

Contract 04-SNR-00723
Amendment 1

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION

AMENDMENT 1
(Extension / Portfolio Management Services)

TO THE
CUSTOM PRODUCT CONTRACT
FOR
FULL LOAD SERVICE
WITH

THE CITY & COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

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Resolution
General Power Contract Provisions [June 15, 2005]

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1. **PREAMBLE:**

This Amendment 1 to Contract 04-SNR-00723 (FLS Contract) is made this 30th
day of November, 2007, between the UNITED STATES OF AMERICA,
DEPARTMENT OF ENERGY, WESTERN AREA POWER ADMINISTRATION
(Western) and the CITY & COUNTY OF SAN FRANCISCO, HETCH HETCHY WATER
& POWER, (CCSF), also hereinafter referred to individually as Party and together as
Parties, pursuant to the same authorities as the FLS Contract.

2. **EXPLANATORY RECITALS:**

2.1 The Parties entered into the FLS Contract on August 13, 2004. Under the
FLS Contract, Western provides Supplemental Power and Portfolio Management
Services to CCSF.

2.2 Western is considering making Supplemental Power purchases extending
beyond September 30, 2010, which is the current term of the FLS Contract.

2.3 In order to provide Supplemental Power from purchases extending beyond the FLS Contract termination date to CCSF, the Parties must agree to extend the term of the FLS Contract.

2.4 Due to the California Independent System Operator's Market Redesign and Technology Upgrade, Western's procedures as CCSF's Portfolio Manager will change and, therefore, the Parties desire to address those changes in this Amendment.

2.5 At the time the FLS Contract was executed, Western was operating within the California Independent System Operator's control area. Effective January 1, 2005, Western began operating as a sub-control area within the Sacramento Municipal Utility District's control area. The Parties wish to reflect Western's current control area status in the FLS Contract.

2.6 Also at the time the FLS Contract was executed, the August 15, 1995 General Power Contract Provisions (GPCP) were effective. Western revised its GPCP effective June 15, 2005. The Parties wish to update the FLS Contract with the current GPCP.

3. AGREEMENT:

The Parties agree to the terms and conditions set forth herein.

4. TERM OF AMENDMENT:

This Amendment shall become effective upon execution and shall remain in effect concurrently with the FLS Contract.

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1 **5. MODIFICATION OF SECTION 4 (EFFECTIVE DATE AND TERM OF**
2 **CONTRACT) OF THE FLS CONTRACT:**

3 The following subsection of Section 4 of the FLS Contract is hereby modified as shown
4 below:

5 4.1 This Contract shall become effective upon execution by the Parties
6 and shall remain in effect through September 30, 2015; except as
7 otherwise provided for herein.
8

9 **6. MODIFICATION OF SECTION 5 (DEFINITION OF TERMS) OF THE FLS**
10 **CONTRACT:**

11 The following subsection of Section 5 of the FLS Contract is hereby modified as shown
12 below:

13 5.4 "Portfolio Management Services" means forecasting a customer's
14 hourly load and determining the resources to meet that customer's load.
15

16 **7. MODIFICATION OF SECTION 8 (PORTFOLIO MANAGEMENT SERVICES) OF**
17 **THE FLS CONTRACT:**

18 The following subsections of Section 8 of the FLS Contract are hereby modified as
19 shown below:

20 8.3 On a daily basis, using the information provided in Subsections 8.1
21 and 8.2, Western will determine the power necessary on an hourly basis
22 to fully serve CCSF's load at the delivery point(s) specified in Exhibit A, as
23 follows:

24 8.3.1 Using the information as provided in Section 8 of CCSF's
25 Base Resource Contract, Western will determine the hourly use of
26 CCSF's Base Resource for the day.

27 ///

28 ///

1 8.3.2 If CCSF's Base Resource does not fully meet CCSF's
2 forecasted load, Western will schedule CCSF's share of exchange
3 program energy, if any, to serve CCSF's load.

4 8.3.3 Once all Base Resource and exchange program energy has
5 been distributed, Western will meet CCSF's unmet forecasted load
6 with Supplemental Power.

7 8.3.4 Any Base Resource in excess of CCSF's forecasted load will
8 be retained by Western for distribution under the exchange
9 program in accordance with Exhibit B to CCSF's Base Resource
10 Contract.

11 8.3.5 After Western has determined the resource mix to meet
12 CCSF's hourly load, Western will provide the schedules to CCSF's
13 scheduling entity in accordance with control area operator
14 protocols.

15
16 8.4 During the active day, Western will determine the appropriate
17 actions necessary to address changes in anticipated load and/or
18 resources.

19
20 **8. MODIFICATION OF SECTION 10 (SCHEDULING AND METERING) OF THE**
21 **FLS CONTRACT:**

22 The following subsection of Section 10 of the FLS Contract is hereby modified as
23 shown below:

24 10.1 All services provided by Western to CCSF under this Contract will
25 be subject to the scheduling and metering terms and conditions under
26 which Western is required to comply as determined by the control area in
27 which the load is located the same as if they had been expressly set forth
28 herein.

1 **9. MODIFICATION OF SECTION 11 (REGIONAL TRANSMISSION**
2 **ORGANIZATION OR CONTROL AREA) OF THE FLS CONTRACT:**

3 Section 11 of the FLS Contract is hereby modified as shown below:

4 11.1 Western joined the SMUD control area on January 1, 2005, and,
5 therefore, is operating in conformance with SMUD's protocols. The
6 Parties hereby agree to make any changes necessary to this Contract to
7 conform to SMUD's operating and scheduling protocols.

8
9 11.2 The Parties understand that Western may also join an RTO. In the
10 event Western either joins or is required to conform to the protocols of an
11 RTO, the Parties shall agree to make any changes to this Contract to
12 conform to the terms and conditions required by the RTO.

13
14 11.3 In the event that: 1) Western incurs costs from SMUD, an RTO, or
15 a different control area for serving CCSF's load; or 2) CCSF does not
16 abide by the protocols of SMUD, an RTO, or other control area operator
17 that are applicable to Western and Western incurs costs as a result,
18 CCSF agrees to pay all such costs attributable to CCSF.

19
20 **10. MODIFICATION OF SECTION 17 (GENERAL POWER CONTRACT**
21 **PROVISIONS) OF THE FLS CONTRACT:**

22 Section 17 of the FLS Contract is hereby modified as shown below:

23 The GPCP, effective June 15, 2005, attached hereto, are hereby made a
24 part of this Contract the same as if they had been expressly set forth
25 herein; Provided, That, for the term of this Contract, CCSF hereby agrees
26 to waive its rights under this Contract to Article 11 of the GPCP.

27 ///

28 ///

11. FLS CONTRACT TO REMAIN IN EFFECT:

Except as expressly modified by this Amendment, said FLS Contract shall remain in full force and effect, and this Amendment shall be subject to all provisions of the FLS Contract, except as herein amended.

12. AUTHORITY TO EXECUTE:

Each individual signing this Amendment certifies that the Party represented has duly authorized such individual to execute this Amendment that binds and obligates the Party.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed the day and year first above written.

WESTERN AREA POWER ADMINISTRATION

By: Sonja A. Anderson
 Sonja A. Anderson
 Title: Power Marketing Manager
 Address: 114 Parkshore Drive
Folsom, California 95630

CITY & COUNTY OF SAN FRANCISCO
 HETCH HETCHY WATER & POWER

(Seal)

By: [Signature]
 Title: SFPUC General Manager
 Address: 1155 Market Street, 11th Floor
San Francisco, CA 94103

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 07-0178

WHEREAS, Pursuant to Resolutions 04-0148 and 04-0197 the City has previously executed a Scheduling Coordinator Services ("SCS") Contract and Full Load Service ("FLS") Contract and Amendment with the Western Area Power Administration ("WAPA") for electric service to Treasure Island and Yerba Buena Island ("TI/YBI") effective September 1, 2004, for a period of five years or until September 30, 2010; and

WHEREAS, Under the SCS contract WAPA would perform the duties and obligations of a Scheduling Coordinator pursuant to the California Independent System Operator ("CAISO") Tariff; and

WHEREAS, Under the FLS contract WAPA would provide Portfolio Management Services and Supplemental Power Purchases to ensure that loads at TI/YBI would be reliably served and provide low cost power to TI/YBI; and

WHEREAS, WAPA is amending the FLS contract to extend the term by five years from September 30, 2010 to September 30, 2015; and

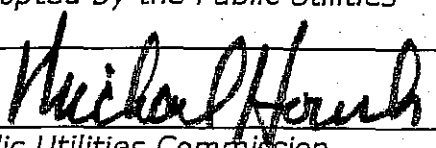
WHEREAS, The cost of the FLS contract will increase for WAPA to provide an additional five years of service to the City; and

WHEREAS, WAPA is amending the FLS contract to reflect the updated procedures imposed by the CAISO's Market Redesign and Technology Upgrade that changes the mechanisms for power transactions on the CAISO's grid; and

WHEREAS, The funding for the cost of the extended FLS contract will be paid for by the SFPUC's Power Enterprise Operating Budget to WAPA; now therefore, be it

RESOLVED, That the General Manager of the San Francisco Public Utilities Commission is hereby authorized to execute the amendment to the FLS contract extending the term for an additional period of five years past the current termination date of September 30, 2010, to September 30, 2015, and to increase the previously authorized FLS contract amount with WAPA to a value not to exceed \$4,240,000, effective upon the approval of the amended contract by the Board of Supervisors pursuant to San Francisco Charter Section 9.118.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of October 9, 2007


Secretary, Public Utilities Commission