

COMMUNITY CHOICE AGGREGATOR

ELECTRIC SUPPLY AGREEMENT

between

KINGS RIVER CONSERVATION DISTRICT FINANCING CORPORATION

and

CITIGROUP ENERGY INC.

dated as of _____, 2008

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CITIGROUP ENERGY INC. (“Seller”), a Delaware corporation, and **KINGS RIVER CONSERVATION DISTRICT FINANCING CORPORATION** (“Purchaser”) a California not-for-profit public benefit corporation, enter into this Community Choice Aggregator Electric Supply Agreement (as amended from time to time, the “Agreement”) dated as of _____, 2008 (the “Execution Date”). Seller and Purchaser may be referred to individually in this Agreement as a “Party” or collectively, as the “Parties”.

RECITALS:

WHEREAS, pursuant to California Public Utilities Code Sections 366.1, et. seq., the San Joaquin Valley Power Authority (“SJVPA”) has been registered as a Community Choice Aggregator (the “CCA”);

WHEREAS, SJVPA is an independent public agency formed in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) and established by that certain Joint Powers Agreement, effective as of November 15, 2006 (“Joint Powers Agreement”) by the Members to, among other things, study, promote, develop and conduct the CCA program;

WHEREAS, under the Joint Powers Agreement, the parent of the Purchaser, Kings River Conservation District (“KRCD”), was appointed as SJVPA’s exclusive agent for planning, implementing, operating and administering the CCA program; and in furtherance of this appointment and with the approval of SJVPA’s Board of Directors, on January 29, 2007 KRCD submitted SJVPA’s CCA Implementation Plan (“Implementation Plan”) and statement of intent to the CPUC;

WHEREAS, Purchaser issued a Request for Proposals for Full Requirements Product Supply for SJVPA serving as the CCA;

WHEREAS, Purchaser selected Seller to Supply the Full Requirements Product for SJVPA serving as the CCA;

WHEREAS, Purchaser will in turn Supply the Full Requirements Product to KRCD pursuant to the Power Acquisition Agreement between KRCD and Purchaser, and KRCD will in turn Supply the Full Requirements Product to SJVPA for use by the Members pursuant to the power services agreement between KRCD and SJVPA dated October 23, 2007 (“SJVPA PSA”); and

WHEREAS, Seller and Purchaser desire to set forth the terms and conditions pursuant to which Seller shall provide Full Requirements Product Supply to Purchaser, and Purchaser shall take and pay for such Supply, including, subject to satisfaction of the conditions herein, by issuing one or more series of Prepayment Obligations to enter into Prepayment Transactions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements in this Agreement and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

SECTION 1

DEFINITIONS; RULES OF INTERPRETATION.

- 1.1 Defined Terms. Unless specified to the contrary, when used herein, capitalized terms shall have the meanings ascribed to them in Appendix “A” attached hereto and made a part hereof.
- 1.2 Rules of Interpretation. Except where otherwise expressly provided or unless the context otherwise necessarily requires, in this Agreement (including in the Recitals hereto):
 - 1.2.1 Reference to a given Article, Section, Subsection, clause, Exhibit or Schedule is a reference to an Article, Section, Subsection, clause, Exhibit or Schedule of this Agreement, unless otherwise specified.
 - 1.2.2 The terms “hereof”, “herein”, “hereto”, “hereunder” and “herewith” refer to this Agreement as a whole.
 - 1.2.3 Reference to a given agreement, instrument, document or Law is a reference to that agreement, instrument, document or Law as modified, amended, supplemented and restated through the date as of which such reference is made, and, as to any Law, any successor Law.
 - 1.2.4 Reference to a Person includes its predecessors, successors and permitted assigns.
 - 1.2.5 The singular includes the plural and the masculine includes the feminine, and vice versa.
 - 1.2.6 “Includes” or “including” means “including, for example and without limitation.”
 - 1.2.7 References to “days” means calendar days.
 - 1.2.8 References to “month” means calendar month.
- 1.3 Schedules. The Parties acknowledge that pursuant to Section 5.4, Seller may Supply New Load hereunder. Information associated with such New Load shall be reflected on additional schedules to this Agreement as follows (i) start date, customer class and capacities shall be set forth on a new Schedule A, which would be denominated by a hyphen and number (e.g., for the first New Load, the schedule would be Schedule A-1, for the next New Load the schedule would be Schedule A-2, etc.), (ii) Distribution Losses would be set forth on Schedule B, which would be denominated in the same manner as a new Schedule A, C, D, and E; (iii) Renewable Energy shall be set forth on a new Schedule C, which would be denominated in the same manner as a new Schedule A, B and C; (iv) Local Capacity Amount would be set forth on a new Schedule D, which would be denominated in the same manner as a new Schedule A, B, C and E, (v) Capacity Minimum and Capacity Maximum would be set forth on a new Schedule E, which

would be denominated in the same manner as a new Schedule A, B, C and D, (vi), CAISO Charges would be set forth on a new Schedule F, (vii) energy consumption information would be set forth on a new Schedule G, which would be denominated in the same manner as a new Schedule A, B, C, D and E and (viii) Energy Price would be set forth on Schedule H, which would be denominated in the same manner as a new Schedule A, B, C, D, F and G. The Parties acknowledge that Schedule C, Schedule D, Schedule E, Schedule G, and Schedule H will be revised by the Seller and Purchaser based on the actual Execution Date and the rates approved by the Authority for 2008. The Parties agree that these schedules shall be revised and substituted by the Parties as a ministerial action without any further action by the governing board of either Party. The Parties acknowledge that Exhibit D and Schedule J cannot be completed until a Prepayment Transaction is completed and that such schedules will be inserted (or substituted) upon completion of each Prepay Transaction.

SECTION 2 LIMITED RECOURSE AND CONDITION PRECEDENT

- 2.1 Limited Recourse. The Parties agree that Seller's recourse to Purchaser's assets for the satisfaction of Purchaser's payment obligations arising under or in connection with this Agreement shall be limited to revenues received from or in connection with the CCA program (together with associated accounts and the proceeds from such revenues).
- 2.2 Condition Precedent. The respective obligations of the Parties under this Agreement shall be subject to the satisfaction or waiver of the following condition:
- 2.2.1 On the Execution Date, Purchaser shall execute and deliver to Seller an officer's certificate from KRCD substantially in the form of Exhibit A attached hereto.

In the event such condition is not satisfied or waived by the time periods set forth above, Seller shall have the option, by delivering written notice to Purchaser, to terminate this Agreement without further obligation by either Party.

SECTION 3 DELIVERY PERIOD

Seller will Supply the Full Requirements Product under this Agreement from HE 0100 PPT on those dates set forth under the column "Start Date" by customer class on Schedule A, through and including December 31, 2015, HE 2400 PPT (the "Delivery Period"), unless this Agreement is terminated earlier pursuant to the terms hereof.

SECTION 4 FULL REQUIREMENTS PRODUCT

- 4.1 Seller Supply Obligation. Throughout the Delivery Period, Seller shall sell and deliver or make available, or cause to be sold and delivered or made available ("Supply"), the "Full Requirements Product," which is comprised of:

- 4.1.1 A quantity of Energy equal to the Energy Requirement as determined pursuant to Section 5.1 (“Full Requirements Energy”);
- 4.1.2 A quantity of Renewable Energy as a portion of Full Requirements Energy, as set forth in Section 5.6;
- 4.1.3 A quantity of Capacity equal to the Capacity Requirement as determined pursuant to Section 6;
- 4.1.4 Ancillary Services required to Supply the Full Requirements Energy to the Delivery Points as set forth in Section 5;
- 4.1.5 Distribution Losses incurred in Supplying Full Requirements Energy to the Delivery Points up to the percentage set forth in Schedule B; and
- 4.1.6 CAISO scheduling coordination services as set forth in the SC Agreement.

SECTION 5

FULL REQUIREMENTS ENERGY

- 5.1 Energy Requirement. The Energy Requirement in any month will be obtained from the meter readings supplied by PG&E and SCE.
- 5.2 Notice of Customer Load Additions. At least ninety (90) days prior to providing service to a new or existing customer of an existing Member for a particular Rate Class when such service has a projected annual peak load of one (1) MW or greater (a “New Load”), Purchaser shall use its best efforts to provide Seller with written notification of the projected size of the New Load, the Rate Class, the applicable Utility serving the Member and the projected start date for Supply of the New Load.
- 5.3 Notice of New Members.
 - 5.3.1 At least ninety (90) days prior to the admission by SJVPA of a new ‘Member’ to the SJVPA Program Agreement 1 of the Joint Powers Agreement, Purchaser shall use its best efforts to provide Seller with written notification of the identity of the new ‘Member’ and the projected size of the New Load prior to any opt-outs, the Rate Class, the applicable Utility currently serving the Member and the projected start date for Supply of the New Load for the new ‘Member’.
 - 5.3.2 Within five (5) Business Days of the termination of the applicable opt-out period for a new ‘Member’ described in Section 5.3.1, Purchaser shall provide Seller with the actual projected size of the New Load for the new ‘Member,’ broken out by Rate Class and Utility.
- 5.4 New Load. As soon as practicable after receiving each notification of a New Load pursuant to Sections 5.2 or 5.3, Seller shall use its best efforts to (a) notify

Purchaser whether the New Load will be Supplied at (i) the Product Price, (ii) the Prevailing Price, or (iii) at another price agreed between the Parties; and (b) provide Purchaser with new schedules for such New Load in accordance with Section 1.3.

5.5 Energy Pricing.

5.5.1 Energy Consumption up to the Energy Minimum. For each month in which the aggregate Energy Requirement is less than or equal to the Energy Minimum for such month, Purchaser shall pay Seller an amount equal to the sum of the Energy Minimum multiplied by the Energy Price for each Rate Class multiplied by the *pro rata* share of the Energy Requirement for each Rate Class minus any amount that was prepaid as part of the Prepayment Amount. The excess of the Energy Minimum over the Energy Requirement that was included in the Prepayment Amount shall be remarketed under the Remarketing Agreement and the balance (*i.e.* the portion of such excess, if any, that was not included in the Prepayment Amount) shall be remarketed under Section 8.6.

5.5.2 Energy Consumption between the Energy Minimum and Energy Maximum. For each month in which the aggregate Energy Requirement is greater than the Energy Minimum for such month and less than the Energy Maximum for such month, Purchaser shall pay Seller an amount equal to the sum of the Energy Requirement for each Rate Class multiplied by the Energy Price for each Rate Class, minus any amount that was prepaid as part of the Prepayment Amount.

5.5.3 Energy Consumption Above the Energy Maximum. For each month in which the aggregate Energy Requirement is greater than the Energy Maximum for such month (the difference between the Energy Requirement and the Energy Maximum in such month, the “Excess Energy Quantity”), Purchaser shall pay Seller an amount equal to:

5.5.3.1 (a) The sum of the Energy Maximum multiplied by the Energy Price for each Rate Class multiplied by the *pro rata* share of the Energy Requirement for each Rate Class minus (b) any portion of such Energy which was paid for as part of the Prepayment Amount;

5.5.3.2 A payment equal to the Excess Energy Quantity multiplied by the Weighted Average Price; and

5.5.3.3 Any reasonable expenses, charges, fees, costs or losses directly incurred by Seller in procuring the Excess Energy Quantity, without duplication of any amount reflected above (and, for the avoidance of doubt, not including any capital expenses or similar overhead).

5.5.4 Energy Remarketing. The Remediation Balance shall be reduced from time-to-time by the dollar amount of any Energy consumption by Purchaser above the Energy prepaid for in the Prepayment Amount.

5.6 Renewable Energy.

5.6.1 Renewable Energy Supply up to the Renewable Target Amount. As part of the Full Requirements Product, Seller is responsible for Supplying to Purchaser Renewable Energy Supply in an amount for each year equal to the lesser of: (a) the sum of the monthly Energy Maximums for that year multiplied by the percentage set forth under the column marked “% Target” for the applicable year set forth in Schedule C; and (b) an amount equal to the aggregate Energy Requirement for that year based upon the Long-Term Forecast multiplied by the percentage set forth under the column “% Target” for the applicable year set forth in Schedule C (the “Renewable Target Amount”).

5.6.2 Compensation. For the Renewable Energy Supply up to the Renewable Energy Maximum set forth on Schedule C, Seller shall be compensated as set forth in Section 10 (excluding additional charges resulting from a Change of Law described in Section 5.6.6).

5.6.3 Remarketing of Excess Renewable Energy. In the event that in any year the Renewable Energy Maximum in Schedule C is more than the Renewable Target Amount applicable to such year, then such excess, to the extent included in the Prepayment Amount, shall be remarketed under the Remarketing Agreement, and the balance (i.e. the portion of such excess, if any, that was not included in the Prepayment Amount) shall be remarketed under Section 8.6.

5.6.4 Renewable Energy in Excess of Renewable Energy Maximum. In the event that the Purchaser requires Renewable Energy in an amount greater than the Renewable Energy Maximum (“Additional Renewable Energy Requirements”), Purchaser shall pay Seller an additional amount equal to the sum of:

5.6.4.1 The Additional Renewable Energy Requirements multiplied by the Prevailing Price for the Additional Renewable Energy Requirements; and

5.6.4.2 Any reasonable charges, fees, costs or losses directly incurred by Seller in procuring the Additional Renewable Energy, without duplication of any amount reflected in Section 5.6.1 above (and, for the avoidance of doubt, not including any capital expenses or similar overhead).

5.6.5 Renewable Energy Remarketing. The Remediation Balance shall be reduced from time-to-time by the dollar amount of any Renewable

Energy Supply for any year in excess of the Renewable Target Amount prepaid in the Prepayment Amount.

- 5.6.6 Additional Renewable Energy Charges Resulting from Change in Law. Any additional charges, fees, costs, expenses, New Taxes or losses incurred by Seller in procuring or providing Renewable Energy that directly result from a Change in Law shall be for the account of Purchaser and shall be passed-through to Purchaser as an additional charge pursuant to Section 10.4.6.

SECTION 6

CAPACITY

- 6.1 Capacity Requirements. Seller shall Supply Capacity to Purchaser in a quantity sufficient to satisfy the Resource Adequacy Requirement associated with the aggregate Energy Requirement based upon the most recent Long-Term Forecast (the "Capacity Requirement").
- 6.2 Resource Adequacy – Local Capacity Requirement. As part of Seller's obligation to Supply the Capacity Requirement, a portion of the Capacity Supplied by Seller shall qualify as Local Capacity, and such Local Capacity shall be in a quantity sufficient to satisfy the Local Resource Adequacy Requirement, associated with the aggregate Energy Requirement based upon the most recent Long-Term Forecast ("Local Capacity Requirement"). Seller shall be obligated to Supply Local Capacity in the amounts set forth on Schedule D in the following three load areas: Northern CA, Greater Bay and LA Basin (the "Local Capacity Amount").
- 6.3 Capacity Pricing.
- 6.3.1 Capacity Supply up to the Minimum Capacity. For quantities of Capacity Supplied up to the monthly Capacity Minimum, Purchaser shall pay Seller an amount equal to the Capacity Minimum multiplied by the Capacity Price set forth on Schedule H multiplied by 1,000 (excluding additional charges resulting from a Change of Law in accordance with Section 6.6). If the Capacity Requirement is less than the Capacity Minimum, any portion of the difference which was included in the Prepayment Amount shall be remarketed under the Remarketing Agreement and the balance shall be remarketed under Section 8.6.
- 6.3.2 Capacity Supply between Capacity Minimum and Capacity Maximum. For quantities of Capacity Supplied between the Capacity Minimum and Capacity Maximum, Purchaser shall pay Seller an amount equal to the Capacity Minimum multiplied by the Capacity Price set forth on Schedule H multiplied by 1,000 (excluding additional charges resulting from a Change of Law in accordance with Section 6.6).
- 6.3.3 Capacity in Excess of Capacity Maximum. For each month in which the Capacity Requirement is greater than the Capacity Maximum for such month (the difference, the "Excess Capacity Quantity"), Purchaser shall

pay Seller for the Excess Capacity Quantity an amount equal to the sum of:

- 6.3.3.1 The Excess Capacity Quantity multiplied by the Prevailing Price for Capacity multiplied by 1,000 ; and
 - 6.3.3.2 Any reasonable charges, fees, costs or losses directly incurred by Seller in procuring the Excess Capacity Quantity, without duplication of any amount reflected in Section 6.3.2.1 above (and, for the avoidance of doubt, not including any capital expenses or similar overhead).
- 6.4 Capacity Remarketing. The Remediation Balance shall be reduced from time-to-time by any Capacity Requirement greater than the Capacity Minimum if such Capacity was prepaid as part of the Prepayment Amount.
- 6.5 Capacity Reduction. Purchaser shall notify Seller as soon as possible if there is to be a permanent decrease in the Capacity Requirement (“Capacity Reduction”). In addition, Purchaser shall be deemed to have a Capacity Reduction if reduced capacity is shown on (a) the most recent Long-Term Forecast (as adjusted by the most recent Short-Term Forecast provided pursuant to Section 8.1) or (b) the most recent Short-Term Forecast, as reasonably extrapolated by Seller. If Seller determines that a Capacity Reduction has or will occur, Seller shall provide Purchaser notice of the Capacity Reduction. Purchaser shall have ten (10) Business Days from receipt of such notice to provide Seller with an updated Long-Term Forecast, or, in the alternative, to contest such determination. Any Capacity associated with a Capacity Reduction shall be remarketed under the Remarketing Agreement if included in the Prepayment Amount, and the balance shall be remarketed under Section 8.6. Purchaser shall pay Seller all costs Seller incurs in effectuating the Capacity Reduction, including any costs associated with hedging and other fees, costs, expenses and losses relating to selling or otherwise disposing of the Capacity, reduced by any revenues or gains realized thereby. The Parties will cooperate to reduce the cost to Purchaser of a Capacity Reduction.
- 6.6 Additional Capacity Charges or Distribution Losses Resulting from Change in Law. Any additional reasonable charges, fees, costs, expenses, New Taxes or losses incurred by Seller in procuring or providing Capacity (including Local Capacity) or Distribution Losses that directly result from a Change in Law shall be for the account of Purchaser and shall be passed-through to Purchaser pursuant to Section 10.4.

SECTION 7

DELIVERY POINTS

- 7.1 Delivery Points. For purposes hereof, the “Delivery Points” for any Energy delivered hereunder (other than any Energy delivered to Remarketing Agent as described in Section 13.3) shall be:

- 7.1.1 From the beginning of the Delivery Period to the end of the Delivery Period, or, if earlier, the first date on which MRTU is implemented (the “MRTU Implementation Date”), NP-15 for Energy currently supplied by PG&E and SP-15 for Energy currently supplied by SCE; and
 - 7.1.2 From the MRTU Implementation Date, if any, to the end of the Delivery Period, PG&E LAP for Energy currently supplied by PG&E and SCE LAP for Energy currently supplied by SCE. In the event that after the MRTU Implementation Date (i) a Delivery Point is renamed, then the renamed delivery point shall be the Delivery Point hereunder, or (ii) the location of a Delivery Point is changed or converted to a hub, the Delivery Point hereunder shall be the point, collection of nodes or hub at which the majority of the load (by MW) that formerly settled at the old Delivery Point then settles.
- 7.2 Title and Risk of Loss. Title and risk of loss for Energy will pass from Seller to Purchaser at the Delivery Points. As between the Parties, Seller will be deemed to be in exclusive control and possession of all Energy provided under this Agreement, and responsible for any damage or injury caused by the Energy, before the Energy is tendered for delivery for Purchaser’s account at the Delivery Points. After tender of delivery of Energy for Purchaser’s account at the Delivery Points, as between the Parties, Purchaser will be deemed to be in exclusive control and possession of all Energy provided under this Agreement, and responsible for any damage or injury caused by the Energy.

SECTION 8 FORECASTING, SCHEDULING, BALANCING & REMARKETING

- 8.1 Forecasts.
 - 8.1.1 Purchaser will prepare appropriate forecasts of Energy and Capacity for greater than one year as required by CAISO, including those required of a CCA (including all updates and revisions, the “Long-Term Forecast”) and promptly provide Seller with a copy thereof, provided that every ninety (90) days Purchaser shall provide Seller with either a new Long-Term Forecast or a statement that no changes to the most recent Long-Term Forecast have occurred. Seller shall have the right to request clarification regarding any change made to the Long-Term Forecast.
 - 8.1.2 Seller will prepare each month a Short-Term Forecast and promptly provide Purchaser with a copy thereof. Purchaser shall have the right to request clarification regarding the Short-Term Forecast, it being understood that the Short-Term Forecast shall be used to make the determinations set forth in Section 13.

- 8.2 Purchaser's Responsibilities. Purchaser shall comply with all CPUC, CEC, CAISO, or any other regulatory body requirement regarding the filing of the Long-Term Forecast.
- 8.3 Seller's Responsibilities. Seller shall file with CAISO all schedules required to be filed by the scheduling coordinator for Purchaser. Seller shall also develop any Short-Term Forecasts required to meet its Energy Supply obligations to Purchaser hereunder.
- 8.4 Load Balancing. Seller shall be responsible for and shall pay, and shall reimburse or credit Purchaser if Purchaser pays, all Imbalance Charges resulting from the Supply of the Full Requirements Product hereunder, except to the extent such Imbalance Charges are a result of Purchaser's failure to perform hereunder, including but not limited to the failure to receive Energy, or under the SC Agreement, or are a result of an event of Force Majeure.
- 8.5 Exit Fee.
- 8.5.1 In January 2011 and January 2014, Seller shall provide Purchaser with an estimate of what the Exit Fee would be for an average customer in each Rate Class electing to exit from the CCA program during the relevant year (the "Annual Exit Fee").
- 8.5.2 Immediately upon Purchaser's receipt of notice (from any source) that a Person will terminate or has terminated its status as a customer under the CCA program (a "Departing Customer"), Purchaser shall provide written notice to Seller, which notice shall include, but not be limited to customer name, account number, Rate Class, and other customer account information.
- 8.5.3 Upon receipt of the notice described in Section 8.5.2, Seller shall provide Purchaser with sufficient notice of the actual amount of the Exit Fee that the relevant Utility should invoice a Departing Customer.
- 8.5.4 The Parties agree that Seller will not recover an Exit Fee from a Departing Customer if that Departing Customer leaves a Utility's service territory.
- 8.5.5 Seller's recourse in the event Purchaser fails to pay an Exit Fee as described herein is subject to the limitations provided under Section 2.1.
- 8.6 Remarketing. Seller shall remarket hereunder any portion of the Full Requirements Product not taken by Purchaser and not prepaid for in the Prepayment Amount. Seller shall use Commercially Reasonable Efforts to obtain the best price possible given the circumstances for the remarketed portion of the Full Requirements Product. Seller will provide Purchaser with a monthly report on all remarketing activities. All proceeds received from remarketing, less the ESA Remarketing Fee, shall be credited to amounts due from Purchaser under

Section 10. In the event Seller fails to use Commercially Reasonable Efforts as required above, Purchaser may discharge Seller as remarketer under this Agreement by providing not less than [ninety (90)] days prior written notice.

- 8.7 Post-MRTU. Subject to Section 10.2.1, Seller shall have responsibility for scheduling, balancing, bidding and remarketing the Full Requirements Product post-MRTU.

SECTION 9 EXCLUSIVITY

- 9.1 No Resale. Without the prior written consent of the Seller, no Energy, Renewable Energy, Capacity or RECs Supplied by Seller pursuant to this Agreement may be resold to any third party by Purchaser, except to SJVPA as contemplated hereunder, and Purchaser shall obligate SJVPA and the Members to likewise limit the resale of Energy, Renewable Energy, Capacity or RECs Supplied hereunder to the Members. Notwithstanding the foregoing, the Remarketing Agent may resell Energy on behalf of Purchaser pursuant to the Remarketing Agreement.
- 9.2 Exclusivity. Throughout the Delivery Period, Seller will be the sole and exclusive supplier of Energy, Renewable Energy, Capacity or RECs to Purchaser, other than (a) Energy, Renewable Energy, Capacity and RECs which may in the future be supplied by Purchaser Facilities in accordance with Section 9.3, or (b) Energy, Renewable Energy, Capacity and RECs described in Section 9.4.
- 9.3 Purchaser-Owned Facilities. The Parties acknowledge that KRCD has been and expects to continue to be a wholesale power provider to public and other entities within its boundaries and to public and other entities elsewhere in the State and that the ESA is intended by KRCD and the Purchaser as an interim power supply available to KRCD for delivery under the CCA program prior to the availability of Energy, Capacity, Renewable Energy and RECs from power generation facilities owned or controlled by KRCD ("Purchaser Facilities"). As of the Execution Date all Purchaser Facilities currently owned by KRCD are under contractual obligations to third parties or are in the permitting process. When such existing Purchaser Facilities are no longer subject to such contractual obligations or are permitted and developed by KRCD and have become commercially operable, KRCD intends to incorporate the Energy, Capacity, Renewable Energy and RECs from such Purchaser Facilities into this Agreement as provided below. The Parties agree that incorporation of the Energy, Capacity, Renewable Energy and RECs from such Purchaser Facilities into this Agreement shall be in the sole discretion of KRCD and the Purchaser, subject solely to the adjustment by Seller of the price for Energy, Capacity, Renewable Energy or RECs set forth in Exhibit H hereto payable by Purchaser to Seller to reflect all costs that Seller incurs in connection therewith, including reimbursement from Purchaser for any costs associated with hedging, and other fees, costs, and losses directly incurred by Seller in reducing the Energy, Capacity, Renewable Energy and RECs otherwise provided to Purchaser pursuant to this Agreement, such costs

to be offset by any revenues or gains of Seller realized thereby. Seller agrees to use Commercially Reasonable Efforts to minimize such costs to Purchaser.

9.3.1 Base Load Plant. The Parties acknowledge that KRCD is in the process of permitting the Base Load Plant. KRCD and the Purchaser shall have the right, on and after October 1, 2010, to provide Seller not less than one hundred and eighty (180) days written notice that Energy and Capacity from the Base Load Plant will be available to be incorporated into this Agreement. Within ten (10) days of receipt of such notice, the Seller shall notify the Purchaser and KRCD in writing of the costs to Seller, determined in accordance with Section 9.3, to be incurred by Seller in connection with incorporating the Energy and Capacity from the Base Load Plant into this Agreement. Immediately upon receipt of such written cost determination, the Purchaser and KRCD shall have the right (but not the obligation) to direct the Seller in writing to incorporate the Energy and Capacity of the Base Load Plant into this Agreement. Seller agrees to use Commercially Reasonable Efforts to minimize such costs to Purchaser.

9.3.2 Additional Purchaser Facilities. The Purchaser may pursue the development of other Purchaser Facilities during the term of this Agreement. KRCD and the Purchaser shall have the right, on and after December 31, 2008, to provide Seller not less than one hundred and eighty (180) days written notice that Energy, Capacity, Renewable Energy or RECs will be available to be incorporated into this Agreement. Within ten (10) days of receipt of such notice, the Seller shall notify the Purchaser and KRCD in writing of the costs to Seller determined in accordance with Section 9.3 to be incurred in connection with incorporating such Energy, Capacity, Renewable Energy or RECs into this Agreement. Immediately upon receipt of such written cost determination, the Purchaser and KRCD shall have the right (but not the obligation) to direct the Seller in writing to incorporate such Energy, Capacity, Renewable Energy or RECs into this Agreement. Seller agrees to use Commercially Reasonable Efforts to minimize such costs to Purchaser.

9.3.3 Energy Manager of Purchaser Facility. Subject to the second sentence of this Section 9.3.3, Seller shall serve as the Energy Manager for any Purchaser Facility that supplies Energy, Renewable Energy, Capacity or RECs to satisfy the Energy Requirement, Renewable Energy and/or Capacity Requirement provided under this Agreement. The Parties will exercise their best efforts to enter into an energy management agreement setting forth their respective obligations with respect to the utilization of Purchaser Facilities under this Agreement.

9.4 Purchaser Solicitation. During the Delivery Period, Purchaser may make public solicitations from third parties for provision of Energy, Renewable Energy,

Capacity or RECs after the Delivery Period and, pursuant to Section 9.3, during the Delivery Period. To the extent such solicitation results in an opportunity for a third party to supply capacity or energy during the Delivery Period, Purchaser may provide Seller with not less than one hundred and eighty (180) days written notice that such energy or capacity may become available, and Seller and Purchaser will enter into good faith negotiations to evaluate, and upon mutual agreement, amend this Agreement to integrate such Energy and/or Capacity into the Energy Requirement and/or Capacity Requirement; provided that if the Parties are unable to agree on an appropriate amendment to this Agreement, the failure to agree shall have no effect on the Parties' existing obligations hereunder nor give rise to any right or remedy hereunder or at law or equity.

SECTION 10

COMPENSATION

- 10.1 Product Price Inclusions. The "Product Price" as set forth in this Section 10.1 shall be the consideration payable to Seller (based upon the pricing set forth Schedule H) on a per MWh basis for the Supply of the Full Requirements Product (by Rate Class), and shall be escalated at 2% of prior year's prices annually on each January 1 throughout the Delivery Period commencing January 1, 2009 and consists of:
- 10.1.1 The Energy Price, plus
 - 10.1.2 The Capacity Price, plus
 - 10.1.3 The Renewable Energy and RECs Price, plus
 - 10.1.4 The Distribution Losses Price.
- 10.2 Product Price Exclusions. The Product Price does not include, and the Purchaser shall be responsible for paying, and shall reimburse Seller for, if Seller pays, and hold Seller harmless against, the following:
- 10.2.1 Any CAISO charges not set forth on Schedule F, and, post-MRTU, any charges which the Seller was not responsible for pre-MRTU ;
 - 10.2.2 Transmission Access Charges;
 - 10.2.3 Cost Responsibility Surcharges;
 - 10.2.4 Distribution charges billed by PG&E and SCE;
 - 10.2.5 Any other charges billed by PG&E and SCE on customers of Members, on SJVPA, KRCD, or Purchaser;
 - 10.2.6 Customer account expenses (including metering and customer billing); and/or

10.2.7 Public goods charges paid by customers of Members.

10.3 Prepayment Transaction. The Purchaser covenants to use its best efforts, promptly following six (6) months from the Execution Date of this Agreement (the “Initial Prepayment Transaction”) and each phase thereafter (each a “Subsequent Prepayment Transaction”), to execute and deliver or cause to be executed and delivered bonds, notes, certificates of participation or other obligations (the “Prepayment Obligations”), the proceeds of which will be applied by the Purchaser to the payment of all or a portion of the Prepayment Amount with respect to the customers which have not opted out of the CCA Program during the respective opt out period, provided that Purchaser’s obligation to execute and deliver such Prepayment Obligations is subject to the satisfaction or waiver of the following conditions:

10.3.1 With respect to each Subsequent Prepayment Transaction, Stradling Yocca Carlson & Rauth, Bond Counsel to the Purchaser, shall have delivered to the Purchaser an opinion to the effect that the interest with respect to such Prepayment Obligations is not includible in gross income of the recipient thereof for federal income tax purposes;

10.3.2 With respect to each Subsequent Prepayment Transaction, the Purchaser, after consultation with Citigroup Global Markets Inc. (who has previously been appointed the investment banker to the Purchaser and KRCD) (“CGMI”), has determined that the execution and delivery of the Prepayment Obligations and the application of the proceeds thereof to pay the Prepayment Amount will provide significant economic benefits to the CCA program;

10.3.3 The Prepayment Obligations (i) are payable solely from (A) the payments owed by the Purchaser to Seller pursuant to Section 10.1 hereof, and (B) the Prepay Liquidation Payment, and (ii) are non-recourse to KRCD, SJVPA, the members of SJVPA, the customers of SJVPA and the Purchaser, except as set forth in Section 2 hereof;

10.3.4 The Prepayment Obligations are rated not less than “A” and “A2” by Standard & Poor’s and Moody’s Investors Services Inc, respectively;

10.3.5 The terms and conditions of the Prepayment Obligations are otherwise reasonably satisfactory to the Purchaser;

10.3.6 The Seller and Purchaser shall enter into any amendment or supplement to this Agreement or the Remarketing Agreement, which the Purchaser or CGMI reasonably request to effectuate the execution and delivery of the Prepayment Obligations on the terms and conditions set forth above (including any amendment or supplement reasonably necessary to allow Bond Counsel to deliver the opinion described in Section 10.3.1), provided that such amendment or supplement does not substantially alter

the economic benefits or obligations of Seller with respect to the Agreement or the Remarketing Agreement;

- 10.3.7 Failure of the Purchaser to deliver the Prepayment Obligations as described in this Section 10.3 shall not constitute a default or Event of Default under this Agreement, the Remarketing Agreement or any comparable event under the other Program Agreements or any Project Document; and
 - 10.3.8 If a Prepayment Transaction occurs, Purchaser shall prepay Seller for a percentage of the (i) Energy Minimum, (ii) Renewable Energy Supply, (iii) Capacity Requirement and (iv) Distribution Losses, based upon the Long-Term Forecast for the customers in each phase (the “Prepayment Amount”) in immediately available funds by wire transfer to the account designated by Seller.
 - 10.3.9 Consistent with the conditions of this Section, Schedule H will be adjusted, as necessary, to reflect the benefits of any Initial Prepayment Transaction and any Subsequent Prepayment Transaction to the Purchaser.
- 10.4 Monthly Amounts. For each month throughout the Delivery Period, Seller shall invoice Purchaser for:
- 10.4.1 Full Requirements Energy, Renewable Energy and Capacity in excess of any amount included in the Prepayment Amount, as determined in accordance with Sections 5.5, 5.6 and 6.1;
 - 10.4.2 Distribution Losses up to the percentages set forth on Schedule B;
 - 10.4.3 The actual cost of Distribution Losses that are above the percentages set forth in Schedule B;
 - 10.4.4 The actual cost of:
 - 10.4.4.1 Ancillary Services; and
 - 10.4.4.2 CAISO Charges
 - 10.4.5 New Load; and
 - 10.4.6 Any other amount due hereunder that is not included in the Product Price.

SECTION 11

BILLING AND PAYMENT

- 11.1 Payments other than Prepayments. Purchaser shall remit payment of any amount due under this Agreement (other than the Prepayment Amount) by wire transfer of

immediately available funds on or before the later of (i) the twentieth (20th) day of the month or (ii) ten (10) days following receipt of the invoice by Purchaser, but in the case of either (i) or (ii), if such day is not a Business Day, such payment shall be made by the next succeeding Business Day. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date, but excluding the date the delinquent amount is paid in full.

11.2 Invoice. As soon as practicable after the end of each month, Seller will send an invoice to Purchaser with respect to Full Requirements Product Supplied, and other services performed, in the preceding month, with the amounts due determined in accordance with Section 10.

11.2.1 All payments to be made to the Seller or Purchaser hereunder shall be made by wire transfer to the wiring instructions for such Party set forth below, or pursuant to such other wire transfer instructions as may be designated by notice (given in accordance with Section 27.1) from such Party to the other Party:

Wire Transfer Instructions for Seller:

BANK:

ABA No.:

Account:

Reference:

Wire Transfer Instructions for Purchaser:

BANK:

ABA No.:

Account:

Reference:

11.3 Adjustments.

11.3.1 In the event that (i) scheduled Energy and actual meter readings differ or (ii) price adjustments occur under Section 5 or Section 6, then adjustments to amounts previously invoiced shall be reflected in the invoice for the month in which such amounts are known to Seller.

11.3.2 Purchaser may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice, rendered under this Agreement or adjust

any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be made when due, with notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section 11.3.2 within twelve (12) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twelve (12) months after the close of the month during which Energy was delivered or such expense was incurred, the right to payment for such performance is waived.

SECTION 12

TAXES

- 12.1 Responsibility for Taxes. Seller shall pay or cause to be paid all Taxes on or with respect to the Full Requirements Product arising prior to a Delivery Point. Purchaser shall pay or cause to be paid all Taxes on or with respect to the Full Requirements Product at and from a Delivery Point (other than ad valorem, franchise or income taxes which are related to the sale of Energy and are, therefore, the responsibility of the Seller). In the event Seller is required by law or regulation to remit or pay Taxes which are Purchaser's responsibility hereunder, Purchaser shall promptly reimburse Seller for such Taxes. If Purchaser is required by law or regulation to remit or pay Taxes which are Seller's responsibility hereunder, Purchaser may deduct the amount of any such Taxes from the sums due to Seller under Section 10. Nothing shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under the law.
- 12.2 Treatment of Prepayment. The Seller will treat the Prepayment Amount as a prepayment for electricity for U.S. federal income tax purposes, and not as a production payment within the meaning of Section 636 of the Code, a loan or a deposit.

SECTION 13

REMEDIES FOR FAILURE TO DELIVER AND PURCHASE ENERGY; REMARKETING OF ENERGY

- 13.1 Seller Failure. If Seller fails to schedule and/or deliver all or part of the Full Requirements Energy and such failure is not excused by Purchaser's failure to perform or Force Majeure, then Seller shall pay Purchaser on the date payment would otherwise be due in respect of the month in which the failure occurred an amount for such deficiency equal to: (a) for that portion of the deficiency up to the Energy Minimum, an amount equal to such portion multiplied by the Replacement Price (unless any portion of the deficiency shall have been prepaid as part of the Prepayment Amount, in which case Seller shall pay an amount equal to such portion multiplied by (i) if the Replacement Price is less than the Product Price for such prepaid amount, the Product Price, and (ii) if the Replacement Price is greater than the Product Price for such prepaid amount, then the Replacement Price); and (b) for that portion of the deficiency above the Energy Minimum, amount equal to such portion multiplied by the positive difference, if any, obtained by subtracting the Product Price from the Replacement Price. In addition, Purchaser is entitled to receive any reasonable charges, fees, costs or losses directly incurred and related to Seller's failure to schedule and/or deliver under this Section 13.1 without duplication and not including any capital costs or similar overhead. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.
- 13.2 Purchaser Failure. If Purchaser fails to receive all or part of the Full Requirements Energy and such failure is not excused by Seller's failure to perform or by Force Majeure, then (a) any portion of such Full Requirements Energy included in the Prepayment Amount shall be remarketed under the Remarketing Agreement, and (b) any portion of such Full Requirements Energy not included in the Prepayment Amount shall be remarketed by Seller under Section 8.6 and the following payments shall be made (x) with respect to any portion which exceeds the Energy Minimum, Seller shall pay Purchaser, an amount equal to such portion multiplied by the Replacement Price and (y) with respect to that portion exceeding the Energy Minimum, Purchaser paying Seller an amount equal to such portion multiplied by the positive difference, if any, obtained by subtracting the Sales Price from the Product Price. The invoice sent with respect hereto shall include a written statement explaining in reasonable detail the calculation of the invoiced amount.
- 13.3 Remarketing of Products included in Prepayment Amount. In any month in which any forecast prepared pursuant to Section 8 indicates that (a) the Energy Requirement will be less than the Energy Minimum, (b) the Renewable Energy Supply will be less than the Renewable Target Amount, or (c) there will be a Capacity Reduction (each a "Forecasted Shortfall"), then if such Forecasted Shortfall is shown in the Long-Term Forecast, Purchaser shall notify Seller and, if different, Remarketing Agent, of such Forecasted Shortfall and if such Forecasted Shortfall is shown in the Short-Term Forecast, then Seller shall notify the Purchaser and the Remarketing Agent. Any of the Forecasted Shortfall which

was prepaid in the Prepay Amount, shall be remarketed under the Remarketing Agreement. The Seller shall, at the direction of the Remarketing Agent, deliver any such Forecasted Shortfall to the Remarketing Agent as agent of Purchaser, and, if applicable, the actual delivery point at which such Forecasted Shortfall is delivered to the Remarketing Agent shall be deemed to be the “Delivery Point” for such Energy hereunder; provided that the Remarketing Agent provides Seller timely information with respect to such remarketing reasonably sufficient to permit Seller to make such delivery. Any Forecasted Shortfall not prepaid for in the Prepayment Amount shall be remarketed under Section 8.6.

- 13.4 Termination of Remarketing Agreement. If the Remarketing Agreement has been terminated, Purchaser, or Purchaser’s designee, may remarket any Forecasted Shortfall, provided that in the event the Remarketing Agreement is terminated by Seller for cause, Purchaser shall indemnify and hold harmless Seller from any additional costs or losses incurred by Seller as a result of Purchaser, or Purchaser’s designee, remarketing any Forecasted Shortfall.
- 13.5 Sole Remedies. The remedies provided under this Section 13 shall be the sole remedies of the Purchaser with respect to the failure of Seller to Supply the Full Requirements Product.

SECTION 14 **GUARANTEE**

All payment obligations of Seller arising under or in connection with this Agreement shall be guaranteed under the Guarantee. Upon not less than fifteen (15) days notice to Purchaser, Seller may substitute an alternate guarantee, surety bond or similar instrument on terms substantially similar to the then-effective Guarantee, issued by a guarantor or an insurer or insurers or financial institution that has a Credit Rating from each Rating Agency not less than the Credit Rating then applicable to the Guarantor and in any event not less than “A3” and “A-” by Moody’s and S&P, respectively, provided that in any event such entity and such Credit Rating must both be reasonably acceptable to Purchaser (an “Alternate Guarantee”). In the event that at any time during the term of this Agreement the Credit Ratings of the Guarantor are reduced below “A3” from Moody’s and “A-” from S&P, or such Credit Ratings are withdrawn or suspended, Seller shall either (a) provide an Alternate Guarantee from a guarantor with a Credit Rating of not less than “A3” from Moody’s and “A-” from S&P, or (b) perform all obligations required to be performed by it as pledgor under the Credit Support Annex (attached hereto as Exhibit C). Purchaser shall return the prior Guarantee to Seller within five (5) Business Days after receipt of the acceptable Alternate Guarantee.

SECTION 15 **FORCE MAJEURE**

To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the “Claiming Party”) gives notice to the other Party with the details of the Force Majeure as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations under this Agreement (other than the obligation to make payments then due or becoming due with respect to performance prior to the occurrence of the Force Majeure). The Claiming Party shall remedy the Force Majeure with all

reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

SECTION 16 REGULATORY REPORTING

Seller will provide information to Purchaser necessary for Purchaser to timely comply with monthly, annual and periodic regulatory reporting requirements for Renewable Portfolio Standards and Resource Adequacy Requirements (including Local Resource Adequacy Requirements) which exist as of the Execution Date of this Agreement. If any additional regulatory reporting requirements are imposed on Purchaser, KRCD or SJVPA as an LSE which relate to Energy, Seller will use reasonable efforts to provide the information necessary for Purchaser to be able to comply.

SECTION 17 ADDITIONAL COVENANTS

17.1 General. Purchaser agrees that:

- 17.1.1 It shall not modify, amend or alter any Project Document, nor waive any material right thereunder, without the prior written consent of Seller, which shall not be unreasonably withheld or delayed;
- 17.1.2 With respect to its contractual obligations hereunder and performance thereof, it will not, and waives all right to, claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (a) suit, (b) jurisdiction of court (including a court located outside the jurisdiction of its organization), (c) relief by way of injunction, order for specific performance or recovery of property, (d) attachment of assets, or (e) execution or enforcement of any judgment. Purchaser acknowledges that its rights and obligations hereunder are of a commercial and not a governmental nature.
- 17.1.3 To the extent Prepayment Obligations have been issued and are outstanding, it covenants and agrees to observe, perform, and fulfill each provision applicable to it under the Trust Agreement as such provisions set forth therein exist and are or were in effect on the date of execution and delivery of the Prepayment Obligations, and as any of those provisions may be amended, supplemented, or modified in accordance with the terms of the Trust Agreement.
- 17.1.4 To the extent Prepayment Obligations have been issued and are outstanding, it agrees to notify Seller promptly of any notice it receives pursuant to the Trust Agreement from the Trustee that an event of default or Mandatory Prepayment Event has occurred under the Trust Agreement, and concurrently deliver to Seller a copy of any notice it gives to the Trustee pursuant to the Trust Agreement.

- 17.1.5 It shall observe, perform, and fulfill each provision applicable to it under the SJVPA PSA as such provisions set forth therein exist and are or were in effect on the date of the SJVPA PSA.
- 17.1.6 It shall notify SJVPA of the amount of the estimated Quarterly Exit Fee reflected in the notice it receives from Seller under Section 8.5.1.
- 17.1.7 It shall notify SJVPA of the amount of any actual Exit Fee reflected in any notice it receives from Seller under Section 8.5.3.
- 17.18 It shall notify KRCD and SJVPA of any modification to the Covered Procurement Contracts identified in Exhibit E for which it received notice from Seller pursuant to Section 17.3 within two (2)]days of receipt of such notification.
- 17.1.9 Provided that Seller has provided timely notice of the amount of the Quarterly Exit Fee pursuant to Section 8.5, it shall ensure that all information and cooperation necessary or desirable to timely and properly invoice the Exit Fee of any Departing Customer is provided by SJVPA to the applicable Utility.
- 17.1.10 Purchaser's failure to perform its obligations in Sections 17.1.5, 17.1.6, 17.1.7, 17.1.8 or 17.1.9 above, does not discharge KRCD of its obligations under Section 9.6 of the SJVPA PSA to set rates and charges sufficient to produce revenue to pay the Exit Fee; *provided that*, Seller's recourse in the event Purchaser fails to perform its obligations as described herein is subject to the limitations provided under Section 2.1.
- 17.2 Security. In order to secure all of Purchaser's obligations to Seller under this Agreement, Purchaser hereby pledges and collaterally assigns to Seller all of its rights, obligations, accounts under the SJVPA PSA and all proceeds resulting therefrom or from the liquidation thereof.
- 17.3 List. Seller agrees to provide Purchaser with notice of any modification to the list of Covered Procurement Contracts identified in Exhibit E within [three (3)] days of either entering into a Covered Procurement Contract, terminating a Covered Procurement Contract, or modifying an existing Covered Procurement Contract.
- 17.4 Full Requirements Product. Seller shall provide Full Requirement Products that meet the requirements of Public Resources Code Sections 8340 et. Seq. and California Public Utilities Commission Decision 07-01-039 including Attachment 7 (mailed January 29, 2007) in effect on the date of execution of this Agreement (the "Greenhouse Gas Provisions"), as applicable to SJVPA and to identify the resources supporting this Agreement in Exhibit D prior to execution of this Agreement. In addition, Seller confirms its obligation under this Agreement to supply the Full Requirement Products to the Purchases in compliance with the

Greenhouse Gas Provisions as applicable to SJVPA as modified or superceded from time to time, subject to the provisions of Section 21.1 hereof.

SECTION 18 REPRESENTATIONS AND WARRANTIES

- 18.1 Sellers's Representations and Warranties. Seller represents, covenants, and warrants to Purchaser that, as of the Execution Date:
- 18.1.1 Seller is a corporation duly organized and validly existing under the laws of the State of Delaware.
 - 18.1.2 Seller (i) has the requisite corporate power and authority to enter into this Agreement and any of the transactions contemplated by this Agreement and to perform according to the terms hereof, (ii) has the power and authority to conduct its business as currently conducted, and (iii) is in good standing under the laws of any jurisdiction which requires such qualification for the performance of this Agreement and any of the transactions contemplated by this Agreement.
 - 18.1.3 Seller has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 18.1.4 The execution, delivery and performance of this Agreement do not:
 - 18.1.4.1 Contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement to which Seller is a party or by which it is bound, or any valid order of any court, or other body having authority to which seller is subject;
 - 18.1.4.2 Contravene, conflict with or violate any provision of any material requirements of Law presently in effect having applicability to Seller; or
 - 18.1.4.3 As of the date hereof, require the consent or approval or material filing or registration with any Governmental Person or any other person.
 - 18.1.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

- 18.1.6 There is no litigation, arbitration, investigation or other proceeding pending or, to the best of Seller's knowledge, threatened against either Seller or any of its Affiliates that could materially adversely affect Seller's ability to perform its obligations under this Agreement and the transactions contemplated hereby.
 - 18.1.7 It is an "Eligible Commercial Entity" and an "Eligible Contract Participant" as defined in Sections 1a(11) and 1a(12) of the Commodity Exchange Act, as amended (7 U.S.C. §§ 1a(11) and 1a(12) (2000)).
 - 18.1.8 It is a "forward contract merchant" within the meaning of the United States Bankruptcy Code.
 - 18.1.9 No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Master Agreement and each transaction contemplated under this Agreement.
 - 18.1.10 It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt.
- 18.2 Purchaser's Representations and Warranties. Purchaser represents, covenants, and warrants to Seller that, as of the Execution Date:
- 18.2.1 Purchaser is a not-for-profit public benefit corporation duly organized and validly existing under the laws of the State of California.
 - 18.2.2 Purchaser (i) has the requisite power and authority to enter into this Agreement and any of the transactions contemplated by this Agreement and to perform according to the terms hereof; (ii) has the power and authority to conduct the business in which it is currently engaged; and (iii) is duly qualified and in good standing under the laws of California and any other jurisdiction which requires such qualification for the performance of this Agreement and any of the transactions contemplated by this Agreement.
 - 18.2.3 Purchaser has taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 18.2.4 The execution, delivery, performance and observance by Seller of its obligations under this Agreement do not and will not:
 - 18.2.4.1 Contravene, conflict with or violate any provision of any material requirements of Law presently in effect having applicability to Purchaser;

- 18.2.4.2 Require the consent or approval of or material filing or registration with any Governmental Authority or other person other than such consents and approvals which are required in connection with the implementation of the CCA program and expected to be obtained in due course; or
- 18.2.4.3 Result in a breach of or constitute a default under any provision of any security issued by Purchaser under any material agreement, instrument or undertaking to which Purchaser is a party.
- 18.2.5 This Agreement is a valid and legally binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 18.2.6 There is no litigation, arbitration, investigation or other proceeding pending or, to the best of Purchaser's knowledge, threatened against either Purchaser or any of its Affiliates that could materially adversely affect Purchaser's ability to perform its obligations under this Agreement and the transactions contemplated hereby.
- 18.2.7 No event has occurred and is continuing which, with passage of time or the giving of notice, or both, would constitute a Termination Event.
- 18.2.8 Purchaser further represents and warrants that:
 - 18.2.8.1 It is acting for its own account, and it has made its own independent decisions to enter into that transaction and as to whether that transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other Party as investment advice or as a recommendation to enter into that transaction; it being understood that information and explanations related to the terms and conditions of a transaction shall not be considered investment advice or a recommendation to enter into that transaction. It has not received from the other Party any assurance or guarantee as to the expected results of that transaction.
 - 18.2.8.2 It is capable of evaluating and understanding (on its own behalf or through independent professional advice), and understands

and accepts, the terms, conditions and risks of that transaction. It is also capable of assuming, and assumes, the financial and other risks of that transaction.

- 18.2.8.3 Seller is not acting as a fiduciary or an advisor to it in respect of that transaction.
 - 18.2.9 It is an “Eligible Commercial Entity” and an “Eligible Contract Participant” as defined in Sections 1a(11) and 1(a)(12) of the Commodity Exchange Act, as amended (7 U.S.C. §§ 1a(11) and 1a(12) (2000)).
 - 18.2.10 It is a “forward contract merchant” within the meaning of the United States Bankruptcy Code.
 - 18.2.11 It is eligible to file as a debtor under Chapter 9 of the United States Bankruptcy Code.
 - 18.2.12 No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement and each transaction contemplated under this Agreement.
 - 18.2.13 It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt.
 - 18.2.14 Except for limitations on remedies applicable to public agencies in the State of California, its obligations under this Agreement shall not be limited, reduced or excused by any defenses which are not available to non-governmental corporations, including without limitation the defense of sovereign immunity.
 - 18.2.15 Except for the underwriter retained by Purchaser in connection with the execution and delivery of the Prepayment Obligations, which underwriter will be compensated from proceeds of the sale thereof, neither Purchaser nor any Affiliate of Purchaser has employed any investment banker, broker or finder that would be owed a fee by Seller in connection with the transactions contemplated by this Agreement nor has it taken any action which would give rise to a valid claim against Seller for a brokerage commission, finder’s fee or other like payment that has not been paid.
- 18.3 No Other Representations or Warranties. Each Party acknowledges that it has entered into this Agreement in reliance upon only the representations and warranties set forth in this Agreement, and that no other representations or warranties have been made by the other Party with respect to the subject matter of this Agreement.

SECTION 19

EVENTS OF DEFAULT

19.1 Events of Default. The occurrence of any of the following shall constitute an “Event of Default” under this Agreement with respect to the Party to which the Event of Default occurred, and if such event occurs with respect to the Guarantor, the Event of Default shall be deemed to have occurred with respect to the Seller:

19.1.1 The failure to make any payment when due if not remedied within two (2) Business Days after notice;

19.1.2 Any representation or warranty in this Agreement shall prove to have been false or misleading when made and such misrepresentation or warranty has had or could reasonably be expected to have a Material Adverse Effect on a Party’s ability to perform its obligations under this Agreement;

19.1.3 The failure of a Party to perform any material obligation under this Agreement if not remedied within five (5) Business Days after notice;

19.1.4 The Bankruptcy of a Party or the Guarantor;

19.1.5 The occurrence of any of the following with respect to a Party:

19.1.5.1 A default, event of default or other similar condition or event (however described) in respect of such Party or the Guarantor under one or more agreements or instruments relating to borrowed money, individually or collectively, where the aggregate principal amount of such agreements or instruments, either alone or together with the amount, if any, referred to in Section 19.1.5.2 below is not less than the applicable Threshold Amount which has resulted in such indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments before it would otherwise have been due and payable; or

19.1.5.2 A default by a Party or the Guarantor, individually or collectively, in making one or more payments under such agreements or instruments on the due date for payment (after giving effect to any applicable notice requirement or grace period) in an aggregate amount, either alone or together with the amount, if any, referred to in Section 19.1.5.1 above, of not less than the applicable Threshold Amount;

“Threshold Amount” means with respect to Seller, 2% of stockholders’ equity of Citigroup Inc., and with respect to Purchaser, one million dollars (\$1,000,000.00).

- 19.1.6 A default under a Specified Agreement and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of all obligations under, or an early termination of, that Specified Agreement. “Specified Agreement” means any agreement between Seller on the one hand, and Purchaser, KRCD or SJVPA on the other hand;
- 19.1.7 A Party or the Guarantor (A) consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity, or any person or entity acquires directly or indirectly the beneficial ownership of equity securities having the power to elect a majority of the board of directors or other managing body of such Party or the Guarantor or any other ownership interest enabling it to exercise control over such Party; or (B) effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of preferred stock or other securities convertible into, or exchangeable for, debt or preferred stock, or (C) enters into any agreement providing for any of the foregoing; and the creditworthiness of the resulting, surviving, transferee, reorganized, burdened or recapitalized entity is materially weaker than that of such Party or the Guarantor, as the case may be, immediately prior to such action (and, in such event, such Party or its successor or transferee, as appropriate, will be the Defaulting Party);
- 19.1.8 Purchaser, KRCD, SJVPA or any of its Members, takes any action to have the Product Price adjusted, declared invalid, unfair or otherwise seeks to have the Product Price, any provision of the Agreement or the Agreement declared unfair, void or unenforceable;
- 19.1.9 With respect to Purchaser, (i) for any reason the requirement that (a) customers that have withdrawn from the CCA must pay an Exit Fee, and (b) the proceeds, if any, received from such Exit Fees are required, directly or indirectly, to be paid over to Purchaser, is removed from CCA or the Implementation Plan, waived by the Purchaser, KRCD or SJVPA, is not enforced by the Purchaser, KRCD or SJVPA, or is determined to be unenforceable by a final, non-appealable judgment of a court of competent jurisdiction; or (ii) the amount of such Exit Fees are set at a level that, even if collected, would be materially insufficient to cover Seller’s exposure hereunder;
- 19.1.10 Within sixty (60) days of the inception of the applicable Delivery Period for Rate Classes (i) small commercial, (ii) medium commercial and (iii) residential and agricultural, fifty (50) percent or more of the Energy Requirement for such customers, by MWh, elect to opt-out of the CCA program (in which event Seller shall be deemed to be the Non-defaulting Party);

19.1.11 With respect to Purchaser, the Joint Powers Agreement or Implementation Plan is amended or modified (or a waiver is granted that has the effect of an amendment or modification) such that a Member may terminate the Joint Powers Agreement and be relieved of liabilities or obligations incurred prior to the effective date of such termination; and

19.1.12 To the extent Prepayment Obligations have been issued and are outstanding, there shall have occurred and be continuing a “Mandatory Prepayment Event” under (and as defined in) the Trust Agreement.

SECTION 20 REMEDIES FOR DEFAULT

20.1 Upon the occurrence of an Event of Default under Section 19, the Non-defaulting Party may, but shall not be obligated to, by notice specifying the Event of Default, establish a date, which shall be no more than thirty days from the date of such notice, as the Early Termination Date.

20.2 After declaration of an Early Termination Date following the occurrence of an Event of Default, the Non-defaulting Party shall calculate, in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result, its Termination Damages and provide to the Defaulting Party a notice showing in reasonable detail the calculations and any relevant quotations used to determine the Termination Damages.

20.3 No later than two (2) Business Days after giving or receiving the notice of Termination Damages pursuant to Section 20.2, Seller shall pay or cause to be paid to the Trustee for the account of Purchaser the amount, if any, by which the Prepay Liquidation Payment exceeds the Termination Damages.

SECTION 21 TERMINATION EVENTS

21.1 Types of Termination Events. If any of the following shall occur and a Party’s performance hereunder is rendered illegal or impossible as a result thereof (such Party, an “Affected Party”), such occurrence shall be a “Termination Event”:

21.1.1 There is a Change in Law with respect to Resource Adequacy Requirements or Local Resource Adequacy Requirements;

21.1.2 There is a Change in Law with respect to Renewable Portfolio Standards;

21.1.3 Implementation by any Government Person of California Assembly Bill 32 (greenhouse gas reduction legislation);

21.1.4 There is a Change in Law with respect to any other Environmental Law;

21.1.5 Direct Access is restored or otherwise re-implemented; and

- 21.1.6 An Illegality occurs.
- 21.2 Disallowance of cost pass-through or any unfavorable resale rate treatment by Purchaser shall not constitute a Termination Event.
- 21.3 Neither Party shall seek, or support another entity seeking, any Change in Law, or other modification of any term of this Agreement, including any amendment hereto, so as to create a Termination Event.
- 21.4 Rights and Obligations after a Termination Event.
- 21.4.1 Notice. If a Termination Event occurs, an Affected Party shall, promptly upon becoming aware of it, notify the other Party, specifying the nature of the Termination Event, and shall also provide such other information about the Termination Event as the other Party may reasonably require.
- 21.4.2 Good Faith Negotiation. Upon notice by the Affected Party pursuant to Section 21.4.1, the Parties shall promptly attempt in good faith to modify the Agreement so as to restore substantially the same economic positions the Parties were in immediately before the Termination Event.
- 21.4.3 Early Termination. If the Parties are unable to agree, despite good faith efforts, within thirty (30) days after the occurrence of a Termination Event, on an amendment or modification of the Agreement that substantially preserves the economics of the Agreement for each Party as of the date immediately prior to the Terminative Event, then an Affected Party may designate an Early Termination Date.
- 21.4.4 Election to Indemnify the Affected Party. A Party not adversely affected by the Termination Event may elect to preserve its economic benefits hereunder by agreeing in writing, prior to the effectiveness of such notice of termination, to hold harmless the Affected Party pending reconsideration by the applicable judicial or government authority, or for the remaining Delivery Period.
- 21.4.5 Calculation and Payment of Settlement Amount. On or as soon as reasonably practicable following notice of an Early Termination Date due to a Termination Event, Seller shall calculate, in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result, the Termination Damages due to or from Purchaser hereunder and shall provide to the other Party a notice showing in reasonable detail the calculations and all relevant quotations used to determine the Termination Damages. For such determination, the Energy Requirement set forth on the most recent Long-Term Forecast provided pursuant to Section 8.1 and the applicable Energy Minimum set forth on Schedule G, shall be used.

21.4.6 Payment of Termination Damages. No later than two (2) Business Days after giving or receiving the notice of Termination Damages pursuant to Section 21.4.5, Seller shall pay or cause to be paid to the Trustee for the account of Purchaser the amount, if any, by which the Prepay Liquidation Payment exceeds the Termination Damages.

SECTION 22

LIMITATIONS ON REMEDIES, LIABILITIES AND DAMAGES

EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. 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. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF 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. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 23

WAIVER OF RIGHT TO TRIAL BY JURY

To the fullest extent permitted by applicable law, each Party waives any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Agreement. Each Party certifies that no representative, agent or attorney of the other Party has represented, expressly or otherwise, that such other Party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver.

SECTION 24

GOVERNING LAW

THE PROVISIONS OF THIS AGREEMENT AND THE RELATIONSHIP OF THE PARTIES SHALL BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. NOTWITHSTANDING THE FOREGOING, THE PARTIES AGREE THAT MATTERS RELATING TO THE POWERS, AUTHORITY AND CAPACITY OF THE PURCHASER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 25

JURISDICTION

The Parties hereby consent to the exclusive jurisdiction of the courts of the state of New York and the United States district court located in the borough of Manhattan in New York State. In the event such judicial proceedings are instituted by either Party, the prevailing Party shall be entitled to an award of its costs and attorneys' fees incurred in connection with such proceedings. Nothing in this section shall prohibit a Party from bringing an action to enforce a money judgment in any other jurisdiction.

SECTION 26

REVIEW RIGHTS

To the extent permitted by law, a Party shall have the right, upon the execution of reasonable confidentiality/access agreements, to verify the accuracy of any statement, charge, payment, or computation made under this Agreement. This right to verify shall include only the right to examine copies of documents and records (collectively a "Review"). Each Party shall bear its own costs incurred in connection with any Review made pursuant to this Section 26. Such right to review shall be available for the Delivery Period of this Agreement and for two (2) years thereafter. All Reviews shall be on a confidential basis. For purposes of this Review provision, the Parties deem at least two (2) weeks as reasonable notice. Notwithstanding anything to the contrary contained herein, nothing in this Section 26 shall obligate a Party to retain any document related to this Agreement for any period in excess of that which would be required under that Party's normal document retention policy.

SECTION 27

GENERAL PROVISIONS

- 27.1 Notices. All notices, requests, demands and other communications hereunder shall be in writing except as otherwise noted and shall be delivered personally sent by bonded overnight courier, mailed by U.S. Express Mail or by certified or registered United States mail with all postage fully prepaid, sent by prepaid telegram or sent by facsimile transmission, in each case addressed to appropriate party at address for such party shown below or at such other address as such party shall have theretofore designated by written notice delivered to the party giving such notice:

Seller:

Citigroup Energy Inc.

Attn: Commodity Operations Group

2800 Post Oak Boulevard, Suite 500

Houston, TX 77056-6156

Phone: (713) 752-5478
Fax: (646) 291-1938

With a copy to:
Citigroup Energy Inc.
Attn: Legal Department
2800 Post Oak Boulevard, Suite 500
Houston, TX 77056-6156
Phone: (713) 752-5225
Fax: (713) 752-5244

Purchaser:
KINGS RIVER CONSERVATION DISTRICT FINANCING CORPORATION
Attn: General Manager
4886 East Jensen Avenue
Fresno, CA 93725

Phone: (559) 237-5567
Fax: (559) 237-5560

With a copy to:

Douglas S. Brown
Stradling Yocca Carlson & Rauth
980 Ninth Street, Suite 1480
Sacramento, CA 95814
Phone (916) 449-2350
Fax (916) 441-2034

Except as otherwise permitted, any notice given in accordance herewith shall be deemed to have been given and received when delivered to addressee, which delivery may be evidenced by (i) signed receipt of addressee given to the courier or postal service or telegraph company, or (ii) by confirmed facsimile transmission as provided in the following sentence, as the case may be. Notice by facsimile transmission shall be deemed given and received upon transmission by the notifying party of a faxed notice to the facsimile number set forth above or designated pursuant to this Section 27.1, with confirmation on the sender's machine of the success of the facsimile transmission.

- 27.2 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assignees. Neither Party may assign this Agreement or any right or obligation under this Agreement without the express prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed.
- 27.3 Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all previous representations, understandings, negotiations and agreements, whether written or

oral, between the Parties hereto or their representatives with respect to the subject matter hereof.

- 27.4 Confidentiality. Except for limitations applicable to public agencies in the State of California, neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's or the Party's Affiliates, employees, lenders, counsel, accountants or advisors who have a need to know such information and who the Party is satisfied will keep such terms confidential) except in order to comply with any applicable law, regulation, government investigation or inquiry, or any exchange, Control Area or CAISO rule or in connection with any court or regulatory proceeding or request by a bank examiner or other Governmental Person; provided, however, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. 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.
- 27.5 No Waiver. The failure of either Party to insist in any one or more instances upon strict performance of any provision of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provision or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect.
- 27.6 Relationship Between The Parties. This Agreement shall not be interpreted or construed to create an association, joint venture, partnership or other similar relationship between the Parties or to impose any partnership obligation or liability upon either Party.
- 27.7 Third Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Nothing in this Agreement shall be construed to create any duty to, or standard of care with reference to, or any liability to, any Person not a Party to this Agreement.
- 27.8 Binding Rates and Terms.
- 27.8.1 Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement or any Transaction thereunder, including any credit, security, margin, guaranty or similar agreement (collectively with this Agreement, the "Covered Agreements"). By this provision, each Party expressly waives its right to seek or support: (i) an order from FERC finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Covered Agreements are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees not to make or support such a filing or request, and that these covenants

and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter.

27.8.2 Absent the agreement of all parties to a proposed change, the standard of review for changes to any section of any Covered Agreement proposed by a Party (to the extent that any waiver in Section 27.8.1 above is unenforceable or ineffective as to such Party), a non-party or FERC acting sua sponte, shall be the “public interest” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the “Mobile-Sierra” doctrine).

27.8.3 The Parties agree that, if and to the extent that FERC adopts a final rule in Docket No. RM05-35, Standard of Review for Modifications of Jurisdictional Contracts (“Final Rule”), which: (1) states that FERC will interpret contractual silence on the standard of review applicable to unilateral attempts to modify any of the rate(s), charges, classifications, terms or conditions of this Agreement as an intent to invoke the Mobile-Sierra public interest standard of review; and (2) requires that Parties seeking to reserve their right, or the right of a non-party or FERC, to seek unilateral modification of this Agreement under a just and reasonable standard of review must do so explicitly in the Agreement in accordance with the terms prescribed by FERC in order to avoid application of the public interest standard under the Mobile-Sierra doctrine, then, without further action of either Party, Section 27.8.1 shall be deemed amended in any manner necessary to reflect the Parties’ intent to exclude application of the just and reasonable standard under the Mobile-Sierra doctrine, and, without further action of either Party, such Section shall be deemed amended to incorporate the specific language in the Final Rule that requires the public interest standard of review.”

27.9 Execution In Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

SECTION 28

SURVIVAL OF OBLIGATIONS

Cancellation, expiration or earlier termination of this Agreement shall not relieve the Parties of obligations that by their nature should survive cancellation, expiration or termination, including exclusion of warranties and remedies, exclusions of consequential damages, limitations on liability, audits, promises of indemnity and confidentiality.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

Seller:

Purchaser:

CITIGROUP ENERGY INC.

KINGS RIVER CONSERVATION
DISTRICT FINANCING CORPORATION

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Appendix “A” Defined Terms

“Additional Renewable Energy Requirements” has the meaning set forth in Section 5.6.4.

“Affiliate” means, with respect to a person, any other person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with such person, provided, however, that in the case of Seller, the term “Affiliate” shall not include any entity that Controls or is under common Control with CGMHI, but in any event such term shall include CGMHI and any entity Controlled by CGMHI.

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“Affected Party” shall have the meaning set forth in Section 21.1.

“Alternate Guarantee” shall have the meaning set forth in Section 14.

“Ancillary Services” means those ancillary services, including but not limited to those described in FERC Order No. 888, that may from time to time be required by FERC to be supplied by any transmission provider in a Control Area.

“Annual Exit Fee” has the meaning set forth in Section 8.5.1.

“Bankruptcy” means a Party, or the Guarantor, (a) files a petition for relief under Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function or any other insolvency law or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it; (b) takes any corporate action to authorize or effect any of the foregoing actions; (c) generally fails to pay, or admits in writing its inability to pay, its debts as such debts become due; (d) applies for, seeks or consents to, or acquiesces in, the appointment of a custodian, receiver, trustee, examiner, liquidator or similar official for it or for any material portion of its assets; (e) benefits from or is subject to the entry of an order for relief under any bankruptcy or insolvency law; (f) makes an assignment for the benefit of creditors; (g) fails, within fifteen (15) days after the commencement of any proceeding against it seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, to have such proceeding dismissed, or to have all orders or proceedings thereunder affecting the operations or the business of the person stayed; or (h) fails, within fifteen (15) days after the appointment, without the consent or acquiescence of the person, of any custodian, receiver, trustee, examiner, liquidator or similar official for it or for any material portion of its assets, to have such appointment vacated.

“Base Load Plant” means KRCD’s proposed natural gas-fired, base-load power plant to be developed within KRCD's service area.

“Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the

relevant Party's principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

“CAISO” means the California Independent System Operator Corporation or the successor organization to the functions thereof.

“CAISO Charges” mean those amounts billed by CAISO and associated with the procurement and delivery of any full requirements product through the CAISO market to CCA customers.

“Capacity” means the net generating capability of a generating resource or generating resources. Capacity is expressed in MW.

“Capacity Minimum” means the amount set forth on Schedule E and, after the opt-out period for each phase as set forth on Schedule A, shall be adjusted as agreed to by the Parties to the extent that the number of opt-outs was lower than expected, provided that in no event shall the amount be less than the amount set forth on Schedule E on the Execution Date.

“Capacity Maximum” means the amount set forth on Schedule E.

“Capacity Price” means the price for Capacity in dollars per MWh set forth on Schedule H.

“Capacity Reduction” has the meaning set forth in Section 6.5.

“Capacity Requirement” has the meaning set forth in Section 6.1.

“CCA Program” means the community choice aggregation program described under the Project Documents.

“CCA Registration Package” shall mean that package of information required by the California Public Utilities Commission (in Decision R.03-10-003) to provide the California Public Utilities Commission with additional information, including the CCA's service agreement with the underlying utility and evidence of insurance, self-insurance, or a bond that will cover such costs as potential re-entry fees, penalties for failing to meet operational deadlines, and errors in forecasting.

“CEC” means the California Energy Commission or any agency which succeeds to such Commission's regulatory functions.

“CGMHI” means Citigroup Global Markets Holdings Inc.

“CGMI” has the meaning set forth in Section 10.3.2.

“Change in Law” means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any Law (or in the application or official interpretation of any Law) that occurs on or after the Execution Date. For the avoidance of doubt, any change in the

implementation of Resource Adequacy Requirements, Local Resource Adequacy Requirements or any change in the percentage of Distribution Losses for which Seller is responsible as set forth on Schedule B that is not agreed-to by Seller but nonetheless binds Seller (as would occur if a Governmental Person ordered such Schedule to be reformed) shall constitute a Change in Law hereunder.

“Claiming Party” shall have the meaning set forth in Section 15.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercially Reasonable Efforts” means, with respect to any sale, such efforts as a reasonably prudent business would undertake for the protection of its own interest under the conditions affecting such sale or other action, including without limitation, the amount of notice of the need to take such action, the duration and type of the purchase or sale or other action, the competitive environment in which such purchase or sale or other action occurs and the risk to the Party required to take such action.

“Community Choice Aggregation” or “CCA” means a program that meets the requirements of California Assembly Bill 117, passed in 2002, that allows cities and counties to combine the electrical loads of their constituents for bulk electricity purchases, with an opt-out structure provided for customers continuing to buy power directly from the local investor-owned utility.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. The term “Control” when used as a verb shall have a correlative meaning.

“Control Area” means an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to, among other things, match at all times the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s) with the load within the electric power system(s).

“Cost Responsibility Surcharge” means the cost recovery mechanism described in California Public Utilities Code Section 366.2 and implemented by the CPUC in Decisions 04-12-046 and 05-12-041.

“Costs” mean, with respect to the determining Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements in connection herewith; and all reasonable attorneys’ fees and expenses incurred by such Party in connection with the termination of the Agreement, entering into new arrangements and all arrangements thereunder.

“Covered Agreements” shall have the meaning set forth in Section 27.8.1.

“Covered Procurement Contracts” means the contracts identified in Exhibit E as described in California Public Utilities Commission Decision 07-01-039 (mailed January 29, 2007) including Attachment 7, as modified or superseded from time to time.

“CPUC” means the California Public Utilities Commission or any agency which succeeds to such Commission’s regulatory functions.

“Credit Support Annex” means the Credit Support Annex attached hereto as Exhibit C, which for all purposes shall be deemed part of, and subject to, the Agreement.

“Defaulting Party” means a Party with respect to which an Event of Default has occurred.

“Delivery Period” shall have the meaning set forth in Section 3.

“Delivery Points” shall have the meaning set forth in Section 7.

“Departing Customer” shall have the meaning set forth in Section 8.5.2.

“Direct Access” means the right of retail-end users to acquire electric service from energy service providers pursuant to implementation of Assembly Bill 1890 in spring of 1998.

“Distribution Losses” means the distribution losses based on the distribution loss factors set forth on Schedule B.

“Distribution Losses Price” means the price for Energy per Rate Class multiplied by the appropriate percent set forth on Schedule B.

“Early Termination Date” shall mean any early termination the date established pursuant to Section 21.4 and which date shall not be earlier than the date of the notice given.

“Energy” means real (not reactive) electric energy in the form of three-phase alternating current having a nominal frequency of approximately 60 cycles per second, a harmonic content consistent with the requirements of the Institute of Electrical and Electronic Engineers Standard No. 519, and a voltage content consistent with the guidelines applied by the Control Area in which the applicable generating resource resides. Energy is measured in MWh.

“Energy Maximum” shall mean the amount set forth on Schedule G and, after the opt-out period for each phase as set forth on Schedule A, shall mean 105% of the expected load as set forth on the Long-Term Forecast at that time.

“Energy Minimum” shall mean the amount set forth on Schedule G and, after the opt-out period for each phase as set forth on Schedule A, shall mean 95% of the expected load as set forth on the Long-Term Forecast at that time, provided that in no event shall the Energy Minimum be less than the amount set forth on Schedule G on the Execution Date.

“Energy Price” the price for Energy, per Rate Class set forth on Schedule H.

“Energy Requirement” is the amount of hourly Energy required to serve the electrical load of each Member’s participating Rate Classes set forth on Schedule A, from the applicable start date set forth thereon for such Rate Class.

“Environmental Law” means any Law with respect to: (i) any emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), mercury (Hg) and other pollutants; (ii) any emissions of carbon dioxide (CO₂), methane (CH₄) and other greenhouse gases (GHGs) that have been alleged to contribute to the actual or potential threat of altering the Earth’s climate; (iii) the reporting rights and responsibilities associated with these emissions; or (iv) otherwise relating to the protection, preservation, conservation or regulation of the environment, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 3808 et seq.; and equivalent federal, state and local laws.

“EPS” means the greenhouse gases emission performance standard as adopted by the California Public Utilities Commission in Decision 07-01-039 (mailed January 29, 2007) as modified or superseded from time to time.

“ESA Remarketing Fee” means twenty cents (\$0.20) per MWh for Energy, twenty cents (\$0.20) for Renewable Energy or RECs and twenty cents (\$0.20) for Capacity.

“Events of Default” has the meaning set forth in Section 19.

“Excess Capacity Quantity” has the meaning set forth in Section 6.3.3.

“Excess Energy Quantity” has the meaning set forth in Section 5.5.3.

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

“Exit Fee” means the “net unavoidable cost” and “remaining unrecovered cost” currently referenced in Section 9.7 of the SJVPA PSA and any successor similar cost recovery charge, administration fee, or transition charge (however so denominated).

“Federal Power Act” means 16 U.S.C. §§ 791a, et seq.

“FERC” means the Federal Energy Regulatory Commission or any agency which succeeds to such Commission’s regulatory functions for the electric utilities.

“Final Rule” has the meaning set forth in Section 27.8.3.

“Force Majeure” means an event or circumstance which prevents a Claiming Party from performing its obligations or causes delay in such Claiming Party’s performance under this Agreement, which event or circumstance was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of the negligence of the Claiming Party and which, by the exercise of due diligence or use of Good Utility Practice, the Claiming Party is

unable to overcome or avoid or cause to be avoided. Events of Force Majeure may include, but are not limited to, acts of God; fire; flood; earthquake; war; riots; requirements, actions or failure to act on the part of governmental authorities; adoption or change in any law, regulation, statute, rule or regulation imposed by federal, state or local governmental bodies, including, without limitation, a change in the interpretation thereof; or any lawful order by any court or administrative agency (so long as the Claiming Party has not applied for or assisted in the application for such judicial or governmental action). Force Majeure shall not be based on: (i) Purchaser's inability economically to use the power purchased hereunder; (ii) Purchaser's ability to purchase Capacity and/or Energy from a third party at a price less than the price under this Agreement; (iii) Seller's ability to sell Capacity and/or Energy at a price greater than the price under this Agreement; or (iv) Seller's inability economically to procure the power sold hereunder, including but not limited to Seller's inability to provide Capacity and/or Energy at its expected cost or price or at a cost or price equal to or lower than the price under this Agreement.

"Forecasted Shortfall" shall have the meaning set forth in Section 13.3.

"Full Requirements Energy" shall have the meaning set forth in Section 4.1.1.

"Full Requirements Product" shall have the meaning set forth in Section 4.1.

"Gains" mean, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of the Agreement and all arrangements thereunder, determined in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result.

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

"Governmental Approval" means any authorization, approval, consent, license, ruling, permit, tariff, certification, exemption, order, recognition, grant, confirmation, clearance, filing or registration by or with any Governmental Person.

"Governmental Person" means any (i) international, national, state, county, city, town, municipal or other governing organization; (ii) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); (iii) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power (including any RTO, ISO, control area, standard-setting organization, self-regulatory organization, transmission provider or pipeline transportation provider); or (iv) official of any of the foregoing.

“Guarantee” means the Guarantee issued by the Guarantor to the Purchaser securing the Seller’s obligations hereunder, which shall be substantially in the form of Exhibit B.

“Guarantor” means Citigroup Inc.

“HE” means hour ending.

“Illegality” means that it becomes unlawful for a Party or a Party’s Guarantor (which shall be the adversely affected Party) to perform any material obligation under this Agreement.

“Imbalance Charge” means any scheduling penalties, imbalance penalties, overpull or unauthorized overrun penalties, operational flow order penalties, cash out charges, banking charges or similar penalties, fees or charges, assessed by, or oversupply credits or payments due with respect to a failure to comply with balance and/or scheduling requirements of any applicable entity.

“Implementation Plan” has the meaning set forth in the recitals.

“Initial Prepayment Transaction” has the meaning given in Section 10.3.

“Interest Rate” shall mean LIBOR plus 1% per annum.

“Joint Powers Agreement” has the meaning set forth in the recitals.

“Knowledge” means, with respect to any Person, the actual, current knowledge of the responsible officers of such specified Person.

“KRCD” has the meaning set forth in the recitals hereto.

“Law” means any applicable international, federal, national, regional, state, municipal or local law, statute, treaty, rule, regulation, ordinance, order, code, judgment, decree, directive, injunction, writ or similar action or decision duly implementing any of the foregoing by any Governmental Person.

“Local Capacity” means Capacity from generation resources that, when Supplied hereunder, will comply with applicable Local Resource Adequacy Requirements.

“Local Capacity Amount” has the meaning set forth in Section 6.2.

“Local Capacity Requirement” has the meaning set forth in Section 6.2.

“Local Resource Adequacy Requirements” means the local capacity requirement prescribed by the CPUC in D.06-06-064 (or any successor or related proceedings) and/or the CAISO to ensure adequate generation capacity in transmission contained areas.

“Long-Term Forecast” shall have the meaning set forth in Section 8.1.1.

“Loss” means any claim, action, expense, loss, cost, damage or liability, whether known, absolute, accrued or otherwise, and whether due or to become due, including interest, fines,

reasonable legal and accounting fees and expenses, but in any case reduced by any amounts received by the Indemnified Parties as a result of any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person.

“LSE” shall mean a load serving entity for Members of SJVPA.

“Malaga Peaking Plant” means the 97 megawatt gas-fired peaking plant located within an industrial area in the Fresno County community of Malaga.

“Malaga Early Termination Date” has the meaning set forth in Section 9.3.1.

“Material Adverse Effect” means, with respect to any Person, any condition, circumstance, event or change which causes a material adverse change in the business, financial condition or prospects of such Person, except: (a) any event or condition resulting from or relating to changes or developments in Laws, the economy, financial markets, commodity markets, or power markets; (b) any event or condition generally applicable to the industries in which such Person is involved; (c) any order or act of a Governmental Person affecting providers or users of generation, transmission or distribution of electricity generally, that imposes restrictions, regulations or other requirements thereon; or (d) any effect, occurrence, development, or condition which is cured (including by the payment of money) before the termination of this Agreement.

“Member” means any of City of Clovis, City of Corcoran, City of Dinuba, City of Hanford, City of Kerman, City of Kingsburg, City of Lemoore, City of Parlier, City of Reedley, City of Selma, City of Sanger, Kings County and Tulare County and such other Members, from time-to-time, as set forth in Section 5.3.

“MRTU” means the Market Redesign and Technology Update to be implemented by the CAISO.

“MRTU Implementation Date” shall have the meaning set forth in Section 7.1.1.

“MW” means megawatts.

“MWh” means megawatt-hours.

“NERC Holiday” means any day that is New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Three of these days, Memorial Day, Labor Day, and Thanksgiving Day occur on the same day each year. Memorial Day is the last Monday in May; Labor Day is the first Monday in September; and Thanksgiving Day is the fourth Thursday in November. New Year’s Day, Independence Day, and Christmas Day, by definition, are predetermined dates each year. However, in the event they occur on a Sunday, the “NERC Holiday” is celebrated on the Monday immediately following that Sunday. However, if any of these days occur on a Saturday, the “NERC Holiday” remains on that Saturday.

“New Load” shall mean new load as set forth in Section 5.2.

“New Taxes” means any ad valorem, property, occupation, severance, generation, first use, conservation, Btu or energy, transmission, utility, gross receipts, privilege, sales, use, consumption, excise, lease, transaction or other governmental charge, license, fee or assessment (other than such charges based on net income or net worth), or increase in such charges, or application of such charges to a new or different class of Person, enacted and effective after the Execution Date.

“Non-Affected Party” means the Party which is not the Affected Party.

“Non-defaulting Party” means a Party with respect to which an Event of Default has not occurred.

“Off Peak” means all hours that are not On-Peak, including NERC Holidays.

“On-Peak” means the hours beginning at 7:00 A.M. PPT and ending at 22:00 P.M. PPT on the days Monday through Saturday, excluding NERC Holidays.

“PPT” means pacific prevailing time.

“Parties” means Seller and Purchaser.

“Party” means either Purchaser or Seller.

“Peak Demand” means the electrical demand during On-Peak hours.

“Person” means any individual, sole proprietorship, corporation, partnership, joint venture, limited liability partnership, limited liability company, trust, unincorporated association, institution, Governmental Person or any other entity.

“PG&E” means Pacific Gas and Electric Company.

“PG&E LAP” means the load aggregation point for PG&E.

“Power Acquisition Agreement” means the Power Acquisition Agreement between KRCD and Purchaser, in a form and substance acceptable to Seller, pursuant to which KRCD undertakes to perform Purchaser’s Supply obligations under this Agreement.

“Prepayment Amount” shall mean the amount set forth in Section 10.3.8.

“Prepay Liquidation Payment” means amounts to be set forth for each month during the term of this Agreement on an exhibit (which shall be Exhibit D) which will be attached hereto after each Prepayment Transaction.

“Prepayment Obligations” has the meaning set forth in Section 10.3.

“Prepayment Transaction” shall mean the Initial Prepayment Transaction and each Subsequent Prepayment Transaction, each requiring the prepayment by Purchaser of a percentage of the Energy, Renewable Energy, Capacity and Distribution Losses to be delivered

by Seller hereunder, with proceeds from the issuance by Purchaser of bonds, notes, certificates of participation or other obligations.

“Prevailing Price” shall mean the price quoted to Purchaser by Seller, which shall be a price reflecting prevailing market rates as quoted by two market participants other than the Seller.

“Product Price” shall have the meaning set forth in Section 10.1.

“Program Agreements” means the SJVPA Program Agreement 1 and SVJPA PSA.

“Project Document” means the Joint Powers Agreement, Implementation Plan, Trust Agreement, Power Acquisition Agreement, SVJPA PSA, Program Agreements, CCA Registration Package, service agreement between Purchaser and PG&E and the service agreement between Purchaser and SCE.

“Purchaser” has the meaning set forth in the introductory paragraph hereof.

“Purchaser Facility” has the meaning set forth in Section 9.3.

“Rate Class” means the rate classes to be Supplied under this Agreement, as set forth in Schedule A.

“Related Parties” of a Party means its Affiliates, equity owners, Affiliates of its equity owners, and their directors, officers, stockholders, contractors, employees and agents.

“Remaining Term” means the period from the Early Termination Date until the end of the Delivery Period.

“Remarketing Agent” means the Person designated as such under the Remarketing Agreement.

“Remarketing Agreement” means that certain electricity remarketing agreement of even date herewith between Seller, as Remarketing Agent, and Purchaser, as such may be amended or replaced from time to time.

“Remarketing Fee” means, with respect to any Purchaser Deficiency Quantity, the remarketing fee specified in the Remarketing Agreement.

“Remediation Balance” shall have the meaning set forth in the Remarketing Agreement.

“Renewable Energy” means energy produced by qualifying renewable resources, as defined in the RPS, which meet the eligibility criteria for renewable electric resources published by the CEC on its website.

“Renewable Energy Certificates” or “RECs” means a certificate of proof representing renewable and/or environmental attributes associated with energy production, issued through the accounting system established by the California Energy Commission under Public Utilities Code

Section 399.13, that one unit of electricity was generated and delivered by an eligible renewable energy resource and such REC satisfies the requirements of California Renewables Portfolio Standard (RPS), as applicable to the CCA.

“Renewable Energy Maximum” has the meaning set forth in Schedule C.

“Renewable Energy and RECs Price” means the price for Energy per Rate Class set forth on Schedule H plus the price for Renewable Energy and RECs set forth on Schedule H.

“Renewable Energy Supply” means provision by Seller to Purchaser of (i) Renewable Energy in the amounts set forth on Schedule C, as adjusted on November of each year commencing November 1, 2008 based upon the most recent forecast provided pursuant to Section 8.1, (ii) that quantity of Renewable Energy Certificates which under applicable law is deemed equivalent to the supply of Renewable Energy set forth on Schedule C for the applicable time period, or (iii) Renewable Energy supplied in accordance with RPS requirements and/or other applicable laws.

“Renewable Portfolio Standard” or “RPS” means the California Renewable Portfolio Standard, adopted in California Senate Bill 1078, which requires investor-owned utilities and CCA programs to purchase at least 20 percent of all electricity consumed from qualifying renewable resources by 2010.

“Renewable Target Amount” shall have the meaning set forth in Section 5.6.1.

“Replacement Price” means (A) the price at which Purchaser, acting in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result, purchases for delivery at the Delivery Point(s) a replacement for any Full Requirements Energy not delivered by Seller, plus (i) costs reasonably incurred by Purchaser in purchasing such replacement Energy and (ii) additional transmission charges, if any, reasonably incurred by Purchaser to the Delivery Point(s), or absent a purchase, (B) the market price at the Delivery Point(s) for such Full Requirements Energy not delivered as determined by Purchaser in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result; provided, however, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall Purchaser be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller’s liability. For the purposes of this definition, Purchaser shall be considered to have purchased replacement Full Requirements Energy to the extent Purchaser shall have entered into one or more arrangements in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result whereby Purchaser repurchases its obligation to sell and deliver Energy to another party at the Delivery Points.

“Resolution Date” shall have the meaning set forth in Section 2.2.2.

“Resource Adequacy Requirement” or “RAR” means the requirements imposed by the CPUC in Decision 05-10-D42 (or any successor or related proceedings) and/or the CAISO on Load-Serving Entities to ensure capacity is committed for reliable electric utility operation. “RAR” also includes “Local Resource Adequacy Requirements” as defined herein.

“Sales Price” means (A) the price at which Seller, acting in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result, resells any Full Requirements Energy not received by Purchaser, deducting from such proceeds any (i) costs reasonably incurred by Seller in reselling such Full Requirements Energy and (ii) additional transmission charges, if any, reasonably incurred by Seller in delivering such Full Requirements Energy to the third party purchasers, or absent a sale, assuming a sale could have been made in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result, (B) the market price at the Delivery Point(s) for such Full Requirements Energy not received by Purchaser as determined by Seller in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result; provided, however, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Purchaser’s liability. For purposes of this definition, Seller shall be considered to have resold such Full Requirements Energy to the extent Seller shall have entered into one or more arrangements in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result whereby Seller repurchases its obligation to purchase and receive the Energy from another party at the Delivery Point(s).

“SC Agreement” means the Scheduling Coordinator Agreement by which Purchaser appoints Seller as its scheduling coordinator with the CAISO.

“SCE” means Southern California Edison Company.

“SCE LAP” means the load aggregation point for SCE.

“Seller” has the meaning set forth in the introductory paragraph hereof.

“Short-Term Forecast” shall mean the monthly Energy Requirement for a 12-month calendar period.

“SJVPA” has the meaning set forth in the recitals hereto.

“SJVPA Program Agreement 1” means the SJVPA Program Agreement 1 (Community Choice Aggregation) among SJVPA and the Members, dated as of November 15, 2006.

“SJVPA PSA” has the meaning set forth in the recitals hereto.

“Specified Agreement” has the meaning set forth in Section 19.1.6.

“Subsequent Prepayment Transaction” has the meaning given in Section 10.3.

“Supply” has the meaning set forth in Section 4.1.

“Taxes” means any and all ad valorem, property, severance, pipeline, utility, sales, use, environmental, and other taxes, governmental charges and fees imposed by federal, state or local government entities on or in connection with the severance, processing, transportation, sale and purchase of Gas, but shall exclude all taxes based on net income, net worth and all franchise,

license and similar taxes based on income or otherwise required for the maintenance of corporate existence.

“Termination Damages” mean the Termination Losses, Gains and Costs, which such Party incurs as a result of the termination of this Agreement, and any arrangements entered into in connection therewith, pursuant to Section 20 or Section 21, after taking into account any Unearned Amount owed to Purchaser, and without duplication of any losses represented by the Prepay Liquidation Payment.

“Termination Event” shall have the meaning set forth in Section 21.1.

“Termination Losses” mean with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of the Agreement and any arrangements entered into in connection therewith, determined in accordance with commercially reasonable procedures in order to obtain a commercially reasonable result.

“Threshold Amount” has the meaning set forth in Section 19.1.5.

“Transmission Access Charge” means the charge that SCE and PGE levy on customers for the use of their transmission systems.

“Trustee” means the trustee under the Trust Agreement.

“Trust Agreement” means the agreement between Purchaser and the Trustee, in a form and substance acceptable to Seller, under which the Prepayment Obligations are executed and delivered, as the same may be amended and supplemented from time to time in accordance with its terms.

“Unearned Amount” means, for any Remaining Term, the amount indicated on Schedule I for such Month in the Remaining Term.

“Utility” means PG&E or SCE.

“Weighted Average Price” shall mean the price calculated monthly:

Prior to the MRTU Implementation Date, the sum of (1) the sum of the daily product of (a) the daily Energy Requirement for SCE and (b) the Daily Day Ahead Energy Price for SP 15 published by ICE at www.theice.com and (2) the sum of the daily product of (a) the daily Energy Requirement for PG&E and (b) the Daily Day-Ahead Energy Price for NP 15 published by ICE at www.theice.com, divided by the Energy Requirement for the month.

After the MRTU Implementation Date, (1) the sum of the product of (a) the hourly Energy Requirement for SCE and (b) the hourly price for SCE LAP and (2) the sum of the product of (a) the hourly energy requirement for PG&E and (b) the hourly price for PG&E LAP, divided by the Energy Requirement of the month.

Exhibit A

KRCD
OFFICER'S CERTIFICATE

_____, 2008

This officer's certificate ("Certificate") is furnished pursuant to Section 2.2 of the Community Choice Aggregator Electric Supply Agreement between Citigroup Energy Inc. ("Seller") and Kings River Conservation District Financing Corporation ("Purchaser") dated as of the date set forth above (the "Agreement"). Unless otherwise defined herein, all capitalized terms in this Certificate have the respective meanings assigned to those terms in the Agreement pursuant to which this Certificate is furnished. I, the undersigned, [Insert KRCD Officer's Position] (an "Authorized Officer") of Kings River Conservation District, a California not-for-profit public benefit corporation ("KRCD"), do hereby certify, in my capacity as an Authorized Officer of KRCD, to Seller that KRCD represents, covenants, and warrants to Seller that as of the Execution Date:

1. all acts necessary to the valid execution, delivery and performance of the Agreement, including without limitation, competitive bidding, public notice, election, referendum, prior appropriation or other required procedures has or will be taken and performed as required under the Kings River Conservation District Act (stat. 1951. Ch. 931) (the "Act") and KRCD's ordinances, bylaws or other regulations;
2. all persons making up the governing body of KRCD are the duly elected or appointed incumbents in their positions and hold such positions in good standing in accordance with the Act and other applicable law;
3. entry into and performance of the Agreement by Purchaser are for a proper public purpose within the meaning of the Act and all other relevant constitutional, organic or other governing documents and applicable law;
4. the term of the Agreement does not extend beyond any applicable limitation imposed by the Act or other relevant constitutional, organic or other governing documents and applicable law;
5. the Purchaser's obligations to make payments hereunder are unsubordinated obligations and such payments are to be made solely from a fund set aside by Purchaser and/or pledged to satisfy Purchaser's obligations hereunder as set forth in Section 2.1 of the Agreement out of which amounts shall be paid to satisfy all of Purchaser's obligations under the Agreement;
6. entry into and performance of the Agreement and each transaction contemplated under the Agreement by Purchaser or KRCD will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any obligation of Purchaser otherwise entitled to such exclusion; and
7. obligations to make payments hereunder do not constitute any kind of indebtedness of KRCD or Purchaser or create any kind of lien on, or security interest in, any property or revenues of

KRCD or Purchaser which, in either case, is proscribed by any provision of the Act or any other relevant constitutional, organic or other governing documents and applicable law, any order or judgment of any court or other agency of government applicable to it or its assets, or any contractual restriction binding on or affecting it or any of its assets.

Signature Page to Follow

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed as of the date set forth above.

KINGS RIVER CONSERVATION DISTRICT

By: _____

Name: _____

Title: _____

Exhibit B

FORM OF GUARANTEE

Guarantee, dated as of _____, 2008, of Citigroup Inc., a Delaware corporation (the “Guarantor”), in favor of Kings River Conservation District Financing Corporation (the “Counterparty”).

1. **Guarantee.** In order to induce the Counterparty to enter into an agreement for the supply of physical power and performance of related services as of the date hereof (the “Agreement”), with the Guarantor’s wholly-owned subsidiary Citigroup Energy Inc. (“Primary Obligor”), the Guarantor absolutely and unconditionally guarantees to the Counterparty, its successors and permitted assigns, as primary obligor and not as a surety, the prompt payment of all amounts payable by Primary Obligor under the Agreement, whether due or to become due, secured or unsecured, joint or several together with any and all expenses referred to in the Agreement and all reasonable out-of-pocket expenses incurred by Counterparty in enforcing Counterparty’s rights under this Guarantee (which expenses of enforcement, if attorney’s fees, shall only be included if Counterparty is the prevailing party) (the “Obligations”) all without regard to any counterclaim, set-off, deduction or defense of any kind which Primary Obligor or the Guarantor may have or assert, and without abatement, suspension, deferment or diminution on account of any event or condition whatsoever; provided however, that notwithstanding anything else to the contrary in this Guarantee, Guarantor’s obligations under this Guarantee shall be subject to Primary Obligor’s defenses, rights to set-off, counterclaim or withhold payment as provided in the Agreement. Any capitalized term used herein and not otherwise defined shall have the meaning assigned to it in the Agreement.

2. **Nature of Guarantee.** This Guarantee is a guarantee of payment and not of collection. The Counterparty shall not be obligated, as a condition precedent to performance by the Guarantor hereunder, to file any claim relating to the Obligations in the event that Primary Obligor becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Counterparty to file a claim shall not affect the Guarantor’s obligations hereunder. This Guarantee shall continue to be effective or be reinstated if any payment to the Counterparty by Primary Obligor on account of any Obligation is returned to Primary Obligor or is rescinded or reduced in amount upon or in connection with the insolvency, bankruptcy or reorganization of Primary Obligor.

3. **Consents, Waivers and Renewals.** The Guarantor agrees that the Counterparty may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Guarantor, (i) change the time, manner or place of payment or any other term of, any Obligation, (ii) exchange, release, fail to perfect or surrender any collateral for, or renew or change any term of any of the Obligations owing to it, and may also enter into a written agreement with Primary Obligor or with any other party to the Agreement or person liable on any Obligation, or interested therein, for the extension, renewal, payment, compromise, modification, waiver, discharge or release thereof, in whole or in part, (iii) take any action under or in respect of the Agreement in the exercise of any remedy, power or privilege contained therein or available to it at law or in equity; or waive or refrain from exercising any such remedies, powers of privilege, (iv) amend or otherwise modify, in any manner whatsoever, the

Agreement, (v) extend or waive the time for Primary Obligor's performance of, or compliance with, any term, covenant or agreement on its part to be performed or observed under the Agreement, or waive such performance or compliance or consent to a failure of, or departure from, such performance or compliance; (vi) take or hold collateral or obtain other guaranties securing or guaranteeing the payment of the Obligations or sell, exchange, release, dispose of, or otherwise deal with, any property pledged, mortgaged or conveyed, or in which the Counterparty has been granted a lien, to secure any of the Obligations, (vii) release anyone liable in any manner for the payment of any amounts owed by the Primary Obligor to the Counterparty; or (vii) apply any sums by whomever paid or however realized to any amounts owing by the Primary Obligor in such manner as Counterparty shall determine in its discretion, in each case above, without impairing or affecting this Guarantee or releasing the Guarantor from its obligations hereunder.

The Obligations of the Guarantor under this Guarantee are unconditional, irrespective of (i) the value, genuineness, validity, or enforceability of the Obligations, (ii) the absence of any action to enforce this Agreement, or the waiver of consent by the Counterparty with respect to any of the provisions hereof, or the failure by the Guarantor to participate in or consent to the results of any dispute resolution process or proceedings or the absence of such proceedings or that any such proceedings are in process with respect to the Agreement, (iii) the existence, value or condition of, or the failure of the Counterparty to perfect any of its liens in or against, any collateral for the Obligations, or any action or absence of any action by the Counterparty in respect thereof (including the release of any such security); or (iv) any law regulation or order of any jurisdiction or any other event affecting the term of any Obligation or of Counterparty's rights with respect thereto and to the fullest extent permitted by applicable law, any other circumstance which might constitute a defense available to, or a discharge of, the Guarantor, including (a) any law rule or policy that is now or hereafter promulgated by any governmental authority (including any central bank) or regulatory body that may adversely affect Counterparty's ability or obligation to make or receive such payments, (b) any nationalization, expropriation, war, riot, civil commotion or other similar event, (c) any inability to convert any currency into the currency of payment of such obligation, (d) any inability to transfer funds in the currency of payment of such obligation to the place of payment therefore. The Guarantor agrees that the Counterparty may have recourse to the Guarantor for payment of any of the Obligations, whether or not the Counterparty has proceeded against the Primary Obligor, any collateral security or any other obligor principally or secondarily obligated for any Obligation. The Guarantor waives demands, promptness, diligence and all notices that may be required by law or to perfect the Counterparty's rights hereunder except notice to the Guarantor of a default by Primary Obligor under the Agreement, provided, however, that any delay in the delivery of notice shall in no way invalidate the enforceability of this Guarantee. No failure, delay or single or partial exercise by the Counterparty of its rights or remedies hereunder shall operate as a waiver of such rights or remedies. All rights and remedies hereunder or allowed by law shall be cumulative and exercisable from time to time.

Guarantor acknowledges that the waivers contained in this Guarantee have been relied on by Counterparty in connection with the transactions under the Agreement, and that the delivery of this Guarantee was a condition precedent to Counterparty entering into the Agreement.

4. **Representations and Warranties.** The Guarantor hereby represents and warrants that:

(i) the Guarantor is duly organized, validly existing and in good standing under the laws of the State of Delaware;

(ii) the Guarantor has the requisite corporate power and authority to issue this Guarantee and to perform its obligations hereunder, and has duly authorized, executed and delivered this Guarantee;

(iii) the Guarantor is not required to obtain any authorization, consent, approval, exemption or license from, or to file any registration with, any government authority as a condition to the validity of, or to the execution, delivery or performance of, this Guarantee;

(iv) as of the date of this Guarantee, there is no action, suit or proceeding pending or threatened against the Guarantor before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which could affect, in a materially adverse manner, the ability of the Guarantor to perform any of its obligations under, or which in any manner questions the validity of, this Guarantee;

(v) the execution, delivery and performance of this Guarantee by the Guarantor does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the Guarantor's certificate of incorporation or by-laws or any contractual restriction binding on the Guarantor; and

(vi) this Guarantee constitutes the legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5. **Subrogation.** Upon payment by Guarantor of any sums to Counterparty under this Guarantee, all rights of Guarantor against Primary Obligor arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full of all the obligations of Primary Obligor under the Agreement, including all Transactions then in effect between Primary Obligor and Counterparty.

6. **Termination.** This Guarantee is a continuing guarantee and shall remain in full force and effect until such time as all obligations of the Primary Obligor under the Agreement and all obligations of the Guarantor hereunder have been performed in full or this Guarantee is otherwise terminated in writing by the Counterparty.

7. **Notices.** Any notice or communication required or permitted to be made hereunder shall be made to the appropriate addresses set forth below (or to such other addresses as either party may designate by notice to the other party):

If to the Counterparty:

Kings River Conservation District Financing Corporation
4886 East Jensen Avenue
Fresno, CA 93725
Attn: General Manager
Phone: (559) 237-5567
Fax: (559) 237-5560

If to the Guarantor:

Citigroup Inc.
c/o Citigroup Global Markets
388 Greenwich St.
New York, NY 10013
Attention: Treasurer
Facsimile No.: 212-816-2250

With a copy to:

Legal Department
77 Water Street
9th Floor
New York, NY 10004
Attention: Department Head
Facsimile No.: 212-657-1452

8. **GOVERNING LAW; JURISDICTION.** This Guarantee shall be governed by and construed in accordance with the laws of the State of New York. The Guarantor hereby irrevocably consents to, for the purposes of any proceeding arising out of this Guarantee, the exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the borough of Manhattan in New York City.

9. **Waiver of Immunity.** To the extent that the Guarantor has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to the Guarantor or the Guarantor's property, the Guarantor hereby irrevocably waives such immunity in respect of the Guarantor's obligations under this Guarantee.

10. **Waiver of Jury Trial.** The Guarantor hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Guarantee or the negotiation, administration or enforcement hereof.

11. **Miscellaneous.** Each reference herein to the Guarantor, Counterparty or Primary Obligor shall be deemed to include their respective successors and assigns. The provisions hereof shall inure in favor of each such successor or assign. This Guarantee (i) shall supersede any prior or contemporaneous representations, statements or agreements, oral or written, made by or between the parties with regard to the subject matter hereof, (ii) may be amended only by a written instrument executed by the Guarantor and Counterparty and (iii) may not be assigned by either party without the prior written consent of the other party.

12. **Limitation of Liability.** Notwithstanding anything to the contrary contained herein or in the Agreement, whether express or implied, Guarantor shall in no event be required to pay or be liable to the Counterparty for any consequential, indirect or punitive damages, opportunity costs or lost profits.

IN WITNESS WHEREOF, the undersigned has executed this Guarantee as of the date first above written.

CITIGROUP INC.

By: _____
Name: _____
Title: _____
Date: _____

Exhibit C

FORM OF CREDIT SUPPORT ANNEX

CREDIT SUPPORT ANNEX

to the

COMMUNITY CHOICE AGGREGATOR ELECTRIC SUPPLY AGREEMENT

dated as of [Month] [Day], 200_

between

CITIGROUP ENERGY INC.

and

**KINGS RIVER CONSERVATION
DISTRICT FINANCING
CORPORATION**

("Party A")

("Party B")

This Credit Support Annex (this "Annex") supplements, forms part of, and is subject to, the above referenced Community Choice Aggregator Electric Supply Agreement, dated as of [Month] [Day], 2007 (the "Agreement"), between Party A and Party B. Accordingly, the parties agree as follows:

Paragraph 1. Interpretation

(a) ***Definitions and Inconsistency.*** Capitalized terms not otherwise defined herein or elsewhere in the Agreement have the meanings specified pursuant to Paragraph 12, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of the Agreement, this Annex will prevail.

(b) ***Secured Party and Pledgor.*** All references in this Annex to the "Secured Party" will be to Party B and all corresponding references to the Pledgor will be to Party A; provided, however, that if Other Posted Support is held by Party B, as Secured Party, all references herein to Party B as the Secured Party with respect to that Other Posted Support will be to Party B as the beneficiary thereof and will not subject that support or Party B as the beneficiary thereof to provisions of law generally relating to security interests and secured parties..

Paragraph 2. Security Interest

Party A, as the Pledgor hereunder, hereby pledges to Party B, as the Secured Party, as security for its Obligations and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set off against all Posted Collateral Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the Pledgor of Posted

Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.

Paragraph 3. Credit Support Obligations

(a) ***Delivery Amount.*** Subject to Paragraphs 4 and 5, upon demand made by the Secured Party on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Pledgor's Minimum Transfer Amount, then the Pledgor will Transfer to the Secured Party Eligible Credit Support having a Value as of the date of Transfer at least equal to the applicable Delivery Amount. The "Delivery Amount" applicable to the Pledgor for any Valuation Date will equal the amount by which:

(i) the Credit Support Amount

Exceeds

(ii) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party.

(b) ***Return Amount.*** Subject to Paragraphs 4 and 5, upon a demand made by the Pledgor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds Secured Party's Minimum Transfer Amount, then the Secured Party will Transfer to the Pledgor Posted Credit Support specified by the Pledgor in that demand having a Value as of the date of Transfer as close as practicable to the applicable Return Amount. The "Return Amount" applicable to the Secured Party for any Valuation Date will equal the amount by which:

(i) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party

Exceeds

(ii) the Credit Support Amount.

"Credit Support Amount" means, for any Valuation Date (i) the Secured Party's Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) all Independent Amounts applicable to the Secured Party, if any, minus (iv) the Pledgor's Threshold; provided, however, that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero..

Paragraph 4. Conditions Precedent, Transfer Timing, Calculations and Substitutions

(a) (a) ***Conditions Precedent.*** Each Transfer obligation of the Secured Party under Paragraphs 3, 4(d)(ii), 5 and 6(d) is subject to the conditions precedent that no Seller Delivery Failure has occurred and is continuing with respect to the Party A.

(b) **Transfer Timing.** Subject to Paragraphs 4(a) and 5 and unless otherwise specified, if a demand for the Transfer of Eligible Credit Support or Posted Credit Support is made by the Notification Time, then the relevant Transfer will be made not later than the close of business on the next Local Business Day; if a demand is made after the Notification Time, then the relevant Transfer will be made not later than the close of business on the second Local Business Day thereafter.

(c) **Calculations.** All calculations of Value and Exposure for purposes of Paragraphs 3 and 6(d) will be made by the Valuation Agent as of the Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or in the case of Paragraph 6(d), following the date of calculation).

(d) **Substitutions.**

(i) Upon notice to the Secured Party specifying the items of Posted Credit Support to be exchanged, the Pledgor may, on any Local Business Day, Transfer to the Secured Party substitute Eligible Credit Support (the “Substitute Credit Support”); and

(ii) subject to Paragraph 4(a), the Secured Party will Transfer to the Pledgor the items of Posted Credit Support specified by the Pledgor in its notice not later than the Local Business Day following the date on which the Secured Party receives the Substitute Credit Support; provided that the Secured Party will only be obligated to Transfer Posted Credit Support with a Value as of the date of Transfer of that Posted Credit Support equal to the Value as of that date of the Substitute Credit Support; provided, further however, that any request to substitute must seek the substitution of Eligible Credit Support or Posted Credit Support in an amount in excess of the Pledgor’s Minimum Transfer Amount”.

Paragraph 5. Dispute Resolution

If a party (a “Disputing Party”) disputes (I) the Valuation Agent’s calculation of a Delivery Amount or a Return Amount or (II) the Value of any Transfer of Eligible Credit Support or Posted Credit Support, then (1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in case of (I) above or (Y) the date of Transfer in the case of (II) above, (2) subject to Paragraph 4(a), the appropriate party will Transfer the undisputed amount to the other party not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above, (3) the parties will consult with each other in an attempt to resolve the dispute and (4) if they fail to resolve the dispute by the Resolution Time, then:

(i) In the case of a dispute involving a Delivery Amount or Return Amount, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) calculating the Exposure by seeking four actual quotations at mid market from Reference Market makers for purposes of calculating the Close-out

Amount, and taking the arithmetic average of those obtained; provided that if four quotations are not available, then fewer than four quotations may be used; and if no quotations are available, then the Valuation Agent's original calculations will be used; and

(B) the Value, if disputed, of Posted Credit Support consisting of securities will be determined by the Valuation Agent based upon the bid quotations of any generally recognized dealer (which may include an affiliate of Party A), and adding thereto any interest accrued but not paid to any person with respect to such securities through the day on which the determination is made and multiplying the sum by the applicable Valuation Percentage, if any; provided, however, that Party B may submit bid quotations from two other recognized dealers in which case the Value of such securities shall be the mean of the two quotations submitted by Party B.

(ii) In the case of a dispute involving the Value of any Transfer of Eligible Credit Support or Posted Credit Support the Valuation Agent will recalculate the Value as of the date of Transfer as described in Paragraph 5(i)(B) above.

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following that notice by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraphs 4(a) and 4(b), make the appropriate Transfer.

Paragraph 6. Holding and Using Posted Collateral

(a) ***Care of Posted Collateral.*** The Secured Party will exercise reasonable care to assure the safe custody of all Posted Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Posted Collateral, including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining thereto.

(b) ***Eligibility to Hold Posted Collateral; Custodians.***

(i) **General.** The Secured Party will be entitled to hold Posted Collateral or to appoint an agent (a "Custodian") to hold Posted Collateral for the Secured Party. Upon notice by the Secured Party to the Pledgor of the appointment of a Custodian, the Pledgor's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Posted Collateral by a Custodian will be deemed to be the holding of that Posted Collateral by the Secured Party for which the Custodian is acting.

(ii) **Failure to Satisfy Conditions.** If the Secured Party or its Custodian fails to satisfy conditions for holding Posted Collateral, then upon a demand made by the Pledgor, the Secured Party will, not later than five Local Business Days after the demand, Transfer or cause

its Custodian to Transfer all Posted Collateral held by it to a Custodian that satisfies those conditions or to the Secured Party if it satisfies those conditions.

(iii) Liability. The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(c) ***Distributions and Interest Amount.***

(i) Distributions. Subject to Paragraph 4(a), if the Secured Party receives or is deemed to receive Distributions on a Local Business Day, it will Transfer to the Pledgor not later than the following Business Day any Distributions it receives or is deemed to receive to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose).

(ii) Interest Amount. The Interest Amount shall compound daily. Subject to Paragraph 4(a), in lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Posted Collateral in the form of Cash (all of which may be retained by the Secured Party), the Secured Party will Transfer to the Pledgor in arrears on the last Local Business Day of each calendar month the Interest Amount to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose). The Interest Amount or portion thereof not Transferred pursuant to this Paragraph will constitute Posted Collateral in the form of Cash and will be subject to the security interest granted under Paragraph 2.

Paragraph 7. Events of Default

An Event of Default will exist with respect to a party under this Annex if:

(i) that party fails (or fails to cause its Custodian) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to that party; or

(ii) that party fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and that failure continues for 30 days after notice of that failure is given to that party.

Paragraph 8. Certain Rights and Remedies

(a) ***Secured Party's Rights and Remedies.*** If at any time (1) an Event of Default with respect to the Pledgor has occurred and is continuing, such Event of Default shall constitute a "Section 15.3 Termination Event" under the Agreement, and in addition to the rights and remedies set forth in the Agreement, the Secured Party may exercise one or more of the following rights and remedies:

(i) all rights and remedies available to a secured party under applicable law with respect to Posted Collateral held by the Secured Party;

(ii) any other rights and remedies available to the Secured Party under the terms of Other Posted Support, if any;

(iii) the right to Set off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and

(iv) the right to liquidate any Posted Collateral held by the Secured Party through one or more public or private sales or other dispositions with such notice, if any, as may be required under applicable law, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor (with the Secured Party having the right to purchase any or all of the Posted Collateral to be sold) and to apply the proceeds (or the Cash equivalent thereof) from the liquidation of the Posted Collateral to any amounts payable by the Pledgor with respect to any Obligations in that order as the Secured Party may elect.

Each party acknowledges and agrees that Posted Collateral in the form of securities may decline speedily in value and is of a type customarily sold on a recognized market, and, accordingly, the Pledgor is not entitled to prior notice of any sale of that Posted Collateral by the Secured Party, except any notice that is required under applicable law and cannot be waived.

(b) ***Pledgor's Rights and Remedies.*** If at any time an Event of Default has occurred or been designated as the result of with respect to the Secured Party, then:

(i) the Pledgor may exercise all rights and remedies available to a Pledgor under applicable law with respect to Posted Collateral held by the Secured Party;

(ii) the Pledgor may exercise any other rights and remedies available to the Pledgor under the terms of Other Posted Support, if any;

(iii) the Secured Party will be obligated immediately to Transfer all Posted Collateral and the Interest Amount to the Pledgor; and

(iv) to the extent that Posted Collateral or the Interest Amount is not so Transferred pursuant to (iii) above, the Pledgor may:

(A) Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and

(B) to the extent that the Pledgor does not Set-off under (iii)(A) above, withhold payment of any remaining amounts payable by the Pledgor with respect

to any Obligations, up to the Value of any remaining Posted Collateral held by the Secured Party, until that Posted Collateral is Transferred to the Pledgor.

(c) ***Deficiencies and Excess Proceeds.*** The Secured Party will Transfer to the Pledgor any proceeds remaining after liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b) after satisfaction in full of all amounts payable by the Pledgor with respect to any Obligations; the Pledgor in all events will remain liable for any amounts remaining unpaid after any liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b).

(d) ***Final Returns.*** When no amounts are or thereafter may become payable by the Pledgor with respect to any Obligations, the Secured Party will Transfer to the Pledgor all Posted Credit Support and the Interest Amount, if any.

Paragraph 9. Representations

Party A, as Pledgor, represents to Party B, as Secured Party (which representation will be deemed to be repeated by Party A as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that:

(i) it has the power to grant a security interest in and lien on any Eligible Collateral it Transfers as the Pledgor and has taken all necessary actions to authorize the granting of that security interest and lien;

(ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral it Transfers to the Secured Party hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted under Paragraph 2; and

(iii) upon the Transfer of any Eligible Collateral to the Secured Party under the terms of this Annex, the Secured Party will have a valid and perfected first priority security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the control of the Pledgor involved in the Transfer of that Eligible Collateral gives the notices and takes the action required of it under applicable law for perfection of that interest).

Each party represents to the other that:

(i) the performance by it of its obligations under this Annex will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted under Paragraph 2; and

(ii) no consent, approval or other authorization of any governmental authority is required in connection with the Transfer of Eligible Collateral hereunder.

Paragraph 10. Expenses

Except as otherwise provided in Paragraphs 10(b) and 10(c), each party will pay its own costs and expenses in connection with performing its obligations under this Annex and neither

party will be liable for any costs and expenses incurred by the other party in connection herewith.

Paragraph 11. Miscellaneous

(a) **Default Interest.** If the Secured Party fails to make, when due, any Transfer of Posted Collateral or the Interest Amount it will be obliged to pay the Pledgor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date that the Posted Collateral or Interest Amount was required to be Transferred to (but excluding) the date of Transfer of that Posted Collateral or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(b) **Further Assurances.** Promptly following a demand made by a party, the other party will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest or lien granted under Paragraph 2, to enable that party to exercise or enforce its rights under this Annex with respect to Posted Credit Support or an Interest Amount or to effect or document a release of a security interest on Posted Collateral or an Interest Amount.

(c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding or lien that involves Posted Credit Support Transferred by the Pledgor or that could adversely affect the security interest and lien granted by it under Paragraph 2.

(d) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(e) **Demands and Notices.** All demands, specifications and notices given by a party under this Annex will be made as specified in the Notices Section of the Agreement, except that the address for Party A for such purposes shall be:

Citibank Energy Inc.
Commodities Operations Group
2800 Post Oak Blvd., Suite 500
Houston, Texas 77056
Telephone no. (713) 752-5439
Facsimile no. (713) 481-9931

(f) **Form of Collateral.** All non-Cash Eligible Credit Support or Posted Credit Support Transferred by either party shall be recorded in book entry form by a Federal Reserve Bank, as fiscal agent, and Pledgor shall (i) deliver to Secured Party a listing of such credit support by title (or series), unpaid principal amount and maturity date and (ii) cause a Federal Reserve bank to hold such credit support for the account of the Secured Party or the Custodian

(in a custody account), as applicable, in the name of the Secured Party or Custodian, as applicable.

(g) **Severability.** Any provision of this Annex which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(h) **Governing Law.** The rights and obligations of the parties under this Annex shall be governed by and construed in accordance with the laws of the State of New York, without reference to choice of law doctrine.

(i) **Successors.** This Annex and all obligations of the Pledgor hereunder shall be binding upon the successors and assigns of the Pledgor and shall, together with the rights and remedies of the Secured Party hereunder, inure to the benefit of the Secured Party and its respective successors and assigns.

(j) **No Third Party Rights.** This Annex has been and is made solely for the benefit of Party B and Party A and their respective assigns, and no other person, partnership, association, corporation or other entity shall acquire or have any right under or by virtue of this Annex.

Paragraph 12. Definitions

As used in this Annex:—

“**Cash**” means the lawful currency of the United States of America.

“**Credit Support Amount**” has the meaning specified in Paragraph 3.

“**Custodian**” has the meaning specified in Paragraphs 6(b)(i).

“**Delivery Amount**” has the meaning specified in Paragraph 3(a).

“**Disputing Party**” has the meaning specified in Paragraph 5.

“**Distributions**” means, with respect to Posted Collateral other than Cash, all principal, interest and other payments and distributions of cash or other property with respect thereto. Distributions will not include any item of property acquired by the Secured Party upon any disposition or liquidation of Posted Collateral or, with respect to any Posted Collateral in the form of Cash, any distributions on that collateral, unless otherwise specified herein.

“**Eligible Collateral**” means the items specified as such on Schedule I attached to this Annex.

“**Eligible Credit Support**” means Eligible Collateral and Other Eligible Support.

“**Exposure**” means that amount set forth on Schedule J.

“Independent Amount” means, with respect to each party, zero.

“Interest Amount” means, with respect to an Interest Period, the aggregate sum of the amounts of interest calculated for each day in that Interest Period on the principal amount of Posted Collateral in the form of Cash held by the Secured Party on that day, determined by the Secured Party for each such day as follows:

- (x) the amount of Cash on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by
- (z) 360.

“Interest Period” means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred (or, if no Interest Amount has yet been Transferred, the Local Business Day on which Posted Collateral in the form of Cash was Transferred to or received by the Secured Party) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

“Interest Rate” means the overnight ask rate in effect for such day, as set forth opposite the caption “ON” under the heading “EURO-DOLLAR” on Telerate Page 4756 or any successor page thereto on or about 11:00 a.m., New York time, on such day, or, if no successor page is quoted, any page agreed to by the parties.

“Local Business Day” means any Business Day as set forth in the Agreement.

“Minimum Transfer Amount” means, with respect to either party, \$100,000; provided, however, that with respect to Party A, if Citigroup Inc. has no Credit Rating or if the Credit Rating of Citigroup Inc. is not at least “BBB-” from S&P or “Baa3” from Moody’s, the Minimum Transfer Amount for Party A shall be zero.

“Notification Time” means 10:00 a.m., New York time on a Valuation Date; provided, however, that, notwithstanding Paragraph 4(b), (x) with regard to Transfers of Eligible Credit Support or Posted Credit Support in the form of Cash, if a request for Transfer is made by the Notification Time, then the relevant Transfer shall be made not later than the close of business on the day on which such request is received, or, if such day is not a Local Business Day or, if such request is received after the Notification Time, not later than the close of business on the next Local Business Day, and (y) with regard to Transfers of other forms of Eligible Credit Support or Posted Credit Support, the relevant Transfer shall be made in accordance with Paragraph 4(b). Notwithstanding anything herein to the contrary, with regard to Transfers of Independent Amounts, the relevant Transfer shall be made by the close of business on the second Local Business Day following the Trade Date of the applicable Transaction.

“Obligations” means, with respect to a party, all present and future obligations of that party under the Agreement.

“Other Eligible Support” means an irrevocable, direct-pay letter of credit issued by a bank (which may be an Affiliate of Seller) having a Credit Rating of at least “A-” from S&P and “A3” from Moody’s and in form and substance reasonably satisfactory to Party B.

“Other Posted Support” means all Other Eligible Support Transferred to the Secured Party that remains in effect for the benefit of that Secured Party.

“Pledgor” means Party A.

“Posted Collateral” means all Eligible Collateral, other property, Distributions, and all proceeds thereof that have been Transferred to or received by the Secured Party under this Annex and not Transferred to the Pledgor pursuant to Paragraph 3(b), 4(d)(ii) or 6(d)(i) or released by the Secured Party under Paragraph 8. Any Interest Amount or portion thereof not Transferred pursuant to Paragraph 6(d)(ii) will constitute Posted Collateral in the form of Cash.

“Posted Credit Support” means Posted Collateral and Other Posted Support.

“Recalculation Date” means the Valuation Date that gives rise to the dispute under Paragraph 5; provided, however, that if a subsequent Valuation Date occurs under Paragraph 3 prior to the resolution of the dispute, then the “Recalculation Date” means the most recent Valuation Date under Paragraph 3.

“Reference Market-makers” means four leading dealers in the relevant market selected by the Party A in good faith (i) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (ii) to the extent practicable, from among such dealers having an office in the same city.

“Resolution Time” means 1:00 p.m., New York time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 5.

“Return Amount” has the meaning specified in Paragraph 3(b).

“Secured Party” means either party, when that party (i) makes a demand for or is entitled to receive Eligible Credit Support under Paragraph 3(a) or (ii) holds or is deemed to hold Posted Credit Support.

“Set-off” means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the applicable party is entitled or subject under applicable law.

“Substitute Credit Support” has the meaning specified in Paragraph 4(d)(i).

“Substitution Date” has the meaning specified in Paragraph 4(d)(ii).

“Threshold” means, with respect to Party A, as Pledgor, and as of any date, the amount set forth in Schedule II hereto under the caption “Threshold” set forth opposite Citigroup Inc.’s Credit Rating. If at any time Citigroup Inc. shall not have a Credit Rating by any Rating

Agency, then the Threshold for Party A shall be zero (USD 0.00). In the event of a split rating classification by the Rating Agencies, the Threshold shall be the amount opposite the lower of the Credit Ratings on Schedule II hereto.

“Transfer” means, with respect to any Eligible Credit Support, Posted Credit Support or Interest Amount, and in accordance with the instructions of the Secured Party, Pledgor or Custodian, as applicable:

(i) in the case of Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient;

(ii) in the case of certificated securities that cannot be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a legally valid transfer to the recipient;

(iii) in the case of securities that can be paid or delivered in book-entry, the giving of written instruments to the relevant depository institution or other entity specified by the recipient, together with a written copy thereof to the recipient, sufficient if complied with to result in a legally effective transfer of the relevant interest to the recipient; and

(iv) in the case of Other Eligible Support, the execution and delivery thereof by the provider of such Other Eligible Support to the Party B or its Custodian, as beneficiary, and in the case of Other Posted Support, the surrender by the Party B or its Custodian of such Other Posted Support to the provider thereof for cancellation.

“Valuation Agent” means, for purposes of Paragraphs 3 and 5, the party making the demand under Paragraph 3, and, for purposes of Paragraphs 4(d)(ii) and 6(d), the Secured Party receiving or deemed to receive the Substitute Credit Support or the Distributions of the Interest Amount, as applicable; provided, however, that for purposes of calculating the Value of Eligible Credit Support or Posted Credit Support, Party A shall be the Valuation Agent.

“Valuation Date” means, with respect to the determination of Exposure, the first Local Business Day of each month or any other Local Business Day upon the reasonable request of either party, and with respect to the determination of Value of Eligible Credit Support or Posted Credit Support, the first Local Business Day of each week or any other Local Business Day upon the reasonable request of either party.

“Valuation Percentage” means, for any item of Eligible Collateral, the applicable percentage specified in Schedule I attached hereto.

“Valuation Time” means, with respect to the determination of Exposure, Value of Eligible Credit Support and Posted Credit Support, the close of business on the Local Business Day immediately before the Valuation Date or date of calculation, as applicable.

“Value” means for any Valuation Date or other date for which Value is calculated, and subject to Paragraph 5 in the case of a dispute, with respect to:

- (i) Eligible Collateral or Posted Collateral that is:
 - (A) Cash, the amount thereof; and
 - (B) a security, the bid price obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any;
- (ii) Posted Collateral that consists of items that are not specified as Eligible Collateral, zero; and
- (iii) Other Eligible Support and Other Posted Support, the stated amount thereof as set forth therein.

IN WITNESS WHEREOF, the parties hereto have executed this Annex as of the date first above written.

CITIGROUP ENERGY INC.

**KINGS RIVER CONSERVATION DISTRICT
FINANCING CORPORATION**

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT D

ELIGIBLE RESOURCES

**Draft—Schedule update\
SCHEDULE A**

The SJVPA CCA program will serve load in accordance with the following phase-in schedule:

<u>Phase</u>	<u>Start Date</u>	<u>Customer Classes</u>	<u>2008 Capacity (MW)</u>
1		Member owned accounts	9.6
2		Industrial, Large Commercial	55.7
3		Medium Commercial	87.2
4		Small Commercial, Residential, Agricultural, Street Lighting and Traffic Control	215.7

The SJVPA CCA program will serve the following Rate Classes currently served by PG&E, including but not limited to the subclasses identified in this Schedule A on the following pages:

- Industrial
- Large Commercial
- Medium Commercial
- Small Commercial
- Residential
- Agricultural
- Street Lighting
- Traffic Control

The SJVPA CCA program will serve the following Rate Classes currently served by SCE, including but not limited to the subclasses identified in this Schedule A on the following pages:

- Industrial
- Large Commercial
- Medium Commercial
- Small Commercial
- Residential
- Agricultural
- Street Lighting
- Traffic Control

**Draft—Schedule update\
PG&E Subclasses**

Residential	Small Commercial	Medium Commercial	Large Commercial
E1	A1	A10P	E19P
E1L	A1L	A10PX	E19PV
E1M	A6	A10S	E19S
E1ML		A10SL	E19SV
E1S		A10SX	E19SVL
E1SL		A10SXL	E19T
E1SR		A10T	E36
E1SRL			E37S
E1T			STOUP
E1TL			STOUT
E3A			
E3AL			
E3B			
E3BL			
E6			
E7			
E7L			
E2A			
E2B			
E8			
E8L			
	Large Commercial & Industrial	Agricultural	Street Lighting and Traffic Control
	E20P	AG1A	LS1
	E20S	AG1B	LS2
	E20T	AG4A	LS3
		AG4B	OL1
		AG4C	TC1
		AG5A	
		AG5B	
		AG5C	
		AG7B	
		AGRA	
		AGRB	
		AGVA	
		AGVB	

AGICE
SCE Subclasses

<u>Residential</u>	<u>Small Commercial</u>	<u>Medium Commercial</u>	<u>Large Commercial</u>
D-APS	GS-1	GS-2	I-6
D-APS-E	GS-1-APS	GS-2/GS1	I-6-STANDBY
D-CARE	GS-1-APS-E	GS-2-A/GS1	TOU-8
D-CARE-APS	GS-1-CARE	GS-2-AE/GS1	TOU-8-S
D-CARE-APS-E	TOU-GS-1	GS-2-APS	
DE		GS-2-APS-E	
DE-APS		GS-2-S	
DE-APS-E		GS-2-S/GS1	
D-FERA		GS2T-B	
DM		GS2T-B-APS	
DM-CARE		SEQUOIA	
DMS-2		TOU-GS3-A	
DOMESTIC		TOU-GS3-B	
D-S		TOU-GS3B-APS	
TOU-D-2			
TOU-D-2-CARE			
TOU-DCARE-SP			
	<u>Large Commercial & Industrial</u>	<u>Agricultural</u>	<u>Street Lighting and Traffic Control</u>
	N/A	PA-1	AL-2
		PA-1-I	LS-1-ALLNITE
		PA-2	LS-2
		PA-2-I	LS-2-4
		PA-2-S	LS-3
		TOU-PA-5	OL-1
		TOU-PA-5-I	OL-1-ALLNITE
		TOU-PA-7A	TC-1
		TOU-PA-7B	
		TOU-PA-A	
		TOU-PA-A-I	
		TOU-PA-B	
		TOU-PA-B-I	
		TOU-PA-B-S	
		TOU-PA-ICE	
		TOU-PA-SOP-1	
		TOU-PA-SOP-2	
		TOU-P-S-1-AP	

Schedule B

Distribution Losses

<u>Service Territory</u>	<u>Percent</u>
PG&E	6%
SCE	5.3%

Schedule C

Renewable Energy (Net of Distribution Losses)

[Renewable Requirement will initially be equal to the renewable requirement for Phase 1 + 60% of Phase 2 + 60% of Phase 3 + 90% of Phase 4

Renewable Requirement can change post the opt out phase but it can only increase]

Year	% Target	Renewable Energy Maximum (MWhs)	Renewable Energy Minimum (MWhs)
2008	16%	93,719	85,199
2009	17%	347,692	316,084
2010	20%	421,904	383,549
2011	20%	435,304	395,731
2012	20%	449,275	408,432
2013	20%	463,845	421,677
2014	20%	479,043	435,494
2015	20%	494,899	449,908

Schedule D

Local Capacity Amount in MW

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Nothorn CA LRAR Min (MW)						Nothorn CA LRAR Max (MW)					
Jan-2008	-	Jan-2011	58	Jan-2014	65	Jan-2008	-	Jan-2011	64	Jan-2014	
Feb-2008	2	Feb-2011	64	Feb-2014	71	Feb-2008	3	Feb-2011	70	Feb-2014	
Mar-2008	2	Mar-2011	54	Mar-2014	60	Mar-2008	2	Mar-2011	59	Mar-2014	
Apr-2008	3	Apr-2011	55	Apr-2014	61	Apr-2008	3	Apr-2011	61	Apr-2014	
May-2008	12	May-2011	67	May-2014	74	May-2008	13	May-2011	73	May-2014	
Jun-2008	14	Jun-2011	92	Jun-2014	102	Jun-2008	15	Jun-2011	101	Jun-2014	1
Jul-2008	15	Jul-2011	115	Jul-2014	128	Jul-2008	16	Jul-2011	126	Jul-2014	1
Aug-2008	25	Aug-2011	112	Aug-2014	124	Aug-2008	28	Aug-2011	123	Aug-2014	1
Sep-2008	24	Sep-2011	85	Sep-2014	94	Sep-2008	26	Sep-2011	94	Sep-2014	1
Oct-2008	19	Oct-2011	64	Oct-2014	71	Oct-2008	21	Oct-2011	70	Oct-2014	
Nov-2008	59	Nov-2011	65	Nov-2014	72	Nov-2008	65	Nov-2011	71	Nov-2014	
Dec-2008	56	Dec-2011	62	Dec-2014	69	Dec-2008	62	Dec-2011	69	Dec-2014	
Jan-2009	54	Jan-2012	60	Jan-2015	67	Jan-2009	60	Jan-2012	66	Jan-2015	
Feb-2009	60	Feb-2012	66	Feb-2015	73	Feb-2009	66	Feb-2012	73	Feb-2015	
Mar-2009	50	Mar-2012	56	Mar-2015	62	Mar-2009	56	Mar-2012	62	Mar-2015	
Apr-2009	51	Apr-2012	57	Apr-2015	63	Apr-2009	57	Apr-2012	63	Apr-2015	
May-2009	62	May-2012	69	May-2015	77	May-2009	68	May-2012	76	May-2015	
Jun-2009	86	Jun-2012	95	Jun-2015	106	Jun-2009	94	Jun-2012	105	Jun-2015	1
Jul-2009	107	Jul-2012	119	Jul-2015	133	Jul-2009	118	Jul-2012	131	Jul-2015	1
Aug-2009	104	Aug-2012	116	Aug-2015	129	Aug-2009	114	Aug-2012	127	Aug-2015	1
Sep-2009	80	Sep-2012	88	Sep-2015	98	Sep-2009	88	Sep-2012	97	Sep-2015	1
Oct-2009	60	Oct-2012	66	Oct-2015	73	Oct-2009	66	Oct-2012	73	Oct-2015	
Nov-2009	61	Nov-2012	67	Nov-2015	74	Nov-2009	67	Nov-2012	74	Nov-2015	
Dec-2009	58	Dec-2012	65	Dec-2015	72	Dec-2009	64	Dec-2012	71	Dec-2015	
Jan-2010	56	Jan-2013	62			Jan-2010	62	Jan-2013	69		
Feb-2010	62	Feb-2013	68			Feb-2010	68	Feb-2013	75		
Mar-2010	52	Mar-2013	58			Mar-2010	57	Mar-2013	64		
Apr-2010	53	Apr-2013	59			Apr-2010	59	Apr-2013	65		
May-2010	64	May-2013	72			May-2010	71	May-2013	79		
Jun-2010	89	Jun-2013	99			Jun-2010	98	Jun-2013	109		
Jul-2010	111	Jul-2013	124			Jul-2010	122	Jul-2013	136		
Aug-2010	108	Aug-2013	120			Aug-2010	118	Aug-2013	132		
Sep-2010	82	Sep-2013	91			Sep-2010	91	Sep-2013	100		
Oct-2010	62	Oct-2013	68			Oct-2010	68	Oct-2013	75		
Nov-2010	63	Nov-2013	69			Nov-2010	69	Nov-2013	76		
Dec-2010	60	Dec-2013	67			Dec-2010	66	Dec-2013	74		

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Greater Bay Area LRAR Min (MW)					Greater Bay Area LRAR Max (MW)						
Jan-2008	-	Jan-2011	52	Jan-2014	58	Jan-2008	-	Jan-2011	58	Jan-2014	58
Feb-2008	2	Feb-2011	57	Feb-2014	64	Feb-2008	2	Feb-2011	63	Feb-2014	64
Mar-2008	2	Mar-2011	49	Mar-2014	54	Mar-2008	2	Mar-2011	54	Mar-2014	54
Apr-2008	2	Apr-2011	50	Apr-2014	55	Apr-2008	3	Apr-2011	55	Apr-2014	55
May-2008	11	May-2011	60	May-2014	67	May-2008	12	May-2011	66	May-2014	67
Jun-2008	12	Jun-2011	83	Jun-2014	92	Jun-2008	14	Jun-2011	91	Jun-2014	92
Jul-2008	13	Jul-2011	104	Jul-2014	116	Jul-2008	15	Jul-2011	114	Jul-2014	116
Aug-2008	23	Aug-2011	101	Aug-2014	112	Aug-2008	25	Aug-2011	111	Aug-2014	112
Sep-2008	22	Sep-2011	77	Sep-2014	85	Sep-2008	24	Sep-2011	84	Sep-2014	85
Oct-2008	17	Oct-2011	58	Oct-2014	64	Oct-2008	19	Oct-2011	63	Oct-2014	64
Nov-2008	53	Nov-2011	58	Nov-2014	65	Nov-2008	58	Nov-2011	64	Nov-2014	65
Dec-2008	51	Dec-2011	56	Dec-2014	63	Dec-2008	56	Dec-2011	62	Dec-2014	63
Jan-2009	49	Jan-2012	54	Jan-2015	60	Jan-2009	54	Jan-2012	60	Jan-2015	60
Feb-2009	54	Feb-2012	59	Feb-2015	66	Feb-2009	59	Feb-2012	65	Feb-2015	66
Mar-2009	46	Mar-2012	50	Mar-2015	56	Mar-2009	50	Mar-2012	56	Mar-2015	56
Apr-2009	46	Apr-2012	51	Apr-2015	57	Apr-2009	51	Apr-2012	56	Apr-2015	57
May-2009	56	May-2012	62	May-2015	69	May-2009	62	May-2012	68	May-2015	69
Jun-2009	77	Jun-2012	86	Jun-2015	96	Jun-2009	85	Jun-2012	95	Jun-2015	96
Jul-2009	96	Jul-2012	107	Jul-2015	120	Jul-2009	106	Jul-2012	118	Jul-2015	120
Aug-2009	94	Aug-2012	104	Aug-2015	116	Aug-2009	103	Aug-2012	115	Aug-2015	116
Sep-2009	72	Sep-2012	79	Sep-2015	88	Sep-2009	79	Sep-2012	87	Sep-2015	88
Oct-2009	54	Oct-2012	59	Oct-2015	66	Oct-2009	59	Oct-2012	65	Oct-2015	66
Nov-2009	55	Nov-2012	60	Nov-2015	67	Nov-2009	60	Nov-2012	66	Nov-2015	67
Dec-2009	53	Dec-2012	58	Dec-2015	65	Dec-2009	58	Dec-2012	64	Dec-2015	65
Jan-2010	51	Jan-2013	56			Jan-2010	56	Jan-2013	62		
Feb-2010	56	Feb-2013	62			Feb-2010	61	Feb-2013	68		
Mar-2010	47	Mar-2013	52			Mar-2010	52	Mar-2013	57		
Apr-2010	48	Apr-2013	53			Apr-2010	53	Apr-2013	58		
May-2010	58	May-2013	65			May-2010	64	May-2013	71		
Jun-2010	80	Jun-2013	89			Jun-2010	88	Jun-2013	98		
Jul-2010	100	Jul-2013	111			Jul-2010	110	Jul-2013	123		
Aug-2010	97	Aug-2013	108			Aug-2010	107	Aug-2013	119		
Sep-2010	74	Sep-2013	82			Sep-2010	82	Sep-2013	90		
Oct-2010	56	Oct-2013	62			Oct-2010	61	Oct-2013	68		
Nov-2010	56	Nov-2013	63			Nov-2010	62	Nov-2013	69		
Dec-2010	54	Dec-2013	60			Dec-2010	60	Dec-2013	66		

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LA Basin LRAR Min (MW)					LA Basin LRAR Max (MW)					
Jan-2008	-	Jan-2011	15	Jan-2014	17	Jan-2008	-	Jan-2011	17	Jan-2014
Feb-2008	1	Feb-2011	17	Feb-2014	18	Feb-2008	1	Feb-2011	18	Feb-2014
Mar-2008	1	Mar-2011	14	Mar-2014	16	Mar-2008	1	Mar-2011	16	Mar-2014
Apr-2008	1	Apr-2011	14	Apr-2014	16	Apr-2008	1	Apr-2011	16	Apr-2014
May-2008	3	May-2011	17	May-2014	19	May-2008	3	May-2011	19	May-2014
Jun-2008	4	Jun-2011	24	Jun-2014	27	Jun-2008	4	Jun-2011	26	Jun-2014
Jul-2008	4	Jul-2011	30	Jul-2014	33	Jul-2008	4	Jul-2011	33	Jul-2014
Aug-2008	7	Aug-2011	29	Aug-2014	32	Aug-2008	7	Aug-2011	32	Aug-2014
Sep-2008	6	Sep-2011	22	Sep-2014	25	Sep-2008	7	Sep-2011	24	Sep-2014
Oct-2008	5	Oct-2011	17	Oct-2014	18	Oct-2008	6	Oct-2011	18	Oct-2014
Nov-2008	15	Nov-2011	17	Nov-2014	19	Nov-2008	17	Nov-2011	19	Nov-2014
Dec-2008	15	Dec-2011	16	Dec-2014	18	Dec-2008	16	Dec-2011	18	Dec-2014
Jan-2009	14	Jan-2012	16	Jan-2015	18	Jan-2009	16	Jan-2012	17	Jan-2015
Feb-2009	16	Feb-2012	17	Feb-2015	19	Feb-2009	17	Feb-2012	19	Feb-2015
Mar-2009	13	Mar-2012	15	Mar-2015	16	Mar-2009	15	Mar-2012	16	Mar-2015
Apr-2009	13	Apr-2012	15	Apr-2015	16	Apr-2009	15	Apr-2012	16	Apr-2015
May-2009	16	May-2012	18	May-2015	20	May-2009	18	May-2012	20	May-2015
Jun-2009	22	Jun-2012	25	Jun-2015	28	Jun-2009	25	Jun-2012	27	Jun-2015
Jul-2009	28	Jul-2012	31	Jul-2015	35	Jul-2009	31	Jul-2012	34	Jul-2015
Aug-2009	27	Aug-2012	30	Aug-2015	34	Aug-2009	30	Aug-2012	33	Aug-2015
Sep-2009	21	Sep-2012	23	Sep-2015	26	Sep-2009	23	Sep-2012	25	Sep-2015
Oct-2009	16	Oct-2012	17	Oct-2015	19	Oct-2009	17	Oct-2012	19	Oct-2015
Nov-2009	16	Nov-2012	17	Nov-2015	19	Nov-2009	17	Nov-2012	19	Nov-2015
Dec-2009	15	Dec-2012	17	Dec-2015	19	Dec-2009	17	Dec-2012	19	Dec-2015
Jan-2010	15	Jan-2013	16			Jan-2010	16	Jan-2013	18	
Feb-2010	16	Feb-2013	18			Feb-2010	18	Feb-2013	20	
Mar-2010	14	Mar-2013	15			Mar-2010	15	Mar-2013	17	
Apr-2010	14	Apr-2013	15			Apr-2010	15	Apr-2013	17	
May-2010	17	May-2013	19			May-2010	18	May-2013	21	
Jun-2010	23	Jun-2013	26			Jun-2010	26	Jun-2013	28	
Jul-2010	29	Jul-2013	32			Jul-2010	32	Jul-2013	36	
Aug-2010	28	Aug-2013	31			Aug-2010	31	Aug-2013	34	
Sep-2010	21	Sep-2013	24			Sep-2010	24	Sep-2013	26	
Oct-2010	16	Oct-2013	18			Oct-2010	18	Oct-2013	20	
Nov-2010	16	Nov-2013	18			Nov-2010	18	Nov-2013	20	
Dec-2010	16	Dec-2013	17			Dec-2010	17	Dec-2013	19	

Schedule E:

Capacity Minimum & Capacity Maximum

(In MW, Net of Distribution Losses)

[Minimum Capacity Requirement will initially be equal to the capacity requirement for Phase 1 + 60% of Phase 2 + 60% of Phase 3 + 90% of Phase 4

Maximum Capacity Requirement will initially be equal to 110% multiplied by the capacity requirement for Phase 1 + 60% of Phase 2 + 60% of Phase 3 + 90% of Phase 4

Capacity Min and Max can change post the opt out phase but they can only increase]

Capacity Minimum Requirement in MW

Jan-2008	-	Jan-2011	286	Jan-2014	318
Feb-2008	11	Feb-2011	313	Feb-2014	347
Mar-2008	10	Mar-2011	266	Mar-2014	295
Apr-2008	13	Apr-2011	271	Apr-2014	300
May-2008	59	May-2011	328	May-2014	365
Jun-2008	67	Jun-2011	452	Jun-2014	503
Jul-2008	73	Jul-2011	565	Jul-2014	630
Aug-2008	123	Aug-2011	548	Aug-2014	611
Sep-2008	118	Sep-2011	418	Sep-2014	464
Oct-2008	95	Oct-2011	314	Oct-2014	347
Nov-2008	288	Nov-2011	318	Nov-2014	353
Dec-2008	277	Dec-2011	307	Dec-2014	341
Jan-2009	266	Jan-2012	296	Jan-2015	330
Feb-2009	293	Feb-2012	324	Feb-2015	359
Mar-2009	248	Mar-2012	275	Mar-2015	306
Apr-2009	253	Apr-2012	280	Apr-2015	311
May-2009	305	May-2012	339	May-2015	378
Jun-2009	422	Jun-2012	468	Jun-2015	521
Jul-2009	525	Jul-2012	586	Jul-2015	654
Aug-2009	511	Aug-2012	568	Aug-2015	633
Sep-2009	391	Sep-2012	433	Sep-2015	481
Oct-2009	294	Oct-2012	324	Oct-2015	359
Nov-2009	298	Nov-2012	329	Nov-2015	365
Dec-2009	287	Dec-2012	317	Dec-2015	353
Jan-2010	276	Jan-2013	307		
Feb-2010	303	Feb-2013	335		
Mar-2010	257	Mar-2013	285		-
Apr-2010	262	Apr-2013	290		
May-2010	316	May-2013	352		
Jun-2010	437	Jun-2013	485		
Jul-2010	544	Jul-2013	608		
Aug-2010	529	Aug-2013	589		
Sep-2010	404	Sep-2013	448		
Oct-2010	304	Oct-2013	335		
Nov-2010	308	Nov-2013	341		
Dec-2010	296	Dec-2013	329		

Capacity Maximum Requirement in MW

Jan-2008	-	Jan-2011	314	Jan-2014	350
Feb-2008	12	Feb-2011	344	Feb-2014	382
Mar-2008	11	Mar-2011	292	Mar-2014	325
Apr-2008	15	Apr-2011	298	Apr-2014	330
May-2008	65	May-2011	360	May-2014	401
Jun-2008	74	Jun-2011	497	Jun-2014	553
Jul-2008	81	Jul-2011	621	Jul-2014	694
Aug-2008	136	Aug-2011	603	Aug-2014	672
Sep-2008	130	Sep-2011	460	Sep-2014	510
Oct-2008	104	Oct-2011	345	Oct-2014	381
Nov-2008	317	Nov-2011	350	Nov-2014	388
Dec-2008	305	Dec-2011	337	Dec-2014	375
Jan-2009	293	Jan-2012	325	Jan-2015	363
Feb-2009	322	Feb-2012	356	Feb-2015	395
Mar-2009	273	Mar-2012	303	Mar-2015	336
Apr-2009	278	Apr-2012	308	Apr-2015	342
May-2009	336	May-2012	373	May-2015	416
Jun-2009	464	Jun-2012	515	Jun-2015	573
Jul-2009	578	Jul-2012	644	Jul-2015	720
Aug-2009	562	Aug-2012	625	Aug-2015	696
Sep-2009	430	Sep-2012	476	Sep-2015	529
Oct-2009	323	Oct-2012	357	Oct-2015	395
Nov-2009	328	Nov-2012	362	Nov-2015	402
Dec-2009	315	Dec-2012	349	Dec-2015	389
Jan-2010	303	Jan-2013	337		
Feb-2010	333	Feb-2013	369		
Mar-2010	282	Mar-2013	313		-
Apr-2010	288	Apr-2013	319		
May-2010	348	May-2013	387		
Jun-2010	480	Jun-2013	534		
Jul-2010	599	Jul-2013	668		
Aug-2010	582	Aug-2013	648		
Sep-2010	445	Sep-2013	493		
Oct-2010	334	Oct-2013	369		
Nov-2010	339	Nov-2013	375		
Dec-2010	326	Dec-2013	361		

Schedule F

CAISO Charges

Seller shall be solely responsible for paying all costs associated with the following CAISO charges and no others:

Pre-MRTU:

<u>CAISO Charge</u>	<u>Description</u>
721	Intermittent Resources Net Deviation Allocation
1697	Tier 1 MLCC Allocation for System Needs
1797	Tier 1 MLCC Allocation of Resource Adequacy for System Needs
4407	Real Time Uninstructed Imbalance Energy Settlement
4487	Real Time Excess Cost for Instructed Energy Allocation
4506	GMC - Energy Transmission Services Deviations
4511	GMC - Forward Scheduling
4512	GMC - Forward Scheduling Inter-SC Trades
4575	GMC - Settlements Metering and Client Relations

Post-MRTU:

<u>CAISO Charge</u>	<u>Description</u>
721	Intermittent Resources Net Deviation Allocation
6475	Real Time Uninstructed Imbalance Energy Settlement
6486	Real Time Excess Cost for Instructed Energy Allocation
4506	GMC-Energy Transmission Services Deviations
4511	GMC - Forward Scheduling
4512	GMC - Forward Scheduling Inter-SC Trades
4575	GMC - Settlements Metering and Client Relations

Schedule G

Energy Minimum & Energy Maximum
(In MWhs, Net of Distribution Losses)

[Energy Minimum will initially be equal to the sum of Phase 1 + 60% of Phase 2 + 60% of Phase 3 + 90% of Phase 4

Energy Maximum will initially be equal to 110% multiplied by the sum of Phase 1 + 60% of Phase 2 + 60% of Phase 3 + 90% of Phase 4

Energy Min and Max can change post the opt out phase but they can only increase]

Energy Minimum in MWh

Jan-2008	-	Jan-2011	135,872	Jan-2014	149,712
Feb-2008	5,095	Feb-2011	134,376	Feb-2014	147,639
Mar-2008	5,343	Mar-2011	127,615	Mar-2014	140,136
Apr-2008	6,348	Apr-2011	129,689	Apr-2014	142,262
May-2008	29,819	May-2011	161,119	May-2014	177,106
Jun-2008	33,798	Jun-2011	205,303	Jun-2014	226,462
Jul-2008	38,867	Jul-2011	246,896	Jul-2014	273,170
Aug-2008	59,097	Aug-2011	227,644	Aug-2014	250,710
Sep-2008	54,100	Sep-2011	189,649	Sep-2014	208,241
Oct-2008	43,724	Oct-2011	139,241	Oct-2014	152,486
Nov-2008	126,179	Nov-2011	138,149	Nov-2014	151,711
Dec-2008	130,122	Dec-2011	143,100	Dec-2014	157,834
Jan-2009	127,576	Jan-2012	140,291	Jan-2015	154,735
Feb-2009	126,416	Feb-2012	138,612	Feb-2015	152,447
Mar-2009	120,100	Mar-2012	131,615	Mar-2015	144,676
Apr-2009	122,138	Apr-2012	133,706	Apr-2015	146,818
May-2009	151,518	May-2012	166,226	May-2015	182,900
Jun-2009	192,607	Jun-2012	212,060	Jun-2015	234,133
Jul-2009	231,144	Jul-2012	255,285	Jul-2015	282,702
Aug-2009	213,793	Aug-2012	235,013	Aug-2015	259,068
Sep-2009	178,475	Sep-2012	195,591	Sep-2015	214,975
Oct-2009	131,277	Oct-2012	143,474	Oct-2015	157,282
Nov-2009	130,006	Nov-2012	142,482	Nov-2015	156,626
Dec-2009	134,268	Dec-2012	147,804	Dec-2015	163,181
Jan-2010	131,637	Jan-2013	144,901		
Feb-2010	130,314	Feb-2013	143,030		
Mar-2010	123,779	Mar-2013	135,786		
Apr-2010	125,836	Apr-2013	137,894		
May-2010	156,219	May-2013	171,552		
Jun-2010	198,823	Jun-2013	219,109		
Jul-2010	238,854	Jul-2013	264,037		
Aug-2010	220,575	Aug-2013	242,697		
Sep-2010	183,947	Sep-2013	201,784		
Oct-2010	135,177	Oct-2013	147,886		
Nov-2010	133,993	Nov-2013	146,999		
Dec-2010	138,591	Dec-2013	152,712		

Energy Maximum in MWh

	Max MWh		Max MWh		Max MWh
Jan-2008	-	Jan-2011	149,460	Jan-2014	164,684
Feb-2008	5,604	Feb-2011	147,814	Feb-2014	162,403
Mar-2008	5,877	Mar-2011	140,377	Mar-2014	154,150
Apr-2008	6,983	Apr-2011	142,658	Apr-2014	156,488
May-2008	32,801	May-2011	177,231	May-2014	194,817
Jun-2008	37,178	Jun-2011	225,833	Jun-2014	249,108
Jul-2008	42,754	Jul-2011	271,586	Jul-2014	300,487
Aug-2008	65,007	Aug-2011	250,408	Aug-2014	275,781
Sep-2008	59,510	Sep-2011	208,614	Sep-2014	229,066
Oct-2008	48,096	Oct-2011	153,165	Oct-2014	167,735
Nov-2008	138,797	Nov-2011	151,964	Nov-2014	166,882
Dec-2008	143,134	Dec-2011	157,410	Dec-2014	173,618
Jan-2009	140,334	Jan-2012	154,320	Jan-2015	170,208
Feb-2009	139,058	Feb-2012	152,474	Feb-2015	167,692
Mar-2009	132,110	Mar-2012	144,776	Mar-2015	159,143
Apr-2009	134,352	Apr-2012	147,076	Apr-2015	161,500
May-2009	166,670	May-2012	182,849	May-2015	201,190
Jun-2009	211,868	Jun-2012	233,267	Jun-2015	257,547
Jul-2009	254,259	Jul-2012	280,813	Jul-2015	310,972
Aug-2009	235,173	Aug-2012	258,514	Aug-2015	284,975
Sep-2009	196,322	Sep-2012	215,150	Sep-2015	236,472
Oct-2009	144,404	Oct-2012	157,822	Oct-2015	173,010
Nov-2009	143,007	Nov-2012	156,730	Nov-2015	172,288
Dec-2009	147,695	Dec-2012	162,585	Dec-2015	179,499
Jan-2010	144,801	Jan-2013	159,391		
Feb-2010	143,345	Feb-2013	157,333		
Mar-2010	136,157	Mar-2013	149,364		
Apr-2010	138,419	Apr-2013	151,683		
May-2010	171,841	May-2013	188,707		
Jun-2010	218,705	Jun-2013	241,020		
Jul-2010	262,740	Jul-2013	290,441		
Aug-2010	242,633	Aug-2013	266,966		
Sep-2010	202,342	Sep-2013	221,963		
Oct-2010	148,695	Oct-2013	162,675		
Nov-2010	147,393	Nov-2013	161,699		
Dec-2010	152,450	Dec-2013	167,984		

Schedule H

Product Price

Energy Price

SJVPA Class	\$/MWh
Residential	\$ 62.06
Small Commercial	\$ 65.37
Medium Commercial	\$ 63.76
Large Commercial	\$ 58.21
Large Commercial & Industrial	\$ 57.23
Street Lighting and Traffic Control	\$ 47.70
Agricultural	\$ 58.37

Capacity Price

\$3.70/MWh = \$1.67/kw-mo

Renewable Energy Price

\$2.00/MWh

Distribution Losses Price

\$4.00/MWh

Based on PG&E and SCE customer generation rates as of January 1, 2008.

Schedule I

[Unearned Amount]

Schedule J

Exposure

[To be completed in conjunction with the Initial Prepayment Transaction]