

CC#12
CC#12 Pg 324

CITY COUNCIL MEETING
DECEMBER 5, 1984

APPROVAL OF NCPA II. On motion of Council Member Olson, Reid second, Council
AGREEMENT FOR adopted Resolution No. 84-186 approving NCPA Agreement
TRANSFER OR for the Transfer of Rights to Capacity and Energy of
RIGHTS TO Geothermal Generating Project Number 3. This motion
CAPACITY & ENERGY carried by the following vote:
OF PROJECT #3

RES. NO. 84-186

- Ayes: Council Members - Hinchman, Olson, Reid, and Snider (Mayor)
- Noes: Council Members - Pinkerton
- Absent: Council Members - None

CITY COUNCIL

JOHN R. (Randy) SNIDER, Mayor
DAVID M HINCHMAN
Mayor Pro Tempore
EVELYN M OLSON
JAMES W PINKERTON, Jr
FRED M REID

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
POST OFFICE BOX 320
LODI, CALIFORNIA 95241
(209) 334-5634

HENRY A. GLAVES, Jr.
City Manager

ALICE M. REIMCHE
City Clerk

RONALD M. STEIN
City Attorney

December 11, 1984

Ms. Gail Sipple
Northern California Power Agency
8421 Auburn Blvd., Suite 160
Citrus Heights, CA 95610

Dear Gail:

Enclosed herewith please find executed Supplement No. 1 to the Northern California Power Agency Joint Powers Agreement revised as of April 1, 1973 which authorizes the Turlock Irrigation District Membership in Northern California Power Agency. Also attached hereto please find agreement for transfer of rights to Capacity and Energy of Geothermal Generating Project No. 3.

We have also enclosed herewith the authorizing resolutions which were adopted by the Lodi City Council at its regular meeting of December 5, 1984.

Very truly yours,


Alice M. Reimche
City Clerk

AMR:jj

RESOLUTION NO. 84-186

RESOLUTION APPROVING AGREEMENT FOR TRANSFER OF RIGHTS
TO CAPACITY AND ENERGY OF GEOTHERMAL GENERATING
PROJECT NUMBER 3

RESOLVED, that the City Council of the City of Lodi does hereby approve agreement for transfer of rights to Capacity and Energy of Geothermal Generating Project No. 3, a copy of which agreement is attached hereto marked Exhibit "A" and thereby made a part hereof.

Dated: December 5, 1984

I hereby certify that Resolution No. 84-186 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 5, 1984 by the following vote:

Ayes: Council Members - Hinchman, Olson, Reid,
and Snider (Mayor)

Noes: Council Members - Pinkerton

Absent: Council Members - None

Alice M. Reimche
City Clerk

AGREEMENT FOR TRANSFER OF RIGHTS TO CAPACITY AND ENERGY
OF GEOTHERMAL GENERATING PROJECT NUMBER 3

Dated as of October 1, 1984

By and Among

City of Biggs
City of Gridley
City of Healdsburg
City of Lodi
City of Palo Alto
City of Roseville
City of Ukiah
Plumas-Sierra Rural Electric Cooperative

and

Turlock Irrigation District

TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
1.	Definitions	2
2.	Purpose	4
3.	Construction and Operation of Project	4
4.	Transfer of Rights to Capacity and Energy of the Project	4
5.	Rates and Charges	5
6.	Annual Budget and Billing Statement	6
7.	Obligations in the Event of Default under this Agreement	7
8.	Obligations in Event of Default under the Third Phase Agreement	8
9.	Transfers, Sales and Assignments of Transferred East Block Entitlement Percentages	9
10.	Surplus Transferred East Block Entitlement Percentages10
11.	Direction and Review11
12.	Insurance and Indemnification11
13.	Intention to Amend Third Phase Agreement11
14.	Term12
15.	Termination and Amendments12
16.	Miscellaneous12
APPENDIX A	- Schedule of Transferring Participants and Transferred East Block Entitlement Percentages	1
APPENDIX B	- Form of Opinion of Counsel	1

AGREEMENT FOR TRANSFER OF RIGHTS TO CAPACITY AND ENERGY
OF GEOTHERMAL GENERATING PROJECT NUMBER 3

This Agreement, dated as of October 1, 1984, by and among the Transferring Participants (capitalized terms used herein shall have the meanings given such terms in Section 1 hereof) and the Turlock Irrigation District,

WITNESSETH:

WHEREAS, each of the Transferring Participants has entered into the Third Phase Agreement with NCPA pursuant to which NCPA has agreed to provide, and each of the Transferring Participants has agreed to take or cause to be taken, their respective East Block Entitlement Percentages of the capacity and energy of the Project; and

WHEREAS, the Transferring Participants have determined to transfer a portion of their respective East Block Entitlement Percentages of the capacity and energy of the Project to the District on the terms and conditions herein contained; and

WHEREAS, NCPA has financed the cost of the Project through the issuance of the following Bonds: \$230,000,000 aggregate principal amount of its Geothermal Project Number 3 Revenue Bonds, 1983 Series A, \$90,000,000 aggregate principal amount of its Geothermal Project Number 3 Short Term Commercial Paper Notes, Series A, and \$400,000,000 aggregate principal amount of its Geothermal Project Number 3 Revenue Bonds, 1984 Series A, a portion of the proceeds of which were applied to the payment of such Notes; and

WHEREAS, the Third Phase Agreement provides that the Transferring Participants are required to make the payments relating to their respective East Block Entitlement Percentages of the capacity and energy of the Project specified in the Third Phase Agreement, including payments with respect to Bonds, whether or not the Project is completed, operable, operating or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of Project output or the capacity and energy contracted for in whole or in part for any reason whatsoever; and

WHEREAS, the District has agreed to acquire the Permanent Transferred East Block Entitlement Percentages of the capacity and energy of the Project on the terms and conditions contained herein, including the obligation to make payments with respect to such Permanent Transferred East Block Entitlement Percentages to the extent that the Transferring Participants are obligated to make

payments for such rights to capacity and energy of the Project under the Third Phase Agreement; and

WHEREAS, the District has agreed to acquire the Transferred East Block Entitlement Percentages of the capacity and energy of the Project in excess of the Permanent Transferred East Block Entitlement Percentages on the terms and conditions contained herein, including the obligation to make payments with respect to such Transferred East Block Entitlement Percentages to the extent that the Transferring Participants are obligated to make payments for such rights to capacity and energy of the Project under the Third Phase Agreement; provided that NCPA is able to contractually arrange for delivery of such capacity and energy to the District on a firm basis, subject to normal transmission emergency outages and curtailment; and

WHEREAS, the transfer to the District of the Transferred East Block Entitlement Percentages of the capacity and energy of the Project is authorized under the Third Phase Agreement and under the existing Bond Resolutions;

NOW THEREFORE, the parties hereto do agree as follows:

1. Definitions. Terms used herein which are defined in the Third Phase Agreement shall have the same meanings herein as are given such terms in the Third Phase Agreement. In addition, the following terms shall, for all purposes of this Agreement, have the following meanings:

(a) "District" means the Turlock Irrigation District.

(b) "District Electric System" means all properties and assets, real and personal, tangible and intangible, of the District now or hereafter existing, used or pertaining to the generation, transmission, transformation, distribution and sale of electric capacity and energy, including all additions, extensions, expansions, improvements and betterments thereto and equipments thereof; provided, however, that to the extent the District is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above described electric purposes, only the District's ownership interest in such asset or property or only the part of the asset or property so used for electric purposes shall be considered to be part of the District Electric System.

(c) "District Revenues" means all income, rents, rates, fees, charges, and other moneys derived by the District from the ownership or operation of the District Electric System, including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges or other moneys derived from the sale, furnishing, and supplying of the electric capacity and energy and

other services, facilities, and commodities sold, furnished, or supplied through the facilities of the District Electric System, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or pursuant to law to the District Electric System and (iii) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of all or a part of the District Electric System as permitted by this Agreement, but the term "District Revenues" shall not include (y) customers' deposits or any other deposits subject to refund until such deposits have become the property of the District, or (z) contributions from customers for the payment of costs of construction of facilities to serve them.

(d) "Permanent Transferred East Block Entitlement Percentage" means, as of any date of determination and with respect to each Transferring Participant, such Transferring Participant's East Block Entitlement Percentage of the capacity and energy of the Project identified in Appendix A, as being the permanently transferred portion of such Transferring Participant's East Block Entitlement Percentage, as such Appendix A shall be amended from time to time in accordance with Sections 8(a) and 13 hereof.

(e) "Third Phase Agreement" means the "Agreement for Construction, Operation and Financing of Geothermal Generating Project Number 3" dated as of July 1, 1983, by and among NCPA and the Project Participants, as amended and supplemented.

(f) "Transferred East Block Entitlement Percentages" means, as of any date of determination and with respect to each Transferring Participant, such Transferring Participant's East Block Entitlement Percentage of the capacity and energy of the Project identified and set forth opposite the name of such Transferring Participant in Appendix A hereto, as such Appendix A shall be amended from time to time in accordance with Sections 8(a) and 13 hereof; provided, however, that, except for increases pursuant to Section 8(a) of this Agreement, the term "Transferred East Block Entitlement Percentages" shall not include any capacity and energy of the Project in excess of 9.309 percent if NCPA is unable to contractually arrange for delivery of such capacity and energy to the District on a firm basis subject to normal transmission emergency outages and curtailment. The Transferring Participants shall direct NCPA to provide support services at cost to the District at the District's request during any such outages or curtailment. If the Transferred East Block Entitlement Percentages are less than that set forth in Appendix A hereto because of NCPA's inability to contractually arrange for transmission service, each of the Transferring Participants' Transferred East Block Entitlement Percentages shall be reduced pro rata or as otherwise agreed by the Transferring Participants.

(g) "Transferring Participants" means those Project Participants executing this Agreement.

2. Purpose. The purpose of this Agreement is to provide for the transfer of a portion of the Transferring Participants' East Block Entitlement Percentages of the capacity and energy of the Project to the District and to establish the terms and conditions of such transfer.

3. Construction and Operation of Project. The District acknowledges that, pursuant to the Third Phase Agreement, NCPA has agreed to use its best efforts to cause or accomplish the construction, operation and financing of the Project, the obtaining of all necessary authority and rights, and the performance of all things necessary and convenient therefor. The District will cooperate with NCPA to that end.

The District hereby consents to the pledge and assignment to NCPA, and to any Trustee for any Bonds, of all of each Transferring Participant's right, title and interest in, to and under this Agreement, including all or any portion of the payments received or to be received hereunder from the District. Upon notice from a Transferring Participant, NCPA or any Trustee who is an assignee of such rights, the District shall make payments due by it hereunder directly to any such Trustee. Such pledge and assignment shall be made effective for such time as the assigning Transferring Participant shall determine and provide or as to assignments made by NCPA, as NCPA shall determine and provide.

4. Transfer of Rights to Capacity and Energy of the Project.

(a) Subject to the terms and conditions of this Agreement, each Transferring Participant hereby sells, transfers, assigns and conveys, and the District hereby accepts and agrees to take, or cause to be taken, each Transferring Participant's Transferred East Block Entitlement Percentage to the capacity and energy of the Project.

(b) Each Transferring Participant shall direct NCPA to deliver such Transferring Participant's Transferred East Block Entitlement Percentage to or for the District, subject to the terms of this Agreement and the Third Phase Agreement. Such delivery shall be at points mutually agreed upon by NCPA and the District. Such agreement shall not be unreasonably withheld by the District and each Transferring Participant will direct that such agreement is not unreasonably withheld by NCPA. The Transferring Participants shall direct NCPA to remain available to make or cause to be made all necessary and possible arrangements for transmission and support of the Transferred East Block Entitlement Percentages to such points

over the lines of NCPA or others. Wheeling or delivery services provided by NCPA for the District with respect to capacity and energy sales related to the Transferred East Block Entitlement Percentages shall be as provided in service schedules as provided in Article III of the Member Service Agreement with respect to the Transferring Participants and each Transferring Participant will direct NCPA to remain available to make or cause to be made all necessary and possible arrangements for transmission and support to the District of its Transferred East Block Entitlement Percentages relating to such capacity and energy sales.

5. Rates and Charges. (a) The District shall pay for the Transferred East Block Entitlement Percentages acquired by it pursuant to this Agreement, in accordance with the provisions of Section 6 hereof, such amounts as the Transferring Participants are obligated to pay with respect to the Transferred East Block Entitlement Percentages under the Third Phase Agreement. In the event any Transferring Participant pays any amount under the Third Phase Agreement with respect to the Transferred East Block Entitlement Percentages, the District shall repay such amounts to the Transferring Participant, together with interest thereon from the date of payment, to the extent permitted by law, at an annual rate to be established by the Commission of NCPA at the time of the adoption of the then most recent annual budget.

(b) The District shall make payments under this Agreement solely from the District Revenues and as an operating expense of the District Electric System. Nothing herein shall be construed as prohibiting the District from using any other funds and revenues for purposes of satisfying any provisions of this Agreement.

(c) The District shall make payments under this Agreement whether or not the Project is completed, operable, operating or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of Project output or the capacity and energy contracted for in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether by offset or otherwise, and are not conditioned upon performance by NCPA or any Project Participant, including any Transferring Participant, under this Agreement, the Third Phase Agreement or any other agreement.

(d) The District covenants and agrees to establish and collect fees and charges for electric capacity and energy furnished through facilities of the District Electric System sufficient to provide District Revenues adequate to meet its obligations under this Agreement and to pay any and all other amounts payable from or constituting a charge or lien upon any or all the District Revenues.

(e) The District covenants and agrees that it shall, at all times, operate the properties of the District Electric System, and the business in connection therewith, in an efficient manner and at

reasonable cost and shall maintain the District Electric System in good repair, working order and condition.

(f) With regard to any capacity and energy of the Project in excess of the Permanent Transferred East Block Entitlement Percentages, notwithstanding the District's obligation under Section 5(a) hereof, the District shall not be required to pay the costs of any capital additions to the Project which are not necessary to provide such capacity and energy to the District. To the extent not included in amounts due under Section 5(a) hereof, the District agrees to pay an equitable share of the costs of any capital additions to the Project which are necessary to provide capacity and energy in excess of the Permanent Transferred East Block Entitlement Percentages to the District.

6. Annual Budget and Billing Statement. The Transferring Participants and the District acknowledge that the Third Phase Agreement provides that, prior to the beginning of each NCPA fiscal year, the Commission of NCPA will adopt an annual budget for such fiscal year for costs and expenses relating to the Project and shall promptly give notice to each Project Participant of its projected share of such costs and expenses.

Each Transferring Participant will direct NCPA to give notice to the District of the projected share of such costs and expenses related to the Transferred East Block Entitlement Percentages and to prepare a billing statement, based on estimates, to be sent to the District not later than the fifteenth (15th) day of each calendar month showing the amount payable by the District of costs payable under Section 5(a) of this Agreement by the District for the second succeeding calendar month, and the amount of any credits or debits as a result of any appropriate adjustments. Amounts shown on the billing statement are due and payable thirty (30) days after the date of the billing statement. Any amount due and not paid by the District within thirty (30) days after the date of the billing statement shall bear interest from the due date until paid at an annual rate to be established by the Commission of NCPA at the time of adoption of the then most recent annual budget.

On or before the day five (5) calendar months after the end of each NCPA fiscal year, the Transferring Participants shall direct NCPA to submit to the District a statement of the aggregate monthly costs of the Transferred East Block Entitlement Percentages for such fiscal year. If the actual aggregate monthly costs and other amounts payable for any fiscal year with respect to the Transferred East Block Entitlement Percentages exceed the billings to the District, the deficiency shall be added to the District's immediately succeeding billing statement. If the actual aggregate monthly costs and the District's obligations with respect to the Transferred East Block Entitlement Percentages, and any adjustment of or credit to the District's obligations with respect to the Transferred East Block

Entitlement Percentages or other amounts payable for any fiscal year, are less than the billings to the District, such excess shall be credited to the District's billing statement for such period (not to exceed the immediately succeeding six months) and in such amounts as shall be determined by NCPA.

If the District questions or disputes the correctness of any billing statement by NCPA, it shall pay the amount claimed when due and shall within thirty (30) days of the receipt of such billing statement request an explanation from NCPA. If the bill is determined to be incorrect, the Transferring Participants shall direct NCPA to issue a corrected bill and refund any amount which may be due the District, which refund shall bear interest from the date NCPA received payment until the date of the refund at an annual rate to be established by the Commission of NCPA at the time of adoption of the then most recent annual budget. If NCPA and the District fail to agree on the correctness of a bill within thirty (30) days after the District has requested an explanation, the District agrees to, and the Transferring Participants shall cause NCPA to, promptly submit the dispute to arbitration under section 1280 et seq. of the Code of Civil Procedure.

7. Obligations in the Event of Default under this Agreement. (a) Upon failure of the District to make any payment in full when due under this Agreement, NCPA or a Transferring Participant shall make written demand upon the District, and if said failure is not remedied within thirty (30) days from the date of such demand, such failure shall constitute a default at the expiration of such period. Notice of such demand shall be provided to NCPA and to each other Transferring Participant by the Transferring Participant making such written demand.

(b) Upon the failure of the District to make any payment, which failure constitutes a default under this Agreement, the Transferring Participants shall cause NCPA to sell and transfer for the District's account all or a portion of the District's rights to the Transferred East Block Entitlement Percentages for all or a portion of the remainder of the term of this Agreement, including, if so directed by the Transferring Participants, such a sale to any or all of the Transferring Participants. The Transferring Participants shall not permit NCPA to sell such rights to the Transferred East Block Entitlement Percentages, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1954, as amended, by reason of classification of such Bond as an "industrial development bond" within the meaning of Section 103(b) of said Code. Notwithstanding that all or any portion of the District's rights to the Transferred East Block Entitlement Percentages is so sold or transferred, the District shall remain liable to pay the full amount of its obligations under Section 5 hereof as if such sale or

transfer had not been made, except that such liability shall be discharged to the extent that NCPA shall receive payment from the purchaser or transferee thereof.

(c) Upon the failure of the District to make any payment which failure constitutes a default under this Agreement and causes NCPA to be in default under the Steam Sales Agreement, the Project No. 2 Steam Sales Agreement or any Bond Resolution, the Transferring Participants may (in addition to the remedy provided by subsection (b) of this Section 7) terminate the provisions of this Agreement insofar as the same entitle the District to its rights to the Transferred East Block Entitlement Percentages. Irrespective of such termination, the obligations of the District under this Agreement shall continue in full force and effect.

(d) If NCPA fails to act in accordance with the direction of the Transferring Participants, the Transferring Participants shall consent to the District initiating and maintaining a suit directly against NCPA to enforce this Agreement.

8. Obligations in Event of Default under the Third Phase Agreement.

(a) To the extent that any Transferring Participant's East Block Entitlement Percentage is increased pursuant to Section 7(d) of the Third Phase Agreement, such Transferring Participant's Permanent Transferred East Block Entitlement Percentage transferred to the District hereunder shall be increased by the amount of each increase in the Transferring Participant's East Block Entitlement Percentage multiplied by a fraction the numerator of which is such Transferring Participant's Permanent Transferred East Block Entitlement Percentage and the denominator of which is the Transferring Participant's East Block Entitlement Percentage each determined as of the time immediately prior to such increase; provided, however, that the sum of such increases for the District shall not exceed, without written consent of the District, an accumulated maximum of 25% of the aggregate amount of the Permanent Transferred East Block Entitlement Percentages transferred hereby, as initially set forth in Appendix A.

(b) The Third Phase Agreement provides that if a Project Participant shall fail or refuse to pay any amounts due to NCPA, the fact that the other Project Participants have increased their obligation to NCPA pursuant to Section 7 of the Third Phase Agreement shall not relieve the defaulting Project Participant of its liability under the Third Phase Agreement and that the nondefaulting Project Participants may recover from such defaulting Project Participant any increased obligations resulting from such default. Each Transferring Participant hereby assigns to the District all of its right of recovery from a defaulting Project Participant with respect to its Transferred East Block Entitlement Percentage to the extent of any

increase in the District's obligations hereunder caused by the defaulting Project Participant.

(c) If the Transferring Participants' rights under this Agreement are assigned to NCPA or a Trustee for any Bonds, NCPA, or to the extent provided in the related Bond Resolution, such Trustee, shall have the right to initiate and maintain suit to enforce this Agreement.

9. Transfers, Sales and Assignments of Transferred East Block Entitlement Percentages. The District has full and unfettered rights to make sales, transfers and exchanges (collectively "assignments") of its rights to Transferred East Block Entitlement Percentages except as expressly provided otherwise in this Agreement.

(a) The District shall not assign ownership of all or substantially all of the District Electric System to another entity until it has first complied with the provisions of this subsection (a). A consolidation with another governmental entity or change in governmental form is not deemed a transfer of ownership.

(1) Such disposition or assignment shall be under terms and conditions that provide assurance that the obligations of the District under this Agreement, and that the Transferring Participants' obligations under the Third Phase Agreement and under other agreements made or to be made by the Transferring Participants to carry out the Project, as the same relate to the Transferred East Block Entitlement Percentages will be promptly and adequately met. The Transferring Participants or NCPA may require that sufficient moneys of the District to discharge such obligations be irrevocably set aside and maintained in a trust account, as a condition to the transfer of the District Electric System, if no other adequate assurance is available.

(2) The District shall give ninety (90) days advance written notice to the Transferring Participants and NCPA of any proposed transfer pursuant to this subsection (a). Appendix A to this Agreement shall be amended as appropriate to reflect any transaction pursuant to this subsection (a).

(b) Notwithstanding any other provision of this Agreement, the District shall not assign, sell, transfer or exchange any portion of its rights to Transferred East Block Entitlement Percentages, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1954, as amended, by

reason of classification of such Bond as an "industrial development bond" within the meaning of Section 103(b) of said Code.

10. Surplus Transferred East Block Entitlement Percentages.

(a) When NCPA offers surplus capacity and energy of the Project to the Transferring Participants as provided in the Third Phase Agreement, the Transferring Participants shall, if directed by the District to do so, take and sell to the District such surplus capacity and energy. In the event there are more requests for surplus than there is surplus available, each Transferring Participant shall offer the District a portion of such surplus capacity and energy equal to the surplus capacity and energy offered to such Transferring Participant multiplied by a fraction the numerator of which is such Transferring Participant's Transferred East Block Entitlement Percentage and the denominator of which is the Transferring Participant's East Block Entitlement Percentage each determined as of the time such offer of surplus capacity and energy is made.

(b) When the District has surplus rights to capacity and energy of the Project, the Transferring Participants shall direct NCPA, if requested by the District to do so, to sell such surplus rights to Transferred East Block Entitlement Percentages on behalf of the District in the following manner:

(1) NCPA shall use its best efforts to sell such surplus rights to Transferred East Block Entitlement Percentages at a price at least equal to the District's cost therefor.

(2) Transferring Participants shall have a right of first refusal, other Project Participants shall have the right of second refusal, and other NCPA members shall have the right of third refusal, at the sales prices set forth in subsections (c) and (d) of this Section 10.

(3) If NCPA can purchase equivalent capacity and/or energy from other sources for less than the District's cost for capacity and/or energy from the Project, as the case may be, the sales price of such capacity and/or energy to a Transferring Participant, Project Participant or NCPA member shall be equal to the cost of purchasing the capacity and/or energy from such other source.

(4) If the alternative cost of purchasing capacity and/or energy for Transferring Participants, Project Participants or members of NCPA is more than the District's cost for capacity and/or energy from the Project, then the sales price shall be the District's cost from the Project

plus one-half the difference between the District's cost from the Project and the cost of capacity and/or energy from such alternative source.

(5) NCPA shall not sell such rights to Transferred East Block Entitlement Percentages, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1954, as amended, by reason of classification of such Bond as an "industrial development bond" within the meaning of Section 103(b) of said Code.

11. Direction and Review. All directions to NCPA with respect to the Project and all meetings of NCPA in connection therewith shall be as provided in Section 11 of the Third Phase Agreement and for such purposes, the Transferring Participants agree that the District may vote at meetings of the Project Participants pursuant to Section 11 of the Third Phase Agreement as if it had the East Block Entitlement Percentage equal to the Transferred East Block Entitlement Percentages, and the voting rights of the Transferring Participants shall be reduced accordingly, unless the Project Participants agree at such meeting that voting will be on a one member one vote basis, with a majority vote of those present required for action, in which case the District shall be entitled to one vote; provided that the Transferring Participants shall not agree that voting shall be on a one member one vote basis unless the District directs the Transferring Participants to do so.

12. Insurance and Indemnification. The Transferring Participants shall indemnify and hold harmless the District from any liability for personal injury or property damage resulting from any accident or occurrence arising out of or in any way related to the construction or operation of the Project, provided, however, that such liability of the Transferring Participants shall be limited to the extent the proceeds of insurance and other moneys available to the Transferring Participants under Section 10 of the Third Phase Agreement are available therefor.

13. Intention to Amend Third Phase Agreement. It is the intention of the parties to this Agreement that the Third Phase Agreement shall be amended to include the District as a Project Participant and to amend the East Block Entitlement Percentages to grant the District an East Block Entitlement Percentage equal to the Permanent Transferred East Block Entitlement Percentages, if and to the extent permitted thereunder and under any Bond Resolution. In the event of such amendment of the Third Phase Agreement, unless otherwise agreed to among the parties hereto, this Agreement shall remain in full force and effect but shall be construed to apply only to the Transferred East Block Entitlement Percentages in excess of

the Permanent Transferred East Block Entitlement Percentages from the effective date of such amendment of the Third Phase Agreement.

14. Term. (a) This Agreement shall become effective for all purposes upon the execution hereof by the District and the Transferring Participants and delivery to the Transferring Participants of an opinion of an attorney or firm of attorneys acting as counsel to the District in substantially the form attached hereto as Appendix B.

(b) The term of this Agreement shall continue until the termination of the Third Phase Agreement.

15. Termination and Amendments. This Agreement shall not be subject to termination by any party under any circumstances, whether based upon the default of any other party under this Agreement, or any other instrument, or otherwise, except as specifically provided herein.

16. Miscellaneous. The headings of the sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF each Transferring Participant has executed this Agreement by its duly authorized officers, and caused its official seal to be affixed hereto, and the District has executed this Agreement in accordance with the authorization of its Board as of the date first above written.

CITY OF BIGGS

By _____
And _____

[SEAL]

CITY OF GRIDLEY

By _____
And _____

[SEAL]

HEALDSBURG

By _____
And _____

[SEAL]

CITY OF LODI

By John R. Sneider
And Walter M. Berman Mayor
Sneider City Clerk

[SEAL]

CITY OF PALO ALTO

By _____
And _____

[SEAL]

CITY OF ROSEVILLE

By _____
And _____

[SEAL]

CITY OF UKIAH

By _____
And _____

[SEAL]

PLUMAS-SIERRA RURAL
ELECTRIC COOPERATIVE

By _____
And _____

[SEAL]

TURLOCK IRRIGATION DISTRICT

By _____
And _____

SCHEDULE OF TRANSFERRING PARTICIPANTS
AND
TRANSFERRED EAST GLUCK ENTITLEMENT PERCENTAGES
(From 1985 to End of Project Life)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	LIFE
MEMBER	1783	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	2000	LIFE
ALAMEDA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BIGGS	0.000	0.111	0.111	0.111	0.111	0.236	0.236	0.236	0.236	0.236	0.236	0.209	0.209	0.209	0.209	0.209	0.000
GRIDLEY	0.114	0.227	0.227	0.227	0.227	0.345	0.345	0.345	0.345	0.345	0.345	0.318	0.318	0.318	0.318	0.318	0.118
MEALDSBURS	0.000	0.827	0.827	0.827	0.827	1.645	1.645	1.645	1.645	1.645	1.645	1.455	1.455	1.455	1.455	1.455	0.000
LODI	0.000	0.773	0.773	0.773	0.773	1.555	1.555	1.555	1.555	1.555	1.555	0.636	0.636	0.636	0.636	0.636	0.000
LOMPOC	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PALO ALTO	8.264	7.127	9.127	9.127	9.127	12.316	12.316	12.316	12.316	12.316	12.316	12.316	12.316	12.316	12.316	12.316	8.964
PLUMAS-SIERRA	0.227	0.454	0.454	0.454	0.454	0.700	0.700	0.700	0.700	0.700	0.700	0.645	0.645	0.645	0.645	0.645	0.227
ROSEVILLE	0.000	3.727	5.727	5.727	5.727	8.427	8.427	8.427	8.427	8.427	8.427	7.809	7.809	7.809	7.809	7.809	0.000
UKIAH	6.000	-1.035	-1.035	-1.035	-1.035	-2.100	-2.100	-2.100	-2.100	-2.100	-2.100	-2.100	-2.100	-2.100	-2.100	-2.100	0.000
TOTAL AT PLANT																	
TRANSFERRED TO																	
THE DISTRICT	9.009	19.619	19.619	19.619	19.619	18.618	27.924	27.924	27.924	27.924	27.924	25.788	25.788	25.788	25.788	25.788	9.009

FORM OF OPINION OF COUNSEL

Northern California Power Agency
8421 Auburn Boulevard
Suite 160
Citrus Heights, California 95610

City of Biggs
City of Gridley
City of Healdsburg
City of Lodi
City of Palo Alto
City of Roseville
City of Ukiah
Plumas-Sierra Rural Electric Cooperative

Dear Sirs:

I am acting as counsel to the District (the "District") under the Agreement for Transfer of Rights to Capacity and Energy of Geothermal Generating Project Number 3, dated as of October 1, 1984 (the "Agreement"), among the District and certain other entities (the "Transferring Participants"), and I have acted as counsel to the District in connection with the matters referred to herein. As such counsel I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the District, (ii) all necessary documentation of the District relating to the authorization, execution and delivery of the Agreement, and (iii) an executed counterpart of the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as I deem necessary or advisable to enable me to render this opinion, including the Constitution and laws of the State of California, together with the [charter or other governing instruments], ordinances and public proceedings of the District, I am of the opinion that:

1. The District is [state form of organization] _____, duly created, organized and existing under the laws of the State of California and duly qualified to furnish electric service within said State.

2. The District has full legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions contemplated thereby, and the District has complied with the provisions of applicable law in all matters relating to such transactions.

3. The Agreement has been duly authorized, executed and delivered by the District, is in full force and effect as to the District in accordance with its terms and, assuming that the Transferring Participants have all the requisite power and authority, and have taken all necessary action, to execute and deliver such Agreement, constitutes the legal, valid and binding obligation of the District enforceable in accordance with its terms.

4. Payments by the District under the Agreement will constitute an operating expense of the District and are to be made solely from the District Revenues of the District Electric System as provided in Section 5(c) of the Agreement.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the District of the Agreement, or the performance by the District of its obligations thereunder.

6. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the District, any commitment, agreement or other instrument to which the District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the District and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to my knowledge, threatened against or affecting the District or any entity affiliated with the District or any of its officers in their respective capacities as such (nor to the best of my knowledge is there any basis therefor), which questions the powers of the District referred to in paragraph 2 above or the validity of the proceedings taken by the District in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling

or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraph 3 above is qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization, or other similar laws affecting creditors' rights generally or as to the availability of any particular remedy.

This opinion is rendered only with respect to the laws of the State of California and the United States of America, and is addressed only to the Northern California Power Agency ("NCPA") and the Transferring Participants. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

[Note: If it shall be necessary for the District to obtain the authorization or approval of a Federal, state or local regulatory authority relating to the District's performance under the Agreement, the form of opinions set forth in paragraphs 2, 5 and 6 hereof may be appropriately adjusted to reflect the necessity for such authorization or approval and paragraph 5 hereof shall be adjusted to include therein an exception thereto specifically describing the requisite authorization or approval and stating that it has been duly given or obtained and is in full force and effect.]

Very truly yours,

RESOLUTION NO. 84-185

RESOLUTION APPROVING NCPA SUPPLEMENT NO. 1 TO THE
JOINT POWERS AGREEMENT, WHICH AUTHORIZES TURLOCK
IRRIGATION DISTRICT OWNERSHIP MEMBERSHIP IN NORTHERN
CALIFORNIA POWER AGENCY

RESOLVED, that the City Council of the City of Lodi does hereby approve supplemental No. 1 to the Northern California Power Agency Joint Powers Agreement revised as of April 1, 1973 which authorizes the Turlock Irrigation District Membership in the Northern California Power Agency a copy of which is attached hereto identified as Exhibit "A" and thereby made a part hereof.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Lodi does hereby authorize the Mayor and City Clerk to execute the subject agreement on behalf of the City of Lodi.

Dated: December 5, 1984

I hereby certify that Resolution No. 84-185 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 5, 1984 by the following vote:

Ayes: Council Members - Pinkerton, Hinchman,
Olson, Reid, & Snider (Mayor)

Noes: Council Members - None

Absent: Council Members - None

Alice M. Reimche
Alice M. Reimche
City Clerk

10/9/84

SUPPLEMENT NO. 1 TO
NORTHERN CALIFORNIA POWER AGENCY
JOINT POWERS AGREEMENT
REVISED AS OF APRIL 1, 1973

This Agreement dated as of September 27, 1984, by and among the parties signatory hereto, hereinafter called "Parties", witnesseth that

WHEREAS, all of the parties hereto, except Turlock Irrigation District, herein called "Turlock", are also parties to that Agreement first made the 19th day of July, 1968, and revised as of the first day of April, 1973, as amended, which agreement is herein called the "Joint Powers Agreement"; and

WHEREAS, the Joint Powers Agreement created the Northern California Power Agency, herein called "NCPA", pursuant to section 6500 et seq. of the Government Code of the State of California, of which all parties hereto except Turlock are members or associate members; and

WHEREAS, Turlock and the other parties hereto desire that Turlock shall become a party to the Joint Powers Agreement and a member of NCPA on the same basis as each of the other members; and

WHEREAS, Turlock is a public agency of the State of California, and is entitled to be a preference purchaser of electric service from the Central Valley Project of the United States, and has powers equivalent to those of the other members of NCPA so far as is relevant to the powers of

NCPA; now therefore, the Parties, including Turlock, agree as follows:

Section 1. On and after the effective date of this Agreement, Turlock shall be a member of NCPA and a party to the Joint Powers Agreement, and shall have the same rights, powers and privileges and immunities, duties and obligations as any other member of NCPA as of that effective date.

Section 2. Turlock shall not be liable for any share of the organization, planning, or other costs of NCPA incurred prior to the effective date of this Agreement, and shall not by force of this Agreement become a party to any other agreement or instrumentality of NCPA entered into or created prior to the effective date of this Agreement, or except with its consent and the consent of all other NCPA members and associate members who are parties to such agreement or instrumentality evidenced separately from this agreement.

Section 3. This Agreement shall take effect on the first day of the calendar month following the complete execution of this agreement by Turlock and all members and associate members of NCPA.

CITY OF ALAMEDA

CITY OF BIGGS

By _____

By _____

date _____

date _____

CITY OF HEALDSBURG

By _____
date _____

CITY OF ROSEVILLE

By _____
date _____

CITY OF LODI

By John R Snider
date 12-5-84 Mayor

Attest: Alice M. Bencic
CITY OF LONPOC City Clerk

CITY OF SANTA CLARA

By _____
date _____

TURLOCK IRRIGATION DISTRICT

By _____
date _____

By _____
date _____

CITY OF PALO ALTO

By _____
date _____

CITY OF UKIAH

By _____
date _____

CITY OF REDDING

By _____
date _____

PLUMAS-SIERRA RURAL
ELECTRIC COOPERATIVE

By _____
date _____

CITY OF GRIDLEY

By _____
date _____