)]

1. PG&E's post-1914 appropriative water right associated with the Narrows Project, as specified in PG&E's water right license # 6388 (Application 8794) which was issued by the State Water Resources Control Board.
2. PG&E's riparian water right associated with the Narrows Project, which is described in PGE's Statement of Water Diversion and Use # 10838 that is on file with the State Water Resources Control Board.

D. Assumed Contracts

1. Agreement for Operation and Maintenance of Narrows #1 Hydroelectric Project Between the United States of America and Pacific Gas and Electric Company dated March 28, 1994.
2. Agreement for Use of Outlet Facilities and Storage Space Between the United States of America and Pacific Gas and Electric Company dated March 28, 1994.

EXHIBIT C

Grant Deed (REV. 05/14)

RECORDING REQUESTED BY AND RETURN
TO:

PACIFIC GAS AND ELECTRIC COMPANY
245 Market Street, N10A, Room 1015
P.O. Box 770000
San Francisco, California 94177

Location: City/Uninc_____

Recording Fee \$_____

Document Transfer Tax \$_____

☐ This is a conveyance where the consideration and
Value is less than \$100.00 (R&T 11911).

☐ Computed on Full Value of Property Conveyed, or

☐ Computed on Full Value Less Liens

& Encumbrances Remaining at Time of Sale

Signature of declarant or agent determining tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD

DEED

GRANT DEED

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called "Grantor", hereby grants to Yuba County Water Agency, hereinafter called "Grantee", the real property, situate in the County of Nevada, State of California, described as follows (the "Property"):

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 23, TOWNSHIP 16 NORTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED IN BOOK 78, PAGE 169 OF OFFICIAL RECORDS OF THE COUNTY OF NEVADA, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

SAID PARCEL BEING BOUNDED BY A LINE WHICH BEGINS AT THE NORTH ONE-QUARTER CORNER OF SAID SECTION 23, AND RUNS THENCE
SOUTH 89 ° 37' EAST 300.0 FEET ALONG THE NORTHERLY BOUNDARY LINE OF SAID SECTION 23; THENCE
SOUTH 0 ° 35' 30" EAST 880.0 FEET; THENCE
NORTH 89 ° 37' WEST 300.0 FEET TO A POINT IN THE WESTERLY BOUNDARY LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 23; THENCE
NORTH 73 ° 38' WEST 1295.0 FEET TO A POINT IN THE CENTER LINE OF THE YUBA RIVER; THENCE
NORTH 43 ° 19' EAST 780.6 ALONG THE CENTER LINE OF THE YUBA RIVER, TO A POINT IN THE NORTHERLY BOUNDARY LINE OF SAID SECTION 23; THENCE
SOUTH 85 ° 40' EAST 700.0 ALONG THE NORTHERLY BOUNDARY LINE OF SAID SECTION 23, TO THE POINT OF BEGINNING..

(Nevada Co. APN 50-010-08-000)

Together with:

All of Grantor's right, title and interest in and to the following water rights:

(a) License for Diversion and Use # 6388 (Application 8794) issued by the State Water Resources Control Board.

(b) All riparian water rights appurtenant to the above-described Property.

Grantor also apportions and partially assigns to Grantee the rights to use a road as set out in the deed from the Interstate Land Holding Company to Pacific Gas and Electric Company dated January 26, 1942 and recorded as Document No. 30014, Nevada County Records, in connection with Grantee's use of the Property.

Grantor reserves unto itself, its successors and assigns, the remaining roadway rights for the purposes necessary and useful to Grantor in the performance by it of its duties to the public.

Reserving to Grantor a non-exclusive easement in gross on, along and in all of the easement areas described as follows (the "Electric Line Easement Area"): the strips of land of the uniform width of 30 feet, lying 15 feet on each side of the existing electric distribution lines, and the strips of land of the uniform width of 60 feet, lying 30 feet on each side of the existing electric transmission lines, all of which are approximately shown on **Exhibit XX** attached hereto and made a part hereof. Grantor may use the easement in the Electric Line Easement Area for the following purposes: to reconstruct, replace, relocate, remove, maintain and use Grantor's existing lines of poles and all wires and cables attached thereto or suspended therefrom with all crossarms, guys, anchors and other appliances and fixtures used in connection with said poles, wires and cables ("Electric Line Facilities"); to erect and construct a line of poles or towers, with necessary wires and cables, crossarms, guys, anchors and other appliances and fixtures for use in connection with said poles or towers, wires and cables, for the transmission and distribution of electric energy and for communication purposes; and, to suspend from any of said existing or new poles or towers such additional wires and cables as Grantor shall from time to time deem necessary for the transmission and distribution of electric energy, and for communication purposes.

Also reserving to Grantor an exclusive easement in gross to occupy and to construct, reconstruct, install, replace, remove, maintain and use such structures, apparatus and equipment ("Switchyard Facilities") as Grantor shall from time to time deem necessary for the transforming and regulating electric energy within, and to pave and enclose with a fence, the easement area described as follows (the "Switchyard Easement Area"):

(Insert description of the Switchyard Easement Area or reference an exhibit to be attached. The final exhibits and descriptions showing and describing the two easement areas remain subject to the review and approval by each of the parties.)

Collectively, the Electric Line Easement Area and the Switchyard Easement Area are hereinafter referred to as the "Easement Areas", and the Electric Line Facilities and the Switchyard Facilities are hereinafter referred to as the "Facilities."

Further reserving to Grantor the right:

(a) of ingress to and egress from the Easement Areas over and across the Property by means of roads and lanes thereon, if such there be, otherwise by such route or routes as shall occasion the least practicable damage and inconvenience to Grantee and to use said roads, lanes, or routes to provide access to any of Grantor's easements and facilities on lands adjacent to the Property; provided that such right of ingress, egress and access shall not extend to any portion of the Property which is isolated from the Easement Areas by any public road or highway now crossing or hereafter crossing the Property;

(b) from time to time to trim or to cut down any and all trees and brush now or hereafter within the Easement Areas and the further right from time to time to trim and cut down trees and brush on the Property along each side of the Easement Areas which now or hereafter in the opinion of Grantor may interfere with or be a hazard to any of the Facilities or as Grantor deems necessary to comply with applicable state or federal regulations;

(c) to install and maintain anchors which may extend outside the Electric Line Easement Area;

(d) from time to time to enlarge, improve, reconstruct, relocate and replace the Facilities with any other number or type of poles or towers or structures or underground wires and cables or other equipment either in the original location or at any alternate location or locations within the Easement Areas;

(e) to use such portion of the Property contiguous to the Easement Areas as may be reasonably necessary in connection with the construction, reconstruction, installation, inspection, maintenance, repair, replacement and removal of the Facilities;

(f) to install, maintain and use gates in all fences which now cross or shall hereafter cross the Easement Areas; and

(g) to mark the location of the Easement Areas by suitable markers set in the ground; provided that said markers shall be placed in fences or other locations which will not interfere with any reasonable use Grantee shall make of the Easement Areas.

Grantee shall have the right to use the Easement Areas for purposes which will not interfere with Grantor's full enjoyment of the rights hereby reserved; provided that:

(a) For any new construction or installation in the Electric Line Easement Area proposed by Grantee, Grantee shall submit to Grantor for review and approval, which approval shall not be unreasonably withheld, plans for the development of the Property (the "Plans"). The Plans shall be sent to: Pacific Gas and Electric Company, Attention: Land Agent, 12840 Bill Clark Way, Auburn, CA 95602.

(b) Grantee shall not erect or construct any building or other structure, including but not limited to sheds, tool houses and animal shelters, or drill or operate any well, or construct any reservoir or other obstruction or diminish or substantially add to the ground level in the Switchyard Easement Area.

(c) Grantee shall not erect or construct any buildings, including but not limited to sheds, tool houses, animal shelters, or construct any other obstruction or diminish or substantially add to the ground level in the Electric Line Easement Area, without Grantor's review and approval of the Plans as provided above in subparagraph (a); and,

(d) Grantee shall not deposit, or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, on the Easement Areas, or so near thereto as to constitute, in the opinion of Grantor, a hazard to any of the Facilities.

The conveyance by Grantor to Grantee pursuant to this Grant Deed is subject to the Deed of Conservation Easement and Agreement between Pacific Gas and Electric Company and Bear Yuba Land Trust, dated September 4, 2015, and recorded as document number 2015-0021007 of Yuba County Records.

The Property hereby conveyed is no longer necessary or useful to Grantor in the performance by it of its duties to the public.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the Property.

Dated _____, 20____.

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By _____
Andrew Williams
Vice President
Land and Environmental Management

EXHIBIT D

Placeholder for Title Report
(To be updated prior to close)

EXHIBIT E

**SMALL GENERATOR INTERCONNECTION
AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

BETWEEN

PACIFIC GAS AND ELECTRIC COMPANY

AND

YUBA COUNTY WATER AGENCY

For Project:

**Narrows 1 Hydro
LOG NUMBER 50H3446**

**Smartsville, CA 95977
Nevada County**

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[Attachment 1](#) – Glossary of Terms

[Attachment 2](#) – Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment

[Attachment 3](#) – One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

[Attachment 4](#) – Milestones

[Attachment 5](#) – Additional Operating Requirements for the Distribution Provider's Distribution and Transmission Systems and Affected Systems Needed to Support the Interconnection Customer's Needs

[Attachment 6](#) – Distribution Provider's Description of its Upgrades and Best Estimate of Upgrade Costs

This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20__ by **PACIFIC GAS AND ELECTRIC COMPANY** ("Distribution Provider"), and **YUBA COUNTY WATER AGENCY** ("Interconnection Customer"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Distribution Provider Information

Pacific Gas and Electric Company
Attention: Electric Grid Interconnection - Contract Management
245 Market Street
Mail Code N7L
San Francisco, California 94105-1702
Phone: (415) 972-5394
Email: EGContractMgmt@pge.com

Interconnection Customer Information

Yuba County Water Agency
Attention: Primary Contact Name
1220 F Street
Marysville, CA 95901
Phone: 530- 741- 5000
Email: email address

Interconnection Customer Application No: **PG&E Project ID# LOG 50H3446, N/A**. In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Small Generating Facility Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) or Generator Interconnection Procedures (GIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Distribution Provider's Distribution System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity.
- 1.4 Nothing in this Agreement is intended to affect any other agreement between the Distribution Provider and the Interconnection Customer.
- 1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.
- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 The Distribution Provider shall construct, operate, and maintain its Distribution System, Transmission System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Distribution Provider or Affected Systems. The Interconnection Customer shall comply with the Distribution Provider's Interconnection Handbook. In the event of a conflict between the terms of this SGIA and the terms of the Distribution Provider's Interconnection Handbook, the terms in this SGIA shall govern.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Distribution Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Distribution Provider's Distribution and Transmission Systems, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The Distribution Provider shall coordinate with all Affected Systems to support the interconnection.
- 1.5.7 The Interconnection Customer shall ensure "frequency ride through" capability and "voltage ride through" capability of its Small Generating Facility in accordance with the standards and requirements described in the PG&E Transmission Interconnection Handbook (TIH) and the Distribution Interconnection Handbook (DIH). The Interconnection Customer shall enable these capabilities such that its Small Generating Facility shall not disconnect automatically or instantaneously from the system or equipment of the Distribution Provider and any Affected Systems for a defined under-frequency or over-frequency condition, or an under-voltage or over-voltage condition, as

tested pursuant to Article 2.1 of this Agreement. The defined conditions shall be in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The Small Generating Facility's protective equipment settings shall comply with the Distribution Provider's automatic load-shed program. The Distribution Provider shall review the protective equipment settings to confirm compliance with the automatic load-shed program. The term "ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Distribution Provider and any Affected Systems during system disturbances within a range of conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term "frequency ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Distribution Provider and any Affected Systems during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term "voltage ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Distribution Provider and any Affected Systems during system disturbances within a range of under-voltage and over-voltage conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized by the Distribution Provider to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the applicable system operator(s) for the Distribution Provider's Distribution and Transmission Systems and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Distribution Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

1.8.1 Power Factor Design Criteria

1.8.1.1 Synchronous Generation The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Distribution Provider has established different requirements that apply to all similarly situated synchronous

generators in the control area on a comparable basis.

- 1.8.1.2 Non-Synchronous Generation The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Distribution Provider has established a different power factor range that applies to all similarly situated non-synchronous generators in the control area on a comparable basis. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnecting nonsynchronous generators that have not yet executed a Facilities Study Agreement as of the effective date of the Final Rule establishing this requirement (Order No. 827).
- 1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

- 2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Distribution Provider of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Distribution Provider may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Distribution Provider a written test report when such testing and inspection is completed.
- 2.1.2 The Distribution Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Distribution Provider of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

- 2.2.1 The Distribution Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Distribution Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Distribution Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in

parallel with the Distribution Provider's Distribution System without prior written authorization of the Distribution Provider. The Distribution Provider will provide such authorization once the Distribution Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Distribution Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Distribution Provider at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Distribution Provider shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Distribution Provider shall promptly file this Agreement with the FERC upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

- 3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Distribution Provider 20 Business Days written notice.
- 3.3.2 Either Party may terminate this Agreement after Default pursuant to article 7.6.
- 3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Distribution Provider's Distribution System. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.
- 3.3.4 The provisions of this article shall survive termination or expiration of this Agreement.
- 3.4 Temporary Disconnection
Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.
- 3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Distribution Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Distribution System, the Distribution Provider's Interconnection Facilities any Affected Systems; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Distribution Provider may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Distribution Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the Distribution Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Distribution Provider's Distribution System or other Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.
- 3.4.2 Routine Maintenance, Construction, and Repair
The Distribution Provider may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the Distribution Provider's Distribution System when necessary for routine maintenance, construction, and repairs on the Distribution Provider's Distribution System and/or Transmission System. The Distribution Provider shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Distribution Provider shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Distribution Provider may suspend interconnection service to effect immediate repairs on the Distribution Provider's Distribution System and/or Transmission System. The Distribution Provider shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Distribution Provider shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Distribution Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the Distribution Provider's Distribution System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Distribution Provider may disconnect the Small Generating Facility. The Distribution Provider shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the Distribution Provider before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Distribution System and/or Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Distribution Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and/or the Distribution Provider's Distribution System or Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

- 4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Distribution Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Distribution Provider.
- 4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Distribution Provider's Interconnection Facilities.

4.2 Distribution Upgrades

The Distribution Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, as well as costs associated with operating, maintaining, repairing, and replacing Distribution Provider's Distribution Upgrades shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this Article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Distribution Provider or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Distribution Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer unless Article 5.2.1 directs otherwise.

5.2.1 Repayment of Amounts Advanced for Network Upgrades

To the extent the CAISO Tariff, Section 12.3.2 of Appendix Y and Section 14.3.2 of Appendix DD, and successor tariffs provides for cash repayment or Congestion Revenue Rights to the Interconnection Customer for contribution to the cost of Network Upgrades, the Interconnection Customer shall be entitled to a cash repayment of Congestion Revenue Rights, equal to the total amount paid to the Distribution Provider and Affected System operator, if any, for Network

Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer.

Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.

5.2.1.1 If the Interconnection Customer is entitled to a cash repayment pursuant to Article 5.2.1, the Interconnection Customer, the Distribution Provider, and Affected System operator may adopt any alternative payment schedule that is mutually agreeable so long as the Distribution Provider and Affected System operator take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Distribution Provider or Affected System operator(s) will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the commercial operation date.

5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Distribution Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades if the Interconnection Customer is entitled to a cash repayment pursuant to Article 5.2.1. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3 Special Provisions for Affected Systems

Unless the Distribution Provider provides, under this Agreement, for the repayment of amounts advanced to Affected System operator(s) for Network Upgrades, the Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by Affected System operator.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other

agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Small Generating Facility.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

- 6.1.1 The Distribution Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.
- 6.1.2 Within six months of completing the construction and installation of the Distribution Provider's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Distribution Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Distribution Provider for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Distribution Provider shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Distribution Provider within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Distribution Provider shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than an Uncontrollable Force Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

The Interconnection Customer shall provide the Distribution Provider an Interconnection Financial Security by the earliest date of either (i) no later than the financial security posting milestone date negotiated in Attachment 4 of this Agreement, (ii) no later than 180 Calendar Days after the effective date of this agreement, or (iii) at least twenty (20)

Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Distribution Provider's Interconnection Facilities and Upgrades. The Interconnection Customer shall provide the Distribution Provider, at the Interconnection Customer's option, a guarantee, letter of credit, escrow agreement or other form of security that is reasonably acceptable to the Distribution Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Distribution Provider's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Distribution Provider under this Agreement during its term. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Distribution Provider, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or escrow agreement must be issued by a financial institution or insured reasonably acceptable to the Distribution Provider and must specify a reasonable expiration date.

6.4 Responsibility for any Outstanding Interconnection Study Costs

The Interconnection Customer must complete payment on all outstanding invoiced interconnection study costs no later than the financial security posting milestone date negotiated in Attachment 4 of this Agreement. Study costs not yet invoiced within thirty (30) Calendar Days of that financial security posting deadline must be paid by the Interconnection Customer within thirty (30) Calendar Days of the date of the invoice once they are invoiced to the Interconnection Customer.

Failure to complete payment on these interconnection study invoices by these deadlines will constitute Default on this Agreement by the Interconnection Customer, subject to the terms of Article 7.6 "Default".

Article 7. Assignment, Liability, Indemnity, Uncontrollable Force, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon fifteen (15) Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Distribution Provider, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Distribution Provider of any such assignment.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.
- 7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of

such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Uncontrollable Force

- 7.5.1 As used in this article, an Uncontrollable Force shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Distribution Provider or Interconnection Customer which could not be avoided through the exercise of Good Utility Practice. An Uncontrollable Force Event does not include an act of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force."
- 7.5.2 If an Uncontrollable Force Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Uncontrollable Force Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Uncontrollable Force Event. The notification must specify in reasonable detail the circumstances of the Uncontrollable Force Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Uncontrollable Force Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Uncontrollable Force Event cannot be mitigated by the use of Reasonable

Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

- 7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of an Uncontrollable Force Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.
- 7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Distribution Provider, except that the Interconnection Customer shall show proof of insurance to the Distribution Provider no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The Distribution Provider agrees to maintain general liability insurance or self-insurance consistent with the Distribution Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Distribution Provider's liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify each other whenever an accident or incident occurs

resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1 b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Distribution Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

- 12.1 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of California (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 12.2 Amendment
The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 12.3 No Third-Party Beneficiaries
This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Distribution Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects all transmission providers, market participants, and interconnection customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including

physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Distribution Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

The Distribution Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Yuba County Water Agency
Attention: Primary Contact Name
1220 F Street
Marysville, CA 95901
Phone: 530-741-5000
Email: email address

If to the Distribution Provider:

Pacific Gas and Electric Company
Attention: Electric Grid Interconnection - Contract Management
245 Market Street
Mail Code N7L
San Francisco, California 94105-1702
Phone: (415) 972-5394
Email: EGIContractMgmt@pge.com

13.2 Billing and Payment

Billings and payments shall be sent to the addresses below:

Interconnection Customer:

Yuba County Water Agency
Attention: Primary BILLING Contact Name
1220 F Street
Marysville, CA 95901
Phone: 530-741-5000
Email: email address

Distribution Provider:

Pacific Gas and Electric Company
Attention: Electric Grid Interconnection - Contract Management
245 Market Street
Mail Code N7L
San Francisco, California 94105-1702
Phone: (415) 972-5394
Email: EGIContractMgmt@pge.com

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and

not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Yuba County Water Agency
Attention: Primary Contact Name
1220 F Street
Marysville, CA 95901
Phone: 530-741-5000
Email: email address

If to the Distribution Provider:

Pacific Gas and Electric Company
Attention: Electric Grid Interconnection - Contract Management
245 Market Street
Mail Code N7L
San Francisco, California 94105-1702
Phone: (415) 972-5394
Email: EGICContractMgmt@pge.com

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Yuba County Water Agency
Attention: Primary Contact Name
1220 F Street
Marysville, CA 95901
Phone: 530-741-5000
Email: email address

Distribution Provider's Operating Representative:

Pacific Gas and Electric Company
Rocklin, Distribution Control Center
3655 Cincinnati Ave.
Rocklin, CA 95766-1202
Email: RocklinDistOpsEngineering@pge.com

Work Management Desk (Planned Clearance Requests)
Attention: Yuba District (AOR 2(1-8)- Sacramento Division)
Phone: 844-743-2100

Real Time Operator Desk (Real Time Operational Issues)
Attention: Yuba District (AOR 2(1-8)- Sacramento Division)

Phone: 844-743-3322

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Distribution Provider: **Pacific Gas and Electric Company**

Signature: _____

Name: _____

Title: _____

Date: _____

For the Interconnection Customer: **Yuba County Water Agency**

Signature: _____

Name: _____ Customer Signatory

Title: _____ Customer Signatory Title

Date: _____

Glossary of Terms

Adverse System Impact -- A potential or actual negative effect due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System -- An electric system other than the Distribution Provider's Distribution System that may be affected by the proposed interconnection, including but not limited to the Transmission System.

Affected System Operator -- The entity that operates an Affected System.

Affiliate -- With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations -- All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council -- The reliability council applicable to the Distribution System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards -- The requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Distribution System to which the Generating Facility is directly interconnected, including the requirements pursuant to Section 215 of the Federal Power Act.

Area Deliverability Constraint -- A transmission system operating limit, that would constrain the deliverability of a substantial number of generators if the CAISO were to assign full capacity or partial capacity deliverability status to additional generating facilities in one or more specified geographic or electrical areas of the CAISO Controlled Grid in a total amount that is greater than the TP Deliverability for those areas. May also be a transmission system operating limit that constrains a quantity of generation in a local area of the grid that is larger than the generation amount identified in the applicable Transmission Planning Process (TPP) portfolio for the entire portfolio area. May also be a transmission system operating limit that constrains all or most of the same generation already constrained by a previously identified Area Deliverability Constraint.

Area Delivery Network Upgrade (ADNU) -- A transmission upgrade or addition identified by the CAISO to relieve an Area Deliverability Constraint.

Base Case -- The data including, but not limited to, base power flow, short circuit and stability data bases, underlying load, generation, and transmission facility assumptions, contingency lists, including relevant special protection systems, and transmission diagrams used to perform the Interconnection Studies. The Base Case may include Critical Energy Infrastructure Information (as that term is defined by FERC). The Base Case shall include transmission facilities as approved by the Distribution Provider or CAISO, as applicable, and Distribution Upgrades and Network Upgrades associated with generating facilities in (iv) below and generating facilities that (i) are directly interconnected to the Distribution System or CAISO Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to the Distribution System or an Affected System; or (iv) are not interconnected to the Distribution System or CAISO Grid, but are subject to a fully executed generator interconnection agreement (or its equivalent predecessor agreement) or for which an

unexecuted generator interconnection agreement (or its equivalent predecessor agreement) has been requested to be filed with FERC.

Breach -- The failure of a Party to perform or observe any material term or condition of the GIA.

Breaching Party -- A Party that is in Breach of the GIA.

Business Day -- Monday through Friday, excluding Federal Holidays and the Friday after Thanksgiving.

Calendar Day -- Any day including Saturday, Sunday or a Federal Holiday.

CAISO -- California Independent System Operator Corporation. See also ISO.

Clustering -- The process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation -- The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date -- The date on which an Electric Generating Unit at a Generating Facility has received final written Permission to Operate from the Distribution Provider for operation of the generation facilities in parallel with the utility.

Confidential Information -- Any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Construction Activities -- Actions by the Distribution Provider that result in irrevocable financial commitments for the purchase of major electrical equipment or land for Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades assigned to the Interconnection Customer that occur after receipt of all appropriate governmental approvals needed for the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades.

Control Area -- An electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.

CPUC -- California Public Utilities Commission.

Default -- The failure of a breaching Party to cure its Breach under the Small Generator Interconnection Agreement.

Deliverability -- (1) The annual Net Qualifying Capacity of a Generating Facility, as verified through a Deliverability assessment and measured in MW, which specifies the amount of resource adequacy capacity the Generating Facility is eligible to provide. (2) The annual Maximum Import Capability of an intertie, which specifies the amount of resource adequacy capacity, measured in MW, that Load-serving Entities collectively can procure from imports at that intertie to meet their resource adequacy requirements.

Deliverability Assessment -- An evaluation of the On-Peak Deliverability Assessment set forth in GIP Section 5.8.3, and the Off-Peak Deliverability Assessment set forth in GIP Section 5.8.3 to determine if a Generating Facility or a group of Generating Facilities could provide Energy to the CAISO Controlled Grid

and be delivered to the aggregate of Load on the CAISO Controlled Grid at Peak Load, under a variety of severely stressed conditions.

Deliverability Status -- An attribute of a Generating Facility that is requested by an Interconnection Customer for the Generating Facility, assigned by the CAISO to the Generating Facility through the GIP, GIDAP, or other process specified in the CAISO tariff, and that affects the maximum Net Qualifying Capacity to which the Generating Facility could be entitled.

Delivery Network Upgrades -- The transmission facilities at or beyond the point where the Distribution Provider's Distribution System interconnects to the ISO Grid, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Grid. Delivery Network Upgrades may be further classified as Local Delivery Network Upgrades or Area Delivery Network Upgrades.

Dispute Resolution -- The procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution Owner -- The entity that owns, leases, or otherwise possesses an interest in the portion of the Distribution System at the Point of Interconnection and may be a Party to the Small Generator Interconnection Agreement to the extent necessary.

Distribution Provider -- The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission or wholesale distribution service under the Tariff. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

Distribution Provider's Interconnection Facilities -- All facilities and equipment owned, controlled, or operated by the Distribution Provider from the Point of Change of Ownership to the Point of Interconnection as identified in the GIA, including any modifications, additions or upgrades to such facilities and equipment. Distribution Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Distribution Service -- The wholesale distribution service provided under the Tariff.

Distribution System -- Those non-ISO transmission and distribution facilities owned, controlled and operated by the Distribution Provider that are used to provide distribution service under the Tariff, which facilities and equipment are used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades -- The additions, modifications, and upgrades to the Distribution Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date -- The date on which the GIA becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Electric Generating Unit -- An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered.

Emergency Condition -- A condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Distribution Provider, is

imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Distribution Provider's Distribution System, Distribution Provider's Interconnection Facilities or the electric systems of others to which the Distribution Provider's Distribution System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a nondiscriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the GIA to possess black start capability.

Energy-Only Deliverability Status -- A condition elected by an Interconnection Customer for a Generating Facility interconnected to Distribution System, the result of which is that the Interconnection Customer is responsible only for the costs of Reliability Network Upgrades and is not responsible for the costs of Delivery Network Upgrades, but the Generating Facility will be deemed to have a Net Qualifying Capacity (as defined in the ISO Tariff) of zero and, therefore, cannot be considered to be a Resource Adequacy Resource (as defined in the ISO Tariff).

Engineering & Procurement (E&P) Agreement -- An agreement that authorizes the Distribution Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law -- The applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act -- The Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC -- The Federal Energy Regulatory Commission (Commission) or its successor.

Full Capacity Deliverability Status (FCDS) -- The condition whereby a Generating Facility interconnected with the Distribution System, under coincident ISO Control Area peak demand and a variety of severely stressed system conditions, can deliver the Generating Facility's full output to the aggregate of load on the ISO Grid, consistent with the ISO's reliability criteria and procedures and the ISO's On-Peak Deliverability Assessment.

Generating Facility -- The Interconnection Customer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities. A Small Generating Facility is one that has maximum capacity of 20 MW or less. A Large Generating Facility is one that has a maximum capacity of more than 20 MW.

Generating Facility Capacity -- The net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple Electric Generating Units.

Generator Interconnection Agreement (GIA) -- Either the Small Generator Interconnection Agreement (SGIA), which is Attachment F to the Wholesale Distribution Tariff, unless the proposed interconnection is for a generating facility larger than 20 MW, in which case references to interconnection agreement are to the Large Generator Interconnection Agreement (LGIA), which is Attachment H to the Wholesale Distribution Tariff.

Generator Interconnection and Deliverability Allocation Procedures (GIDAP) -- See ISO's Generator Interconnection and Deliverability Allocation Procedures (ISO Tariff GIDAP)

Generator Interconnection Procedures (GIP) -- See the definition for either ISO's Tariff Generator Interconnection Procedures (ISO Tariff GIP), or Wholesale Distribution Tariff Generator Interconnection Procedures (WDT GIP).

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

Initial Synchronization Date -- The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date -- The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Distribution Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer – Any entity, including the Distribution Provider, the Distribution Owner, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Distribution Provider's Distribution System.

Interconnection Customer's Interconnection Facilities – All facilities and equipment, as identified in the GIA, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Distribution Provider's Distribution System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities – The Distribution Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Distribution Provider's Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Financial Security -- The financial instrument(s) submitted by the Interconnection Customer to the Distribution Provider prior to the start of any Construction Activities as a security for the Distribution Provider against the estimated costs of the Construction Activities described in the Generator Interconnection Agreement. The Interconnection Customer may post the Interconnection Financial Security using any of the financial instruments listed in the WDT GIP.

Interconnection Handbook - A handbook, developed by the Distribution Provider and posted on the Distribution Provider's website or otherwise made available by the Distribution Provider, describing the technical and operational requirements for wholesale generators and loads connected to the Distribution System, as such handbook may be modified or superseded from time to time. In the event of a conflict between the terms of this SGIA and the terms of the Distribution Provider's Interconnection Handbook, the terms in this SGIA shall govern.

Interconnection Request – The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Distribution Provider's Distribution System.

Interconnection Service -- The service provided by the Distribution Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Distribution Provider's Distribution System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the GIA and, if applicable, the Distribution Provider's Tariff.

IRS -- The Internal Revenue Service.

ISO -- The California Independent System Operator Corporation, a state chartered, nonprofit, corporation that controls certain transmission facilities of all Participating Transmission Owners and dispatches certain generating units and loads. See also CAISO.

ISO Grid -- The system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the ISO's Operational Control.

ISO's Generator Interconnection and Deliverability Allocation Procedures (ISO Tariff GIDAP) -- The procedures included in the ISO Tariff to interconnect a Generating Facility directly to the ISO Grid, as such procedures may be modified from time to time, and accepted by the Commission. See also GIDAP.

ISO's Generator Interconnection Procedures (ISO Tariff GIP) -- The procedures included in the ISO Tariff to interconnect a Generating Facility directly to the ISO Grid, as such procedures may be modified from time to time, and accepted by the Commission. See also GIP.

Large Generating Facility -- A Generating Facility having a Generating Facility Capacity of more than 20 MW.

Local Deliverability Constraint -- A transmission system operating limit modeled in the GIDAP study process that would be exceeded if the CAISO were to assign Full Capacity Deliverability Status or Partial Capacity Deliverability Status to one or more additional Generating Facilities interconnecting to the CAISO Controlled Grid in a specific local area, and that is not an Area Deliverability Constraint.

Local Delivery Network Upgrade (LDNU) -- A transmission upgrade or addition identified by the CAISO in the GIDAP Interconnection Study Process to relieve a Local Deliverability Constraint.

Loss -- Any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the GIA on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification -- A modification that has a material impact on the cost or timing of any Interconnection Request, or any other valid interconnection request to the Distribution Provider or the ISO with a later queue priority date.

Metering Equipment -- All metering equipment installed or to be installed at the Generating Facility pursuant to the GIA at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC -- The North American Electric Reliability Council or its successor organization.

Network Upgrades – Additions, modifications, and upgrades to the Distribution Provider's Transmission System required at or beyond the point at which the Distribution System connects to the Distribution Provider's Transmission System to accommodate the interconnection of the Small Generating Facility to the Distribution Provider's Distribution System. Network Upgrades do not include Distribution Upgrades. See also: **Area Delivery Network Upgrades; Delivery Network Upgrades; Local Delivery Network Upgrades; and Reliability Network Upgrades.**

Notice of Dispute -- A written notice of a dispute or claim that arises out of or in connection with the GIA or its performance.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, California Independent System Operator, control area, or the Distribution Provider's requirements, including those set forth in the Small Generator Interconnection Agreement.

Participating Transmission Owner -- An entity which (i) owns, operates, and maintains transmission lines and associated facilities and/or has entitlements to use certain transmission lines and associated facilities; and (ii) has transferred to the ISO operational control of such facilities and/or entitlements to be made part of the ISO Grid.

Party or Parties – The Distribution Provider, Distribution Owner, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership -- The point set forth in the GIA where the Interconnection Customer's Interconnection Facilities connect to the Distribution Provider's Interconnection Facilities.

Point of Interconnection – The point set forth in the GIA where the Interconnection Facilities connect with the Distribution Provider's Distribution System.

Pre-Construction Activities -- The actions by the Distribution Provider, other than those required by an Engineering and Procurement Agreement under Section 8 of the GIP, undertaken prior to Construction Activities in order to prepare for the construction of the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades assigned to the Interconnection Customer, including, but not limited to, preliminary engineering, permitting activities, environmental analysis, or other activities specifically needed to obtain governmental approvals for the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades.

Qualifying Capacity -- The maximum Resource Adequacy Capacity that a Resource Adequacy Resource may be eligible to provide. The criteria and methodology for calculating the Qualifying Capacity of resources may be established by the CPUC or other applicable Local Regulatory Authority and provided to the CAISO. A resource's eligibility to provide Resource Adequacy Capacity may be reduced below its Qualifying Capacity through the CAISO's assessment of Net Qualifying Capacity.

Queue Position – The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Distribution Provider and is represented by a unique identifying code assigned to each Interconnection Request that is deemed complete.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Reliability Network Upgrades -- The transmission facilities at or beyond the point where the Distribution Provider's Distribution System interconnects to the ISO Grid, necessary to interconnect one or more Generating Facility(ies) safely and reliably to the ISO Grid, which would not have been necessary but for

the interconnection of one or more Generating Facility(ies), including Network Upgrades necessary to remedy short circuit or stability problems, or thermal overloads. Reliability Network Upgrades shall only be deemed necessary for thermal overloads, occurring under any system condition, where such thermal overloads cannot be adequately mitigated through the ISO's congestion management, operating procedures, or special protection systems based on the characteristics of the Generating Facilities included in the Interconnection Studies, limitations on market models, systems, or information, or other factors specifically identified in the Interconnection Studies. Reliability Network Upgrades also include, consistent with the Applicable Reliability Council's practice and Applicable Reliability Standards, the facilities necessary to mitigate any adverse impact the Generating Facility's interconnection may have on a path's Applicable Reliability Council rating.

Resource Adequacy (RA) -- A mandatory planning and procurement process to ensure adequate resources to serve all customers in real time. The program requires that Load Serving Entities (LSEs) meet a Planning Reserve Margin for their obligations. The program provides deliverability criteria that each LSE must meet, as well as system and local capacity requirements. Rules are provided for "counting" resources towards meeting resource adequacy obligations. The resources that are counted for RA purposes must make themselves available to the California ISO for the capacity for which they were counted. The ISO's Interim Reliability Requirements Program and the resource adequacy under MRTU tariff provisions are intended to complement the State of California's efforts to implement resource adequacy programs.

Site Control -- Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose (see also: Site Exclusivity).

Site Exclusivity -- The third option to prove Site Control and applies only in instances when the Interconnection Customer has a business (private) or government agency (public) relationship with the project site's deed holder.

- (1) For private land, Site Exclusivity shall mean documentation reasonably demonstrating legal authorization from the land owner showing the Interconnection Customer has either (a) Ownership of, a leasehold interest in, or a right to develop property upon which the Generating Facility will be located consisting of a minimum of 50% of the acreage reasonably necessary to accommodate the Generating Facility; or (b) an option to purchase or acquire a leasehold interest in property upon which the Generating Facility will be located consisting of a minimum of 50% of the acreage reasonably necessary to accommodate the Generating Facility.
- (2) For public land, including that controlled or managed by any federal, state or local agency, Site Exclusivity shall mean documentation from the governing public agency providing a final, non-appealable permit, license, or other exclusive legal right to use the property for the purpose of generating electric power and in acreage reasonably necessary to accommodate the Generating Facility. Such documentation showing exclusive right to use public land under the management of a Local, State, or Federal agency shall be in a form specified by that agency.

Smart Inverter —A Generating Facility's inverter that performs functions that when activated can autonomously contribute to grid support during excursions from normal operating voltage and frequency system conditions by providing dynamic reactive/real power support, voltage and frequency ride-through, ramp rate controls, communication systems with ability to accept external commands and other functions.

Small Generating Facility – An Interconnection Customer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities, that has a generating capacity of 20 megawatts (MW) or less.

Stand Alone Network Upgrades -- Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Distribution Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in an Appendix to the GIA.

System Protection Facilities -- The equipment, including necessary protection signal communications equipment, required to protect (1) the Distribution Provider's Distribution System, the ISO Controlled Grid, and Affected Systems from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Distribution Provider's Distribution System, the ISO Controlled Grid or on other delivery systems or other generating systems to which the Distribution Provider's Distribution System and Transmission System is directly connected.

Tariff -- The Distribution Provider's Wholesale Distribution Tariff through which open access distribution service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission System -- Those facilities owned by the Distribution Provider that have been placed under the ISO's operational control and are part of the ISO Grid.

Trial Operation -- The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation. Also known as Permission to Parallel for Test Purposes.

Uncontrollable Force -- Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Distribution Provider or Interconnection Customer which could not be avoided through the exercise of Good Utility Practice. An Uncontrollable Force event does not include acts of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force.

Upgrades -- The required additions and modifications to the Distribution Provider's Distribution System, at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Wholesale Distribution Tariff Generator Interconnection Procedures (WDT GIP) -- The procedures included in the Distribution Provider's Wholesale Distribution Tariff (WDT) to interconnect a Generating Facility directly to the Distribution Provider's Distribution System, as such procedures may be modified from time to time, and accepted by the Commission.

Description and Costs of the Small Generating Facility, Interconnection Facilities and Metering Equipment

Yuba County Water District an Interconnection Customer (IC), has requested a Generating Facility (GF) interconnection for Narrows 1 Hydro (Project) to the Pacific Gas and Electric Company (PG&E)'s distribution system for a 12,000 kW Hydro generating facility to be located in Smartsville CA 95977. The Generating Facility will be connected to PG&E's Narrows Bank 1, 11kV distribution circuit. Interconnection will be in accordance with FERC's Generator Interconnection Procedures.

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, the Distribution Provider, Distribution Owner or the Transmission Owner. The Distribution Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

Project Information

Project Name:	Narrows 1 Hydro
Number of Generators:	1
Manufacturer Model Name & Number:	Westinghouse vertical waterwheel
Number of Inverters:	N/A
Manufacturer Model Name & Number:	N/A
Total Output:	11.3 MW
Transformer Data:	Unknown
PG&E Grid Voltage at Interconnection:	11 kV

Interconnection Facilities

The estimated costs associated with the Interconnection Facilities required to interconnect the project to Distribution Provider's Distribution System.

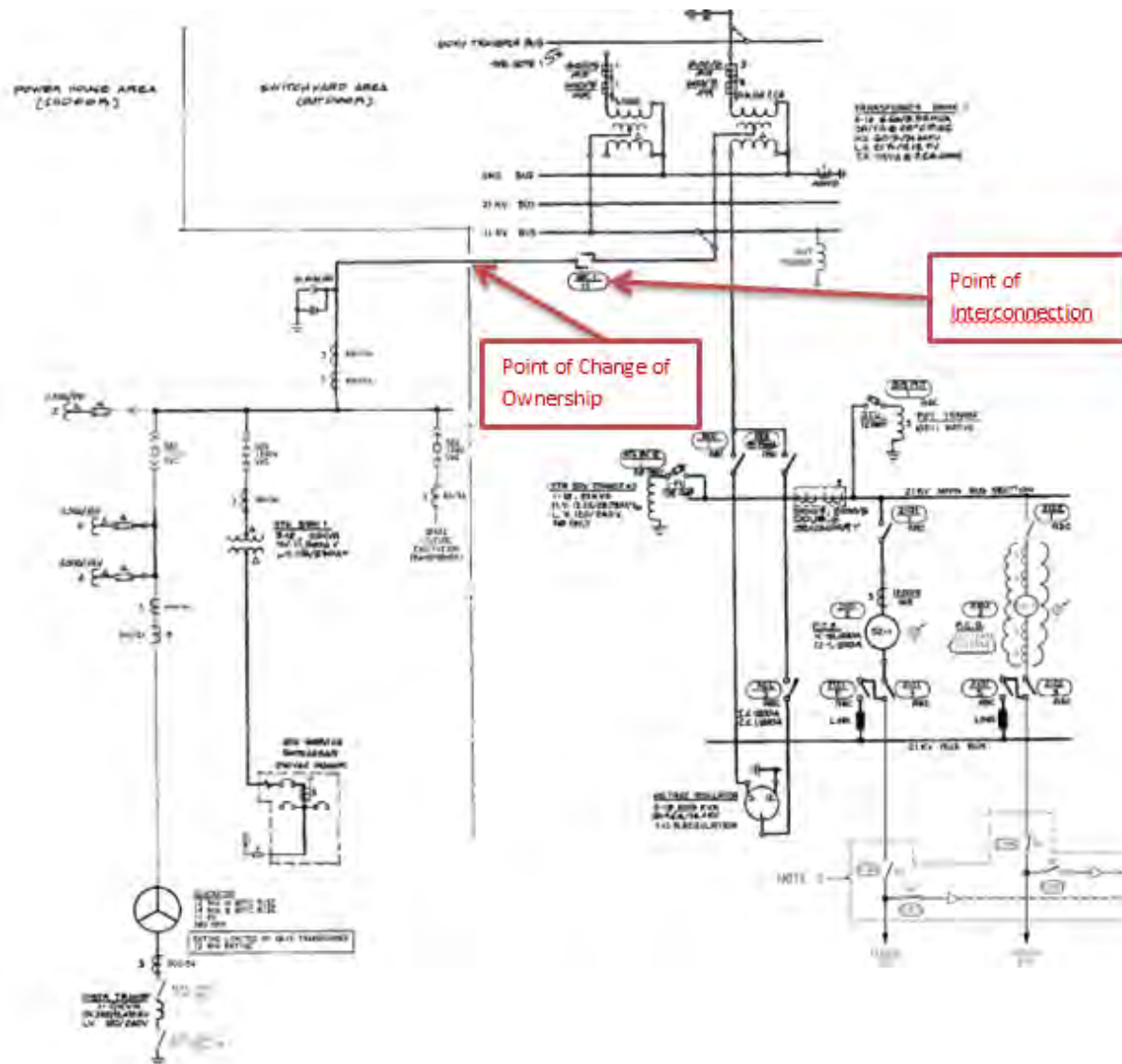
Interconnection Facilities (Subject to Cost-of-Ownership)	Costs
New PG&E Meter	\$3,193.12
1,100 ft of 11 kv line from substation to the Narrows 1 Power House	\$110,000
Total – Interconnection Facility Costs (Subject to Cost-of-Ownership)	\$113,193.12
ITCC Tax ¹	

¹ Not subject to ITCC (Income Tax Calculation Component) on contribution. ITCC is exempt for wholesale generators that meet the IRS Safe Harbor Provisions. PG&E currently does not require the Interconnection Customer to provide security to cover the potential tax liability on the Interconnection Facilities, Distribution Upgrades, and Network Upgrades per the IRS Safe Harbor Provisions (IRS Notice 88-129). PG&E reserves the right to require, on a nondiscriminatory basis, the Interconnection Customer to provide such security, in a form reasonably acceptable to PG&E as indicated in Article 11 of the SGIA, an amount up to the cost consequences of any current tax liability. Upon request and within sixty (60) Calendar Days' notice, the Interconnection Customer shall provide PG&E such ITCC security or ITCC payment in the event that Safe Harbor Provisions have not been met, in the form requested by PG&E.

One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

One-Line Conceptual Diagram of Narrows 1 Hydro

Figure 3-1



Vicinity Map of Narrows 1 Hydro

Figure 3-2



Milestones

In-Service Date: _____ Executed Date of the SGIA

Critical milestones and responsibility as agreed to by the Parties:

	Milestone	Date	Responsible Party
1	Financial Security Posting Due Date	N/A	Interconnection Customer
2	Submit electronic initial design package (including but not limited to equipment list, 70% final SLD, site map and site plan)	N/A	Interconnection Customer
3	On-site project kick-off meeting	N/A	Distribution Provider & Interconnection Customer
4	Completion of the Interconnection Facilities, Distribution Upgrades, and Network Upgrade facilities	Approximately December, 1942	Distribution Provider & Interconnection Customer
5	In-Service Date (back-feed power)	Effective Date of the SGIA	Distribution Provider & Interconnection Customer
6	Pre-parallel Inspection and Testing	Approximately December, 1942 (Refer to section 5.3 of Article 5)	Distribution Provider & Interconnection Customer
7	Initial Synchronization	Approximately December, 1942	Interconnection Customer
8	Provide written approval to Interconnection Customer for the operation of the facilities (PTO) and Commercial Operation Date (COD)	Execution Date of the SGIA	Distribution Provider
9	Completion of Reliability and Deliverability Network Upgrades (RNU, DNU) identified in Attachment 5 as part of implementing FCDS	Approximately December, 1942	Distribution Provider

Note: Supplemental Billing and Payment Provisions:

In accordance with Article 6.3 of this project's SGIA, the financial security posting(s) must be completed by the Interconnection Customer before the Distribution Provider may begin any capital work. The Interconnection Customer may negotiate a milestone date to post the financial security(-ies) up to 180 Calendar Days (CD) after the execution of this SGIA. This negotiated date is shown in the milestones table above. If the financial security posting(s) is/are not completed by the date shown in the table above, a notice of default will be issued to the Interconnection Customer in accordance with Article 7.6 of this SGIA.

Billing Procedures for Actual Costs:

Per Article 6.1.1 of this project's SGIA, PG&E will bill the Interconnection Customer on a monthly basis for actual labor and/or material costs incurred during the prior month.

**Additional Operating Requirements for the Distribution Provider's Distribution System,
Transmission System and Affected Systems Needed to Support
the Interconnection Customer's Needs**

5.1 General Operating Requirements

The Distribution Provider shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Distribution Provider's Distribution System.

At a minimum, the Interconnection Customer agrees to construct and interconnect the facility described in this agreement with the PG&E system in accordance with the standards and requirements described in the PG&E Transmission Interconnection Handbook (TIH) and the Distribution Interconnection Handbook (DIH).

5.2 Full Capacity Deliverability Status

The Interconnection Customer is considered to be full capacity deliverability status (FCDS) as a qualifying facility as of their Commercial Operation date of December 1942.

5.3 Maintenance and Operations Inspection Information

Date of last maintenance inspection July 7, 2015 has verified the relay setting and operations of the facility. Those records are available at the customer's request.

Distribution Provider's Description of its Upgrades and Best Estimate of Upgrade Costs

The Distribution Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Distribution Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

Actual costs incurred by the Interconnection Customer to install these Distribution Upgrades and Network Upgrades will be trued up with the Interconnection Customer once this project has achieved commercial operation, per Article 6.1 of this agreement. The Interconnection Customer will be responsible for payment of all actual costs incurred to install these facilities, and any additional facilities identified as necessary during the engineering, design, or construction phases. Should additional upgrades be deemed necessary for the interconnection of this facility, Distribution Provider will identify these additional upgrades as soon as possible in the construction phase, and will coordinate with the Interconnection Customer on the additional costs and timing needed to implement them. As needed, the costs of ownership for these Interconnection Facilities also will be updated once this project has achieved commercial operation.

Reliability Network Upgrades will be reimbursed pursuant to Article 5.2.1.

Distribution Upgrades

The estimated costs associated with the system upgrades required to interconnect the project to the Distribution Provider's Distribution System.

Distribution Upgrades: None

Reliability Network Upgrades

The estimated costs associated with the system upgrades required to interconnect the project to the Distribution Provider's Transmission System. In accordance with Article 5.2.1 of this Agreement, Reliability Network Upgrades reimbursement is capped at \$____N/A_____ (maximum of \$60,000 per MW of generating capacity). To the extent that such reimbursement does not cover all costs of the RNUs, the IC shall receive Congestion Revenue Rights ("CRRs") for the portion of the RNUs that are not covered by the above reimbursement.

Reliability Network Upgrades: None

Total Project Costs

Cost Category	Amount Subject to COO (\$)	Amount NOT Subject to COO (\$)	Total Cost Category Amount (\$)
Interconnection Facilities Costs (Attachment 2)	\$113,193.12	N/A	\$113,193.12
Deliverability-related RNU (Attachment 5)	N/A	N/A	N/A
Delivery Network Upgrades (Attachment 5)	N/A	N/A	N/A
Distribution Upgrade Costs (Attachment 6)	N/A	N/A	N/A
Reliability Network Upgrade Costs (Attachment 6)	N/A	N/A	N/A
Total Project Costs (\$)	\$113,193.12	N/A	\$113,193.12

Total Cost-of-Ownership Charges for Project:

The Interconnection Customer has elected the following by placing a check mark against it for Cost-of-Ownership for the applicable Interconnection Facilities and/or Distribution Upgrades. The Cost-of-Ownership will commence upon the In-Service Date per Article 4.1.2.

A. ☐ **Monthly Cost-of-Ownership Charge**

$$\text{\$ } 113,193.12 \times 0.48\%^2 \text{ (current percentage rate)} = \text{\$ } 543.33$$

Total Monthly Cost-of-Ownership Charge	\$ 543.33 / month
---	--------------------------

B. ☒ **Equivalent One-Time Charge** (in lieu of recurring Monthly Cost-of-Ownership Charge)

$$\text{\$ } 543.33 \text{ / month} \times 12 \text{ months} \times 14.2 \text{ (present worth factor}^3\text{)} = \text{\$ } 92,582.92$$

Total Equivalent One-Time Charge	\$ 92,582.92 Onetime COO Amt
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² The COST-OF-OWNERSHIP Charge for Interconnections provided under this Agreement is determined in accordance with PG&E's applicable percentage rates calculated using PG&E's most recent distribution owner revenue requirement on file with and accepted by FERC. PG&E currently charges the following COST-OF-OWNERSHIP rates for distribution facilities: Customer financed, Distribution-level Rate of 0.48% monthly.

³ The Present Worth Factor (PWF), which is also known as the perpetuity factor, is used under this agreement to determine the equivalent One-Time Payment. This financial factor is the reciprocal of the after-tax Rate of Return on Rate Base (ROR). The after-tax ROR is calculated by the Economic and Project Analysis Department and is based on CPUC decisions, which establish the Return on Rate Base.

EXHIBIT F

RECORDING REQUESTED BY

PACIFIC GAS AND ELECTRIC
COMPANY
Land Department
Attention: Paul Coviello
1850 Gateway Blvd, Room 7043C
Concord, CA 94520

WHEN RECORDED MAIL TO

PACIFIC GAS AND ELECTRIC
COMPANY
245 Market Street, N10A, Room 1015
P.O. Box 770000
San Francisco, CA 94177

The undersigned Grantor declares that the
documentary transfer tax is \$-0- (R&T Code
11911 not applicable—No realty sold/no
consideration)

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN 50-010-08-000

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assumption Agreement"), made as of _____, 20__ (the "Effective Date"), by and between PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("PG&E"), YUBA COUNTY WATER AGENCY, a California public agency ("YCWA"), and BEAR YUBA LAND TRUST, a California public benefit corporation ("BYLT"). PG&E, YCWA and BYLT are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS:

A. YCWA and PG&E have entered into that certain Narrows Project Asset Purchase and Sale Agreement, dated September 21, 2018 (the "Purchase Agreement"), pursuant to which PG&E has agreed to sell and transfer and YCWA has agreed to buy and accept that certain real property located in the County of Nevada and State of California, further described in Exhibit A attached hereto and incorporated herein (the "Property").

B. The Property is encumbered by that certain Deed of Conservation Easement and Agreement dated September 4, 2015 (the "Conservation Easement") between PG&E and BYLT and recorded in the Official Records of Nevada County, California on September 4, 2015 as Document No. 20150021007.

EXHIBIT F

C. The Parties desire to hereby provide for PG&E's assignment to YCWA of its rights and interest in and to the Conservation Easement, YCWA's assumption of all obligations of PG&E under the Conservation Easement, and as otherwise provided herein.

NOW, THEREFORE, for valuable consideration, receipt of which is acknowledged, PG&E, YCWA and BYLT agree as follows:

1. Definitions. Capitalized terms used herein without other definition have the meanings given to them in the Conservation Easement.

2. Assignment. PG&E hereby assigns and transfers to YCWA all rights, duties and obligations of the Grantor under the Conservation Easement.

3. Assumption. YCWA hereby accepts the foregoing assignment and transfer. YCWA also acknowledges its designation as Grantor under the Conservation Easement and does hereby assume the performance of all duties of Grantor under all the terms, covenants and conditions of the Conservation Easement, except as provided by Section 4. If BYLT charges any sum under Section 13.1 of the Conservation Easement in connection with the conveyance of the Property, PG&E shall be responsible for payment of any such sum as may be required by the Conservation Easement.

4. Reservations and Continued Use.

4.1. The Parties acknowledge that (a) the transfer of fee title to the Property is being made in accordance with that certain Grant Deed recorded in the Official Records of the County of Nevada prior to the recordation of this Assumption Agreement (the "Grant Deed"), which includes a reservation of certain easement rights in and to the Property in favor of PG&E ("PG&E Reserved Rights"), (b) PG&E's use of the Property under the PG&E Reserved Rights constitutes a Permitted Use of the Property by others as allowed by Section 7.1 of the Conservation Easement, and (c) the area of the PG&E Reserved Rights is within the Hydro Operating Zone as described and shown in the Conservation Easement. PG&E shall not use the Property under the PG&E Reserved Rights in any manner that would be inconsistent with the terms and limitations of the Conservation Easement.

4.2. PG&E shall cooperate with and aid YCWA in connection with YCWA's preparation of the Annual Work Plan under the Conservation Easement with respect to PG&E's use of the Property under the PG&E Reserved Rights, including sharing of relevant information and documents about planned actions, activity, or improvements on the PG&E Reserved Rights easement area. If PG&E intends to undertake an Anticipated Significant Action within the meaning of the Conservation Easement that is not identified in the Annual Work Plan for the year, then PG&E shall notify YCWA in writing about the planned Anticipated Significant Action and YCWA then shall forward that information to BYLT as the Notice of Action under Section 7.4 of the Conservation Easement. If there is any meeting on the Notice of Action between YCWA and BYLT under Section 7.4, PG&E shall participate in the meeting.

4.3. The Parties acknowledge and agree that none of the releases of rights pursuant to Section 13.2.1 of the Conservation Easement are applicable because the conditions precedent thereto in Section 13.2.1 (a)-(c) were not satisfied.

EXHIBIT F

5. No Representations or Warranties. This Assumption Agreement is made without warranty or representation by PG&E of any kind whatsoever, except as expressly set forth in the Purchase Agreement, and is made subject to the disclaimers set forth in Section 10.5 of the Purchase Agreement and all other terms and conditions of the Purchase Agreement.

6. Further Assurances. The Parties agree to take such reasonable actions, including acknowledging, delivering, or executing instruments and documents, as may be required to effectuate the purposes of this Assumption Agreement.

7. Governing Law. This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflict of laws or choice of law rules.

8. Successors and Assigns. This Assumption Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.

9. Severability. If one or more provisions of this Assumption Agreement are held by a proper court to be unenforceable under applicable law, portions of such provisions, or such provisions in their entirety, to the extent necessary and permitted by law, shall be severed herefrom, and the balance of this Assumption Agreement shall be enforceable in accordance with its terms.

10. Entire Agreement; Amendment. This Assumption Agreement contains the entire understanding of the Parties relating to the subject matter hereof and shall supersede any prior written or oral agreements or communications among some or all of the Parties pertaining to such subject matter. The obligations of the Parties under this Assumption Agreement may not be altered or amended in any respect except by a writing executed by YCWA, BYLT and PG&E.

11. Counterparts. This Assumption Agreement may be executed in two or more counterparts and each of such counterparts, for all purposes, shall be deemed to be an original but all of such counterparts together shall constitute but one and the same instrument, binding upon all parties to this Assumption Agreement, notwithstanding that all of such parties may not have executed the same counterpart.

12. Effectiveness. This Assumption Agreement shall be effective as of the closing date under the Purchase Agreement.

[Signatures follow on next page.]

EXHIBIT F

IN WITNESS WHEREOF, the Parties have executed this Assumption Agreement as of the Effective Date.

YCWA:

YUBA COUNTY WATER AGENCY,
a California public agency

By: _____
Curt Aikens, General Manager

[Signatures continued on following page.]

EXHIBIT F

[Signatures continued from previous page.]

PG&E:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Print Name: _____

Title: _____

[Signatures continued on following page.]

EXHIBIT F

[Signatures continued from previous page.]

BYLT:

BEAR YUBA LAND TRUST,
a California public benefit corporation

By: _____

Print Name: _____

Title: _____

Notary Acknowledgment

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Notary Acknowledgment

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Notary Acknowledgment

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
--

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF NEVADA, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:

1403-CFR-00001_

SBE 135-29-27-1_

LCP ID#0917_

—
ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 23, TOWNSHIP 16 NORTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED IN BOOK 78, PAGE 169 OF OFFICIAL RECORDS OF THE COUNTY OF NEVADA, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:—

—
SAID PARCEL BEING BOUNDED BY A LINE WHICH BEGINS AT THE NORTH ONE-QUARTER CORNER OF SAID SECTION 23, AND RUNS THENCE_
SOUTH 89 ° 37' EAST 300.0 FEET ALONG THE NORTHERLY BOUNDARY LINE OF SAID SECTION 23; THENCE _
SOUTH 0 ° 35' 30" EAST 880.0 FEET; THENCE_
NORTH 89 ° 37' WEST 300.0 FEET TO A POINT IN THE WESTERLY BOUNDARY LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 23; THENCE_
NORTH 73 ° 38' WEST 1295.0 FEET TO A POINT IN THE CENTER LINE OF THE YUBA RIVER; THENCE_
NORTH 43 ° 19' EAST 780.6 ALONG THE CENTER LINE OF THE YUBA RIVER, TO A POINT IN THE NORTHERLY BOUNDARY LINE OF SAID SECTION 23; THENCE_
SOUTH 85 ° 40' EAST 700.0 ALONG THE NORTHERLY BOUNDARY LINE OF SAID SECTION 23, TO THE POINT OF BEGINNING. _

—
A.P.N. 50-010-08_

—

EXHIBIT G

RECORDING REQUESTED BY AND RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY
245 Market Street, N10A, Room 1015
P.O. Box 770000
San Francisco, California 94177

Location: City/Uninc _____
Recording Fee \$ _____
Document Transfer Tax \$ _____
☐ This is a conveyance where the consideration and
Value is less than \$100.00 (R&T 11911).
☐ Computed on Full Value of Property Conveyed, or
☐ Computed on Full Value Less Liens
& Encumbrances Remaining at Time of Sale

Signature of declarant or agent determining tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

PG&E Doc # 2116-06-10004

ASSIGNMENT OF EASEMENTS

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called PG&E, hereby assigns, transfers and conveys to YUBA COUNTY WATER AGENCY, a California water agency, all of PG&E's right, title and interest (including easements) reserved in and described in the following document which is recorded in the County of Yuba, State of California:

1. The Grant Deed, Reservation of Rights and Easements, and Assignment of Rights by PG&E to THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, dated January 20, 2015 and recorded on January 29, 2015 as document number 2015-00983, Yuba County Records, (**PG&E LD 2116-06-0449**).

Dated _____, 20____.

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation,

By _____
Andrew K. Williams
Vice President
Land & Environmental Management

PG&E Administrative Block
Area 6,
Land Service Office: Auburn
Operating Department: Hydro
MTRSQ: 21.16.06.23.41
FERC License Number: 1403
PG&E Drawing Number(s): N/A
LD of any affected documents: 2116-06-0137
LD of any Cross-referenced documents: N/A
TYPE OF INTEREST: 1, 11p, 24
SBE Parcel Number: N/A
(For Quitclaims, 100% being quitclaimed):
Order # or PM #: 2025565
County: Yuba
Utility Notice Numbers: N/A
851 Approval Application No. _____ Decision _____ Advice Letter _____
Prepared By: DQMM
Checked by: S2PO

Schedule 1.1

List of PG&E Personnel with Knowledge

Tyler Covich: Supervisor, Hydro Maintenance

Chris Brewster: Supervisor, Hydro Generation

Jerry Luce: Supervisor, Substation O&M

Stephanie Maggard: Director, Portfolio Strategy

Mike Schonherr: Strategic Agreement Consultant, Chief, Portfolio Strategy

Seth Perez: Senior Land Agent, Land Management

Judy Peck: Hydro Partnership Project Manager, Operations and Maintenance

Steve Bauman: Senior Licensing Project Manager, PG&E Hydro Licensing

Schedule 2.1(a)

Narrows Project Description

1. Narrows Tunnel and Penstock

The Narrows Project receives water via the outlet works structure located at the east abutment of the U.S. Corps of Engineers-administered Englebright Dam. The Narrows Project measures flows to calibrate hydrographic data via an automated cableway gage (NY-28) located in the NY-28 gage house. The outlet works connect directly to the Narrows Project tunnel, which runs for approximately 1077 ft to the Narrows Project penstock. The Narrows Project penstock is a 266-foot-long, 8-foot diameter steel pipe with welded longitudinal seams and riveted circumferential butt joints, monitored by a penstock flow gauge (NY-13; USGS #11417970). The penstock extends northwest and down the steep slope to the Narrows 1 Powerhouse on the Yuba River. Most of the penstock pipe is above ground, supported on the hillside by two anchors and three piers. A standpipe for pressure release is attached to the upper end of the penstock and extends further up the slope above the penstock. The surge structure is a 227-foot-long, 24-inch steel standpipe.

2. Sniper Lane and Tram Facilities.

Sniper Lane is an approximately 2,300 ft, gated access road providing vehicular access to the Narrows Powerhouse. At the end of the lane, there is a parking area directly adjacent to the tram house which contains a tramcar, hoist, and motors. The foundation of the tram house is constructed of reinforced concrete. The tram consists of a car running on a steel track to the Narrows Powerhouse down an approximate 517-foot change in elevation.

3. Narrows Powerhouse.

The Narrows Powerhouse contains a turbine/generator unit with a capacity of 12,000 kilovolt-amperes (kVA). Associated appurtenances and equipment consist of a single vertical "I.P. Morris" Francis turbine coupled to a 3-phase vertical Westinghouse Electric and Manufacturing Company generator, a closed system of air cooling and water-cooled bearings and a control room within a reinforced concrete structure that contains a main floor, basement, and sub-basement.

Schedule 2.1(b)

Tangible Personal Property

1. NY-28 Gagehouse and associated equipment (Smartsville Gage)
2. NY-28 Automated cableway to measure flows to calibrate hydrographic data
3. NY-14 (Englebright Elevation) sensor, data logger, radio and solar panel.
4. N1 Penstock flow gage (USGS #11417970)
5. Telecom lines from N2 to N1 that crosses the river
6. Operator Desk
7. Multi-functional printer/scanner
8. Various operator chairs
9. Print table
10. Lavatory – In-Operable
11. Refrigerator/freezer combo
12. Microwave Oven
13. Coffee Maker
14. LOTO Station, Various LOTO Locks (GREEN, RED, ORANGE, YELLOW, BLUE) and Locking Devices
15. 4 drawing cabinets including equipment operating procedures
16. 3 – Ladder stations with multiple size ladders; stationed at each floor level
17. Fire Extinguishers, stationed as shown on Facility Plan
18. 1- Red Tool Chest with various tools
19. 1- Grounding Buggy, includes equipment metal storage cabinet for plug and controller and various supplies
20. 1- Beech Winch Lift Truck
21. Hazardous Spill Response Cabinet with spill response equipment
22. 2 – Counter weights for Tram Car and Overhead load test (6300, 3250)
23. Removable metal safety post and chains for indoor tram parking
24. 2 – Vice and 1 Grinder
25. 4 Work Benches with various tools and cabinetry
26. 2 Flammable Materials Cabinet, 1 Non-Flammable Cabinet
27. 2- Pressure Washers
28. 3 Wood Cabinets
29. Red Roller Welder
30. Various plug-in portable heaters
31. 2 metal shelves and 2 wood shelves with miscellaneous incidental materials pipe, fittings, fuses, fasteners, rigging etc...
32. TSV Hydro Controlled Locking Collar
33. Original Tool Board with assortment of slugging wrenches
34. Stacked Large Wood Cribbing
35. Spare Guide Bearing thrust shoes – 06-3280 (total of 8)

- 36. 90 inch TSV Seat
- 37. Exciter Armature 100 Kw DC
- 38. Two Runner Seal Rings
- 39. Lube Grease system
- 40. 2- Tram Car Radio Controllers
- 41. 1- Tram Car Cover, 1 Tram Car Seats
- 42. Box of stator coils
- 43. 2 field poles
- 44. 1 set of TSV seals.
- 45. 1 Spare Turbine guide bearing

Schedule 2.1(c)

Narrows Fee Parcel

(APN 50-010-08-000)

1403-CFR-00001

SBE 135-29-27-1

LCP ID#0917

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 23, TOWNSHIP 16 NORTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED IN BOOK 78, PAGE 169 OF OFFICIAL RECORDS OF THE COUNTY OF NEVADA, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

SAID PARCEL BEING BOUNDED BY A LINE WHICH BEGINS AT THE NORTH ONE-QUARTER CORNER OF SAID SECTION 23, AND RUNS THENCE SOUTH 89 ° 37' EAST 300.0 FEET ALONG THE NORTHERLY BOUNDARY LINE OF SAID SECTION 23;

THENCE SOUTH 0 ° 35' 30" EAST 880.0 FEET;

THENCE NORTH 89 ° 37' WEST 300.0 FEET TO A POINT IN THE WESTERLY BOUNDARY LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 23;

THENCE NORTH 73 ° 38' WEST 1295.0 FEET TO A POINT IN THE CENTER LINE OF THE YUBA RIVER;

THENCE NORTH 43 ° 19' EAST 780.6 ALONG THE CENTER LINE OF THE YUBA RIVER, TO A POINT IN THE NORTHERLY BOUNDARY LINE OF SAID SECTION 23;

THENCE SOUTH 85 ° 40' EAST 700.0 ALONG THE NORTHERLY BOUNDARY LINE OF SAID SECTION 23, TO THE POINT OF BEGINNING.



- Area outlined in yellow is Parcel Boundary
- Green lines are Narrows-Smartsville 60kV #1 and #2 (electric transmission lines), and Narrows #2 60kV tap-line (electric transmission line)
- Orange lines are Distribution Lines
- Area outlined in white is PG&E retained easement area*, including:
 - 11 kV line from PH to Substation;
 - Substation Area, roadway, and parking adjacent to substation and tram
 - Electric Distribution lines (to the North and East);
 - Narrows-Smartsville 60kV #1 and #2 (electric transmission lines); and
 - Narrows #2 60kV tap-line (electric transmission line),

* NOTE: The existing PG&E substation/switchyard Fencing, and area that it encloses (highlighted in red), will be exclusive easement areas. The Pole Line easement areas (highlighted in green) will be shared easement areas for ingress/egress and laydown only.

Schedule 2.1 (d)

Active Permits

Annual Environmental Health Permit

PG&E Narrows 1 Powerhouse & Switchyard; Facility ID: FA0000516
County of Nevada, Department of Environmental Health
2017/2018 Permit Year Certificate of Operation
Expiration Date: October 31, 2018
PR0001502 2222 HazMat Storage High Risk

Permit to Operate Air Pressure Tank

State Serial No. A031904-84; NB/SER# 365881

PG&E Narrows Powerhouse; Moony Flat Road, Smartsville, CA 95977
State of California, Department of Industrial Relations
Division of Occupational Safety and Health
Pressure Vessel Unit; Location: NR STATION AIR
Date of Inspection: 10/12/2015
Permit Expires: 10/12/2020

Schedule 2.1(e)

Narrows FERC License

This schedule includes a copy of the Order Issuing New License dated February 11, 1993. It also includes a summary of the Orders issued by FERC since the new license was issued. Copies of the Orders have been provided to YCWA separately.

No.	LICENSE ORDERS	DATE
1	Order issuing new license (major)	2/11/1993
2	Order approving and modifying plan to quantify storage releases (Article 401)	6/16/1993
3	Order granting extension of time (Articles 101 and 102)	6/22/1993
4	Order approving Raptor Protection Plan (Article 408)	6/29/1993
5	Order granting extension of time (Articles 101 and 102)	9/27/1993
6	Order approving and modifying fisheries enhancement plan (Article 404)	1/24/1994
7	Order approving and modifying Ramping Rate Plan (Article 405)	3/23/1994
8	Order granting extension of time (Articles 101 and 102)	3/31/1994
9	Order approving Cooperative Funding Agreement (Article 409)	4/7/1994
10	Order approving survey for the California Red-legged Frog and the Sacramento Valley Tiger Beetle (Article 406)	4/11/1994
11	Order approving with modification the Bald Eagle Enhancement Plan (Article 407)	7/12/1994
12	Order granting rehearing for further consideration (of previous order)	8/30/1994
13	Order on rehearing (Bald Eagle Enhancement Plan, Article 407)	6/22/1995
14	Order granting extension of time (Bald Eagle Survey Plan, Article 407)	10/17/1995
15	Order approving Bald Eagle Monitoring Plan (Article 407)	2/7/1996
16	Order modifying Fisheries Enhancement Plan (Article 404)	5/21/1996

No.	LICENSE ORDERS	DATE
17	Order approving revised Exhibit F	9/16/1997
18	Order Granting License Amendments (Transmission Line Removal)	12/22/1998
19	Order Denying Joint Motion for Credits on Future Annual Charges Bills (Appalachian Group)	7/13/2001
20	Order Denying Rehearing (Appalachian Group request)	9/12/2001
21	Order Permitting a Combined Answer to Motions to Intervene and Comments (response to 12/13/2001 notice)	1/10/2002
22	Order approving final Bald Eagle Survey Report pursuant to Article 407	6/11/2002
23	Letter order exempting PG&E from filing FERC Form 80 until further order	6/4/2003
24	Order Granting Temporary Amendment of Supplemental Flow Release Requirements Under Article 402	5/16/2008
25	Order Granting Amendment of Article 402	4/1/2009
26	Order Approving Change in Land Rights	12/16/2014
27	FERC Approves 3-Yr Extension of License	1/26/2018

Schedule 2.1(f)

Narrows Water Rights

1. PG&E's post-1914 appropriative water right associated with the Narrows Project, as specified in PG&E's water right license # 6388 (Application 8794) which was issued by the State Water Resources Control Board.
2. PG&E's riparian water right associated with the Narrows Project, which is described in PGE's Statement of Water Diversion and Use # 10838 that is on file with the State Water Resources Control Board.

Schedule 2.1(g)

Narrows Records

Number	Document Name	Previously Provided (Y/N)	To be provided or updated upon close (Y/N/Maybe)
1	Arc Flash Label Info record	N	Y
2	Oil Test Results records	Y	Y
3	Equipment History Records	Y	Y
4	Water Diversion Information records	Y	Y
5	Auto Tests records	N	Y
6	Battery Test records	Y	Y
7	Penstock Inspection records (including monthly inspection records)	Y	Y
8	Narrows 1 & 2 COA Record	Y	N
9	Emergency Action Plan (EAP) records	N	Y
10	Pressure Vessel Permit records	Y	Y
11	Flow and Generation Records	Y	Y
12	Description of Operations (If changed with new exciter then will need to re-send upon close)	Y	M
13	Powerhouse Data Sheet record	Y	N
14	Powerhouse Layout drawing (record)	Y	N
15	Incident Report record	Y	Y
16	SAP Cost Data record	Y	N
17	Powerhouse Prints (equipment drawings/diagrams)	Y	N
18	Draft Narrows PAD as of January 2018	Y	Y
19	Operator Read Sheets	Y	Y
20	Records and files relating to FERC License No. 1403	N	Y

Schedule 2.2

Excluded Assets

1. PG&E Station Service Meter
2. 11 KV Generator Tie-Line
3. BK1/11
4. All equipment on the substation side of BK1/11 (as shown in the diagram below), including, but not limited to:
 - a. Transformer Bank #1 (21 kV / 60 kV)
 - b. 21 kV Main and Aux Buses and related equipment
 - c. Station Service Transformer #2
 - d. 60 kV Transfer Bus and 60 kV Substation
 - e. Breaker 12
 - f. Switches 13, 15, 35, 37, 39, 59, 47 and 46
 - g. Transformer #2
 - h. Station Service Transformer #3 (21 kV / 60 kV)
 - i. 60kV Equipment Unit, Station Annunciator, SCADA & Communication
 - j. 21 kV Bus Section "D" and related equipment

Schedule 5.11

Asset Condition Assessment

YCWA's pre-Closing inspection and assessment of the Narrows Project and Tangible Personal Property will confirm that (i) the Narrows Project is operable, functional, and capable of generating power, and (ii) there has been no Material Adverse Change to or affecting the Narrows Project since the Execution Date.

PG&E operations staff shall assist and cooperate with YCWA in undertaking this inspection and assessment.

The pre-Closing condition inspection and assessment shall include, but not be limited to, a demonstration of full functionality and operability of the Narrows Project, at YCWA's reasonable discretion, actual performance of the specific equipment or item or by PG&E providing up-to-date and satisfactory test, inspection, and maintenance records, or some combination of these.

Upon mutual consent of the parties, demonstration of condition assessment may be made after Execution and prior to Closing if YCWA operations personnel are present in the Narrows facility (during Narrows routine outage, routine startup or shutdown, during training, or on other occasions as are mutually agreeable). PG&E retains full discretion regarding permitting YCWA on-site between Execution and Closing to allow for these condition assessment activities in accordance with section 3.2 of the Asset Purchase and Sale Agreement.

The specific items to be assessed, and the method of assessment, are set forth below.

Narrows Project Records and other inspection and maintenance records for the period between Execution of the Term Sheet (December 15, 2017) and Closing shall be furnished by PG&E for the following items no less than 30 days prior to the anticipated Closing Date. YCWA shall complete a review of the records prior to the Closing Date and assess whether the records are complete and up to date.

- (a) Tram inspection and maintenance records;
- (b) Narrows Powerhouse crane inspection and maintenance records;
- (c) Station batteries and charger test records;
- (d) All generator, stator, rotor and exciter electrical test and inspection records in compliance with PG&E minimum standards for continued operation;
- (e) Installation records for new Exciter;
- (f) Fire extinguishers inspection records;
- (g) Generator lower guide bearing lube oil analysis up-to-date and indicating acceptable bearing health;

- (h) Generator thrust/upper guide bearing lube oil analysis up-to-date and indicating acceptable bearing health;
- (i) Generator turbine guide bearing lube oil analysis up-to-date and indicating acceptable bearing health;
- (j) All relays, current transformers and potential transformers test, inspection and maintenance records;
- (k) All monthly, quarterly, semi-annual and annual auto-test and routine function checks;
- (l) Powerhouse “read-sheets” and CPUC –required log books (all daily in-plant operator logs) for the period between Execution and 30 days prior to Closing.

YCWA shall undertake an inspection of the facilities and equipment listed below, accompanied by PG&E, no more than 30 days prior to the Closing date. At YCWA’s election, working order of various equipment and facilities shall be verified (for example by demonstrating operation of the equipment or facility). For the purpose of this Schedule, terms “working order”, “operational” and “functional” shall mean that the item or piece of equipment is in generally good working order, in functional condition for continued service, and in generally the same condition as at the execution of the Term Sheet (approximately December 15, 2017).

- (a) Tram in working order;
- (b) Narrows Powerhouse crane in working order;
- (c) Generator capable of parallel operation up to full generation output (demonstrated by full open wicket gates for reasonable duration) with operational control from remote switching center control room, and all emergency separation features and devices fully operational and in-service;
- (d) All Supervisory Control and Data Acquisition (SCADA) features fully operational and in-service;
- (e) Station batteries and charger functional;
- (f) New Excitation system installed and functional;
- (g) Exciter field breaker functional;
- (h) Generator breaker functional;
- (i) High voltage breaker remote racking devices available and functional;
- (j) Generator lower guide bearing functional and operating within proper temperature and oil level range;
- (k) Generator thrust/upper guide bearing functional and operating within proper temperature and oil level range;
- (l) Generator turbine guide bearing functional and operating within proper temperature and oil level range;

- (m) Generator brakes functional;
- (n) All relays, current transformers and potential transformers in-service;
- (o) All bearing cooling water systems functional;
- (p) All bearing oil pumps functional;
- (q) Facility fan functional;
- (r) All overspeed devices functional;
- (s) All vibration devices and related protection functional;
- (t) Generator high pressure oil lift pump functional;
- (u) Voltage regulator functional;
- (v) Penstock and stand pipe functional;
- (w) Penstock flow meter functional;
- (x) Hydro controller functional;
- (y) Wicket gates and packing functional;
- (z) All sump pumps and controls functional;
- (aa) Turbine shut-off valve, LJ valve, and LJ guard valve functional;
- (bb) Station grounding equipment (rackable bus extension) available and functional(NOTE: Grounding cables not included in transfer); and
- (cc) Station service power supply functional
- (dd) CAISO meter upgraded to current technology (ION meter)

In the event any item or piece of equipment does not meet the required performance, functional or records standards, the Parties shall meet and confer regarding remedy for the shortcomings, and one of the following remedy options shall be specified:

1. YCWA agrees that no remedy is required;
2. PG&E remedies the issue prior to the Closing Date;; or
3. The Parties agree on a separate remedy that is outside of the Acquisition and does not impact the Closing.

Attachment B

Appraisal

BODINGTON & COMPANY

Investment Bankers to the Electric Power Industry

50 California Street, Suite 630 • San Francisco, CA 94111

September 26, 2018

Mr. Jason Hannigan
Attorney
Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105

Re: **Appraisal of Narrows #1 Hydroelectric Project**

Dear Mr. Hannigan:

Bodington & Company (B&Co) is pleased to provide Pacific Gas and Electric Company (PG&E) with this appraisal of the fair market value (FMV) of the Narrows #1 Hydroelectric Project (N1 and the Project) as of December 31, 2018. N1 is a 12.0 megawatt (MW) hydroelectric project located below Englebright Dam in Yuba County, CA.

B&Co provides investment banking services to the electric power industry. The company is a member of the Financial Industry Regulatory Authority and a Broker/Dealer registered with the U.S. Securities & Exchange Commission. B&Co has experience with over 450 power projects, including hydroelectric projects located in California and other parts of the Western U.S. Our work concerning those projects includes advising clients on mergers, acquisitions, financings and restructurings. That work usually involves appraising the value of a power project; we have also appraised power projects for purchase price allocation, property tax and income-tax-related purposes. Mr. Bodington is a regular speaker and continuing-education valuation instructor at tax-related appraiser and assessor conferences; a copy of his resume is attached as Exhibit 3.

B&Co has evaluated N1 and employed the Cost, Market and Income methods of appraisal to estimate the value of N1. On that foundation, we conclude that the Project has an FMV that is approximately \$350,000.

The following aspects of N1 erode its potential value and create adverse uncertainty in the FMV.

- 12.0 MW is small; diseconomies of scale are material.
- Operations began in 1942; engineering assessments show that the turbine runner and other major components need costly maintenance.
- N1's FERC License expires in 2023; application for renewal will be costly, and the renewal timeline and the eventual License conditions are materially uncertain.
- The Project has no PPA; the values of its capacity, energy and environmental attributes are uncertain.
- Operations and revenue are subject to agreements with both the Army Corps of Engineers and YCWA and those agreements severely limit the options available to new owners. YCWA is in a unique position and that position is likely to quench interest from other buyers if the project was to be sold through a competitive auction.

This memorandum describes our evaluation and the basis for the estimate of FMV above. Please note that these findings are subject to Exhibit 1: Assumptions & Limiting Conditions and to Exhibit 2: Certification. It has been a pleasure to complete this engagement concerning N1. Please telephone with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Jeff Bodington". The signature is written in a cursive style with a large, stylized "J" and "B".

Bodington & Company

Appraisal of Narrows #1 Hydroelectric Project

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1. Overview of Appraisal Engagement

Type of engagement:	Appraisal
Business enterprise:	Narrows #1 Hydroelectric Project assets described in Section 2.
Type of entity:	A collection of specific assets owned by PG&E, not a distinct legal entity.
Principal business location:	Below Englebright Dam in Yuba County, CA.
Business interest to be valued:	100% of the assets described in Section 2.
Level of value:	Illiquid: sales occur in an active private market on a negotiated basis. Sale of Narrows #1 would take approximately six months to complete, plus an allowance for public-agency approvals.
Standard of value:	Fair Market Value
Premise of value:	Going Concern.
Client:	PG&E
Other intended users:	None
Purpose and intended use of the appraisal:	Internal use for evaluation of a sale.
Valuation Date:	December 31, 2018
Extraordinary Assumptions:	Continuing operations under the 2016 Narrows 1 and Narrows 2 Coordinated Operations and Revenue Allocation Agreement; renewal of FERC License No. 1403-0004.
Hypothetical Conditions:	None
Effective date of the appraisal:	See cover letter.

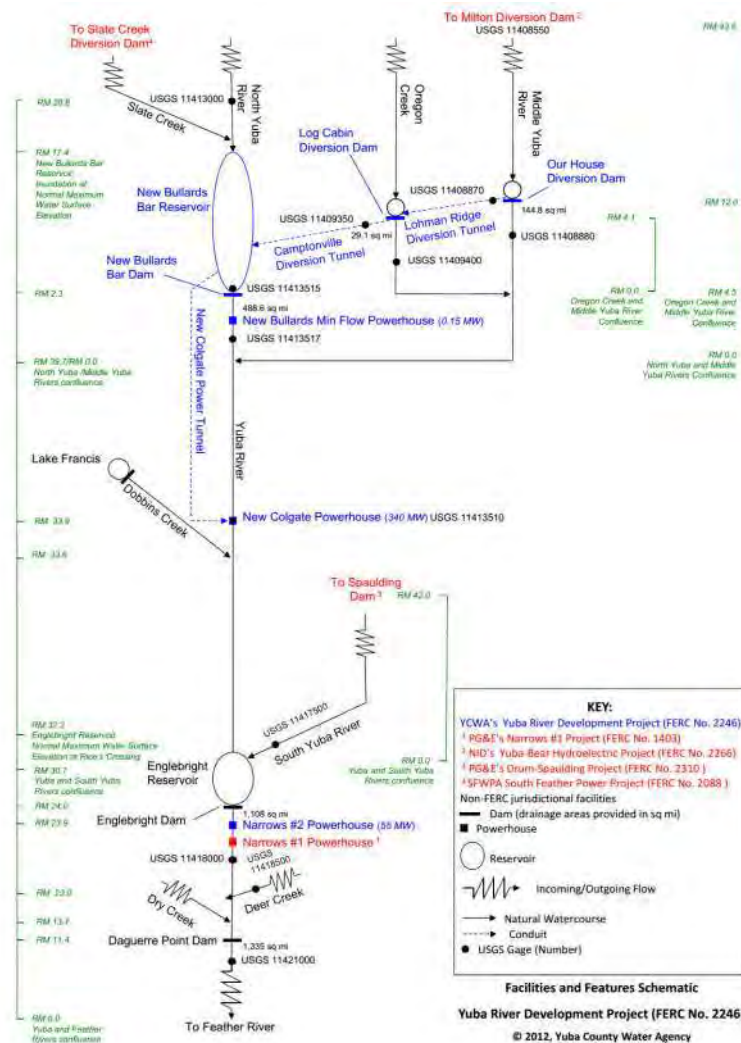
2. Description of Narrows #1

The Narrows #1 Hydroelectric Project (again, N1 and the Project) is a 12.0 MW electric generation facility located below Englebright Dam in Yuba County, CA. This Section 2 describes the water resource, markets, participants, facilities, operations, agreements, permits and financial condition of the Project. An appraisal of N1 based on that information appears in Section 3.

Englebright Dam was completed in 1941 and the Project began operations in 1942.

2.1 Water Resource

Narrows #1's water resource is the Yuba River watershed. The drawing below, prepared by YCWA, shows that the North, Middle and South forks of the Yuba River drain into Englebright Reservoir.

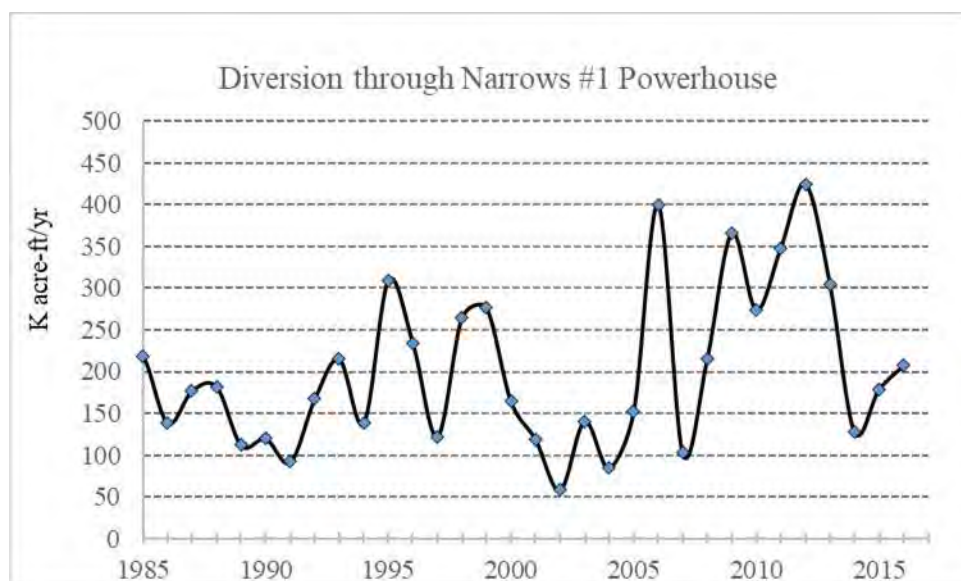


Narrows #1's intake from Englebright Reservoir is a tunnel on the left of the Englebright Dam (when looking downstream). The photo below shows the Reservoir, Dam, YCWA's Narrows #2 powerhouse (below the dam on the north side of the Yuba River), and PG&E's Narrows #1 powerhouse (downstream and on the south side of the river).



PG&E stores and diverts water under the terms of its water rights, the Project's FERC License, and agreements with the ACE. Diversions are determined by hydrologic conditions, unit availability, electric power market conditions and environmental considerations. Historical diversions reported by PG&E to the California State Water Resources Control Board are expressed in the graph below.

- From 1985 to 2017 the diversion of water through N1 averaged 222.4 K acre-ft/yr.
- The diversion graph conveys a volatile but rising trend over the last 10 to 15 years; this trend is reflected in N1's generation, as seen in Section 2.5.
- Note that, due to a 2016 agreement between YCWA and PG&E, historical diversions are not necessarily a reliable guide to future diversions; future diversions and generation for N1 are discussed in Sections 2.5 and 2.6.



PG&E's water rights are described in Section 2.6 Agreements & Permits. PG&E holds storage and diversion rights alone. PG&E has no consumptive rights for the water downstream of the Narrows #1 powerhouse.

2.2 Markets

Narrows #1's electric output has value in regional markets. As noted above, PG&E does not hold rights to water that may have consumptive value downstream of the powerhouse.

2.2.2 Renewable Electric Energy

The Project meets California's definition of qualifying renewable energy source and its electric generation has value in a regional market for renewable-source energy.

State legislation established a market for renewable energy.

- 2006 Senate Bill (SB) 107 required that investor-owned utilities (IOUs), electric service providers (ESPs) and community choice aggregators (CCAs) regulated by the CPUC procure 20% of annual retail electricity sales from eligible renewable sources by 2010. The percentage of retail sales required from renewable sources is known as a renewable portfolio standard (RPS).
- 2006 Assembly Bill (AB) 32 required that statewide greenhouse gas (GHG) emissions be reduced to 1990 levels by 2020.
- 2008-2009 Executive Order (EO) S-14-08, issued on November 17, 2008, and EO S-21-09, issued on September 15, 2009, set an RPS goal of 33% eligible renewable energy by 2020.
- 2011 SB 2 made 33% RPS a legal requirement.
- 2015 SB 350 required that all retail sellers of electricity meet a 50% RPS target by the end of 2030. In addition, SB 350 contains provisions that reduce GHG emissions, in part, by promoting electric vehicles.

Several authorities administer the RPS and GHG programs summarized above.

- The CPUC administers the RPS compliance required under SB 107, SB 2 and SB 350 for IOUs, ESPs and CCAs.
- CEC administers the RPS compliance required under SB 107, SB 2 and SB 350 for Publicly Owned Utilities (POUs).
- California Air Resources Board (CARB) is responsible for implementing the GHG reductions required under AB 32 and SB 350.

Compliance with RPS requirements is measured using renewable energy certificates (RECs).

- One REC is issued when one MWh of electricity is delivered to the grid from a qualifying renewable energy source.
- CPUC Decision 11-12-052 defines three types of RECs. Bucket 1: RECs bundled with the associated renewable energy from facilities interconnected to a California balancing authority or otherwise meeting certain deliverability requirements. Bucket 2: RECs from renewable facilities not directly connected to a California balancing authority. Bucket 3: REC's that are unbundled/tradable and sold separately from the associated energy.

The market for RECs in California is active but opaque. Although load serving entities report their REC totals and RPS compliance, there are few sources of information on the values of RECs.

- None of CEC, CPUC, LBL or WREGIS publish regular data on REC prices.
- B&Co's data implies that Bucket 1 REC values have declined from over \$40/MWh to approximately \$17/MWh during 2017 and early 2018.

- Platts Megawatt Daily reports prices during early 2018 of \$15.75 to \$17.75/MWh for Bucket 1, \$5.50 to \$7.50/MWh for Bucket 2 and \$1.00 to \$1.50/MWh for Bucket 3 RECs.
- Rates charged by Community Choice Aggregators in California imply REC values of \$15.00 to, in some cases, over \$30.00/MWh.
- Regulatory filings by Southern California Edison for the renewable attribute adder indicate that RECs had a value of approximately \$16.60 during 2016.

2.3 Participants

Ownership & Management:

- U.S. Army Corps of Engineers (ACE) owns, operates and maintains Englebright dam, outlet works, and a 480 ft tunnel that connects the dam to PG&E's intake tunnel for Narrows #1. ACE is a branch of the U.S. Department of Defense, Department of the Army, and controls nearly 25% of the hydroelectric generating capacity in the U.S. It also undertakes diverse waterway and harbor dredging, operations and maintenance programs.
- Beginning at its intake from ACE, PG&E owns all Project-related facilities.
- PG&E manages all of its Project-related facilities in a manner that is subject to various agreements, permits and regulations.

Water Storage & Use:

- Diversion water rights are owned by PG&E under various licenses.
- Water releases from Englebright Reservoir, subject to the terms of various agreements and licenses, are determined mostly by YCWA. The amount of water available to operate N1 is determined by YCWA under the terms of the Coordinated Operations Agreement summarized in Section 2.6.
- Yuba County Water Agency (YCWA) owns and operates the 55 MW Narrows #2 hydroelectric development (N2 and part of YCWA's Yuba River Development Project and FERC Project #2246). YCWA also owns certain rights to water in the Yuba River. YCWA, based in Marysville, was founded in 1959 and owns three hydroelectric developments with an aggregate capacity of approximately 397 MW. YCWA's primary functions are flood control, hydroelectric generation, fisheries enhancement, recreation, conservation and storage of water, and wholesale of raw water to five irrigation and water districts and two water companies.

Operations:

- PG&E operates and maintains its Project-related facilities.
- PG&E pays an allocation of Englebright Reservoir and Dam operation and maintenance costs to ACE.
- As noted above, operation of N1 is subject to the Coordinated Operations Agreement with YCWA summarized in Section 2.6. N1's electric generation is scheduled with the California Independent System Operator (CAISO).

Vendors:

- PG&E purchases supplies and occasional services from various vendors.
- No vendors are sole-source or under long-term contract to PG&E.
- Contracts with vendors are renewed on an annual basis.

Real Property:

- PG&E owns approximately 24.6 acres of land that are associated with the Project.
- The Property is subject to various encumbrances, including a Conservation Easement held by the Bear-Yuba Land Trust. A copy of the most recent Preliminary Title Report for the Property is available upon request.
- ACE and other parties provide easements and leases to PG&E. Operation of facilities within FERC

Project boundaries, but outside on the PG&E-owned property, are in accordance with possessory interests in real property created via the FERC Project License. A list of easements is being prepared by PG&E.

Financing & Insurance:

- No debt is directly secured by the Project.
- PG&E self-insures; there is no third-party insurance in place.

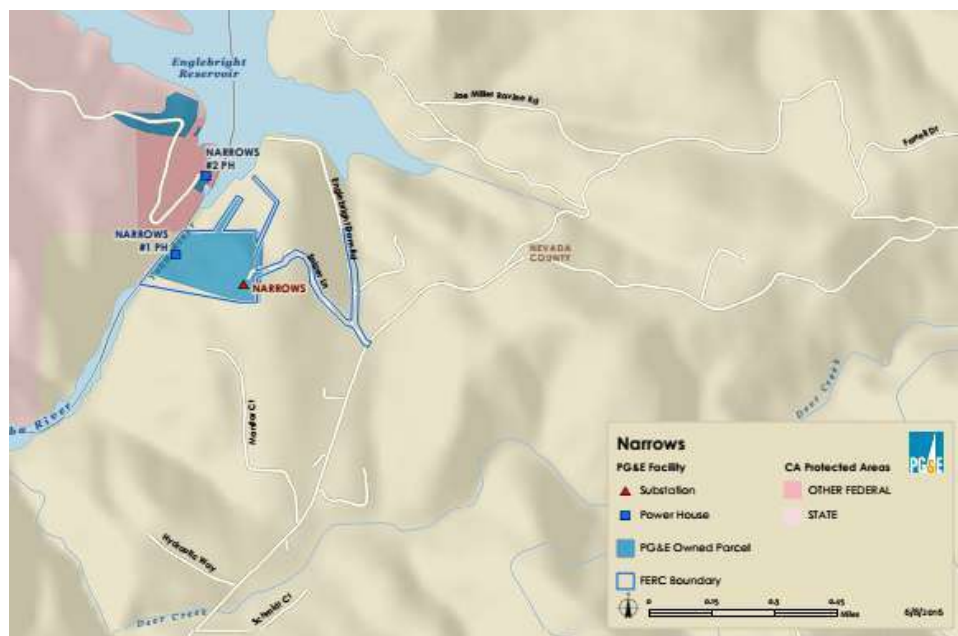
Permit Agencies & Other Government Entities:

- U.S. Federal Energy Regulatory Commission (FERC) issues the FERC License.
- U.S. Forest Service issues communication line, dam, offset, operating plan and recreation permits.
- U.S. Army Corps of Engineers (ACE), as described above, owns and operates Englebright Reservoir and Dam. ACE also issues conservation and erosion control permits.
- U.S. Fish and Wildlife Service and the CA Department of Fish and Wildlife participate in a committee to approve the Fisheries Enhancement Plan associated with the Narrows #1 Project.
- CA Department of Fish & Wildlife issues conservation, construction, dam, erosion control, and right-to-enter permits.
- CA Department of Health Services issues water system permits.
- CA Water Quality Control Board issues conservation, dam and erosion control permits.
- CA Department of Water Resources, Division of Safety of Dams issues dam permits and assessments.
- CA State Water Resources Control Board, Division of Water Rights issues water use entitlements.
- Yuba County issues building, conservation, recreational facility, gravel, road, septic system, hazardous material and other permits.






2.4 Facilities

Narrows #1's site and facilities are summarized in this Section 2.4. More detailed descriptions, including maps and technical drawings, appear in the VDR.

An aerial photo of the Project appeared in Section 1.0 Introduction and a concept-level map showing the locations, FERC boundary and PG&E ownership appears below:



N1's principal facilities are a tunnel inlet (located at the southern end of ACE's Englebright Dam), a tunnel, a penstock, a powerhouse, a tailrace and a substation. Several photos appear below.

ACE's Englebright Reservoir & Dam 	Inlet to ACE's Tunnel Under water	Narrows #1 Penstock 
Powerhouse, exterior #1 	Powerhouse, exterior #2 	Powerhouse, interior 

Site:

- N1 is located downstream from YCWA's 55 MW Narrows #2 hydroelectric project, which is located at the foot of Englebright Dam.
- PG&E owns approximately 24.6 acres of land associated with the Project.
- The land is generally grassy; some trees on very steep terrain; few roads.
- Access to the powerhouse is via a 900 ft long cable tram from a parking lot near the substation. The track for the tram is visible in the "Powerhouse, exterior #1" photo above.
- There are no residences near any of the Project's facilities.

Inlet & Tunnel:

- ACE owns, operates and maintains Englebright reservoir, dam tunnel and outlet works (near the south abutment). The 480 ft concrete lined dam tunnel ends at Station 600+00. Englebright Reservoir has an ungated spill crest. No fish ladder on dam.
- Beginning at Station 600+00, the Project owns and operates a 1,077 ft long concrete and gunite lined tunnel extending to above the Narrows #1 project. Capacity of the tunnel is approximately 730 cfs.

Penstock:

- One 266 ft long, 8 ft diameter, steel penstock with an elevation drop of approximately 240 ft. Open-top stand pipe for surge protection and pressure relief.

- No evident cracking or slip in thrust blocks, no cathodic protection.
- With the exception of the materially corroded stand pipe, PG&E reports that the general condition of the penstock is good with normal service.

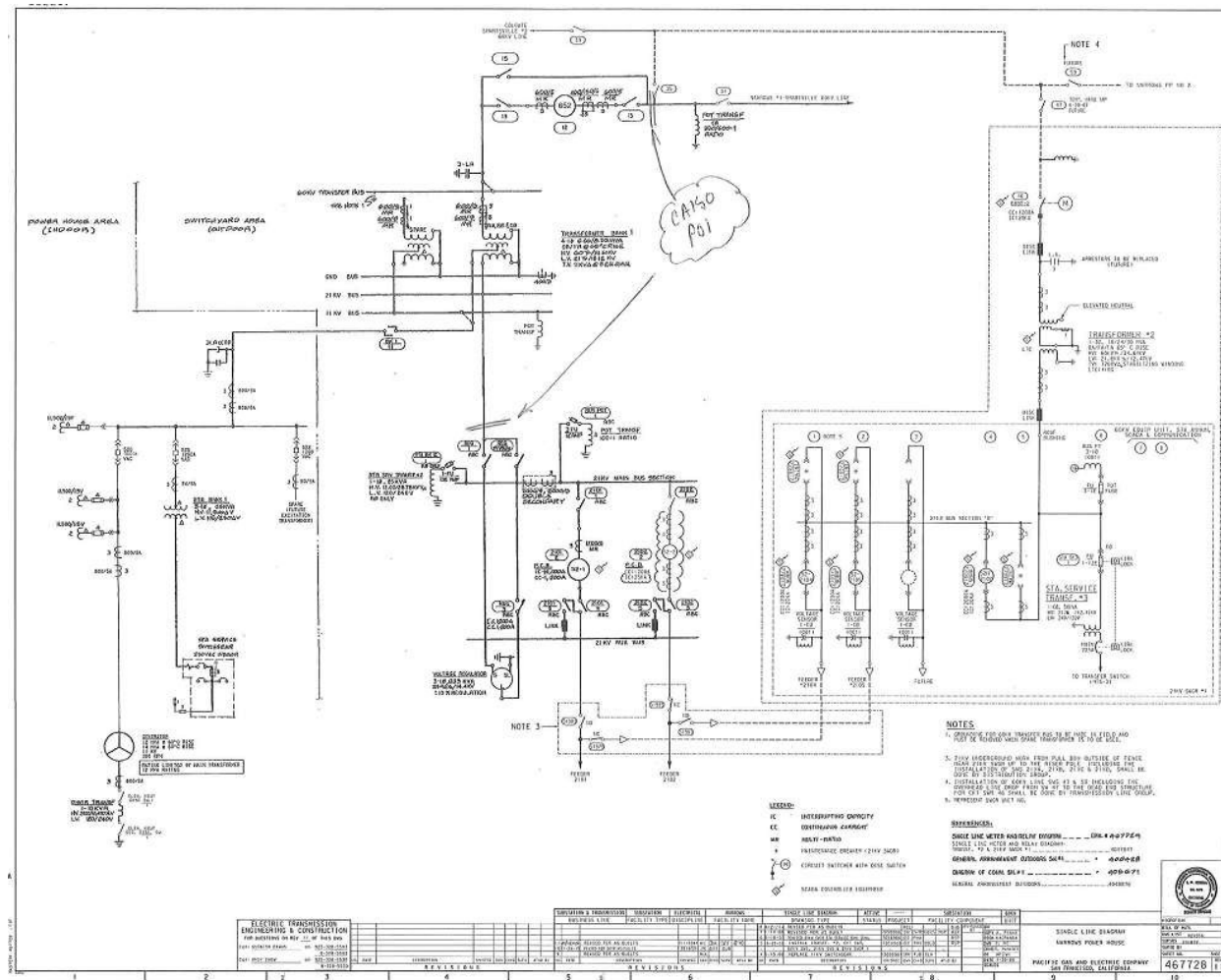
Powerhouse & Tailrace:

- A concrete enclosure located approximately 400 yards downstream from Englebright Dam.
- One unit in vertical configuration:
 - Water flow from the penstock bifurcates inside the powerhouse to a 48 inch bypass Larner Johnson Valve, and to a TSV and thence turbine and relief valve that discharges to tailrace.
 - IP Morris Francis turbine 13,500 hp, 300 rpm designed for 235 ft head and 730 cfs.
 - Westinghouse generator 12,000 KVA, 10,200 kW, 11 KV bus, 300 rpm generator. The generator was rewound in 1984.
- Draft tube and tailrace discharge into the Yuba River.
- 65 ton overhead bridge crane.
- 11 KV to 240 and 120 V transformer for station service. Batteries provide backup power. No on-site generator, no alternate source, no black start capability.
- Customary SCADA includes vibration monitors on the turbine and generator. Manual re-start only.
- Turbine runner weld repair was performed in 2014, general condition reported by PG&E to be acceptable with normal service.
- Transformer bank has approximately 30 years of useful life remaining, based on present condition.
- Both generator breaker and high voltage breaker were replaced in 2006 and have no issues presently. Both breakers have a useful life of at least 15 years based on current condition.

Substation & Interconnection:

- Located above the Project and co-located with Narrows #2 and various PG&E distribution facilities (see Shared Facility Agreement in Section 2.6).
- Export power meter to be located at 11 KV connection prior to the main transformer in substation.
- PG&E plans to retain ownership and operation of this substation.

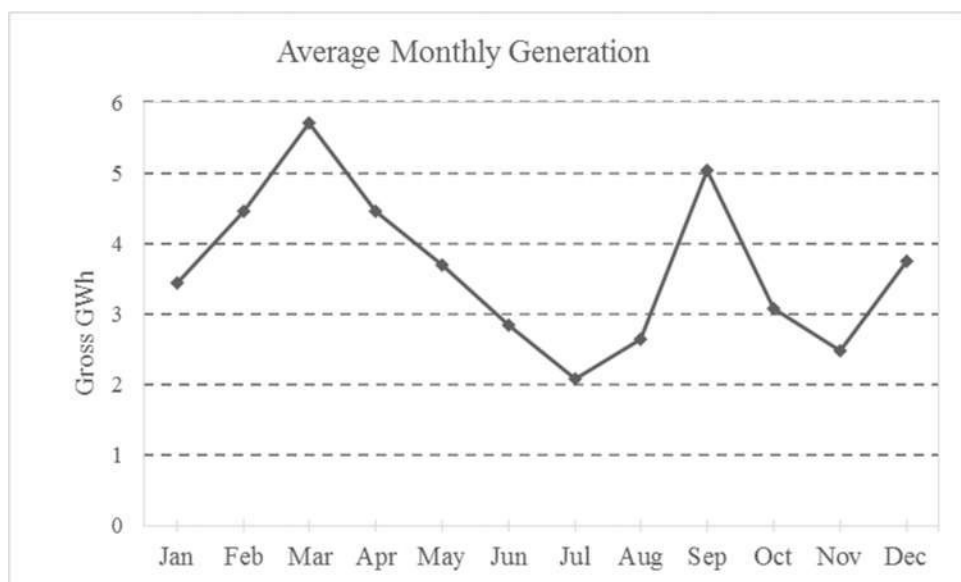
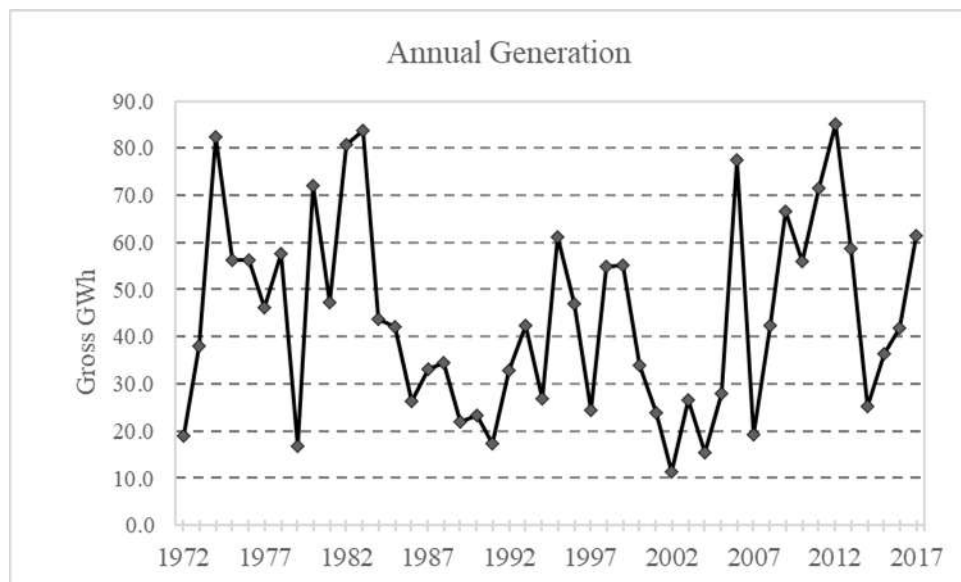
CAISO single line metering drawing:



2.5 Operations

N1's power operations began in 1942. The project has generated approximately 44 GWh of energy per year.

A graph of water diversions and an explanation of historical volatility appeared in Section 2.1. N1's annual generation and average monthly generation since 1972 are expressed in the graphs below. Again, under the 2016 Agreement between YCWA and PG&E (summarized in Section 2.6), past generation may not be a reliable guide to future generation; PG&E estimates future generation by N1 will average approximately 34.3 GWh/yr. More information on potential future generation appears in Section 3.0.



Operations:

- Generation from 1972 to 2017 averaged 5.08 K acre-ft/MWh.
- Within the terms of its FERC License and subject to agreements with ACE, PG&E operates the Project to maximize the value of water available in Englebright Reservoir. See the FERC License and agreements with ACE summarized in Section 2.6.
- Operation of the powerhouse is controlled at the powerhouse and at PG&E's Wise Switching Center facility.
- Following a trip, the Project requires an on-site manual re-start.

Outage experience includes:

- Scheduled maintenance outages are planned for each July and typically last two to three weeks.
- Forced outages, due primarily to lightning strikes, are rare and N1 averages less than one per year.
- In total, operators estimate that partial and forced outages reduce annual generation less than 1.0%.

Staff:

- Normal operations require one control center operator to operate SCADA for load, voltage changes and emergency shutdown/response, and one part-time operator to perform weekly routines with manual startup.
- Periodic and emergency maintenance is staffed as-needed from PG&E resources.

Operating Costs:

PG&E's historical costs are summarized in the table below.

Summary of Recent Generation and Operating Costs (\$000)					
	2013	2014	2015	2016	2017
Generation, GWh	58.8	25.3	36.4	41.9	61.5
Operations & Maintenance	941	670	883	625	499
Capital and Major Maintenance	927	525	1,073	782	508
FERC Relicensing				8	545
Total	1,868	1,195	1,956	1,415	1,553

Using the information above and B&Co's data on other hydroelectric projects, forecasts of future operating costs are made and presented in Section 3.

2.6 Agreements & Permits

Key documents supporting Narrows #1 and its operations are summarized or referenced below. The agreements contain many specific and important provisions and only the primary business terms are enumerated in these summaries. For complete analysis of these and other documents, legal counsel should be sought.

FERC LICENSE No. 1403-004

Date: Issued February 11, 1993

Parties: FERC and PG&E.

Term: 30 years, expires January 31, 2023.

Purpose: Allows Narrows project to use public waters for energy generation.

Payments: Costs under Article 201.

Operating Conditions: Must supplement releases from dam in accordance with schedule of average daily flows, as outlined in Article 402 (p. 21) and subject to certain ramp rate limitations (405, p. 23). Other conditions concern fisheries habitat enhancement (404), red-legged frog habitat protection (406), bald eagle protection (407), raptor protection (408), installation and maintenance of recreational facilities (409), land disturbance (410), and the coordination of Project operations with other projects downstream (411).

Transfer: Sale, assignment or transfer conditions are not mentioned in this license but are addressed in FERC's regulations.

1994 AGREEMENT FOR USE OF OUTLET AND STORAGE

Update of a 1941 agreement coincident with re-licensing of the Project granted February 11, 1993.

Parties: ACE and PG&E.

Date: March 28, 1994.

Term: 30 years or upon termination or extension of the FERC License.

Purpose: Provides for use and operation of Corps-owned water storage, outlet, outlet tunnel, trash rack, emergency gate, gate shaft, operating house. Under (2), "The Corps neither covenants nor guarantees that debris levels will be maintained below the intake level."

Costs & Fees: Under (4), PG&E shall pay 8.2% of the Corps costs of operating and maintaining Englebright Dam and the associated facilities.

1994 AGREEMENT FOR OPERATION AND MAINTENANCE

Referenced in (6) of the 1994 agreement summarized above.

Parties: ACE and PG&E.

Date: March 28, 1994.

Term: 30 years or upon termination or extension of the FERC License.

Purpose: Provides for access to and maintenance of each party's facilities.

2016 NARROWS #1 AND NARROWS #2

COORDINATED OPERATIONS AND REVENUE ALLOCATION AGREEMENT

Parties: YCWA and PG&E.

Date: Executed April 20, 2016; Effective May 1, 2016.

Term: Termination allowed after January 31, 2023. YCWA's Narrows #2 License expires April 30, 2016 and re-licensing is underway; PG&E's Narrows #1 License expires January 31, 2023.

Purpose: Provides for use of available water in either N1 or N2 and coordinated operations under 3.2(b) and 3.3. YCWA determines total daily release, which is then allocated between N1 and N2 pursuant to 3.3(b), under which PG&E's N1 has priority. The objective is to maximize the value of the combined generation of N1 and N2 consistent with all requirements, with each party receiving the value attributable to use of its water rights.

Revenue Allocation: Under certain provisions and Exhibit 3, YCWA and PG&E make a net payment to one or the other that is a function of generation and CAISO locational marginal prices. Under 4.5, PG&E retains renewable energy credits (RECs) associated with generation at N1. When Narrows #1 and Narrows #2 are both available for generation, YCWA will determine the flow rates for Narrows #1 and Narrows #2 based on the following allocation rules:

- (i) When the Total Scheduled Daily Englebright Release is equal to or less than N1 Maximum Capacity, only N1 will operate for power generation.
- (ii) When the Total Scheduled Daily Englebright Release is between N1 Maximum Capacity and 2,200 cfs, only N2 will operate for power generation.

- (iii) When the Total Scheduled Daily Englebright Release is between 2,200 and 2,800 cfs, N1 may be operated for power generation at a flow rate between 500 cfs and N1 Maximum Capacity (with the YCWA and PG&E operators to jointly decide the specific rate) and N2 will operate for power generation with the remainder of the Total Scheduled Daily Englebright Release.
- (iv) When the Total Scheduled Daily Englebright Release is greater than 2,800 cfs, N1 will be operated for power generation at a flow rate between 500 cfs and N1 Maximum Capacity (with the YCWA and PG&E operators to jointly decide the specific rate) and N2 will operate for power generation with the remainder of the Total Scheduled Daily Englebright Release.

Transfer: By PG&E to another party is subject to YCWA consent under 9.7(a) or, without such consent, termination upon assignment.

2016 SHARED FACILITY AND SITE OPERATIONS

AGREEMENT Parties: YCWA and PG&E.

Date: Executed April 26, 2016 with effective date May 1, 2016.

Purpose: Establishes ownership and coordinated operation of shared equipment at Colgate powerhouse, N1, N2, other locations and a substation.

Transfer: PG&E does not plan to assign any right or obligation under this Agreement to a Buyer.

2016 CLOSE-OUT

AGREEMENT Parties: YWCA and PG&E.

Date: Executed April 16, 2016; Effective date May 1, 2016.

Purpose: Provides for termination of a power purchase agreement between PG&E and YCWA for the Colgate project and a mechanism for sharing payment responsibility for certain already-incurred costs.

FISHERIES ENHANCEMENT PLAN

Commitment to spend up to \$20,000 annually on fish habitat in the Yuba River. See June 9, 1993 Fish

Habitat Enhancement Plan in VDR. See Annual Report by PG&E to FERC, for example, on December 4, 2014 in the VDR.

HABITAT CONSERVATION PLAN

See letter regarding the HCP, for example, on September 28, 2004 in the VDR.

WATER RIGHTS, License 6388

License for Diversion and Use of Water, Permit/License 5775/6388

Parties: Issued by State of California, State Water Rights Board to PG&E. Date: August 16, 1960. Original use began in 1936.

Rights: Allows PG&E to divert from the Englebright Reservoir, for the purpose of "power use" at N1, no more than 700 cfs and 45,000 acre-ft of storage annually to be collected from about October 1 of each year to about March 1 of succeeding year. $700 * 60 * 8,760 / 43,559.9 = 506.8$ K acre-ft/yr. See actual uses in VDR reported on STATEMENT OF WATER DIVERSION AND USE (SWDU) 10838.

Transfer: Sale, assignment and transfer conditions are not mentioned in this agreement.

CONSERVATION EASEMENTS

Deed of Conservation Easement and Agreement.
Conservation Easement is available upon request.

HEADWATER BENEFITS AGREEMENT(S): None

POWER SALES CONTRACT(S): None

2.7 Financial Condition

PG&E does not account for Narrows #1 as a stand-alone business. While this is common practice for utility-owned and portfolio generating assets, it also means that there are no records showing the Project's financial condition on a stand-alone basis.

For rate-making and tax purposes, several values are assigned to N1. With emphasis, none of these values are represented to be estimates of the FMV of the Project as a stand-alone business or in use to YCWA.

- Net book value as of year-end 2017 totaled \$7.331 MM.
- PG&E property is centrally assessed and there is no stand-alone, property-tax related appraised value for the Project.

3. Fair Market Value

Our assessment of the fair market value of the subject property is presented in this Section from three perspectives; Cost Approach, Market Approach and Income Approach. The Cost Approach is based on the cost of replacing the subject facility, the Market Approach is based on the actual sales prices for comparable projects, and the Income Approach relies on several measures of value based on a property-specific forecast of potential income. A worksheet presenting our findings appears at the end of this Section.

The intended user of this report is PG&E and the intended use of this appraisal is to support analysis of a transaction under consideration.

B&Co employs the following definition of FMV:¹

The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, on a specified date, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

The valuation date ("Valuation Date") is December 31, 2018.

3.1 Cost Approach

The Cost Approach is the least accurate method of valuing power projects due to the importance of contractual arrangements and changing markets, revenues, regulations, technology and costs. Subject to the qualification above, B&Co considered two variations of the Cost Approach. First, B&Co considered original cost less depreciation ("OCLD") primarily because it is the method employed by many tax assessors. B&Co also considered replacement cost new less depreciation ("RCNLD") because it is the method preferred by some regulatory authorities.

Both OCLD and RCNLD require what can be controversial estimates of depreciation, inflation, functional obsolescence and economic obsolescence.

- Depreciation is the physical wear and tear or deterioration of the asset.
- Original costs must be adjusted to account for inflation.
- Functional obsolescence is defined by The American Society of Appraisers ("ASA") as the "... loss in value of usefulness of a property caused by the inefficiencies or inadequacies of the property itself, when compared to a more efficient or less costly replacement property that new technology has developed. Symptoms suggesting the presence of functional obsolescence are excess operating cost, excess construction (excess capital cost), overcapacity, inadequacy, lack of utility, or similar conditions."²PP&L v. Luzerne describes it at an electric generation facility as attributable to

¹ This definition is quoted from the American Society of Appraisers' Business Valuation Standards, November 2009, page 27. Please note that this is identical to or close to the definition provided in Revenue Ruling 59 - 60 and other sources.

² Greg Leahy, "Property Tax Audits: Applying Asset Obsolescence in a Good Way", Journal of State Taxation, May-June 2006, page 42.

inefficiency, overcapacity or inadequacy.³The California Board of Equalization (“CBOE”) measures functional obsolescence by comparing the actual heat rate of the plant to the heat rate of a new replacement plant.⁴ Other parties have calculated functional obsolescence based on the difference in capital costs of the appraised plant and a replacement plant or the difference in operating costs of the original facility and a replacement plant.

- Economic obsolescence is defined by ASA as the “... loss in value of usefulness of a property caused by factors external to the property, such as increased cost of raw materials, labor or utilities (without an offsetting increase in product price); reduced demand for the product; increased competition; environmental regulations; inflation or high interest rates; or similar factors.”⁵PP&L v. Luzerne describes it at an electric generation facility as depreciation caused by unfavorable external conditions such as the local economy, economics of an industry, loss of materials or labor sources and the passage of new legislation.⁶CBOE calculates economic obsolescence by comparing the actual capacity factor of the appraised plant to the capacity factor of other similar plants.⁷ Others have calculated economic obsolescence by comparing the changes in spark spread over time and the income lost due to supply imbalances.

OCLD and RCNLD approach results are a “sign post” at best and an unreliable measure of value. The broad assumptions and estimates are examples of the difficulties associated with the Cost Approach.

³ PP&L Inc. v. Luzerne County Board of Assessment Appeals, 838 A.2d 1.

⁴ Phone conversation, Dick Reisinger, CBOE, and Stella Perone, B&Co, on January 24, 2007.

⁵ Leahy, page 44.

⁶ PP&L Inc. v. Luzerne County Board of Assessment Appeals, 838 A.2d 1.

⁷ Conversation with Reisinger noted in footnote 3.

Subject to the explanation and qualification above, a Cost Approach evaluation of N1 appears below. Note that the material adjustment for economic obsolescence is due to the future costs of relicensing and to the combination of low power values and high operating costs that reduce future net income.

NARROWS #1, COST APPROACH					
\$000					
Valuation Date	12/31/2018		Notes, if any		
OCLD					
Original Cost	7,331		PG&E's NBV, year end 2017.		
Inflation	103%		2.5% per year to Valuation Date.		
Depreciation	100%		No adj. due to adj. NBV.		
Functional Obsolescence	68%		B&Co est., 0.5%/yr since 1942.		
Economic Obsolescence	10%		B&Co est., relic. costs and low power values.		
Adjusted Value, \$K	514		Calculated.		
RCNLD					
Replacement Cost	34,791		WECC Cost and Performance...		
Inflation	100%		No adj. for RCN.		
Depreciation	25%		B&Co est., adj to old facility.		
Functional Obsolescence	68%		B&Co est., 0.5%/yr since 1942.		
Economic Obsolescence	10%		B&Co est., relic. costs and low power values.		
Adjusted Value, \$K	595		Calculated.		
Adjustments for Inflation, Depreciation and Obsolescence are expressed on a percent good basis.					

3.2 Market Approach

Under most circumstances, the Market Approach is more accurate than the Cost Approach.

- Comparability must be considered. Individual power plants vary substantially by age, contract terms, technology and many other factors.
- Data on several sales of hydroelectric power projects appear in the table on the next page.

Overview of Hydroelectric Project Market Activity							
(North America, 2013 - 2018)							
Date	Name	State	Seller	Buyer	MW	\$MM	\$/kW
8/27/2018	Portfolio	NH	Eversource	Hull Street Energy	68	83	1,221
7/3/2018	Koma Kulshan	WA	Covanta	Atlantic Power	13	12	1,815
6/22/2018	Magic Dam	ID	J.R. Simplot Co.	Big Wood Canal Co.	9		
5/16/2018	Portfolio	NC, SC	Duke Energy Carolinas	Northbrook	19	5	254
7/3/2017	Portfolio	MA	Littleville Power Co.	Gravity Renewables	3		
6/28/2017	Nautilus Hydro	MA	Carlyle Group	Hull Street Energy	18		
5/17/2017	Portfolio	CT, VA	Quinebaug Associates	Gravity Renewables	6		
5/15/2017	Waneta Dam	BC	Teck	Fortis	330	879	3,992
4/24/2017	Reusens	VA	Appalachian Power Co.	Eagle Creek	13		
4/8/2017	Portfolio	ME	Madison Paper Industries	Eagle Creek	28		
11/1/2016	Portfolio	VT	TransCanada Pipelines	ArcLight Capital Partners	466	1,065	2,284
10/20/2016	Merced Falls	CA	PG&E	Merced ID	4	1	243
7/11/2016	Portfolio	NC	Alcoa Power	Cube Hydro Carolinas	210	243	1,157
7/11/2016	Portfolio	NC	Alcoa Power	I Squared	215		
6/20/2016	Ottawa River	QC	Hydro-Quebec	Hydro Ottawa Holding	27	38	1,411
5/24/2016	Glen Park	NY	Veresen	I Squared	33	61	1,871
2/11/2016	Portfolio	PA	PSP Investments	H2O Power	32		
1/6/2016	Portfolio	ME	Eagle Creek	Verso Corp	29	62	2,143
12/6/2015	Walden	BC	Fortis BC	Innergex/Cayoose	16	7	417
11/12/2015	York Haven	PA	Olympus Power	I Squared	20		
10/8/2015	Holtwood / Lake W.	PA	Talen	Brookfield	292	860	2,945
4/14/2015	Kerr Dam	MT	NorthWestern	Salish and Kootenai Tribes	208	30	145
4/3/2015	Portfolio	NY, ON	Fortis	Hydro Ottawa Holding	31	77	2,506
2/24/2015	Portfolio	PA, VA, WV	LS Power	I Squared	83		
2/5/2015	Ogdensburg	NY	Algonquin	Ampersand	4	2	629
1/6/2015	Litte Falls	NY	Burrows Paper	I Squared	14		
1/6/2015	Lyonsdale	NY	Burrows Paper	I Squared	3		
12/9/2014	Sartell	MN	American I&M	Hudson Clean Energy	10		
12/9/2014	Bucksport Portfolio	ME	Verso Paper	AIM Development	170		
12/8/2014	Verso/Bucksport	ME	Apollo	American Iron & Metal	164	60	366
6/20/2014	Sainte-Marguerite	QC	Hydromega	Desjardins/Innergex	29	104	3,557
5/16/2014	Safe Harbor	PA	Exelon	Brookfield	279	613	2,194
2/1/2014	Safe Harbor	PA	Exelon	Brookfield	138	289	2,100
12/31/2013	Culliton Creek	BC	Veresen	BluEarth	15	10	650
11/1/2013	Portfolio	ME	ArcLight	Brookfield	70	244	3,486
11/1/2013	Malacha	CA	Constellation/Exelon	Brookfield	15	11	733
9/26/2013	Portfolio	MT	PPL Montana	NW Energy	630	900	1,429
9/25/2013	Portfolio	Various	First Energy	LS Power	527	400	759
9/13/2013	Portfolio	Various	Algonquin	Eagle Creek	29	27	931
7/12/2013	Konohiki	HI	Orenco	Kruger Energy	8		
3/29/2013	Moretown	VT	Algonquin	Ampersand	1	0	287
3/15/2013	Portfolio		Algonquin	Hudson Clean Energy	29	27	918
3/11/2013	Portfolio	WI	Great Lakes	Consol. Water	35	70	2,000
1/22/2013	45 Mile Project	OR	Earth By Design	Apple	3	8	2,500
Mean							1,550
Date above is date of news. Actual closing dates are rarely public information.							
\$MM sales prices are shown when disclosed in a public source.							

Note that although the Market Approach often yields a better guide to value than the Cost Approach, projects are rarely sufficiently comparable for the Market Approach to result in a highly reliable estimate of value. The standard deviation in values above is one measure of how much projects differ from each other. Markets also change from time to time.

- At the average price above, N1 has a value of $12.0 * 1,550 = \$18.6 \text{ MM}$.
- However, none of the projects in the table above are easily comparable to N1. None of the projects above operate under a coordination agreement with YCWA below the ACE-owned Englebright dam. Order-of-magnitude adjustments for a lack of power purchase agreement and the costs of deferred maintenance, relicensing and license compliance yield a *negative value* of approximately -\$280 K.

3.3 Income Approach

The Income Approach is the most common means of assessing the value of a power project. This approach is most able to express the value implications of many project-specific market, participant, facility, operation and contract-related facts.

B&Co considered two measures of value based on forecasts of income for the Valuation Date; EV/EBITDA and NPV of PTNCF. B&Co created a cash flow forecast for N1 and then considered each of those measures of value.

A *pro forma* forecast of the Project's performance prepared using a Microsoft Excel model appears below.

Narrows #1 Hydroelectric Project																										
Consolidated Forecast of Cash Flow, \$000																										
Key inputs appear in blue bold font.																										
	Notes & Actuals (as available)						Forecast																			
Calendar Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Operating Year	82	80	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106
Forecast Year							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
CASH FLOW																										
OPERATIONS							Existing License expires 1-31-23.										Relicensed period ...									
Revenue							3,796	3,735	3,747	3,811	3,913	4,032	4,147	4,269	4,399	4,528	4,665	4,802	4,938	5,096	5,247	5,401	5,557	5,719	5,883	6,050
Direct Expense	(941)	(670)	(883)	(625)	(499)		(614)	(629)	(645)	(661)	(678)	(695)	(712)	(730)	(748)	(767)	(786)	(806)	(826)	(846)	(868)	(889)	(912)	(934)	(958)	(982)
Indirect Expense							(1,208)	(1,238)	(1,269)	(1,301)	(1,334)	(1,367)	(1,401)	(1,436)	(1,472)	(1,509)	(1,547)	(1,585)	(1,625)	(1,666)	(1,707)	(1,750)	(1,794)	(1,838)	(1,884)	(1,932)
Relicensing & Impl. Expense	0	0	0	(8)	(545)		(1,793)	(1,948)	(1,346)	(897)	(1,189)	(400)	(410)	(420)	(431)	(442)	(453)	(464)	(475)	(487)	(500)	(512)	(525)	(538)	(551)	(565)
CF from Operations							180	(80)	486	951	712	1,570	1,624	1,683	1,748	1,810	1,880	1,947	2,012	2,096	2,173	2,250	2,327	2,409	2,489	2,571
INVESTING																										
Transaction Costs							(500)																			
MM & Cap. Ex.	(927)	(525)	(1,073)	(782)	(508)		(1,015)	(3,150)	(3,150)	(3,150)	(3,150)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Residual Value																										0
CF from Investing							(1,515)	(3,150)	(3,150)	(3,150)	(3,150)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
FINANCING																										
Change in WC							(1,000)																			500
Interest on WC							25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Total							(975)	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	500
PRE-TAX CASH FLOW							(2,310)	(3,205)	(2,639)	(2,174)	(2,413)	1,095	1,149	1,208	1,273	1,335	1,405	1,472	1,537	1,621	1,698	1,775	1,852	1,934	2,014	2,571
NPV							171	@	6.0%																	
x PTNCF							593	@	11.0																	
OPERATIONS																										
ELECTRIC GENERATION																										
Nameplate Capacity, MW							12.0																			
PROJECTED GENERATION FROM PG&E'S N1-N2 COORDINATED OPERATIONS MODEL																										
Historical Daily Flow Data, 1970-2012																										
Average MWh/d																										
Generated at Powerhouse	# Days	Narrows 1	Narrows 1	Narrows 2	Narrows 2																					
Allocation of Revenue	PG&E	YCWA	PG&E	YCWA																						
<= 680 cfs	361.0	141.4	78.8	0.0	0.0		<= 680 cfs, N1 only																			
680 cfs < x < 2,200 cfs	9,976.0	0.0	0.0	179.9	266.9		680 cfs < x < 2,200 cfs, N2 only																			
2,200 <= x <= 2,800	960.0	225.5	0.3	57.2	778.7		2,200 <= x <= 2,800, N1 operates at between 500 cfs and 680 cfs, N2 operates with remainder.																			
> 2,800 cfs	4,408.0	267.7	0.3	1.5	1,237.8		2,800 < x, N1 operates at between 500 cfs and 680 cfs, N2 operates with remainder.																			
Total Days	15,705																									
GENERATION, GWH																										
Revenue Allocation to PG&E							Calculated using PG&E model results above.																			
From N1							33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6
From N2							43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1
PG&E Total	58.8	25.3	36.4	41.9	61.5		76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8
Revenue Allocation to YCWA																										
From N1							0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
From N2							206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1	206.1
YCWA Total							206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8	206.8
TOTAL							283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6	283.6

[illegible]

INDIRECT EXPENSE						Estimate for new owner																			
Management						230	50	15.00	0.50																
FERC Fees						24	12	1.00	0.10																
Licenses & Permits						42	12	2.50	0.00																
Property Tax						192	12	15.00	0.00																
Insurance						300	0	25.00	0.01																
Travel						30	12	1.50	0.00																
Office						48	24	2.00	0.01																
Audit/Legal						42	12	2.50	0.00																
Other						144	24	10.00	0.20																
ACE Payments	293	180	10	142	156	156																			
Total						1,208	1,238	1,269	1,301	1,334	1,367	1,401	1,436	1,472	1,509	1,547	1,585	1,625	1,666	1,707	1,750	1,794	1,838	1,884	1,932
FERC Relicensing, PG&E est.				8	545	1,793	1,948	1,346	897	1,189															
FERC Implementation, est.											400	410	420	431	442	453	464	475	487	500	512	525	538	551	565
INFLATION																									
GNPD																									
Rate						2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Index, July of year						100.0	102.5	105.1	107.7	110.4	113.1	116.0	118.9	121.8	124.9	128.0	131.2	134.5	137.9	141.3	144.8	148.5	152.2	156.0	159.9

3.3.1 EV / EBITDA

This measure of enterprise value (“EV”) is a market-based multiple of earnings before interest, taxes, depreciation and amortization (“EBITDA”).⁸ EV is the market value of equity plus the book value of debt minus cash and the ratio EV / EBITDA is also often known as the Enterprise Ratio (“ER”).

Several sources of ER information for income-tax-paying-buyers were considered:

- NYU Stern School of Business data show that the ER for over 7,247 firms in the U.S. on which the data are available averages 17.42.⁹ The average ER for electric utilities, primarily large regulated and vertically integrated companies, is approximately 11.81.
- Capital IQ data provide examples of ERs for independent power companies such as 7.52 for AES, 11.17 for CPN, 18.37 for CVA and 10.55 for NRG.¹⁰ The average ER is 11.90. Those four companies are publicly traded, own dozens to hundreds of power projects, include businesses in addition to wholesale power generation, and have material potential for new business and earnings growth.
- B&Co’s experience in advising clients on power-related transactions is that the range for projects with long-term PPAs and growing profits is generally 7.0 to 9.0 times EBITDA. Projects without long-term PPAs, or that have other major uncertainties, may sell at an ER of 5.0 or less. When rating bonds issued on large power projects with PPAs, Standard & Poors has used an ER of 5.0 to estimate a project’s value in the absence of a PPA.

In addition to the information for tax-paying buyers summarized above, B&Co considered several sources of ER information for non-income-tax-paying, public-sector buyers such as municipal utilities.

- The data in the next section imply that municipal utilities have a cost of capital of approximately 6.0%. Assuming that net income grows with inflation of 2.0%, the present value in perpetuity formula implies an ER of $1 / (0.06 - 0.02) = 25.0$.¹¹ Adjusting that result to 15 and 30 year time horizons implies ERs of $25 - 25 / (1.06)^{15} = 14.6$ and $25 - 25 / (1.06)^{30} = 20.6$.
- B&Co’s experience in advising public-agency clients on power-related transactions is that they tend to consider longer time horizons than private-sector entities. Doubling the private-sector ERs of 7.0 to 9.0 for projects with PPAs yields public-sector ERs of 14.0 to 18.0. While data are sparse and usually confidential, ER’s for public-sector owners in the middle and high side of that range is consistent with B&Co experience.
- Together, the data above support an ER of approximately 16.0. That ratio is supported by B&Co experience and it is within the ranges implied by cost-of-capital-based and time-horizon-based estimates.

However, ERs are useful when net income is positive and rising smoothly. As shown in the forecasts above, cash flow is negative during the first five years. On that basis, in this case, costs during the first five years are subtracted from value and the order-of-magnitude ER is adjusted down from approximately $16.0 - 5.0 = 11.0$ due to a shorter time horizon for positive net income.

3.3.2 NPV of PTNCF

This measure of value is the net present value (“NPV”) of unlevered pre-tax net cash flow (“PTNCF”) calculated assuming an appropriate pre-tax discount rate. Discount rate data are both sparse and, at times,

⁸ See for example Damodaran, Aswath, “Investment Valuation,” John Wiley & Sons, New York, 2002, page 501.

⁹ See for example, downloaded 5 January, 2016, http://pages.stern.nyu.edu/~adamodar/New_Home_Page/data.html

¹⁰ Data downloaded 5 January, 2018. Capital IQ data are available through <http://finance.yahoo.com>

¹¹ See for example Brown and Kritzman, “Quantitative Methods for Financial Analysis,” ICFA, page 10.

extremely controversial. Few rates can be observed directly, and much disagreement and uncertainty surrounds methods of estimating discount rates. A full discussion of pre-tax discount rate estimation methodologies is outside the scope of this evaluation, and B&Co focuses here on what data are actually observable or reported.¹²

Just as for ER above, several sources of discount rate information for income-tax-paying-buyers were considered:

- Reuters, Mergent and many others provide data on corporate bond yields.¹³ These data show that yields on low-investment grade bonds (Baa) have recently averaged approximately 4.6%. Sub-investment but higher-than-speculative grade bonds (Ba1 –B3) yield 7.4% to 10.6%. Speculative, but not defaulted, bonds yield 10.6% to nearly 14.0%. Equity yields and thus the appropriate risk-adjusted pre-tax discount rate, reflecting a mix of both debt and equity, must exceed those bond yields. For a sub-investment but higher-than-speculative example, an equity premium of 5.00% and a 50:50 capital structure results in a 13.1% discount rate.¹⁴ Capital IQ and Pratt's Stats data on ERs provide an indirect and conditional observation on pre-tax discount rates. The inverse of an ER is a capitalization rate, and a capitalization rate is a pre-tax discount rate minus the growth rate in income.¹⁵ Accordingly, for example, an ER of 7.00 and a zero growth rate result in a 14.3% pre-tax discount rate.
- B&Co's experience in advising clients on power-related transactions is that the pre-tax discount rate for projects with long-term PPAs is the low teens to approximately 15%. Merchant and otherwise higher-risk projects command in the high teens to over 20%. This experience is consistent with the Reuters, Mergent and Capital IQ data noted above.

In addition to the information for tax-paying buyers summarized above, B&Co again considered several sources of discount rate information for non-income-tax-paying, public-sector buyers such as municipal utilities.

- Investment-grade AA+ rated bonds issued by municipal power and water utilities such as NCPA, SMUD and YCWA carry current yields to maturity of approximately 2.0 to 4.5%. According to Mergent's Bond Record, the credit spread between investment grade AA+ and sub-grade BB+/BB is approximately 3.3%. That adjustment for risk is appropriate for valuation of a single water and/or power project. Adding that adjustment yields a discount rate of 5.3 to 7.8%.
- B&Co's experience in advising public-agency clients on power-related transactions is that they tend to use discount rates that are a few percentage points higher than their current bond yields. How much higher depends on financial market conditions, their expectations of rates in the future and the relative risks associated with the project under consideration. In one current transaction, the public-sector buyer is using a discount rate of 6.0%.
- Together, the data above support a discount rate of approximately 6.0%. That rate is equal to current market data and within the range implied by recent bond yields and credit spreads.

¹² The relationship between pre-and after-tax rates, with and without debt, can be complex. See, for example, Bodington, Jeffrey, "Discount Rates for Consistent Valuation ...", **The Appraisal Journal**, July 2003, pp 228-236.

¹³ See for example "Capitalization Rate Study for Centrally Assessed Properties" published by Utah State Tax Commission.

¹⁴ $(10.6 + 5.0) * 0.5 + 10.6 * 0.5 = 13.1$

¹⁵ See for example Brown and Kritzman, "Quantitative Methods for Financial Analysts," ICFA, 1987, page 111 and Damodaran, Aswath, "Investment Valuation," John Wiley & Sons, New York, 2002, page 743 and Sevelka, Tony, "Where the Overall Cap Rate Meets the Discount Rate," **The Appraisal Journal**, Spring 2004, pp 135-146.

3.3.4 Results

The table below summarizes the income approach results for N1. Forecasts of operations, revenues, costs, and various measures of income appear in the Excel model shown above and provided separately.

NARROWS #1, INCOME APPROACH	
\$000	
Valuation Date	12/31/2018
EV / EBITDA	593
PTNCF	171

3.4 Valuation Worksheet

A table showing the final estimate of FMV appears below.

- Intermediate estimates of value were described in previous sections.
- The market for power projects is inefficient so there is material uncertainty concerning estimates of market value. Both Cost Approach indicators and one Income Approach indicator imply values over \$500 K. However, the other Income Approach result implies less than \$200 K and the Market Approach, based on uncertain adjustments for comparability, yields a *negative* value. On that basis, B&Co's estimate of a reasonable FMV is \$325 K.

NARROWS #1, Fair Market Value	
\$000	
Valuation Date	12/31/2018
COST APPROACH	
OCLD	514
RCNLD	595
MARKET APPROACH	
	(280)
INCOME APPROACH	
EV / EBITDA	593
PTNCF	171
Fair Market Value	325

Exhibit 1: Assumptions & Limiting Conditions

The best measure of value is the price at which an asset actually sells in an all-cash transaction following a thorough marketing effort and a thorough technical, financial, and legal review. Subject to that qualification, this evaluation is based on several assumptions and subject to several limiting conditions.

- Assessments of historical data and forecasts of future operations, revenues, and costs do involve uncertainty. Some assumptions and forecasts will invariably not materialize as stated herein or may vary significantly for many reasons. Therefore, the actual results can be expected to vary from those forecasted to the extent that actual future conditions differ from those assumed by B&Co or provided to B&Co by others. Although B&Co believes the assumptions and forecasts used in this appraisal are reasonable, B&Co assumes no responsibility for variance in results. B&Co assumes no responsibility for the ability of any owner of the subject asset to earn any particular income or rate of return.
- Markets and values change. Markets may be imperfect. B&Co assumes no responsibility for changes in market conditions or the ability of any owner of the subject asset to locate a purchaser and close a sale at the estimated value of the asset.
- This evaluation is based on the assumption that no events materially affecting the value of the subject property occurred between the dates of various investigations and the date of this appraisal.
- B&Co did conduct a visit to the site.
- Without further evaluation, the absence of technical problems and compliance with all regulatory authorizations concerning the subject asset cannot be assured. We assume that the subject property is in compliance with all federal, state, and local environmental laws and regulations at the date of valuation.
- Parties who may have a financial interest in the subject property did provide some information to B&Co. While such information was subjected to tests of reasonableness and is believed to be accurate, B&Co expressly disclaims liability for the accuracy or implications of such information.
- B&Co expressly disclaims liability for all representations and omissions. B&Co does not provide any indemnity associated with this appraisal and its use to any party.
- No title investigation has been conducted, this evaluation assumes all titles and rights are free and clear and marketable.
- This evaluation provides no opinion on matters that require legal or other expertise, investigation, or knowledge beyond that employed.
- This appraisal is not intended to be used as security for any investment.
- This appraisal is not intended to be used for the purpose of understating any tax liability.

Exhibit 2: Certification

I certify that, to the best of my knowledge and belief:

- Subject to the Assumptions & Limiting Conditions, the statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are only limited by and subject to the Assumptions & Limiting Conditions above and are B&Co's impartial and unbiased professional analyses, opinions, and conclusions.
- B&Co has no present or prospective interest in the property that is the subject of this report, and B&Co has no interest with respect to the parties involved.
- B&Co has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- B&Co's engagement in this assignment was not contingent upon developing or reporting predetermined results.
- B&Co's compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- B&Co prepared this appraisal and no one else provided significant appraisal assistance to B&Co.
- This evaluation was conducted under the direction of Mr. Bodington. His professional qualifications are summarized in a separate exhibit to this report.

/ signed /

Jeffrey C. Bodington
President
Bodington & Company

Exhibit 3: Qualifications of Mr. Bodington

Jeff Bodington, Summary of Qualifications

Bodington & Company (www.bodingtonandcompany.com) 1990-Present
Investment banking services to the electric power industry. Examples of services, clients and results drawn from over 400 engagements for over 150 clients include:

Mergers & Acquisitions: Lead and participate in purchases and sales of interests in power projects.

AES	Prepared, auctioned and sold 75 MW portfolio and fuels management company.
Arctic Utilities, Inc.	Evaluated, auctioned and sold this electric utility serving Prudhoe Bay, AK.
Barclays	Obtained multiple proposals and sold a troubled 175 MW gas-fired project.
Bear River Power	Represented landowners during site lease negotiations with Shell Wind Energy.
BNP Paribas	Obtained multiple offers and sold \$30 million letter of credit liability.
Colmac	Obtained multiple proposals and closed sale of 50 MW biomass-fired power project.
Conectiv & GE	Obtained multiple offers and sold a 30 MW biomass-fired facility.
Diamond Generating	Obtained multiple offers for interest in 1,220 MW combined cycle facility.
Enerland	Marketed site, obtained multiple offers and closed site lease for 650 MW project.
General Electric	Appraisal of lease residual supported re-rental of 75 MW project.
Hercules	Obtained multiple proposals for and closed sale of electric distribution system.
HSH Nordbank	Advised lender on sale of complex net profits interest in 250 MW wind project.
Leaf Clean Energy	Marketed, managed and closed sale of LFG-to-pipeline gas portfolio.
Leucadia	Managed resolution of difficult issues and sale of 13 MW biomass-fired power project.
Malacha	Obtained multiple proposals and closed sale of 30 MW hydroelectric project.
PG&E	Advice on power-project transactions both completed and underway.
Town of Scotia	Obtained multiple offers and closed sale of a troubled 30 MW biomass-fired facility.
SMBC	Obtained multiple proposals and managed closing for sale of 5 hydroelectric projects.
USRG	Managed and closed sale of troubled 19 MW biomass-fired power project.
White Oak Global	Structured transaction to preserve 1603 Grant for troubled biomass-fired project.

Financing: Arrange debt and equity financing for development, construction and operating-phase projects.

Calif. Bank & Trust	Advised lender on due diligence and terms for various loans and LCs.
Cobisa-Person	Arranged equity and debt financing for 140 MW peaking facility.
Conectiv	Arranged \$25 MM letter of credit to support tax exempt bonds.
Cyrq Energy	Advised owners on long term financing for a geothermal project.
Energy Investors	Obtained purchase proposal for development-stage, gas-fired project.
Endless Energy	Managed offering and closing with funding partner to complete an 80 MW project.
NEC	Obtained proposal from large investor to fund project development pipeline.
USRG	Structured and supported negotiating a short-term acquisition financing loan.

Restructuring: Advise owners and lenders on various capitalization, value, repayment and management issues.

Deutsche Bank	Advisor to bank group during restructuring a \$230 million financing.
Ho Honua	Advised lender on restructuring and conversion to equity in troubled project.
Merrill Lynch	Advised Merrill during restructuring of its interests in a \$50 MM power project.
Mizuho Bank	Advised bank concerning the restructuring of loan and prepayment of swap.

Bechtel Group, Inc. 1982-1989

Most time with Bechtel devoted to Energy Transportation Systems, Inc. (ETSI) and related electric power projects.

Senior Finance Representative: ETSI, 1986 – 1989. Reported to EVP and CFO, supervised staff and consultants.

Manager of Business Analysis: ETSI, 1982 – 1985. Supervised professional staff of five.

Business Analyst: ETSI, 1982.

Resource Planning Associates, Inc.

1978–1982

Evaluated competitive and financial aspects of energy-related business ventures for Fortune 500 clients.

Associate, 1979 – 1982.

Research Associate, 1978.

SEC and FINRA: Broker/Dealer; Registered General Securities Principal; Series 7, 24, 63, 79, and 99

Cornell University, M.S., Applied Economics, 1978, New York Scholarship Tuition Award and Stipend

University of California, Berkeley, B.S., Field major in Economics and Statistics, 1976, Honors

Other

Author of over 60 articles on the financing of power projects and related topics.

Invited speaker or chair at over 75 conferences.

Power Association of Northern California, Director and Treasurer, 1996 to 2010

Various non-profit entity Director and Trustee positions, 1995 to present

Chairman of the Board, Trigeminal Neuralgia Association, 2012 to 2015, re-elected 2015 to present

Client List, 1990-2018

AES Corporation	GE Power Funding	Northwest Natural Gas
Agua Fria	Genesis Energy Systems	Nth Power Technologies
Amerling & Burns	Great Lakes Hydro	OmniBank
Arctic Utilities, Inc.	Great Western Bank	Orrick Herrington & Sutcliffe
Arizona DOR	Greenwich NatWest	Owl Companies
Bank of America	Gulf States Utilities	PA Consulting
BankCal	Hellman & Friedman	Pacific Gas & Electric
Bear River Power LLC	Hercules Municipal Utility	Pacific Generation
Beaver Michigan LP	Hinshaw & Culbertson	Perkins Coie
Besicorp Shareholders	HSH Nordbank	Piper & Marbury
Bethany Power Corp.	Husky Oil	Project Finance International
Big Valley Lumber	Hydro Quebec	Prudential
BJC HealthCare	Ida-West Energy Company	Raser Technologies, Inc.
Blackstone Group	IFG Network Securities	Reliant Energy
BNP Paribas	Indeck Capital	RMI / Navigant
Bonneville Pacific Corp.	Indeck Energy	Rolls Royce Power Ventures
Bottle Rock Power	Industrial Risk Insurers	Rosen & Weisman
Brookfield Asset Management	Internat'l Development Planners	Sacramento MUD
BZW – Barclays Bank PLC	Inyo County, California	San Gabriel Hydro Associates
Caithness Resources	JCJ Ranches	San Joaquin Valley Energy
California Bank & Trust	Kemper Insurance	Sanders & Parks
Calpine Corporation	Kirkwood Meadows PUD	Sewell & Riggs
Cate Street Capital, Inc.	Klickitat Energy Partners	Sierra Power Corporation
Charter Oak Energy	Lancaster Energy Partners	Smurfit Stone Container Corp.
City of Oxnard, CA	Latham & Watkins	Sonoma County, California
Clausen Miller et al	Leaf Clean Energy	Southern California Edison
CBS Corporation	Legal Strategies Group	Souza Realty & Development
CMS Generation	Leucadia National Corp.	Stinson Leonard Street
Cobisa Corporation	Levitan & Associates	Stoel Rives
Colmac Energy, Inc.	Lillick & Charles	Sumitomo Bank / SMBC
Conectiv	Long Beach Gas Department	Swidler & Berlin
Constellation Energy	Macquarie Infrastr. Partners	TDX Power, Inc.
Credit Agricole CIB	Malacha Hydro L.P.	Technology Funding, Inc.
CSW Energy	Marshall & Stevens	Tejon Ranch Company
Cyrq Energy	Marubeni Sustainable Energy	Tenaska, Inc.
Davis Wright Tremaine	Marwood Ltd	Terra-Gen, LLC
Deutsche Bank	McLarens Young International	Thompson River Cogen
DeWind Company	Medina Power Company	Tosco Oil Company
Diamond Generating Company	Merrill Lynch	Town of Scotia, LLC
DTE Energy Services	Mid-Atlantic Energy	Trident Winds LLC
Duke Energy	Mid-Continent Power Company	United Bank of California
Dynegy	Milbank Tweed	United American Energy
Edison Electric Institute	Millard County, Utah	United Cogen, Inc.
Energy America	Minnesota, State of	Uintah County, Utah
Endless Energy Corp.	Mirant Corporation	U.S. Department of Interior
Energy Holdings LLC	Mitsubishi UFJ Trust and Bank	U.S. Department of Justice
Energy Investors Funds	Mizuho Bank	U.S. Renewables Group
Energy Operations Group	MMC Energy, Inc.	USL Capital
Enerland, LLC	Mono County, California	Utah Dept. of Public Utilities
Enpower Corp.	Morrison & Foerster	Ventura County, California
Exergy (Kalina Cycle)	Nedwind	Wabash Power
Fagen, Inc.	National Australia Bank	Wellhead Electric Company
First American Tax Valuation	National Power Company	Western Farmers Elec. Coop.
First Security Bank	New Charleston Energy Partners	Westmoreland Energy
First Solar, Inc.	New York ISO	White Oak Global Advisors
Foster Wheeler Power	New York State Electric & Gas	
Fortistar LLC	Next Energy Concepts, LLC	
Friedman, Boyd, et al	Niagara Mohawk Power	
Fuji Bank, Limited	Nippon Credit Bank	
GE Energy Financial Services	N. American Energy Services	

Examples of Power Project Experience

Wind

Agua Fria
Bear River Power
Bethany
Big Blue
Blue Canyon
DeWind portfolio

Equinox
Mile High Ranch
Morro Bay Offshore
Mountain View
Redington
Seawest / AES

Sunbelt
Trident Wind
Windpower 1990
Windpower 1991
Windy Flats

Biomass and waste fired

Berlin Station
Big Valley
Blue Lake
Burney Forest Power
Cadillac
Central Wayne ER
Colmac / Desert View
Delano
Fairhaven
Fort Bragg
Hidden Hollow Energy

HL Power
Hu Honua Bioenergy
Imperial Valley RR
JRE (high btu gas)
Lancaster Energy Partners
Laurinburg (pellet)
Marwood, NS
Mendota
Mesquite Lake RR
Niagara Biomass
Oroville

Scotia / Eel River
Sierra Power
Shasta
Snowflake
SS Florence
Sunshine
Tracy Bioenergy
Wadham
White Oak Shasta
Woodland
Yellow Pine

Coal fired

Bailly
Billings
Bonanza
Cedar Bay

Grant Town / AmBit
Intermountain PA
Mohave
Roanoke Valley

Thompson River
Westmoreland portfolio

Geothermal

Baca Ranch
Bottle Rock
Calpine Geysers
Clear Lake

Coso
Dixie Valley
Lightning Dock
NCPA Geysers

Newberry
Thermo #1

Hydroelectric

Angels
BP Hydro portfolio
Chakachamna
Chili Bar
Crystal Springs
Deer Creek
El Dorado
Friant
Glacier Lodge

Great Lakes portfolio
Hamilton Branch
Hatchet Creek
Indian Valley
Inexcon portfolio
Kern River
Lime Saddle
Malacha
Merced Falls

Narrows I
Phoenix
Potter Valley
San Gabriel
San Geronio
Highland portfolio
Utica
Wailuku

Natural gas fired

Alamitos
Arctic Utilities
BBOP
Big Spring
Cardinal / Stanford
Cardinal / Husky
Chaminade
Chehalis / Suez
Chula Vista
Cleburne
Colusa / Enerland
Corona
Desert Generating
DG Cogen portfolio
Eco Electrica / PR
Escondido
Ferndale
FPB Cogen
Forney
Frederickson

Freehold
Fresno / Wellhead
FW Martinez
Glenns Ferry
Indeck portfolio
Kiowa
Klickitat
Linden
Lordsburg
Loring Pipeline
Los Esteros
Mesquite
Mid-Continent
Mid-Sun
New Harquahala
Oakley
Oildale / DAI
Oildale / Enpower
Oildale Pipeline
Panoche

Pastoria
Person
Placeritas
San Joaquin Cogen
San Jose
Santa Maria
Sumas
Texaco
United Cogen
Watsonville
Wellhead portfolio

Finance & Energy:

- "Practical Advice About Optimizing Generating Portfolios," **Project Finance NewsWire**, October 2016, pp. 46-49.
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- "Going to the Bank," **Public Utilities Fortnightly**, deal log for M. Burr, June 2005.
- "Ratepayers Back At Risk," **Public Utilities Fortnightly**, January 2005, pp. 23-25.
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Attachment C1

NPV Analysis of Alternative Paths

(Confidential)

Attachment C2

NPV Analysis of Alternative Paths

(Public)

NPV Analysis of Alternative Paths

Values are in 2018\$, 000s

Past Costs (based on 12/31/17 balances)							Future Costs (30-yr NPV)			Forgone Energy Values (30-yr NPV)				TOTAL COST TO CUSTOMERS	GOING-FORWARD NPV
Options	NBV	CWIP	Sales Proceeds (Price-trans. costs)	Unrecovered costs for recovery	Cost recovery assumptions	RR of past costs (30 year NPV)	Future O&M Expense	RR of future CAPX	RR associated with total future costs	Energy	RECs	Capacity	Total		
	(A)	(B)	(C)	(D) = (A)+(B)-(C)	(E)	(F) = cost recovery of (D) based on (E)	(G)	(H) = cost recovery of future CAPX based on (E)	(I) = (G)+(H)	(J)	(K)	(L)	(M) = (J)+(K)+(L)	(N) = (F)+(I)+(M)	(O)
1. Continue to Own and Operate the Asset	\$ 3,164	\$ 1,121	\$ -	\$ 4,285	Standard 50-Year Revenue Recovery	\$ 4,495									
2. Sell the Asset and Transfer License in 2019	\$ 3,164	\$ 1,121	\$ 458	\$ 3,828	Accelerated 1-Year Revenue Recovery	\$ 3,711									
3. Surrender License and Decommission in 2034	\$ 3,164	\$ 1,121	\$ -	\$ 4,285	Accelerated 5-Year Revenue Recovery	\$ 5,192									

PG&E recovers capital costs through a standard revenue requirement model which includes return on capital, book depreciation, income taxes, property taxes, O&M and insurance. We sum up these components for each year of the revenue requirements schedule and then calculate the Net Present Value (NPV) based on our authorized after-tax cost of capital of 7%. We don't include franchise fee and uncollectibles in this revenue requirement model.

Attachment D

Accounting for Loss on Sale

Attachment D Table Showing Sales Price, Expenses, and Tax Effects
Facility Sale - Narrows Hydroelectric Project
(Dollars)

1 SALES PROCEEDS

Sales Price	507,500.00
Less: Transaction Costs ^{Note1}	(50,000.00)
Net Sale Proceeds	<u>457,500.00</u>

2 ALLOCATION OF SALES PROCEEDS BASED ON THE HISTORICAL COST OF PROPERTY

	<u>Historical Cost</u>	<u>Proportional %</u>
Non-Depreciable Property (Land)	273,948.55	2.60%
Depreciable Property	9,140,053.84	86.76%
CWIP	1,121,087.52	10.64%
	<u>10,535,089.91</u>	<u>100.00%</u>

3 GROSS GAIN/(LOSS) ON SALE

	<u>Historical Cost</u>	<u>Net Book Value</u>	<u>Sales Proceeds</u>	<u>Pre-Tax Gain/(Loss)</u>
Non-Depreciable Property (Land)	273,949	269,776	11,897	(257,880)
Depreciable Property	9,140,054	2,894,504	396,919	(2,497,585)
CWIP	1,121,088	1,121,088	48,685	(1,072,403)
	<u>10,535,090</u>	<u>4,285,367</u>	<u>457,500</u>	<u>(3,827,867)</u>

4 TAX GAIN/(LOSS) ON SALE

	<u>Historical Cost</u>	<u>Net Tax Value</u>	<u>Sales Proceeds</u>	<u>Pre-Tax Gain/(Loss)</u>
Non-Depreciable Property (Land)	273,949	274,204	11,897	(262,307)
Depreciable Property	9,140,054	1,571,242	396,919	(1,174,323)
CWIP	1,121,088	1,121,088	48,685	(1,072,403)
	<u>10,535,090</u>	<u>2,966,533</u>	<u>457,500</u>	<u>(2,509,033)</u>

4 GAIN/(LOSS) ALLOCATION

	<u>Operating System</u>	<u>Other Depreciable Assets</u>	<u>Land (Non-Depreciable)</u>	<u>Pre-Tax Allocation</u>
Ratepayers	0%	100%	67%	(3,742,767.19)
Shareholder	100%	0%	33%	(85,100.30)
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>(3,827,867.49)</u>

Total Gain/(Loss) Allocation

Attachment D Table Showing Sales Price, Expenses, and Tax Effects
Facility Sale - Narrows Hydroelectric Project
(Dollars)

5 TAXES ON PROPERTY

	Net Tax Value	Sales Proceeds	Before Tax Gain/ (Loss)
Non-Depreciable Property (Land)	274,204	11,897	(262,307)
Depreciable Property	1,571,242	396,919	(1,174,323)
CWIP	1,121,088	48,685	(1,072,403)
Totals	<u>2,966,533</u>	<u>457,500</u>	<u>(2,509,033)</u>

		Land		Depreciable Property and CWIP		
Taxable Gain/(Loss)		(262,307)	a	(2,246,726)	a	
Distribution to Ratepayer (Tax Deduction to PG&E)		155,771	b	2,246,726	b	
Net Taxable Gain/(Loss)		(106,536)	c=a-b	-	c=a-b	
Tax Rate		27.984%	d	27.984%	d	
Net Federal and State Income Tax		(29,813)	e=c*d	-	e=c*d	
Net After Tax Gain/(Loss)		(232,494)	f=a-e	(2,246,726)	f=a-e	
Ratepayers Allocation	67%	(155,771)	g=f*67%	100%	(2,246,726)	g=f*100%
Shareholder Allocation	33%	(76,723)	h=f*33%	0%	-	h=f*0%
Taxing Jurisdiction Allocation		(29,813)	i=e		-	i=e
Total Gain/(Loss) Allocation		(262,307)	j=g+h+i		(2,246,726)	j=g+h+i

6 RATE BASE CHANGES

Beginning NBV	3,164,280
Reduction to Gross Plant	(9,414,002)
Reduction to Depreciation Reserve (depreciation reserve is reduced by the historical cost of depreciable property)	9,414,002
Property Sale Proceeds credited to Depreciation Reserve (Sales proceeds benefit to customers)	(396,919)
Total Rate Base reduction due to processed received	<u>(2,767,361)</u>

7 REGULATORY ASSET CALCULATION

Rate Base Reduction	2,767,361
CWIP Reduction (less assigned sales proceeds)	1,072,403
Regulatory Asset to Collect in Rates	<u>3,839,764</u>

Attachment E

**YCWA's Resolution approving the PSA
and CEQA Determination**

RESOLUTION NO. 2018-16

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE YUBA COUNTY WATER AGENCY APPROVING PURCHASE OF NARROWS 1 HYDROELECTRIC PROJECT AND NARROWS PROJECT ASSET PURCHASE AND SALE AGREEMENT WITH PACIFIC GAS AND ELECTRIC COMPANY AND MAKING RELATED CEQA DETERMINATION

BE IT RESOLVED by the Board of Directors of the Yuba County Water Agency as follows:

1. Findings. The Board finds and determines as follows:

a. Pacific Gas and Electric Company ("PG&E") owns and operates the Narrows 1 Hydroelectric Power Plant and related property, equipment, facilities, licenses, permits, water rights, and other assets (the "Narrows 1 Assets"), which is located on the Yuba River across from the Agency Narrows 2 Hydroelectric Project site. PG&E desires to sell the Narrows 1 Assets.

b. The Agency desires to acquire the Narrows 1 Assets. In 2017, the Agency therefore evaluated the merits of the acquisition, reviewed and assessed the condition of the Narrows 1 Assets, conducted an environmental site assessment, and began negotiations with PG&E. On January 2, 2018, the Board in closed session reviewed and approved a Narrows 1 Assets purchase term sheet and authorized and directed the General Manager to proceed with purchase negotiations consistent with the term sheet.

c. Agency staff has successfully concluded negotiations with PG&E. The parties have prepared a proposed asset purchase and sale agreement and the Agency General Manager recommends that the Board approve the agreement. The proposed agreement also was reviewed and considered by an ad hoc committee created to advise staff on this matter and the committee likewise recommends approval.

2. Approval of Asset Purchase and Sale Agreement

a. The Board approves the Narrows Project Asset Purchase and Sale Agreement by and between Pacific Gas and Electric Company, as Seller, and Yuba County Water Agency, as Buyer (the "Agreement") in substantially the form as presented at this meeting. The Board authorizes and directs the General Manager to finalize, complete, and sign the Agreement and its exhibits, together with any minor additions or changes deemed necessary or advisable by the General Manager in consultation with the Agency General Counsel.

b. The Board approves the purchase of the Narrows 1 Assets in accordance with the terms of the final, signed Agreement. The Board further authorizes and directs the General Manager to deliver and perform the final, signed Agreement in accordance with its terms.

c. Pursuant to Government Code section 27281, the Board authorizes the General Manager to approve, accept, and consent to the recordation of deeds and easements as appropriate to close escrow under the Agreement, and to approve and execute certificates of acceptance accepting such deeds and easements.

d. The Board authorizes the General Manager to approve and sign a Small Generator Interconnection Agreement with PG&E and the California Independent System Operator Corporation as appropriate to implement this transaction. The Board further authorizes the General Manager to approve and sign such other agreements, documents, and certificates and take such other action as may be necessary or appropriate to effectuate the purchase of the Narrows 1 Assets, so long as such action is consistent with this resolution and the Agreement.

3. CEQA Exemption. The Narrows 1 Assets are an existing hydroelectric power plant and related structures, facilities, and equipment. Under CEQA Guidelines section 15301 (existing facilities), a project consisting of the operation and maintenance of existing public or private structures, facilities, and equipment, involving negligible or no expansion of use, is exempt from California Environmental Quality Act (CEQA) environmental review. After the Agency acquires the Narrows 1 Assets, it plans to operate, maintain, and manage the Narrows 1 Assets in accordance with the existing licenses and permits governing the Narrows 1 Assets and generally in the same manner as PG&E, with no or only negligible change of use beyond that existing at the time of this resolution. The Board therefore determines that the Narrows 1 Assets acquisition and post-acquisition operation, maintenance, and management of the Narrows 1 Assets are exempt from CEQA environmental review pursuant to the exemption at CEQA Guidelines section 15301. The Board authorizes and directs the General Manager to prepare and file a CEQA Notice of Exemption consistent with this determination. The Notice of Exemption shall be filed with the Nevada County Clerk and the State Clearinghouse (Office of Planning and Research).

PASSED AND ADOPTED by the Board of Directors of the Yuba County Water Agency on the 21st day of August 2018, by the following vote:

AYES:	Directors Bradford, Fletcher, Hastey, Leahy, Lofton, Mathews & Vasquez
NOES:	None
ABSTAIN:	None
ABSENT:	None



Chair, Board of Directors

Attest:



Jeanene Upton, Secretary



Nevada County Clerk-Recorder

Transaction #: 181678

Receipt #: 176769

Scan the QR Code to search our services
or go to www.mynevadacounty.com/nc/recorder



GREGORY J. DIAZ

Cashier Date: 08/28/2018 08:01:12 AM (KP)

Print Date: 08/28/2018 08:01:15 AM

950 Maidu Avenue Suite 210

Nevada City, CA 95959

530-265-1221

NC.RECORDER@CO.NEVADA.CA.US

YUBA COUNTY WATER AGENCY



Payment Summary

Total Fees	\$0.00
Total Payments	\$0.00
Balance Due:	\$0.00

1 Payments

No Charge

1 Miscellaneous Items

CEQA Filing Letter

1 Filing Items

Notice of Exemption

CFN: 20180000044 Date: 08/28/2018 08:01:11 AM

From: YUBA COUNTY WATER AGENCY To: YUBA COUNTY WATER AGENCY

Notice of Exemption

Appendix E

To: Office of Planning and Research
 P.O. Box 3044, Room 113
 Sacramento, CA 95812-3044

County Clerk

County of: Nevada

950 Maidu Ave., Ste. 210

Nevada City, CA 95959

From: (Public Agency): Yuba County Water Agency
 1220 F Street
 Marysville, CA 95901

(Address)

Project Title: Narrows 1 Hydroelectric Project Acquisition

Project Applicant: Yuba County Water Agency 1220 F. Street, Marysville, Ct, 95901

Project Location - Specific:

Nevada Co. APN 50-010-08, located on the south bank Yuba River, a short distance downstream from Englebright Dam

Project Location - City: near Mooney Flat

Project Location - County: Nevada

Description of Nature, Purpose and Beneficiaries of Project:

Yuba CWA is acquiring the existing Narrows 1 Hydroelectric Power Plant and related property, equipment, facilities, licenses, permits, water rights, and other assets from PG&E and, post-acquisition, Yuba CWA will operate, maintain, and manage the facility consistent with existing permits.

Name of Public Agency Approving Project: Yuba County Water Agency

Name of Person or Agency Carrying Out Project: Yuba County Water Agency

Exempt Status: **(check one):**

☐ Ministerial (Sec. 21080(b)(1); 15268);

☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));

☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));

☒ Categorical Exemption. State type and section number: Existing facilities, section 15301

☐ Statutory Exemptions. State code number: _____

Reasons why project is exempt:

See section 3 of the attached Yuba CWA Resolution No. 2018 - ____.

Lead Agency

Contact Person: Curt Aikens

Area Code/Telephone/Extension: 530-741-5000

If filed by applicant:

1. Attach certified document of exemption finding.

2. Has a Notice of Exemption been filed by the public agency approving the project? ☐ Yes ☐ No

Signature: Curt Aikens Date: Aug 27, 2018 Title: General Manager

☒ Signed by Lead Agency ☐ Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
 Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: _____

POSTED IN THE NEVADA
 COUNTY CLERKS OFFICE
 FROM 8/28/18 TO 9/28/18
 BY 16 (DEPUTY)

Revised 2011



State of California - Department of Fish and Wildlife
2018 ENVIRONMENTAL FILING FEE CASH RECEIPT
 DFW 753.5a (Rev. 01/03/18) Previously DFG 753.5a

Print **Start Over** **Finalize & Email**

RECEIPT NUMBER:
 29 — 8/25/2018 — 44
 STATE CLEARINGHOUSE NUMBER (if applicable)

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY.

LEAD AGENCY: YUBA COUNTY WATER AGENCY
 LEAD AGENCY EMAIL: _____ DATE: 8/25/2018

COUNTY/STATE AGENCY OF FILING: Nevada
 DOCUMENT NUMBER: 20180000044

PROJECT TITLE: NARROWS 1 HYDROELECTRIC PROJECT ACQUISITION

PROJECT APPLICANT NAME: YUBA COUNTY WATER AGENCY
 PROJECT APPLICANT EMAIL: _____ PHONE NUMBER: (530) 741-5000

PROJECT APPLICANT ADDRESS: 1220 F ST
 CITY: MARYSVILLE STATE: CA ZIP CODE: 95901

PROJECT APPLICANT (Check appropriate box)
☐ Local Public Agency ☐ School District ☒ Other Special District ☐ State Agency ☐ Private Entity

CHECK APPLICABLE FEES:

<input type="checkbox"/> Environmental Impact Report (EIR)	\$3,168.00	\$	0.00
<input type="checkbox"/> Mitigated/Negative Declaration (MND)(ND)	\$2,280.75	\$	0.00
<input type="checkbox"/> Certified Regulatory Program document (CRP)	\$1,077.00	\$	0.00

☒ Exempt from fee
☒ Notice of Exemption (attach)
☐ CDFW No Effect Determination (attach)
☐ Fee previously paid (attach previously issued cash receipt copy)

<input type="checkbox"/> Water Right Application or Petition Fee (State Water Resources Control Board only)	\$850.00	\$	0.00
<input type="checkbox"/> County documentary handling fee		\$	
<input type="checkbox"/> Other		\$	

PAYMENT METHOD:
☐ Cash ☐ Credit ☐ Check ☐ Other
 TOTAL RECEIVED \$ 0.00

SIGNATURE: X [Signature] deputy
 AGENCY OF FILING PRINTED NAME AND TITLE: NEVADA COUNTY RECORDER, DEPUTY CLERK

Attachment F

Confidential Designation

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

**DECLARATION SUPPORTING CONFIDENTIAL DESIGNATION
ON BEHALF OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

1. I, Stephanie Maggard, am Director in Power Generation for Pacific Gas and Electric Company ("PG&E"), a California corporation. Debbie Powell, Vice President, Power Generation for PG&E, delegated authority to me to sign this declaration. My business office is located at:

Pacific Gas and Electric Company
245 Market Street
San Francisco, CA 94105

2. PG&E will produce the information identified in paragraph 3 of this Declaration to the California Public Utilities Commission ("CPUC") or departments within or contractors retained by the CPUC in response to a CPUC audit, data request, proceeding, or other CPUC request.

Name or Docket No. of CPUC Proceeding (if applicable): N/A

3. Title and description of document(s): Attachment C, "NPV Analysis of Alternative Paths", which compares the costs to PG&E customers of 1) PG&E owning and operating the Narrows Hydroelectric Project (Project), 2) PG&E selling the Project, and 3) PG&E decommissioning the Project.
4. The document contains confidential information that, based on my information and belief, has not been publicly disclosed. These pages have been marked as confidential, and the basis for confidential treatment and where the confidential information is located on the documents are identified on the following chart:

Check

Basis for Confidential Treatment

Where Confidential
Information is located on
the documents

☐

Customer-specific data, which may include demand, loads, names, addresses, and billing data

(Protected under PUC § 8380; Civ. Code §§ 1798 *et seq.*; Govt. Code § 6254; Public Util. Code § 8380; Decisions (D.) 14-05-016, 04-08-055, 06-12-029)

☐

Personal information that identifies or describes an individual (including employees), which may include home address or phone number; SSN, driver's license, or passport numbers; education; financial matters; medical or employment history (not including PG&E job titles); and statements attributed to the individual

(Protected under Civ. Code §§ 1798 *et seq.*; Govt. Code § 6254; 42 U.S.C. § 1320d-6; and General Order (G.O.) 77-M)

☐

Physical facility, cyber-security sensitive, or critical energy infrastructure data, including without limitation critical energy infrastructure information (CEII) as defined by the regulations of the Federal Energy Regulatory Commission at 18 C.F.R. § 388.113

(Protected under Govt. Code § 6254(k), (ab); 6 U.S.C. § 131; 6 CFR § 29.2)

☒

Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data

(Protected under Civ. Code §§ 3426 *et seq.*; Govt. Code §§ 6254, *et seq.*, e.g., 6254(e), 6254(k), 6254.15; Govt. Code § 6276.44; Evid. Code § 1060; D.11-01-036)

Columns (G) through
(O) of Attachment C

☐

Corporate financial records

(Protected under Govt. Code §§ 6254(k), 6254.15)

☐

Third-Party information subject to non-disclosure or confidentiality agreements or obligations

(Protected under Govt. Code § 6254(k); see, e.g., CPUC D.11-01-036)

☐

Other categories where disclosure would be against the public interest (Govt. Code § 6255(a)) [NEED TO EXPLAIN HOW THE PUBLIC INTEREST SERVED BY NOT DISCLOSING THE RECORD CLEARLY OUTWEIGHS THE PUBLIC INTEREST SERVED BY DISCLOSURE]:

5. The importance of maintaining the confidentiality of this information outweighs any public interest in disclosure of this information. This information should be exempt from the public disclosure requirements under the Public Records Act and should be withheld from disclosure.
6. I declare under penalty of perjury that the foregoing is true, correct, and complete to the best of my knowledge.
7. Executed on this 12th day of October, 2018 at San Francisco, California.



Stephanie Maggard
Director, Power Generation
Pacific Gas and Electric Company

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

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	Ellison Schneider & Harris LLP	Praxair
Alcantar & Kahl LLP	Energy Management Service	Regulatory & Cogeneration Service, Inc.
Anderson & Poole	Evaluation + Strategy for Social Innovation	SCD Energy Solutions
Atlas ReFuel	GenOn Energy, Inc.	SCE
BART	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Green Charge Networks	SPURR
Braun Blaising Smith Wynne P.C.	Green Power Institute	San Francisco Water Power and Sewer
CalCom Solar	Hanna & Morton	Seattle City Light
California Cotton Ginners & Growers Assn	ICF	Sempra Utilities
California Energy Commission	International Power Technology	Southern California Edison Company
California Public Utilities Commission	Intestate Gas Services, Inc.	Southern California Gas Company
California State Association of Counties	Kelly Group	Spark Energy
Calpine	Ken Bohn Consulting	Sun Light & Power
Casner, Steve	Keyes & Fox LLP	Sunshine Design
Cenergy Power	Leviton Manufacturing Co., Inc.	Tecogen, Inc.
Center for Biological Diversity	Linde	TerraVerde Renewable Partners
City of Palo Alto	Los Angeles County Integrated Waste Management Task Force	Tiger Natural Gas, Inc.
City of San Jose	Los Angeles Dept of Water & Power	TransCanada
Clean Power Research	MRW & Associates	Troutman Sanders LLP
Coast Economic Consulting	Manatt Phelps Phillips	Utility Cost Management
Commercial Energy	Marin Energy Authority	Utility Power Solutions
County of Tehama - Department of Public Works	McKenzie & Associates	Utility Specialists
Crossborder Energy	Modesto Irrigation District	Verizon
Crown Road Energy, LLC	Morgan Stanley	Water and Energy Consulting
Davis Wright Tremaine LLP	NLine Energy, Inc.	Wellhead Electric Company
Day Carter Murphy	NRG Solar	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	Office of Ratepayer Advocates	Yep Energy
Don Pickett & Associates, Inc.	OnGrid Solar	
Douglass & Liddell	Pacific Gas and Electric Company	