

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)
)
 of)
)
 HAWAII ELECTRIC LIGHT COMPANY, INC.)
)
 For Approval to Include the Energy)
 Costs of HELCO's Purchased Power)
 Contract with Thermal Power In Its)
 Fuel Clause.)
)
 _____)

DOCKET NO. 5525

APPLICATION

and

CERTIFICATE OF SERVICE

Mar 21 11 55 AM '06
PUBLIC UTILITIES
COMMISSION

FILED

George T. Iwahiro
Vice President
Hawaii Electric Light Company, Inc.
900 Richards Street
Honolulu, Hawaii 96813

Telephone: 548-7333

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APPLICATION

HAWAII ELECTRIC LIGHT COMPANY, INC. (HELCO) respectfully requests Commission approval to include the energy costs of its purchased power contract with Thermal Power Company (Thermal Power) pursuant to Rule 6-60-6(2) of the Commission's rules regarding Standards for Electric and Gas Utility Service in the State of Hawaii and Rule 6-74-15 of the Commission's rules regarding Standards for Small Power Production and Cogeneration.

1. Communications in regard to this application are to be addressed to:

George T. Iwahiro
Vice President
Hawaii Electric Light Company, Inc.
900 Richards Street
Honolulu, Hawaii 96813

and

Norman A. Oss
President
1200 Kilauea Avenue
Hilo, HI 96720

2. HELCO, whose principal office is located at 1200 Kilauea Avenue, Hilo, Hawaii 96720, is a corporation duly organized under the laws of the Republic of Hawaii on or about December 5, 1894, and is now existing under and by virtue of the laws of the State of Hawaii. HELCO is an operating public utility engaged in the production, transmission, distribution and sale of electricity on the Island of Hawaii.

3. On March 24, 1986, HELCO and Thermal Power entered into a purchased power contract subject to Commission approval herein, by which HELCO agrees to purchase energy made available by Thermal Power. A copy of HELCO's purchased power contract dated March 24, 1986, is attached hereto as Attachment I and is made a part hereof.

4. Thermal Power is a California Corporation authorized to do business in the State of Hawaii and is in good standing with the Hawaii Department of Commerce and Consumer Affairs. (see Attachment I, page 24)

5. Thermal Power is the operator of a qualifying small power production facility:

a. The Thermal Power facility consists of a geothermal-powered steam generator which will be located in Puna on the Island of Hawaii. The facility is more fully described in Appendix A of the Contract.

b. The primary energy source to be used by the facility is geothermal energy.

c. The power production capacity of Thermal Power's facility is 25 mw, in two phases of 12.5 mw each.

d. No electric utility or electric utility holding Company owns fifty percent or more of Thermal Power.

e. No other small power production facilities which are owned or operated by Thermal Power is located within one mile of the Thermal Power facility.

6. The rates for purchase of energy from Thermal Power are described in Appendix D of the Contract and are based on 100% of HELCO's on-peak and off-peak avoided energy costs on file with the Commission. A minimum purchase rate equal to the avoided energy cost on file with the Commission when the Contract becomes effective is also provided, in accordance with the Commission's Rule 6-74-22(a) (3).

7. Commission approval of the Amendment to HELCO's Agreement between HELCO and Thermal Power is requested pursuant to Rule 6-60-6(2) which provides that:

"No changes in fuel and purchased energy costs may be included in the fuel adjustment clause unless the contracts or prices have been previously approved or filed with the Commission."

WHEREFORE, HELCO respectfully requests the Commission to give its approval for HELCO to include the purchased energy costs incurred under this Agreement in its Fuel Clause.

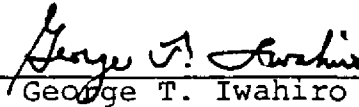
DATED: Honolulu, Hawaii, March 24, 1986.

HAWAII ELECTRIC LIGHT COMPANY, INC.


By George T. Iwahiro
George T. Iwahiro
Vice President

STATE OF HAWAII)
)
CITY AND COUNTY OF HONOLULU) ss.

George T. Iwahiro, being first duly sworn, on oath, deposes and says: That he is the Vice President, Hawaii Electric Light Company, Inc.; that he makes this verification for and on behalf of said Hawaii Electric Light Company, Inc. and is authorized so to do; that he has read the foregoing Application, knows the contents thereof, and that the same is true to the best of his knowledge.


George T. Iwahiro

Subscribed and sworn to before me
this 24th day of March 1986.


Notary Public, State of Hawaii

My commission expires: April 6, 1988

PURCHASE POWER CONTRACT FOR UNSCHEDULED ENERGY
MADE AVAILABLE FROM A QUALIFYING FACILITY

This Contract is made this _____ day of _____, 19 ____,
by and between Hawaii Electric Light Company, Inc., hereinafter called the
Company, and Thermal Power Company, hereinafter called the Seller.

WHEREAS, the Company is an operating electric public utility on the
Island of Hawaii subject to the Hawaii Public Utilities Law (Hawaii Revised
Statutes, Chapter 269) and the rules and regulations of the Hawaii Public
Utilities Commission, hereinafter called the PUC;

WHEREAS, the Seller is the:

(check one)

Owner and operator

Owner only

Operator only (with a lease with the facility's owner which
gives the Seller full rights of possession and use of the
facility during the term of this Contract)

of a cogeneration facility or a small power production facility which is
a qualifying facility under Subchapter 2 of the PUC's Standards for
Small Power Production and Cogeneration in the State of Hawaii, Chapter
74 of Title 6; and

WHEREAS, the Seller's Facility is located at Puna, Hawaii, and is more
fully described in Appendix A attached hereto and made a part hereof; and

WHEREAS, the Seller desires to sell to the Company Energy generated by
the Seller's facility, and the Company wishes to purchase such Energy from
the Seller, upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the respective
promises herein, the Company and the Seller hereby agree as follows:

1. Parallel Operation:

The Company agrees to allow the Seller to interconnect and operate in
parallel with the Company's System.

2. Purchase and Sale of Energy; Rate for Purchase and Sale; Billing and
Payment:

(a) The Company agrees to purchase Energy from the Seller pursuant to

the terms and conditions which are more fully described in Appendix D attached hereto and made a part hereof.

- (b) Sales of Energy by the Company to the Seller shall be governed by an applicable rate schedule filed with the PUC as such may be amended from time to time, and not by this Contract.
- (c) A monthly statement of Energy delivered to Company by Seller and of Energy provided to Seller by Company will be prepared and rendered by Company not later than the twentieth (20th) day of the month following the month in which such Energy was delivered. Such statement shall show the Energy delivered to Company during peak and off-peak periods and Company's calculation of the amount due Seller. Payment of the net amount payable by Company to Seller shall be made concurrently with such statement. Seller shall pay any net amount owing to Buyer for Energy provided by Buyer to Seller in accordance with Buyer's rules for service to its customers.

3. Facilities Owned and/or Operated by the Seller:

The Seller agrees to furnish, install, operate, and maintain suitable and sufficient equipment, to maintain adequate records, and to follow such operating procedures, as may be specified by the Company to protect the Company's System from damages resulting from the parallel operation of the Seller's Facility and as more fully described in Appendix B attached hereto and made a part hereof. The Seller agrees that no material changes or additions to its Facility shall be made without the prior written consent by the Company.

4. Interconnection Facilities Owned by the Company:

The Company agrees to furnish, install, own, operate and maintain such Interconnection Facilities on its side of the Point of Interconnection with the Seller's Facility as required to accept Energy from the Seller's Facility and for parallel operation with the Seller's Facility, and as more fully described in Appendix C attached hereto and made a part hereof.

5. Seller Payments:

Subject to the terms and conditions included in Appendix C, the Seller agrees to pay the Company for the Company's investment in the Interconnection Facilities described in Appendix C; and for any costs incurred in operating, maintaining, replacing, or relocating Company-owned Interconnection Facilities; and a monthly Metering Charge of \$25.00 per month.

6. Continuity of Service:

- (a) The Company may require the Seller temporarily to curtail,

interrupt or reduce deliveries of Energy when necessary in order for the Company to construct, install, maintain, repair, replace, remove, investigate or inspect any of its equipment or any part of its System; or if the Company determines that such curtailment, interruption or reduction is necessary because of a system emergency, forced outage, operating conditions on its System, or compliance with prudent electrical practices, provided that the Company shall not interrupt deliveries pursuant to this Section 6(a) solely in order to take advantage, or to make purchases, of less expensive Energy from other qualifying facilities. In any such event, the Company shall not be obligated to accept or pay for any Energy from the Seller except for such Energy that the Company notifies the Seller that it is able to take during this period due to the aforesaid circumstances. The Company shall take all reasonable steps to minimize the number and duration of interruptions, curtailments or reductions.

- (b) The Company shall not be required to purchase Energy during any period during which, due to operational circumstances, purchases from the Seller will result in costs greater than those which the Company would incur if it did not make those purchases, but instead generated an equivalent amount of Energy itself, provided that the Company shall provide the Seller with at least twenty-four hours' advance oral or written notice of any such period to allow the Seller to cease the delivery of Energy to the Company. If the Company fails to provide such notice, it will pay the same rate for such purchase of Energy as would be required had the period not occurred. Notwithstanding the foregoing, this Section 6(b) shall not be applied to permit Company to refuse to purchase Energy from Seller in the event the Avoided Energy Costs fall below the Minimum Purchase Rate.

- (c) When curtailment, interruption or reduction in deliveries of Energy by Seller to Company is required under Subsections (a) or (b) of this Section 6, such curtailment, interruption or reduction shall be made, to the extent possible, for As-Available Energy first and Energy subject to a Legally Enforceable Obligation second, in accordance with the chronological priorities of the various contracts between Company and qualifying facilities, including Seller. The contract with the earliest effective date shall have the highest priority, and the contract with the most recent effective date shall have the lowest priority. The contract with the lowest priority shall be the first to be curtailed, and the contract with the highest priority shall be the last to be curtailed.

7. Personnel and System Safety:

Notwithstanding any other provisions of this Contract, if at any time the Company reasonably determines that the Seller's Facility may endanger

the Company's personnel, and/or the continued operation of the Seller's Facility may endanger the integrity of the Company's System or have an adverse effect on the Company's other customers' electric service, the Company shall have the right to disconnect the Seller's Facility from the Company's System. The Seller's Facility shall remain disconnected until such time as the Company is satisfied that the condition(s) referred to above have been corrected, and the Company shall not be obligated to accept or pay for any Energy from the Seller during such period. If the Company disconnects the Seller from the Company's System, it shall immediately notify the Seller by telephone which notice shall be confirmed promptly in writing.

8. Metering:

The Company shall supply, own, and maintain all necessary meters and associated equipment utilized for billing and Energy purchase. The meters shall be tested and read in accordance with the Rules of the Company and PUC rules as either may be amended from time to time. The Seller shall supply, at no expense to the Company, a suitable location for meters and associated equipment used for billing and Energy purchase.

9. Permits and Licenses:

The Seller shall obtain, at its expense, any and all authorizations, permits and licenses required for the construction and operation of its Facility, including but not limited to rights-of-way or easements. The Company will cooperate with the Seller in obtaining such authorizations, permits and licenses. The Company shall use its best efforts to obtain, as soon as reasonably possible, approval from the PUC to include payments for Energy pursuant to this Contract in the Company's Fuel Adjustment Clause. Failure to obtain such permits and licenses under this Section 9 shall not be a default under this Contract but may result in the termination of this Contract as provided in Appendix E attached hereto and made a part hereof.

10. Term:

The provisions of this Contract shall not apply until the PUC authorizes, by appropriate decision and order satisfactory to the parties, the payment for Energy to be made by the Company to the Seller hereunder to be included in the Company's Fuel Adjustment Clause for the term of this Contract.

The Contract shall remain in effect for an initial term of 35 years after (i) the Commercial Operation of the second generating unit or (ii) 1992, whichever is earlier, and shall continue in effect after the initial term until terminated by either party as provided for herein. Either the Company or the Seller may terminate the Contract at any time on or after the end of the initial term upon not less than five (5) years' advance written notice to the other party. Notwithstanding any of the foregoing, the Contract may be terminated in accordance with the provisions of Appendix E attached hereto and made a part hereof.

11. Indemnification:

Each party shall indemnify, defend and hold harmless the other party and its directors, officers, employees and agents, and their respective heirs, successors, legal representatives and assigns, from and against any and all liabilities, damages, costs, expenses (including attorneys' fees), losses, claims, demands, actions, causes of action, suits and proceedings of every kind, including those for damage to the property of any person or entity (including the indemnifying party) and/or for injury to or death of any person (including the indemnifying party's employees and agents), which directly or indirectly result from or arise out of or in connection with the interconnection or parallel operation of the Seller's Facility with the Company's System and which are attributable to (i) the negligence or willful misconduct of the indemnifying party and/or (ii) the breach by the indemnifying party of any of its representations or warranties herein.

12. Insurance:

- (a) The Seller shall, at its own expense and during the term of the Contract and during any other time that the Seller's Facility is interconnected with the Company's System, secure and maintain in effect with a responsible insurance company authorized to do insurance business in Hawaii the following insurance that will protect the Seller and the Company: The Seller shall maintain comprehensive general liability insurance with respect to the Seller's Facility, the Seller's operations, and the Seller's interconnection with the Company's System, with limits of liability of at least \$1,000,000.00 per occurrence and \$1,000,000.00 annual aggregate for bodily injury and \$1,000,000.00 for property damage. Said insurance shall name the Company as an additional insured, shall include contractual liability coverage for written contracts and agreements including this Contract, and shall be noncancellable and nonalterable without thirty (30) days' prior written notice to the Company. The adequacy of the coverage afforded by the required insurance shall be subject to mutual review by the Company and the Seller from time to time, and if it appears prudent and in keeping with electric industry practice to increase the coverages and/or limits of such liability insurance, the Seller shall forthwith increase such coverages and/or limits provided that such coverages and limits are available and the increased costs thereof are not disproportionate to the costs applicable to the existing coverages and limits. The insurance required hereunder shall provide that it is primary with respect to the Seller and the Company and shall provide for mutual waivers of subrogation rights. The Seller shall provide evidence of such insurance by providing certificates of insurance to the Company prior to any parallel operation. A party's indemnity and other obligations under this Contract shall not be limited to the extent insurance fails to cover the full amount of any loss incurred by the other party. Any deductible shall be the responsibility of the Seller.

- (b) The Seller may provide a mutually acceptable alternate risk financing instrument in lieu of the insurance required by Subsection 12(a) for the coverages and limits required by this Contract.

13. Assignment:

This Contract may not be assigned by either the Company or the Seller without the consent of the other party. Such consent shall not be unreasonably withheld. Notwithstanding the foregoing, this Contract may be assigned without such consent in connection with the granting of a security interest in a party's rights under this Contract in connection with financing arrangements by such party.

14. Sale of Energy to Third Parties:

Company shall have the first right to purchase all Energy produced for sale by Seller at the price and on the terms and conditions stated in this Contract; provided, however, that Seller may consume Energy for its own use.

15. Force Majeure:

- (a) If either party shall be wholly or partially prevented from performing any of its obligations under this Contract by reason of an event of force majeure reasonably beyond its exclusive control and not attributable to its neglect, then and in any such event, such party shall be excused from whatever performance is prevented by such event to the extent so prevented, and such party shall not be liable for any damage or loss resulting therefrom. Events of force majeure shall include but not be limited to the following: accidents, action or inaction of any governmental agency (including the inability to obtain permits or authorizations), inadequate or extreme reservoir pressures, temperature, or the presence of foreign substances therein, lightning, rain, earthquake, wind, wind-blown water, riots, fire, flood, invasion, insurrection, lava flow or volcanic activity, tidal wave, civil commotion, the order of any court, judge or civil authority, war, and any act of God or the public enemy.
- (b) The party claiming an event of force majeure shall give prompt written notice of such event to the other party. In addition, such party shall use reasonable diligence, to the extent practicable, to limit the impact of such event on the performance of its obligations under this Contract. Notwithstanding the foregoing, this Subsection 15(b) shall not excuse any payment obligation that has theretofore accrued under this Contract.

16. Warranties:

The Company and the Seller each represent and warrant (but only with respect to itself) that:

- a) Each respective party has all necessary right, power and authority to execute, deliver and perform this Contract.
- (b) The execution, delivery and performance of this Contract by each respective party will not result in a violation of any law or regulation of any governmental authority, or conflict with, or result in a breach of, or cause a default under, any agreement or instrument to which such party is also a party or by which it is bound.

17. Engineering Standard:

- (a) Each party agrees to install, operate and maintain its respective equipment and facilities and to perform all obligations required to be performed by such party under this Contract in accordance with accepted good engineering practice in the electric industry and with applicable laws, rules, orders and tariffs.
- (b) Wherever in this Contract and the attached Appendices the Company has the right to give specifications, determinations or approvals of any technical or engineering aspect of the operation of or changes or additions and Seller's Facility, such specifications, determination or approvals shall be given in accordance with the Company's standard practices, policies and procedures and with Subsection 17(a) of this Contract.

18. Dispute Resolution:

- (a) In Sections 3 and 4 and Appendices B and C of this Contract, where the Company's acceptance of equipment, additions or changes in equipment and their operational setting is required, such acceptance shall not be unreasonably withheld and shall be based on the Company's policies and practices established in accordance with PUC rules. In the event the acceptance is withheld and the issue is unresolved, the dispute shall be resolved, if possible, by the Company's President and the Vice President - Operations of the Seller. If the matters remain unresolved, Section 18(b) shall apply.
- (b) In case of conflict arising under all other sections of the Contract or if the application of Section 18(a) does not lead to a resolution, disputes between the Seller and the Company may be submitted to the PUC by either party, if the PUC has jurisdiction over such dispute. If the PUC does not have jurisdiction over such dispute, either party may take the issue to the appropriate court or resort to any other legal remedy available to such party.

19. Liability:

Nothing in this Contract shall create any duty to, any standard of care with reference to, or any liability to any person not a party to it.

20. Miscellaneous:

- (a) Amendments. Any amendment or modification of this Contract or any part hereof shall not be valid unless in writing and signed by the parties. Any waiver hereunder shall not be valid unless in writing and signed by the party against whom waiver is asserted.
- (b) Binding Effect. This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives, and permitted assigns.
- (c) Notice. Any written notice provided hereunder shall be delivered personally or sent by registered or certified first class mail, with postage prepaid, to the other party at the following address:

Company: Hawaii Electric Light Company, Inc.
1200 Kilauea Avenue
Hilo, HI 96720
Attn: President

Seller: The mailing address listed in Appendix A attached hereto with a copy to:

Thermal Power Company
Central Pacific Plaza
220 South King Street
Suite 1750
Honolulu, Hawaii 96813

Notice sent by mail shall be deemed to have been given on the date of actual delivery or at the expiration of the fifth day after the date of mailing, whichever is earlier. Any party hereto may change its address for written notice by giving written notice of such change to the other party hereto.

- (d) Effect of Section and Appendix Headings. The headings or titles of the several sections and appendices hereof are for convenience of reference and shall not affect the construction or interpretation of any provision of this Contract.
- (e) Non-Waiver. No reasonable delay or forbearance of the Company or the Seller in the exercise of any remedy or right will constitute a waiver thereof, and the exercise or partial exercise of a remedy or right shall not preclude further exercise of the same or any other remedy or right.

- (f) Relationship of the Parties. Nothing in this Contract shall be deemed to constitute either party hereto as partner, agent or representative of the other party or to create any fiduciary relationship between the parties. The Seller does not hereby dedicate any part of its facility to serve the Company, the Company's customers or the public.
- (g) Entire Agreement. This Contract, together with the related letter agreement of even date, constitutes the entire understanding and agreement between the parties.
- (h) Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Hawaii. The venue for a civil action related to this Contract shall be the judicial circuit in which the Seller's Facility is located.
- (i) Hawaii Plain Language Law. The purpose of this Contract is to permit the Seller to interconnect and operate in parallel with the Company's System and to provide for purchase by the Company of electric energy and/or capacity from the Seller for retail sale to the public. This Contract is not for the retail sale of electricity by the Company to the Seller. Accordingly, the parties agree that the Hawaii Plain Language Law does not apply to this agreement.
- (j) Limitations. Nothing in this Contract shall limit the Company's ability to exercise its rights nor its obligations as specified in the Company's Tariff as filed with the PUC, or as specified in General Order No. 7 of the PUC's Title VII, Standards for Electric Utility Service in the State of Hawaii, as either may be amended from time to time.
- (k) Approvals. Wherever either Buyer's or Seller's approval is required in this Contract, it is understood that such approvals shall not be unreasonably withheld, unless otherwise stated.
- (l) Attorneys' Fees and Costs. In the event a dispute between the parties is submitted to the PUC or the courts, the prevailing party shall be entitled to an award of its court costs, other costs of litigation and reasonable attorneys' fees.
- (m) Further Assurances. Each of the parties shall from time to time and at all times do such further acts and deliver all such further documents and assurances as shall be reasonably necessary fully to perform and carry out this Contract.
- (n) Counterparts. This Contract may be executed in one or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement.

(o) Definitions. Terms used in this Contract not otherwise defined in the context in which they first appear are defined in Appendix F attached hereto and made a part hereof.

IN WITNESS WHEREOF, the Company and the Seller have executed this Contract as of the day and year first above written.

COMPANY:

HAWAII ELECTRIC LIGHT COMPANY, INC.

By George T. Luahia
Title:

Attest: _____

SELLER:

THERMAL POWER COMPANY

By Samuel R. Bell
Title: President

Attest: jeff

APPENDIX A

DESCRIPTION OF SELLER'S GENERATION AND CONVERSION FACILITIES

1. Name of facility: Puna Geothermal Venture
 - (a) Location: Honuaula, Puna, County of Hawaii, State of Hawaii
 - (b) Telephone number (for system emergencies): To be provided prior to parallel operation
 - (c) Company billing account number: 06 686 520 01
2. Owner*: Thermal Power Company, Amfac Energy Inc. and Dillingham Geothermal, Inc.
3. Operator*: Thermal Power Company
4. Name of person to whom payments are to be made:
 - (a) Mailing address: Thermal Power Company
601 California Street
San Francisco, CA 94108
 - (b) Hawaii Gross Excise Tax License Number: 10177175
5. Equipment:
 - (a) Type of facility and conversion equipment: Rankine Cycle, condensing turbine system
 - (b) Design capacity:** Total 25 MW
(Unit 1 = 12.5 MW)
(Unit 2 = 12.5 MW)
 - (c) Single or 3 phase: 3 phase
 - (d) Name of manufacturer: Mitsubishi, General Electric, Ansaldo, or equivalent
 - (e) Date of installation:
Unit 1 = Projected September 30, 1989
Unit 2 = Projected September 30, 1995

*If a corporation, attach a letter signed by an officer of the corporation warranting that the corporation is in good standing with the Hawaii Department of Commerce and Consumer Affairs.

**The "Design Capacity" may exceed 25 MW to the extent necessary for Seller to furnish up to 25 MW of "Allowed Capacity" as defined in Appendix F, provided that the "Allowed Capacity" of this Contract shall be the lower of (i) 25 MW or (ii) the installed and operating capacity of the Seller's facility interconnected with the Company's system on December 31, 1995.

APPENDIX B

FACILITIES OWNED BY THE SELLER

1. Seller's Facility

(a) A preliminary single-line diagram of the Seller's Facility at the time the Contract is signed, shall be attached to this Contract and made a part hereof. The single-line diagram and the Point of Interconnection of the Seller's Facility to the Company's System identified thereon are preliminary and subject to change by the parties. Prior to construction of Seller's Facility, a final single-line diagram, relay list, and trip scheme shall be prepared and, subject to review and acceptance thereof by both parties, signed and attached to this Appendix B and made a part hereof. Such single-line diagram shall expressly identify the final location of the Point of Interconnection.

Material changes or additions to the Seller's Facility reflected in the single-line diagram, relay list, and trip scheme shall not be made without the prior written consent of the Company pursuant to Section 3 of the Contract. If any changes in or additions to such Facility, records, and operating procedures are required by the Company, the Company shall specify such changes to the Seller in writing, and, except in the case of an emergency, Seller shall have the opportunity to review any such change or addition in advance.

- (b) The Seller shall furnish, install, operate and maintain facilities such as breakers, relays, switches, synchronizing equipment, monitoring equipment and control and protective devices acceptable to the Company as suitable for parallel operation with the Company's System. Such facilities shall be accessible at all times to authorized Company personnel.
- (c) The Seller shall furnish, install and maintain in accordance with the Company's requirements all conductors, service switches, fuses, meter sockets, meter and instrument transformer housing and mountings, switchboard meter test buses, meter panels and similar devices required for service connections and meter installations on the Seller's premises.
- (d) Seller shall install transducers, metering, AC and DC sources, telephone lines, and provide interconnecting wiring for supervisory and communications equipment.
- (e) The Company shall review and accept the design drawings and Bill of Material for the Seller's electrical equipment required to interconnect with the Company's System. The type of electrical equipment, the type of protective relaying equipment (which equipment shall be mutually agreeable to the parties) and the

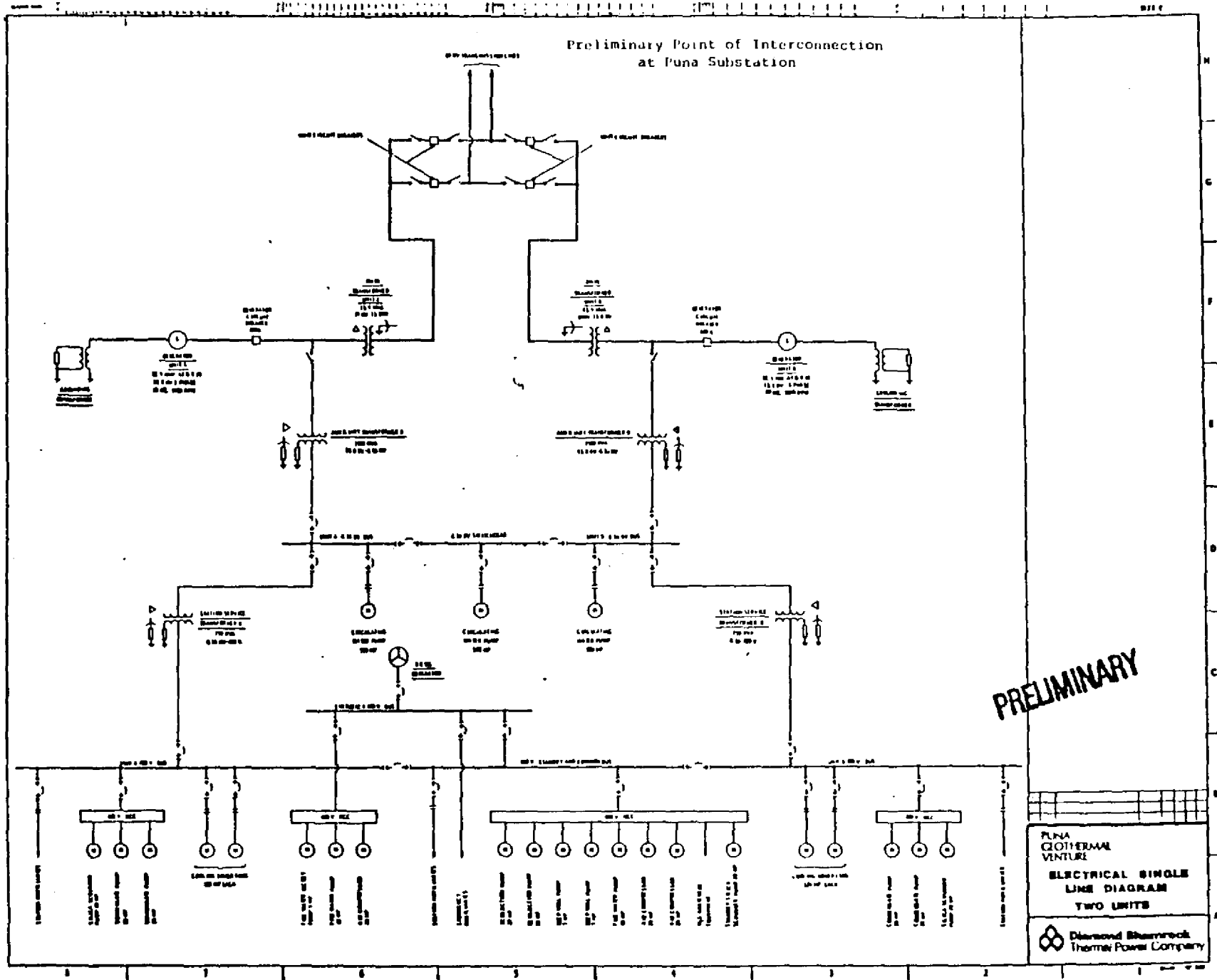
settings that affect the reliability and safety of operation of the Company's and Seller's interconnected system shall be acceptable to the Company. The Company, at its option, may request to witness operation of control, synchronizing, and protection schemes.

- (f) The Seller shall provide a manual disconnect device which provides a visible break to separate the Seller's Facility from the Company's System. Such disconnect device shall be lockable in the OPEN position and be readily accessible to Company personnel at all times.
- (g) In order to allow Seller's Facility to remain on-line and to assist in restart of parallel operation thereof with the Company's System, Seller may provide automatic equipment to isolate Seller's Facility from the Company's System during large system disturbances; provided that such automatic equipment has been approved by the Company prior to installation for compatibility with Company's System.

2. Operating Procedures

- (a) The Company may require periodic reviews of the Seller's Facility, maintenance records, available operating procedures and policies, and relay settings, and may request changes it deems necessary to protect the Company's System from damages resulting from the Seller's parallel operation.
- (b) Logs shall be kept by the Seller for information on unit availability, including reasons for planned and forced outages; circuit breaker trip operations; relay operations, including target initiation; and other unusual events. The Company shall have the right to review these logs, especially in analyzing system disturbances. The Seller will provide the Company with subsequent written confirmation any time the Seller experiences a unit trip. Such confirmation will include the date and time of the occurrence as well as the cause of the unit trip.
- (c) Seller shall limit its Facility's ramp rate to less than 2 mw/min.
- (d) The Company's Load Dispatcher shall specify the power factor at which energy is delivered by the Seller to the Company. Typical power factor requirements will normally operate in a range of 0.85 to 1.0.
- (e) If Seller is separated from the Company's System for any reason, the Seller, under no circumstances, shall reclose into the Company's system without first obtaining specific approval to do so from the Company's Load Dispatcher. Such approval shall be withheld only when such reclosing is not in accordance with Section 17(a) of this Contract and the Company's standard practices, policies and procedures.

- (f) The Company's Load Dispatcher will notify the Seller whenever the Seller must be separated from the Company's System pursuant to Sections 6 and 7 of this Contract. When possible, reasonable advance notice will be given to the Seller by the Company's Load Dispatcher, provided this provision does not limit the Company's obligation to give notice under Section 6(b) of this Contract.
- (g) The Seller shall submit the next five-year maintenance requirement in writing to the Company each year no later than June 30 of the previous year. The Company shall specify the maintenance schedule for the five-year period and inform the Seller in writing no later than September 30 of the same year. The Company shall not unreasonably delay maintenance of the Seller's Facility and will cooperate with Seller in establishing a reasonable schedule for the Seller's maintenance requirements.
- (h) The Seller shall notify the Company's Load Dispatcher prior to synchronizing a generator onto or taking a generator off the system. Such notification should be as far in advance as reasonably possible under the circumstances causing the action.



APPENDIX C

INTERCONNECTION FACILITIES OWNED BY THE COMPANY

1. The Company will design, construct, own, operate and maintain all facilities on the Company's side of the Point of Interconnection required to interconnect the Company's System with the Seller's Facility at 69 kv, including, without limitation, the following equipment at the Seller's Facility:
 - (a) Necessary instrument transformers, test facilities (except switchboard meter test buses), meters, and protective line relays.
 - (b) Supervisory and communication equipment for remote control and metering (a Remote Terminal Unit) at the Seller's Facility.
2. The parties currently are negotiating an amendment to this Appendix C containing additional terms relating to the design, permitting, construction and operation of certain Interconnection Facilities, including power transmission lines, required to be installed in order to accept Energy from Seller's Facility. This Contract is subject in all respects to the parties' conclusion of satisfactory terms regarding the construction, installation and operation of such Interconnection Facilities and the payment therefor. To the extent a portion of such costs is to be paid by Seller, an allocation shall be agreed to by the parties that reflects benefits to Buyer's System of constructing or upgrading such Interconnection Facilities or portions thereof that are not required solely to interconnect Seller's Facility. Such cost allocation shall be subject to review and approval by the PUC.
3. Such amendment to this Appendix C also shall specify appropriate operating procedures for Company's Interconnection Facilities and shall provide for reimbursement to Company for any costs incurred in operating, maintaining, replacing, or relocating Company-owned Interconnection Facilities.
4. The Company shall maintain full and complete information logs and records of (i) all meter readings; (ii) the calculation of amounts due to Seller; (iii) the operation and maintenance of the Interconnection Facilities; and (iv) information to verify events described in Section 6(a), 6(b), and 7 of this Contract, including but not limited to, unit availability (including reasons for planned and forced outages), circuit breaker trip operations, and relay operations (including target initiation).
5. The Seller shall be allowed to review the information logs and records maintained by the Company pursuant to Section 4 of this Appendix C, above, during the Company's normal business hours in accordance with the Company's rules for service to its customers.

APPENDIX D

ENERGY PURCHASES BY COMPANY

1. Subject to the other provisions of this Contract, including but not limited to Sections 6 and 7, the Company shall accept and pay for As-Available Energy generated by the Seller's Facility and delivered by the Seller to the Company at the higher of: (a) the respective on-peak and off-peak energy rates set forth in Section 3 of this Appendix D, or (b) the Minimum Purchase Rate set forth in Section 4 of this Appendix D; provided, however, that the rate of delivery of such Energy shall not exceed the Allowed Capacity as set forth in Appendix A at any given time.
2. Energy furnished by Seller to the Company shall be metered by a time-of-day meter. The on-peak hours shall be those between 7:00 a.m. and 9:00 p.m. daily, and the off-peak hours shall be those between 9:00 p.m. on one day and 7:00 a.m. on the following day.
3. The respective on-peak and off-peak energy rates for As-Available Energy shall be one hundred percent (100%) of the Company's respective on-peak and off-peak Avoided Energy Costs (including avoided costs of fuel and operation and maintenance) in cents per kilowatthour, calculated in accordance with the provisions of the PUC's Standards, on file with the PUC and in effect for the quarter in which such Energy is delivered.
4. The Minimum Purchase Rate in this Contract shall apply to all deliveries of As-Available Energy made by Seller to Company during the term of this Contract and to all deliveries of Energy under a Legally Enforceable Obligation made by Seller to Company pursuant to any amendment or supplement to this Contract entered into between Company and Seller for the purpose of delivering Energy and/or Capacity under a Legally Enforceable Obligation.
5. Energy payments determined pursuant to Section 1 of this Appendix D may be adjusted to compensate Seller for delivering Energy at the power factor provided in Section 2(d) of Appendix B to this Contract. Any such adjustment shall be made by appropriate amendment to this Contract entered into between the parties prior to delivery of any Energy by Seller to Company hereunder.
6. Company shall accept and pay for Emergency Energy (as defined in Appendix F) generated by Seller's Facility and made available by Seller to Company, as follows: the respective on-peak and off-peak energy rates for Emergency Energy shall be three hundred percent (300%) of Company's on-peak and off-peak Avoided Energy Costs (including avoided costs of fuel and operation and maintenance) in cents per kilowatthour, calculated in accordance with the provisions of the PUC's Standards, on file with the PUC and in effect for the quarter in which such Energy is delivered.

7. It is expressly understood and agreed by the parties that the terms of this Contract, including Appendix D, may be amended in accordance with Section 20(a) of this Contract to provide for the purchase and sale of Energy and Capacity from Seller's Facility under a Legally Enforceable Obligation. The parties agree to negotiate such amendment in good faith and will use their best efforts to complete such negotiations by December 31, 1986. It is anticipated that such amendment will contain provisions such as, but not limited to, an obligation to deliver Energy under Company's Dispatch subject to a Legally Enforceable Obligation in return for an additional payment to Seller for the value of the Company's Dispatch; an Energy price adjustment formula to provide future ratepayer savings; an obligation to deliver Capacity subject to a Legally Enforceable Obligation in return for a Capacity payment to Seller; appropriate sanctions, makeup provisions, and grace periods for Seller's non-compliance; and appropriate advance notice for termination.

APPENDIX E

DEFAULT AND TERMINATION

1. Default

- (a) The occurrence of any of the following events at any time during the term of this Contract shall constitute an "Event of Default" by the Seller except to the extent caused by an event of force majeure:
- (i) failure to pay to the Company any amount payable and due under this Contract within sixty (60) days after receipt of invoice; or
 - (ii) failure of the Seller's Facility, upon its completion and operation, to be a qualifying facility under Subchapter 2 of the PUC's Standards for Small Power Production and Cogeneration in the State of Hawaii, Chapter 74 of Title 6 in effect as of the date of this Contract; or
 - (iii) failure or refusal by the Seller to perform its material obligations under this Contract; or
 - (iv) abandonment of the Seller's Facility or the discontinuance by the Seller of services covered under this Contract for a period of twelve (12) consecutive months unless such discontinuance is caused by force majeure or an Event of Default by the Company.
- (b) The occurrence of any of the following at any time during the term of this Contract shall constitute an "Event of Default" by the Company except to the extent caused by an event of force majeure:
- (i) failure to pay to the Seller any amount payable and due under this Contract within sixty (60) days after receipt of invoice; or
 - (ii) failure or refusal by the Company to perform its material obligations under this Contract; or
 - (iii) abandonment of its Interconnection Facilities by the Company or the discontinuance by the Company of services covered under this Contract unless such discontinuance is caused by force majeure or an Event of Default by the Seller.
- (c) If an Event of Default, other than failure to make any payment due and payable within sixty (60) days after receipt of invoice, by either party shall extend for a period of sixty days after receipt of written notice of such Event of Default from the non-defaulting party, then the non-defaulting party may, at its option, terminate

this Contract by delivering written notice of such termination to the party in default and/or may institute such legal action or proceedings or resort to such other remedies as it deems necessary; provided, however, that the party not in default shall not terminate this Contract at the end of such sixty day period if the party in default has corrected or commenced appropriate steps to correct such default and is diligently prosecuting same to completion or has instituted the dispute resolution provisions of Section 18 of this Contract and is diligently prosecuting the same to completion. Such termination shall be effective on the date of written notice of termination to the party in default and shall not prejudice any rights of the non-defaulting party.

- (d) If the Event of Default is based on a party's failure to make any payment that is due and payable under this Contract, the party claiming such Event of Default shall give written notice to the non-paying party stating that such payment is deemed payable. The non-paying party shall have ten (10) days from the receipt of such notice to make the required payment and if payment is not made within such ten (10) day period, the non-defaulting party may terminate this Contract pursuant to written notice provided in accordance with Subsection (c) above.

2. Termination

Either the Company or the Seller may terminate this Contract upon written notice to the other party:

- (a) if the Seller's Facility fails to begin producing Energy for sale to the Company on or before December 31, 1995 as extended by events of force majeure, not to exceed three (3) years; or
- (b) if the other party commits any Event of Default and fails to cure such default in accordance with this Contract.
- (c) if the Seller's Facility begins producing Energy for sale to the Company on or before December 31, 1995 as extended by events of force majeure pursuant to Subsection 2(a) of this Appendix E, and thereafter an event of force majeure occurs that continues for a period of twelve (12) consecutive months, provided, however, that should action to eliminate such force majeure condition be initiated within such twelve (12) month period, then neither party may exercise such right to terminate this Contract so long as such action is being pursued with reasonable diligence.

If this Contract is terminated pursuant to this Section 2 of Appendix E, the parties shall have no further obligations to each other except for such obligations as have been incurred hereunder prior to such termination. The parties further agree that in no event shall either party be liable to the other for lost profits.

APPENDIX F

DEFINITIONS

1. Allowed Capacity: The maximum Capacity agreed upon between Company and Seller that Seller may deliver to Company at any one time, which shall be the lower of (i) twenty-five megawatts (25 MW) or (ii) the installed and operating capacity of Seller's Facility interconnected with Company's System on December 31, 1995.
2. As-Available Energy: Energy provided to Company on an unscheduled basis as Seller determines it to be available from Seller's Facility, rather than at prearranged times and in prearranged amounts, and which is not subject to a Legally Enforceable Obligation.
3. Avoided Energy Costs: The energy costs that the Company avoids by purchasing Energy from Seller, as defined in and calculated in accordance with the PUC's Standards.
4. Capacity: Electric power expressed in kilowatts or megawatts.
5. Company's Dispatch: Company's sole and absolute right to control, from moment to moment, through supervisory equipment, or otherwise, and in accordance with good engineering practice in the electric utility industry, the rate of delivery of Energy offered by Seller to Company.
6. Company's Fuel Adjustment Clause: The provision in the Company's rate schedules that allows Company to pass through to its customers the Company's costs of fuel and purchased power.
7. Company's System: The electric system owned and operated by the Company on the Island of Hawaii consisting of power plants, transmission and distribution lines, and related equipment for the production and delivery of electric power to the public.
8. Company's System Load Dispatcher: The authorized representative of Company who is responsible for carrying out Company's Dispatch.
9. Commercial Operation: The date on which Seller's Facility is deemed by Seller to be capable of reliable delivery of Energy.
10. Emergency Energy: Energy needed during an emergency on Company's System that is requested by Company to be supplied by Seller (i) under Company's Dispatch; (ii) in excess of the amount of Energy then being supplied to Company by Seller; and (iii) which Seller has no Legally Enforceable Obligation to supply.
11. Energy: Electric power expressed in kilowatthours.

12. Interconnection Facilities: The equipment and devices required to permit Seller's power plant to operate in parallel with and deliver electric power to Company's System, such as, but not limited to, transmission lines, transformers, switches, and circuit breakers.

13. Legally Enforceable Obligation: A binding commitment to supply Energy or Capacity at prearranged times and in prearranged amounts under Company's Dispatch, with sanctions for non-compliance.

14. Minimum Purchase Rate: The minimum rate payable by Company to Seller for Energy delivered by Seller to Company under this Contract, which shall be equal to 100% of the Company's on-peak and off-peak Avoided Energy Costs in effect and on file with the PUC when this Contract becomes effective.

15. Operational Date: The date(s) on which the respective generating units of Seller's Facility are projected for planning purposes to begin parallel operation with Company's System.

16. Point of Interconnection: The point of delivery of Energy and/or Capacity supplied by Seller to Company where Seller's Facility interconnects with Company's System.

17. PUC's Standards: Standards for Small Power Production and Cogeneration in the State of Hawaii, issued by the Hawaii Public Utilities Commission, Chapter 74 of Title 6, Hawaii Administrative Rules, currently in effect and as may be amended from time to time.

18. Seller's Facility: All real estate, fixtures and property owned, controlled, operated or managed by Seller in connection with, or to facilitate, the production, generation, transmission, delivery or furnishing of electricity by Seller to Company and required to interconnect with Company's System, except Seller's geothermal wellfield, pipelines, and other equipment located upstream from Seller's power plant.



Diamond Shamrock
Thermal Power Company

March 21, 1986

Hawaii Electric Light Company, Inc.
c/o Hawaiian Electric Company, Inc.
900 Richards Street
Honolulu, HI 96813

Attention: George T. Iwahiro

Re: Purchase Power Contract for
Unscheduled Energy Made Available
from a Qualifying Facility between
Hawaii Electric Light Company, Inc.
and Thermal Power Company

Gentlemen:

Reference is made to the above Purchase Power Contract. Pursuant to Section 3 of Appendix A to such Contract, I hereby certify that to the best of my knowledge, Thermal Power Company, a California corporation authorized to do business in the State of Hawaii, is in good standing with the Hawaii Department of Commerce and Consumer Affairs.

Very truly yours,

THERMAL POWER COMPANY

By 
Secretary

0244L

Thermal Power Company

A subsidiary of Diamond Shamrock, 601 California Street, San Francisco, California 94108
Phone 415 981-5700, Telex 34387 DIASHAM SFO

RECEIVED
AUG 8 1982

TPC

RECORDATION REQUEST BY:

Thermal Power Company
1600 Kapiolani Blvd., Suite 808
Honolulu, Hawaii 96814

82- 30038

82 APR 8 AIO: 00

AFTER RECORDATION, RETURN TO:

Thermal Power Company
1600 Kapiolani Blvd., Suite 808
Honolulu, Hawaii 96814

16267 466

RETURN BY: Mail (X) Pick up ()

MEMORANDUM OF LEASE AND AGREEMENT

THIS MEMORANDUM OF LEASE AND AGREEMENT made effective as of the 1st day of March, 1981, by and between the Kapoho Land Partnership, a Hawaii Limited Partnership, whose place of business and post office address is P. O. Box 374, Hilo, Hawaii, Sublessor, hereinafter called "Lessor" (whether one or more), and THERMAL POWER COMPANY, a California corporation, duly qualified to do business in the state of Hawaii, whose principal place of business and post office address is 601 California Street, San Francisco, California, 94108, and DILLINGHAM CORPORATION, a Hawaii corporation, whose principal place of business and post office address is Ala Moana Building, 1441 Kapiolani Boulevard, Honolulu, Hawaii, 96814, Sublessee, hereinafter called "Lessee,"

WITNESSETH:

1. For and in consideration of the sum of ten dollars (\$10.00), receipt of which is hereby acknowledged, and of the covenants and agreements herein contained, Lessor does lease and let to Lessee the sole and exclusive right to explore for, drill for, produce, extract, take, remove, use and sell hot water, steam and thermal energy and extractable minerals from and under the real property more particularly described in Exhibit "A" attached hereto and made a part hereof by reference.

2. This Memorandum of Lease and Agreement (Short Form) is made subject to the terms, covenants and conditions set forth in that certain Lease and Agreement bearing even date herewith by and between the said parties hereto, covering the real property above described, which Lease and Agreement is by this reference incorporated herein and made a part hereof in all respects as though the same were fully set forth herein.

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
CONVEYANCE TAX
00.00
APR 8 1982

16267 467

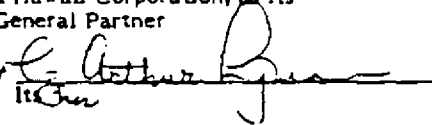
3. This Lease shall be for a primary term of five (5) years from the date hereof and shall be extended under any provision of said Lease and Agreement, all as particularly set forth therein and subject to termination as therein provided.

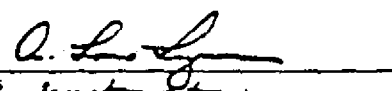
4. This Lease and all its terms, conditions and stipulations shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first hereinabove written.

KAPOHO LAND PARTNERSHIP
a Hawaii Limited Partnership

By Kapoho Management Co., Inc.,
a Hawaii Corporation, as its
General Partner

By 
Its C. Arthur Ryan

By 
Its Lessee
"Lessor"

THERMAL POWER COMPANY

By 
Its A. P. O'Neil
Vice President

DILLINGHAM CORPORATION

By 
Its Group Vice President

"Lessee"

STATE OF HAWAII
COUNTY OF HAWAII

)
) SS: 16267 468

On this 03 day of January, 1982, before me appeared A. Arthur Lyman to me personally known, who, being by me duly sworn, did say that he is President _____ of KAPOHO MANAGEMENT COMPANY, a Hawaii corporation, the general partner of KAPOHO LAND PARTNERSHIP, a Hawaii limited partnership; that the seal affixed to the foregoing instrument is the corporate seal of such corporation and that such instrument was signed and sealed on behalf of such corporation by authority of its Board of Directors; and said A. Arthur Lyman acknowledged such instrument to be the free act and deed of such partnership.

Richard K. Lyman
Notary Public, State of Hawaii

My commission expires: 11-17-82

STATE OF HAWAII)
CITY AND COUNTY OF HONOLULU) SS: 16267 469

On this 11th day of January, 1982, before me appeared A. Lono Lyman, to me personally known, who, being by me duly sworn, did say that he is the Secretary-Treasurer of KAPOHO MANAGEMENT COMPANY, a Hawaii corporation, the general partner of KAPOHO LAND PARTNERSHIP, a Hawaii limited partnership; that the seal affixed to the foregoing instrument is the corporate seal of such corporation and that such instrument was signed and sealed on behalf of such corporation by authority of its Board of Directors; and said A. Lono Lyman acknowledged such instrument to be the free act and deed of such partnership.

Ellen P. Parker
Notary Public, State of Hawaii
My commission expires: 7-8-88

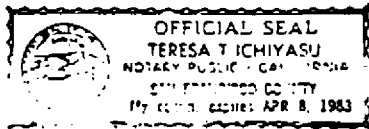
16267 470

STATE OF CALIFORNIA)
) SS:
City and County of San Francisco)

ON November 20th, 19 81, before me, the undersigned, a Notary Public in and for the said State, personally appeared W.L. D'Almeida, known to me to be the VICE PRESIDENT of THERMAL POWER COMPANY, the Corporation that executed the within instrument, known to me to be the person who executed the within instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within instrument pursuant to its by-laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

Laura L. Johnson
Notary Public in and for said State



STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

On this 6th day of January, 1981 before me appeared G. C. Friedman to me known, who, being by me duly sworn, did say that he is the owner of DILLINGHAM CORPORATION, a Hawaii corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said G. C. Friedman acknowledged said instrument to be the free act and deed of said corporation.

Charlene S. Nakamura
Notary Public, State of Hawaii

My commission expires: 02-10-84

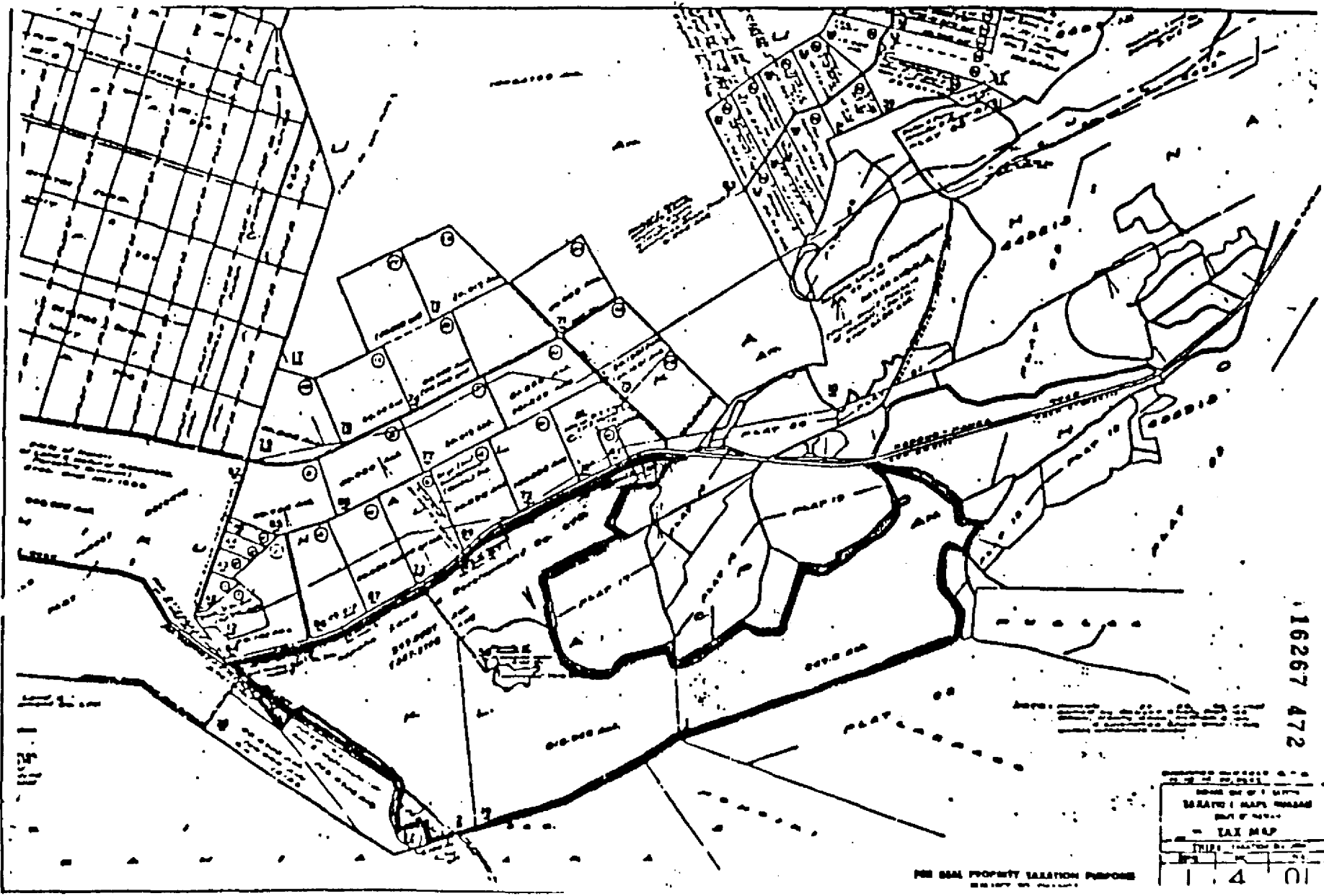
EXHIBIT "A"

16267 471

ALL of those certain parcels of land (portion of the land described in and covered by Royal Patent 4497, Land Patent 8177, Land Commission Award No. 8559, Apana 5 to C. Kanaina) situate, lying and being at Kapoho, District of Puna, Island, County and State of Hawaii, and as shown on the attached.

Third Taxation Division

<u>Tax</u>	<u>Map</u>	<u>Key</u>	<u>Zone</u>	<u>Section</u>	<u>Plat</u>	<u>Parcel</u>	<u>Area</u>
"	"	"	1 - 4	-	01 - 1		247.00 acres ±
"	"	"	1 - 4	-	01 - 2 (portion)		349.0587 acres ±
"	"	"	1 - 4	-	01 - 3		3.741 acres ±
"	"	"	1 - 4	-	01 - 19		215.242 acres ±
"	"	"	1 - 4	-	01 - 58		<u>0.758</u> acres ±
Total Land Area Covered							815.7997 acres ±



16267 472

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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FOR SEAL PROPERTY VALUATION PURPOSES
 IN THE CITY OF CALGARY

RECORDATION REQUEST BY:

Puna Geothermal Venture
1600 Kapiolani Blvd., Suite 808
Honolulu, Hawaii 96814

83- 66065

DEPARTMENT OF
CONVEYANCES

83 JUN 20 P 3: 11

AFTER RECORDATION, RETURN TO:

Thermal Power Company
Attention: R. J. Miller
601 California Street
San Francisco, California 94108

17122 70

RETURN BY: Mail (X) Pick up ()

ASSIGNMENT OF LEASE AND AGREEMENT

THIS ASSIGNMENT OF LEASE AND AGREEMENT, made effective as of the 3rd day of May, 1982, by and between THERMAL POWER COMPANY, a California corporation, duly qualified to do business in the State of Hawaii, whose principal place of business and post office address is 601 California Street, San Francisco, California, 94108, and DILLINGHAM CORPORATION, a Hawaii corporation, whose principal place of business and post office address is Ala Moana Building, 1441 Kapiolani Boulevard, Honolulu, Hawaii 96814, hereinafter collectively called "Assignor," and PUNA GEOTHERMAL VENTURE, a joint venture formed under the laws of the State of Hawaii and whose business and post office address is Suite 808, 1600 Kapiolani Boulevard, Honolulu, Hawaii 96814, hereinafter called "Assignee."

WITNESSETH

For and in consideration of good and valuable consideration, receipt of which is hereby acknowledged, Assignor does hereby assign, to Assignee all right, title and interest that Assignor acquired under Lease and Agreement dated March 1, 1981, with Kapoho Land Partnership, a Hawaii Limited Partnership, a short form of which is recorded in the Bureau of Conveyances of the State of Hawaii in Liber 16267, page 466, covering lands specifically described in Exhibit "A" of said Lease and Agreement and set forth herein as Exhibit "A" attached hereto and made a part hereof.

Assignor expressly delegates all the duties and obligations arising under said Lease Agreement and Assignee agrees to expressly assume all the duties and obligations under said Lease Agreement.

All notices to Assignee hereunder shall be sent to PUNA GEOTHERMAL VENTURE, Suite 808, 1600 Kapiolani Boulevard, Honolulu, Hawaii 96814.

IN WITNESS WHEREOF, this instrument is executed on the day and year first written above.

ASSIGNOR

ASSIGNEE

THERMAL POWER COMPANY

By: [Signature]
Its Vice President

PUNA GEOTHERMAL VENTURE

THERMAL POWER COMPANY
By: [Signature]
Its Vice President
(Member)

DILLINGHAM CORPORATION

By: [Signature]
Its Group Vice President

DILLINGHAM GEOTHERMAL, INC.

By: [Signature]
Its Vice President
(Member)

AMFAC ENERGY, INC.

By: [Signature]
Its President

Approved as to Form:
[Signature]

By: [Signature]
Its Secretary
(Member)

STATE OF CALIFORNIA)
)
) ss.
City and County of San Francisco)

ON August 4th, 1982, before me, the undersigned, a Notary Public in and for the said State, personally appeared W. L. D'Olier, known to me to be the Vice President of THERMAL POWER COMPANY, the Corporation that executed the within Instrument, known to me to be the person who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



Laura L. Schyman
Notary Public in and for said State

STATE OF HAWAII)
) SS
CITY AND COUNTY OF HONOLULU)

On this 14th day of August, 1982, before me appeared David B. Ballash, to me personally known, who, being by me duly sworn, did say that he is the GROUP VICE PRESIDENT of DILLINGHAM CORPORATION, the corporation named in the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said David B. Ballash acknowledged said instrument to be the free act and deed of said corporation.

Therilyn I. Nakamura
Notary Public, First Judicial Circuit
State of Hawaii
My commission expires: 2-15-84

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

On this 11th day of August, 1982, before me appeared RALPH A. PATTERSON, JR. to me personally known, who, being by me duly sworn, did say that he is the Vice President of DILLINGHAM GEOTHERMAL, INC. and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said RALPH A. PATTERSON, JR. acknowledged said instrument to be the free act and deed of said corporation.

Therilyn I. Nakamura
Notary Public, State of Hawaii
My commission expires: 2-15-84

17122 74

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this 18th day of August, 19 82,

before me appeared GEORGE E. ST. JOHN and

BARBARA WILSON, to me personally known, who, being by me duly sworn, did say that they are the

President and Secretary,

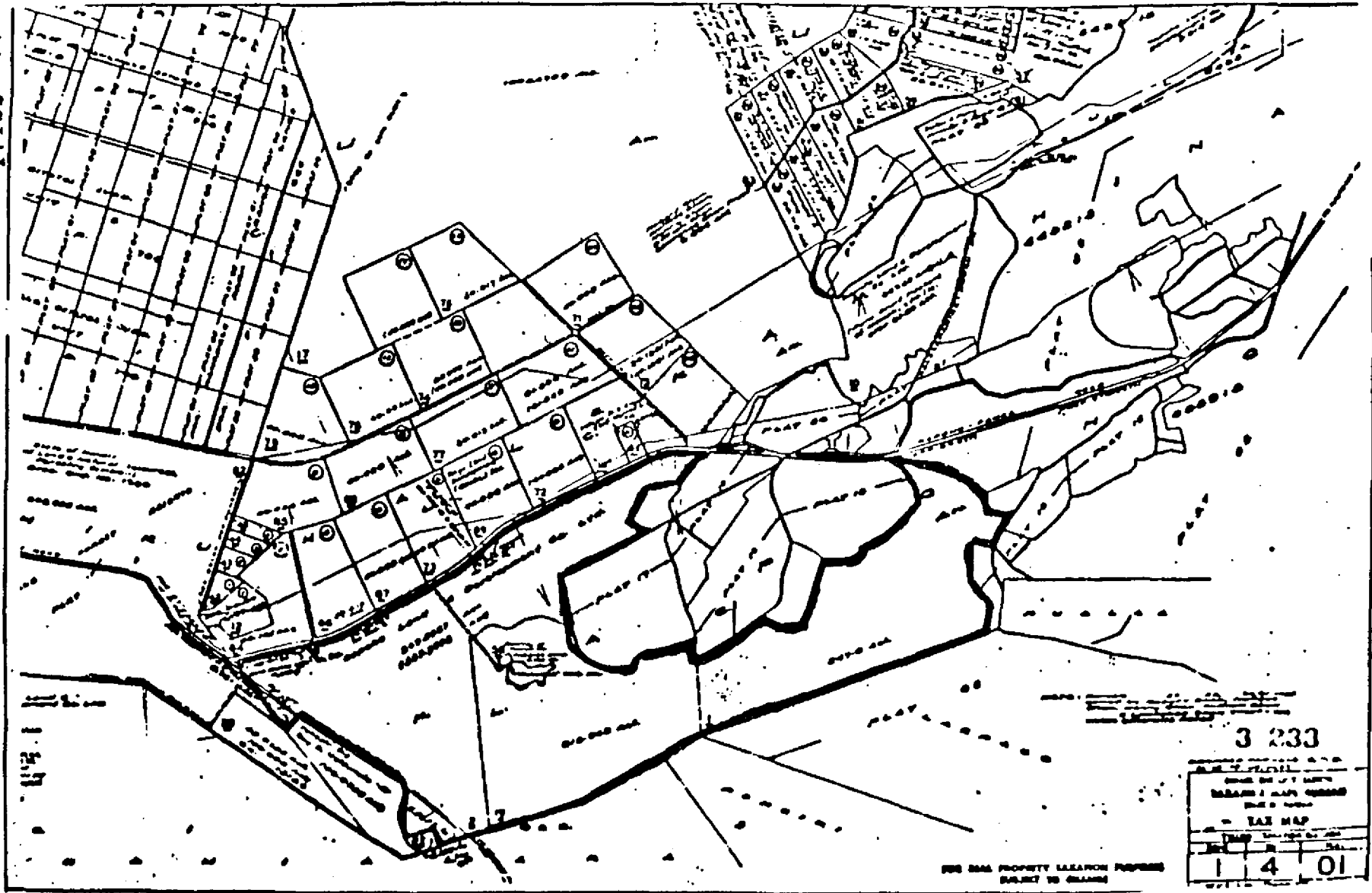
respectively, of AMFAC ENERGY, INC., a Hawaii corporation, and that the seal affixed to the said instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and

said GEORGE E. ST. JOHN and BARBARA WILSON acknowledged that they executed said instrument as the free act and deed of said corporation.

Lauri L. Camard
Notary Public
State of Hawaii

My commission expires: 10/12/84

17122 76



3 233

TAX MAP	
1	4 01

FOR REAL PROPERTY TAXATION PURPOSES
SUBJECT TO CHANGE

EXHIBIT "A"

ALL of those certain parcels of land (portion of the land described in and covered by Royal Patent 4697, Land Patent 8177, Land Commission Award No. 8559, Apana 5 to C. Kana'ina) situate, lying and being at Kapoho, District of Puna, Island, County and State of Hawaii, and as shown on the attached.

Third Taxation Division

<u>Tax</u>	<u>Map</u>	<u>Key</u>	<u>Zone</u>	<u>Section</u>	<u>Plat</u>	<u>Parcel</u>	<u>Area</u>
"	"	"	1 - 4	-	01 - 1		247.00 acres ±
"	"	"	1 - 4	-	01 - 2 (portion)		349.0587 acres ±
"	"	"	1 - 4	-	01 - 3		3.741 acres ±
"	"	"	1 - 4	-	01 - 19		215.242 acres ±
"	"	"	1 - 4	-	01 - 58		<u>0.758</u> acres ±
Total Land Area Covered							815.7997 acres ±



Diamond Shamrock
Thermal Power Company

March 21, 1986

Hawaii Electric Light Company, Inc.
c/o Hawaiian Electric Company, Inc.
900 Richards Street
Honolulu, HI 96813

Attention: George T. Iwahiro

Re: Purchase Power Contract for Unscheduled Energy
Made Available from a Qualifying Facility between
Hawaii Electric Light Company, Inc. ("HELCO") and
Thermal Power Company ("Thermal")

Gentlemen:

Reference is made to the above Purchase Power Contract of even date herewith and to that certain Joint Operating Agreement dated as of July 27, 1981 ("PGV Agreement") among Thermal, Dillingham Geothermal, Inc. ("Dillingham") and Amfac Energy, Inc. ("Amfac") as successor in interest to Puna Sugar, Limited. The PGV Agreement provides for the development of certain geothermal resource leases to provide geothermal steam for the generation of electricity ("Energy") from the facility (the "Facility") provided for in the Purchase Power Contract. The purpose of this letter is to clarify the following matters:

a. Thermal and HELCO agree that the Purchase Power Contract covers Thermal's share of the Energy produced by the Facility, it being understood that Dillingham and Amfac have the right to market their respective shares of such Energy separately under the terms of the PGV Agreement. It is expected that HELCO will offer to enter into separate contracts with Dillingham and Amfac for the purchase of Energy from each of them, containing terms similar to the Purchase Power Contract.

b. HELCO's obligations to purchase As-Available Energy under the Purchase Power Contract and under such contracts as may be entered into with Dillingham and Amfac shall not exceed the Allowed Capacity, such that HELCO's obligations to purchase As-Available Energy under all such contracts shall not exceed twenty-five megawatts (25 MW) in the aggregate.

Thermal Power Company

A subsidiary of Diamond Shamrock, 601 California Street, San Francisco, California 94108
Phone 415 981-5700, Telex 34387 DIASHAM SFO

Hawaii Electric Light Company, Inc.
March 21, 1986
Page 2

c. HELCO's obligation to render monthly statements to and pay Dillingham and Amfac under such other contracts as they may enter into with HELCO shall be deemed satisfied by the furnishing of monthly statements to Thermal under the Purchase Power Contract and by making a single payment for Energy purchased to an account established by Thermal for the benefit of Thermal, Dillingham and Amfac under their respective contracts. Thermal shall arrange with Dillingham and Amfac to account to them for their respective portions of the total payments made by HELCO, and HELCO shall have no obligation with respect to the proper application of such payments among Thermal, Dillingham and Amfac.

d. It is further understood that in the event Dillingham and/or Amfac do not arrange to market their respective shares of As-Available Energy separately, Thermal will, prior to delivery of As-Available Energy under the Purchase Power Contract, make such arrangements as may be necessary to deliver to HELCO all of the As-Available Energy generated by the Facility up to the Allowed Capacity.

e. HELCO acknowledges that Thermal has furnished it with a copy of the provisions of Article 10.1 of the PGV Agreement.

If the foregoing is in accordance with our understanding, please indicate your acceptance by signing and returning the original of this letter.

Very truly yours,

THERMAL POWER COMPANY

By: David R. Ball
President

jsk

Accepted and acknowledged this 24 day of March, 1986

HAWAII ELECTRIC LIGHT COMPANY, INC.

By: George J. Swisher
Title

/jd
9933L

cc: P. Sakuda - Amfac
G. S. Robertson - Dillingham

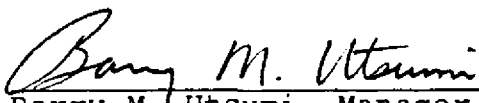
CERTIFICATE OF SERVICE

I hereby certify I served copies of the foregoing Application, together with this Certificate of Service, by delivery or mailing a copy by United States mail, postage prepaid to the following and at the following addresses:

William W. Milks, Esq.
Executive Director
Division of Consumer Advocacy
Department of Commerce & Consumer Affairs
1010 Richards Street
Honolulu, Hawaii 96813

Russell R. Burbank
President
Thermal Power Company
601 California Street
San Francisco, CA 94108

DATED: Honolulu, Hawaii, March 24, 1986.



Barry M. Utsumi, Manager
Rate and Regulatory Affairs Department

- Agricultural
Engineering
- 1) Wilson Goodard (PhD) called Tom Anderson
(707) 274-2171 call to v.v.-j; start date
- need fax of resume (air quality modeling)
 - 2) called Norman - Team OK, sign OK

Goodard - Goodard
Doing joint work for Hawaii development?

- 3) Call R. Thomas - status

1st County/state (Air Per Test)
2nd County / Goodard
3rd County / PG&E

- 4) Check on Goodard consultant fees, when Reynolds returns to meet w/ him?
 - Unavailable till 7/15/91 if required to travel to Hawaii.
 - a resume and a list of required items (ie for air quality modeling) will be faxed
 - FAX (707) 274-2171 or 274-2172
 - Need to read Doug's letter of agreement and scope of work.
 - \$100/hr + expenses (computer, etc.)
 - Agreement can read "not to exceed \$4,000"

DOT Team - Wendell Sans (Air Quality)
Jerry Haruo (Noise)

Jimmy Okeada - DOT lead for Blue A.

- 5) Barry Mizuno 961-8211

10) Jim Morrow to call Dean

- a) Advise him of decision to go with one individual on team.
- b) Note our possible request for assistance in the future.

11) Reservations

6/30/91 (Sun) Ala Moana Hotel
 7/1/91 - 7/6/91 (Mon-Sat) Hale Hawaii Hotel
 7/1/91 - 7/6/91 Thursday New-A-Cor
 7/1/91 AS _____ Hale - Hills

12) Don needs to send letter to Ed R. & Boss - Courtney.
 (Gary Lambert)

13) Reynolds wants:

- a) to see letter of agreement of compensation rate
- b) another team member
- c) agenda and itinerary

Robert Reynolds

Lake County Air Quality Mgt Dist

(707) 263-7000 } (B)
263-3225

-Resume to follow

(707) 279-1474 (H)

(707) 263-1052 (Fax)

Greg Allen (?)

Supvr. Raymond Menefaker
(916) 322-6026

Assoc Engineer, Calif - Air Resources Bd

↓ Peter Venturini (916) 445-0650
(Div. Chief) (Regulatory program boss)

↓ Bill Philpy / Jim Boyd (916) 322-2890

Wilson Goddard

(707) 274-2171

274-2172 (F)

Not available till 7/5/91
Need to read draft letter of agreement and
scope of work to Goddard
\$100/hr - not to exceed \$4000 total
plus expenses (Geysers Geothermal Co) Cal - pine

C.E. (Bill) Woods

(707) 578-2713

Sam Altshuler

(415) 866-5879

- will call Dean @
1 pm (HST)

- on vacation from 7/1/91

Pacific Gas & Electric - Geysers,
(Mechanical Engineer) in charge of
air quality monitoring and
compliance - Dept of Environmental
Services

Ted Arcato

Pacific Gas & Elect.

(415) 866-5878

Peter Lee / Ronald Bush

PG&E - In charge of noise
monitoring & compliance.