

**AMENDMENT TO GRIZZLY DEVELOPMENT AND MOKELUMNE SETTLEMENT
AGREEMENT**

**Amendment Number Seven
to the Grizzly Development and Mokelumne Settlement Agreement
by and between Pacific Gas and Electric Company and City of Santa Clara**

This AMENDMENT NUMBER SEVEN TO THE GRIZZLY DEVELOPMENT AND MOKELUMNE SETTLEMENT AGREEMENT ("Amendment") is entered into effective as of the Effective Date between Pacific Gas and Electric Company, a California corporation ("PG&E") and the City of Santa Clara, California, a chartered California municipal corporation doing business as Silicon Valley Power ("Santa Clara"). PG&E and Santa Clara may be referred to individually as "Party" or collectively as "Parties."

RECITALS

A. PG&E and Santa Clara are parties to the Grizzly Development and Mokelumne Settlement Agreement, dated March 8, 1990 (as amended, the "Grizzly Agreement"), which, among other things, governs the relationship of the Parties as co-licensees for the Bucks Creek License.

B. The Parties have been in discussions to resolve a dispute, generally surrounding Grizzly Agreement Section 12.2 and related sections regarding the sharing of costs related to renewing the Bucks Creek License since 2015.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree to amend the Grizzly Agreement as follows:

AGREEMENT

Section 1. Definitions. In addition to terms specifically defined in the Grizzly Agreement, the following terms, when used in this Amendment with the initial letters capitalized, whether in the singular, plural or possessive, shall have the meanings indicated below.

1.1 CEQA: The California Environmental Quality Act

1.2 NEPA: The National Environmental Policy Act

Section 2. Relicensing Cost Dispute Settlement.

2.1 **Period of Applicability.** This Amendment applies to relicensing work and monitoring work performed, and relicensing costs and monitoring costs incurred, both prior to and after the effective date of this Amendment.

2.2 **Revisions to Section 12.2.2 of the Grizzly Agreement.** The final sentence of Section 12.2.2 of the Grizzly Agreement shall be eliminated and in its place the following five paragraphs will be inserted:

PG&E has lead responsibility for the effort to renew the Bucks Creek License (“relicensing”). PG&E is responsible for assuring the performance of all work necessary for relicensing (“relicensing work”) and all costs incurred for relicensing (“relicensing costs” or “costs of relicensing”) unless it authorizes others, including Santa Clara, to perform such relicensing work and incur such costs of relicensing. In its relicensing effort, PG&E shall consult with Santa Clara, and Santa Clara shall support PG&E’s relicensing effort. All costs of relicensing incurred by PG&E and by others authorized by PG&E (in aggregate the “total relicensing cost”) are subject to the cost sharing provisions of Section 12.2.3. Future cost responsibility associated with fulfillment of license conditions of the new license, such as Protection, Mitigation, and Enhancement (“PM&E”) measures and Management Plans, are not subject to the cost sharing provisions of Section 12.2.3, but instead shall be determined in accordance with Sections 1.1.33, 1.1.34, 2.4.1, and 2.5.2.

In addition to any relicensing work and relicensing costs authorized by PG&E, Santa Clara may, at its own initiative, perform work and incur costs to monitor the relicensing work (“monitoring work” and “monitoring costs”, respectively). Such monitoring costs incurred by Santa Clara are not costs of relicensing nor subject to the cost sharing provisions of Section 12.2.3, but are eligible to be treated by Santa Clara,

at its sole discretion, as capital additions to the Costs of Plant, provided they are for staff costs, including overhead, consultant costs, legal costs, and other costs incurred for monitoring work, notwithstanding Sections 2.7.2 or 12.2.2 or any other provision of this Agreement to the contrary. All relicensing costs or costs of relicensing allocated to Santa Clara pursuant to Section 12.2.3 are also eligible to be treated by Santa Clara, at its sole discretion, as capital additions to the Costs of Plant, notwithstanding Sections 2.7.2 or 12.2.2 or any other provision of this Agreement to the contrary. All costs incurred by Santa Clara or allocated to Santa Clara by PG&E associated with fulfillment of license conditions of the new license, such as PM&E measures and Management Plans, that are related to the construction of new, or upgrades to existing, facilities are also eligible to be treated by Santa Clara, at its sole discretion, as capital additions to the Costs of Plant, notwithstanding Sections 2.7.2 or 12.2.2 or any other provision of this Agreement to the contrary.

Notwithstanding the second sentence of Section 2.7.2, each Party shall bear its own legal costs associated with its relicensing efforts except for legal costs incurred as relicensing work, which costs shall be allocated as provided in Section 12.2.3. Disputes regarding whether legal costs have been incurred as relicensing work shall be referred to the Grizzly Management Committee (Section 1.1.35 as established in accordance with Section 18.2) for resolution.

Santa Clara is serving as the CEQA lead agency to ensure compliance with CEQA for the relicensing effort ("CEQA work"). All CEQA work performed by Santa Clara, including staff, consultant and legal work, both prior to and after the effective date of this Amendment, shall be treated as relicensing work, the costs of which are subject to the cost sharing provisions of Section 12.2.3. Further, Santa Clara's allocated portion of the cost of relicensing related to CEQA compliance is eligible to be treated by Santa Clara, at its sole discretion, as capital additions to the Costs of Plant, notwithstanding Sections 2.7.2 or 12.2.2 or any other provision of this Agreement to the contrary. As encouraged by both CEQA and NEPA regulations and guidelines, Santa Clara will utilize FERC's NEPA document and process to the maximum extent practicable with

the goal of minimizing CEQA costs while still meeting the CEQA regulatory requirements.

Each Party shall keep and maintain accounting records of relicensing work and relicensing costs in accordance with the provisions of the Section 3.5. Forecasts of future relicensing work shall be provided in accordance with Section 5.8.3.

Section 3. Effective Date. This Amendment shall be made effective on the date that this Amendment is accepted by FERC ("Effective Date").

Section 4. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original copy of this Amendment, but all of which, when taken together, shall constitute one and the same agreement.

Section 5. Signature Authority. Each person signing below warrants that he or she has been duly authorized by the Party for whom he or she signs to execute this Amendment on behalf of that Party.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Amendment to be effective as set forth in Section 3 above.

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: 

Name: DEBBIE POWELL

Title: Vice President, Power Generation

THE CITY OF SANTA CLARA,
a chartered California municipal corporation

By: _____

Name: DEANNA SANTANA

Title: City Manager

APPROVED AS TO FORM:

By: _____

Name: BRIAN DOYLE

Title: City Attorney