

1 JAMES L. LOPES (No. 63678)
2 WILLIAM J. LAFFERTY (No. 120814)
3 KIMBERLY A. BLISS (No. 207857)
4 HOWARD, RICE, NEMEROVSKI, CANADY,
5 FALK & RABKIN
6 A Professional Corporation
7 Three Embarcadero Center, 7th Floor
8 San Francisco, California 94111-4065
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10 Facsimile: 415/217-5910

11 Attorneys for Debtor and Debtor in Possession
12 PACIFIC GAS AND ELECTRIC COMPANY

13 UNITED STATES BANKRUPTCY COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO DIVISION

16 In re
17
18 PACIFIC GAS AND ELECTRIC
19 COMPANY, a California corporation,

20 Debtor.

21 Federal I.D. No. 94-0742640

Case No. 01 30923 DM

Chapter 11 Case

Date: December 21, 2001

Time: 1:30 p.m.

Place: 235 Pine Street, 22nd Floor
San Francisco, California

Judge: Hon. Dennis Montali

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DECLARATION OF WILLIAM J. LAFFERTY IN SUPPORT OF DEBTOR'S MOTION
FOR AUTHORITY TO COMPROMISE CLAIMS BETWEEN ESTATE AND VARIOUS
QUALIFYING FACILITIES

1001 Add Rids Ogr Mail Center

LAFFERTY DECL. ISO MOTION FOR AUTH. TO COMPROMISE CLAIMS WITH VARIOUS QFS

50-275/323

FILED

DEC 21 2001

UNITED STATES BANKRUPTCY COURT
SAN FRANCISCO, CA

1 I, WILLIAM J. LAFFERTY, declare that:

2 1. I am an attorney at law licensed to practice in the State of California and a
3 director of the law firm of Howard, Rice, Nemerovski, Canady, Falk & Rabkin, attorneys for
4 Pacific Gas and Electric Company ("PG&E"), the debtor and debtor-in-possession in the
5 above-captioned Chapter 11 case. I make this declaration of my own personal knowledge,
6 except where otherwise indicated, and would testify competently to the truth of the matters
7 stated herein if called upon to do so. This Declaration is submitted in support of PG&E's
8 Motion For Authority To Compromise Claims Between Estate And Various Qualifying
9 Facilities (the "Motion").

10 2. On December 7, 2001, PG&E filed its Motion seeking authority to enter into
11 "Supplemental Agreements" with various Qualifying Facilities ("QFs") which resolved,
12 *inter alia*, issues related to the amount of interest owed those QFs on those amounts owed
13 them (the "Prepetition Payables") pursuant to the agreements (the "Assumption
14 Agreements") entered into between the QFs and PG&E effecting an assumption of the QFs'
15 Power Purchase Agreements ("PPAs"), as well a schedule for payment of the Prepetition
16 Payables and accrued interest.

17 3. The Motion specifically attached Supplemental Agreements reached with thirteen
18 and three separate GWF QFs. In addition, the Motion requested that "the Court authorize
19 [PG&E] to enter into supplemental agreements with QFs on substantially similar terms as
20 the Supplemental Agreements [with Calpine and GWF], between the filing of this motion
21 and the hearing thereon, set for December 21, 2001, provided that PG&E inform the Court
22 and interested parties at the hearing of the identity of each such settling QF and the
23 aggregate amount of prepetition payables to be paid under the terms set forth in the
24 Supplemental Agreement."

25 4. On Thursday, December 20, 2001, PG&E was able to finalize twenty (20)
26 Supplemental Agreements with twenty-two (22) additional QFs. These additional
27 Supplemental Agreements, true and correct copies of which are attached hereto as Exhibits
28 1-20, are substantially similar—but not identical—to the Supplemental Agreement PG&E

1 finalized with GWF.

2 5. In accordance with its stated intent in the Motion, PG&E will seek authority to
3 enter into the attached Supplemental Agreements at the hearing on December 21, 2001 at
4 1:30 p.m. Accordingly, considering the number of Supplemental Agreements achieved
5 between the filing of the Motion and the hearing, PG&E now submits these twenty (20)
6 additional Supplemental Agreements as an administrative convenience to the Court instead
7 of waiting to present such Supplemental Agreements for the first time at the hearing.

8 I declare under penalty of perjury under the laws of the United States of America
9 and the State of California that the foregoing is true and correct, and that this declaration was
10 executed this 20th day of December, 2001, in San Francisco, California.

11 By: 
12 _____

WILLIAM J. LAFFERTY

13 WD 122001/1-1419920/kab/965684/v1

14 HOWARD
15 RICE
16 NEMEROVSKI
17 CANADY
18 BALK
19 & RABKIN
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A Professional Corporation

SCHEDULE A

1)	KES - Kingsburg	(\$10,587,681)
2)	Martinez Cogen	(\$11,053,854)
3)	PE - Berkeley	(\$11,104,650)
4)	Ripon Cogeneration	(\$17,399,281)
5)	United Cogen, Inc.	(\$13,014,189)
6)	Wadham Energy LP	(\$7,814,574)
7)	Santa Maria Cogen	(\$334,533)
8)	Yuba City Cogen	(\$6,547,670)
9)	Wheelebrator - Hudson	(\$2,080,610)
10)	Wheelebrator - Shasta	(\$19,581,895)
11)	Wheelebrator - Lassen	(\$6,667,977)
12)	Rio Bravo - Poso	(\$13,880,231)
	- Fresno	(\$8,044,369)
	- Rocklin	(\$8,071,790)
13)	Stockton Cogen	(\$21,481,691)
14)	El Paso - High Sierra	(\$16,469,101)
15)	El Paso - Kern Front	(\$16,639,960)
16)	El Paso - McKittrick	(\$16,224,060)
17)	El Paso - Chalk Cliff	(\$15,509,084)
18)	El Paso - Double "C"	(\$16,351,180)
19)	El Paso - Live Oak	(\$15,065,552)
20)	El Paso - Bear Mountain	(\$16,142,626)

Total for all 22 PPA's \$270,066,558

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between KES KINGSBURG, L.P. (PG&E Log. No. 25C164) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 12, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and the Assumption Agreement has been approved by order of the Bankruptcy Court ("Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of Ten Million Five Hundred Eighty-Seven Thousand Six Hundred Eighty Dollars and Eighty-Seven Cents (\$ 10,587,680.87), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 1, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation of Net Amounts/Waiver of Claims. Prior to the calculation of accrued interest, any amounts paid to QF for "hardship payments" made pursuant to the July 5, 2001 order of the Bankruptcy Court ("QF Order") shall be netted against the Prepetition Payables to yield the "Net Amount" defined for QF as shown on Exhibit 1 attached hereto. QF hereby waives any claim for payment from PG&E based upon a QF assertion of economic hardship, including any claim for further payment from PG&E pursuant to the QF Order.

3. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

4. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be Four Hundred Fifty-Five Thousand Seven Hundred Twenty-Nine Dollars and Fifty-Five Cents (\$ 455,729.55). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire

amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.


13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

KES KINGSBURG, L.P.
A California Limited Partnership

By: PE - Kingsburg LLC,
A New York Limited Liability
Company, its General Partner

By: 

Name: Donald W. Scholl
President

PACIFIC GAS AND ELECTRIC
COMPANY

A California corporation

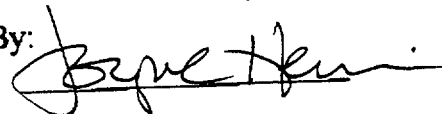
By: 

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT - PAYMENT SCHEDULE

Legal Entity, Project Description KES Kingsburg, L.P., PG&E Log No. 23C164	Due Date	Outstanding at 4/6/01 per July 12, 2001 Agreement	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST
					8%
Outstanding A/R:	02/02/01	\$ 5,708,853.38	118		\$ 92,280.10
	03/06/01	\$ 3,098,744.87	86		\$ 36,505.76
	04/03/01	\$ 1,107,950.54	58		\$ 8,802.89
	05/04/01	\$ 872,132.09	27		\$ 2,485.97
	04/17/01	\$ -	44		\$ -
	Subtotal at 5/31/01	\$ 10,587,680.88	see above	\$ -	\$ 140,074.72

	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST
Hardship Payments to Date:	06/18/01	\$ 10,587,680.88	18	\$ 239,044.85	\$ 26,106.61
	06/29/01	\$ 10,348,635.93	11	\$ 205,434.38	\$ 15,593.83
	07/13/01	\$ 10,143,201.55	14	\$ 203,544.61	\$ 19,452.72
	07/30/01	\$ 9,939,656.94	17	\$ 173,584.78	\$ 23,147.15
	08/15/01	\$ 9,766,072.16	16	\$ 190,973.26	\$ 21,405.09
	08/30/01	\$ 9,575,098.90	15	\$ 201,513.88	\$ 19,674.88
	09/14/01	\$ 9,373,584.92	15	\$ 208,073.13	\$ 19,260.79
	09/28/01	\$ 9,165,511.79	14	\$ 204,844.28	\$ 17,577.69
	10/30/01	\$ 8,960,687.51	32	\$ -	\$ 39,279.64
	01/31/02	\$ 8,960,687.51	93	\$ -	\$ 114,156.45
	TOTAL	\$ 8,960,687.51		\$ 1,827,013.37	\$ 455,729.55
	Net Amount Payable	\$ 746,722.29			
Monthly Principal Amount (1/12)					

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 8,960,687.51	see above	\$ 746,722.32	\$ 455,729.55	\$ 1,202,451.87
	02/28/02	\$ 8,213,945.19	28	\$ 746,722.29	\$ 31,505.54	\$ 778,227.83
	03/29/02	\$ 7,467,222.90	29	\$ 746,722.29	\$ 29,664.31	\$ 776,386.60
	04/30/02	\$ 6,720,500.61	32	\$ 746,722.29	\$ 29,459.73	\$ 776,182.02
	05/31/02	\$ 5,973,778.32	31	\$ 746,722.29	\$ 25,368.10	\$ 772,090.39
	06/28/02	\$ 5,227,056.03	28	\$ 746,722.29	\$ 20,048.98	\$ 766,771.27
	07/31/02	\$ 4,480,333.74	33	\$ 746,722.29	\$ 20,253.56	\$ 766,975.85
	08/30/02	\$ 3,733,611.45	30	\$ 746,722.29	\$ 15,343.61	\$ 762,065.90
	09/30/02	\$ 2,986,889.16	31	\$ 746,722.29	\$ 12,684.05	\$ 758,408.34
	10/31/02	\$ 2,240,168.87	31	\$ 746,722.29	\$ 9,513.04	\$ 756,235.33
	11/27/02	\$ 1,493,444.58	27	\$ 746,722.29	\$ 5,523.70	\$ 752,245.96
	12/31/02	\$ 746,722.29	34	\$ 746,722.29	\$ 3,477.88	\$ 750,200.17
TOTAL PAYMENTS:				\$ 8,960,687.51	\$ 658,572.05	\$ 8,619,239.56

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between MARTINEZ COGEN LIMITED PARTNERSHIP (PG&E Log. No. 01C044) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 12, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and the Assumption Agreement has been approved by order of the Bankruptcy Court ("Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of Eleven Million Fifty-Three Thousand Eight Hundred Fifty-Four Dollars and Thirty-Six Cents (\$ 11,053,854.36), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 1, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be Five Hundred Twenty-One Thousand One Hundred Fourteen Dollars and Sixty-Eight Cents (\$ 521,114.68). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

5. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

6. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables

relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

7. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

8. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

9. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

10. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

11. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

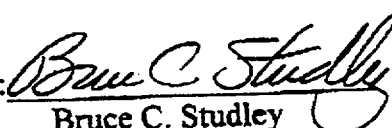
12. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and

will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

13. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

MARTINEZ COGEN L.P.,
A Delaware Limited Partnership,
By its General Partner,
Foster Wheeler Martinez, Inc.

By: 
Bruce C. Studley
Vice President

PACIFIC GAS AND ELECTRIC
COMPANY

A California corporation

By: 

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
	Due Date: Outstanding A/R 2/2/2001	Outstanding A/R 3/2/2001	Outstanding A/R 3/30/2001	Outstanding A/R 4/30/2001	Outstanding A/R 4/17/2001	
Martinez Cogen Limited Partnership, PG&E Log No. 01C044	\$ 6,174,533.32	\$ 2,896,385.92	\$ 1,382,350.68	\$ 392,174.84	\$ 228,409.62	\$ 11,053,854.36
TOTAL	\$ 6,174,533.32	\$ 2,896,385.92	\$ 1,382,350.68	\$ 392,174.84	\$ 228,409.62	\$ 11,053,854.36
Monthly Principal Amount (1/12)						\$ 921,154.53
Initial Default Date	2/2/2001	3/2/2001	3/30/2001	4/30/2001	4/17/2001	
Initial Payment Date	1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days	363	335	307	276	289	
Interest Rate (Annual)	5%					
Interest amount at 01/31/2002	\$ 307,035.01	\$ 132,916.34	\$ 57,293.38	\$ 14,827.43	\$ 9,042.52	\$ 521,114.68

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 11,053,854.36	see above	\$ 921,154.53	\$ 521,114.68	\$ 1,442,269.21
	02/28/02	\$ 10,132,699.83	28	\$ 921,154.53	\$ 38,865.15	\$ 960,019.68
	03/29/02	\$ 9,211,545.30	29	\$ 921,154.53	\$ 36,593.81	\$ 957,748.34
	04/30/02	\$ 8,290,390.77	32	\$ 921,154.53	\$ 36,341.44	\$ 957,495.97
	05/31/02	\$ 7,369,236.24	31	\$ 921,154.53	\$ 31,294.02	\$ 952,448.55
	06/28/02	\$ 6,448,081.71	28	\$ 921,154.53	\$ 24,732.37	\$ 945,886.90
	07/31/02	\$ 5,526,927.18	33	\$ 921,154.53	\$ 24,984.74	\$ 946,139.27
	08/30/02	\$ 4,605,772.65	30	\$ 921,154.53	\$ 18,927.83	\$ 940,082.36
	09/30/02	\$ 3,684,618.12	31	\$ 921,154.53	\$ 15,647.01	\$ 936,801.54
	10/31/02	\$ 2,763,463.59	31	\$ 921,154.53	\$ 11,735.28	\$ 932,889.79
	11/27/02	\$ 1,842,309.06	27	\$ 921,154.53	\$ 6,814.02	\$ 927,988.55
	12/31/02	\$ 921,154.53	34	\$ 921,154.53	\$ 4,290.31	\$ 925,444.84
TOTAL PAYMENTS:				\$ 11,053,854.36	\$ 771,340.84	\$ 11,825,195.00

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between PE-Berkeley, a New York corporation (PG&E Log. No. 01C084) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and the Assumption Agreement has been approved by order of the Bankruptcy Court ("Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of Eleven Million One Hundred and Four Thousand Six Hundred and Forty-Nine Dollars and ninety six cents (\$11,104,649.96), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 1, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables shall be paid on or before December 31, 2001. If all accrued prepetition and postpetition interest is paid on December 31, 2001, the total amount of interest due QF under this Supplemental Agreement on that date shall be Four Hundred Thirty Six Thousand One Hundred Fifty Nine Dollars and seventy two cents (\$436,159.72). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing December 31, 2001 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

5. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

6. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and

supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

7. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

8. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

9. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

10. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

11. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

12. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict

with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

13. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

PE-Berkeley, Inc.

A New York corporation

By: Kenneth E. Smith

PACIFIC GAS AND ELECTRIC
COMPANY

A California corporation

By: John Pappas

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
		Outstanding A/R 2/2/2001	Outstanding A/R 3/6/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001	
PE - BERKELEY, INC, PG&E Log No. 01C084		\$ 2,717,969.02	\$ 3,008,390.86	\$ 2,494,926.64	\$ 2,555,575.56	\$ 327,787.88	\$ 11,104,649.96
TOTAL		\$ 2,717,969.02	\$ 3,008,390.86	\$ 2,494,926.64	\$ 2,555,575.56	\$ 327,787.88	\$ 11,104,649.96
Monthly Principal Amount (1/12)							\$ 925,387.50
Initial Default Date		2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001	
Initial Payment Date		12/31/2001	12/31/2001	12/31/2001	12/31/2001	12/31/2001	
Elapsed Days		332	300	272	241	258	
Interest Rate (Annual)	5%						
Interest amount at 12/31/2001		\$ 123,611.74	\$ 123,632.50	\$ 92,961.65	\$ 84,369.00	\$ 11,584.83	\$ 436,159.72

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	12/31/01	\$ 11,104,649.96	see above	\$ 925,387.46	\$ 436,159.72	\$ 1,361,547.18
	01/31/02	\$ 10,179,262.50	31	\$ 925,387.50	\$ 43,227.01	\$ 968,614.51
	02/28/02	\$ 9,253,875.00	28	\$ 925,387.50	\$ 35,494.32	\$ 960,881.82
	03/29/02	\$ 8,328,487.50	29	\$ 925,387.50	\$ 33,085.77	\$ 958,473.27
	04/30/02	\$ 7,403,100.00	32	\$ 925,387.50	\$ 32,451.95	\$ 957,839.45
	05/31/02	\$ 6,477,712.50	31	\$ 925,387.50	\$ 27,508.09	\$ 952,895.59
	06/28/02	\$ 5,552,325.00	28	\$ 925,387.50	\$ 21,296.59	\$ 946,684.09
	07/31/02	\$ 4,626,937.50	33	\$ 925,387.50	\$ 20,916.29	\$ 946,303.79
	08/30/02	\$ 3,701,550.00	30	\$ 925,387.50	\$ 15,211.85	\$ 940,599.35
	09/30/02	\$ 2,776,162.50	31	\$ 925,387.50	\$ 11,789.18	\$ 937,176.68
	10/31/02	\$ 1,850,775.00	31	\$ 925,387.50	\$ 7,859.46	\$ 933,246.96
	11/27/02	\$ 925,387.50	27	\$ 925,387.50	\$ 3,422.67	\$ 928,810.17
TOTAL PAYMENTS:		\$ -		\$ 11,104,649.96	\$ 688,422.90	\$ 11,793,072.86

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between RIPON COGENERATION INC. (PG&E Log. No. 16C034) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and the Assumption Agreement has been approved by order of the Bankruptcy Court ("Assumption Order").

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of seventeen million, three hundred ninety-nine thousand, two hundred eighty-one dollars and no cents (\$17,399,281.00), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 1, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

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2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables shall be paid on or before December 31, 2001. If all accrued prepetition and postpetition interest is paid on December 31, 2001, the total amount of interest due QF under this Supplemental Agreement on that date shall be six hundred ninety-five thousand, two hundred sixty-three dollars and fifty-eight cents (\$695,263.58). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing December 31, 2001 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations

of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

5. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

6. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

7. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

8. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

9. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

10. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

11. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

12. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

13. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

RIPON COGENERATION INC. *ge*

A Delaware corporation

By:



mg
12/20/01

PACIFIC GAS AND ELECTRIC COMPANY

A California corporation

By:

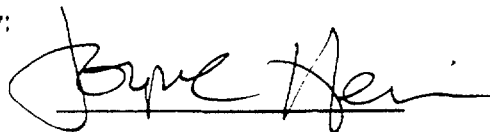


EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
	Due Date: Outstanding A/R 1/30/2001	Outstanding A/R 3/2/2001	Outstanding A/R 3/30/2001	Outstanding A/R 4/30/2001	Outstanding A/R 4/17/2001	
RIPON COGENERATION INC, PG&E Log No. 16C034	\$ 4,660,863.23	\$ 4,661,117.39	\$ 3,571,164.61	\$ 3,936,093.49	\$ 570,042.28	\$ 17,399,281.00
TOTAL	\$ 4,660,863.23	\$ 4,661,117.39	\$ 3,571,164.61	\$ 3,936,093.49	\$ 570,042.28	\$ 17,399,281.00
Monthly Principal Amount (1/12)						\$ 1,449,940.08

Initial Default Date	1/30/2001	3/2/2001	3/30/2001	4/30/2001	4/17/2001	
Initial Payment Date	12/31/2001	12/31/2001	12/31/2001	12/31/2001	12/31/2001	
Elapsed Days	335	304	276	245	258	
Interest Rate (Annual)	5%					
Interest amount at 12/31/2001	\$ 213,888.93	\$ 194,106.81	\$ 135,019.37	\$ 132,101.77	\$ 20,146.70	\$ 695,263.58

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	12/31/01	\$ 17,399,281.00	see above	\$ 1,449,940.12	\$ 695,263.58	\$ 2,145,203.70
	01/31/02	\$ 15,949,340.88	31	\$ 1,449,940.08	\$ 67,730.08	\$ 1,517,670.16
	02/28/02	\$ 14,499,400.80	28	\$ 1,449,940.08	\$ 55,614.14	\$ 1,505,554.22
	03/29/02	\$ 13,049,460.72	29	\$ 1,449,940.08	\$ 51,840.32	\$ 1,501,780.40
	04/30/02	\$ 11,599,520.64	32	\$ 1,449,940.08	\$ 50,847.21	\$ 1,500,787.29
	05/31/02	\$ 10,149,580.56	31	\$ 1,449,940.08	\$ 43,100.96	\$ 1,493,041.04
	06/28/02	\$ 8,699,640.48	28	\$ 1,449,940.08	\$ 33,368.48	\$ 1,483,308.56
	07/31/02	\$ 7,249,700.40	33	\$ 1,449,940.08	\$ 32,772.62	\$ 1,482,712.70
	08/30/02	\$ 5,799,760.32	30	\$ 1,449,940.08	\$ 23,834.63	\$ 1,473,774.71
	09/30/02	\$ 4,349,820.24	31	\$ 1,449,940.08	\$ 18,471.84	\$ 1,468,411.92
	10/31/02	\$ 2,899,880.16	31	\$ 1,449,940.08	\$ 12,314.56	\$ 1,462,254.64
	11/27/02	\$ 1,449,940.08	27	\$ 1,449,940.08	\$ 5,362.79	\$ 1,455,302.87
TOTAL PAYMENTS:				\$ 17,399,281.00	\$ 1,090,521.21	\$ 18,489,802.21

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SEP

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between UNITED COGEN, INC., a Delaware Corporation (PG&E Log. No.02C001) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of August 9, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and the Assumption Agreement has been approved by order of the Bankruptcy Court ("Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of Thirteen Million Fourteen Thousand One Hundred Eighty Nine Dollars and fifteen cents (\$13,014,189.15), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 1, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be Five Hundred Eighty Five Thousand One Hundred Sixty Six Dollars and ninety two cents (\$585,166.92). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

5. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

6. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables

relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

7. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

8. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

9. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

10. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

11. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

12. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and

will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

13. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

UNITED COGEN, INC.

A Delaware Corporation

By:

_____

PACIFIC GAS AND ELECTRIC
COMPANY

A California corporation

By:

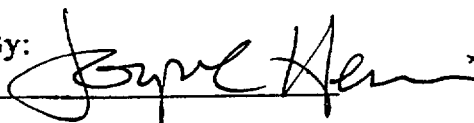
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EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT – PAYMENT SCHEDULE

Legal Entity, Project Description	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per August 9, 2001 Agreement
	Outstanding A/R Due Date: 2/2/01	Outstanding A/R 3/6/01	Outstanding A/R 4/3/01	Outstanding A/R 5/4/01	Outstanding A/R 4/17/01	
UNITED COGEN, INC., PG&E Log No. 02C001	\$ 5,436,932.36	\$ 2,744,489.80	\$ 2,259,410.53	\$ 2,271,493.58	\$ 301,862.88	\$ 13,014,189.15
TOTAL	\$ 5,436,932.36	\$ 2,744,489.80	\$ 2,259,410.53	\$ 2,271,493.58	\$ 301,862.88	\$ 13,014,189.15
Monthly Principal Amount (1/12)						\$ 1,084,515.76
Initial Default Date	2/2/01	3/6/01	4/3/01	5/4/01	4/17/01	
Initial Payment Date	1/31/02	1/31/02	1/31/02	1/31/02	1/31/02	
Elapsed Days	363	331	303	272	289	
Interest Rate (Annual)	5%					
Interest amount at 01/31/2002	\$ 270,357.05	\$ 124,441.93	\$ 93,781.01	\$ 84,636.47	\$ 11,950.46	\$ 585,166.92

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 13,014,189.15	see above	\$ 1,084,515.79	\$ 585,166.92	\$ 1,669,682.71
	02/28/02	\$ 11,929,673.36	28	\$ 1,084,515.76	\$ 45,757.65	\$ 1,130,273.41
	03/29/02	\$ 10,845,157.60	29	\$ 1,084,515.76	\$ 43,083.50	\$ 1,127,599.26
	04/30/02	\$ 9,760,641.84	32	\$ 1,084,515.76	\$ 42,786.38	\$ 1,127,302.14
	05/31/02	\$ 8,676,126.08	31	\$ 1,084,515.76	\$ 38,843.82	\$ 1,121,359.58
	06/28/02	\$ 7,591,610.32	28	\$ 1,084,515.76	\$ 29,118.51	\$ 1,113,634.27
	07/31/02	\$ 6,507,094.56	33	\$ 1,084,515.76	\$ 29,415.63	\$ 1,113,931.39
	08/30/02	\$ 5,422,578.80	30	\$ 1,084,515.76	\$ 22,284.57	\$ 1,106,800.33
	09/30/02	\$ 4,338,063.04	31	\$ 1,084,515.76	\$ 18,421.91	\$ 1,102,937.67
	10/31/02	\$ 3,253,547.28	31	\$ 1,084,515.76	\$ 13,816.43	\$ 1,098,332.19
	11/27/02	\$ 2,169,031.52	27	\$ 1,084,515.76	\$ 8,022.45	\$ 1,092,538.21
	12/31/02	\$ 1,084,515.76	34	\$ 1,084,515.76	\$ 5,051.17	\$ 1,089,566.93
TOTAL PAYMENTS:				\$ 13,014,189.15	\$ 879,768.94	\$ 13,893,958.09

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between WADHAM ENERGY LIMITED PARTNERSHIP (PG&E Log. No. 12P018) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 12, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and the Assumption Agreement has been approved by order of the Bankruptcy Court ("Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of Seven Million Eight Hundred Fourteen Thousand Five Hundred Seventy-Four Dollars and Thirty-Eight Cents (\$ 7,814,574.38), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 1, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.
2. Calculation of Net Amounts/Waiver of Claims. Prior to the calculation of accrued interest, any amounts paid to QF for "hardship payments" made pursuant to the July 5, 2001 order of the Bankruptcy Court ("QF Order") shall be netted against the Prepetition Payables to yield the "Net Amount" defined for QF as shown on Exhibit 1 attached hereto. QF hereby waives any claim for payment from PG&E based upon a QF assertion of economic hardship, including any claim for further payment from PG&E pursuant to the QF Order.
3. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.
4. Payment Schedule.
 - (a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be Three Hundred Twenty-Four Thousand Six Hundred Twenty-Eight Dollars and Ninety Cents (\$ 324,628.90). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.
 - (b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire

amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

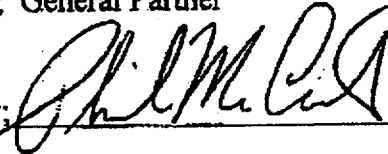
13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

WADHAM ENERGY LP

By: Wadham Environmental Corp.
Its: General Partner

By: 

Vice President

PACIFIC GAS AND ELECTRIC
COMPANY

A California corporation

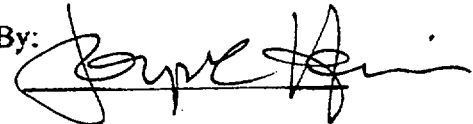
By: 

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description Wadham Energy, L.P., PG&E Log No. 12P018	Due Date	Outstanding at 4/8/01 per July 12, 2001 Agreement	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST
			05/31/01		5%
Outstanding A/R:	02/02/01	\$ 2,518,930.44	118		\$ 40,684.63
	03/02/01	\$ 2,044,971.27	90		\$ 25,211.97
	03/30/01	\$ 1,988,876.96	62		\$ 16,890.13
	04/30/01	\$ 1,246,073.08	31		\$ 5,291.54
	04/17/01	\$ 17,922.84	44		\$ 108.03
Subtotal at 5/31/01		\$ 7,814,574.38	see above	\$	\$ 88,184.30

	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST
Hardship Payments to Date:	06/18/01	\$ 7,814,574.38	18	\$ 184,675.15	\$ 19,268.81
	06/29/01	\$ 7,629,899.24	11	\$ 128,279.03	\$ 11,497.11
	07/13/01	\$ 7,503,620.21	14	\$ 124,126.33	\$ 14,390.50
	07/30/01	\$ 7,379,493.88	17	\$ 89,644.46	\$ 17,185.12
	08/15/01	\$ 7,279,849.42	16	\$ 115,398.74	\$ 16,955.83
	08/30/01	\$ 7,184,450.68	15	\$ 120,284.19	\$ 14,721.47
	09/14/01	\$ 7,044,166.49	15	\$ 136,159.73	\$ 14,474.31
	09/28/01	\$ 6,908,006.76	14	\$ 151,055.60	\$ 13,248.23
	10/30/01	\$ 6,756,951.16	32	\$ -	\$ 29,619.51
	01/31/02	\$ 6,756,951.16	93	\$ -	\$ 86,081.71
Net Amount Payable	TOTAL	\$ 6,756,951.16	152	\$ 1,057,623.23	\$ 324,628.90
Monthly Principal Amount (1/12)		\$ 563,079.26			

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 6,756,951.16	see above	\$ 563,079.30	\$ 324,628.90	\$ 887,708.20
	02/28/02	\$ 6,193,871.88	28	\$ 563,079.26	\$ 23,757.32	\$ 586,838.58
	03/29/02	\$ 5,630,792.60	29	\$ 563,079.26	\$ 22,368.90	\$ 585,448.16
	04/30/02	\$ 5,067,713.34	32	\$ 563,079.26	\$ 22,214.63	\$ 585,293.89
	05/31/02	\$ 4,504,634.08	31	\$ 563,079.26	\$ 19,129.27	\$ 582,208.53
	06/28/02	\$ 3,941,554.82	28	\$ 563,079.26	\$ 15,118.29	\$ 578,197.55
	07/31/02	\$ 3,378,475.56	33	\$ 563,079.26	\$ 15,272.56	\$ 578,351.82
	08/30/02	\$ 2,815,396.30	30	\$ 563,079.26	\$ 11,570.12	\$ 574,649.38
	09/30/02	\$ 2,252,317.04	31	\$ 563,079.26	\$ 9,564.63	\$ 572,643.89
	10/31/02	\$ 1,689,237.78	31	\$ 563,079.26	\$ 7,173.48	\$ 570,252.74
	11/27/02	\$ 1,126,158.52	27	\$ 563,079.26	\$ 4,165.24	\$ 567,244.50
	12/31/02	\$ 563,079.26	34	\$ 563,079.26	\$ 2,622.56	\$ 565,701.82
TOTAL PAYMENTS:				\$ 6,756,951.16	\$ 477,585.90	\$ 7,234,537.06

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between Santa Maria Cogen, Inc. (PG&E Log. No. 18C026) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and the Assumption Agreement has been approved by order of the Bankruptcy Court ("Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of Three Hundred Thirty Four Thousand Five Hundred Thirty Two Dollars and Sixty Cents (\$334,532.60), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 1, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be Sixteen Thousand Two Hundred Forty Seven Dollars and Ninety Cents (\$16,247.90). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

5. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

6. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental

Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

7. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

8. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

9. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

10. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

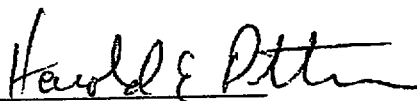
11. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

12. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

13. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

SANTA MARIA COGEN INC., A
California corporation

By: 
Harold E. Dittmer
President

PACIFIC GAS AND ELECTRIC
COMPANY

A California corporation

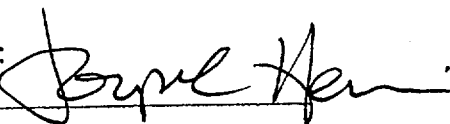
By: 

EXHIBIT 1
To
QF Supplemental Agreement

Dec. 20. 2001 11:41AM

No. 3010 P. 7

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT – PAYMENT SCHEDULE

Legal Entity, Project Description	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
	Outstanding A/R Due Date:	Outstanding A/R	Outstanding A/R	Outstanding A/R	Outstanding A/R	
	2/2/01	3/6/01	4/3/01	5/4/01	4/17/01	
SANTA MARIA COGEN, INC., PG&E Log No. 18C026	\$ 246,231.50	\$ 88,301.10	\$ -	\$ -	\$ -	\$ 334,532.80
TOTAL	\$ 246,231.50	\$ 88,301.10	\$ -	\$ -	\$ -	\$ 334,532.60
Monthly Principal Amount (1/12)						\$ 27,877.72
Initial Default Date	2/2/01	3/6/01	4/3/01	5/4/01	4/17/01	
Initial Payment Date	1/31/02	1/31/02	1/31/02	1/31/02	1/31/02	
Elapsed Days	363	331	303	272	289	
Interest Rate (Annual)	5%					
Interest amount at 01/31/2002	\$ 12,244.11	\$ 4,003.79	\$ -	\$ -	\$ -	\$ 16,247.90

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 334,532.60	see above	\$ 27,877.68	\$ 16,247.90	\$ 44,125.58
	02/28/02	\$ 306,654.92	28	\$ 27,877.72	\$ 1,176.21	\$ 29,053.93
	03/29/02	\$ 278,777.20	29	\$ 27,877.72	\$ 1,107.47	\$ 28,985.19
	04/30/02	\$ 250,899.48	32	\$ 27,877.72	\$ 1,099.83	\$ 28,977.55
	05/31/02	\$ 223,021.76	31	\$ 27,877.72	\$ 947.08	\$ 28,824.80
	06/28/02	\$ 195,144.04	28	\$ 27,877.72	\$ 748.50	\$ 28,626.22
	07/31/02	\$ 167,266.32	33	\$ 27,877.72	\$ 756.14	\$ 28,633.86
	08/30/02	\$ 139,388.60	30	\$ 27,877.72	\$ 572.83	\$ 28,450.55
	09/30/02	\$ 111,510.88	31	\$ 27,877.72	\$ 473.54	\$ 28,351.26
	10/31/02	\$ 83,633.16	31	\$ 27,877.72	\$ 355.15	\$ 28,232.87
	11/27/02	\$ 55,755.44	27	\$ 27,877.72	\$ 206.22	\$ 28,083.94
	12/31/02	\$ 27,877.72	34	\$ 27,877.72	\$ 129.84	\$ 28,007.56
TOTAL PAYMENTS:				\$ 334,532.60	\$ 23,820.71	\$ 358,353.31

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between Yuba City Cogeneration Partners, LP (PG&E Log. No. 12C026) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and the Assumption Agreement has been approved by order of the Bankruptcy Court ("Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of Six Million Five Hundred and Forty Seven Thousand Six Hundred Seventy Dollars and Two Cents (\$6,547,670.02), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 1, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be Three Hundred Seventeen Thousand One Hundred Eighty Five Dollars and Seventy Five Cents (\$317,185.75). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall become effective following entry of an order approving this Supplemental Agreement, but in no event shall it become effective before January 2, 2002.

5. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

6. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties

relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

7. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

8. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

9. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

10. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

11. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

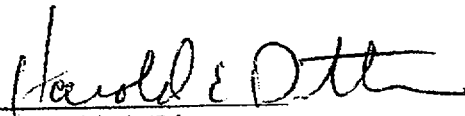
12. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental

Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

13. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

YUBA CITY COGENERATION
PARTNERS, L.P., A California
limited partnership,

By: 
Harold E. Dittmer,
President
Yuba City Cogen Inc.
Its General Partner

PACIFIC GAS AND ELECTRIC
COMPANY

A California corporation

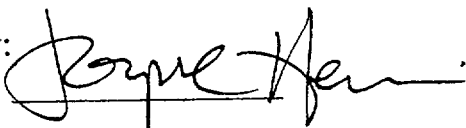
By: 

EXHIBIT 1
To
QF Supplemental Agreement

Dec. 20. 2001 11:46AM

No. 3011 P. 7/8

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
	Outstanding A/R Due Date: 2/2/01	Outstanding A/R 3/6/01	Outstanding A/R 4/3/01	Outstanding A/R 5/4/01	Outstanding A/R 4/17/01	
YUBA CITY COGEN PARTNERS, L.P., PG&E Log No. 12C026	\$ 4,644,679.20	\$ 1,892,215.82	\$ -	\$ -	\$ 10,775.00	\$ 6,547,670.02
TOTAL	\$ 4,644,679.20	\$ 1,892,215.82	\$ -	\$ -	\$ 10,775.00	\$ 6,547,670.02
Monthly Principal Amount (1/12)						\$ 545,639.17
Initial Default Date	2/2/01	3/6/01	4/3/01	5/4/01	4/17/01	
Initial Payment Date	1/31/02	1/31/02	1/31/02	1/31/02	1/31/02	
Elapsed Days	363	331	303	272	289	
Interest Rate (Annual)	5%					
Interest amount at 01/31/2002	\$ 230,961.45	\$ 85,797.73	\$ -	\$ -	\$ 426.57	\$ 317,185.75

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 6,547,670.02	see above	\$ 545,639.15	\$ 317,185.75	\$ 862,824.90
	02/28/02	\$ 6,002,030.87	28	\$ 545,639.17	\$ 23,021.49	\$ 588,660.66
	03/29/02	\$ 5,456,391.70	29	\$ 545,639.17	\$ 21,676.08	\$ 567,315.25
	04/30/02	\$ 4,910,752.53	32	\$ 545,639.17	\$ 21,526.59	\$ 567,165.76
	05/31/02	\$ 4,365,113.36	31	\$ 545,639.17	\$ 18,536.78	\$ 564,175.95
	06/28/02	\$ 3,819,474.19	28	\$ 545,639.17	\$ 14,650.04	\$ 560,289.21
	07/31/02	\$ 3,273,835.02	33	\$ 545,639.17	\$ 14,799.53	\$ 560,438.70
	08/30/02	\$ 2,728,195.85	30	\$ 545,639.17	\$ 11,211.76	\$ 556,850.93
	09/30/02	\$ 2,182,556.68	31	\$ 545,639.17	\$ 9,268.39	\$ 554,907.56
	10/31/02	\$ 1,636,917.51	31	\$ 545,639.17	\$ 6,951.29	\$ 552,590.46
	11/27/02	\$ 1,091,278.34	27	\$ 545,639.17	\$ 4,036.23	\$ 549,675.40
	12/31/02	\$ 545,639.17	34	\$ 545,639.17	\$ 2,541.33	\$ 548,180.50
TOTAL PAYMENTS:				\$ 6,547,670.02	\$ 465,405.26	\$ 7,013,075.28

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between WHEELBRATOR HUDSON ENERGY CO. INC. (PG&E Log No. 13P162) ("QF ") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment B to the Assumption Agreement for a total principal amount due QF of Two Million Eighty Thousand Six Hundred Nine Dollars and Ninety Four Cents (\$2,080,609.94), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculations and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment B to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be Eighty Nine Thousand Eight Hundred Thirty Eight Dollars and Eighty Cents (\$89,838.80). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment B to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The rights of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any Bankruptcy Code Section 503 administrative expense claims based on services provided the estate through and including November 30, 2001. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry of a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such withdrawn claims.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

Wheelabrator Hudson Energy Co. Inc.,
a Delaware corporation

By: Rodney D. Mortensen
Name: RODNEY D. MORTENSEN
Title: ASSISTANT TREASURER

Pacific Gas and Electric Company,
a California corporation

By: Jose C. Henri
Name: JOSEPH C. HENRI
Title: Director, USPM

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
Due Date:	Outstanding A/R 2/2/2001	Outstanding A/R 3/2/2001	Outstanding A/R 3/30/2001	Outstanding A/R 4/30/2001	Outstanding A/R 4/17/2001	
Wheelabrator Hudson Energy Co. Inc., PG&E Log No. 13P162	\$ 423,411.52	\$ 466,303.37	\$ 512,386.06	\$ 575,257.71	\$ 103,251.28	\$ 2,080,609.94
TOTAL	\$ 423,411.52	\$ 466,303.37	\$ 512,386.06	\$ 575,257.71	\$ 103,251.28	\$ 2,080,609.94
Monthly Principal Amount (1/12)						\$ 173,384.16

Initial Default Date	2/2/2001	3/2/2001	3/30/2001	4/30/2001	4/17/2001	
Initial Payment Date	1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days	363	335	307	276	289	
Interest Rate (Annual)	5%					
Interest amount at 01/31/2002	\$ 21,054.57	\$ 21,398.85	\$ 21,548.29	\$ 21,749.47	\$ 4,087.62	\$ 89,838.80

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 2,080,609.94	see above	\$ 173,384.18	\$ 89,838.80	\$ 263,222.98
	02/28/02	\$ 1,907,225.76	28	\$ 173,384.16	\$ 7,315.39	\$ 180,699.55
	03/29/02	\$ 1,733,841.60	29	\$ 173,384.16	\$ 6,887.86	\$ 180,272.02
	04/30/02	\$ 1,560,457.44	32	\$ 173,384.16	\$ 6,840.36	\$ 180,224.52
	05/31/02	\$ 1,387,073.28	31	\$ 173,384.16	\$ 5,890.31	\$ 179,274.47
	06/28/02	\$ 1,213,689.12	28	\$ 173,384.16	\$ 4,655.25	\$ 178,039.41
	07/31/02	\$ 1,040,304.96	33	\$ 173,384.16	\$ 4,702.75	\$ 178,086.91
	08/30/02	\$ 866,920.80	30	\$ 173,384.16	\$ 3,562.69	\$ 176,946.85
	09/30/02	\$ 693,536.64	31	\$ 173,384.16	\$ 2,945.16	\$ 176,329.32
	10/31/02	\$ 520,152.48	31	\$ 173,384.16	\$ 2,208.87	\$ 175,593.03
	11/27/02	\$ 346,768.32	27	\$ 173,384.16	\$ 1,282.57	\$ 174,666.73
	12/31/02	\$ 173,384.16	34	\$ 173,384.16	\$ 807.54	\$ 174,191.70
TOTAL PAYMENTS:				\$ 2,080,609.94	\$ 136,937.55	\$ 2,217,547.49

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

Exhibit 2 to Supplemental Agreement

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SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between WHEELABRATOR SHASTA ENERGY CO. INC. (PG&E Log No. 13P045) ("QF ") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment B to the Assumption Agreement for a total principal amount due QF of Nineteen Million Five Hundred Eighty One Thousand Eight Hundred Ninety Five Dollars and Forty Five Cents (\$19,581,895.45), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculations and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment B to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be Eight Hundred Ninety Five Thousand Eight Hundred Eleven Dollars and Fifty Six Cents (\$895,811.56). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment B to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any Bankruptcy Code Section 503 administrative expense claims based on services provided the estate through and including November 30, 2001. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry of a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such withdrawn claims.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

Wheelabrator Shasta Energy Co. Inc.,
a Delaware corporation

By:

Rodney D. Mortensen

Name: RODNEY D. MORTENSEN

Title: ASSISTANT TREASURER

Pacific Gas and Electric Company
a California corporation

By:

Joseph C. Howe

Name: JOSEPH C. HOWE

Title: Director, WSPM

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
	Outstanding A/R Due Date: 2/2/2001	Outstanding A/R 3/2/2001	Outstanding A/R 3/30/2001	Outstanding A/R 4/30/2001	Outstanding A/R 4/17/2001	
Wheelabrator Shasta Energy Co. Inc., PG&E Log No. 13P045	\$ 8,914,080.28	\$ 4,372,505.41	\$ 3,046,351.46	\$ 2,719,604.96	\$ 529,353.34	\$ 19,581,895.45
TOTAL	\$ 8,914,080.28	\$ 4,372,505.41	\$ 3,046,351.46	\$ 2,719,604.96	\$ 529,353.34	\$ 19,581,895.45
Monthly Principal Amount (1/12)						\$ 1,631,824.62
Initial Default Date	2/2/2001	3/2/2001	3/30/2001	4/30/2001	4/17/2001	
Initial Payment Date	1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days	363	335	307	276	289	
Interest Rate (Annual)	5%					
Interest amount at 01/31/2002	\$ 443,261.80	\$ 200,656.07	\$ 128,113.68	\$ 102,823.42	\$ 20,956.59	\$ 895,811.56

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 19,581,895.45	see above	\$ 1,631,824.63	\$ 895,811.56	\$ 2,527,636.19
	02/28/02	\$ 17,950,070.82	28	\$ 1,631,824.62	\$ 68,849.59	\$ 1,700,674.21
	03/29/02	\$ 16,318,246.20	29	\$ 1,631,824.62	\$ 64,825.91	\$ 1,696,650.53
	04/30/02	\$ 14,686,421.58	32	\$ 1,631,824.62	\$ 64,378.83	\$ 1,696,203.45
	05/31/02	\$ 13,054,596.96	31	\$ 1,631,824.62	\$ 55,437.33	\$ 1,687,261.95
	06/28/02	\$ 11,422,772.34	28	\$ 1,631,824.62	\$ 43,813.37	\$ 1,675,637.99
	07/31/02	\$ 9,790,947.72	33	\$ 1,631,824.62	\$ 44,260.45	\$ 1,676,085.07
	08/30/02	\$ 8,159,123.10	30	\$ 1,631,824.62	\$ 33,530.64	\$ 1,665,355.26
	09/30/02	\$ 6,527,298.48	31	\$ 1,631,824.62	\$ 27,718.66	\$ 1,659,543.28
	10/31/02	\$ 4,895,473.86	31	\$ 1,631,824.62	\$ 20,789.00	\$ 1,652,613.62
	11/27/02	\$ 3,263,649.24	27	\$ 1,631,824.62	\$ 12,071.03	\$ 1,643,895.65
	12/31/02	\$ 1,631,824.62	34	\$ 1,631,824.62	\$ 7,600.28	\$ 1,639,424.90
TOTAL PAYMENTS:				\$ 19,581,895.45	\$ 1,339,086.65	\$ 20,920,982.10

Interest calculation assumes payment made on last business day of the month for PG&E
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

Exhibit 2 to Supplemental Agreement

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SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between WHEELABRATOR LASSEN INC. (PG&E Log No. 13C082) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment B to the Assumption Agreement for a total principal amount due QF of Six Million Six Hundred Sixty Seven Thousand Nine Hundred Seventy Six Dollars and Seventy Six Cents (\$6,667,976.76), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about March 30, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculations and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment B to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be Two Hundred Fifty Three Thousand One Hundred Forty Two Dollars and Fifteen Cents (\$253,142.15). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment B to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against QF's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The rights of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any Bankruptcy Code Section 503 administrative expense claims based on services provided the estate through and including November 30, 2001. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry of a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such withdrawn claims.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

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9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

Wheelabrator Lassen Inc.
a Delaware corporation

By: William H. Carlson
Name: William H. Carlson
Title: Vice President

Pacific Gas and Electric Company,
a California corporation

By: Joseph C. Henri
Name: JOSEPH C. HENRI
Title: Director, UEPM

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
	Due Date: Outstanding A/R 2/2/2001	Outstanding A/R 3/2/2001	Outstanding A/R 3/30/2001	Outstanding A/R 4/30/2001	Outstanding A/R 4/17/2001	
Wheelabrator Lassen Inc., PG&E Log No. 13C082			\$ 55,022.33	\$ 6,162,774.17	\$ 449,180.26	\$ 6,667,976.76
TOTAL	\$ -	\$ -	\$ 55,022.33	\$ 6,162,774.17	\$ 449,180.26	\$ 6,667,976.76
Monthly Principal Amount (1/12)						\$ 555,664.73
Initial Default Date	2/2/2001	3/2/2001	3/30/2001	4/30/2001	4/17/2001	
Initial Payment Date	1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days	363	335	307	276	289	
Interest Rate (Annual)	5%					
Interest amount at 01/31/2002	\$ -	\$ -	\$ 2,356.01	\$ 233,003.52	\$ 17,782.62	\$ 253,142.15

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 6,667,976.76	see above	\$ 555,664.73	\$ 253,142.15	\$ 808,806.88
	02/28/02	\$ 6,112,312.03	28	\$ 555,664.73	\$ 23,444.48	\$ 579,109.21
	03/29/02	\$ 5,556,647.30	29	\$ 555,664.73	\$ 22,074.35	\$ 577,739.08
	04/30/02	\$ 5,000,982.57	32	\$ 555,664.73	\$ 21,922.12	\$ 577,586.85
	05/31/02	\$ 4,445,317.84	31	\$ 555,664.73	\$ 18,877.38	\$ 574,542.11
	06/28/02	\$ 3,889,653.11	28	\$ 555,664.73	\$ 14,919.22	\$ 570,583.95
	07/31/02	\$ 3,333,988.38	33	\$ 555,664.73	\$ 15,071.45	\$ 570,736.18
	08/30/02	\$ 2,778,323.65	30	\$ 555,664.73	\$ 11,417.77	\$ 567,082.50
	09/30/02	\$ 2,222,658.92	31	\$ 555,664.73	\$ 9,438.69	\$ 565,103.42
	10/31/02	\$ 1,666,994.19	31	\$ 555,664.73	\$ 7,079.02	\$ 562,743.75
	11/27/02	\$ 1,111,329.46	27	\$ 555,664.73	\$ 4,110.40	\$ 559,775.13
	12/31/02	\$ 555,664.73	34	\$ 555,664.73	\$ 2,588.03	\$ 558,252.76
TOTAL PAYMENTS:				\$ 6,667,976.76	\$ 404,085.08	\$ 7,072,061.82

Interest calculation assumes payment made on last business day of the month for PG&E.

Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.

Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

Exhibit 2 to Supplemental Agreement

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SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between Rio Bravo Poso, a California general partnership, (PG&E Log No. 25C076), Rio Bravo Fresno, a California general partnership, (PG&E Log No. 25P026), and Rio Bravo Rocklin, a California general partnership, (PG&E Log No. 15P028), collectively defined herein as the "Rio Bravo QFs" and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). The Rio Bravo QFs and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, the Rio Bravo QFs and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for the Rio Bravo QFs is set forth in Attachment B to the Assumption Agreement for a total principal amount due the Rio Bravo QFs (which include payable principal of \$13,880,230.83 to Rio Bravo Poso, \$8,044,368.73 to Rio Bravo Fresno, and \$8,071,789.63 to Rio Bravo Rocklin) of Twenty Nine Million Nine Hundred Ninety Six Thousand Three Hundred Eighty Nine Dollars and Twenty Nine Cents (\$29,996,389.29), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to the Rio Bravo QFs under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculations and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment B to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due the Rio Bravo QFs (which includes accrued interest of \$623,368.85 to Rio Bravo Poso; \$364,015.76 to Rio Bravo Fresno; and \$366,332.41 to Rio Bravo Rocklin) under this Supplemental Agreement on that date shall be One Million Three Hundred Fifty Three Thousand Seven Hundred Seventeen Dollars and Two Cents (\$1,353,717.02). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums

set forth in Attachment B to the Assumption Agreement and the principal and interest due hereunder shall be made to the Rio Bravo QFs in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, the Rio Bravo QFs shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay the Rio Bravo QFs once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to the Rio Bravo QFs within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of the Rio Bravo QFs to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). The Rio Bravo QFs shall have standing and reserve the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, the Rio Bravo QFs, and each of them, waive their right to file any Bankruptcy Code Section 503 administrative expense claims based on services provided the estate through the date of this Supplemental Agreement. Furthermore, the Rio Bravo QFs, and each of them, agree

to waive and withdraw any and all claims or proof of claims each of them has filed in PG&E's Chapter 11 case within seven (7) days of entry a bankruptcy court order approving this Supplemental Agreement. The Rio Bravo QFs, and each of the, further agree to forgo any rights it may have to amend such withdrawn claims.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, the Rio Bravo QFs may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. The Rio Bravo QFs shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. The Rio Bravo QFs reserve the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys'

fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

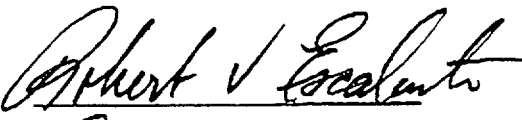
13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

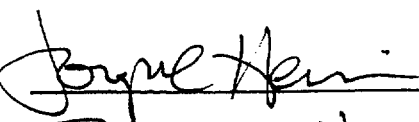
14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of the Rio Bravo QFs and PG&E as of the date first written above.

Rio Bravo Poso,
a California general partnership

Pacific Gas and Electric Company,
a California corporation

By: 
Name: ROBERT V. ESCALANTE

By: 
Name: JOSEPH C. HENRI
Director, USPM

Title: Gen. Mgr.

Title: Director, USAM

Rio Bravo Fresno,
a California general partnership

By: Robert V Escalante

Name: ROBERT V. ESCALANTE

Title: Gen. Mgr.

Rio Bravo Rocklin,
a California general partnership

By: Robert V Escalante

Name: ROBERT V. ESCALANTE

Title: Gen. Mgr.

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT - PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 11, 2001 Agreement
		Outstanding A/R 2/2/2001	Outstanding A/R 3/6/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001	
RIO BRAVO POSO, PG&E		\$ 5,087,038.11	\$ 3,449,105.71	\$ 3,335,181.40	\$ 1,693,525.39	\$ 315,380.22	\$ 13,880,230.83
Log No. 25C076		\$ 5,087,038.11	\$ 3,449,105.71	\$ 3,335,181.40	\$ 1,693,525.39	\$ 315,380.22	\$ 13,880,230.83
TOTAL		\$ 5,087,038.11	\$ 3,449,105.71	\$ 3,335,181.40	\$ 1,693,525.39	\$ 315,380.22	\$ 1,156,685.90
Monthly Principal Amount (1/12)							

Initial Default Date	2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001	
Initial Payment Date	1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days	363	331	303	272	289	
Interest Rate (Annual)	5%					
Interest amount at 01/31/2002	\$ 252,958.20	\$ 156,390.96	\$ 138,432.87	\$ 63,101.22	\$ 12,485.60	\$ 623,368.85

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 13,880,230.83	see above	\$ 1,156,685.93	\$ 623,368.85	\$ 1,780,054.78
	02/28/02	\$ 12,723,544.90	28	\$ 1,156,685.90	\$ 48,802.64	\$ 1,205,488.54
	03/29/02	\$ 11,566,859.00	29	\$ 1,156,685.90	\$ 45,950.54	\$ 1,202,636.44
	04/30/02	\$ 10,410,173.10	32	\$ 1,156,685.90	\$ 45,633.64	\$ 1,202,319.54
	05/31/02	\$ 9,253,487.20	31	\$ 1,156,685.90	\$ 39,295.63	\$ 1,195,981.53
	06/28/02	\$ 8,096,801.30	28	\$ 1,156,685.90	\$ 31,056.22	\$ 1,187,742.12
	07/31/02	\$ 6,940,115.40	33	\$ 1,156,685.90	\$ 31,373.12	\$ 1,188,059.02
	08/30/02	\$ 5,783,429.50	30	\$ 1,156,685.90	\$ 23,767.52	\$ 1,180,453.42
	09/30/02	\$ 4,626,743.60	31	\$ 1,156,685.90	\$ 19,647.82	\$ 1,176,333.72
	10/31/02	\$ 3,470,057.70	31	\$ 1,156,685.90	\$ 14,735.86	\$ 1,171,421.76
	11/27/02	\$ 2,313,371.80	27	\$ 1,156,685.90	\$ 8,558.31	\$ 1,165,242.21
	12/31/02	\$ 1,156,685.90	34	\$ 1,156,685.90	\$ 5,387.30	\$ 1,162,073.20
TOTAL PAYMENTS:				\$ 13,880,230.83	\$ 937,575.45	\$ 14,817,806.28

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT - PAYMENT SCHEDULE

Legal Entity, Project Description		Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 11, 2001 Agreement
Due Date:		Outstanding A/R 2/2/2001	Outstanding A/R 3/6/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001	
RIO BRAVO FRESNO,	PG&E	\$ 3,410,122.38	\$ 1,819,309.88	\$ 1,664,072.26	\$ 1,150,864.21	\$ -	\$ 8,044,368.73
Log No. 25P026	TOTAL	\$ 3,410,122.38	\$ 1,819,309.88	\$ 1,664,072.26	\$ 1,150,864.21	\$ -	\$ 8,044,368.73
Monthly Principal Amount (1/12)							\$ 670,364.06
Initial Default Date		2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001	
Initial Payment Date		1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days		363	331	303	272	289	
Interest Rate (Annual)	5%						
Interest amount at 01/31/2002		\$ 169,571.84	\$ 82,492.00	\$ 69,070.40	\$ 42,881.52	\$ -	\$ 364,015.76

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 8,044,368.73	see above	\$ 670,364.07	\$ 364,015.76	\$ 1,034,379.83
	02/28/02	\$ 7,374,004.66	28	\$ 670,364.06	\$ 28,283.85	\$ 698,647.91
	03/29/02	\$ 6,703,640.60	29	\$ 670,364.06	\$ 26,630.90	\$ 696,994.96
	04/30/02	\$ 6,033,276.54	32	\$ 670,364.08	\$ 26,447.24	\$ 696,811.30
	06/31/02	\$ 5,362,912.48	31	\$ 670,364.06	\$ 22,774.01	\$ 693,138.07
	06/28/02	\$ 4,692,548.42	28	\$ 670,364.06	\$ 17,998.82	\$ 688,362.88
	07/31/02	\$ 4,022,184.36	33	\$ 670,364.06	\$ 18,182.48	\$ 688,546.54
	08/30/02	\$ 3,351,820.30	30	\$ 670,364.06	\$ 13,774.60	\$ 684,138.66
	09/30/02	\$ 2,681,456.24	31	\$ 670,364.06	\$ 11,387.01	\$ 681,751.07
	10/31/02	\$ 2,011,092.18	31	\$ 670,364.08	\$ 8,540.25	\$ 678,904.31
	11/27/02	\$ 1,340,728.12	27	\$ 670,364.06	\$ 4,958.86	\$ 675,322.92
	12/31/02	\$ 670,364.06	34	\$ 670,364.06	\$ 3,122.24	\$ 673,486.30
TOTAL PAYMENTS:				\$ 8,044,368.73	\$ 546,116.02	\$ 8,590,484.75

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT - PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 11, 2001 Agreement
		Outstanding A/R 2/2/2001	Outstanding A/R 3/6/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001	
RIO BRAVO ROCKLIN, PG&E		\$ 3,703,222.89	\$ 1,864,499.51	\$ 950,527.19	\$ 1,422,087.66	\$ 131,452.38	\$ 8,071,789.63
Log No. 15P028		\$ 3,703,222.89	\$ 1,864,499.51	\$ 950,527.19	\$ 1,422,087.66	\$ 131,452.38	\$ 8,071,789.63
TOTAL							\$ 8,071,789.63
Monthly Principal Amount (1/12)							\$ 672,649.14
Initial Default Date		2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001	
Initial Payment Date		1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days		363	331	303	272	289	
Interest Rate (Annual)	5%						
Interest amount at 01/31/2002		\$ 184,146.56	\$ 84,541.01	\$ 39,453.39	\$ 52,987.38	\$ 5,204.07	\$ 366,332.41

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 8,071,789.63	see above	\$ 672,649.09	\$ 366,332.41	\$ 1,038,981.50
	02/28/02	\$ 7,399,140.54	28	\$ 672,649.14	\$ 28,380.27	\$ 701,029.41
	03/29/02	\$ 6,726,491.40	29	\$ 672,649.14	\$ 26,721.68	\$ 699,370.82
	04/30/02	\$ 6,053,842.26	32	\$ 672,649.14	\$ 26,537.39	\$ 699,186.53
	05/31/02	\$ 5,381,193.12	31	\$ 672,649.14	\$ 22,851.64	\$ 695,500.78
	06/28/02	\$ 4,708,543.98	28	\$ 672,649.14	\$ 18,060.17	\$ 690,709.31
	07/31/02	\$ 4,035,894.84	33	\$ 672,649.14	\$ 18,244.46	\$ 690,893.60
	08/30/02	\$ 3,363,245.70	30	\$ 672,649.14	\$ 13,821.56	\$ 686,470.70
	09/30/02	\$ 2,690,596.56	31	\$ 672,649.14	\$ 11,425.82	\$ 684,074.96
	10/31/02	\$ 2,017,947.42	31	\$ 672,649.14	\$ 8,569.37	\$ 681,218.51
	11/27/02	\$ 1,345,298.28	27	\$ 672,649.14	\$ 4,975.76	\$ 677,624.90
	12/31/02	\$ 672,649.14	34	\$ 672,649.14	\$ 3,132.89	\$ 675,782.03
TOTAL PAYMENTS:				\$ 8,071,789.63	\$ 549,053.42	\$ 8,620,843.05

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between Stockton CoGen Company (PG&E Log No. 16C036) ("QF ") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 12, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment B to the Assumption Agreement for a total principal amount due QF of twenty-one million four-hundred eighty-one thousand six-hundred ninety-one dollars and seven cents (\$21,481,691.07), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment B to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be nine-hundred forth-six thousand three-hundred seventy-one dollars and forty-nine cents (\$946,371.49). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment B to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any section 503 administrative expense claims based on services provided the estate through the date of this Supplemental Agreement. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such claims, or to file new claims.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.


10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

**Stockton CoGen Company,
a California partnership
By Stockton CoGen (I), Inc.
General Partner**

By: 
Name: DOUGLASS S. LUBBERS
Title: VICE PRESIDENT

By: Joseph C. Henri
Name: JOSEPH C. HENRI
Title: Director, USAM

Stockton CoGen Company Supplemental Agreement 12-20-01

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 12, 2001 Agreement
		Outstanding A/R 1/30/2001	Outstanding A/R 3/2/2001	Outstanding A/R 3/30/2001	Outstanding A/R 4/30/2001	Outstanding A/R 4/17/2001	
STOCKTON COGEN COMPANY, PG&E Log No. 16C036		\$ 5,396,850.64	\$ 5,722,578.68	\$ 4,779,688.50	\$ 4,963,648.75	\$ 618,924.50	\$ 21,481,691.07
TOTAL		\$ 5,396,850.64	\$ 5,722,578.68	\$ 4,779,688.50	\$ 4,963,648.75	\$ 618,924.50	\$ 21,481,691.07
Monthly Principal Amount (1/12)							\$ 1,790,140.92
Initial Default Date		1/30/2001	3/2/2001	3/30/2001	4/30/2001	4/17/2001	
Initial Payment Date		1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days		366	335	307	276	289	
Interest Rate (Annual)	5%						
Interest amount at 01/31/2002		\$ 270,581.83	\$ 262,611.49	\$ 201,008.82	\$ 187,866.72	\$ 24,502.63	\$ 946,371.49

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 21,481,691.07	see above	\$ 1,790,140.95	\$ 946,371.49	\$ 2,736,512.44
	02/28/02	\$ 19,691,550.12	28	\$ 1,790,140.92	\$ 75,529.23	\$ 1,865,670.15
	03/29/02	\$ 17,901,409.20	29	\$ 1,790,140.92	\$ 71,115.19	\$ 1,861,256.11
	04/30/02	\$ 16,111,268.28	32	\$ 1,790,140.92	\$ 70,624.74	\$ 1,860,765.66
	05/31/02	\$ 14,321,127.36	31	\$ 1,790,140.92	\$ 60,815.75	\$ 1,850,956.67
	06/28/02	\$ 12,530,986.44	28	\$ 1,790,140.92	\$ 48,064.06	\$ 1,838,204.98
	07/31/02	\$ 10,740,845.52	33	\$ 1,790,140.92	\$ 48,554.51	\$ 1,838,695.43
	08/30/02	\$ 8,950,704.60	30	\$ 1,790,140.92	\$ 36,783.72	\$ 1,826,924.64
	09/30/02	\$ 7,160,563.68	31	\$ 1,790,140.92	\$ 30,407.87	\$ 1,820,548.79
	10/31/02	\$ 5,370,422.76	31	\$ 1,790,140.92	\$ 22,805.90	\$ 1,812,946.82
	11/27/02	\$ 3,580,281.84	27	\$ 1,790,140.92	\$ 13,242.14	\$ 1,803,383.06
	12/31/02	\$ 1,790,140.92	34	\$ 1,790,140.92	\$ 8,337.64	\$ 1,798,478.56
TOTAL PAYMENTS:				\$ 21,481,691.07	\$ 1,432,652.24	\$ 22,914,343.31

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between HIGH SIERRA LIMITED (PG&E Log No. 25C242) ("QF ") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are Parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of sixteen million four-hundred sixty-nine thousand one-hundred dollars and sixty-six cents (\$16,469,100.66), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be seven-hundred forty-eight thousand nine-hundred sixty-five dollars and eighty-nine cents (\$748,965.89). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any section 503 administrative expense claims based on services provided the estate through the date of this Supplemental Agreement. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such claims, or to file new claims other than those claims specifically reserved in Exhibit 2 to this Supplemental Agreement.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a

motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

HIGH SIERRA LIMITED,
a Texas limited partnership

PACIFIC GAS & ELECTRIC COMPANY,
a California corporation

By: Sierra Cogen, L.L.C.,
its managing general partner

By:

John J. O'Rourke ^{SD}
Name: John J. O'Rourke

Title: VICE PRESIDENT + MANAGING DIRECTOR

Date: _____

By:

Joseph C. Henne
Name: JOSEPH C. HENNE

Title: Director, UEPM

Date: 20 December 2001

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT - PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
		Outstanding A/R 2/2/2001	Outstanding A/R 3/6/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001	
HIGH SIERRA LIMITED, No. 25C242	PG&E Log	\$ 5,614,441.48	\$ 5,862,451.06	\$ 4,204,573.19	\$ 745,574.22	\$ 42,060.71	\$ 16,469,100.66
	TOTAL	\$ 5,614,441.48	\$ 5,862,451.06	\$ 4,204,573.19	\$ 745,574.22	\$ 42,060.71	\$ 16,469,100.66
Monthly Principal Amount (1/12)							\$ 1,372,425.06
Initial Default Date	2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001		
Initial Payment Date	1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002		
Elapsed Days	363	331	303	272	289		
Interest Rate (Annual)	5%						
Interest amount at 01/31/2002		\$ 279,183.87	\$ 265,817.99	\$ 174,518.59	\$ 27,780.30	\$ 1,665.14	\$ 748,965.89

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 16,469,100.66	see above	\$ 1,372,425.00	\$ 748,965.89	\$ 2,121,390.89
	02/28/02	\$ 15,096,675.66	28	\$ 1,372,425.06	\$ 57,905.06	\$ 1,430,330.12
	03/29/02	\$ 13,724,250.60	29	\$ 1,372,425.06	\$ 54,521.00	\$ 1,426,946.06
	04/30/02	\$ 12,351,825.54	32	\$ 1,372,425.08	\$ 54,144.99	\$ 1,426,570.05
	05/31/02	\$ 10,979,400.48	31	\$ 1,372,425.06	\$ 46,624.85	\$ 1,419,049.91
	06/28/02	\$ 9,606,975.42	28	\$ 1,372,425.06	\$ 36,848.67	\$ 1,409,273.73
	07/31/02	\$ 8,234,550.36	33	\$ 1,372,425.08	\$ 37,224.68	\$ 1,409,649.74
	08/30/02	\$ 6,862,125.30	30	\$ 1,372,425.06	\$ 28,200.51	\$ 1,400,625.57
	09/30/02	\$ 5,489,700.24	31	\$ 1,372,425.06	\$ 23,312.43	\$ 1,395,737.49
	10/31/02	\$ 4,117,275.18	31	\$ 1,372,425.08	\$ 17,484.32	\$ 1,389,909.38
	11/27/02	\$ 2,744,850.12	27	\$ 1,372,425.06	\$ 10,162.19	\$ 1,382,577.25
	12/31/02	\$ 1,372,425.06	34	\$ 1,372,425.06	\$ 6,392.12	\$ 1,378,817.18
TOTAL PAYMENTS:				\$ 16,469,100.66	\$ 1,121,776.71	\$ 17,590,877.37

Interest calculation assumes payment made on last business day of the month for PG&E.

Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.

Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

EXHIBIT 2 TO SUPPLEMENTAL AGREEMENT

Claims by QF with respect to the statement, computation and payment for capacity and capacity bonus pursuant to the Contract related to the suspension of performance by QF during March, April and May 2001, as reserved in Section 8 of the Assumption Agreement.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between KERN FRONT LIMITED (PG&E Log No. 25C188) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are Parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of sixteen million six-hundred thirty-nine thousand nine-hundred fifty-nine dollars and eight-nine cents (\$16,639,959.89), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be seven hundred fifty-five thousand six hundred fifty-seven dollars and fifty-five cents (\$755,657.55). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any section 503 administrative expense claims based on services provided the estate through the date of this Supplemental Agreement. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such claims, or to file new claims other than those claims specifically reserved in Exhibit 2 to this Supplemental Agreement.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

KERN FRONT LIMITED,
a Texas limited partnership

PACIFIC GAS & ELECTRIC COMPANY,
a California corporation

By: Kern County Cogen, L.L.C.,
its managing general partner

By: John J. O'Rourke^{SMP}
Name: John J. O'Rourke

Title: Vice President + Managing Director

Date: _____

By: Joseph C. Hone
Name: JOSEPH C. HONE

Title: Director, USPM

Date: 20 December, 2001

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
		Outstanding A/R 2/2/2001	Outstanding A/R 3/6/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001	
KERN FRONT LIMITED, Log No. 25C188		\$ 5,523,838.64	\$ 5,864,372.97	\$ 4,541,672.91	\$ 664,670.57	\$ 45,404.80	\$ 16,639,959.89
PG&E		\$ 5,523,838.64	\$ 5,864,372.97	\$ 4,541,672.91	\$ 664,670.57	\$ 45,404.80	\$ 16,639,959.89
TOTAL							\$ 1,386,663.32
Monthly Principal Amount (1/12)							
Initial Default Date	2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001		
Initial Payment Date	1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002		
Elapsed Days	363	331	303	272	289		
Interest Rate (Annual)	5%						
Interest amount at 01/31/2002		\$ 274,678.55	\$ 265,905.13	\$ 188,510.53	\$ 24,765.81	\$ 1,797.53	\$ 755,667.55

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 16,639,959.89	see above	\$ 1,386,663.37	\$ 755,657.55	\$ 2,142,320.92
	02/28/02	\$ 15,253,296.52	28	\$ 1,386,663.32	\$ 58,505.79	\$ 1,445,169.11
	03/29/02	\$ 13,866,633.20	29	\$ 1,386,663.32	\$ 55,086.63	\$ 1,441,749.95
	04/30/02	\$ 12,479,969.88	32	\$ 1,386,663.32	\$ 54,706.72	\$ 1,441,370.04
	05/31/02	\$ 11,093,306.56	31	\$ 1,386,663.32	\$ 47,108.56	\$ 1,433,771.88
	06/28/02	\$ 9,706,643.24	28	\$ 1,386,663.32	\$ 37,230.98	\$ 1,423,894.28
	07/31/02	\$ 8,319,979.92	33	\$ 1,386,663.32	\$ 37,610.87	\$ 1,424,274.19
	08/30/02	\$ 6,933,316.60	30	\$ 1,386,663.32	\$ 28,493.08	\$ 1,415,168.40
	09/30/02	\$ 5,546,653.28	31	\$ 1,386,663.32	\$ 23,564.28	\$ 1,410,217.60
	10/31/02	\$ 4,159,989.96	31	\$ 1,386,663.32	\$ 17,665.71	\$ 1,404,329.03
	11/27/02	\$ 2,773,326.64	27	\$ 1,386,663.32	\$ 10,257.51	\$ 1,396,920.83
	12/31/02	\$ 1,386,663.32	34	\$ 1,386,663.32	\$ 6,458.43	\$ 1,393,121.75
TOTAL PAYMENTS:				\$ 16,639,959.89	\$ 1,132,338.09	\$ 17,772,295.98

Interest calculation assumes payment made on last business day of the month for PG&E.

Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.

Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

EXHIBIT 2 TO SUPPLEMENTAL AGREEMENT

Claims by QF with respect to the statement, computation and payment for capacity and capacity bonus pursuant to the Contract related to the suspension of performance by QF during March, April and May 2001, as reserved in Section 8 of the Assumption Agreement.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between MCKITTRICK LIMITED (PG&E Log No. 25C275) ("QF ") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are Parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of sixteen million two-hundred twenty-four thousand fifty-nine dollars and eighty-four cents (\$16,224,059.84), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be seven-hundred thirty-six thousand eight-hundred thirty-three dollars and forty-eight cents (\$736,833.48). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any section 503 administrative expense claims based on services provided the estate through the date of this Supplemental Agreement. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such claims, or to file new claims other than those claims specifically reserved in Exhibit 2 to this Supplemental Agreement.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

MCKITTRICK LIMITED,
a Texas limited partnership

PACIFIC GAS & ELECTRIC COMPANY,
a California corporation

By: CC Cogen, L.L.C.,
its general partner

By:

Name:

Title:

Date:

By:

Name:

Title:

Date:

SJP
John J. O'Rourke
John J. O'Rourke
VICE PRESIDENT & MANAGING MEMBER

Joseph C. Henkel
JOSEPH C. HENKEL
Director, USPM
20 December, 2001

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT - PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
		Outstanding A/R 2/2/2001	Outstanding A/R 3/8/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001	
MCKITTRICK LIMITED, Log No. 25C275		\$ 5,483,582.25	\$ 5,562,799.78	\$ 4,447,328.97	\$ 679,656.17	\$ 50,692.67	\$ 16,224,059.84
PG&E		\$ 5,483,582.25	\$ 5,562,799.78	\$ 4,447,328.97	\$ 679,656.17	\$ 50,692.67	\$ 16,224,059.84
TOTAL							\$ 1,352,004.99
Monthly Principal Amount (1/12)							
Initial Default Date		2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001	
Initial Payment Date		1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days		363	331	303	272	289	
Interest Rate (Annual)	5%						
Interest amount at 01/31/2002		\$ 272,676.76	\$ 252,231.06	\$ 184,594.61	\$ 25,324.18	\$ 2,006.87	\$ 736,833.48

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 16,224,059.84	see above	\$ 1,352,004.95	\$ 736,833.48	\$ 2,088,838.43
	02/28/02	\$ 14,872,054.89	28	\$ 1,352,004.99	\$ 57,043.50	\$ 1,409,048.49
	03/29/02	\$ 13,520,049.90	29	\$ 1,352,004.99	\$ 53,709.79	\$ 1,405,714.78
	04/30/02	\$ 12,168,044.91	32	\$ 1,352,004.99	\$ 53,339.37	\$ 1,405,344.36
	05/31/02	\$ 10,816,039.92	31	\$ 1,352,004.99	\$ 45,931.13	\$ 1,397,936.12
	06/28/02	\$ 9,464,034.93	28	\$ 1,352,004.99	\$ 36,300.41	\$ 1,388,305.40
	07/31/02	\$ 8,112,029.94	33	\$ 1,352,004.99	\$ 36,870.82	\$ 1,388,675.81
	08/30/02	\$ 6,760,024.95	30	\$ 1,352,004.99	\$ 27,780.92	\$ 1,379,785.91
	09/30/02	\$ 5,408,019.96	31	\$ 1,352,004.99	\$ 22,986.56	\$ 1,374,970.55
	10/31/02	\$ 4,056,014.97	31	\$ 1,352,004.99	\$ 17,224.17	\$ 1,369,228.16
	11/27/02	\$ 2,704,009.98	27	\$ 1,352,004.99	\$ 10,001.13	\$ 1,362,008.12
	12/31/02	\$ 1,352,004.99	34	\$ 1,352,004.99	\$ 6,297.01	\$ 1,358,302.00
TOTAL PAYMENTS:				\$ 16,224,059.84	\$ 1,104,097.29	\$ 17,328,157.13

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

EXHIBIT 2 TO SUPPLEMENTAL AGREEMENT

Claims by QF with respect to the statement, computation and payment for capacity and capacity bonus pursuant to the Contract related to the suspension of performance by QF during March, April and May 2001, as reserved in Section 8 of the Assumption Agreement.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between CHALK CLIFF LIMITED (PG&E Log No. 25C272) ("QF ") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of fifteen million five-hundred nine thousand eighty-three dollars and ninety-nine cents (\$15,509,083.99), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be seven-hundred three thousand four-hundred thirty-eight dollars and seventy-three cents (\$703,438.73). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any section 503 administrative expense claims based on services provided the estate through the date of this Supplemental Agreement. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such claims, or to file new claims other than those claims specifically reserved in Exhibit 2 to this Supplemental Agreement.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a

motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

CHALK CLIFF LIMITED,
a Texas limited partnership

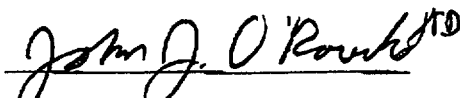
Pacific Gas and Electric Company,
a California corporation

By: Chalk Cliff Cogen, L.L.C.,
its general partner

By:

Name:

Title:

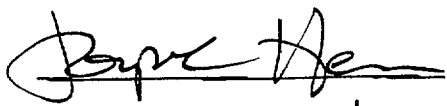

John J. O'Rourke

Vice President & Managing Director

By:

Name:

Title:


JOSEPH C. HENNE

Director, USPM

20 December, 2001

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT - PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
		Outstanding A/R 2/2/2001	Outstanding A/R 3/6/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001	
CHALK CLIFF LIMITED, No. 25C272		\$ 5,168,032.88	\$ 5,293,207.57	\$ 4,296,927.36	\$ 701,683.34	\$ 49,232.84	\$ 15,509,083.99
PG&E Log		\$ 5,168,032.88	\$ 5,293,207.57	\$ 4,296,927.36	\$ 701,683.34	\$ 49,232.84	\$ 15,509,083.99
TOTAL							\$ 1,292,423.67
Monthly Principal Amount (1/12)							
Initial Default Date		2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001	
Initial Payment Date		1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days		363	331	303	272	289	
Interest Rate (Annual)	5%						
Interest amount at 01/31/2002		\$ 256,985.74	\$ 240,007.08	\$ 178,351.92	\$ 26,144.91	\$ 1,949.08	\$ 703,438.73

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 15,509,083.99	see above	\$ 1,292,423.67	\$ 703,438.73	\$ 1,995,862.35
	02/28/02	\$ 14,216,660.37	28	\$ 1,292,423.67	\$ 54,529.66	\$ 1,346,953.33
	03/29/02	\$ 12,924,236.70	29	\$ 1,292,423.67	\$ 51,342.86	\$ 1,343,766.53
	04/30/02	\$ 11,631,813.03	32	\$ 1,292,423.67	\$ 50,988.77	\$ 1,343,412.44
	05/31/02	\$ 10,339,389.36	31	\$ 1,292,423.67	\$ 43,907.00	\$ 1,336,330.67
	06/28/02	\$ 9,046,965.69	28	\$ 1,292,423.67	\$ 34,700.69	\$ 1,327,124.36
	07/31/02	\$ 7,754,542.02	33	\$ 1,292,423.67	\$ 35,054.78	\$ 1,327,478.45
	08/30/02	\$ 6,462,118.35	30	\$ 1,292,423.67	\$ 26,556.65	\$ 1,318,980.32
	09/30/02	\$ 5,169,694.68	31	\$ 1,292,423.67	\$ 21,953.60	\$ 1,314,377.17
	10/31/02	\$ 3,877,271.01	31	\$ 1,292,423.67	\$ 18,465.12	\$ 1,308,888.79
	11/27/02	\$ 2,584,847.34	27	\$ 1,292,423.67	\$ 9,580.39	\$ 1,301,984.06
	12/31/02	\$ 1,292,423.67	34	\$ 1,292,423.67	\$ 8,018.61	\$ 1,298,443.18
TOTAL PAYMENTS:				\$ 15,509,083.99	\$ 1,054,617.66	\$ 16,563,601.65

Interest calculation assumes payment made on last business day of the month for PG&E.

Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.

Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

Exhibit 2

Claims by QF with respect to the statement, computation and payment for capacity and capacity bonus pursuant to the Contract related to the suspension of performance by QF during March, April and May 2001, as reserved in Section 8 of the Assumption Agreement.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between DOUBLE "C" LIMITED (PG&E Log No. 25C241) ("QF ") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of sixteen million three-hundred fifty-one thousand one-hundred seventy-nine dollars and fifty-nine cents (\$16,351,179.59), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be seven-hundred thirty-eight thousand two-hundred eighty-eight dollars and fifty cents (\$738,288.50). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any section 503 administrative expense claims based on services provided the estate through the date of this Supplemental Agreement. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such claims, or to file new claims other than those claims specifically reserved in Exhibit 2 to this Supplemental Agreement.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

DOUBLE "C" LIMITED,
a Texas limited partnership

Pacific Gas and Electric Company,
a California corporation

By: Double C-2 Cogen, L.L.C.,
its managing general partner

By:

Name:

Title:

Supplemental Agreement 12-20-01

By:

Name:

Title:

20 December, 2001

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement
		Outstanding A/R 2/2/2001	Outstanding A/R 3/6/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001	
DOUBLE "C" LIMITED, Log No. 25C241							
PG&E							
TOTAL		\$ 4,993,758.53	\$ 5,678,671.62	\$ 4,891,551.31	\$ 735,812.68	\$ 51,385.44	\$ 16,351,179.59
Monthly Principal Amount (1/12)		\$ 4,993,758.53	\$ 5,678,671.62	\$ 4,891,551.31	\$ 735,812.68	\$ 51,385.44	\$ 16,351,179.59
							\$ 1,362,598.30
Initial Default Date		2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001	
Initial Payment Date		1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002	
Elapsed Days		363	331	303	272	289	
Interest Rate (Annual)	5%						
Interest amount at 01/31/2002		\$ 248,319.77	\$ 257,484.97	\$ 203,032.88	\$ 27,416.58	\$ 2,034.30	\$ 738,288.50

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 16,351,179.59	see above	\$ 1,362,598.29	\$ 738,288.50	\$ 2,100,886.79
	02/28/02	\$ 14,988,581.30	28	\$ 1,362,598.30	\$ 57,490.45	\$ 1,420,088.75
	03/29/02	\$ 13,625,983.00	29	\$ 1,362,598.30	\$ 54,130.62	\$ 1,416,728.92
	04/30/02	\$ 12,263,384.70	32	\$ 1,362,598.30	\$ 53,757.30	\$ 1,416,355.80
	05/31/02	\$ 10,900,788.40	31	\$ 1,362,598.30	\$ 46,291.01	\$ 1,408,889.31
	06/28/02	\$ 9,538,188.10	28	\$ 1,362,598.30	\$ 36,584.83	\$ 1,399,183.13
	07/31/02	\$ 8,175,589.80	33	\$ 1,362,598.30	\$ 36,958.15	\$ 1,399,558.45
	08/30/02	\$ 6,812,991.50	30	\$ 1,362,598.30	\$ 27,988.60	\$ 1,390,596.90
	09/30/02	\$ 5,450,393.20	31	\$ 1,362,598.30	\$ 23,145.51	\$ 1,385,743.81
	10/31/02	\$ 4,087,794.90	31	\$ 1,362,598.30	\$ 17,359.13	\$ 1,379,957.43
	11/27/02	\$ 2,725,196.60	27	\$ 1,362,598.30	\$ 10,079.49	\$ 1,372,677.79
	12/31/02	\$ 1,362,598.30	34	\$ 1,362,598.30	\$ 6,346.35	\$ 1,368,944.65
TOTAL PAYMENTS:				\$ 16,351,179.59	\$ 1,108,428.94	\$ 17,469,609.53

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

Exhibit 2

Claims by QF with respect to the statement, computation and payment for capacity and capacity bonus pursuant to the Contract related to the suspension of performance by QF during March, April and May 2001, as reserved in Section 8 of the Assumption Agreement.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between LIVE OAK LIMITED (PG&E Log No. 25C274) ("QF") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are Parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of fifteen million sixty-five thousand five-hundred fifty-two dollars and twenty-six cents (\$15,065,552.26), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be six-hundred eighty-two thousand four-hundred twenty-two dollars and forty-two cents (\$682,422.42). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any section 503 administrative expense claims based on services provided the estate through the date of this Supplemental Agreement. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such claims, or to file new claims other than those claims specifically reserved in Exhibit 2 to this Supplemental Agreement.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a

motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

LIVE OAK LIMITED,
a Texas limited partnership

PACIFIC GAS & ELECTRIC COMPANY,
a California corporation

By: Live Oak Cogen, L.L.C.,
Its general partner

By:

John J. O'Rourke

Name: John J. O'Rourke

Title:

Vice President +
Managing Director

Date:

By:

Joseph C. Henkel

Name:

JOSEPH C. HENKEL

Title:

Director, UGPM

Date:

20 December, 2001

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT - PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/8/01 per July 13, 2001 Agreement	
		Outstanding A/R 2/2/2001	Outstanding A/R 3/8/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001		
LIVE OAK LIMITED, No. 25C274	PG&E Log	\$ 5,225,530.07	\$ 4,476,364.71	\$ 4,822,237.84	\$ 686,399.83	\$ 55,019.81	\$ 15,065,552.26	
	TOTAL	\$ 5,225,530.07	\$ 4,476,364.71	\$ 4,822,237.84	\$ 686,399.83	\$ 55,019.81	\$ 15,065,552.26	
	Monthly Principal Amount (1/12)						\$ 1,255,462.69	
Initial Default Date		2/2/2001	3/8/2001	4/3/2001	5/4/2001	4/17/2001		
Initial Payment Date		1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002		
Elapsed Days		363	331	303	272	289		
Interest Rate (Annual)	5%							
Interest amount at 01/31/2002		\$ 259,844.85	\$ 202,969.41	\$ 191,854.53	\$ 25,575.45	\$ 2,178.18	\$ 682,422.42	

SCHEDULE OF PAYMENTS	Date	PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	01/31/02	\$ 15,065,552.26	see above	\$ 1,255,462.67	\$ 682,422.42	\$ 1,937,885.09
	02/28/02	\$ 13,810,089.59	28	\$ 1,255,462.69	\$ 52,970.21	\$ 1,308,432.90
	03/29/02	\$ 12,554,626.90	29	\$ 1,255,462.69	\$ 49,874.55	\$ 1,305,337.24
	04/30/02	\$ 11,299,164.21	32	\$ 1,255,462.69	\$ 48,530.58	\$ 1,304,993.27
	05/31/02	\$ 10,043,701.52	31	\$ 1,255,462.69	\$ 42,651.34	\$ 1,298,114.03
	06/28/02	\$ 8,788,238.83	28	\$ 1,255,462.69	\$ 33,708.31	\$ 1,289,171.00
	07/31/02	\$ 7,532,776.14	33	\$ 1,255,462.69	\$ 34,052.28	\$ 1,289,514.97
	08/30/02	\$ 6,277,313.45	30	\$ 1,255,462.69	\$ 26,787.18	\$ 1,281,259.87
	09/30/02	\$ 5,021,850.76	31	\$ 1,255,462.69	\$ 21,325.67	\$ 1,276,788.36
	10/31/02	\$ 3,766,388.07	31	\$ 1,255,462.69	\$ 15,994.25	\$ 1,271,456.94
	11/27/02	\$ 2,510,925.38	27	\$ 1,255,462.69	\$ 9,286.98	\$ 1,264,749.67
	12/31/02	\$ 1,255,462.69	34	\$ 1,255,462.69	\$ 5,847.36	\$ 1,261,310.05
TOTAL PAYMENTS:				\$ 15,065,552.28	\$ 1,023,461.13	\$ 16,089,013.39

Interest calculation assumes payment made on last business day of the month for PG&E.
 Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
 Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

EXHIBIT 2 TO SUPPLEMENTAL AGREEMENT

Claims by QF with respect to the statement, computation and payment for capacity and capacity bonus pursuant to the Contract related to the suspension of performance by QF during March, April and May 2001, as reserved in Section 8 of the Assumption Agreement.

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of December 20, 2001, is made by and between BEAR MOUNTAIN LIMITED (PG&E Log No. 25C251) ("QF ") and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"). QF and PG&E are sometimes referred to herein as the "Parties" or singularly as a "Party."

WITNESSETH

A. WHEREAS, PG&E filed a Chapter 11 bankruptcy petition pursuant to Title 11 United States Code Sections 101, *et seq.* ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") on April 6, 2001;

B. WHEREAS, QF and PG&E are Parties to that certain Agreement dated as of July 13, 2001 ("Assumption Agreement") respecting, among other things, the assumption by PG&E of that certain contract listed therein (the "Contract") and such Assumption Agreement has been approved by order of the Bankruptcy Court (the "Assumption Order");

C. WHEREAS, PG&E's Chapter 11 bankruptcy case, Case No. 01-30923-DM ("Bankruptcy Case"), remains pending in the Bankruptcy Court;

D. WHEREAS, pursuant to the Assumption Order, PG&E assumed the Contract pursuant to 11 U.S.C. Section 365(b) and (d)(2) and Rules 6006, 9014 and 9019 of the Federal Rules of Bankruptcy Procedure;

E. WHEREAS, the principal amount of payables for QF is set forth in Attachment A to the Assumption Agreement for a total principal amount due QF of sixteen million one-hundred forty-two thousand six-hundred twenty-six dollars and six cents (\$16,142,626.06), excluding interest thereon (the "Prepetition Payables");

F. WHEREAS, starting on or about February 2, 2001 (the "Initial Default Date"), PG&E failed to pay the full amount due to QF under the Contract for deliveries of energy and capacity for the period between December 1, 2000 and April 6, 2001;

G. WHEREAS, the Assumption Agreement provides that the Interest Rate, as defined in the Assumption Agreement, should be negotiated in good faith by the Parties; and

H. WHEREAS, the Parties have negotiated the provisions set forth in this Supplemental Agreement respecting the Interest Rate and payment of the Prepetition Payables;

NOW, THEREFORE, in consideration of the premises described above and the terms and conditions set forth below, the Parties hereby agree as follows:

1. Definitions. Any capitalized term not defined herein shall have the meaning ascribed to it in the Assumption Agreement.

2. Calculation and Rate of Interest. The outstanding principal balance of the Prepetition Payables shall bear interest at a rate of five percent (5%) per annum (the "Interest Rate") from the respective due dates of the principal amounts set forth on Attachment A to the Assumption Agreement until paid. Interest shall be calculated on the basis of a 365-day year with the actual number of days (excluding the first day and including the last day) occurring during the period for which interest is payable.

3. Payment Schedule.

(a) Interest. All accrued prepetition and postpetition interest due on the Prepetition Payables through January 31, 2002 shall be paid on or before January 31, 2002. If all accrued prepetition and postpetition interest is paid on January 31, 2002, the total amount of interest due QF under this Supplemental Agreement on that date shall be seven-hundred thirty-two thousand four dollars and eighty-one cents (\$732,004.81). Thereafter, accrued interest on the outstanding unpaid principal amount of the Prepetition Payables shall be payable monthly in arrears on the declining balance of the Prepetition Payables until the Prepetition Payables have been paid in full.

(b) Principal. Notwithstanding the terms of any plan of reorganization filed by PG&E or by any other party in the Bankruptcy Case, PG&E shall pay the outstanding principal balance of the Prepetition Payables in twelve (12) equal monthly installments on the last PG&E business day of each month commencing January 31, 2002 and continuing at the end of each month thereafter until paid in full.

(c) Separate Payments. Unless designated to the contrary in writing at least one (1) week in advance of the payment date, all payments of the sums set forth in Attachment A to the Assumption Agreement and the principal and interest due hereunder shall be made to QF in the amounts set forth in Exhibit 1 attached hereto. Each of the payments above is subject to adjustment for rounding errors (either upward or downward) of up to but no more than one dollar (\$1.00).

(d) Due on Plan Effective Date. If the Plan Effective Date of any plan confirmed in the PG&E Bankruptcy Case shall occur before the Prepetition Payables and all interest accrued thereon has been paid in full, the remaining balance of the Prepetition Payables and all interest accrued thereon shall be paid on such Plan Effective Date.

(e) Setoffs. To the extent that PG&E has or claims to have any right to assert any existing or future right of setoff as a defense to or reduction of any of its obligations to pay the Prepetition Payables and/or interest thereon, PG&E hereby waives such right of setoff with respect to such obligations, but only with respect to such obligations. Provided PG&E is not in default of its payment obligations under this Supplemental Agreement, QF shall not setoff any obligation owed to PG&E against such Party's right to receive payments under this Supplemental Agreement. Except as set forth above, each Party retains any and all setoff rights it may have, if any, under the Contract.

(f) Monthly Payments under the Contract. Beginning January 1, 2002 and continuing for the remaining term of the Contract, PG&E shall pay QF once a month for energy and capacity deliveries under the payment terms set forth in the Contract. Notwithstanding the foregoing and unless otherwise directed by the California Public Utilities Commission, PG&E shall make payments to QF within 15 days of the end of each monthly billing period.

(g) Other Terms. The right of QF to receive all payments hereunder shall be entitled to administrative expense priority under Bankruptcy Code Sections 503 and 507(a)(1). QF shall have standing and reserves the right to object or seek other relief in the Bankruptcy Court in the event that PG&E's cash reserves fall below what is reasonably necessary to timely satisfy PG&E's postpetition obligations, including the obligations under this Supplemental Agreement. The obligations of PG&E under this Supplemental Agreement shall be binding on any trustee in a Chapter 7 or Chapter 11 bankruptcy case, and cannot be altered, amended or modified by any plan of reorganization or other order or ruling in the PG&E Bankruptcy Case.

4. Withdrawal Of Claims. Except for those administrative claims specifically provided for by paragraph 3(g) hereof, QF waives its right to file any section 503 administrative expense claims based on services provided the estate through the date of this Supplemental Agreement. Furthermore, QF agrees to waive and withdraw any and all claims or proof of claims it has filed in PG&E's Chapter 11 case within seven (7) days of entry a bankruptcy court order approving this Supplemental Agreement, except those claims specifically reserved in Exhibit 2 to this Supplemental Agreement. QF further agrees to forgo any rights it may have to amend such claims, or to file new claims other than those claims specifically reserved in Exhibit 2 to this Supplemental Agreement.

5. Bankruptcy Court Approval. This Supplemental Agreement is subject to Bankruptcy Court approval and shall not become effective until entry of an order approving this Supplemental Agreement.

6. Default. In the event that any payment required to be made under this Supplemental Agreement is not made on or before the date due, QF may make a

motion to enforce this Supplemental Agreement or seek other appropriate relief before the Bankruptcy Court on seven (7) calendar days' notice. QF shall not be required to commence an adversary proceeding or other suit and may proceed by noticed motion on seven (7) calendar days' notice without the requirement of obtaining an order shortening time. QF reserves the right to seek, as appropriate relief, that the entire amount of the Prepetition Payables and all interest thereon should be accelerated as a result of such nonpayment. PG&E reserves the right to assert that acceleration is not appropriate.

7. Entire Agreement. This Supplemental Agreement, together with the Assumption Agreement, sets forth the entire agreement between the Parties relating to the Interest Rate and the payment by PG&E of the Prepetition Payables relating to the assumption by PG&E of the Contract and the payment of the Prepetition Payables and supersedes and replaces any prior understanding, correspondence, commitments or agreement, whether oral or written concerning the subject matters of this Supplemental Agreement. Notwithstanding the preceding sentence, except to the extent amended by this Supplemental Agreement, the terms of the Assumption Agreement remain in full force and effect, and any conflict between this Supplemental Agreement and the Assumption Agreement shall be resolved in favor of this Supplemental Agreement. Any modification or amendment to this Supplemental Agreement must be in writing and must be signed and dated by the Parties, and must explicitly state that it is intended to be an amendment to or modification of this Supplemental Agreement.

8. Descriptive Headings. The descriptive headings of this Supplemental Agreement are inserted for convenience of reference only and do not constitute a part of this Supplemental Agreement.

9. Expenses. Each Party shall pay its own expenses, professional fees and other costs connected with or associated with the negotiation and execution of this Supplemental Agreement. In the event any Party breaches this Supplemental Agreement, the breaching Party shall pay all costs and expenses (including attorneys' fees and expenses) incurred by the other Party or Parties in connection with or arising out of such breach.

10. Governing Law. This Supplemental Agreement is made and entered into in the State of California, and shall in all respects be interpreted and governed under the laws of California, without regard to principles of conflicts of law.

11. Binding Agreement. This Supplemental Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, including any trustee appointed in the Bankruptcy Case.

12. Construction of Agreement. Counsel for the respective Parties have reviewed and participated in the drafting of this Supplemental Agreement. Consequently, the principle of construction of contracts that ambiguities shall be resolved against the drafter shall not be used or applied in the interpretation of this Supplemental Agreement.

13. Representations. Each Party hereby represents and warrants to each of the other Parties that (a) the execution of this Supplemental Agreement has been duly authorized by all necessary corporate, shareholder and similar actions; (b) this Supplemental Agreement has been duly executed and delivered and constitutes the legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (c) the execution and delivery of this Supplemental Agreement and the performance by such Party of its obligations hereunder do not and will not conflict with, contravene or breach, any law, judgment, order or material contract applicable to or binding on such Party or any of its properties or assets.

14. Execution by Counterparts. This Supplemental Agreement may be executed in separate counterparts, each of which when executed shall be an original, but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Agreement has been duly executed by or on behalf of QF and PG&E as of the date first written above.

BEAR MOUNTAIN LIMITED,
a Texas limited partnership

PACIFIC GAS & ELECTRIC COMPANY,
a California corporation

By: Bear Mountain Cogen, L.L.C.,
its General Partner

By: John J. O'Rourke

Name: John J. O'Rourke

Title: Vice President +
Marketing Director

Date: _____

By: Joseph C. Henri

Name: JOSEPH C. HENRI

Title: Director, USPM

Date: 20 December, 2001

EXHIBIT 1 TO SUPPLEMENTAL AGREEMENT -- PAYMENT SCHEDULE

Legal Entity, Project Description	Due Date:	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	Outstanding A/R at 4/6/01 per July 13, 2001 Agreement	
		Outstanding A/R 2/2/2001	Outstanding A/R 3/6/2001	Outstanding A/R 4/3/2001	Outstanding A/R 5/4/2001	Outstanding A/R 4/17/2001		
BEAR MOUNTAIN LIMITED, PG&E Log		\$ 5,421,671.24	\$ 5,412,442.21	\$ 4,489,588.80	\$ 762,611.56	\$ 56,312.25	\$	16,142,626.06
No. 26C261		\$ 5,421,671.24	\$ 5,412,442.21	\$ 4,489,588.80	\$ 762,611.56	\$ 56,312.25	\$	16,142,626.06
TOTAL								\$ 1,345,218.84
Monthly Principal Amount (1/12)								
Initial Default Date		2/2/2001	3/6/2001	4/3/2001	5/4/2001	4/17/2001		
Initial Payment Date		1/31/2002	1/31/2002	1/31/2002	1/31/2002	1/31/2002		
Elapsed Days		363	331	303	272	289		
Interest Rate (Annual)	5%							
Interest amount at 01/31/2002		\$ 269,598.17	\$ 245,413.48	\$ 186,348.69	\$ 28,415.12	\$ 2,229.35	\$	732,004.81

SCHEDULE OF PAYMENTS		PRINCIPAL BALANCE	Elapsed Days	PRINCIPAL PAYMENT	ACCRUED INTEREST	TOTAL PAYMENT
	Date					
	01/31/02	\$ 16,142,626.06	see above	\$ 1,345,218.82	\$ 732,004.81	\$ 2,077,223.63
	02/28/02	\$ 14,797,407.24	28	\$ 1,345,218.84	\$ 56,757.18	\$ 1,401,976.02
	03/29/02	\$ 13,452,188.40	29	\$ 1,345,218.84	\$ 53,440.20	\$ 1,398,659.04
	04/30/02	\$ 12,106,969.56	32	\$ 1,345,218.84	\$ 53,071.65	\$ 1,398,290.49
	05/31/02	\$ 10,761,750.72	31	\$ 1,345,218.84	\$ 45,700.59	\$ 1,390,919.43
	06/28/02	\$ 9,416,531.88	28	\$ 1,345,218.84	\$ 36,118.20	\$ 1,381,337.04
	07/31/02	\$ 8,071,313.04	33	\$ 1,345,218.84	\$ 36,486.76	\$ 1,381,705.60
	08/30/02	\$ 6,726,094.20	30	\$ 1,345,218.84	\$ 27,641.48	\$ 1,372,860.32
	09/30/02	\$ 5,380,875.36	31	\$ 1,345,218.84	\$ 22,850.29	\$ 1,368,069.13
	10/31/02	\$ 4,035,656.52	31	\$ 1,345,218.84	\$ 17,137.72	\$ 1,362,356.56
	11/27/02	\$ 2,690,437.68	27	\$ 1,345,218.84	\$ 9,950.93	\$ 1,355,169.77
	12/31/02	\$ 1,345,218.84	34	\$ 1,345,218.84	\$ 8,285.40	\$ 1,351,484.24
TOTAL PAYMENTS:				\$ 16,142,626.06	\$ 1,097,425.21	\$ 17,240,051.27

Interest calculation assumes payment made on last business day of the month for PG&E.
Interest calculation will be adjusted accordingly if payments made other than on the last PG&E business day.
Each payment above is subject to adjustment for rounding error (upward or downward) of not more than \$1.00.

Exhibit 2

Claims by QF with respect to the statement, computation and payment for capacity and capacity bonus pursuant to the Contract related to the suspension of performance by QF during March, April and May 2001, as reserved in Section 8 of the Assumption Agreement.