

EXECUTION VERSION

KERN PROJECT ASSET PURCHASE AND SALE AGREEMENT

BY AND BETWEEN

PACIFIC GAS AND ELECTRIC COMPANY, AS SELLER

AND

KERN & TULE HYDRO LLC, AS PURCHASER

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 DEFINITIONS.....	1
1.1    Defined Terms. ....	1
1.2    Interpretation.....	11
ARTICLE 2 SALE AND PURCHASE OF THE PROJECT ASSETS.....	12
2.1    Sale and Purchase. ....	12
2.2    Excluded Assets.....	13
2.3    Assumption by Purchaser. ....	13
2.4    Purchase Price and Payment. ....	14
2.5    Conservation Easement.....	15
ARTICLE 3 CERTAIN PRE-CLOSING COVENANTS.....	16
3.1    Pre-Closing Operations, Maintenance, Installation and Repair.....	16
3.2    Reasonable Access and Consultation.....	16
3.3    Commercially Reasonable Efforts. ....	17
3.4    Notifications.....	17
3.5    Publicity.....	18
3.6    Catastrophic Failure.....	18
3.7    Title Review.....	18
ARTICLE 4 MUTUAL CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BOTH PARTIES AT THE CLOSING.....	19
4.1    Interconnection Data. ....	19
4.2    Interconnection Agreement.....	19
4.3    Section 851 Authorization. ....	19
4.4    FERC Approval. ....	19
4.5    Conservation Easement.....	19
ARTICLE 5 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PURCHASER AT THE CLOSING.....	20
5.1    Compliance with Provisions. ....	20
5.2    No Conflict.....	20
5.3    Representations and Warranties.....	20
5.4    No Adverse Proceedings or Events.....	20
5.5    Deliveries. ....	20

EXECUTION VERSION

5.6	Title Review for Fee Parcel. ....	20
5.7	No Termination. ....	20
5.8	Schedules and Exhibits. ....	20
5.9	Governmental Approvals, Permits and Consents. ....	20
5.10	Only Permitted Encumbrances. ....	21
ARTICLE 6 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PG&E AT THE CLOSING .....		21
6.1	Compliance with Provisions. ....	21
6.2	No Conflict. ....	21
6.3	Representations and Warranties. ....	21
6.4	No Adverse Proceedings or Events. ....	21
6.5	Deliveries. ....	21
6.6	No Termination. ....	21
6.7	CPUC Approval. ....	21
6.8	Governmental Approvals, Permits and Consents. ....	21
ARTICLE 7 CLOSING .....		22
7.1	Open Escrow; Closing. ....	22
7.2	Deliveries at Closing. ....	22
7.3	Close of Escrow. ....	23
7.4	Recordation Costs, Transfer and Sales Taxes, and Escrow Fees. ....	24
7.5	Possession of Assets. ....	24
ARTICLE 8 REPRESENTATIONS AND WARRANTIES OF PG&E .....		24
8.1	Transaction Representations. ....	25
8.2	Compliance with Governmental Rules and Disclosure. ....	26
8.3	Litigation. ....	26
8.4	Brokers. ....	26
8.5	No Third Party Options. ....	26
8.6	Zoning and Condemnation. ....	26
8.7	Title. ....	26
8.8	Permits. ....	27
ARTICLE 9 REPRESENTATIONS AND WARRANTIES OF PURCHASER .....		27
9.1	Transaction Representations. ....	27

EXECUTION VERSION

9.2	Litigation.....	28
9.3	Brokers.....	28
ARTICLE 10 OTHER COVENANTS AND AGREEMENTS.....		28
10.1	CPUC Approval.....	28
10.2	Confidentiality.....	29
10.3	Tax Matters.....	30
10.4	Power Sale Revenue Allocation.....	31
10.5	Disclaimer of Other PG&E Representations and Warranties.....	31
10.6	Disclaimer of Other Purchaser Representations and Warranties.....	32
10.7	Ancillary Agreements and Access Rights.....	32
10.8	Transfer and Amendment.....	32
10.9	Post-Closing Maintenance and Assignments; Further Assurances.....	33
10.10	Disclosure Requirements.....	35
10.11	Environmental Matters.....	36
ARTICLE 11 SURVIVAL AND INDEMNIFICATION.....		36
11.1	Survival of the Parties' Representations, Warranties and Covenants.....	36
11.2	Indemnification by PG&E.....	36
11.3	Indemnification by Purchaser.....	37
11.4	Each Party's Limitation of Liability to the Other Party/Liquidated Damages.....	38
11.5	Insurance Recovery.....	39
11.6	Notice of Claim.....	39
11.7	Defense of Third Party Claims.....	39
ARTICLE 12 MISCELLANEOUS AGREEMENTS AND ACKNOWLEDGMENTS.....		41
12.1	Expenses.....	41
12.2	Entire Document.....	41
12.3	Exhibits and Schedules.....	41
12.4	Counterparts.....	41
12.5	Severability.....	41
12.6	Assignability.....	41
12.7	Captions.....	41
12.8	Governing Law.....	41

EXECUTION VERSION

12.9 Dispute Resolution..... 41  
12.10 No Consequential Damages..... 44  
12.11 Notices. .... 44  
12.12 Termination..... 45  
12.13 No Third Party Beneficiaries. .... 46  
12.14 No Joint Venture..... 46  
12.15 Construction of Agreement..... 46  
12.16 Conflicts..... 47  
12.17 Consent to Venue and Jurisdiction. .... 47

## EXECUTION VERSION

### **EXHIBITS**

- Exhibit A: Bill of Sale
- Exhibit B: Assignment and Assumption Agreement
- Exhibit C: Deed
- Exhibit D: Preliminary Title Report
- Exhibit E: Draft Small Generator Interconnection Agreement
- Exhibit F: Conservation Easement Assignment and Assumption Agreement

### **SCHEDULES**

- Schedule 1.1: List of PG&E Personnel with Knowledge
- Schedule 2.1(a): Project Description
- Schedule 2.1(b): Tangible Personal Property
- Schedule 2.1(c): Fee Parcel
- Schedule 2.1(d): Governmental Approvals, Permits and Consents
- Schedule 2.1(e): License
- Schedule 2.1(f): Water Rights
- Schedule 2.1(g): Project Records
- Schedule 2.1(h): Assumed Contracts
- Schedule 2.1(i): Easements
- Schedule 2.2: Excluded Assets

## KERN PROJECT ASSET PURCHASE AND SALE AGREEMENT

This KERN PROJECT ASSET PURCHASE AND SALE AGREEMENT (“Agreement”) is made as of [\_\_\_\_\_] (“Execution Date”) by and between Pacific Gas and Electric Company, a California corporation (“PG&E”), and Kern & Tule Hydro LLC, a Utah limited liability company registered to do business in California (“Purchaser”). PG&E and Purchaser are referred to herein sometimes individually as a “Party” and collectively as the “Parties”.

### RECITALS

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

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

C. PG&E and Purchaser 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 Purchaser 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 Purchaser of the 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 Kern Project Asset Purchase and Sale Agreement, together with the Exhibits and Schedules attached hereto.

## EXECUTION VERSION

“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.

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

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

“Assumed Contracts” means those contracts more particularly described in Schedule 2.1(h)

“Assumed Liabilities” means any and all obligations and liabilities of PG&E or any Affiliate of PG&E of any kind or nature whatsoever that are related to, arising from or associated with any of the Assets, regardless of when any such obligation or liability arose or was incurred, excepting therefrom only those obligations and liabilities that are Retained Liabilities, those items listed in Section 2.3(b), or that arise pursuant to Section 11.2 (Indemnification by PG&E).

“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) and attached hereto as Exhibit A, 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.

“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 Project completely inoperable, or (b) the Project becomes substantially inoperable due to the failure of a major component of the Powerhouse prior to the Closing that is fundamental to the operation of such Powerhouse. Purchaser acknowledges that the Project is not currently operating due to damage at the diversion structure. For purposes of this Agreement, Catastrophic Failure shall include further damage to the Project that would render the Project completely inoperable even if the diversion structure was operational, including without limitation destruction of the penstock or other integral structures.

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



## EXECUTION VERSION

“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 Freedom of Information Act, 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 CPUC or FERC) with authority over the approval of this and related agreements to this Acquisition.

“Confidentiality Agreement” means that certain Confidentiality and Non-Disclosure Agreement between PG&E and Sorenson Engineering, Inc., dated as of August 13, 2018.

## EXECUTION VERSION

“Conservation Easement” means the Deed of Conservation Easement and Agreement dated June 23, 2015, between PG&E and Land Trust, as recorded in the Official Records of Kern County, California on June 23, 2015 as Document Number 0215080637.

“Conservation Easement Assignment and Assumption Agreement” means that certain Assignment and Assumption Agreement by and among PG&E, Purchaser and Land Trust 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 any Person.

“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 Assets to Purchaser 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) (Purchaser Claims).

“Deed” means the deed for the Fee Parcel described in Section 7.2(a)(iii) and attached hereto as Exhibit C.

“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).

## EXECUTION VERSION

“Easements” means all of those easements in which PG&E has an interest and that are related to the Project and the operation, maintenance, access, and transmission associated therewith including those set forth in Schedule 2.1(i).

“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.), the California Environmental Quality Act (California Public Resources Code §§ 21000 *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(b)(i) (Dispute Resolution).

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

“Execution Deposit” has the meaning set forth in Section 2.4(a) (Execution Deposit and Purchaser Security).

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

## EXECUTION VERSION

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

“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, approval of the transfer of the License to Purchaser.

“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 cases of PG&E and Purchaser, their articles of incorporation and bylaws.

“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 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 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 (including common law), 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, 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,

## EXECUTION VERSION

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(b)(i) (Dispute Resolution).

“Interest Amount” means, with respect to an Interest Period, the amount of interest calculated as follows (a) the sum of (i) One Hundred Thousand Dollars (US \$100,000.00) and (ii) the sum of all accrued and unpaid Interest Amounts accumulated prior to the specified Interest Period; (b) multiplied by the Interest Rate in effect for the specified Interest Period; (c) multiplied by the number of calendar days in that Interest Period; (d) divided by three hundred sixty-five (365).

“Interest Period” means the monthly period beginning on the first day of each month and ending on the last day of each month.

“Interest Rate” means the three-month, non-financial commercial paper rate as reported in the Federal Reserve Statistical Release H-15, or its successor publication.

“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).

“Land Trust” means Sequoia Riverlands Trust, a California nonprofit corporation.

“Land Trust Transfer Fees” has the meaning set forth in Section 7.4(b).

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

“License” means PG&E's FERC hydroelectric operating license for the Project, FERC Project No. 178, as more particularly described in Schedule 2.1(e).

“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.

## EXECUTION VERSION

“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(b)(i) (Dispute Resolution).

“Material Adverse Change” means any change or effect that materially impairs, or is reasonably likely to materially impair, the existing use of the Assets as hydroelectric generating facilities.

“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. 2552628, dated September 25, 2019, 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 Assets, including the License.

“Permitted Encumbrances” means (a) the Deed, (b) the Conservation Easement, along with the Conservation Easement Assignment and Assumption Agreement, (c) Liens for Taxes and other governmental charges and assessments which are not yet delinquent, (d) 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 Assets from any and all claims that may be made on account of any such Lien), (e) Liens, encumbrances or title imperfections with respect to any of the Assets created by or resulting from the acts or omissions of Purchaser, (f) 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, (g) 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 Assets or interfere with the operation of the Project, and (h) all Liens and all exceptions set forth in the Preliminary Title Report not otherwise addressed in (a) through (i) of this definition and accepted in writing by Purchaser.

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

## EXECUTION VERSION

“PG&E” has the meaning set forth in the introductory paragraph of this Agreement.

“PG&E Remediation Period” means that time period which commences as of the Closing Date and concludes as of the first date following the third (3<sup>rd</sup>) anniversary of the Closing Date.

“Post-Closing Interconnection Facilities” means any facilities that PG&E determines are necessary to support interconnection and Purchaser’s operation of the Project following the Closing Date, with the exception of any communications facilities or related infrastructure that may be necessary for such interconnection or operation of the Project following the Closing Date.

“Post-Closing Interconnection Facilities Notice” has the meaning set forth in Section 10.9(c)(v).

“Post-Closing Project Operating Requirements” means the operating rules or requirements that PG&E determines are applicable to the Purchaser’s operation of the Project as identified in that notice delivered by PG&E to Purchaser pursuant to Section 3.1(g).

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

“Pre-Closing Environmental Condition” means a release or discharge of a Hazardous Substance prior to the Closing Date at the Fee Parcel in violation of Environmental Laws at the time of such release or discharge.

“Pre-Closing Interconnection Facilities” means those facilities that PG&E determines are necessary to support interconnection and Purchaser’s operation of the Project as of the Closing Date which are identified in the Small Generator Interconnection Agreement, with the exception of any communications facilities or related infrastructure that may be necessary for such interconnection or operation of the Project as of the Closing Date.

“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(b).

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

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

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

“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

## EXECUTION VERSION

others, but rather to be a spectrum of reasonable and prudent practices, methods, actions, standards and procedures.

“Purchase Price” means Three Million Thirty-Six Thousand Dollars and no cents (US \$3,036,000.00).

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

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

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

“Purchaser Security” has the meaning set forth in Section 2.4(a) (Execution Deposit and Purchaser Security).

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

“Regulatory Disclosure” has the meaning set forth in Section 10.2(b) (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 soil or groundwater, or both, at the 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 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 Fee Parcel.

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

“Retained Liabilities” means those payment and performance obligations for Remediation of any Pre-Closing Environmental Condition as expressly allocated to PG&E in Section 10.11 (Environmental Matters).

“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).

“Small Generator Interconnection Agreement” has the meaning set forth in Section 4.2.

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



## EXECUTION VERSION

“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 Placer Title, 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 Fee Parcel as vested in Purchaser, 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 Purchaser 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.

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

“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;

## EXECUTION VERSION

(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 PROJECT 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 Purchaser, and Purchaser shall purchase, acquire and assume from PG&E, all of PG&E’s right, title and interest in and to the following assets (collectively, “Assets”):

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

## EXECUTION VERSION

- (g) the Project Records identified in Schedule 2.1(g);
- (h) the Assumed Contracts identified in Schedule 2.1(h); and
- (i) the Easements identified in Schedule 2.1(i).

2.2 Excluded Assets. Nothing in this Agreement shall constitute or be construed as conferring on Purchaser, and Purchaser 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 Purchaser.

(a) Assumption of Liabilities and Obligations. Upon the Closing, Purchaser 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 Assets accruing prior to the Closing Date, including the costs to operate and maintain the Project and install the Pre-Closing Interconnection Facilities as required by Section 3.1 (Pre-Closing Operations, Maintenance, Installation and Repair) and the In-Progress Work.

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

(b) PG&E Retained Liabilities. Purchaser 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 Assets, or (iii) any wages, salaries, pension obligations, health benefits, or other related liabilities concerning any PG&E employee. Upon the Closing, PG&E shall continue to be responsible for any Retained Liabilities and all other items listed in this Section 2.3(b).

(c) Reimbursement for Any Prepaid Assumed Liabilities. Purchaser covenants and agrees that Purchaser 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 Purchaser in writing prior to the Closing and added to the payment Purchaser is required to make under Section 2.4(b) (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 Purchaser in writing together with an explanation about how the claim constitutes an Assumed Liability that should be Purchaser’s obligation. If the documentation provided by

## EXECUTION VERSION

PG&E satisfactorily demonstrates that the claim is an Assumed Liability, then Purchaser 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) Execution Deposit and Purchaser Security. No later than five (5) Business Days following the Execution Date, Purchaser shall deliver to PG&E a collateral deposit in the amount of One Hundred Thousand Dollars (US \$100,000.00) in the form of either cash in immediately available funds via wire transfer or a Letter of Credit (“Execution Deposit”). In the event this Agreement is terminated prior to the Closing and such termination is not because of a breach or default by Purchaser, PG&E shall return to Purchaser the Execution Deposit and, if posted as cash, the Interest Amount accumulated thereon (collectively, “Purchaser Security”) no later than seven (7) Business Days following the date of termination. If this Agreement is terminated prior to the Closing because of a breach or default by Purchaser, then (i) the Purchaser Security shall be retained by PG&E as liquidated damages for such breach or default and (ii) Purchaser shall pay to PG&E, also as liquidated damages, the sum of One Hundred Thousand Dollars (US \$100,000.00) as provided in Section 11.4(c) (Liquidated Damages). PG&E’s retention of the Purchaser Security, and its receipt of such One Hundred Thousand Dollar payment shall be its sole and exclusive remedies for such breach or default by Purchaser prior to the Closing.

(b) Purchase Price and Payment. The consideration for the purchase of the Assets is the Purchase Price. Purchaser shall pay to PG&E the Purchase Price, plus the total amount of any Prepaid Assumed Liabilities pursuant to Section 2.3(c) (which shall include Purchaser’s share of real and personal property taxes as provided in Section 10.3(a)), plus Purchaser’s share of the Transfer and Sales Taxes, Escrow Fees, and Land Trust Transfer Fees, pursuant to Section 7.4(b)). The Purchase Price shall be paid through Escrow in accordance with Article VII. If Purchaser posted the Execution Deposit in the form of cash, PG&E shall apply the Execution Deposit and the total Interest Amount accumulated thereon towards the Purchase Price. After making such application, PG&E shall inform Purchaser at the Closing of the remaining balance due on the Purchase Price.

(c) Allocation of Purchase Price for Tax Purposes. 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, Purchaser shall have a reasonable opportunity (and in no case less than sixty (60) days) to review the preliminary allocation determination made by PG&E and, if requested by Purchaser, Purchaser shall have a reasonable opportunity to meet and confer with PG&E regarding such preliminary determination and PG&E shall take into consideration any Purchaser 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. PG&E agrees that within sixty (60) days following the close of escrow, it shall present to Purchaser the final allocation pursuant to this section.

## EXECUTION VERSION

### 2.5 Conservation Easement.

(a) Purchaser acknowledges that PG&E has informed Purchaser 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 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 Fee Parcel as identified in the LCP while allowing the ongoing use of the Fee Parcel for hydroelectric operations, water delivery and other related activities.

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

EXECUTION VERSION

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

**ARTICLE 3**

**CERTAIN PRE-CLOSING COVENANTS**

3.1 Pre-Closing Operations, Maintenance, Installation 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 and repair of the Assets;

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

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

(d) except for PG&E's plans relating to the installation of the Pre-Closing Interconnection Facilities, provide Purchaser with an opportunity to review and comment on PG&E's plans to make any material capital expenditure on the Assets prior to making such expenditure;

(e) except for an impact relating to the installation of the Pre-Closing Interconnection Facilities, consult with Purchaser 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 Assets;

(f) except for a decision relating to the installation of the Pre-Closing Interconnection Facilities, consult with Purchaser 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 Project; and

(g) install the Pre-Closing Interconnection Facilities and deliver notice prior to or on the Closing Date to Purchaser under Section 12.11 which shall (i) certify the completion of such installation of the Pre-Closing Interconnection Facilities and (ii) identify any Post-Closing Project Operating Requirements and the time period for Purchaser's compliance therewith.

3.2 Reasonable Access and Consultation.

(a) Between the Execution Date and the Closing Date, and upon reasonable advance written notice received from Purchaser, PG&E shall afford Purchaser and its representatives access, during regular business hours, to the Project to confirm PG&E's compliance with Section 3.1 (Pre-Closing Operations, Maintenance, Installation and Repair);

## EXECUTION VERSION

provided that, PG&E's delivery of the notice described in Section 3.1(g) shall confirm PG&E's compliance with its obligation to install the Pre-Closing Interconnection Facilities. Purchaser 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 Purchaser as reasonably appropriate with respect to actions undertaken by PG&E with regard to the License and the relicensing of the Project. In the event Purchaser desires to provide direction to PG&E with respect to the relicensing of the Project, Purchaser 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 Purchaser, doing so could not result in a material adverse impact on PG&E's position or interests in its relicensing of the Project in the event the Closing does not occur.

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 Purchaser agree to provide such reasonable assistance that the other may reasonably request to support the transfer of the Assets pursuant to this Agreement.

### 3.4 Notifications.

(a) PG&E and Purchaser shall prepare a mutually acceptable joint application to the FERC for its approval of the transfer of the License to Purchaser 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) ("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, after obtaining Knowledge thereof, PG&E shall provide prompt written notice to Purchaser 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 Purchaser 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.

(c) 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 Purchaser all material notices, correspondence and other communications from any Governmental Authority relating to PG&E's ownership, operation, maintenance and repair of the Assets, with the exception of routine or standard communications from the CAISO.

## EXECUTION VERSION

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 Purchaser 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 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. To the extent that PG&E has Knowledge of a Catastrophic Failure, PG&E shall have a duty to notify Purchaser within a reasonable time after obtaining such Knowledge, in no event later than ten (10) Business Days after obtaining such Knowledge.

### 3.7 Title Review.

(a) Purchaser 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 Purchaser. If Purchaser fails to furnish PG&E with such an objection notice within said thirty (30) day period, Purchaser 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) The Parties acknowledge and agree that PG&E shall have no obligation to cure any such timely objection(s). However, if Purchaser furnishes PG&E with such an objection notice within said ten (30) day period, PG&E may elect by notice to Purchaser either (i) to attempt to cure or otherwise remedy such objection (in which event, PG&E may postpone the close of escrow for up to thirty (30) days to effect said cure) or (ii) not to cure or otherwise remedy Purchaser's objection. 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



## EXECUTION VERSION

in excess of Ten Thousand Dollars (\$10,000.00) to Purchaser, any such objection(s), then Purchaser may elect by written notice to PG&E to either accept title to the 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 Purchaser data in its possession or that it can obtain with reasonable efforts that is reasonably necessary to support (a) the execution of the Small Generator Interconnection Agreement and transmission agreement between and among Purchaser, PG&E, any Participating Transmission Operator, and the CAISO for the Project and (b) the execution of a Meter Service Agreement and a Participating Generator Agreement between Purchaser 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. Purchaser shall have completed the appropriate interconnection and/or wheeling process with the CAISO, the Participating Transmission Operator, and/or any other necessary entities for the Project, including confirmation to the reasonable satisfaction of Purchaser that the Project meets current CAISO interconnection standards, including without limitation the installation of the required CAISO meter; the execution of an interconnection agreement between and among Purchaser, PG&E and the CAISO in substantially the form attached hereto as Exhibit E or otherwise in form and substance reasonably satisfactory to Purchaser (the "Small Generator Interconnection Agreement"); the execution of a Meter Service Agreement and a Participating Generator Agreement between Purchaser and the CAISO, and any other transmission, interconnection, or related agreements reasonably necessary to ensure Purchaser's ability to deliver power from the Project.

4.3 Section 851 Authorization. The CPUC shall have authorized the sale of the Assets to Purchaser 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 the License transfer shall have been obtained.

(a) While the FERC Approval is a pre-Closing condition, the parties anticipate and agree 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.

4.5 Conservation Easement. PG&E, Purchaser and Land Trust shall have executed and acknowledged the Conservation Easement Assignment and Assumption Agreement.

## ARTICLE 5

### CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PURCHASER AT THE CLOSING

In addition to the mutual conditions in Article IV above, Purchaser's obligations under this Agreement, including the obligation to pay the Purchase Price and to take the other actions required to be taken by Purchaser at the Closing, are subject to the satisfaction (or waiver by Purchaser 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 component 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 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 components of the Acquisition contemplated by this Agreement, including the Closing.

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

5.6 Title Review for Fee Parcel. Purchaser shall have approved the status of the title to the Fee Parcel pursuant to Section 3.7, and the Title Company is prepared to issue the Title Policy to Purchaser, at PG&E'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 Purchaser 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), Purchaser shall have received the Governmental Approvals, Permits and

## EXECUTION VERSION

Consents that are identified in Schedule 2.1(d), each of which shall be in full force and effect when transferred or immediately before being re-issued in the name of Purchaser.

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

## 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 Assets, to transfer the Assets to Purchaser, 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. Purchaser 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 components 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 Purchaser 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 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 components of the Acquisition contemplated by this Agreement, including the Closing.

6.5 Deliveries. Purchaser 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 Purchaser).

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 Governmental Approvals, Permits and Consents. PG&E shall have received all required Governmental Approvals, Permits and Consents for the sale and transfer of the 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, Purchaser shall open an escrow (“Escrow”) with Title Company 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 Purchaser’s purchase of PG&E’s right, title and interest in and to the 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.

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) Project; (2) Tangible Personal Property; and (3) 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) License; (3) 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 Fee Parcel and appurtenant Water Rights to Purchaser in recordable form;

(iv) evidence in form and substance reasonably satisfactory to Purchaser that, at or prior to the Closing, all Liens on the personal and real property included in the 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 Purchaser, and at no expense to Purchaser;

(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 Articles 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

## EXECUTION VERSION

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;

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

(vii) [Intentionally Omitted]; and

(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.

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

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

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

(iii) a certificate executed on behalf of Purchaser by an authorized officer or representative of Purchaser, dated as of the Closing Date, representing and certifying that (1) the conditions specified in Articles IV and V hereof have been fulfilled; (2) the representations and warranties made by Purchaser 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 Purchaser on or prior to the Closing Date have been complied with or performed in all material respects;

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

(v) [Intentionally Omitted]; and

(vi) Purchaser'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:

## EXECUTION VERSION

- (a) Recording the Deed and Conservation Easement Assignment and Assumption Agreement, and instructing the Kern County Recorder to deliver the original documents to Purchaser after recording, and to deliver conformed copies of the recorded documents to PG&E;
- (b) Delivering the Bill of Sale, Assignment and Assumption Agreement, and Water Rights transfer documents to Purchaser;
- (c) Delivering to or for the account of PG&E, the Purchase Price paid by Purchaser (subject to adjustments pursuant to Sections 2.4, 4.2, and 7.4(b)); and
- (d) Delivering to Purchaser 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 and the Conservation Easement Assignment and Assumption Agreement.
- (b) Transfer and Sales Taxes, Escrow Fees and Land Trust Transfer 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 Assets hereunder (“Transfer and Sales Taxes”), (ii) the Escrow fees charged by the Title Company for the Acquisition contemplated hereunder (“Escrow Fees”), and (ii) any fees due to the Land Trust as a result of the transfer of the Assets to Purchaser, including the fees contemplated by Section 13.1 of the Conservation Easement (“Land Trust Transfer Fees”). Purchaser shall pay its share of the Transfer and Sales Taxes, Escrow Fees, and Land Trust Transfer Fees, as provided in Section 2.4(b) (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 Assets; provided that, such cooperation shall not obligate a Party to take any action inconsistent with the other provisions of this Agreement.

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

## ARTICLE 8

### REPRESENTATIONS AND WARRANTIES OF PG&E

PG&E represents and warrants to Purchaser 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

## EXECUTION VERSION

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 and shall notify Purchaser of any Material Adverse Changes of which PG&E has Knowledge. When PG&E provides an updated Schedule, or Exhibit to Purchaser, it shall also provide such supporting evidence as is reasonably requested by Purchaser to allow Purchaser to make a determination as to whether it believes that such updated Schedule or Exhibit evidences a Material Adverse Change. Purchaser 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 Purchaser 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 Purchaser advises PG&E that it has determined that an updated Schedule or Exhibit reflects a Material Adverse Change, Purchaser 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 (a) Purchaser may terminate this Agreement, and (b) the provision of Section 2.4(a) (Execution Deposit and Purchaser Security) regarding the refund to Purchaser of the Execution Deposit in the event of a termination prior to the Closing that is not because of a breach or default by Purchaser shall apply in the event of such termination.

### 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;

## EXECUTION VERSION

(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 Project; or

(iii) result in the creation or imposition of any Lien, other than Permitted Encumbrances, upon any of the 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 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 Assets. To the Knowledge of PG&E, PG&E has disclosed to Purchaser all material information regarding its ownership, operation, maintenance and repair of the 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 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 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 Purchaser (by reason of PG&E's actions) for a brokerage commission, finder's fee or other like payment to any Person. To the extent that any such legitimate claim is presented to Purchaser by Bodington & Company, PG&E agrees that it is responsible for payment of such claim.

8.5 No Third Party Options. Except for the agreement to transfer the Assets to Purchaser 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 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 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 Fee Parcel, the Water Rights, the Project, the Project Records, the Easements, and the Tangible Personal Property free and clear of all Liens other than Permitted Encumbrances.



## EXECUTION VERSION

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

## ARTICLE 9

### REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser 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, Purchaser shall have no liability for any immaterial breach of any representation or warranty contained herein.

#### 9.1 Transaction Representations.

(a) Organization and Existence. Purchaser is a duly organized and validly existing limited liability company in good standing under the laws of the State of Utah and is qualified to do business in the State of California.

(b) Execution, Delivery and Enforceability. Subject to CPUC Approval and FERC Approval, Purchaser has all requisite power and authority to enter into and to carry out its obligations under this Agreement. The execution, delivery and performance by Purchaser of this Agreement, and the consummation of the Acquisition contemplated hereby, have been duly authorized by all necessary action required on the part of Purchaser. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes the valid and legally binding obligation of Purchaser, enforceable against Purchaser 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 Purchaser; 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 Purchaser.

(d) Due Diligence Investigation and Other Acknowledgements. Purchaser 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 Assets, (ii) it has been provided and has reviewed all of the documents listed or described in

## EXECUTION VERSION

PG&E's Schedules, and (iii) it is relying upon its own inspections, review and investigations of the Assets, and the accuracy of the representations and warranties of PG&E contained in Article VIII in the purchase of the Assets and the consummation of the Acquisition contemplated by this Agreement. Purchaser 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 Purchaser, 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 Purchaser, there is no reasonable basis for such a litigation, claim, investigation or proceeding, which directly and specifically relates to any of the Assets.

9.3 Brokers. All negotiations relating to this Agreement and the Acquisition contemplated hereby have been carried on by Purchaser 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 Purchaser'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.

(a) 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 Purchaser with a reasonable opportunity to review the draft CPUC Application and to comment on its contents, and to consult with Purchaser with respect to any conditions or requirements applicable to the ownership or operation of the Assets proposed in the draft CPUC Application.

(b) PG&E shall provide notice to Purchaser 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 Purchaser with a copy of such draft order or orders ("CPUC Preliminary Notice").

(i) 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 Purchaser 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").

(ii) 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

## EXECUTION VERSION

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 Assets, and the Closing of the Acquisition contemplated in this Agreement.

## EXECUTION VERSION

(f) Purchaser hereby agrees to be bound by the provisions of the Confidentiality Agreement applicable to Sorenson Engineering, Inc.

### 10.3 Tax Matters.

(a) Real and Personal Property Taxes. State and local real and personal property Taxes relating to the 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) Purchaser 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 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 Assets for the period prior to the Closing Date which PG&E has paid prior to or on the Closing Date. Purchaser 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, Purchaser 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 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 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 Assets for the period either (i) prior to the Closing Date, or (ii) on 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 on and after the Closing Date. Purchaser 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

## EXECUTION VERSION

otherwise compromise any Tax Claim which pertains to the period on 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 Project power sale revenue collected by PG&E or Purchaser (either before or after the Closing Date) shall be allocated to PG&E and Purchaser based upon whether such revenue was earned for power generated and sold prior to or after the Closing Date. PG&E shall be entitled to revenue from power generated prior to the Closing Date, and Purchaser 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, Purchaser, 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.

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 OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO ANY OF THE ASSETS OR AS TO THE RISKS AND OTHER INCIDENTS OF ANY OF THE 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 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 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 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 PURCHASER, WILL CAUSE OR CREATE ANY WARRANTY,

## EXECUTION VERSION

EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF ANY OF THE ASSETS OR ANY PART THEREOF.

ANY AND ALL DOCUMENTS AND OTHER MATERIALS PROVIDED TO PURCHASER BY OR ON BEHALF OF PG&E (COLLECTIVELY, “DUE DILIGENCE MATERIALS”) WERE MADE AVAILABLE TO PURCHASER 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 PURCHASER 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. PURCHASER 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 ASSETS MAY HAVE LITTLE OR NO KNOWLEDGE OF THE LOCATION OR CONTENTS OF THE FILES AND RECORDS RELATING TO THE ASSETS. IN LIGHT OF THE VOLUMINOUS FILES AND RECORDS OF PG&E, AND THE UNCERTAINTY OF THE LOCATION OR CONTENT OF SUCH FILES, PURCHASER ACKNOWLEDGES AND AGREES THAT IT WILL RELY SOLELY ON ITS OWN INVESTIGATIONS REGARDING THE DUE DILIGENCE MATERIALS IN MAKING ITS DECISION TO COMPLETE THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

10.6 Disclaimer of Other Purchaser Representations and Warranties. EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, PURCHASER 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 ASSETS.

10.7 Ancillary Agreements and Access Rights. After the Closing, the Parties understand and agree that: (a) the Excluded Assets will be located on real property owned by Purchaser, and (b) some Assets will be used by both PG&E and Purchaser. The Parties agree to work diligently and in good faith to negotiate and execute a 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 Purchaser of any Governmental Approval or Permit required to be transferred from PG&E to Purchaser hereunder and Purchaser is not a co-holder thereof, then the Parties 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. The Parties use of such Commercially Reasonable Efforts and submission of such documents by the Closing, together with the Parties’ commitments under Section 10.9(c) shall satisfy the condition precedent in Section 5.9 (Governmental Approvals,

## EXECUTION VERSION

Permits and Consents) with respect to any such Governmental Approval or Permit. Each Party shall provide such cooperation as may be reasonably requested by the other Party, prior to and after the Closing Date, to assist the requesting Party with transferring, amending, or issuing in the name of Purchaser any such Governmental Approval or Permit, and shall cooperate with the requesting Party in executing such applications and other documents as are required to effectuate any transfers (or issuance, as applicable) thereof to Purchaser.

### 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, Purchaser may elect by written notice to PG&E to initiate negotiations for a maintenance agreement with PG&E with respect to the Project. If Purchaser 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, Purchaser shall assume and retain the obligations and liabilities for all work and activities then in-progress by PG&E relating to the Assets ("In-Progress Work"). No later than ninety (90) calendar days prior to the expected date for the Closing, PG&E shall provide to Purchaser a list of such In-Progress Work and thereafter provide to Purchaser 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 Purchaser, and to provide Purchaser 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 Purchaser 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 Purchaser after the Closing Date.

### (c) Post-Closing Cooperation and Obligations.

(i) In the event that any Governmental Approval, Permit, Consent or agreement required to be conveyed or otherwise transferred by PG&E to Purchaser at the Closing is not issued in the name of Purchaser at or before the Closing, and if Purchaser nevertheless proceeds to Closing, PG&E agrees to maintain in effect, for a reasonable period, such Governmental Approval, Permit, Consent or agreement for the benefit of and at the expense of Purchaser, and Purchaser 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

## EXECUTION VERSION

relevant Governmental Authority or Person and such amendment or replacement has been issued to or received by Purchaser 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 Purchaser may reasonably request to more effectively assign, convey and transfer to Purchaser the entirety of the Assets and fully vest title in Purchaser with respect to the 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 Assets, but not transferred, conveyed or assigned to or assumed by Purchaser 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 Purchaser of the existence and non-transfer or non-assumption of such item and (2) subsequently transfer, convey or assign to Purchaser 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 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.

(iv) Upon receipt of FERC Approval, Purchaser 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 Purchaser to FERC of: (a) an executed 'acceptance sheet' acknowledging Purchaser's acceptance of the FERC Approval and its terms and conditions; and (b) certified copies of all instruments of conveyance from the Closing. In the event of a delay between the Closing and the date of the transfer of the License from PG&E to Purchaser, PG&E shall continue to operate and maintain the Project at Purchaser's expense until such effective date occurs, on which date Purchaser will assume operation and maintenance of Project.

(v) If, after the Closing, there are Post-Closing Interconnection Facilities that need to be installed with respect to the Project, PG&E shall deliver notice to Purchaser under Section 12.11 identifying the Post-Closing Interconnection Facilities and the estimated time period for installation ("Post-Closing Interconnection Facilities Notice"). Installation of the Post-Closing Interconnection Facilities shall be at PG&E's sole cost and expense. PG&E shall use Commercially Reasonable Efforts to complete the installation of the Post-Closing Interconnection Facilities within a reasonable time period. Purchaser agrees to undertake and effectuate any outages at the Project that PG&E reasonably determines are necessary in order to install the Post-Closing Interconnection Facilities. PG&E shall deliver notice to Purchaser under Section 12.11 certifying the completion of the installation of the Post-Closing Interconnection Facilities. Delivery of such notice shall be deemed to constitute PG&E's compliance with its obligation to install the Post-Closing Interconnection Facilities identified in the Post-Closing Interconnection Facilities Notice. In the event the Small Generator



## EXECUTION VERSION

Interconnection Agreement requires amendment as a result of the installation of any Post-Closing Interconnection Facilities, the Parties agree promptly to negotiate the required amendment and execute an amended Small Generator Interconnection Agreement in accordance therewith. The obligations of the Parties in this subsection (v) shall survive the Closing and remain in effect unless and until PG&E delivers notice to Purchaser stating that no Post-Closing Interconnection Facilities need to be installed with respect to the Project

(vi) Purchaser shall comply with any Post-Closing Project Operating Requirements identified in the notice delivered by PG&E to Purchaser pursuant to Section 3.1(g). The obligations of Purchaser in this subsection (vi) shall survive the Closing for that time period identified in such notice delivered by PG&E to Purchaser pursuant to Section 3.1(g). In the event that Purchaser fails to comply with any Post-Closing Project Operating Requirements, PG&E shall have the right to disconnect the Project, as more specifically set forth in the Small Generator Interconnection Agreement.

(d) Scheduling Coordinator Services. No later than ninety (90) calendar days prior to the expected date for the Closing, Purchaser may elect by written notice to PG&E to initiate negotiations for a scheduling coordinator agreement with PG&E with respect to the Project. If Purchaser 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.

10.10 Disclosure Requirements. PG&E is, or may be, required under California law to disclose if the 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). Purchaser acknowledges and understands that (i) if the 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 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 Fee Parcel are situated in one or more of the hazard zones described above, the ability to improve the Fee Parcel, obtain insurance, or receive assistance after a disaster may be limited. Purchaser 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

## EXECUTION VERSION

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 Purchaser. Purchaser 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 Fee Parcel, or the effect thereof on the future use or development thereof, and Purchaser should make its own inquiry and investigation of such hazards. Further, Purchaser 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 Environmental Matters. From the Closing Date until the conclusion of the PG&E Remediation Period, PG&E shall undertake and pay for Remediation of any Pre-Closing Environmental Condition to the extent that Remediation is required under Environmental Laws, subject to the following conditions:

(a) Purchaser has provided PG&E with written notice within the PG&E Remediation Period of the existence of the Pre-Closing Environmental Condition; and

(b) Purchaser's written notice of the Pre-Closing Environmental Condition specifies, in reasonable detail, the facts known to Purchaser regarding the existence of the Pre-Closing Environmental Condition and includes the results of independent laboratory tests evidencing the presence of Hazardous Substances at the Fee Parcels.

## ARTICLE 11

### SURVIVAL AND INDEMNIFICATION

11.1 Survival of the Parties' Representations, Warranties and Covenants. The representations and warranties of PG&E and Purchaser 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) Purchaser 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 Purchaser and each of its officers, directors, employees, attorneys, agents and successors and assigns (collectively, "Purchaser Group"), from and

## EXECUTION VERSION

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 or indirectly by PG&E's operation, or maintenance, or management of the 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 Purchaser has agreed to provide indemnification therefore pursuant to Section 11.3 (Indemnification by Purchaser), which Purchaser has agreed to assume pursuant to this Agreement, or which result from Purchaser's negligence or willful misconduct.

### 11.3 Indemnification by Purchaser.

- (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, Purchaser 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 Purchaser of this Agreement;
  - (ii) any breach of the representations or warranties of Purchaser set forth in Article IX;
  - (iii) Purchaser's ownership, operation, maintenance or use of any of the Assets; or
  - (iv) any Assumed Liabilities.

## EXECUTION VERSION

(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 Purchaser and any member of the Purchaser Group for Damages incurred by Purchaser 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 Three Million Thirty-Six Thousand Dollars (US \$3,036,000) 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 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 Purchaser. Purchaser'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 Purchaser) 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 the amount of Three Million Thirty-Six Thousand Dollars (US \$3,036,000) 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 shall apply to claims of any nature against Purchaser 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 Purchaser.

(c) Liquidated Damages. Notwithstanding Section 11.4(b) and in the event PG&E terminates this Agreement because of a breach or default of Purchaser prior to the Closing, Purchaser shall pay to PG&E as liquidated damages a sum equal to One Hundred Thousand Dollars (US \$100,000), in addition to PG&E's retention, also as liquidated damages, of the Purchaser Security under Section 2.4(a) (Execution Deposit and Purchaser Security). Purchaser 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 and retention of the Purchaser Security shall be its sole remedy for such breach or default by Purchaser 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 Purchaser is difficult or impracticable to

## EXECUTION VERSION

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,

## EXECUTION VERSION

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.

## EXECUTION VERSION

(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 subsection (i) above, refuses or does not meet within the ten (10) Business Day period specified in subsection (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



## EXECUTION VERSION

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.

EXECUTION VERSION

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, Senior Counsel  
Pacific Gas and Electric Company  
77 Beale Street, B30A  
San Francisco, CA 94105  
Email: jason.hannigan@pge.com

If to Purchaser:

## EXECUTION VERSION

Manager  
Ted S. Sorenson, PE  
1032 Grandview Drive  
Ivins, UT 84738

Email: [ted@tsorenson.net](mailto:ted@tsorenson.net)

With copies to:

Miriah R. Elliott  
1032 Grandview Drive  
Ivins, UT 84738  
Email: [miriah@tsorenson.net](mailto:miriah@tsorenson.net)

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 this 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 Purchaser with respect to any of Purchaser's representations and warranties in this Agreement or the due and timely performance of any of Purchaser'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 Purchaser'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 Purchaser 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 Purchaser 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

## EXECUTION VERSION

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 Purchaser 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 Purchaser 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 Purchaser thereof;

(iii) by Purchaser 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 Purchaser if it has made an election to terminate in accordance with Section 3.7(b);

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

(vi) 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 3.5 (Publicity), Section 10.2 (Confidentiality), Article XI (Indemnification), and Article XII (Miscellaneous Agreements and Acknowledgements), and (iii) for the obligations of PG&E and Sorenson Engineering, Inc. 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.

## EXECUTION VERSION

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 PURCHASER CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN THE CITY AND COUNTY OF SAN FRANCISCO, 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 PURCHASER 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]*

EXECUTION VERSION

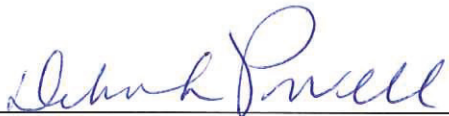
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Execution Date set forth above.

KERN & TULE HYDRO LLC

By:  \_\_\_\_\_  
Ted S. Sorenson, President

EXECUTION VERSION

PACIFIC GAS AND ELECTRIC COMPANY

By:  \_\_\_\_\_  
Deborah Powell, Vice President

[Signature Page to Execution Version Kern Project Asset Purchase and Sale Agreement]

Kern Project Purchase and Sale Agreement

EXHIBIT A

BILL OF SALE



## 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 Kern & Tule Hydro, LLC, a Utah limited liability company registered to do business in California (“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 Kern Canyon Project Asset Purchase and Sale Agreement dated as of \_\_\_\_\_ 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:**

KERN & TULE HYDRO, LLC,  
a Utah limited liability company registered to do business in California

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

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

## ATTACHMENT 1

### BILL OF SALE ASSETS

#### A. Kern Canyon Project Description

The Kern Canyon Project was damaged in a storm in January 2017. The Kern Canyon Project consists of: a 150-foot-long and 23-foot-high diversion; a 35-foot-high, 40-foot-long intake structure located at the right abutment of the dam; a 1.58-mile-long horseshoe shaped concrete tunnel leading to an underground 55-foot-high surge chamber; a 520-foot-long steel penstock; a valve house connecting the penstock to the powerhouse; a powerhouse containing one vertical Francis turbine-generating unit with an authorized generating capacity of 11,475 kilowatts (kW); a 70kV switchyard and tap line from switch 13 in switchyard to Pole 0/1 across the river; approximately 700 acres of land; and appurtenant facilities.

#### B. Tangible Personal Property

##### 1) Powerhouse

- a. Furniture
  - i. Folding chair
  - ii. 2 operator desks with shelf
  - iii. Rolling chair
- b. Office equipment
  - i. Trash cans
  - ii. 1 microwave
  - iii. 1 printer
- c. Tools
  - i. 1 small toolbox – air compressor parts
  - ii. 1 tool cart
- d. Maintenance Equipment
  - i. 1 drill press
  - ii. 2 switching / insulated sticks
- e. Spare Material / Parts
  - i. 2 cardboard boxes – misc. spare parts – RTU, governor pressure sensor
  - ii. 1 spare stator winding bar
  - iii. Above Operator Desk – misc. spare parts, thrust bearing, TSV coils
- f. Storage Cabinets / Shelves
  - i. 1 storage cabinet – misc. governor parts
  - ii. 1 red flammable storage cabinet
  - iii. 1 yellow flammable / hazardous storage cabinet
  - iv. 1 print cabinet
  - v. 1 file cabinet
  - vi. 2 rolling cabinets
- g. 1 LOTO Station
- h. 1 Ladder
- i. Fire extinguishers
- j. 1 Emergency Response Spill Kit

##### 2) Switchyard C-Train

- a. Spare Material / Parts
  - i. 3 vertical bearings
  - ii. 1 wicket gate
  - iii. Few spare contactors

- iv. Misc. parts plastic cart – bolts, fittings
  - b. 1 fan
- 3) Switchyard Shed
  - a. Furniture
    - i. Folding chairs
  - b. Office Equipment
    - i. Trash cans
  - c. Maintenance Equipment
    - i. 1 shop vacuum
    - ii. 2 barrel racks
    - iii. Switching sticks
  - d. Spare Material / Parts
    - i. Spare transformer fan parts
    - ii. Misc. wire / conduit
    - iii. Exciter field coils
    - iv. Packing, filters, o-rings, pipe fittings, collector ring brushes
    - v. Aluminum bearing collar – possibly for rigging
    - vi. Turbine pit beam – for bearing removal
- 4) Garage
  - a. Furniture
    - i. Folding chairs
    - ii. 1 work bench
  - b. Office equipment
    - i. Trash can
  - c. Tools
    - i. 1 tool cart
  - d. Maintenance Equipment
    - i. 1 push mower
    - ii. 1 paint sprayer
  - e. Storage Cabinets / Shelves
    - i. Wood shelves
    - ii. 1 flammable / hazardous cabinet
  - f. Fire extinguishers
  - g. 1 wooden ladder
- 5) Operator Cottage
  - a. Minimal misc. contents
- 6) Misc. Outdoor Equipment
  - a. Gaging Stations Equipment
    - i. KE16: Kern River below Kern Canyon Diversion Dam – Vaisala Sensor /  
Logger
    - ii. Cableway and man basket
    - iii. KPH: Kern Canyon PH Weather Station – Vaisala Sensor / Logger

### C. Project Records

Number	Document Name
1	Records and files relating to FERC License No. 178
2	Powerhouse Layout Drawing Record
3	Powerhouse Data Sheet Record
4	Powerhouse Prints (equipment drawings/diagrams)
5	Description of Operations (if available)
6	Emergency Action Plan (EAP) Records
7	Water Diversion Information Records
8	Flow and Generation Records
9	Outage Incident Report Record
10	Operator Read Sheets
11	Auto Tests Records
12	Equipment History Records
13	SAP Cost Data Record
14	Oil Test Results Records
15	Battery Test Records
16	Ground Grid Study Records
17	Arc Flash Label Info / Study Record
18	Other Misc. Equipment Inspection Records

Kern Project Purchase and Sale Agreement  
EXHIBIT B  
ASSIGNMENT AND ASSUMPTION AGREEMENT

## 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 Kern & Tule Hydro, LLC, a Utah limited liability company registered to do business in California (“Assignee”).

#### WITNESSETH:

WHEREAS, Assignor and Assignee are parties to that certain Kern Canyon Project Asset Purchase and Sale Agreement, dated as of \_\_\_\_\_ (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 Kern Canyon 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:**

KERN & TULE HYDRO, LLC,  
a Utah limited liability company registered to do business in California

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

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT B

### ATTACHMENT 1

#### ASSIGNED ASSETS

##### A. Governmental Approvals, Permits and Consents

1. **Permit to Operate Air Pressure Tank**  
State Serial No. A029506-97; NB#/SER # 105812  
PG&E-Kern Canyon Powerhouse, Rancheria Road, Bakersfield, CA 93308  
State of California, Department of Industrial Relations  
Division of Occupational Safety and Health  
Pressure Vessel Unit; Location: STATION AIR  
Date of Inspection: 10/12/2015  
Permit Expires: 10/12/2020
  
2. **Permit to Operate Air Pressure Tank**  
State Serial No. A044097-00; NB#/SER # 82341  
PG&E-Kern Canyon Powerhouse, Rancheria Road, Bakersfield, CA 93308  
State of California, Department of Industrial Relations  
Division of Occupational Safety and Health  
Pressure Vessel Unit; Location: SWITCH 12  
Date of Inspection: 08/03/2017  
Permit Expires: 08/03/2022

##### B. Kern Canyon License

Federal Energy Regulatory Commission (FERC) hydroelectric operating license for the Kern Canyon Project, FERC Project No. 178, including the following license-related orders and amendments:

No.	License Instruments	Date Issued
1	Order Issuing New License	2/25/2009
2	Order Approving Exhibit G Drawings and Revising Annual Charges	6/25/2009
3	Order Granting Extension of Time (Exhibit G Drawings)	9/1/2009
4	Order Approving Sediment Management Plan (Condition 17)	3/15/2010
5	Order Approving Visual Management Plan Pursuant to 4(E) Condition 20(B)	7/7/2010
6	Order Approving Sign Plan Pursuant to 4(E) Condition 20(C)	7/19/2010
7	Order Approving Fish Monitoring Plan Under Article 401 Condition 14(C)	8/20/2010
8	Order Approving Terrestrial Wildlife Mitigation and Monitoring Plan Pursuant to Condition 19(A)	8/24/2010
9	Order Approving Water Quality and Temperature Monitoring Plan (Condition 15)	10/26/2010
10	Order Approving Instream Flow Measurement Plan Under Article 401(A) Condition 14(B)	12/2/2010
11	Order Approving Fire Management and Response Plan Under Article 401 and 4(E) Condition 20(A)	12/10/2010
12	Order Approving Vegetation and Invasive Weed Management Plan Under Condition 19(B)	6/9/2011
13	Letter order authorizing Pacific Gas and Electric Company to proceed with the sediment removal project re Kern Canyon Diversion under P-178	3/10/2011
14	Letter order accepting Pacific Gas and Electric Company's 2/25/11 filing of the 2010 historic Properties Management Plan Annual Report for the Kern Canyon Project under P-178	3/25/2011
15	Letter order accepting Pacific Gas and Electric Company's 3/25/11 filing of an Annual Forest Service Consultation Report for 2011 re the Kern Canyon Project under P-178	4/8/2011

## EXHIBIT B

16	Order Approving Road and Transportation Facilities Management Plan Under Article 401 and 4(E) Condition 22	8/4/2011
17	Letter order granting Pacific Gas and Electric Company's 12/21/10 filing requesting continuation of the exemption from filing an EAP re the Ken Canyon Project under P-178	10/30/2011
18	Letter order accepting Pacific Gas Electric Co's filing of the follow-up report and corrective actions taken related to an oil spill incident at the Kern Canyon Project under P-178	11/14/2011
19	Letter order accepting Pacific Gas and Electric Company's 1/26/11 filing of an incident report for the rock slides and debris flows during the late December 2010 storms at the Kern Canyon Project under P-178	1/3/2012
20	Letter order accepting Pacific Gas and Electric Company's 12/21/10 letter transmitting a request to continue the exemption from filing an Emergency Action Plan for the Kern Canyon Project under P-178.	1/5/2012

### C. Kern Canyon Water Rights

1. PG&E's post-1914 appropriative water rights associated with the Kern Canyon Project, as specified in PG&E's water right licenses #342 (Application 751) and #908 (Application 2030) which were issued by the State Water Resources Control Board.
2. PG&E's pre-1914 appropriative water right associated with the Kern Canyon Project, which is described in PGE's Statement of Water Diversion and Use #9037 that is on file with the State Water Resources Control Board.

Kern Project Purchase and Sale Agreement

EXHIBIT C

DEED

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
- Exempt from the fee per GC 27388.1 (a) (2); This document is subject to Documentary Transfer Tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

\_\_\_\_\_  
Signature of declarant or agent determining tax

LD#

DEED

**Kern PH Asset Disposition**

## GRANT DEED, RESERVATION OF RIGHTS AND EASEMENTS, AND ASSIGNMENT OF RIGHTS

### I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called Grantor, hereby grants, (without warranty express or implied), to **(NAME OF GRANTEE)**, hereinafter called Grantee, the real property, situate in the County of Kern, State of California, described as follows (the "Property"):

PARCEL ONE:

SBE 135-15-047, parcels 1 and 2

APN 397-020-22 and 397-020-21

All those certain parcels of land situate in the fractional north half of the northeast quarter of Section 6, Township 29 South, Range 30 East, Mount Diablo Base and Meridian, as conveyed in the deed from Louis V. Olcese and others to San Joaquin Light and Power Corporation dated January 31, 1922 and recorded in Book 373 of Deeds Page 474, Kern County Records (LD 2229-30-0021), and the lands described in the deed from Henry Pierce to Power Development Company dated January 9, 1996 and recorded in Book 61 of Deeds, Page 50, Kern County Records (LD 2229-29-0031), particularly described as follows:

MAIL TAX STATEMENTS TO:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Zip

Beginning at an iron bar on the North line of said Section 6, said point of beginning being N89°05'E 58 feet from the North Quarter Corner of said Section 6 and running thence South 1087.2 feet to an iron bar "A" and 10 feet from the top of the bluff on the South bank of the Kern River and from which iron bar the concrete base of a telephone pole bears S17°43'W 134.7 feet; thence following the top of the bluff on the South bank of the Kern River and 10 feet therefrom with the following courses and distances:

N82°39'E 350.86 feet to an iron bar "B"

N71°53'E 832.61 feet to an iron bar "C"; thence

N57°06'E 328.89 feet to an iron pin "D" in the road leading to the California Edison Power House; thence along said road

N17°20'W 85.82 feet to an iron bar "E" from which bar the southmost corner a California Edison transmission tower bears N44°45'E 16.55 feet; thence continuing along said road and along the South bank of the Kern River

N57°20'E 268.90 feet to an iron pin "F"

N33°18'E 290.21 feet to an iron pin "G" and

N51°09'E 266.34 feet to an iron pin "H" in the North line of said Section 6, Township 29 South, Range 30 East, Mount Diablo Base and Meridian, from which pin an iron bar on the lower side of the road bears S89°05'W 16.3 feet; thence along said North line of Section 6

S89°05'W 1983.4 feet to the place of beginning.

PARCEL TWO:

SBE 135-15-049, parcels 1 and 2

APN 094-070-08 and 094-070-09

All those certain parcels of land situate in Section 31, Township 28 South, Range 30 East, Mount Diablo Base and Meridian, as conveyed in 1) the Quitclaim from H. A. Blodget to Power Development Company recorded December 20, 1898 in Volume 85 of Deeds at Page 372 (LD 2228-30-0025), 2) the deed from Herman and Valentine Hirshfeld to Power Development Company recorded March 23, 1900 in Book 99 of Deeds at Page 454, (LD 2228-30-0025) and 3) the deed from Solomon and Catharine A. Jewett to Power Development Company recorded March 23, 1900 (LD 2228-30-0025) and the portion of said Section 31, as conveyed in 4) the Quitclaim from S. Brodek to Power Development Company recorded March 23, 1900 in Book 99 of Deeds at Page 450 (LD 2228-30-0025), particularly described therein as follows:

All of Section 31, Township 28 South, Range 30 East, Mount Diablo Base and Meridian.

Together with:

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

- (a) PG&E's post-1914 appropriative water rights associated with the Kern Canyon Project, as specified in PG&E's water right licenses #342 (Application 751) and #908 (Application 2030) which were issued by the State Water Resources Control Board.
- (b) PG&E's pre-1914 appropriative water right associated with the Kern Canyon Project, which is described in PGE's Statement of Water Diversion and Use #9037 that is on file with the State Water Resources Control Board.

## II. PARTIAL ASSIGNMENT OF RIGHTS

In connection with the Property, Grantor hereby apports and partially assigns to Grantee the following rights:

- (a) The rights for road purposes conveyed by Victor Olcese and others to Pacific Gas and Electric Company by deed dated November 4, 1963 and recorded in Book 3721, page 164 of Official Records, Kern County Records; (LD 2228-29-0030); and
- (b) The right to place, plant, erect and forever maintain a line of poles for the purpose of running, suspending and maintaining thereon wires and other conductors for the transmission of electric current, as conveyed by Henry Pierce and Shawmut Development Company to Power Development Company by deed dated August 30, 1900 and recorded in Book 17 of Deeds at Page 214, Kern County Records (LD 2229-29-0032), more particularly the portion of the route described in said deed as follows:

The Easement Area as described in Exhibit "C" and shown upon Exhibit "D" attached hereto and made a part hereof.

## III. RESERVATION OF RIGHTS AND EASEMENTS

Reserving to Grantor a non-exclusive easement and the right to excavate for, construct, reconstruct, replace (of initial or any other size), remove, maintain, inspect, and use existing and additional facilities and associated equipment for public utility purposes, including, but not limited to electric, gas, and communication facilities (hereinafter referred to collectively as "the Facilities"); together with a right of way, on, over, and under the easement area described as follows (the "Easement Area"):

The Easement Area as described in Exhibit "A" and shown upon Exhibit "B" attached hereto and made a part hereof.

Further reserving to Grantor:

(a) the right of ingress to and egress from the Easement Area 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, provided, that such right of ingress and egress shall not extend to any portion of the Property which is isolated from the Easement Area by any public road or highway, now crossing or hereafter crossing the Property;

(b) the right, from time to time, to trim or to cut down, without Grantor paying compensation, any and all trees and brush now or hereafter within the Easement Area, and shall have the further right, from time to time, to trim and cut down trees and brush along each side of the Easement Area 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) the right to use such portion of said lands contiguous to the Easement Area as may be reasonably necessary in connection with the excavation, construction, reconstruction, replacement, removal, maintenance, and inspection of the Facilities;

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

(e) the right to mark the location of the Easement Area 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 Area.

Grantor hereby covenants and agrees:

(a) not to fence the Easement Area;

(b) to promptly backfill any excavations made by it on the Property; and

(c) repair any damage it shall do to the Property by exercising said right of ingress and egress.

Grantee hereby covenants and agrees:

(a) not to place or construct, nor allow a third party to place or construct, any building or other structure, or store flammable substances, or drill or operate any well, or construct any reservoir or other obstruction within the Easement Area, or diminish or substantially add to the ground level within the Easement Area, or construct any fences that will interfere with the maintenance and operation of the Facilities. In the event any building or other structure is built within the Easement Area, Grantee shall, at its sole expense, remove said building or other structure upon receiving notice from Grantor.

The conveyance by Grantor to Grantee pursuant to this Grant Deed (this "Deed") is subject to:



(a) The Deed of Conservation Easement and Agreement between Pacific Gas and Electric Company and Sequoia Riverlands Trust dated June 23, 2015 and recorded as Document No. 0215080637, Kern County Records;

(b) a lien securing payment of non-delinquent real estate taxes and assessments; and

(c) any exceptions to title disclosed by public 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 "A"**

Real property situate in the City of Bakersfield, County of Kern, State of California, and being a portion of the northeast quarter of Section 6, Township 29 South, Range 30 East, MDB&M, more particularly described as follows:

A strip of land of the uniform width of 30 feet extending northerly from the southerly boundary line of the parcel of land described in the deed from Louis V. Olcese to San Joaquin Light and Power Corporation, dated January 31, 1922 and recorded March 23, 1922 in Book 373 of deeds at page 474, Kern County Records and lying 15 feet on each side of the line described as follows:

Commencing at the found iron bar marking the southeasterly corner of the parcel of land described in said deed dated January 31, 1922, said corner also being the southwesterly terminus of the course having a bearing of N71°53'E and a distance of 832.61 feet in said deed dated January 31, 1922 and running thence northeasterly along the southeasterly line of said parcel

- a) North 72°20'59" East 513.52 feet to the point of beginning; thence leaving said southeasterly line
- 1) North 11°44'58" West 355.30 feet; thence
- 2) South 25°13'48" West 28.41 feet to a point within the boundary lines of said deed dated January 31, 1922; the side lines of said strip shall be lengthened or shortened at the southwesterly terminus thereof so as to terminate in the northeasterly portion of the existing electric powerhouse building.

And containing an area of 11,697 square feet;

As shown on EXHIBIT "B" attached hereto and made a part hereof.

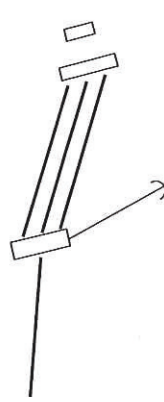
The bearings and distances used in the above descriptions are based upon the bearing between the two iron bars marking the southeasterly property line of the parcel of land described in said deed dated January 31, 1922 taken as North 72°20'59" East.

Prepared under the direction of: Michael David Jones  
Michael David Jones  
L.S. No. 6173

Date: November 8, 2019



T. 29 S., R. 30 E., MDB&M  
SEC. 6, NW1/4 OF NE1/4



KERN CANYON  
POWERHOUSE

SAN JOAQUIN LIGHT AND POWER  
CORPORATION, PREDECESSOR IN  
INTEREST OF PACIFIC GAS AND  
ELECTRIC COMPANY  
LD 2229-30-0021, VOL. 373 OF DEEDS  
PG. 474, RECORDED MARCH 23, 1922  
SBE 135-15-047-1 & 135-15-047-2,  
APN 397-020-21-00 & 397-020-22-00

**LEGEND**

- PROPERTY LINE
- - - - - PROPOSED EASEMENT CENTERLINE
- HIGHWAY RIGHT-OF-WAY
- - - - - APPROXIMATE CENTERLINE OF RIVER
- ET ——— ELECTRIC TRANSMISSION LINE
- ED ——— ELECTRIC DISTRIBUTION LINE
- WOOD POLE
- FD. IRON BAR IN CONCRETE
- ( ) BK. 373 DEEDS, PG. 474, K.C.R.

N11°44'58"W 355.30'

APPROXIMATE CENTER OF KERN RIVER

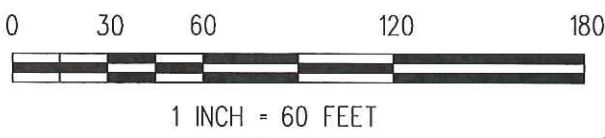


POINT OF COMMENCEMENT

BASIS OF BEARING N72°20'59"E 832.64'  
(N71°53'E 832.61')  
N72°20'59"E 513.52'

POINT OF BEGINNING

NICKEL FAMILY LLC  
DOC. NO. 0198010861,  
RECORDED JANUARY 29, 1998, K.C.R.,  
APN 397-020-24-00-9




STATE ROUTE 178

AUTHORIZATION 8180584	
BY	S1DW
DR	AABM
CH	MDJF
O.K.	MDJF
DATE	10/29/19

**EXHIBIT "B"**

**RESERVATION OF RIGHTS  
ELECTRIC DISTRIBUTION**

PACIFIC GAS AND ELECTRIC COMPANY  
San Francisco California



JCN	03-19-027
AREA	4
COUNTY	KERN
SCALE	1" = 60'
SHEET NO.	1 OF 1
DRAWING NUMBER	JL-1036
CHANGE	0

**EXHIBIT "C"**

Real property situate in the City of Bakersfield, County of Kern, State of California, and being a portion of the northeast quarter of Section 6, Township 29 South, Range 30 East, MDB&M, more particularly described as follows:

Commencing at the found iron bar marking the southeasterly corner of the parcel of land described in the deed from Louis V. Olcese to San Joaquin Light and Power Corporation, dated January 31, 1922 and recorded March 23, 1922 in Book 373 of deeds at page 474, Kern County Records, said corner also being the southwesterly terminus of the course having a bearing of N71°53'E and a distance of 832.61 feet in said deed and running thence northeasterly along the southeasterly line of said parcel

- a) North 72°20'59" East 239.19 feet to the TRUE POINT OF BEGINNING; thence continuing along said southeasterly line
  - 1) North 72°20'59" East 53.79 feet; thence leaving said southeasterly line
  - 2) South 03°59'23" West 68.54 feet; thence
  - 3) North 86°00'37" West 50.00 feet; thence
  - 4) North 03°59'23" East 48.71 feet to the TRUE POINT OF BEGINNING.

And containing an area of 2,931 square feet;

As shown on EXHIBIT "D" attached hereto and made a part hereof.

The bearings and distances used in the above descriptions are based upon the bearing between the two iron bars marking the southeasterly property line of the parcel of land described in said deed dated January 31, 1922 taken as North 72°20'59" East.

Prepared under the direction of:

*Michael David Jones*  
Michael David Jones

L.S. No. 6173

Date: November 8, 2019



T. 29 S., R. 30 E., MDB&M  
 SEC. 6, NW1/4 OF NE1/4

SAN JOAQUIN LIGHT AND POWER CORPORATION,  
 PREDECESSOR IN INTEREST OF PACIFIC GAS AND  
 ELECTRIC COMPANY

LD 2229-30-0021, VOL. 373 OF DEEDS PG. 474,  
 RECORDED MARCH 23, 1922  
 SBE 135-15-047, APN 397-020-22-00

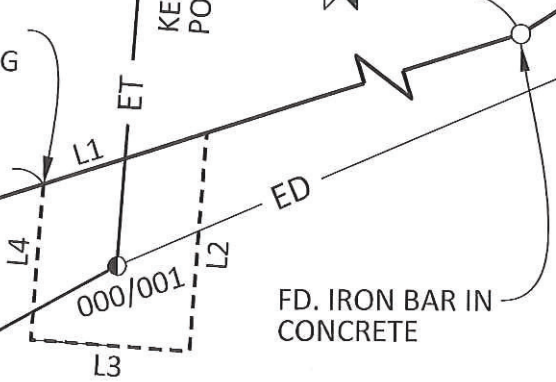
KERN CANYON  
 POWERHOUSE



POINT OF  
 COMMENCEMENT  
 FD. IRON BAR IN  
 CONCRETE

POINT OF  
 BEGINNING

BASIS OF BEARING N72°20'59"E 832.64'  
 (N71°53'E 832.61')  
 N72°20'59"E 239.19'



FD. IRON BAR IN  
 CONCRETE

KERN CANYON - MAGUNDEN - WEEDPATCH-70kV  
 ET

LEGEND

- PROPERTY LINE
- - - - - PROPOSED EASEMENT
- HIGHWAY RIGHT-OF-WAY
- ET
- ED
- C
- X
- WOOD POLE
- FD. IRON BAR IN CONCRETE
- PG&E POLE NUMBER
- BK. 373 DEEDS, PG. 474, K.C.R.

ELECTRIC TRANSMISSION  
 EASEMENT LD: 2229-29-0032

000/002

000/001  
 ( )

LINE TABLE

NAME	BEARING	DISTANCE
L1	N72°20'59"E	53.79'
L2	S03°59'23"W	68.54'
L3	N86°00'37"W	50.00'
L4	N03°59'23"E	48.71'

NICKEL FAMILY LLC  
 DOC. NO. 0198010861,  
 RECORDED JANUARY 29, 1998, K.C.R.,  
 APN 397-020-24-00-9



STATE ROUTE 178

0 30 60 120 180



1 INCH = 60 FEET

AUTHORIZATION  
 8180584

BY S1DW  
 DR AABM  
 CH MDJF  
 O.K. MDJF  
 DATE 10/29/19

EXHIBIT "D"

ASSIGNMENT OF RIGHTS  
 ELECTRIC TRANSMISSION

PACIFIC GAS AND ELECTRIC COMPANY  
 San Francisco California



JCN 03-19-027

AREA 4

COUNTY KERN

SCALE 1" = 60'

SHEET NO. 1 OF 1

DRAWING NUMBER

JL-1034

CHANGE

0

Kern Project Purchase and Sale Agreement

EXHIBIT D

PRELIMINARY TITLE REPORT

## Preliminary Report Top Sheet

◆ HELP US STAY ON TOP OF YOUR TRANSACTION ◆

**IF ANY OF THESE QUESTIONS ARE ANSWERED “YES”, OR IF YOU HAVE QUESTIONS ABOUT THE BELOW, PLEASE CONTACT YOUR ESCROW OFFICER IMMEDIATELY**

- ◆ Have any of the principals recently filed bankruptcy?
- ◆ Do any of the principals plan to use a power of attorney?
- ◆ Are any of the principals going through a divorce? (if so, is there an attorney involved?)
- ◆ Is anyone currently vested in title deceased? Has a new Tax I.D. Number been established?
- ◆ Do any of the principals NOT have a valid photo identification?
- ◆ Is there construction work in progress or incomplete construction?
  - Any construction completed in the last year?
  - Any construction completed in the last 4 months?
- ◆ Is there a mobile or manufactured home on the property?
- ◆ Are the sellers a non-resident alien or a foreign out of country seller?
- ◆ Is the property an investment property or not considered seller's principal residence?
- ◆ Will a new entity be formed? (i.e. Partnership, LLC, Corporation)
- ◆ If your principals are currently vested or are taking title in their trust, have bank accounts been established in the name of the Trust?
- ◆ Will any of the principals be participating in a 1031 Exchange?
- ◆ Are any of the principals not able to sign with a Placer Title Company? If so, an approved notary will be required.

THANK YOU FOR CHOOSING

**Placer Title Company**



**PLACER TITLE COMPANY**  
A MOTHER LODE COMPANY

Placer Title Company  
9085 Foothills Blvd.  
Roseville, CA 95747  
Phone: (916)624-8141  
Fax: (916)624-7383

Order No.: 1415-13011.4  
Reference: KernRiver  
Escrow Officer: Scott Stanford  
Email: sstanford@placertitle.com  
Email Loan Docs To: 1415@placertitle.com

Proposed Insured:  
Proposed Loan Amount:

Proposed Underwriter: Stewart Title Guaranty Company

Property Address: no site address CA

### PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, Placer Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

***Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.***

***It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.***

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated: September 10, 2019 at 7:30AM  
Title Officer: Scott Stanford



The form of policy of title insurance contemplated by this report is:

CLTA Standard Owners Policy

The estate or interest in the land hereinafter described or referred to covered by this report is:

Fee Simple

Title to said estate or interest at the date hereof is vested in:

Pacific Gas and Electric Company, a California Corporation

The land referred to in this report is described as follows:

See Exhibit "A" Attached for Legal Description

## Exhibit "A" Legal Description

The land described herein is situated in the State of California, County of Kern, unincorporated area, described as follows:

~Parcel One:~

X178-CFX-00001

SBE 135-15-49-1, 135-15-49-2

LCP ID#1073

All those certain parcels of land situate in Section 31, Township 28 South, Range 30 East, Mount Diablo Base and Meridian, as recorded in Book 99 pages 450, 452 and 454 of deeds of County of Kern, State of California, particularly described therein as follows:

All of Section 31, Township 28 South, Range 30 East, Mount Diablo Base and Meridian.

A.P.N. 094-070-08 and 094-070-09

~Parcel Two:~

X178-CFX-00002

SBE 135-15-47-2

LCP ID#1074

Portion of Section 6, Township 29 South, Range 30 East, Mount Diablo Base and Meridian, described as follows:

Beginning at an Iron bar on the North line of said Section 6, said Point of beginning being North 89° 05' East, 58 feet from the North quarter corner of said Section 6 and running Thence South 1,087.2 Feet to an Iron bar "A" and 10 feet from the top of the Bluff on the South bank of the Kern River and from which Iron bar the Concrete Base of a Telephone pole bears South 17° 43' West 134.7 Feet; Thence following the top of the Bluff on the South bank of the Kern River and 10 feet therefrom with the following courses and distances:

North 82° 39' East, 350.86 Feet to an Iron bar "B"; North 71° 53' East 832.61 Feet to an Iron bar "C"; Thence North 57° 06' East, 328.89 Feet to an Iron pin "D" in the road leading to the California Edison Power House; Thence along said road North 17° 20' West, 85.82 Feet to an Iron bar "E" from which bar the southmost corner a California Edison Transmission Tower bears North 44° 45' East, 16.55 Feet; Thence continuing along said road and along the South bank of the Kern River; North 57° 20' East, 268.90 Feet to an Iron pin "F"; North 33° 18' East, 290.21 Feet to an Iron pin "G" and North 51° 09' East, 266.34 Feet to an Iron pin "H" in the North line of Section 6 from which pin an Iron bar on the lower side of the road bears South 89° 05' West, 16.3 Feet; Thence along said North line of said Section 6, South 89° 05' West, 1983.4 Feet to the place of beginning.

Excepting therefrom the Parcel of land described in the deed to Power Development Company recorded January 13, 1896, Book 61 of Deeds Page 50, described as follows:

Commencing at a Point on the Seventh Standard Parallel South, Mount Diablo Base and Meridian, 4057.3 Feet East of the Northwest corner of Section 6 Township 29 South, Range 30 East, Mount Diablo Base and Meridian; Thence South 30° 34' West, 47.5 Feet to a Point; Thence South 36° 24' West, 75.1 Feet to a Point; Thence South 53° 26' West, 71.6 Feet to a Point; Thence South 76° 48' West, 40.4 Feet to a Point; Thence South 34° 15' West,

41.7 Feet to a Point; Thence South 59° 18' West, 49.1 Feet to a Point; Thence North 87° 07' West, 81 feet to a Point; Thence South 48° 27' West, 321.3 Feet to a Point being the northeast corner of the Power House site, being the True Point of beginning; Thence from said True Point of beginning South 21° 41' East, 162 feet to a Point marked with a Cross in red paint on a Granite Boulder, from which a washed hole 12 inches in diameter and 12 inches deep in a Large Granite Boulder marked "WC" with red paint, bears North 11° 30' East, Distant 15 feet; Thence South 75° 30' West, 282 feet to a Point in a nest of boulders, marked "SW" on the North side of a Granite Boulder from which a live Oak tree 17 inches in diameter bears South 85° West, 180 feet; Thence North 282 feet to a Point from which the Northwest corner of said Section 6 bears North 83° 49' West, 3301.4 Feet; Thence South 74° 09' East, 222 feet to the Point of beginning.

Also excepting therefrom, All minerals and Mineral rights, including oil, gas asphaltum and other hydrocarbon substances, in, on, under and about said premises hereinabove described and the right to develop, extract and remove the same from, and to bore and dig therefor upon, in and under said premises and to sink, Wells, shafts and drifts and to conduct any and all other operations which the said party of the first part its successors or assigns may deem necessary and to erect, maintain, use and operate upon and across and to change the location of and remove from said premises, any and all Buildings, Equipment, Tanks, Machinery, Pipelines, Power lines, Telegraph or Telephone lines with the necessary poles and adjuncts, ditches or other structures or constructions which the party of the first party, its successors or assigns may deem suitable or convenient for the extraction, mining, handling, storing, transportation or other treatment of Petroleum, Oil or other Hydrocarbon substances by whatever means known or other minerals of any kind or nature and the right to transport any Petroleum, oil or other hydrocarbon substances or minerals, whether obtained from said premises or from other lands, across said premises and the right of egress from and ingress to said premises, and All proper rights of way over said premises and the right to a reasonable use of water necessary for the enjoyment of the rights as excepted and reserved from the deed from H. and W. Pierce, incorporated recorded October 18, 1913, Book 285 of deeds Page 231.

A.P.N. 397-020-21 Portion, and 397-020-22

~Parcel Three:~  
X-178-CFX-00003  
SBE 135-15-47-1  
LCP ID#1075

The Parcel of land described in the deed to Power Development Company, recorded January 13, 1896, in Book 61 of deeds Page 50 described as follows:

Commencing at a Point on the Seventh Standard Parallel South, Mount Diablo Base and Meridian, 4,057.3 Feet East of the Northwest corner of Section 6, Township 29 South, Range 30 East, Mount Diablo Base and Meridian; Thence South 30° 34' West, 47.5 Feet to a Point; Thence South 36° 24' West, 75.1 Feet to a Point; Thence South 53° 26' West, 71.6 Feet to a Point; Thence South 76° 48' West, 40.4 Feet to a Point; Thence South 34° 15' West, 41.7 Feet to a Point; Thence South 59° 18' West, 49.1 Feet to a Point; Thence North 87° 07' West, 81 feet to a Point; Thence South 48° 27' West, 321.3 Feet to a Point being the Northeast corner of the Power House site, being the True Point of beginning; Thence from said True Point of beginning, South 21° 41' East, 162 feet to a Point marked with a Cross in red paint on a Granite Boulder, from which a washed hole 12 inches in diameter and 12 inches deep in a Large Granite Boulder marked "WC" with red paint, bears North 11° 30' East, Distant 15 feet; Thence South 75° 30' West, 282 feet to a Point in a nest of boulders, marked "SW" on the North side of Granite Boulder from which a live Oak tree 17 inches in diameter bears South 85° West, 180 feet; Thence North 282 feet to a Point from which the Northwest corner of said Section 6 bears North 83° 49' West, 3301.4 Feet; Thence South 74° 09' East, 222 feet to the Point of beginning.

A.P.N. 397-020-21 Portion

APN:

Order Number: 1415-13011.4

## EXCEPTIONS

At the date hereof, exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. Property taxes as assessed on the County utility tax Roll by the state board of equalization, which are a lien for the fiscal year 2019-2020.
2. Taxes for the fiscal year 2018-2019 which are assessed by the State of California through the State Board of Equalization and carried on the County Public Utility Roll. No examination of this Roll has been made.
3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of chapter 3.5, (commencing with Section 75) of the revenue and taxation code, of the state of California.
4. Rights of the Public, the State of California, or any political subdivision thereof, or of the United States of America in or to any portion of the land lying below the high water line of the Kern River River as it exists now or as it has existed in the state of nature.
5. Any adverse claim based upon the assertion that: (a) some portion of said land has been created by artificial means, or has accreted to such portion so created. (B) some portion of said land has been brought within the boundaries thereof by an avulsive movement of Kern River, or has been formed by accretion to any such portion.
6. Rights and easements, including but not limited to, recreation, navigation and fisheries, which may exist over that portion of said land lying beneath the Waters of Kern River.
7. Rights of upper and lower riparian owners in and to the free and unobstructed flow of the water of the Kern River extending through the land, without diminution.
8. Riparian or water rights, claims, or title to water whether or not shown by the Public Records.
9. Rights of the Public and of the County of Kern, as to that portion of the herein described property lying within state Highway 178 also known as Kern River Canyon Road, a Public Road.
10. Mining site claims, subject to their terms, and conditions and interests as disclosed by mesne proof of labor, notice of location and notices as disclosed to this company.
11. The effect of the reservation for the perpetual right to enter said described Lot of land for the purpose of pastureing and watering live stock thereon, contained in the deed from J.R. Simmons and George H. Crafts to H.A. Blodget, dated December 21, 1894, recorded May 4, 1895, in Book 56 of Deeds Page 478, wherein the reserving party did not appear to acquire any interest of record from an entity that held title.

Affects a portion of the Southwest One-quarter of said Section 31

12. An easement over said land for a flume and pipeline for the purpose of conducting all the water of Kern River to the Power House site and incidental purposes, as granted to Power Development Company, a corporation, predecessor in interest to Pacific Gas and Electric Company, in Deed recorded January 13, 1896, as Book 61 of

Deeds, Page 50.

No representation is made as to the current ownership of said easement.

Said easement appears to be out by merger and should be recreated upon any sale out of Parcel Two or Three, if sold separately.

Affects a portion of Parcel Two

13. An easement over said land for a Tunnel and underground aqueduct, reservoirs, forebays, penstocks and pipelines and incidental purposes, as granted to Power Development Company, a corporation, predecessor in interest to Pacific Gas and Electric Company, in Deed recorded October 12, 1900, as Book 107 of Deeds, Page 214.

No representation is made as to the current ownership of said easement.

Said easement appears to be out by merger and should be recreated upon any sale out of Parcel Two and Parcel Three if sold separately.

Affects a portion of Parcel Two

14. An easement over said land for poles or towers for the transmission of electricity and incidental purposes, as granted to the Edison Electric Company, in Deed recorded July 29, 1908, as Book 17 of Agreements, Page 31.

Affects: a portion of Parcel Two

no representation is made as to the current ownership of said easement.

15. An easement over said land for poles or towers for conveying electric Energy and incidental purposes, as granted to the Edison Electric Company, in Deed recorded July 20, 1909, as Book 217 of Deeds, Page 365.

Affects: a portion of Parcel Two

no representation is made as to the current ownership of said easement.

16. Rights incidental to the ownership for the use and development of the Mineral interests reserved in Deed executed by H. and W. Pierce, Incorporated, recorded October 18, 1913, as Book 285 of Deeds, Page 231.

Mineral rights not shown further.

Affects Parcel Two

17. An easement over said land for a single line of poles and incidental purposes, as granted to the Pacific Light and Power Corporation, in Deed recorded April 26, 1917, as Book 321 of Deeds, Page 274.

Affects: a portion of Parcel Two

no representation is made as to the current ownership of said easement.

The effect thereunder of the Quitclaim Deed executed by Southern California Edison Company, a Corporation recorded October 9, 2003 as Instrument No. 2003-217768 Official Records.

18. Any loss or claim based on the failure of the Instrument dated January 31, 1922, by Louis V. Olcese, a single Man, John McWilliams, jr. and Carolyn W. McWilliams, as grantors and San Joaquin Light and Power Corporation, as grantee recorded March 23, 1922, in Book 373 of deeds at Page 474 to convey fee title to that portion as excepted being described as recorded in Volume 107 of Deeds, Page 214, being .86 Acres.

(Said portion appears to have been intend to site easements of record that the property was being conveyed subject to rather than excepting fee)

19. A reservation of the right to raise the water surface of Kern River, contained in Deed from Louis Olcese, a single man, John McWilliams jr., and Carolyn W. McWilliams, as first parties therein, to San Joaquin Light and Power Corporation, a Corporation, as second party therein, dated January 31, 1922, recorded in Book 373 of Deeds, Page 474, et seq., Records of said Kern County, (being the deed granting the title in fee to the property herein described) as follows, namely:

"it is specially understood, however, that the parties of the first part hereby expressly reserve to themselves and to their and each of their grantees and successors in interest, the right to raise the water surface of Kern River at all times to elevation 684 u.S. Geographical survey datum, by a wier or other construction located across the channel of Kern River, West of the West Line of the land above described, provided that the high water surface at the Power House of the said party of the second part shall not be raised thereby substantially higher than it would be if such diverting structure were non-existent".

20. An easement over said land for State Highway and incidental purposes, as granted to the State of California, in Deed recorded August 15, 1922, as Book 382 of Deeds, Page 469 and recorded October 4, 1922, in Book 383 of Deeds at Page 450.

No representation is made as to the current ownership of said easement.

Said State Highway right of way was increased from a width of 60 feet to 80 feet by Instrument recorded January 28, 1926, in Book 107 Page 282, Official Records.

Affects a portion of parcels One and Two

The effect thereunder of the Quitclaim Deed executed by Southern California Edison company, a Corporation, recorded October 9, 2003 as Instrument No. 2003-217768 Official Records.

21. An easement over said land for Telephone line and incidental purposes, as granted to Southern California Edison Company, in Deed recorded September 15, 1925, as Book 90, Page 389, Official Records.

Affects: a portion of Parcel Two

no representation is made as to the current ownership of said easement.

22. An easement over said land for electrical and communication facilities and incidental purposes, as granted to Southern California Edison Company, in Instrument recorded July 08, 1953, in Book 2102, Page 92, Official Records.

Affects: a portion of Parcel One

no representation is made as to the current ownership of said easement.

23. An easement over said land for an overhead cableway and incidental purposes, as granted to Southern California Edison Company, in Deed recorded August 07, 1953, as Book 2114, Page 251, Official Records.

Affects: a portion of Parcel One

no representation is made as to the current ownership of said easement.

24. An easement over said land for undisclosed purposes, as granted to the State of California, in Deed recorded February 02, 1978, as Book 5086, Page 2404, Official Records.

Affects: a portion of Parcel One

no representation is made as to the current ownership of said easement.

25. Vestee, being a Public Utility, is subject to the jurisdiction of the Public Utilities Commission of the State of California and may be subject to the Interstate Commerce Act.

26. Terms, conditions and stipulations as contained in the Federal Energy Regulatory Commission License (Project P-178).

27. A Deed of Conservation Easement and Agreement (Kern River Planning Unit) over said land for conservation and incidental purposes by and between Pacific Gas and Electric Company, a California Corporation as Grantor and Sequoia Riverlands Trust, a California non-profit public benefit corporation, as Grantee, in deed recorded June 23, 2015, (instrument) 000215080637, Official Records, subject to the terms and conditions as contained therein.

Affects: Reference is hereby made to said document for full particulars.

No representation is made as to the current ownership of said easement.

**\*\*\* DISCLOSURE OF DISCOUNTS \*\*\***

You may be entitled to a discount on your title premiums and/or escrow fees if you meet any of the following conditions:

1. You are an employee of the title insurer or Placer Title Company and the property is your primary residence; or
2. The transaction is a loan, the purpose of which is to rebuild the improvements on the property as a result of a governmentally declared disaster; or
3. The property is being purchased or encumbered by a religious, charitable or nonprofit organization for its use within the normal activities for which such entity was intended.

Please advise the company if you believe any of the above discounts apply.

**\*\*\* LENDER'S NOTE \*\*\***

In accordance with Executive Order 13224, and the USA Patriot Act, **PLACER TITLE COMPANY** compares the names of parties to the proposed transaction to the Specially Designated Nationals and Blocked Persons (SDN List) maintained by the United States Office of Foreign Asset Control.

**\*\*\* BUYER'S NOTE \*\*\***

If an ALTA Residential Owner's Policy is requested and if the property described herein is determined to be eligible for this policy, the following Exceptions From Coverage will appear in the policy:

1. Taxes or assessments which are not shown as liens by the public records or by the records of any taxing authority.
2. (a) Water rights, claims or title to water; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) unpatented mining claims; whether or not the matters exception under (a), (b) or (c) are shown by the public records.
3. Any rights, interest or claims of parties in possession of the land which are not shown by the public records.
4. Any easements or liens not shown by the public records. This exception does not limit the lien coverage in Item 8 of the Covered Title Risks.
5. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This exception does not limit the forced removal coverage in Item 12 of the Covered Title Risks.



**CLTA PRELIMINARY REPORT FORM**  
**Attachment One (Rev 06-05-14)**  
**CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990**  
**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

## EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I (continued)

2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

## CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13) EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning: a) building; b) zoning; c) land use; d) improvements on the Land; e) land division; and f) environmental protection. This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks: a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records; b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date; c) that result in no loss to You; or d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right: a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and b) in streets, alleys, or waterways that touch the Land. This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

## LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

**2006 ALTA LOAN POLICY (06-17-06)  
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.  
 (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.

### **EXCLUSIONS FROM COVERAGE (continued)**

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

### **EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

### **2006 ALTA OWNER'S POLICY (06-17-06) EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

### **EXCLUSIONS FROM COVERAGE (continued)**

3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

### **EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

**ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (12-02-13)**  
**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.  
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

**NOTICE**  
**FEDERAL FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT OF 1980 (FIRPTA)**

Upon the sale of United States real property, by a non-resident alien, foreign corporation, partnership or trust, the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA), and as revised by the Tax Reform Act of 1984 (26 USCA 897 (C)(1)(A)(1) and 26 USCA 1445), Revised by the Path Act of 2015, These changes may be reviewed in full in H.R. 2029, now known as Public Law 114-113. See Section 324 of the law for the full text of FIRPTA changes. Effective February 27, 2016, the amendments to FIRPTA contained in the PATH Act have increased the holdback rate from 10% of gross proceeds to 15% of gross proceeds of the sale, regardless of whether the actual tax due may exceed (or be less than) the amount withheld if ANY of the following conditions are met:

1. If the amount realized (generally the sales price) is \$300,000 or less, and the property will be used by the Transferee as a residence (as provided for in the current regulations), no monies need be withheld or remitted to the IRS.
  2. If the amount realized exceeds \$300,000 but does not exceed \$1,000,000, and the property will be used by the Transferee as a residence, (as provided for in the current regulations) then the withholding rate is 10% on the full amount realized (generally the sales prices)
  3. If the amount realized exceeds \$1,000,000, then the withholding rate is 15% on the entire amount, regardless of use by the Transferee. The exemption for personal use as a residence does not apply in this scenario.
- If the purchaser who is required to withhold income tax from the seller fails to do so, the purchaser is subject to fines and penalties as provided under Internal Revenue Code Section 1445.

Escrow Holder will, upon written instructions from the purchaser, withhold Federal Income Tax from the seller and will deposit said tax with the Internal Revenue Service, together with IRS Forms 8288 and 8288-A. The fee charged for this service is \$25.00 payable to the escrow holder.

**CALIFORNIA WITHHOLDING**

In accordance with Sections 18662 and 18668 of the Revenue and Taxation Code, a transferee (Buyer) may be required to withhold an amount equal to 3 1/3 percent of the sales price or an alternative withholding amount certified to by the seller in the case of a disposition of California real property interest by either:

1. A seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary or the seller,  
OR
2. A corporate seller that has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000.00), OR
2. The seller executes a written certificate, under the penalty of perjury, of any of the following:
  - a. The property qualifies as the seller's (or decedent's, if being sold by the decedent's estate) principal residence within the meaning of Internal Revenue Code (IRC) Section 121; or
  - b. The seller (or decedent, if being sold by the decedent's estate) last used the property as the seller's (decedent's) principal residence within the meaning of IRC Section 121 without regard to the two-year time period; or
  - c. The seller has a loss or zero gain for California income tax purposes on this sale; or
  - d. The property is being compulsorily or involuntarily converted and the seller intends to acquire property that is similar or related in service or use to qualify for non-recognition of gain for California income tax purposes under IRC Section 1033; or
  - e. If the transfer qualifies for non-recognition treatment under IRC Section 351 (transfer to a corporation controlled by the transferor) or IRC Section 721 (contribution to a partnership in exchange for a partnership interest); or
  - f. The seller is a corporation (or an LLC classified as a corporation for federal and California income tax purposes) that is either qualified through the California Secretary of State or has a permanent place of Business in California; or
  - g. The seller is a partnership (or an LLC that is not a disregarded single member LLC and is classified as a partnership for federal and California income tax purposes) with recorded title to the property in the name of the partnership of LLC; or
  - h. The seller is a tax-exempt entity under either California or federal law; or
  - i. The seller is an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust; or
  - j. The transfer qualifies as a simultaneous like-kind exchange within the meaning of IRC Section 1031; or
  - k. The transfer qualifies as a deferred like-kind exchange within the meaning of IRC Section 1031; or
  - l. The transfer of this property will be an installment sale that you will report as such for California tax purposes and the buyer has agreed to withhold on each principal payment instead of withholding the full amount at the time of transfer.

The Seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

**NOTICE**  
**DEPOSIT OF FUNDS AND DISBURSEMENT DISCLOSURE**

Unless you elect otherwise (as described below), all funds received by (the "Company") in escrow will be deposited with other escrow funds in one or more non-interest bearing escrow accounts of the Company in a financial institution selected by the Company. The depositor acknowledges that the deposit of funds in a non-interest bearing demand account by Escrow Holder may result in said company receiving a range of economic benefits from the bank in the form of services, credits, considerations, or other things of value. The depositor hereby specifically waives any claim to such economic benefits payable to Escrow Holder resulting from non-interest bearing deposits. Unless you direct the Company to open an interest-bearing account (as described below), the Company shall have no obligation to account to you in any manner for the value of, or to compensate any party for, any benefit received by the Company and/or its affiliated company. Any such benefits shall be deemed additional compensation of the Company for its services in connection with the escrow.

If you elect, funds deposited by you prior to the close of escrow may be placed in an individual interest-bearing account arrangement that the Company has established with one of its financial institutions. You do not have an opportunity to earn interest on the funds deposited by a lender. If you elect to earn interest through this special account arrangement, the Company will charge you an additional fee of \$50.00 for the establishment and maintenance of the account. This fee compensates the Company for the costs associated with opening and managing the interest-bearing account, preparing correspondence/documentation, transferring funds, maintaining appropriate records for audit/reconciliation purposes, and filing any required tax withholding statements. It is important that you consider this cost in your decision since the cost may exceed the interest you earn.



## PRIVACY POLICY NOTICE

### Purpose Of This Notice

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of a persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document which notifies you of the privacy policies and practices of:

Montana Title and Escrow Company  
National Closing Solutions, Inc.  
National Closing Solutions of Alabama, LLC  
National Closing Solutions of Maryland, Inc.  
Texas National Title

Placer Title Company  
Placer Title Insurance Agency of Utah  
Premier Title Agency  
North Idaho Title Insurance Company  
Wyoming Title and Escrow Company

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you, such as an application or other forms.
- Information about your transactions we secure from our files, or from our affiliates or others.
- Information we receive from a consumer reporting agency.
- Information we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finances, securities and insurance.
- Nonfinancial companies such as envelope stuffers and other fulfillment service providers.

**We do not disclose any nonpublic personal information about you with anyone for any purpose that is not specifically permitted by law.**

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

# STG Privacy Notice

## Stewart Title Companies

### WHAT DO THE STEWART TITLE COMPANIES DO WITH YOUR PERSONAL INFORMATION?

Federal and applicable state law and regulations give consumers the right to limit some but not all sharing. Federal and applicable state law regulations also require us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand how we use your personal information. This privacy notice is distributed on behalf of the Stewart Title Guaranty Company and its title affiliates (the Stewart Title Companies), pursuant to Title V of the Gramm-Leach-Bliley Act (GLBA).

The types of personal information we collect and share depend on the product or service that you have sought through us. This information can include social security numbers and driver's license number.

All financial companies, such as the Stewart Title Companies, need to share customers' personal information to run their everyday business—to process transactions and maintain customer accounts. In the section below, we list the reasons that we can share customers' personal information; the reasons that we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information.	Do we share	Can you limit this sharing?
<b>For our everyday business purposes</b> — to process your transactions and maintain your account. This may include running the business and managing customer accounts, such as processing transactions, mailing, and auditing services, and responding to court orders and legal investigations.	Yes	No
<b>For our marketing purposes</b> — to offer our products and services to you.	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes</b> — information about your transactions and experiences. Affiliates are companies related by common ownership or control. They can be financial and non-financial companies. <i>Our affiliates may include companies with a Stewart name; financial companies, such as Stewart Title Company</i>	Yes	No
<b>For our affiliates' everyday business purposes</b> — information about your creditworthiness.	No	We don't share
<b>For our affiliates to market to you</b> – For your convenience, Stewart has developed a means for you to opt out from its affiliates marketing even though such mechanism is not legally required.	Yes	Yes, send your first and last name, the email address used in your transaction, your Stewart file number and the Stewart office location that is handling your transaction by email to <a href="mailto:optout@stewart.com">optout@stewart.com</a> or fax to 1-800-335-9591.
<b>For non-affiliates to market to you.</b> Non-affiliates are companies not related by common ownership or control. They can be financial and non-financial companies.	No	We don't share

We may disclose your personal information to our affiliates or to non-affiliates as permitted by law. If you request a transaction with a non-affiliate, such as a third party insurance company, we will disclose your personal information to that non-affiliate. [We do not control their subsequent use of information, and suggest you refer to their privacy notices.]

### SHARING PRACTICES

<b>How often do the Stewart Title companies notify me about their practices?</b>	We must notify you about our sharing practices when you request a transaction.
<b>How do the Stewart Title Companies protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer, file, and building safeguards.
<b>How do the Stewart Title Companies collect my personal information?</b>	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>■ request insurance-related services</li> <li>■ provide such information to us</li> </ul> We also collect your personal information from others, such as the real estate agent or lender involved in your transaction, credit reporting agencies, affiliates or other companies.
<b>What sharing can I limit?</b>	Although federal and state law give you the right to limit sharing (e.g., opt out) in certain instances, we do not share your personal information in those instances.

**Contact us:** *If you have any questions about this privacy notice, please contact us at: Stewart Title Guaranty Company, 1980 Post Oak Blvd., Privacy Officer, Houston, Texas 77056*

Kern Project Purchase and Sale Agreement

EXHIBIT E

DRAFT SMALL GENERATOR INTERCONNECTION AGREEMENT

Kern Canyon Hydro Project  
Small Generator Interconnection Agreement  
(SGIA)

**REVISION HISTORY**

<b>VERSION NO.</b> (Must match header)	<b>DATE</b>	<b>REVISED BY</b>	<b>DESCRIPTION</b>
1.1	08/29/2019	Larry Doleman	1 <sup>st</sup> Draft
1.2	11/21/2019	Judy Webber	2 <sup>nd</sup> Draft incorporating updates from Jenn's version.
1.9 (versions 1.3 – 1.8 scrapped and incorporated in new version 1.2)	12/9/19	Judy & Larry	3 <sup>rd</sup> Draft added updated Milestone table, and System protection requirements for relay upgrade.
1.10	12/10/19	Jenn	4 <sup>th</sup> Draft – revised to prepare clean version for inclusion in PSA.
1.11	12/17/19	Larry & Jenn	5 <sup>th</sup> Draft – joint review and edit of 4 <sup>th</sup> Draft
1.12	1/02/2020	Rebecca	6 <sup>th</sup> Draft – DTT decision
1.13	1/06/2020	Jenn	7 <sup>th</sup> Draft – additional edits for DTT decision
2.0			
2.1			

**SMALL GENERATOR INTERCONNECTION AGREEMENT  
(SGIA-GIDAP)  
AMONG**

**KERN & TULE HYDRO LLC  
AND**

**PACIFIC GAS AND ELECTRIC COMPANY  
AND**

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

**PROJECT NAME: KERN CANYON HYDRO PROJECT  
CAISO QUEUE POSITION: N/A**

---

---

## Attachment 1

### Glossary of Terms

**Affected System** – An electric system other than the CAISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TO's electric system that is not part of the CAISO Controlled Grid.

**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.

**Area Deliverability Constraint** – A previously identified transmission system operating limit, based on a CAISO interconnection study or transmission planning study and listed on the CAISO website, 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 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.

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

**Business Day** – Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

**CAISO Controlled Grid** – The system of transmission lines and associated facilities of the parties to a Transmission Control Agreement that have been placed under the CAISO's Operational Control.

**CAISO Tariff** – The CAISO's tariff, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

**Commercial Operation Date** – The date on which a Small Generating Facility commenced generating electricity for sale as agreed upon by the Participating TO and the Interconnection Customer and in accordance with any implementation plan agreed to by the Participating TO and the CAISO for multiple individual generating units or

project phases at a Small Generating Facility where an Interconnection Customer intends to establish separate Commercial Operation Dates for those generating units or project phases.

**Default** – The failure of a breaching Party to cure its breach under this Agreement.

**Distribution System** – Those non-CAISO-controlled transmission and distribution facilities owned by the Participating TO.

**Distribution Upgrades** – The additions, modifications, and upgrades to the Participating TO's Distribution System. Distribution Upgrades do not include Interconnection Facilities.

**Generator Interconnection and Deliverability Allocation Procedures (GIDAP)** – The CAISO protocol that sets forth the interconnection and allocation procedures applicable to an Interconnection Request pertaining to a Small Generating Facility that is included in CAISO Tariff Appendix DD.

**Good Utility Practice** – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility 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 any one of a number of the optimum practices, methods, or acts 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, CAISO, Participating TO, or any affiliate thereof.

**Interconnection Facilities** – The Participating TO'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 Participating TO's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.



**Interconnection Financial Security** – Any of the financial instruments listed in Section 10.1 of the GIDAP that are posted by an Interconnection Customer.

**Interconnection Handbook** – A handbook, developed by the Participating TO and posted on the Participating TO's website or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's Transmission System, as such handbook may be modified or superseded from time to time. The Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and applicable reliability standards.

**Interconnection Request** – A request, in accordance with the CAISO 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 CAISO Controlled Grid.

**Interconnection Study** –

- (i) For Interconnection Requests processed under the Cluster Study Process described in the GIDAP, any of the following: the Phase I Interconnection Study conducted or caused to be performed by the CAISO, the reassessment of the Phase I Interconnection Study Base Case conducted or caused to be performed by the CAISO prior to the commencement of the Phase II Interconnection Study, or the Phase II Interconnection Study conducted or caused to be performed by the CAISO, pursuant to the GIDAP.
- (ii) For Interconnection Requests processed under the Independent Study Process described in the GIDAP, the governing study(ies) conducted or caused to be performed by the CAISO pursuant to the GIDAP, which shall consist primarily of a Facilities Study as described in Section 4.5 of the GIDAP, a System Impact Study as described in Section 4.4 of the GIDAP, and, as applicable to Full Capacity Deliverability Status or Partial Deliverability Status, Phase I and Phase Interconnection Studies as described in Section 2.4.3 of the GIDAP.

**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 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 study process to relieve a Local Deliverability Constraint.

**Material Modification** – A modification that has a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

**Merchant Network Upgrades** – Network Upgrades constructed and owned by an Interconnection Customer pursuant to Article 5.2.1 of this SGIA, Section 13.3 of the GIDAP, and Sections 24.4.6.1 and 36.11 of the CAISO Tariff.

**Network Upgrades** – Additions, modifications, and upgrades to the Participating TO's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the CAISO Controlled Grid to accommodate the interconnection of the Small Generating Facility with the CAISO Controlled Grid. Network Upgrades do not include Distribution Upgrades.

**Operational Control** – The rights of the CAISO under a Transmission Control Agreement and the CAISO Tariff to direct the parties to the Transmission Control Agreement how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting applicable reliability criteria.

**Operating Requirements** – Any operating and technical requirements that may be applicable due to the CAISO, Western Electricity Coordinating Council, Balancing Authority Area, or the Participating TO's requirements, including those set forth in this Agreement.

**Option (A) Interconnection Customer** – An Interconnection Customer that elects to interconnect pursuant to Option (A) as set forth in Section 7.2 of the GIDAP.

**Option (B) Interconnection Customer** – An Interconnection Customer that elects to interconnect pursuant to Option (B) as set forth in Section 7.2 of the GIDAP.

**Party or Parties** – The Participating TO, CAISO, Interconnection Customer or the applicable combination of the above.

**Phased Generating Facility** – A Small Generating Facility that is structured to be completed and to achieve Commercial Operation in two or more successive sequences that are specified in this SGIA, such that each sequence comprises a portion of the total megawatt generation capacity of the entire Small Generating Facility.

**Point of Interconnection** – The point where the Interconnection Facilities connect with the Participating TO's Transmission System.

**Reasonable Efforts** – With respect to an action required to be attempted or taken by a Party under this 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 (RNU)** – The transmission facilities at or beyond the Point of Interconnection identified in the Interconnection Studies as necessary to interconnect one or more Generating Facility(ies) safely and reliably to the CAISO Controlled 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 system operating limits. Reliability Network Upgrades shall only be deemed necessary for system operating limits, occurring under any system condition, which such system operating limits cannot be adequately mitigated through 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 WECC practice, the facilities necessary to mitigate any adverse impact the Generating Facility's interconnection may have on a path's WECC rating.

**Small 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.

**TP Deliverability** – The capability, measured in MW, of the CAISO Controlled Grid as modified by transmission upgrades and additions identified in the annual Transmission Plan to support the interconnection with Full Capacity Deliverability Status or Partial Capacity Deliverability Status of additional Generating Facilities in a specified geographic or electrical area of the CAISO Controlled Grid.

**Transmission Control Agreement** – CAISO FERC Electric Tariff No. 7.

**Transmission System** – The facilities owned and operated by the Participating TO and that have been placed under the CAISO's Operational Control, which facilities form part of the CAISO Controlled Grid.

**Upgrades** – The required additions and modifications to the Participating TO's Transmission System and Distribution System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

## Attachment 2

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

**Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer or the Participating TO. The Participating TO 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.**

Kern & Tule Hydro, LLC an Interconnection Customer (IC), is purchasing the Kern Canyon Powerhouse from Pacific Gas and Electric (PG&E). They have requested a Generating Facility (GF) interconnection agreement for Kern Canyon Powerhouse, a hydroelectric facility built in 1921, located east of Bakersfield at 12091 Rancheria Road, Kern County, California (see Attachment 3 Figure 3-2). The powerhouse contains one vertical Francis turbine-generating unit with an authorized generating capacity of 11,475 kilowatts (kW). The original and current nameplate capacities are listed below. The turbine runner was replaced in 1983, increasing the output of the turbine from 12,000 horsepower (hp) (9,000 kW) to 16,550 hp (12,375 kW), and the generator output at full gate discharge from 11,300 hp (8,475 kW) to 15,300 hp (11,475 kW). The powerhouse is fed by flows from a small diversion dam on the Kern River. The dam, its gates and a catwalk were damaged by a rockslide in 2017. The spillway gates and boards were removed in 2018 to allow water to safely pass through. Upon sale of the powerhouse, Kern & Tule Hydro, LLC plans to repair the diversion dam and re-synchronize the powerhouse to the grid.

#### Kern Canyon Generator Nameplate

	<b>1921 Original Nameplate</b>	<b>1983 Uprated Nameplate</b>
Turbine Manufacturer	Allis Chalmers Mfg Co.	Uprated by Allis Chalmers Mfg Co., 1983
Generator Manufacturer	Allis Chalmers Mfg Co	Rewound by General Electric Co., 1981
Generator Type	AV 28-121-42	
Horsepower	12,000	16,500
RPM	257	257
Head	240	240
KVA	10,600	10,600 12,000 KVA @ 80° C by RTD
Volts	11,000	11,000
Amps	556, PH. 3	556, PH. 3
Cycles	60	60
Power Factor		0.90 Rise @ 60° C by RTD

The Point of Interconnection (POI) and the Point of Change of Ownership (POCO) for the Kern Canyon Powerhouse will be at a new PG&E switch installed on Pole 0/1 (see Attachment 3 Figure 3-1). Switch #15, near CB12, must be removed to eliminate the ability to bypass CB12.

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 Transmission / 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.

Should additional facilities be deemed necessary for the interconnection of this facility, Transmission / Distribution Provider will identify these additional facilities 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.

The Parties agree that the interconnection facilities employed for purposes of interconnection shall remain in service and continue to be used to provide Kern Canyon Powerhouse interconnection service under this Small Generator Interconnection Agreement (“SGIA”). The facilities *that* are currently existing and operational, and now classified as the Interconnection Facilities in this SGIA, are listed below:

Since this is **an existing generating facility** (interconnected since 1921), the frequency response requirements of FERC Order 842 do not apply to this facility (see Paragraph 143 of Order 842). Accordingly, Section 1.8.3 of this pro-forma Interconnection Agreement does not apply to this facility.

**1. Interconnection Facilities:**

**(a) Interconnection Customer’s Interconnection Facilities:**

The Interconnection Customer’s Interconnection Facilities, which are existing and currently operational, that have been fully paid previously by the Interconnection Customer (\*except for items noted below – removal of Switch #15 and replacement of SR 489 relay; these items will be completed by PG&E prior to closing of the powerhouse sale), are shown in the single line diagram in Attachment 3, and include the following:

- (i) One (1) Hydroelectric generator**

- (ii) Circuit Breaker 12 (*\*requires removal of Switch #15*)
- (iii) Protective relays (*\*fault detection requires replacement of existing SR 489 relay with appropriate settings and modification of settings on the backup relays*), support structures, and related equipment located at the Kern Canyon Powerhouse up to the POI and POCO at Pole 0/1.
- (iv) CAISO meter and cabinet inside Kern Canyon PH

**(b) Participating TO's Interconnection Facilities:**

- (i) New SCADA Controlled Switch at Pole 0/1. The determination of Interconnection Facilities book cost is based on Participating TO's review of any available financial records and those costs are set forth in the following Table 2-1.
- (ii) Two PG&E revenue meters located: (1) in 70kV CAISO meter cabinet and (1) in 12kV cabinet inside Kern Canyon PH.
- (iii) (2) DTT Receivers at Kern Canyon PH wired to trip CB12 for anti-islanding protection (*see Attachment 6; \*DTT also required for fault detection if option to replace existing relay and update settings is not elected*).

**Participating TO's Interconnection Facilities & Estimated Costs:**

**Table 2-1**

Interconnection Facility Element	Estimated Cost	Total Escalated Cost* (Excluding ITCC)
<b>Kern Canyon PH</b>		
Install (2) DTT Rx & IRIG-B clock*	\$120,000	
Install (1) new Dead-end, one 70kV switch with new CT/PT metering unit	\$400,000	
Install Station Service metering for backup distribution source	\$50,000	
PH-Site: Pre-parallel Inspection, Engineering and Protection support & Project Management	\$100,000	
<b>Kern Canyon T-Line at POCO</b>		
Install TSP's with 60kV SCADA switch at the tap point	\$250,000	
Install TSP's one each side of the tap point (2)	\$260,000	

<b>Total Costs</b>	<b>\$ 1,180,000</b>	

*\*Some items, such as DTT, will be installed post re-synchronization date (see Attachment 6).*

*\*\*For normal transmission operation with all in-service equipment in the Kern Power Plant, Magunden, and Weedpatch area, there is no requirement for Kern Canyon Power House to have a DTT for islanding conditions. If there are planned or unplanned outages in the area that would place the powerhouse on a single source, the generator will be required to come offline until the transmission system has returned to normal. Once the DTT is installed to monitor and mitigate the island condition, the generator will not be required to come offline in the event of a single source condition.*

**2. Security Amount for Estimated Tax Liability:**

**\*Not subject to Income Tax Component of Contribution (“ITCC”).** 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 Agreement, 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.

**3. Operation and Maintenance Costs:** In accordance with the Participating TO’s rate tariffs, commencing with the In-Service Date, the Interconnection Customer will also be responsible for the following ongoing operation and maintenance expenses associated with the Participating TO’s Interconnection Facilities. The Interconnection Customer shall make the payment either on a monthly basis or as Equivalent One-Time Charge payment as computed below.

Starting with the Re-Synchronization Date specified in Attachment 4 of this Agreement, the Interconnection Customer will be charged the monthly Interconnection Facilities Charge computed below in Section 3 (a), Table 2-2 (if the monthly payment option is selected below) until the Participating TO’s completion of the final accounting report for settlement of the Interconnection Facilities costs. Upon completion of the final accounting report for settlement of costs, these charges including the charges already paid will be adjusted based on the actual cost incurred by the Participating TO for the Participating TO’s Interconnection Facilities.

The Interconnection Customer has elected the following option which is indicated by placing a check mark against it.

- (a)  **Monthly Cost-of-Ownership Charge:**  
 Monthly Interconnection Facilities Charge = (Interconnection Customer-Financed Monthly Rate) x (Participating TO's Interconnection Facilities Cost)

**Table 2-2**

Effective	Interconnection Customer Financed Monthly Rate <sup>1</sup>	Estimated		Actual	
		Participating TO's Interconnection Facilities Cost	Monthly Interconnection Facilities Charge	Participating TO's Interconnection Facilities Cost	Monthly Interconnection Facilities Charge
As of the In-Service Date	0.38% <sup>1</sup>	\$ 1,180,000	\$ 4,484.00	[to be inserted after true-up pursuant to Article 6]	[to be inserted after true-up pursuant to Article 6]

- (b)  **Equivalent One-Time Charge:**  
 (in lieu of recurring Monthly Cost-of-Ownership Charge)  
 Interconnection Facilities Charge = (Present Worth Factor) x (Months per Year) x (Monthly Interconnection Facilities Charge)

**Table 2-3**

Effective	Present Worth Factor <sup>2</sup>	Months per Year	Estimated		Actual	
			Monthly Interconnection Facilities Charge	Equivalent One-Time Charge	Participating TO's Interconnection Facilities Cost	Equivalent One-Time Charge
As of the In-Service Date	14.04 <sup>2</sup>	12	\$ 4,484.00	\$755,464.32	[to be inserted after true-up pursuant to Article 6]	[to be inserted after true-up pursuant to Article 6]

<sup>1</sup> The current applicable monthly Cost-of-Ownership rate factor for Interconnection Customer financed facilities. Where facilities displace PG&E's existing facilities, this allowance assures the exclusion of PG&E's existing ownership costs from Interconnection Customer's monthly Cost-of-Ownership Charge or Equivalent One-Time Charge. This Cost-of-Ownership Charge rate factor is subject to change upon approval of PG&E's future filings with FERC.

<sup>2</sup> The current Present Worth Factor or the perpetuity factor used in computing one-time cost of ownership charges is used 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 Financial Planning & Analysis Department of PG&E and is established based on the ROR.



4. **Network Upgrades:** Direct Transfer Trip (DTT) equipment will be installed at Kern PP and Weedpatch Substation (see Attachment 6).
5. **Stand-Alone Network Upgrades:** None
6. **Distribution Upgrades:** Existing Distribution Upgrades not identified and no new Distribution Upgrades Identified.
7. **Affected Systems:** None
8. **Point of Change of Ownership:** Point of Change of Ownership (“POCO”) is the point at which the Interconnection Customer’s conductors contact PG&E’s new switch on Pole 0/1, across the river from the powerhouse, on the Kern Canyon-Magunden 70 kV Transmission Line, as shown in Attachment 3.
9. **Point of Interconnection:** The Point of Interconnection (“POI”) to the CAISO controlled grid of the Kern Canyon Powerhouse is the same as the POCO, the new switch on Pole 0/1, across the river from the powerhouse, on the Kern Canyon- Magunden 70 kV Transmission Line, as shown in Attachment 3.
10. **One-Line Diagram of Interconnection to Kern Canyon-Magunden Tap 70 kV Transmission Line:** See Attachment 3
11. **Real Properties, Transmission Project Licensing, and Environmental Health and Safety:**  
 (This Section is provided for completion and is not applicable as the facilities already exist) Participating TO shall obtain easements and/or acquire land, obtain licensing and permits, and perform all required environmental activities for the installation of the Participating TO’s Interconnection Facilities, including any associated telecommunication equipment for the Small Generating Facility and any associated substation, transmission line and telecommunication route.
  - (i) **Metering**  
 Notwithstanding that the metering cabinet and PG&E revenue meter(s) will be located on the Interconnection Customer’s side of the Point of Change of Ownership, the Participating TO shall own, operate and maintain such facilities as part of the Participating TO’s Interconnection Facilities.  
  
 The Interconnection Customer understands and agrees that if the meter located at the Project site is less than one half mile from the Point of Interconnection (“POI”), line losses will not be applied to compute the energy delivered to the CAISO Controlled Grid but if the meter is located over a half mile distance from the POI, the line losses will be applied.

Any other metering configuration shall be subject to review and approval by the CAISO.

(ii) **Power System Control**

Install one (1) Remote Terminal Unit (“RTU”) at the Project to monitor typical generation elements such as MW, MVAR, terminal voltage and circuit breaker status for the Small Generating Facility and plant auxiliary load, and transmit the information received thereby to the Participating TO’s Grid Control Center. Notwithstanding that the RTU will be located on the Interconnection Customer’s side of the Point of Change of Ownership of the Project, the Participating TO shall own, operate and maintain the RTU as part of the Participating TO’s Interconnection Facilities.

**12. Additional Definitions:** For the purposes of these Attachments, the following terms, when used with initial capitalization, whether in the singular or the plural, shall have the meanings specified below:

- (a) **Applicable Reliability Council**: The Western Electricity Coordinating Council or its successor.
- (b) **Applicable Reliability Standards**: The requirements and guidelines of the North American Electric Reliability Corporation (“NERC”), the Applicable Reliability Council, and the Balancing Authority Area of the Participating TO’s Transmission System to which the Generating Facility is directly interconnected, including the requirements adopted pursuant to Section 215 of the Federal Power Act.
- (c) **Construction Activities**: Actions by a Participating TO that result in irrevocable financial commitments for the purchase of major electrical equipment or land for Participating TO’s Interconnection Facilities or Network Upgrades assigned to the Interconnection Customer that occur after receipt of all appropriate governmental approvals needed for the Participating TO’s Interconnection Facilities or Network Upgrades.
- (d) **Income Tax Component of Contributions (“ITCC”)**: ITCC as specified in the Preliminary Statement, Part J of the Participating TO’s tariff on file with the CPUC, applicable to Interconnection Facilities Cost and the Distribution Upgrades Cost.
- (e) **Identified Affected System**: An Affected System Operator that responds affirmatively to CAISO notification, as described in Section 3.7 of Appendix DD.
- (f) **Variable Energy Resource**: Variable Energy Resource (“VER”) shall mean a device for the production of electricity that is characterized by an

Energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator.

Interconnection Service – The service provided by the Participating TO and CAISO associated with interconnecting the Interconnection Customer’s Generating Facility to the CAISO Controlled Grid and enabling the CAISO GRID to receive electric Energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Small Generator Interconnection Agreement, the Participating TO’s TO Tariff, and the CAISO Tariff.

**13. Transmission Credits:** Not Applicable to this existing and currently operational Project.

Pursuant to Article 5.3 of the Agreement, the Interconnection Customer may make a one-time election by written notice no later than thirty (30) days prior to Commercial Operation Date to receive merchant transmission Congestion Revenue Rights (“CRR”) as defined and as available at the time of election in lieu of refund of the cost of Network Upgrades in accordance with Article 5.3.1 and/or decline all or part of the refund it is entitled to in accordance with Article 5.3.1.

The Interconnection Customer has elected to receive repayment of the amounts advanced or incurred for design, procurement, and construction for its allocated share of the costs of the Network Upgrades, which equals the sum of Reliability Network Upgrades (RNU) and Local Delivery Network Upgrades (LDNU) costs assigned to Option (A) Interconnection Customer and the sum of RNU and LDNU costs for allocated portion & CRRs for Option (B) Interconnection Customer funded Area Delivery Network Upgrades (ADNU) as shown in Section 1 of Attachment 6.

- Repayment for the cost of applicable type of Network Upgrades funded by the IC
- Merchant Transmission Congestion Revenue Rights (“CRRs”)
- Decline all or part of Network Upgrades costs refund entitled to

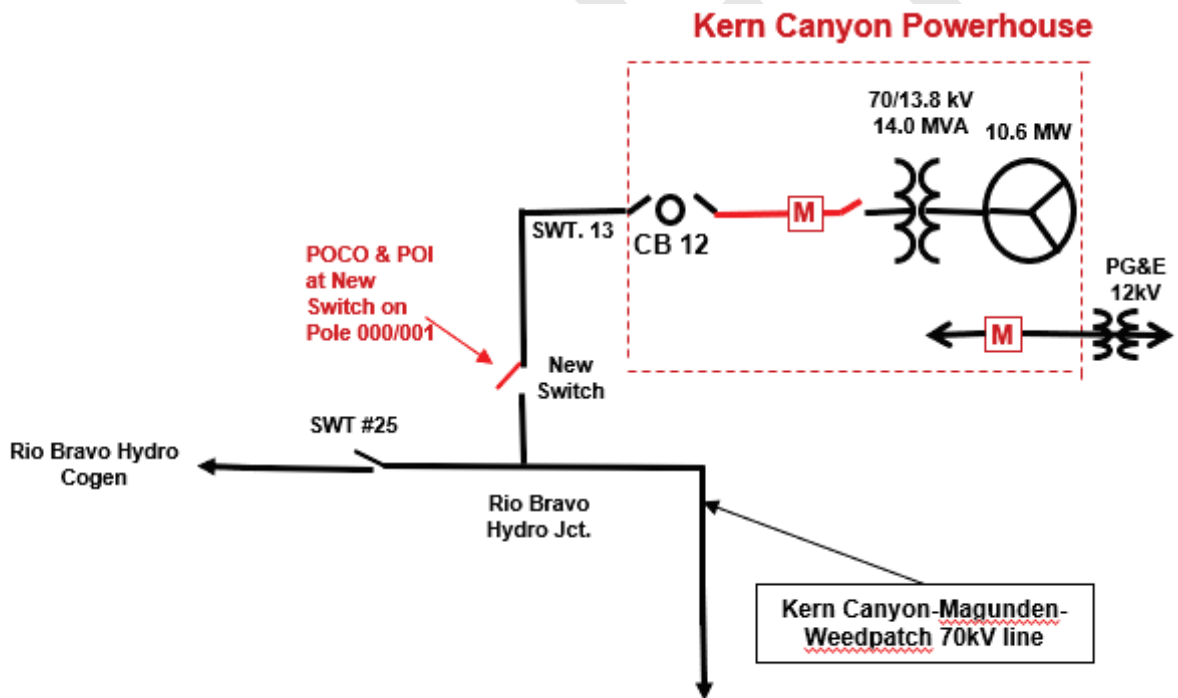
**14. Security Amount for the Participating TO’s Interconnection Facilities and Network Upgrades:** Not Applicable to this existing and currently operational Project.

Attachment 3

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

(i) Conceptual One-Line Diagram of Kern Canyon Powerhouse Generating Facility

Figure 3-1



(ii) Vicinity Map of Kern Canyon Powerhouse Generating Facility  
(add map)  
Figure 3-2



## Attachment 4

### Milestones

**In-Service Date:**           Kern Re-Synchronization Date          

Existing CAISO Resource ID: KRNCNY\_6\_UNIT

Critical milestones and responsibility as agreed to by the Parties (*\*typical duration ~24 months from time of project kick-off*):

**Table 4-1**

	<b>Milestone</b>	<b>Date</b>	<b>Responsible Party</b>
0	Initial Commercial Operation/In-Service Date	1921	N/A
1	Interconnection Facility Project Funded	1-2 months post final signature from both parties of Purchase and Sale Agreement (PSA)	Participating TO
2	On-site project kick-off meeting	1-2 months post Project Funded	Participating TO & Interconnection Customer (optional)
3	Submit electronic initial design package ( <i>including but not limited to equipment list, 70% final SLD, site map and site plan</i> )	2-6 months post On-site Project Kick-off	Participating TO
4	Finalize Design & Estimating	3-6 months post initial design package	Participating TO
5	Submittal of written authorization to proceed with procurement and construction of Participating TO's Interconnection Facilities and Network Upgrades	1-2 months post final design	Interconnection Customer
6	Construction of Interconnection Facilities (Facility Outage with appropriate clearances), including removal of Switch #15, replacement of SR 489 relay, along with the items identified in Table 2-1	6–14 months post final design package ( <i>*subject to available clearance(s)</i> )	Participating TO
7	Off-line Testing (back-feed) (aka, pre-parallel inspection): Performance of a complete calibration test and functional trip test of the newly installed system protection facilities.	Within 1 month following completion of each construction scope item(s); or following completion of construction of final scope item	Participating TO & Interconnection Customer
8	Provide written notice to Participating TO that generating facility has available water and is ready to test.		Interconnection Customer

9	On-Line Testing (aka pre-parallel testing): Testing of the Participating TO's Interconnection Facilities, Network Upgrades, and testing of the Interconnection Customer's Interconnection Facilities and Small Generating Facility in accordance with Article 2.1 of the Agreement	Typically, 2 weeks post Off-Line Testing pending available water to generate.	Participating TO & Interconnection Customer
10	Re-Synchronization		Interconnection Customer
11	Provide written approval (via e-mail) to the Interconnection Customer for the operation of the Small Generating Facility, in accordance with Article 2.2.2 of the Agreement	Same day as Re-Synch	Participating TO
12	Remaining Interconnection Facilities Construction to be completed after Re-Synchronization – DTT Installation and Testing ( <i>*provide milestone table of scope if applicable</i> )	TBD	Participating TO

**Note 1 – Ability to Meet Milestone Dates**

The ability to meet these Milestone dates requires that all tasks, including tasks preceding the milestones listed above, to be completed in a timely fashion and does not account for unanticipated delays, including but not limited to delays caused by: emergency response due to wildfires or storms; time to complete environmental studies; availability of needed resources (e.g., materials or crews); difficulties securing necessary permits, easements, right of ways, licenses or other approvals; construction additional information needed to complete the project implementation process; or delays scheduling clearances to complete the interconnection of this project to the PG&E system.

**OLD TABLE 4.1- to be deleted with CAISO concurrence**

<b>Item</b>	<b>Milestone</b>	<b>Responsible Party</b>	<b>Due Date</b>
(a)	<del>Submittal of second posting of the Interconnection Financial Security for Participating TO's Interconnection Facilities, Reliability and Local Delivery Network Upgrades to the Participating TO, pursuant to Article 6.4 of the Agreement and Section 11.3 of the GIDAP</del>	<del>Interconnection Customer</del>	<del>N/A</del>

<b>Item</b>	<b>Milestone</b>	<b>Responsible Party</b>	<b>Due Date</b>
(b)	Submittal of third posting of the Interconnection Financial Security for Participating TO's Interconnection Facilities, Reliability and Local Delivery Network Upgrades to the Participating TO, pursuant to Article 6.4 of the Agreement and Section 11.3 of the GIDAP	Interconnection Customer	N/A
(c)	Submittal of second and third Interconnection Financial Security for the Area Deliverability Network Upgrades (ADNUs) pursuant to Section 11.3 of GIDAP (Applicable to Option (B) Generating Facilities)	Interconnection Customer	N/A
(d)	Submittal of written authorization to proceed with design, procurement and construction of Participating TO's Interconnection Facilities and Network Upgrades to the Participating TO and CAISO	Interconnection Customer	Upon execution of this Agreement, but at least thirty (30) calendar days prior to the commencement of procurement, installation or construction of the Participating TO's Interconnection Facilities and Network Upgrades <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(e)	Start of construction for the Participating TO's Interconnection Facilities or Reliability and Local Delivery Network Upgrades	Participating TO	<b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>



<b>Item</b>	<b>Milestone</b>	<b>Responsible Party</b>	<b>Due Date</b>
(f)	Notification whether any permits from IC are required for any Participating TO's Interconnection Facilities	Participating TO	Within two hundred ten (210) calendar days after issuance of the final interconnection study report dated <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(g)	Completion of the Participating TO's Interconnection Facilities, and Reliability Network Upgrades	Participating TO	<b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(g)	Completion of Stand Alone Network Upgrades	Interconnection Customer	<b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(h)	Submittal of initial specifications for the Interconnection Customer's Interconnection Facilities and Small Generating Facility, including system protection facilities, to the Participating TO and the CAISO	Interconnection Customer	At least one hundred eighty (180) calendar days prior to the Initial Synchronization Date <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(i)	Submittal of initial information including the Participating TO's Transmission System information necessary to allow the Interconnection Customer to select equipment	Participating TO	At least one hundred eighty (180) calendar days prior to Trial Operation <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>

Item	Milestone	Responsible Party	Due Date
(j)	Submittal of updated information by the Interconnection Customer, including manufacturer information	Interconnection Customer	No later than one hundred eighty (180) calendar days prior to Trial Operation <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(k)	Review of and comment on the Interconnection Customer's initial specifications	Participating TO and CAISO	Within thirty (30) calendar days of the Interconnection Customer's submission of initial specifications <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(l)	Submittal of final specifications for the Interconnection Customer's Interconnection Facilities and Small Generating Facility, including System Protection Facilities, to the Participating TO and the CAISO	Interconnection Customer	At least ninety (90) calendar days prior to the Initial Synchronization Date. <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(m)	Review of and comment on the Interconnection Customer's final specifications	Participating TO and CAISO	Within thirty (30) calendar days of the Interconnection Customer's submission of final specifications <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(n)	Notification of Balancing Authority Area to the Participating TO and the CAISO	Interconnection Customer	<b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>

<b>Item</b>	<b>Milestone</b>	<b>Responsible Party</b>	<b>Due Date</b>
(e)	Performance of a complete calibration test and functional trip test of the system protection facilities	Interconnection Customer and Participating TO	<b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(p)	In-Service Date	Interconnection Customer and Participating TO	<b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(q)	Testing of the Participating TO's Interconnection Facilities, Distribution Upgrades, Network Upgrades, and testing of the Interconnection Customer's Interconnection Facilities and Small Generating Facility in accordance with Article 2.1 of the Agreement	Interconnection Customer and Participating TO	Within thirty (30) calendar days prior to the Initial Synchronization Date <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(r)	Performance of a complete calibration test and functional trip test of the system protection facilities	Interconnection Customer and Participating TO	<b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(s)	Provide written approval to the Interconnection Customer for the operation of the Small Generating Facility, in accordance with Article 2.2.2 of the Agreement	Participating TO	Within fifteen (15) calendar days prior to the Initial Synchronization Date. <b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(t)	Initial Synchronization Date	Interconnection Customer and Participating TO	<b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>
(u)	Trial Operation	Interconnection Customer and Participating TO	<b>This milestone is complete as this is an existing and operational project from the 1921 interconnection</b>

<b>Item</b>	<b>Milestone</b>	<b>Responsible Party</b>	<b>Due Date</b>
(v)	<del>Commercial Operation Date (List as Energy-Only Deliverability Status if applicable)</del>	<del>Interconnection Customer and Participating TO</del>	<del>This milestone is complete as this is an existing and operational project from the 1921 interconnection</del>
	<del>Return to Service Date</del>	<del>Interconnection Customer</del>	<del>12/1/2021</del>
(w)	<del>Submittal to the Participating TO of "as-built" drawings, information and documents for the Interconnection Customer's Interconnection Facilities and the Electric Generating Units to the Participating TO and the CAISO</del>	<del>Interconnection Customer and Participating TO</del>	<del>Within one hundred twenty (120) calendar days after the Commercial Operation Date, unless otherwise agreed</del>

Notes:

\*Denotes Milestones that are required to be satisfied upon execution of this Agreement

\*\*These milestone dates are provided to indicate that the Interconnection Customer started operating the Kern Canyon Powerhouse project under this Agreement

Agreed to by:

For the Participating TO \_\_\_\_\_ Date \_\_\_\_\_

For the CAISO \_\_\_\_\_ Date \_\_\_\_\_

For the Interconnection Customer \_\_\_\_\_ Date \_\_\_\_\_

### Attachment 5

#### Additional Operating Requirements for the CAISO Controlled Grid and Affected Systems Needed to Support the Interconnection Customer's Needs

The Participating TO and the CAISO shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the CAISO Controlled Grid.

**(Since the Kern Canyon Powerhouse is an existing generating facility connected to the CAISO Controlled Grid, therefore the first two paragraphs below do not apply and are provided for completion)**

The Parties agree that for the purposes of satisfying the reactive power requirements applicable to the Project, Section G.3.1.3 of the PG&E Interconnection Handbook, the low-voltage side of the generator step up transformer shall be considered equivalent to the generator terminals. In case of any consistency, the CAISO Tariff governs.

The Interconnection Customer shall take all necessary steps to ensure security of its Project and maintain compliance with Article 12.9 of the Agreement.

The Parties agree to exchange the following information in the format provided below ten (10) calendar days prior to Project's Re-Synchronization Date.

Operating communications and notifications shall take place among the following designated representatives of the Parties:

**Table 5-1**

CAISO	PARTICIPATING TO (Pacific Gas and Electric Company)	INTERCONNECTION CUSTOMER
CAISO Real Time Desk/24 Hour Desk:  Alternate phone:	Fresno Grid Control Center  24-hour telephone:  844-743-2100	Operator Name and/or Title: Hydroelectric Operations  24-hour Telephone:  Alternate phone: TBD  E-mail: ted@sorenson.net

## 1. Interconnection Customer Operational Requirements:

### (a) Data for Variable Energy Resource: N/A

The Interconnection Customer whose Generating Facility is a Variable Energy Resource shall provide meteorological and forced outage data to the CAISO pursuant to the CAISO Tariff. Requirements for meteorological data shall be in accordance with Appendix Q of the CAISO Tariff, and for forced outage data in accordance with Sections 9.3.10(b) and 9.3.10.3.1(b) of the CAISO Tariff.

(b) Pursuant to Article 1.5.1 and 1.5.2 of the Agreement, the Interconnection Customer shall operate the Small Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with the CAISO Tariff; NERC and the Applicable Reliability Council requirements; Applicable Reliability Standards and Good Utility Practice

(c) The Small Generating Facility shall be operated so as to prevent or protect against the following adverse conditions on the Participating TO's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; over-current; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; power factor or reactive power outside permitted limits; and abnormal waveforms.

(d) **Affected Systems Coordination:** Not Applicable – No Affected Systems.

The CAISO cannot study comprehensively the impacts of the Generating Facility on the transmission systems of Affected System operators. The CAISO does not have detailed information about Affected Systems on a transmission-element level, nor does the CAISO know the details of the various reliability and operating criteria applicable to the Affected Systems. In addition, because the operation of transmission systems and NERC reliability standards change over time, the CAISO cannot presume to know all of the impacts of these changes on Affected Systems.

## 2. Interconnection Principles:

(a) This Agreement provides for Interconnection Service, as defined in Appendix A of the CAISO Tariff of a net MW output at the Point of Interconnection as described in Attachment 2. The Interconnection Customer acknowledges that if the Interconnection Customer wishes to increase the amount of interconnection service capacity provided pursuant to this Agreement, the Interconnection Customer shall be required to submit a new Interconnection Request in accordance with the terms and

conditions of the CAISO Tariff.

- (b) In the event the Participating TO's Interconnection Facilities are utilized to provide retail service to the Interconnection Customer in addition to the wholesale Interconnection Service provided herein, and the Interconnection Customer fails to make payment for such retail service in accordance with the Participating TO's applicable retail tariffs, then the Participating TO's Interconnection Facilities may be removed from service to the Interconnection Customer, subject to the notice and cure provisions of such retail tariffs, until payment is made by the Interconnection Customer pursuant to such retail tariffs.
- (c) The costs associated with any mitigation measures required to third party transmission systems, which result from interconnection of the Project to the Participating TO's electrical system, are not reflected in this Agreement. The Participating TO shall have no responsibility to pay costs associated with any such mitigation measures.
- (d) The Participating TO's approval process specified in Article 2.1.1 of the Agreement will include verification that the low-voltage ride-through, SCADA capability, and power factor correction equipment, if any, required pursuant to this Agreement, have been installed.

### **3. Interconnection Operations:**

- (a) The Interconnection Customer shall cause the Project to participate in any SPS required to prevent thermal overloads and unstable conditions resulting from outages. Such participation shall be in accordance with applicable FERC regulations, and CAISO Tariff provisions and protocols. The Interconnection Customer will not be entitled to any compensation from the Participating TO, pursuant to the Agreement, for loss of generation output when (i) the Small Generating Facility's generation is reduced or the Project is tripped off-line due to implementation of the SPS; or (ii) such generation output is restricted in the event the SPS becomes inoperable. In accordance with Good Utility Practice, the Participating TO will provide the Interconnection Customer advance notice of any required SPS beyond that which has already been identified.
- (b) The Interconnection Customer shall cause the Small Generating Facility to participate in CAISO Congestion Management.
- (c) Following outages of the Interconnection Facilities or the Small Generating Facility, the Interconnection Customer shall not energize the Project for any reason without specific permission from the Participating TO's and the CAISO's operations personnel. Such permission shall not be

unreasonably withheld.

- (d) The Interconnection Customer shall maintain operating communications with the Participating TO's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.

This is an existing and operational Project and will retain its pre-SGIA execution TP Deliverability status.

- 4. **Compliance with Applicable Reliability Standards:** The Interconnection Customer shall comply with all Applicable Reliability Standards for the Interconnection Customer's Interconnection Facilities and the Small Generating Facility. The Participating TO will not assume any responsibility for complying with mandatory reliability standards for such facilities and offers no opinion as to whether the Interconnection Customer must register with NERC. If required to register with NERC, the Interconnection Customer shall be responsible for complying with all Applicable Reliability Standards for the Interconnection Customer's Interconnection Facilities and the Small Generating Facility up to the Point of Change of Ownership, as described in Attachment 2 of this Agreement.

5. **Insurance:**

In accordance with Article 8 of the Agreement, the Interconnection Customer shall initially provide the Participating TO and the CAISO proof of insurance no later than ten (10) Business Days prior to anticipated Commercial Operation Date, and within ten (10) Business Days of subsequent renewals, changes or endorsements. Interconnection Customer shall obtain the insurance coverage from an insurance provider authorized to do business in the State where the interconnection is located and insurance providers which maintain a minimum Best Insurance Guide Rating of A-VII.

Such insurance coverage notification shall be provided to the following:

- (i) **Participating TO**  
Pacific Gas & Electric Company  
Electric Grid Interconnection – Contract Management  
Code MC N7L, P.O. Box 770000  
San Francisco  
CA 94177-0001  
Email: EGIContractMgmt@pge.com
- (ii) **CAISO**



Queue Management  
250 Outcropping Way  
Folsom, CA 95630

- (a) **Workers' Compensation Insurance and Employers' Liability.** The Participating TO and the Interconnection Customer shall maintain such coverage from the commencement of any Construction Activities providing statutory benefits for Workers Compensation coverage and coverage amounts of no less than One Million Dollars (\$1,000,000) for employer's liability for each employee for bodily injury by accident and One Million Dollars (\$1,000,000) for each employee for bodily injury by disease in accordance with the laws and regulations of the state in which the Point of Interconnection is located. The Participating TO shall provide the Interconnection Customer with evidence of such insurance coverage within thirty (30) calendar days of any request by the Interconnection Customer. The Interconnection Customer shall provide evidence of such insurance thirty (30) calendar days prior to entry by any employee or contractor or other person acting on the Interconnection Customer's behalf onto any construction site to perform any work related to the Interconnection Facilities or Generating Facility.
- (b) **Commercial General Liability Insurance.** The Participating TO and the Interconnection Customer shall maintain commercial general liability insurance coverage commencing within thirty (30) calendar days of the Effective Date of this Agreement, including coverage for premises and operations, bodily injury (including death) personal injury, property damage, products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, and (i) liability of Participating TO and the Interconnection Customer that would be imposed without this Agreement, or (ii) liability assumed by the Participating TO and the Interconnection Customer in a contract or agreement that is an "insured contract" under commercial general liability insurance policy. Such insurance shall include no cross liability exclusions or separation of insured clause endorsement exclusions, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate. If the activities of the Interconnection Customer are being conducted through the actions of an Affiliate, then the Interconnection Customer may satisfy the insurance requirements of this Section (ii) by providing evidence of insurance coverage carried by such Affiliate and showing the Participating TO and CAISO as an additional insured only with respect to this Agreement, together with the Interconnection Customer's written representation to the Participating TO and the CAISO that the insured Affiliate is conducting all of the necessary preconstruction work. Within thirty (30) calendar days prior to the entry of any person on behalf of the Interconnection Customer

onto any construction site to perform work related to the Interconnection Facilities or Generating Facility, the Interconnection Customer shall replace any evidence of Affiliate Insurance with evidence of such insurance carried by the Interconnection Customer, naming the Participating TO and CAISO as additional insured only with respect to this Agreement.

- (c) **Business Automobile Liability Insurance.** Prior to the entry of any such vehicles on any construction site in connection with work done by or on behalf of the Interconnection Customer, the Interconnection Customer shall provide evidence of coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage. The Interconnection Customer shall include the Participating TO and CAISO as additional insured with respect to this Agreement on any such policies.
- (d) **Excess Liability Insurance.** Commencing at the time of entry of any person on its behalf upon any construction site for the Network Upgrades, Interconnection Facilities, or Generating Facility, the Participating TO and the Interconnection Customer shall maintain Excess Liability insurance over and above the Employer's Liability Commercial General Liability and Business Automobile Liability Insurance coverage, with a minimum limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate. Such insurance carried by the Participating TO shall include the Interconnection Customer and CAISO as additional insured with respect to this Agreement, and such insurance carried by the Interconnection Customer shall include the Participating TO and CAISO as additional insured with respect to this Agreement. The requirements of Section (ii) and (iv) may be met by any combination of general and excess liability insurance.
- (e) The Commercial General Liability Insurance, Business Automobile Insurance and Excess Liability Insurance policies shall include the other Parties identified in the sections above, their parents, their subsidiaries, respective directors, officers, agents, servants and employees ("Other Party Group") and the CAISO as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group. If any Party can reasonably demonstrate that coverage policies containing provisions for insurer waiver of subrogation rights, or advance notice are not commercially available, then the Parties shall meet and confer and mutually determine to (i) establish replacement or equivalent terms in lieu of subrogation or notice or (ii) waive the requirements that

coverage(s) include such subrogation provision or require advance written notice from such insurers.

- (f) The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess-Liability Insurance policies shall contain provisions that specify that the policies are primary and non-contributory. Each Party shall be responsible for its respective deductibles or self-insured retentions.
- (g) The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess-Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may in the form of extended reporting period coverage if agreed by the Parties.
- (h) Thirty (30) calendar days prior to the start of any work at the construction site related to Interconnection Facilities or Generating Facility under this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) calendar days thereafter, the Participating TO and the Interconnection Customer shall provide a certificate of insurance for all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.

Notwithstanding the foregoing, each Party may self-insure, including self insurance through a Joint Power Insurance Authority to meet the minimum insurance requirements of Section 5, to the extent that it maintains a self-insurance program that is a qualified self-insurer within the state in which the Point of Interconnection is located, under the laws and regulations of such state; and to meet the minimum insurance requirements of Sections (a) through (h) to the extent it maintains a self-insurance program; provided that, such Party's senior unsecured debt or issuer rating is BBB-, or better, as rated by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Sections (a) through (h). For any period of time that a Party's senior unsecured debt rating and issuer rating are both unrated by Standard & Poor's or are both rated at less than BBB- by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Sections (a) through (h); in the event that a Party is permitted to self-insure pursuant to this Section 5, it shall notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Section 5..

The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and

any property damage greater than \$25,000, including within the scope of coverage of such insurance whether or not such coverage is sought.

DRAFT

**ATTACHMENT 6**
**Participating TO's Description of its Upgrades  
and Best Estimate of Upgrade Costs**

The Participating TO 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 Participating TO shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

The Kern Canyon Powerhouse Project is an existing small generating facility, but due to changing grid conditions, some transmission network upgrades are required to implement anti-islanding protection. DTT is required between the Kern Canyon Powerhouse and two substations: Kern PP and Weedpatch. An interim operational procedure has been approved to allow Kern Canyon Powerhouse to operate without DTT: If there are planned or unplanned outages in the area that would place the powerhouse on a single transmission source, the generator will be required to come offline until the transmission system has returned to normal. Once the DTT is installed to monitor and mitigate the island condition, the generator will not be required to come offline in the event of a single source condition.

**1. Affected Systems:**

<b>Kern Canyon Divestiture Upgrade Costs</b>	
<b>Kern PP Substation</b>	
•Install DTT and Breaker Selector Switch	\$70,000
•Install IT Equipment for DTT & Communications	\$80,000
<b>Weedpatch Substation</b>	
•Install DTT and Breaker Selector Switch	\$70,000
<b>Transmission Network Upgrade Total</b>	\$220,000

**Kern PP Substation – Install DTT Transmitter**

Kern PP CB 22 normally serves the Kern Canyon Power House

1. Install one (1) RFL GARD 8000 (CD-58507) for transmitting DTT to Kern Canyon CB12 through a communication circuit
2. Install a two-position selector switch for DTT initiation from CB 22 or CB 62.
3. Connect bus differentials to trip initiate DTT.
4. Connect all line protective relays trip from CB 22 and CB 62 to initiate DTT with the corresponding selector switch position.

**Weedpatch Substation - Install DTT Transmitter**

CB 62 normally sources the Kern Canyon Power House

1. Install one (1) RFL GARD 8000 (CD-58507) for transmitting DTT to Kern Canyon CB 12 through a communication circuit

2. Install a two-position selector switch for DTT initiation from CB62 or CB32.
3. Connect bus differential relays to initiate tripping of DTT.
4. Connect all line protective relays trip from CB 62 and CB 32 to initiate DTT with the corresponding selector switch position.

DRAFT

## Attachment 7

### Interconnection Requirements for an Asynchronous Small Generating Facility

*(Not Applicable to the Kern Canyon Powerhouse Project because this is not an Asynchronous Small Generating Facility)*

Attachment 7 sets forth requirements and provisions specific to all Asynchronous Generating Facilities. All other requirements of this Agreement continue to apply to all Asynchronous Generating Facility interconnections.

#### A. Technical Standards Applicable to Asynchronous Generating Facilities

##### i. Low Voltage Ride-Through (LVRT) Capability

An Asynchronous Generating Facility shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the requirements below.

1. An Asynchronous Generating Facility shall remain online for the voltage disturbance caused by any fault on the transmission grid, or within the Asynchronous Generating Facility between the Point of Interconnection and the high voltage terminals of the Asynchronous Generating Facility's step up transformer, having a duration equal to the lesser of the normal three-phase fault clearing time (4-9 cycles) or one-hundred fifty (150) milliseconds, plus any subsequent post-fault voltage recovery to the final steady-state post-fault voltage. Clearing time shall be based on the maximum normal clearing time associated with any three-phase fault location that reduces the voltage at the Asynchronous Generating Facility's Point of Interconnection to 0.2 per-unit of nominal voltage or less, independent of any fault current contribution from the Asynchronous Generating Facility.
2. An Asynchronous Generating Facility shall remain online for any voltage disturbance caused by a single-phase fault on the transmission grid, or within the Asynchronous Generating Facility between the Point of Interconnection and the high voltage terminals of the Asynchronous Generating Facility's step up transformer, with delayed clearing, plus any subsequent post-fault voltage recovery to the final steady-state post-fault voltage. Clearing time shall be based on the maximum backup clearing time associated with a single point of failure (protection or breaker failure) for any single-phase fault location that reduces any phase-to-ground or phase-to-phase voltage at the Asynchronous Generating Facility's Point of Interconnection to 0.2 per-unit of nominal voltage or less, independent of any fault current contribution from the Asynchronous Generating Facility.
3. Remaining on-line shall be defined as continuous connection between the Point of Interconnection and the Asynchronous Generating Facility's units, without any mechanical isolation. Asynchronous Generating Facilities may cease to inject current into the transmission grid during a fault.
4. The Asynchronous Generating Facility is not required to remain on line during multi-phased faults exceeding the duration described in Section A.i.1 of this Attachment 7 or single-phase faults exceeding the duration described in Section A.i.2 of this Attachment 7.
5. The requirements of this Section A.i of this Attachment 7 do not apply to faults that occur between the Asynchronous Generating Facility's terminals and the high side of the step-up transformer to the high-voltage transmission system.

6. Asynchronous Generating Facilities may be tripped after the fault period if this action is intended as part of a special protection system.
7. Asynchronous Generating Facilities may meet the requirements of this Section A of this Attachment 7 through the performance of the generating units or by installing additional equipment within the Asynchronous Generating Facility or by a combination of generating unit performance and additional equipment.
8. The provisions of this Section A.i of this Attachment 7 apply only if the voltage at the Point of Interconnection has remained within the range of 0.9 and 1.10 per-unit of nominal voltage for the preceding two seconds, excluding any sub-cycle transient deviations.

#### **ii. Frequency Disturbance Ride-Through Capacity**

An Asynchronous Generating Facility shall comply with the off nominal frequency requirements set forth in the WECC Under Frequency Load Shedding Relay Application Guide or successor requirements as they may be amended from time to time.

#### **iii. Power Factor Design Criteria (Reactive Power)**

An Asynchronous Generating Facility not studied under the Independent Study Process, as set forth in Section 4 of Appendix DD, shall operate within a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this SGIA in order to maintain a specified voltage schedule, if the Phase II Interconnection Study shows that such a requirement is necessary to ensure safety or reliability. An Asynchronous Generating Facility studied under the Independent Study Process, as set forth in Section 4 of Appendix DD, shall operate within a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this SGIA in order to maintain a specified voltage schedule. The power factor range standards set forth in this section can be met by 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, if agreed to by the Participating TO and CAISO. The Interconnection Customer shall not disable power factor equipment while the Asynchronous Generating Facility is in operation. Asynchronous Generating Facilities shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the Phase II Interconnection Study shows this to be required for system safety or reliability.

#### **iv. Supervisory Control and Data Acquisition (SCADA) Capability**

An Asynchronous Generating Facility shall provide SCADA capability to transmit data and receive instructions from the Participating TO and CAISO to protect system reliability. The Participating TO and CAISO and the Asynchronous Generating Facility Interconnection Customer shall determine what SCADA information is essential for the proposed Asynchronous Generating Facility, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability.

#### **v. Power System Stabilizers (PSS)**

Power system stabilizers are not required for Asynchronous Generating Facilities.



**Attachment 8**

**[This Attachment is Intentionally Omitted]**

DRAFT

Kern Project Purchase and Sale Agreement

EXHIBIT F

CONSERVATION EASEMENT ASSIGNMENT AND ASSUMPTION  
AGREEMENT

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, California 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

A.P.N.s: 094-070-08, 094-070-09, 397-020-22, 397-020-21

**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"), KERN & TULE HYDRO, LLC, a Utah limited liability company registered to do business in California ("KERN & TULE HYDRO"), and SEQUOIA RIVERLANDS TRUST, a California public benefit corporation ("SRT"). PG&E, KERN & TULE HYDRO and SRT are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS:

A. KERN & TULE HYDRO and PG&E have entered into that certain Kern Canyon Asset Sale and Purchase Agreement, dated \_\_\_\_\_, \_\_\_\_\_ (the "Purchase Agreement"), pursuant to which PG&E has agreed to sell and transfer and KERN & TULE HYDRO has agreed to buy and accept that certain real property located in the County of Kern and State of California, further described in Exhibit A attached hereto and incorporated herein (the "Property").

## EXHIBIT F

B. The Property is encumbered by that certain Deed of Conservation Easement and Agreement dated June 23<sup>rd</sup>, 2015 (the "Conservation Easement") between PG&E and SRT and recorded in the Official Records of Kern County, California on June 23<sup>rd</sup>, 2015 as Document No. 0215080637.

C. The Parties desire to hereby provide for PG&E's assignment to KERN & TULE HYDRO of its rights and interest in and to the Conservation Easement, KERN & TULE HYDRO'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, KERN & TULE HYDRO and SRT 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 KERN & TULE HYDRO all rights, duties and obligations of the Grantor under the Conservation Easement.

3. Assumption. KERN & TULE HYDRO hereby accepts the foregoing assignment and transfer. KERN & TULE HYDRO 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, however, PG&E acknowledges that it shall be responsible for costs incurred by SRT related to PG&E's sale and transfer of the Property to KERN & TULE HYDRO as said costs are contemplated in Section 13.1 and Section 17 of the Conservation Easement, pursuant to which SRT is entitled to receive from PG&E a one-time payment of a sum, if any, representing the increased cost of Conservation Easement stewardship and amendment of the Conservation Easement.

4. Reservations and Continued Use.

4.1. The Parties acknowledge that 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 Kern, immediately prior to the recordation of this Assumption Agreement (the "Grant Deed"), subject to PG&E's reservation of certain rights in and to the Property, as set forth in the Grant Deed ("PG&E Reserved Rights"). The parties hereby acknowledge that the PG&E Reserved Rights are an express third party use and that all rights and obligations of KERN & TULE HYDRO and SRT under the Conservation Easement shall be subject to the PG&E Reserved Rights. In the event PG&E notifies KERN & TULE HYDRO, in writing, of its intention to exercise any of the PG&E Reserved Rights, KERN & TULE HYDRO shall notify SRT, in writing, of said intention within thirty (30) days after receipt of PG&E's written notice.

4.2. 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. Indemnification. KERN & TULE HYDRO shall protect, indemnify, and defend PG&E against and hold PG&E harmless from all claims, demands, liabilities, losses, damages, costs, and expenses, including, without limitation, reasonable attorneys' fees and disbursements, that are caused by any failure by KERN & TULE HYDRO to perform the Grantor obligations arising or accruing under the Conservation Easement on and after the Effective Date. PG&E shall protect, indemnify, and defend KERN & TULE HYDRO against and hold KERN & TULE HYDRO harmless from all claims, demands, liabilities, losses, damages, costs, and expenses, including, without limitation, reasonable attorneys' fees and disbursements, that are caused by any failure by PG&E to perform its obligations arising or accruing under the Conservation Easement prior to the Effective Date.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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 KERN & TULE HYDRO, SRT and PG&E.

12. 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.

13. Limitation on Liability. Each of the Parties expressly agrees that the obligations and liabilities of each Party under this Assumption Agreement and any document referenced herein shall not constitute personal obligations of the officers, directors, employees, agents, affiliates, members,

## EXHIBIT F

representatives, stockholders or other principals and representatives of such Party. The limitations of liability contained in this Section shall apply equally and inure to the benefit of each Party's present and future officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals and representatives, and their respective heirs, successors, and assigns.

14. 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.

**KERN & TULE HYDRO:**

KERN & TULE HYDRO, LLC,  
a Utah limited liability company registered to  
do business in California

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

Print Name: \_\_\_\_\_

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

*[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.]*

**SRT:**

SEQUOIA RIVERLANDS 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**

[Follows this page]

## Schedule 1.1 List of PG&E Personnel with Knowledge (Kern)

Jack Minto: Supervisor, Hydro Maintenance

Catherine Ferguson: Supervisor, Hydro Generation

Paul Milne: Hydro Operator

Jeff Fackler: Hydro Operator

Seth Perez: Senior Land Agent, Land Management

Mike Martin: Senior Environmental Field Specialist, Environmental Management

Neil Wong: Supervisor, Hydro Licensing

Rebecca Doidge: Strategic Agreement Consultant, Power Gen Portfolio Strategy

Jenn Scott: Strategic Agreement Consultant, Power Gen Portfolio Strategy

Judy Webber: Hydro Partnerships, Power Gen Portfolio Strategy

Larry Doleman: Interconnection Manager, Electric Generation Interconnection Operations

## Schedule 2.1(a) Project Description

The Kern Canyon Project was damaged in a storm in January 2017. The Kern Canyon Project consists of: a 150-foot-long and 23-foot-high diversion; a 35-foot-high, 40-foot-long intake structure located at the right abutment of the dam; a 1.58-mile-long horseshoe shaped concrete tunnel leading to an underground 55-foot-high surge chamber; a 520-foot-long steel penstock; a valve house connecting the penstock to the powerhouse; a powerhouse containing one vertical Francis turbine-generating unit with a FERC Licensed generating capacity of 11,475 kilowatts (kW); a 70kV switchyard and tap line from switch 13 in switchyard to Pole 0/1 across the river; and appurtenant facilities.

## Schedule 2.1(b) Tangible Personal Property

- 1) Powerhouse
  - a. Furniture
    - i. Folding chair
    - ii. 2 operator desks with shelf
    - iii. Rolling chair
  - b. Office equipment
    - i. Trash cans
    - ii. 1 microwave
    - iii. 1 printer
  - c. Tools
    - i. 1 small toolbox – air compressor parts
    - ii. 1 tool cart
  - d. Maintenance Equipment
    - i. 1 drill press
    - ii. 2 switching / insulated sticks
  - e. Spare Material / Parts
    - i. 2 cardboard boxes – misc. spare parts – RTU, governor pressure sensor
    - ii. 1 spare stator winding bar
    - iii. Above Operator Desk – misc. spare parts, thrust bearing, TSV coils
  - f. Storage Cabinets / Shelves
    - i. 1 storage cabinet – misc. governor parts
    - ii. 1 red flammable storage cabinet
    - iii. 1 yellow flammable / hazardous storage cabinet
    - iv. 1 print cabinet
    - v. 1 file cabinet
    - vi. 2 rolling cabinets
  - g. 1 LOTO Station
  - h. 1 Ladder
  - i. Fire extinguishers
  - j. 1 Emergency Response Spill Kit
- 2) Switchyard C-Train
  - a. Spare Material / Parts
    - i. 3 vertical bearings
    - ii. 1 wicket gate
    - iii. Few spare contactors
    - iv. Misc. parts plastic cart – bolts, fittings
  - b. 1 fan
- 3) Switchyard Shed
  - a. Furniture
    - i. Folding chairs



- b. Office Equipment
    - i. Trash cans
  - c. Maintenance Equipment
    - i. 1 shop vacuum
    - ii. 2 barrel racks
    - iii. Switching sticks
  - d. Spare Material / Parts
    - i. Spare transformer fan parts
    - ii. Misc. wire / conduit
    - iii. Exciter field coils
    - iv. Packing, filters, o-rings, pipe fittings, collector ring brushes
    - v. Aluminum bearing collar – possibly for rigging
    - vi. Turbine pit beam – for bearing removal
- 4) Garage
- a. Furniture
    - i. Folding chairs
    - ii. 1 work bench
  - b. Office equipment
    - i. Trash can
  - c. Tools
    - i. 1 tool cart
  - d. Maintenance Equipment
    - i. 1 push mower
    - ii. 1 paint sprayer
  - e. Storage Cabinets / Shelves
    - i. Wood shelves
    - ii. 1 flammable / hazardous cabinet
  - f. Fire extinguishers
  - g. 1 wooden ladder
- 5) Operator Cottage
- a. Minimal misc. contents
- 6) Misc. Outdoor Equipment
- a. Gaging Stations Equipment
    - i. KE16: Kern River below Kern Canyon Diversion Dam – Vaisala Sensor / Logger
    - ii. Cableway and man basket
    - iii. KPH: Kern Canyon PH Weather Station – Vaisala Sensor / Logger

Schedule 2.1(c) Fee Parcels

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

**PARCEL ONE:**

X178-CFX-00001

SBE 135-15-49-1, 135-15-49-2

LCP ID#1073

ALL THOSE CERTAIN PARCELS OF LAND SITUATE IN SECTION 31, TOWNSHIP 28 SOUTH, RANGE 30 EAST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED IN BOOK 99 PAGES 450, 452 AND 454 OF DEEDS OF COUNTY OF KERN, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

ALL OF SECTION 31, TOWNSHIP 28 SOUTH, RANGE 30 EAST, MOUNT DIABLO BASE AND MERIDIAN.

A.P.N. 094-070-08 AND 094-070-09

**PARCEL TWO:**

X178-CFX-00002

SBE 135-15-47-2

LCP ID#1074

PORTION OF SECTION 6, TOWNSHIP 29 SOUTH, RANGE 30 EAST, MOUNT DIABLO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON BAR ON THE NORTH LINE OF SAID SECTION 6, SAID POINT OF BEGINNING BEING NORTH 89 ° 05' EAST, 58 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 6 AND RUNNING THENCE SOUTH 1,087.2 FEET TO AN IRON BAR "A" AND 10 FEET FROM THE TOP OF THE BLUFF ON THE SOUTH BANK OF THE KERN RIVER AND FROM WHICH IRON BAR THE CONCRETE BASE OF A TELEPHONE POLE BEARS SOUTH 17 ° 43' WEST 134.7 FEET; THENCE FOLLOWING THE TOP OF THE BLUFF ON THE SOUTH BANK OF THE KERN RIVER AND 10 FEET THEREFROM WITH THE FOLLOWING COURSES AND DISTANCES:

NORTH 82 ° 39' EAST, 350.86 FEET TO AN IRON BAR "B"; NORTH 71 ° 53' EAST 832.61 FEET TO AN IRON BAR "C"; THENCE NORTH 57 ° 06' EAST, 328.89 FEET TO AN IRON PIN "D" IN THE ROAD LEADING TO THE CALIFORNIA EDISON POWER HOUSE; THENCE ALONG SAID ROAD NORTH 17 ° 20' WEST, 85.82 FEET TO AN IRON BAR "E" FROM WHICH BAR THE SOUTHMOST CORNER A CALIFORNIA EDISON TRANSMISSION TOWER BEARS NORTH 44 ° 45' EAST, 16.55 FEET; THENCE CONTINUING ALONG SAID ROAD AND ALONG THE SOUTH BANK OF THE KERN RIVER; NORTH 57 ° 20' EAST, 268.90 FEET TO AN IRON PIN "F"; NORTH 33 ° 18' EAST, 290.21 FEET TO AN IRON PIN "G" AND NORTH 51 ° 09' EAST, 266.34 FEET TO AN IRON PIN "H" IN THE NORTH LINE OF SECTION 6 FROM WHICH PIN AN IRON BAR ON THE LOWER SIDE OF THE ROAD BEARS SOUTH 89 ° 05' WEST, 16.3 FEET; THENCE ALONG SAID NORTH LINE OF SAID SECTION 6, SOUTH 89 ° 05' WEST, 1983.4 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THE PARCEL OF LAND DESCRIBED IN THE DEED TO POWER DEVELOPMENT COMPANY RECORDED JANUARY 13, 1896, BOOK 61 OF DEEDS PAGE 50, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SEVENTH STANDARD PARALLEL SOUTH, MOUNT DIABLO BASE AND MERIDIAN, 4057.3 FEET EAST OF THE NORTHWEST CORNER OF SECTION 6 TOWNSHIP 29 SOUTH, RANGE 30 EAST, MOUNT DIABLO BASE AND MERIDIAN; THENCE SOUTH 30 ° 34' WEST, 47.5 FEET TO A POINT; THENCE SOUTH 36 ° 24' WEST, 75.1 FEET TO A POINT; THENCE SOUTH 53 ° 26' WEST, 71.6 FEET TO A POINT; THENCE SOUTH 76 ° 48' WEST, 40.4 FEET TO A POINT; THENCE SOUTH 34 ° 15' WEST, 41.7 FEET TO A POINT; THENCE SOUTH 59 ° 18' WEST, 49.1 FEET TO A POINT; THENCE NORTH 87 ° 07' WEST, 81 FEET TO A POINT; THENCE SOUTH 48 ° 27' WEST, 321.3 FEET TO A POINT BEING THE NORTHEAST CORNER OF THE POWER HOUSE SITE, BEING THE TRUE POINT OF BEGINNING; THENCE FROM SAID TRUE POINT OF BEGINNING SOUTH 21 ° 41' EAST, 162 FEET TO A POINT MARKED WITH A CROSS IN RED PAINT ON A GRANITE BOULDER, FROM WHICH A WASHED HOLE 12 INCHES IN DIAMETER AND 12 INCHES DEEP IN A LARGE GRANITE BOULDER MARKED "WC" WITH RED PAINT, BEARS NORTH 11 ° 30' EAST, DISTANT 15 FEET; THENCE SOUTH 75 ° 30' WEST, 282 FEET TO A POINT IN A NEST OF BOULDERS, MARKED "SW" ON THE NORTH SIDE OF A GRANITE BOULDER FROM WHICH A LIVE OAK TREE 17 INCHES IN DIAMETER BEARS SOUTH 85 ° WEST, 180 FEET; THENCE NORTH 282 FEET TO A POINT FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 6 BEARS NORTH 83 ° 49' WEST, 3301.4 FEET; THENCE SOUTH 74 ° 09' EAST, 222 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM, ALL MINERALS AND MINERAL RIGHTS, INCLUDING OIL, GAS ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES, IN, ON, UNDER AND ABOUT SAID PREMISES HEREINABOVE DESCRIBED AND THE RIGHT TO DEVELOP, EXTRACT AND REMOVE THE SAME FROM, AND TO BORE AND DIG THEREFOR UPON, IN AND UNDER SAID PREMISES AND TO SINK, WELLS, SHAFTS AND DRIFTS AND TO CONDUCT ANY AND ALL OTHER OPERATIONS WHICH THE SAID PARTY OF THE FIRST PART ITS SUCCESSORS OR ASSIGNS MAY DEEM NECESSARY AND TO ERECT, MAINTAIN, USE AND OPERATE UPON AND ACROSS AND TO CHANGE THE LOCATION OF AND REMOVE FROM SAID PREMISES, ANY AND ALL BUILDINGS, EQUIPMENT, TANKS, MACHINERY, PIPELINES, POWER LINES, TELEGRAPH OR TELEPHONE LINES WITH THE NECESSARY POLES AND ADJUNCTS, DITCHES OR OTHER STRUCTURES OR CONSTRUCTIONS WHICH THE PARTY OF THE FIRST PARTY, ITS SUCCESSORS OR ASSIGNS MAY DEEM SUITABLE OR CONVENIENT FOR THE EXTRACTION, MINING, HANDLING, STORING, TRANSPORTATION OR OTHER TREATMENT OF PETROLEUM, OIL OR OTHER HYDROCARBON SUBSTANCES BY WHATEVER MEANS KNOWN OR OTHER MINERALS OF ANY KIND OR NATURE AND THE RIGHT TO TRANSPORT ANY PETROLEUM, OIL OR OTHER HYDROCARBON SUBSTANCES OR MINERALS, WHETHER OBTAINED FROM SAID PREMISES OR FROM OTHER LANDS, ACROSS SAID PREMISES AND THE RIGHT OF EGRESS FROM AND INGRESS TO SAID PREMISES, AND ALL PROPER RIGHTS OF WAY OVER SAID PREMISES AND THE RIGHT TO A REASONABLE USE OF WATER NECESSARY FOR THE ENJOYMENT OF THE RIGHTS AS EXCEPTED AND RESERVED FROM THE DEED FROM H. AND W. PIERCE, INCORPORATED RECORDED OCTOBER 18, 1913, BOOK 285 OF DEEDS PAGE 231.

A.P.N. 397-020-21 PORTION, AND 397-020-22

PARCEL THREE:

X-178-CFX-00003  
SBE 135-15-47-1  
LCP ID#1075

THE PARCEL OF LAND DESCRIBED IN THE DEED TO POWER DEVELOPMENT COMPANY, RECORDED JANUARY 13, 1896, IN BOOK 61 OF DEEDS PAGE 50 DESCRIBED AS FOLLOWS:

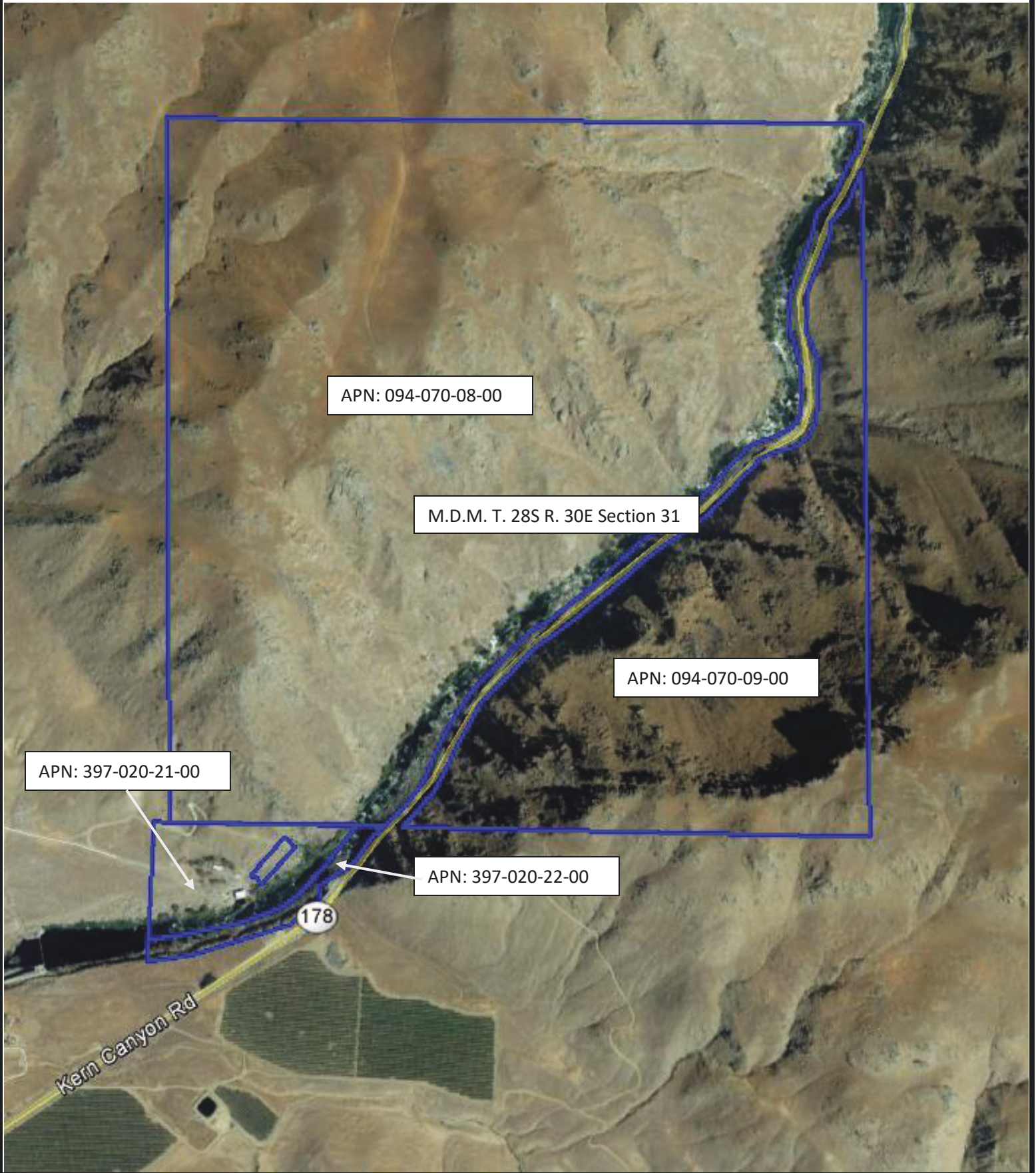
COMMENCING AT A POINT ON THE SEVENTH STANDARD PARALLEL SOUTH, MOUNT DIABLO BASE AND MERIDIAN, 4,057.3 FEET EAST OF THE NORTHWEST CORNER OF SECTION 6, TOWNSHIP 29 SOUTH, RANGE 30 EAST, MOUNT DIABLO BASE AND MERIDIAN; THENCE SOUTH 30 ° 34' WEST, 47.5 FEET TO A POINT; THENCE SOUTH 36 ° 24' WEST, 75.1 FEET TO A POINT; THENCE SOUTH 53 ° 26' WEST, 71.6 FEET TO A POINT; THENCE SOUTH 76 ° 48' WEST, 40.4 FEET TO A POINT; THENCE SOUTH 34 ° 15' WEST, 41.7 FEET TO A POINT; THENCE SOUTH 59 ° 18' WEST, 49.1 FEET TO A POINT; THENCE NORTH 87 ° 07' WEST, 81 FEET TO A POINT; THENCE SOUTH 48 ° 27' WEST, 321.3 FEET TO A POINT BEING THE NORTHEAST CORNER OF THE POWER HOUSE SITE, BEING THE TRUE POINT OF BEGINNING; THENCE FROM SAID TRUE POINT OF BEGINNING, SOUTH 21 ° 41' EAST, 162 FEET TO A POINT MARKED WITH A CROSS IN RED PAINT ON A GRANITE BOULDER, FROM WHICH A WASHED HOLE 12 INCHES IN DIAMETER AND 12 INCHES DEEP IN A LARGE GRANITE BOULDER MARKED "WC" WITH RED PAINT, BEARS NORTH 11 ° 30' EAST, DISTANT 15 FEET; THENCE SOUTH 75 ° 30' WEST, 282 FEET TO A POINT IN A NEST OF BOULDERS, MARKED "SW" ON THE NORTH SIDE OF GRANITE BOULDER FROM WHICH A LIVE OAK TREE 17 INCHES IN DIAMETER BEARS SOUTH 85 ° WEST, 180 FEET; THENCE NORTH 282 FEET TO A POINT FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 6 BEARS NORTH 83 ° 49' WEST, 3301.4 FEET; THENCE SOUTH 74 ° 09' EAST, 222 FEET TO THE POINT OF BEGINNING.

A.P.N. 397-020-21 PORTION

Kern Canyon Project

APN's 397-020-21-00 & 397-020-22-00 are Parcel 1 in Grant Deed

APN's 094-070-08-00 & 094-070-09-00 are Parcel 2 in Grant Deed



Schedule 2.1(d) Governmental Approvals, Permits and Consents

**Permit to Operate Air Pressure Tank**

State Serial No. A029506-97; NB#/SER # 105812  
PG&E-Kern Canyon Powerhouse, Rancheria Road, Bakersfield, CA 93308  
State of California, Department of Industrial Relations  
Division of Occupational Safety and Health  
Pressure Vessel Unit; Location: STATION AIR  
Date of Inspection: 10/12/2015  
Permit Expires: 10/12/2020

**Permit to Operate Air Pressure Tank**

State Serial No. A044097-00; NB#/SER # 82341  
PG&E-Kern Canyon Powerhouse, Rancheria Road, Bakersfield, CA 93308  
State of California, Department of Industrial Relations  
Division of Occupational Safety and Health  
Pressure Vessel Unit; Location: SWITCH 12  
Date of Inspection: 08/03/2017  
Permit Expires: 08/03/2022

Schedule 2.1(e) Kern Canyon License

**Kern Canyon Project, FERC No. 178**  
**List of FERC Orders**

No.	License Instruments	Date Issued
1	Order Issuing New License	2/25/2009
2	Order Approving Exhibit G Drawings and Revising Annual Charges	6/25/2009
3	Order Granting Extension of Time (Exhibit G Drawings)	9/1/2009
4	Order Approving Sediment Management Plan (Condition 17)	3/15/2010
5	Order Approving Visual Management Plan Pursuant to 4(E) Condition 20(B)	7/7/2010
6	Order Approving Sign Plan Pursuant to 4(E) Condition 20(C)	7/19/2010
7	Order Approving Fish Monitoring Plan Under Article 401 Condition 14(C)	8/20/2010
8	Order Approving Terrestrial Wildlife Mitigation and Monitoring Plan Pursuant to Condition 19(A)	8/24/2010
9	Order Approving Water Quality and Temperature Monitoring Plan (Condition 15)	10/26/2010
10	Order Approving Instream Flow Measurement Plan Under Article 401(A) Condition 14(B)	12/2/2010
11	Order Approving Fire Management and Response Plan Under Article 401 and 4(E) Condition 20(A)	12/10/2010
12	Order Approving Vegetation and Invasive Weed Management Plan Under Condition 19(B)	6/9/2011
13	Letter order authorizing Pacific Gas and Electric Company to proceed with the sediment removal project re Kern Canyon Diversion under P-178	3/10/2011
14	Letter order accepting Pacific Gas and Electric Company's 2/25/11 filing of the 2010 historic Properties Management Plan Annual Report for the Kern Canyon Project under P-178	3/25/2011
15	Letter order accepting Pacific Gas and Electric Company's 3/25/11 filing of an Annual Forest Service Consultation Report for 2011 re the Kern Canyon Project under P-178	4/8/2011
16	Order Approving Road and Transportation Facilities Management Plan Under Article 401 and 4(E) Condition 22	8/4/2011
17	Letter order granting Pacific Gas and Electric Company's 12/21/10 filing requesting continuation of the exemption from filing an EAP re the Ken Canyon Project under P-178	10/30/2011
18	Letter order accepting Pacific Gas Electric Co's filing of the follow-up report and corrective actions taken related to an oil spill incident at the Kern Canyon Project under P-178	11/14/2011
19	Letter order accepting Pacific Gas and Electric Company's 1/26/11 filing of an incident report for the rock slides and debris flows during the late December 2010 storms at the Kern Canyon Project under P-178	1/3/2012
20	Letter order accepting Pacific Gas and Electric Company's 12/21/10 letter transmitting a request to continue the exemption from filing an Emergency Action Plan for the Kern Canyon Project under P-178.	1/5/2012

## Schedule 2.1(f) Kern Canyon Water Rights

1. PG&E's post-1914 appropriative water rights associated with the Kern Canyon Project, as specified in PG&E's water right licenses #342 (Application 751) and #908 (Application 2030) which were issued by the State Water Resources Control Board.
2. PG&E's pre-1914 appropriative water right associated with the Kern Canyon Project, which is described in PGE's Statement of Water Diversion and Use #9037 that is on file with the State Water Resources Control Board.



Schedule 2.1(g) Project Records

<b>Number</b>	<b>Document Name</b>
1	Records and files relating to FERC License No. 178
2	Powerhouse Layout Drawing Record
3	Powerhouse Data Sheet Record
4	Powerhouse Prints (equipment drawings/diagrams)
5	Description of Operations (if available)
6	Emergency Action Plan (EAP) Records
7	Water Diversion Information Records
8	Flow and Generation Records
9	Outage Incident Report Record
10	Operator Read Sheets
11	Auto Tests Records
12	Equipment History Records
13	SAP Cost Data Record
14	Oil Test Results Records
15	Battery Test Records
16	Ground Grid Study Records
17	Arc Flash Label Info / Study Record
18	Other Misc. Equipment Inspection Records

\*All records to be provided upon transaction close or verified that they were previously provided

Schedule 2.1(h) Assumed Contracts

**None**

## Schedule 2.1(i) Easements

### **Easement for Access Road to Kern Powerhouse**

Grantor: Private parties (Victor Olcese, et. al.)

Grantee: Pacific Gas and Electric Company

Purpose: Right to construct, maintain and use a road

Term: Perpetuity

PG&E LD No. 2228-29-0030

Recorded in Official Records of Kern County, California May 1, 1964; Book 3721, Page 164

## Schedule 2.2 Excluded Assets

1. PG&E Revenue Station Service Meter(s)
2. PG&E Kern Canyon Magunden Weedpatch 70 KV Transmission Line
  - a. All equipment on the 70 KV line-side of Pole 000/001 (0/1) as identified in Exhibit E to be the POI and POCO, including new SCADA-operated switch and associated equipment.
3. PG&E Magunden 1104 12 KV Distribution Line(s)
  - a. All equipment on the 12 KV line and poles
4. Switch 15 (on CB 12) – to be removed