

**SECOND EXTENSION AGREEMENT
FOR THE LONG TERM ENERGY SALES AGREEMENT
BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND
THE MODESTO IRRIGATION DISTRICT**

1. PARTIES

This Second Extension Agreement is made by and between the CITY AND COUNTY OF SAN FRANCISCO, a California municipal corporation, hereinafter called "City", acting by and through its PUBLIC UTILITIES COMMISSION, hereinafter called "Commission", and the MODESTO IRRIGATION DISTRICT, a California irrigation district, acting by and through its duly elected Board of Directors, hereinafter called "Modesto", hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties".

2. RECITALS

Whereas, the Parties entered into the Long Term Energy Sales Agreement ("LTESA") effective January 1, 2008 for the purchase and sale of electric energy from the Hetch Hetchy generating facility pursuant to the Raker Act, and;

Whereas, the original expiration date of the LTESA was June 30, 2015, and;

Whereas, the Parties entered into an Extension Agreement dated June 23, 2015 which extended the term of the LTESA for one year as authorized by the San Francisco Board of Supervisors in Resolution No. 226-15 and Modesto Irrigation District Resolution No. 2015-59 ("Extension Agreement"); and

Whereas, the Extension Agreement will expire on June 30, 2016; and

Whereas, the Parties are currently engaged in negotiations for a new energy sales and interconnection agreement to replace the LTESA upon expiration, and;

Whereas, the Parties have agreed that additional time is necessary to reach final agreement on the terms and conditions of the new energy sales and interconnection agreement, and;

Whereas, the Parties hereby enter this Second Extension Agreement on the terms set forth herein, the consideration of which is acknowledged by both Parties to be sufficient therefor.

3. AGREEMENT

For and in consideration of the mutual covenants and conditions hereinafter set forth, the Parties agree as follows:

3.1 The term of the LTESA is hereby extended to 2400 hours on June 30, 2017 (“Second Extension Term”). The Parties may mutually agree in writing to one (1) additional extension of the term for a period not to exceed one hundred and eighty (180) days (“Additional Extension Period”).

3.2 The terms and conditions of the LTESA, including the Appendices thereto, will continue in full force and effect throughout the Second Extension Term.

3.3 The Parties shall continue negotiations on a new energy sales and interconnection agreement to replace the LTESA in a diligent and timely manner.

3.4 This Second Extension Agreement shall automatically expire upon the earlier of (a) the effective date of a fully executed replacement energy sales and a fully executed interconnection agreement, or a fully executed and combined replacement energy sales and interconnection agreement, between the Parties, or (b) the expiration of the Second Extension Term or the Additional Extension Period, if any.

4. TIME IS OF THE ESSENCE


Time is of the essence with reference to all provisions of this Second Extension Agreement.

5. EXECUTION IN COUNTERPARTS.


The Parties agree that this Second Extension Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Second Extension Agreement to be executed in triplicate by their respective offices thereunto duly authorized this 2nd day of August, 2016.

PUBLIC UTILITIES COMMISSION OF
THE CITY AND COUNTY OF SAN
FRANCISCO

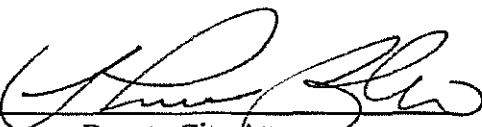
By: 
Harlan Kelly
General Manager
City

MODESTO IRRIGATION DISTRICT


By: 
Greg Salvo
Interim General Manager
Modesto

APPROVED AS TO FORM:

DENNIS HERERRA
City Attorney

By: 
Deputy City Attorney

MODESTO IRRIGATION DISTRICT

By: 
Ronda Lucas
General Counsel