Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

PUBLIC AFFAIRS

May 1, 2009

In reply refer to: DK-7

Cliff Graham
NextEra Energy Resources
700 Universe Blvd.
Juno Beach, FL 33458

RE: FOIA #09-030

Dear Mr. Graham:

This letter is in response to your request for information that you made to the Bonneville Power Administration (BPA), under the Freedom of Information Act (FOIA), 5 U.S.C. 552.

You had requested the following:
A copy of the Shaping and Storage agreement executed in 2008 between BPA and PG&E for a wind project.

Response:
In response, BPA has enclosed a copy of the responsive document to FOIA #09-014.

If you are dissatisfied with this determination, you may make an appeal within thirty (30) days of receipt of this letter to the Director of Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue SW, Washington, DC 20585. Both the envelope and the letter must be clearly marked "Freedom of Information Act appeal." There is no charge for your request.

I appreciate the opportunity to assist you with this matter. If you any questions or concerns about this letter, please contact Laura M. Atterbury, FOIA/Privacy Act Specialist, at 503-230-7305.

Sincerely,

Christina J. Brannon
Freedom of Information Act/Privacy Act Officer

Enclosure

REDACTED VERSION
MINUS "F"

Contract No. 08PB-11984

WIND ENERGY EXCHANGE AGREEMENT

Executed by the

BONNEVILLE POWER ADMINISTRATION

and

PACIFIC GAS AND ELECTRIC COMPANY

AUTHENTICATED

Table of Contents

Section		Page
1.	TERM	2
2.	CONDITIONS PRECEDENT	3
3.	DEFINITIONS	3
4.	EXCHANGE SERVICES	9
5.	PRICING	11
6.	TRANSMISSION	11
7.	THE BPA OPTION	13
8.	SCHEDULING	15
9.	BILLING AND PAYMENT	17
10.	NOTICES	18
11.	REPRESENTATIONS, DISCLOSURES AND COVENANTS	19
12.	LIMITATION OF LIABILITY	21
13.	GOVERNING LAW AND DISPUTE RESOLUTION	21
14.	EVENTS OF DEFAULT, REMEDIES	21
15.	GENERAL PROVISIONS	22
16.	SIGNATURES	26

Exhibit A	Wind Project Description
Exhibit B	BPA's Wholesale Power Rate Schedules and General Rate Schedule Provisions
Exhibit C	Examples
Exhibit D	Points of Receipt
Exhibit E	Point of Delivery
Exhibit F	Underlying Power Purchase Agreement

This WIND ENERGY EXCHANGE AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), and Pacific Gas and Electric Company (PG&E). PG&E is a corporation organized under the laws of the State of California. BPA and PG&E are sometimes referred to in the singular as "Party" or in the plural as "Parties."

RECITALS

The Parties wish to provide a contractual mechanism for an exchange for the delivery of electric power generation from the Underlying Project (defined below and described in Exhibit A) and/or from replacement sources within the BPA Balancing Authority Area to PS with delayed delivery of an equal amount of generation by BPA to PG&E at COB. PG&E will enter into a power purchase agreement (PPA) with Klondike III Wind Power LLC (the Seller) to purchase up to 100 MW of scheduled capacity and related energy, Green Attributes, and other related products (collectively the "Product") from the Initial Project. BPA will have an option to purchase directly from Seller fifty percent (50%) of the Product from the Initial Project at the beginning of the sixth (6th) Contract Year following the Initial Energy Delivery Date under its own PPA, which shall be substantially the same as the Underlying PPA, as further described in section 7 below (BPA Option). BPA will execute a PPA with Seller which would provide for delivery of this portion of the Product to BPA, at the time PS exercises the BPA Option. BPA is authorized pursuant to law to market electric power and energy generated at various Federal hydroelectric projects in the Pacific Northwest or acquired from other resources, to construct and operate transmission facilities, to provide transmission and other services, and to enter into agreements to carry out such authority.

The Parties agree:

1. TERM

1.1 The term of the Project Scheduled Deliveries herein shall be ten (10) years, commencing on the Initial Energy Delivery Date.

1.2 If the Underlying PPA associated with the Initial Project terminates before the end of the Term, PG&E shall have a period of one hundred-eighty (180) days from that termination date to obtain a Replacement PPA with a new generator. Services under this Agreement shall be suspended until the deliveries begin under the Replacement PPA. However, if PG&E is unable to obtain a Replacement PPA within this one hundred-eighty (180)-day period, this Agreement shall then terminate unless the Parties agree otherwise.

1.2.1 The Replacement PPA must: (a) have substantially the same terms and conditions as the Underlying PPA, including the BPA Option; and (b) must be acceptable to BPA in its reasonable judgment.

1.2.2 The transmission necessary for PS to accept deliveries under the Replacement PPA must be reviewed and approved by PS before the Initial Energy Delivery Date under the Replacement PPA.

1.2.3 The Replacement Project under this section shall be approved by PS. PS approval shall not be unreasonably withheld.

1.3 PG&E shall provide BPA with seven (7) Business Days prior written notice of the Initial Energy Delivery Date. PG&E shall provide a non-binding estimate of the Initial Energy Delivery Date, no later than thirty (30) days prior to that date.

1.4 Notwithstanding an early termination of this Agreement, all obligations incurred hereunder shall be preserved until satisfied.

2. CONDITIONS PRECEDENT

The Term shall not commence until all of the following conditions have been satisfied or waived by both Parties in writing.

2.1 This Agreement and the Underlying PPA have been duly executed by the authorized representatives of each of PG&E, Seller, and BPA, as applicable;

2.2 California Public Utility Commission (CPUC) Approval has been obtained for the Agreement and the Underlying PPA, and the CPUC has also approved cost recovery by PG&E for the Underlying PPA and this Agreement.

2.3 At the time of execution of this Agreement PG&E shall provide BPA with an unedited copy of the final executable version of the Power Purchase and Sales Agreement Between Pacific Gas and Electric Company (as "Buyer") and Klondike Wind Power III LLC (as "Seller");

2.4 BPA approval has been obtained for the Agreement. Approval will be provided no later than seventeen (17) days after execution of this Agreement. Prior to consideration by BPA for approval, there may be a ten (10)-day public comment period commencing on the next Business Day succeeding the execution date.

If each Condition Precedent is not satisfied or waived in writing by both Parties on or before two hundred-ten (210) days from the date of execution of this Agreement, then either Party may terminate this Agreement by providing written notice to the other Party which will be effective upon receipt of notice by the other Party. Failure to provide such written notice shall constitute a waiver of the Conditions Precedent.

3. DEFINITIONS

Capitalized terms in this Agreement shall have the meanings defined below, in the exhibits or in context. All other capitalized terms and acronyms are defined in BPA's applicable Wholesale Power Rate Schedule(s), including the General Rate Schedule Provisions (GRSPs), or its successors.

"Alternative Point of Receipt" or "APOR" means Mid-C for the purpose of Seller delivering Make-up Power as provided in the Underlying PPA.

"Balancing Authority" means the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports, interconnection frequency in real time.

"Balancing Authority Area" means the collection of generation, transmission and loads within the metered boundaries of a Balancing Authority. The Balancing Authority maintains load-resource balance with this area.

"BPA Option" has the meaning set forth in the Recitals hereto, as further described in section 7.

"Business Day" means any day except a Saturday, Sunday, or a U.S. Federal Reserve Bank holiday. A Business Day shall open at 8 a.m. (0800) and close at 5 p.m. (1700) local time for the relevant Party's principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

"COB" means California-Oregon Border or COI (California-Oregon Intertie), which consists of the Pacific AC Intertie (PACI or Malin) and Third AC Intertie (3A or Captain Jack) transmission lines to California. N to S indicates that the energy is flowing on the transmission path North to South. S to N indicates energy is flowing on the transmission path South to North.

"Conditions Precedent" has the meaning set forth in section 1.

"Contract Capacity" means the maximum amount of hourly generation capacity available to PG&E under the Underlying PPA.

"CPUC Approval" means a final and non-appealable order or orders of the CPUC, without conditions or modifications unacceptable to the Parties and Seller (with respect to the Underlying PPA or a Replacement Project), or either of them, which approves this Agreement and the Underlying PPA or any Replacement Project as applicable in its entirety, including payments to be made by PG&E, subject to CPUC review of the PG&E's administration of the Agreement and the Underlying PPA.

"Curtailment" means any reduction in deliveries due to a Permitted Curtailment or Force Majeure.

"Damages Payment" means the positive amount, if any, resulting from the non-defaulting Party's Losses minus its Gains resulting from the termination of this Agreement after the defaulting Party's default; if the non-defaulting Party's Gains exceed its Losses, the Damages Payment shall be zero.

"Energy Carry-Over Amounts" means the amounts of energy described in section 4.1.3.

"Energy Deliveries" means the electrical energy made available by PS, using firm transmission, from the Federal Columbia River Power System to PG&E at the POD pursuant to the terms hereof.

"Federal Columbia River Power System" or "FCRPS" means the hydroelectric multipurpose facilities constructed and operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation in the Pacific Northwest and the transmission system constructed and operated by BPA used to market and deliver electric power whose costs are funded and repaid through BPA power and transmission rates.

"Federal Columbia River Transmission System" or "FCRTS" means the electric transmission system in the Pacific Northwest built and operated by BPA. The FCRTS is often referred to as the Federal transmission grid, or the BPA grid.

"Force Majeure" means an event or circumstance that entirely or partly prevents or delays the performance of an obligation arising under this Agreement, but only to the extent (i) such event is not within the reasonable control, directly or indirectly, of the affected Party, (ii) the affected Party has taken all reasonable precautions to avoid and takes all reasonable measures to remedy the effects of the event or to mitigate its impact on that Party's performance, and (iii) such event is not the direct or indirect result of the negligence of the affected Party. An event of Force Majeure shall excuse both Parties' performance under this Agreement as set forth herein for the duration of the Force Majeure event.

"Gains" means, for PG&E, the positive difference, if any, between the value of the Project Scheduled Deliveries, using the contract price in the Underlying PPA, plus the cost of transmission to deliver the energy to COB; minus the market value of green power at COB for the default period, which shall be determined as the forecasted Project Scheduled Deliveries times the simple average of quotes obtained from at least three independent broker-dealers for the forward price of off-peak energy at COB plus the replacement cost of the Green Attributes.

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Underlying Project , and its (or their) displacement of conventional Energy generation. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of

1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of energy. Green Attributes do not include: (i) any Energy, capacity, reliability or other power attributes from the Underlying Project , (ii) production tax credits associated with the construction or operation of the Underlying Project and other financial incentives in the form of credits, reductions, or allowances associated with the Underlying Project that are applicable to a state or Federal income taxation obligation, (iii) fuel-related subsidies or "tipping fees" that may be paid to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Underlying Project for compliance with local, state, or Federal operating and/or air quality permits. If the Underlying Project is a biomass or landfill gas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide PG&E with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Underlying Project.

"Initial Energy Delivery Date" means the date on which deliveries from the Initial Project commence in accordance with the terms of the Underlying PPA associated with the Initial Project. This date occurs when Seller provides to Buyer the certification by a Licensed Professional Engineer that at least ninety-five percent (95%) of the installed capacity of Seller's Expansion Project (as defined in the Underlying PPA) is operational and Buyer has accepted such certification; provided that, such date shall not differ from the date identified in the seven (7)-day notice given to BPA pursuant to section 1.3.

"Initial Project" means the wind generation facility described in Exhibit A, as of the time of execution of the Underlying PPA, from which the Project Scheduled Deliveries are made available, located in the BPA Balancing Authority Area, including all of the wind turbines, tower structures, collection systems and controls, meters and interconnection equipment, and the substation described in Exhibit A.

"LLH" or "Light Load Hours" (LLH) means all those hours in the off-peak period of hour ending 11 p.m. (2300 hours) to hour ending 6 a.m. (0600 hours), Monday through Saturday and all hours Sunday, Pacific Prevailing Time (Pacific Standard Time or Pacific Daylight Time, as applicable). There are six holidays classified according to NERC (North American Electric Reliability Corporation) Standards as LLH. Memorial Day, Labor Day and Thanksgiving occur on the same day each year; Memorial Day is the last Monday in May, Labor Day is the first Monday in September and Thanksgiving Day is the fourth Thursday in November. New Year's Day, Independence Day, and Christmas Day fall on predetermined dates each year. In the event that they fall on a Sunday, the holiday is celebrated the Monday immediately following that Sunday, so that Monday is also LLH all day. If these days fall on a Saturday, the holiday remains on that Saturday, and that Saturday is classified as LLH. This definition may be changed by mutual agreement, if the industry standard for LLH changes over time.

"Losses" means, for PG&E, the positive difference, if any, between the market price of replacement green power and the cost of transmission to deliver to the COB minus the contract price of power at POR under the Underlying PPA and the fee under this Agreement, and for BPA, the amount owed BPA for services provided hereunder plus the market value of the BPA Option at the time Losses are calculated. The market price of green power shall be calculated by adding together the DJ COB daily off-peak price and the replacement cost at the time for Renewable Energy Credits purchased in the Pacific Northwest.

"Make-up Power" means "cure energy" provided by Seller under the terms of the Underlying PPA, which may be delivered to BPA, pursuant to a plan for such deliveries, (a) in an amount up to the difference between the Sellers guaranteed annual production requirement and the Project's actual annual production in the measurement year, and (b) in a manner that is proportionate to the Project's generation as predicted by the annual forecast for the then-current year, each as further defined in the Underlying PPA.

"Mid-Columbia" or "Mid-C" means an area which includes points at any of the switchyards associated with the following four hydro projects: Rocky Reach, Rock Island, Wanapum and Priest Rapids, These switchyards include: Rocky Reach, Rock Island, Wanapum, McKenzie, Valhalla, Columbia, Midway and Vantage. Mid-Columbia shall also include points in the "Northwest Hub," as defined by BPA BPAT. For scheduling purposes, the switchyards described above shall dictate the delivery point name for the then current WECC (Western Electricity Coordinating Council) scheduling protocols. If the switchyards change during the Term of this Agreement, a mutually agreed upon set of switchyards that describes an area containing the most liquidity for trading purposes shall apply.

"Northwest Power Act" means the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501 as amended.

"Option Expiration Date" means the definition set forth in section 7.1.2.

"Permitted Curtailment" means the period of time during which a curtailment ordered by a Transmission Provider, for reasons including but not limited to a planned or unplanned outage or a system emergency declared or determined by the Transmission Provider, prevents (i) PG&E or Seller from delivering energy at the POR, (ii) BPA from receiving energy at the POR, (iii) BPA from delivering energy to the POD, or (iv) PG&E from receiving energy at the POD.

"Point of Delivery" or "POD" means a point at which BPA delivers power to PG&E pursuant to the terms hereof. The POD for this Agreement is COB as defined in Exhibit E.

"Point(s) of Receipt" or "POR" means the point(s) of interconnection of (i) the Initial Project on the BPA transmission system where Project Scheduled Deliveries will be made available to BPA, and (ii) the Replacement Project on BPA's transmission system where Project Scheduled Deliveries will be made available to BPA. The

POR(s) are listed in Exhibit D or as it is revised to account for a Replacement Project.

"Power Services" or "PS" means that portion of the BPA organization or its successor that is responsible for the management and sale of BPA's Federal power.

"Product" means each of energy, capacity and all other products, services and attributes which are or can be produced by or associated with the Project and the delivery of the Product, including without limitation, renewable attributes, Renewable Energy Credits, Green Attributes and Capacity Attributes purchased by PG&E through the Underlying PPA or Replacement PPA. "Product" shall not include (i) production tax credits or (ii) other Federal tax benefits or incentives or any state tax benefits or incentives derived from or associated with the Project.

"Project Scheduled Deliveries" means the energy made available by PG&E or its designated agent from the Underlying PPA, at the POR or APOR, as reflected in the approved e-tag.

"Renewable Energy Credits" shall have the same meaning as Green Tags under this Agreement.

"Replacement Capacity" means capacity PG&E may schedule from a Replacement Project pursuant to section 1.2 or 7.2.; provided that, the sum of the Replacement Capacity and one half the Contract Capacity may not exceed Contract Capacity.

"Replacement PPA" means the specific power purchase agreement(s) that PG&E executes with a wind generation facility in the event PS exercises the BPA Option or the Underlying PPA is terminated, pursuant to section 1.2 or 7.2.

"Replacement Project" means any wind generation facility located in the BPA Balancing Authority Area that PG&E designates pursuant to section 1.2 or 7.2.1.

"Seller" has the meaning Klondike III Wind Power LLC, or the owner/operator of the Replacement Project.

"Term" has the meaning specified in section 1.

"Termination Payment" means the award granted by the court, or administrative Judge (through arbitration), to PG&E from the Seller due to a default or breach by the Seller under the Underlying PPA which prevents the BPA Option from being exercised or the BPA PPA from being executed.

"Three-Week Cycle" is defined in section 4.1.

"Transmission Provider" means Transmission Services when referring to transmission services provided in the BPA Balancing Authority Area, or the California Independent System Operator (CAISO) when referring to the transmission services provided in the CAISO Balancing Authority Area. The Transmission Provider can also be the authorized successor of either Transmission Services or the CAISO, including a regional transmission organization.

"Transmission Services" or "BPAT" means that portion of the BPA organization or its successor that is responsible for the management and sale of transmission service on the FCRTS.

"Underlying PPA" means PG&E's PPA with Seller to purchase a fixed amount of Contract Capacity in an amount no greater than 100 MW, related energy, Green Attributes, and other related products from the Underlying Project.

"Underlying Project" means the Initial Project or Replacement Project as the context indicates.

"Week 1" means the first week beginning: (a) hour ending 0100 on Sunday through hour ending 2400 on Saturday of the Three-Week Cycle, or (b) hour ending 0100 on the Initial Energy Delivery Date through hour ending 2400 on Sunday of such week, which ever applies.

"Week 2" means the second week beginning hour ending 0100 on Sunday through hour ending 2400 on Saturday of the Three-Week Cycle.

"Week 3" means the third week beginning hour ending 0100 on Sunday through hour ending 2400 on Saturday of the Three-Week Cycle. Week 3 may extend beyond the Term of this Agreement for Project Scheduled Deliveries made during the Term of this Agreement.

"Weekly Block Amount" means total energy amount that is scheduled by PS for delivery to PG&E at the POD in each LLH hour of Week 3 of the Three-Week Cycle. The hourly amount scheduled for delivery to PG&E at the POD is the same for each LLH in the Week, and is determined by dividing the total Project Scheduled Deliveries during Week 1 by the number of LLH in Week 3, rounded down to the nearest whole MW amount consistent with section 4.1.2 . The number of LLH in Week 3 is normally 72, but can be 71 if Week 3 is a week Pacific Prevailing Time converts to Daylight Savings Time, some different amount if there is a NERC holiday with 24 LLH in such week, or 73 if Week 3 is a week Pacific Prevailing Time reverts to standard time. The Weekly Block may also be increased by Energy Carry-Over Amounts pursuant to section 4.1.2.

4. EXCHANGE SERVICES

PG&E, or its designated agent, shall make energy available pursuant to the Underlying PPA at the POR or APOR to PS on an hourly basis in amounts up to the Contract Capacity as described below in this section 4. PS shall provide an amount of energy equal to the Project Scheduled Deliveries to PG&E in weekly LLH blocks as follows:

4.1 Three-Week Cycle

The Three-Week Cycle means a rolling three week period, beginning each and every Sunday (or on the Initial Energy Delivery Date in the case of the inaugural Three-Week Cycle), in which energy is scheduled by PG&E or its designated scheduling agent for delivery to PS, and an equal amount later delivered to PG&E. During Week 1 PS receives Project Scheduled Deliveries

from PG&E for such time period. During Week 2 none of Week 1 energy is delivered back to PG&E. During Week 3 energy deliveries in the amount of Project Scheduled Deliveries accumulated during Week 1 will be scheduled by PS to PG&E in equal LLH hourly amounts. The MW amount of such LLH deliveries will be determined by dividing all the Project Scheduled Deliveries made in Week 1 by the number of LLH in Week 3.

4.1.1 **Energy Delivery to PS by PG&E or its designated agent**

(a) PG&E or its designated agent shall submit generation estimates for all energy purchased by PG&E under the Underlying PPA to PS, on an hourly basis for delivery to PS at the POR pursuant to the provisions specified in section 8.

(b) PG&E or its designated agent may submit generation estimates to PS in amounts up to the Contract Capacity.

(c) Subject to the provisions of section 6.3, the quantities of energy PS is obligated to accept and the quantities of energy PS is obligated to provide to PG&E at the POD shall equal the Project Scheduled Deliveries.

4.1.2 **Energy Provided to PG&E by PS**

Energy Deliveries shall be scheduled and delivered pursuant to the provisions specified in section 8. PS shall calculate the Weekly Block Amount during Week 2 and deliver such amount during Week 3 of each Three-Week Cycle, using the methodology set forth in the definition of Weekly Block Amount set forth in section 3. PS shall provide such calculated Weekly Block Amount to PG&E by Wednesday at 3 p.m. (1500 hours) PPT, of the week prior to Week 3 or sooner to accommodate the WECC Prescheduling Calendar.

The maximum Weekly Block Amount, plus Energy Carry Over Amounts described in section 4.1.3(a) below, shall not exceed one hundred fifty percent (150 %) of Contract Capacity. PS shall provide Energy Deliveries to the POD.

4.1.3 **Energy Carry Over Amounts**

(a) **Amounts in Excess of 150 Percent of Contract Capacity**
Energy amounts that cannot be delivered, because it would cause the Weekly Block Amount for a particular week to exceed one hundred fifty percent (150 %) of Contract Capacity, will be carried-over and added to the Week 3 delivery amount for the week immediately following such week. If the carry over amount would cause the Week 3 delivery amount for the immediately following week to exceed one hundred fifty percent (150 %) of the Contract Capacity, the excess amount shall be

rolled over to following week(s) until all deliveries are made. PS will be responsible for calculating these amounts.

(b) **Undelivered Energy Due to Curtailments**
Any amounts of the Weekly Block Amount that are undelivered because of Curtailments will be carried-over and added to the Week 3 delivery amount for the second week immediately following the week in which such Curtailments occurred. However, such undelivered Weekly Block Amount, carried over to the next week, shall not cause the next weeks Weekly Block Amount to exceed one hundred fifty percent (150 %) of the Contract Capacity. If the carry over amount would cause the Week 3 delivery amount for such week to exceed one hundred fifty percent (150 %) of the Contract Capacity, the excess amount shall be rolled over to following week(s) until all deliveries are made.

(c) **Energy Excess of Weekly Block Due to Rounding**
When PS calculates the Weekly Block Amount, it will round down to the nearest whole MW amount. The excess energy amounts remaining after rounding will be carried-over and used to calculate the Weekly Block Amount for the week immediately following such week.

Examples illustrating the calculation of Weekly Block amounts are contained in Exhibit C.

4.2 **Treatment of Green Attributes**
Except under the circumstance where PS has exercised its BPA Option under section 7, PG&E shall retain the exclusive right to all Green Attributes associated with the Product delivered, and therefore, PS irrevocably waives any rights to the Green Attributes that are acquired by PG&E under the Underlying PPA or from any Replacement Project.

5. PRICING

PG&E agrees to pay PS EX 4 per MWh for all Project Scheduled Deliveries.

6. TRANSMISSION

6.1 Responsibilities of Each Party

6.1.1 PS shall provide for transmission, scheduling, system control and dispatch service, generation supplied reactive service, and real power losses from the POR and to the POD with the following exceptions: PS will not be responsible for generation imbalance charges (wind integration charge) or within hour balancing service charges or other charges associated with supporting the Initial Project or Replacement Project generation located within the BPA Balancing Authority Area. PS shall deliver all energy to the POD using firm transmission.

6.1.2 PG&E shall provide for transmission, ancillary services, real power losses and any other charges incurred beyond the POD.

6.2 Point(s) of Receipt

6.2.1 The Point(s) of Receipt for the Initial Project and Replacement Project are listed in Exhibit D.

6.2.2 To deliver from Replacement Projects, PG&E must provide notice thirty (30) days prior to the beginning of a month that PG&E elects to designate a new POR under this Agreement. PS shall amend Exhibit D to reflect the additional POR.

6.2.3 PG&E may provide Project Scheduled Deliveries at the APOR only during periods when the Seller is providing Make-up Power.

6.3 Effect of Permitted Curtailment

6.3.1 If a Curtailment disrupts schedules or deliveries from the POR, both Parties' obligations hereunder shall be suspended to the extent of such Curtailment.

6.3.2 If, owing to planned or unplanned outage, the Transmission Provider curtails or interrupts the generation at the Underlying Project, both Parties' obligations hereunder shall be suspended to the extent of such interruption or curtailment.

6.3.3 If a Curtailment disrupts schedules or deliveries to the POD, or from the POD to PG&E, PS will nonetheless deliver energy to the POD in subsequent weeks, consistent with section 4.1.2; provided that, such make-up Energy Deliveries do not cause the Weekly Block Amount to exceed one hundred fifty percent (150 %) of Contract Capacity.

7. THE BPA OPTION

7.1 Description of the Option

7.1.1 The BPA Option is a call option. PS has the right, but not the obligation, to exercise this option at any time before the Option Expiration Date.

7.1.2 The Option Expiration Date shall be one hundred eighty (180)days prior to the fifth (5th) anniversary of the Initial Energy Delivery Date (the first day of the sixth (6th) year of the Term). PS must exercise the BPA Option by providing written notice (the BPA Option Notice) to PG&E and Seller. Both PG&E and Seller must receive the BPA Option Notice on or before the Option Expiration Date. If PG&E and Seller do not receive the BPA Option Notice on or before the Option Expiration Date, BPA (PS) shall have irrevocably waived its right to exercise the option.

7.1.3 For the exercise of the BPA Option to be effective, both BPA and Seller must execute a PPA (the BPA PPA), in the form provided in Exhibit F of this Agreement and as set forth in this Section 7.1.3. Seller shall deliver to BPA the BPA PPA, executed by Seller, within ten (10) Business Days of its receipt of the BPA Option Notice. In order for the BPA Option to be effective, BPA must execute the BPA PPA within twenty (20) Business Days of receiving the partially-executed BPA PPA from Seller and deliver the fully-executed BPA PPA to both Seller and PG&E. If BPA fails to execute and deliver the BPA PPA within such twenty (20)-day period as prescribed herein, BPA (PS) shall have irrevocably waived its right to exercise the option, and PG&E shall then retain one hundred percent (100%) of the Project Scheduled Deliveries and BPA shall remain obligated to perform under this Agreement for the full Term.

7.1.4 PG&E shall have no liability to either BPA (PS) or Seller regarding the performance or nonperformance of either Seller or PS with respect to the BPA Option. However, PG&E warrants that it shall be a default by Seller under the Underlying PPA if Seller fails to deliver to BPA the BPA PPA, executed by Seller, within ten (10) Business Days of Seller's receipt of the BPA Option Notice, and, if Seller fails to deliver the BPA PPA within this time, PG&E shall then be obligated to terminate the Underlying PPA because of Seller's default and shall be obligated further to seek a Termination Payment from Seller. BPA shall be entitled to a share of whatever amount, to be determined in accordance with section 7.3.3, PG&E actually receives from Seller as payment for Seller's default. PG&E's failure to terminate the Underlying PPA and seek a Termination Payment from Seller shall constitute a material breach of its obligations under this Agreement, and, in the event of such a breach, PS may terminate services hereunder and seek a Damages Payment from PG&E.

7.1.5 If exercised in accordance with section 7.1.3, the BPA Option shall commit BPA to receive and pay for fifty percent (50%) of the Project Scheduled Deliveries, including all Products associated therewith, beginning on the fifth (5th) anniversary of the Initial Energy Delivery Date and continuing for the term of the BPA PPA.

7.1.6 If the Underlying PPA is terminated because of a default by either PG&E or Seller prior to the Option Expiration Date, and if BPA has not exercised the BPA Option prior to such termination, BPA will be deemed, for purposes of establishing a claim for damages, to have exercised the BPA Option. If the Underlying PPA is terminated because of a default by PG&E, BPA may assert a claim for damages equal to the market value of the BPA Option on the date the Underlying PPA terminates. If the Underlying PPA is terminated because of a default by Seller, PG&E's obligations and BPA's rights set forth in section 7.1.4 shall apply.

7.2 PG&E's Rights Upon Exercise of the BPA Option

7.2.1 If PS exercises the BPA Option, PG&E may acquire Replacement Capacity from another source in order to continue to fully utilize the services provided under this Agreement; provided that,(a) the Replacement Capacity of such Replacement Projects plus 50 percent of the Contract Capacity retained by PG&E shall not exceed the Contract Capacity of the Initial Project, and b) PS determines the transmission requirements from the Replacement Project will not increase the cost to PS of providing the exchange service.

7.2.2 To utilize such Replacement Capacity, PG&E must give PS at least thirty (30) days prior written notice, including the identity and location of the Replacement Project(s), and such notice may be delivered at any time up to ninety (90) days after the fifth (5th) anniversary of the Initial Energy Delivery Date. After such ninety (90)-day notice period, PG&E may no longer acquire Replacement Capacity.

7.3 BPA's Option-Related Remedies for Default by Seller or by PG&E

7.3.1 PG&E warrants Seller's failure to honor the BPA Option or execute the BPA PPA shall constitute a default under the Underlying PPA. In the event of such a default, PG&E shall be obligated hereunder to terminate the Underlying PPA and seek a Termination Payment (as provided in the Underlying PPA) from Seller. PG&E's failure to do so shall constitute a breach of this Agreement, for which PS may terminate this Agreement and seek recovery for financial losses from PG&E.

7.3.2 If Seller defaults under the Underlying PPA before PS has exercised the BPA Option and before the Option Expiration Date, PG&E shall

be obligated hereunder to terminate the Underlying PPA and seek a Termination Payment from Seller. PG&E's failure to do so shall constitute a breach of this Agreement for which PS may terminate this Agreement and seek recovery for financial losses from PG&E.

7.3.3

[

EX 4

]

7.3.4 If PG&E defaults under the Underlying PPA before PS has exercised the BPA Option, PS may terminate this Agreement and seek any recovery for financial losses from PG&E.

8. SCHEDULING

Deliveries under this Agreement shall be submitted in accordance with the standard business practices of the Transmission Provider, WECC, and North American Energy Standards Board (NAESB), and the terms in section 4 of this Agreement.

Scheduling procedures may change during the course of this Agreement in accordance with changes in the business practices either of the Transmission Provider, WECC, or NAESB.

8.1 **Project Scheduled Deliveries**

The generation estimates for the Project Scheduled Deliveries shall be submitted by PG&E or its designated agent to PS by 11 a.m. (1100 hours) PPT in accordance with the WECC Preschedule Calendar. PG&E or its designated agent may update hourly generation estimates of Project Scheduled Deliveries with the PS real-time loads desk, up to 45 minutes prior to the hour of delivery as forecasted wind conditions change.

PS will be responsible for e-Tagging Project Scheduled Deliveries pursuant to industry standards and applicable regulations.

Project Scheduled Deliveries shall be communicated by PG&E or its designated agent to PS at:

For Preschedules:

E-mail: presched@power.bpa.gov
Desk Number: 503-230-3813
Fax Number: 503-230-3039

For Hourly Schedules:

Desk Number:503-230-3341
Fax Number: 503-230-5669 or 503-230-5061

8.2 **Energy Deliveries**

The generation estimates for the Energy Deliveries shall be submitted by PS to PG&E or its designated agent by Wednesday at 3 p.m. (1500 hours) PPT of the week prior to Week 3 or sooner to accommodate the WECC Preschedule Calendar. For the purposes of submitting these generation estimates, PS shall calculate each Weekly Block Amount in accordance with the definition of Weekly Block Amount in section 3.

PG&E or its designated agent (Seller as of the date of execution of this Agreement) shall submit a Preschedule to PS in accordance with WECC Preschedule Calendar no later than 11 a.m. (1100) PPT for Preschedules and no later than 45 minutes prior to the start of the hour of delivery for hourly schedule changes, unless otherwise mutually agreed. PS and PG&E shall exchange necessary e-Tag information consistent with industry standards. This information shall contain the firm transmission paths for point-to-point and southern intertie transmission.

PG&E or its designated agent will be responsible for e-Tagging scheduled Energy Deliveries pursuant to industry standards and applicable regulations.

Generation estimates and any changes to such estimates shall be communicated by PS to PG&E at:

For Preschedules:

Day-ahead Trading Desk
Phone: 415-973-6222

For Hourly Schedules:

Real-time Trading Desk
Phone: 415-973-7900

8.3 **After-the-Fact Reconciliation Requirements**
The Parties agree to reconcile Project Scheduled Deliveries and Energy Deliveries, following the end of each month (within the first ten (10) calendar days of the next month).

8.4 **Access to Data**
PG&E agrees to provide PS, at PS's sole expense and as PG&E is reasonably able to provide, generation estimate and forecasts, and other information provided to PG&E by Seller pursuant to the Underlying PPA.

8.5 **Changes in Contact Information**
Either Party may change the contact points specified in this section 8 by written notice pursuant to section 10.

9. BILLING AND PAYMENT

BPA shall bill PG&E monthly, consistent with provisions in section 4 for service provided under this Agreement. BPA may send PG&E an estimated bill followed by a final bill. BPA shall send all bills on their issue date. The Issue Date is the date BPA electronically sends the bill PG&E. If electronic transmittal of the entire bill is not practical, BPA shall transmit a summary electronically, and send the entire bill by United States mail.

9.1 **Payment**
PG&E shall pay all bills to BPA electronically in accordance with the instructions on the bill. Payment of all bills, whether estimated or final, must be received by the twentieth (20th) day after the Issue Date of the bill (Due Date). If the twentieth (20th) day is a Saturday, Sunday, or Federal holiday, the Due Date is the next Business Day. If PG&E has made payment on an estimated bill:

(a) if the amount of the final bill exceeds the amount of the estimated bill, PG&E shall pay BPA the difference between the estimated bill and the final bill by the final bill's Due Date; and

(b) if the amount of the final bill is less than the amount of the estimated bill, BPA shall pay PG&E the difference between the estimated bill

and the final bill by the twentieth (20th) day after the final bill's Issue Date. If the twentieth (20th) day is a Saturday, Sunday, or federal holiday, BPA shall pay the difference by the next Business Day.

9.2 **Late Payment**

After the Due Date a late payment charge equal to the higher of:

(a) the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) plus 4 percent (4%), divided by 365: or

(b) the Prime Rate times 1.5, divided by 365;

shall be applied to the unpaid balance.

9.3 **Termination**

If PG&E has not paid its bill in full by the Due Date, it shall have forty-five (45) days to cure its nonpayment by making payment in full. If PG&E is more than forty-five (45) days late in paying its bill, BPA may require additional forms of payment assurance acceptable to BPA. If PG&E does not provide such payment assurance within three (3) Business Days after receipt of an additional written notice from BPA, and BPA determines in its sole discretion that PG&E is unable to make the payments owed, then BPA may terminate this Agreement. Written notices under this section must comply with section 10, Notices.

9.4 **Disputed Bills**

(a) If PG&E disputes any portion of a charge or credit on PG&E's estimated or final bills, PG&E shall provide notice to BPA with a copy of the bill noting the disputed amounts. Notwithstanding whether any portion of the bill is in dispute, PG&E shall pay the entire bill by the Due Date. Unpaid amounts on a bill (including both disputed and undisputed amounts) are subject to the late payment charges provided above. Notice of a disputed charge on a bill does not constitute BPA's agreement that a valid claim under contract law has been stated.

(b) If the Parties agree, or if a final determination of a dispute pursuant to section 13, Governing Law and Dispute Resolution, PG&E is entitled to a refund of any portion of the disputed amount, then BPA shall make such refund with simple interest computed from the date of receipt of the disputed payment to the date the refund is made. The daily interest rate shall equal the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) divided by 365.

10. NOTICES

Any notice required under this Agreement shall be in writing and shall be delivered: (a) in person; (b) by a nationally recognized delivery service; (c) by United States

Certified Mail; (d) facsimile; or (e) electronic messaging (e-mail). A Notice sent by facsimile transmission or e-mail will be recognized and shall be deemed received on the Business Day on which such notice was transmitted if received before 5 p.m. (1700 hours) (and if received after 5 p.m. (1700), on the next Business Day) and a notice by overnight mail or courier shall be deemed to have been received as of the receipt confirmation collected from the receiving Party by the carrier. A Party may change its address for or its designated recipient for receipt of notices by giving notice of such change to the other Party.

If to Pacific Gas and Electric Company		If to Bonneville Power Administration:	
Delivery:	77 Beale Street, Mail Code N12E San Francisco, CA Zip: 94105-1702	Delivery:	905 NE 11th Ave Portland, OR 97232
Mailing:	P.O. Box 770000, Mail Code N12E San Francisco, CA 94177	Mailing:	P.O. Box 3621 – PTL5 Portland, OR 97208-3621
Attn	Kelly A. Everidge, Director, Contract Management and Settlements		Attn: Mark E. Miller Account Executive
Phone:	(415) 973-2055	Phone:	503-230-4003
FAX:	(415) 972-5507	FAX:	503-230-3681
E-Mail:	(kabd@pge.com)	E-Mail:	memiller@bpa.gov

11. REPRESENTATIONS, DISCLOSURES AND COVENANTS

11.1 General Covenants

To the extent applicable, each Party covenants that beginning on the execution date of the Agreement and continuing throughout the Term:

(a) it shall continue to be duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation (not applicable to BPA);

(b) it shall maintain (or obtain from time-to-time as required, including through renewal, as applicable) all regulatory authorizations necessary for it to legally perform its obligations under this Agreement (not applicable to BPA); and

(c) it shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents (BPA has no such documents), any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it.

11.2 Representations and Warranties

On the execution date of the Agreement, each Party represents and warrants to the other Party that:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation (not applicable to BPA);

(b) it has all regulatory authorizations necessary for it to perform its obligations under this Agreement, except for CPUC Approval, in the case of PG&E (not applicable to BPA);

(c) the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

(d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

(e) it is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

(f) there is not pending or, to its knowledge, threatened against it or any of its affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;

(g) no event constituting a default with respect to it has occurred and is continuing as of the execution date of the Agreement or will occur as a result of its entering into or performing its obligations under this Agreement;

(h) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

(i) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or the ability to make or take delivery of the Project Scheduled Deliveries and Energy Deliveries as provided in this Agreement; and

(j) it is a "forward contract merchant" within the meaning of 11 U.S.C. §101(26).

12. LIMITATION OF LIABILITY

Except as otherwise provided in this Agreement, neither Party shall be liable for special, incidental, exemplary, indirect or consequential damages, whether based on contract or tort (including such Party's own negligence) or under any legal theory and including, but not limited to, loss of profits or revenue, loss of use of the equipment or any associated equipment, cost of capital, cost of substitute equipment, facilities or services, downtime costs, or claims of customers of Parties for such damages.

13. GOVERNING LAW AND DISPUTE RESOLUTION

13.1 This Agreement shall be interpreted consistent with and governed by Federal law. Disputes arising out of this Agreement that are not otherwise subject to the exclusive jurisdiction of the United States Court of Appeals for the Ninth Circuit are subject to the Contract Disputes Act, 41 USC 601, et seq.

13.2 If a dispute arises under any provision of this Agreement, the Parties shall, within forty-five (45) days following the initiation of a dispute, make a good faith effort to negotiate a resolution of such dispute before initiating the mediation provisions in section 13.3 below.

13.3 If the Parties are unable to agree following negotiation pursuant to section 13.2 above, then either Party may request, in writing, to mediate the dispute. The Parties shall seek to reach agreement upon a mediator. In the event that they are unable to agree, then a mediator shall be selected by U.S. Arbitration and Mediation of Oregon. The Parties shall have thirty (30) days from the date a Party initiated mediation to reach agreement before initiating litigation.

13.4 Each Party shall be responsible for its own costs of mediation (including legal fees). The mediator(s) shall equally divide all other costs of mediation among the Parties.

13.5 During a contract dispute or contract issue between or among Parties arising out of this Agreement, the Parties shall continue performance under this Agreement pending resolution of the dispute, unless to do so would be impossible or impractical. The Parties reserve the right to seek judicial resolution of any dispute arising out of this Agreement.

14. EVENTS OF DEFAULT, REMEDIES

14.1 Default

A failure by either Party to perform its obligations hereunder shall constitute a default. The defaulting Party shall have thirty (30) calendar days after receiving notice from the non-defaulting Party to cure by performing fully whatever obligations it has failed to perform. If no such cure is made within the thirty (30)-day cure period, the non-defaulting Party shall be entitled to the remedies set forth in section 14.2.

14.2 **Remedies**

If the defaulting Party has not cured its default within the prescribed thirty (30)-day cure period, the non-defaulting Party may exercise all or any of the following remedies: (a) Provide notice to the defaulting Party of an early termination date for this Agreement, which date shall not be later than the twentieth (20th) day from the date of such notice; (b) recover from the defaulting Party a Termination Payment, to be calculated by the non-defaulting Party, equal to the non-defaulting Party's Losses, less its Gains. A Damages Payment shall be paid by the defaulting Party if this calculation results in a positive number.

15. GENERAL PROVISIONS

15.1 **Amendments**

No amendment of this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

15.2 **Assignment**

BPA may assign this Agreement to another Federal agency to which BPA's statutory duties have been transferred. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent, which consent shall not be unreasonably withheld; provided that, either Party may, without the consent of the other Party, transfer, sell, pledge, encumber, or assign this Agreement or the accounts, proceeds, or revenues hereof to its affiliate or its financing providers, but only if the assignee or transferee agrees in writing to assume the payment and performance obligations set forth herein.

15.3 **Information Exchange**

The Parties shall provide each other with any information that is reasonably required, and requested by any Party in writing, to operate under and administer this Agreement, including generation forecasts for planning purposes, information needed to resolve billing disputes, scheduling, and metering information reasonably necessary to prepare power bills that is not otherwise available to the requesting Party. Such information shall be provided in a timely manner. Information may be exchanged by any means agreed to by the Parties. If such information is subject to a privilege of confidentiality, a confidentiality agreement or statutory restriction under state or Federal law on its disclosure by a Party to this Agreement, then that Party shall endeavor to obtain whatever consents, releases, or agreements are necessary from the person holding the privilege to provide such information while asserting the confidentiality over the information. Information provided to BPA which is subject to a privilege of confidentiality or nondisclosure shall be clearly marked as such and BPA shall not disclose such information without obtaining the consent of the person or Party asserting the privilege, consistent with BPA's obligation under the Freedom of Information Act. BPA may use such information as necessary to provide service or timely bill for service under this Agreement. BPA shall only

disclose information received under this provision to BPA employees who need the information for purposes of this Agreement.

15.4 **Confidentiality**

Neither Party shall disclose the non-public terms or conditions of this Agreement or any transaction hereunder to a third party, other than (i) the Party's employees, lenders, investors and prospective investors (including Institutional Investors and prospective Institutional Investors), financing parties, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to Buyer's Procurement Review Group, as defined in CPUC Decision D.02-08-071 subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to the following paragraph of this Agreement; (v) in order to comply with any applicable law, regulation, or any exchange, control area, WECC, BPA 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 (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, California Energy Commission, Federal Energy Regulatory Commission, a request of Congress, or disclosure that might be available pursuant to the Freedom of Information Act, 5 USC §§ 552, et seq ("FOIA"). In connection with requests made pursuant to clause (v) and (vi) of this paragraph (Disclosure Requirement) each Party shall, to the extent practicable, use reasonable efforts: (i) to 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: (i) prohibited from complying with a Disclosure Requirement or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure 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.

Nothing in this Agreement is intended by the Parties either to foreclose or to require the application of any exemption from disclosure that might be available pursuant to FOIA.

Notwithstanding the previous paragraph, at any time on or after the date of execution (which the Buyer makes its advice filing letter seeking CPUC approval of this Agreement), either Party shall be permitted to disclose the following terms with respect to such transaction: Party names, resource type, delivery Term, Project location, Contract Capacity, anticipated Initial Energy Delivery Date, contract quantity, Point of Delivery, and general description of terms and conditions.

15.5 **Entire Agreement**

This Agreement, including all provisions, exhibits incorporated as part of this Agreement, and documents incorporated by reference, constitutes the entire Agreement among the Parties. It supersedes all previous communications,

representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

15.6 **Interpretation**

In the event of a conflict between the terms of any exhibit and the terms of the body of this Agreement, the terms of the body of this Agreement shall prevail.

15.7 **Exhibits**

The exhibits listed in the table of contents are incorporated into this Agreement by reference. The exhibits may only be revised upon written agreement among the Parties. The body of this Agreement shall prevail over the exhibits to this Agreement in the event of a conflict.

15.8 **No Third-Party Beneficiaries**

This Agreement is made and entered into for the sole protection and legal benefit of the Parties, and no other person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with this Agreement.

15.9 **Waivers**

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.

15.10 **Hold Harmless**

15.10.1 **Indemnity by BPA**

Subject to the limitations, mechanisms and procedures set forth elsewhere herein, BPA shall release, indemnify and hold harmless PG&E, its directors, officers, agents, and representatives against and from any and all loss, claims, actions or suits, including costs and attorney's fees resulting from, or arising out of or in any way connected with (i) events with respect to the Project Scheduled Deliveries occurring from the Point(s) of Receipt to its delivery at the Point of Delivery, or (ii) [third party claims other than by a Governmental Authority] arising out of BPA's actions or inactions with respect to this Agreement, including any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to or destruction of property belonging to PG&E, BPA, or others, excepting only such loss, claim, action or suit to the extent caused solely by the willful misconduct or gross negligence of PG&E, its agents, employees, directors, or officers.

15.10.2 **Indemnity by PG&E**

Subject to the limitations, mechanisms and procedures set forth elsewhere herein, PG&E shall release, indemnify and hold harmless BPA, its directors, officers, agents, and representatives

against and from any and all loss, claims, actions or suits, including costs and attorney's fees resulting from, or arising out of or in any way connected with (i) events with respect to the Weekly Block occurring after its delivery to PG&E at the Point of Delivery in accordance with the Agreement, or (ii) [third party claims other than by a Governmental Authority] arising out of PG&E's actions or inactions in contravention of this Agreement, including any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to or destruction of property belonging to PG&E, BPA, or others, excepting only such loss, claim, action or suit to the extent caused solely by the willful misconduct or gross negligence of BPA, its agents, employees, directors or officers.

15.11 **Cooperation**

Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the Parties to minimize all taxes, so long as neither Party is materially adversely affected by such efforts.

15.12 **No Dedication**

Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or the public, nor affect the status of PG&E as an independent public utility corporation.

15.13 **BPA Appropriations Refinancing Act**

The BPA Refinancing Section of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (The BPA Refinancing Act), P.L. No. 104-134, 110 Stat. 1321, 1350, is incorporated by reference and is a material term of this Agreement.

16. SIGNATURES

The signatories represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign.

PACIFIC GAS AND ELECTRIC COMPANY	UNITED STATES OF AMERICA Department of Energy Bonneville Power Administration
By **/S/ ROY KUGA**	By **/S/ LARRY KITCHEN for** Account Executive
Name Roy Kuga *(Print / Type)*	Name Mark E. Miller *(Print / Type)*
Title Vice-President, Energy Supply	Account Executive
Date	Date **August 18, 2008**

Exhibit A

WIND PROJECT DESCRIPTION

The Project under this Agreement is comprised of the existing 221.3-megawatt ("MW") Klondike wind facility, and from a 76.5-MW expansion of that facility (collectively, the "Project"), owned by Klondike III Wind Power LLC, an Oregon limited liability company, and located in Sherman County, approximately four miles east of Wasco, Oregon. The size of the existing project may be increased to 223.6 prior to the December 31, 2008. PG&E will purchase a small percentage (6.09 percent) of the output from the existing facility, and will purchase 100 percent of the output from the expansion, with expected total deliveries of 263 gigawatt-hours ("GWh") per year for a term of ten (10) years. The total installed capacity of the Project will be 90.1 MW (based on the 223.6-MW size).

Exhibit B

BPA'S WHOLESALE POWER RATE SCHEDULES AND GENERAL RATE SCHEDULE PROVISIONS

http://www.bpa.gov/power/psp/rates/current.shtml

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

PUBLIC AFFAIRS

June 1, 2009

In reply refer to: DK-7

Mr. Cliff Graham
NextEra Energy Resources
700 Universe Blvd.
Juno Beach, FL 33458

RE: FOIA #09-030

Dear Mr. Graham:

This letter is a final response to your request for information that you made to the Bonneville Power Administration (BPA), under the Freedom of Information Act (FOIA), 5 U.S.C. 552. In this letter BPA is addressing the release determination of Exhibit C of Contract No. 08PB-11984. After completing the Exemption 4 process, BPA is releasing this document in its entirety.

If you are dissatisfied with this determination, you may make an appeal within thirty (30) days of receipt of this letter to the Director of Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue SW, Washington, DC 20585. Both the envelope and the letter must be clearly marked "Freedom of Information Act appeal." There is no charge for your request.

I appreciate the opportunity to assist you with this matter. If you any questions or concerns about this letter, please contact Laura M. Atterbury, FOIA/Privacy Act Specialist, at 503-230-7305.

Sincerely,

Christina J. Brannon

Christina J. Brannon
Freedom of Information Act/Privacy Act Officer

Enclosure: Responsive Document

Exhibit C
EXAMPLES

holiday

HOURLY SIMULATION

Delivered Energy (MWh) from Klondike IIIA

Gen Week	Day	Date	HE1	HE2	HE3	HE4	HE5	HE6	HE7	HE8	HE9	HE10	HE11	HE12	HE13	HE14	HE15	HE16	HE17	HE18	HE19	HE20	HE21	HE22	HE23	HE24	MWh
1	Monday	6/2/2008	18	16	15	13	10	10	10	10	9	8	8	12	15	16	18	18	18	18	17	16	18	17	18	18	346
1	Tuesday	6/3/2008	16	17	14	12	9	9	9	8	7	5	5	5	1	3	4	8	12	15	17	16	16	16	18	17	259
1	Wednesday	6/4/2008	12	15	14	8	9	5	0	0	0	0	0	0	0	0	6	8	10	12	15	15	15	15	15	16	190
1	Thursday	6/5/2008	8	8	6	5	3	1	0	0	0	1	2	2	2	4	4	4	5	5	5	5	5	5	6	6	92
1	Friday	6/6/2008	18	20	20	20	20	20	18	18	17	16	16	15	15	15	12	12	15	18	18	20	20	20	20	19	422
1	Saturday	6/7/2008	18	20	20	20	20	20	18	18	17	16	16	15	15	15	12	12	15	18	18	20	20	20	20	19	422
1	Sunday	6/8/2008	20	18	15	15	13	12	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	5	5	115
2	Monday	6/9/2008	18	16	15	13	10	10	10	10	9	8	8	12	15	16	18	18	18	18	17	16	18	17	18	18	346
2	Tuesday	6/10/2008	16	17	14	12	9	9	9	8	7	5	5	5	1	3	4	8	12	15	17	16	16	16	18	17	259
2	Wednesday	6/11/2008	12	15	14	8	9	5	0	0	0	0	0	0	0	0	6	8	10	12	15	15	15	15	15	16	190
2	Thursday	6/12/2008	8	8	6	5	3	1	0	0	0	1	2	2	2	4	4	4	5	5	5	5	5	5	6	6	92
2	Friday	6/13/2008	10	10	8	8	7	6	5	3	3	3	3	3	0	0	0	1	1	1	1	5	5	5	5	6	99
2	Saturday	6/14/2008	12	12	10	5	5	5	5	3	3	3	2	0	15	1	1	1	15	16	16	15	15	13	12	12	197
2	Sunday	6/15/2008	20	18	15	15	13	12	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	5	5	115
2	Monday	6/16/2008	18	16	15	13	10	10	10	10	9	8	8	12	15	16	18	18	18	18	17	16	18	17	18	18	346
3	Tuesday	6/17/2008	16	17	14	12	9	9	9	8	7	5	5	5	1	3	4	8	12	15	17	16	16	16	18	17	259
3	Wednesday	6/18/2008	5	15	14	8	8	5	0	0	0	6	0	0	0	0	6	6	10	5	10	15	15	15	15	16	174
3	Thursday	6/19/2008	8	8	6	5	3	1	0	0	0	1	2	2	2	4	4	4	5	5	5	5	5	5	6	6	92
3	Friday	6/20/2008	18	17	15	20	20	20	13	13	18	18	17	12	20	20	8	8	9	20	20	10	12	15	20	20	383
3	Saturday	6/21/2008	18	20	20	20	20	20	18	18	17	16	16	15	15	15	12	12	15	18	18	20	20	20	20	19	422
3	Sunday	6/22/2008	20	18	15	15	13	12	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	5	5	115
4	Monday	6/23/2008	18	16	15	13	10	10	10	10	9	8	8	12	15	16	18	18	18	18	17	16	18	17	18	18	346
4	Tuesday	6/24/2008	16	17	14	12	9	9	9	8	7	5	5	5	1	3	4	8	12	15	17	16	16	16	18	17	259
4	Wednesday	6/25/2008	12	15	14	8	9	5	0	0	0	0	0	0	0	0	6	8	10	12	15	15	15	15	15	16	190
4	Thursday	6/26/2008	8	8	6	5	3	1	0	0	0	1	2	2	2	4	4	4	5	5	5	5	5	5	6	6	92
4	Friday	6/27/2008	6	3	3	3	5	8	2	2	2	0	17	0	5	0	5	5	5	10	15	20	20	20	20	20	196
4	Saturday	6/28/2008	18	20	20	20	20	20	18	18	17	16	16	15	15	15	12	12	15	18	18	20	20	20	20	19	422
4	Sunday	6/29/2008	20	18	15	15	13	12	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	5	5	115
5	Monday	6/30/2008	18	16	15	13	10	10	10	10	9	8	8	12	15	16	18	18	18	18	17	16	18	17	18	18	346
5	Tuesday	7/1/2008	16	17	14	12	9	9	9	8	7	5	5	5	1	3	4	8	12	15	17	16	16	16	18	17	259
5	Wednesday	7/2/2008	12	15	14	8	9	5	0	0	0	0	0	0	0	0	6	8	10	12	15	15	15	15	15	16	190
5	Thursday	7/3/2008	0	0	0	0	0	0	0	0	0	0	0	2	5	1	5	11	9	0	0	0	0	0	0	0	33
5	Friday	7/4/2008	0	0	12	15	6	0	0	0	0	0	0	0	0	8	7	0	0	0	1	13	20	0	0	3	86
5	Saturday	7/5/2008	18	20	20	20	20	20	18	18	17	16	16	15	15	15	12	12	15	18	18	20	20	20	20	19	422
5	Sunday	7/6/2008	20	18	15	15	13	12	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	5	5	115
6	Monday	7/7/2008	18	16	15	13	10	10	10	10	9	8	8	12	15	16	18	18	18	18	17	16	18	17	18	18	346
6	Tuesday	7/8/2008	16	17	14	12	9	9	9	8	7	5	5	5	1	3	4	8	12	15	17	16	16	16	18	17	259
6	Wednesday	7/9/2008	12	15	12	8	9	5	0	0	0	0	0	0	0	0	6	6	10	12	15	15	15	15	15	16	186
6	Thursday	7/10/2008	8	8	6	5	3	1	0	0	0	1	2	2	2	4	4	4	5	5	5	5	5	5	6	6	92
6	Friday	7/11/2008	18	18	20	20	18	19	20	20	18	15	17	18	20	20	20	20	20	20	20	20	20	20	20	20	461
6	Saturday	7/12/2008	18	20	19	20	18	16	18	18	17	16	16	15	15	15	12	12	15	18	18	20	20	20	16	19	411
6	Sunday	7/13/2008	20	18	15	15	13	12	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	5	5	115
7	Monday	7/14/2008	18	16	15	13	10	10	10	10	9	8	8	12	15	16	18	18	18	18	17	16	18	17	18	18	346
7	Tuesday	7/15/2008	16	17	14	12	9	9	9	8	7	5	5	5	1	3	4	8	12	15	17	16	16	16	18	17	259
7	Wednesday	7/16/2008	12	15	14	8	9	5	0	0	0	0	0	0	0	0	6	8	10	12	15	15	15	15	15	16	190
7	Thursday	7/17/2008	8	8	6	5	3	1	0	0	0	1	2	2	2	4	4	4	5	5	5	5	5	5	6	6	92
7	Friday	7/18/2008	16	16	18	20	20	20	14	15	18	18	17	18	20	20	20	18	17	20	20	16	20	20	20	20	441
7	Saturday	7/19/2008	18	20	20	20	20	14	18	18	17	16	16	15	15	15	12	12	15	18	18	20	20	20	20	19	416
7	Sunday	7/20/2008	20	18	15	15	13	12	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	5	5	115

REDELIVERY CALCULATION

BPA PS will round down to the nearest whole MW

Gen Week 1	Redelivery Week 3			
Week 1 Generation (MWH)	Energy Carry Over Account (MWh)			
1,846	0			
Week 3 LLH	Week 3 Raw Delivery (aMW)	Week 3 Delivery Schedule (MW)	Week 3 Delivery Schedule (MWh)	Energy Carry Over Account (MWh)
72	25.6389	25	1800	46

Gen Week 2	Redelivery Week 4			
Week 2 Generation (MWH)	Energy Carry Over Account (MWh)			
1,298	46			
Week 4 LLH	Week 3 Raw Delivery (aMW)	Week 3 Delivery Schedule (MW)	Week 3 Delivery Schedule (MWh)	Energy Carry Over Account (MWh)
72	18.6667	18	1296	48

Gen Week 3	Redelivery Week 5			
Week 3 Generation (MWH)	Energy Carry Over Account (MWh)			
1,791	48			
Week 5 LLH	Week 3 Raw Delivery (aMW)	Week 3 Delivery Schedule (MW)	Week 3 Delivery Schedule (MWh)	Energy Carry Over Account (MWh)
88	20.8977	20	1760	79

Gen Week 4	Redelivery Week 6			
Week 4 Generation (MWH)	Energy Carry Over Account (MWh)			
1,620	79			
Week 6 LLH	Week 3 Raw Delivery (aMW)	Week 3 Delivery Schedule (MW)	Week 3 Delivery Schedule (MWh)	Energy Carry Over Account (MWh)
72	23.5972	23	1656	43

Gen Week 5	Redelivery Week 7			
Week 5 Generation (MWH)	Energy Carry Over Account (MWh)			
1,451	43			
Week 7 LLH	Week 3 Raw Delivery (aMW)	Week 3 Delivery Schedule (MW)	Week 3 Delivery Schedule (MWh)	Energy Carry Over Account (MWh)
72	20.75	20	1440	54