



July 2, 2019

**Advice 5580-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Pacific Service Employee Association Lease Renewal – Request for  
Approval Under Section 851 and General Order 173**

**Purpose**

Pacific Gas and Electric (“PG&E”) submits this advice letter seeking approval under Public Utilities Code Section 851 (Section 851) and General Order 173 to execute a lease agreement with the Pacific Service Employee Association (“PSEA” or “Lessee”). The proposed lease agreement attached hereto as Attachment 1 (“Lease”) is for a term of 20 years. The Lease will support the continued operation of the seven cabin areas that are currently used as commercial resorts by Lessee and described in Exhibit A of Attachment 1 (the “Lease Areas”).

The Lease Areas have been used as commercial resorts operated by Lessee under the terms of seven leases between PG&E and Lessee attached hereto as Attachment 2 (“Former Leases”).

The Properties were originally acquired for hydroelectric and substation purposes. No operational facilities occupy the Lease Areas. The Lease Areas are not necessary or useful to support any current utility operations. Further, PG&E has inspected the Lease Areas and has determined that the operation of PSEA’s camps do not interfere with PG&E’s operations or PG&E’s ability to provide safe and reliable utility service to its customers. Granting this Lease will not be adverse to the public interest, and allows recreation opportunities for the public.

**Background**

PG&E owns certain real property in fee as part of its electric facility assets (PG&E Fee Property). Portions of the PG&E Fee Property are subject to the Lease as outlined in Table 1 below:

<b>PG&amp;E Fee Property</b>	<b>County</b>	<b>PG&amp;E Asset Type</b>	<b>Fee Parcel Size</b>	<b>Lease Area (Lease Areas) Size</b>
Lake Almanor	Plumas	Hydroelectric	87 acres	4 acres
DeSabra Reservoir	Butte	Hydroelectric	120 acres	12 acres
Bass Lake	Madera	Hydroelectric	70 acres	20 acres
Lake Britton	Shasta	Hydroelectric	389 acres	1 acre
Pit River	Shasta	Hydroelectric	148 acres (on three parcels)	10 acres
Shasta Forest Land	Shasta	Hydroelectric	14 acres	4 acres
Monterey Substation	Monterey	Substation	1 acre	0.5 acre

The Lease Areas have been used as commercial resorts operated by Lessee under the terms of seven leases between PG&E and Lessee attached hereto as Attachment 2 ("Former Leases"). The Former Leases expired on December 31, 2013. Lessee has continued to operate its resorts in holdover from the Former Leases under the terms of the Former Leases.

The Former Leases were previously submitted to the CPUC for approval under Section 851 and approved under CPUC Decision (D.) 04-07-021. PG&E has chosen to consolidate these agreements into a single lease agreement for simplicity.

The rent under the Former Lease was calculated as 15% of the annual gross sales receipts. The Lessee requested a reduction in rent from the original fifteen percent to ten percent of the total gross receipts. Under the terms of the Lease, rent shall be calculated as 10% of annual gross sales receipts ("Rent"),<sup>1</sup> and 5% of gross receipts shall be set aside and dedicated to facility maintenance.<sup>2</sup> Based on recent years' gross receipts, PG&E estimates that the Rent for the next full year to be approximately \$75,000. For commercial lakeside resort leases, PG&E currently charges its tenants a rent of between five percent (5%) and ten percent (10%) of their total gross receipts. At ten percent (10%) of gross receipts, this agreement's annual rent is towards the top end when compared to other PG&E commercial resort leases such as Bear River Resort in Amador County<sup>3</sup> and Lakeshore Resort at Bucks Lake in Plumas County<sup>4</sup>.

The proposed Lease will not be adverse to the public interest. The Lease Areas remain integral to recreation in these various surrounding areas and make valuable contributions to the local economies in the communities where they reside. The Rent to be collected by PG&E will benefit PG&E's ratepayers, as it will allow PG&E to collect revenue for property

<sup>1</sup> See Section N on Page (iv) of Lease.

<sup>2</sup> See Section 9(b) of Lease.

<sup>3</sup> CPUC Decision (D.) 03-12-035

<sup>4</sup> CPUC Resolution E-4270, Advice Letter 3471-E.

that would otherwise go unused. Finally, the Lease also benefits ratepayers because under the terms of the Lease, Lessee is responsible for handling annual asset maintenance and associated expenses such as vegetation management and property, building, and facility maintenance. PG&E has estimated that these expenses would cost PG&E approximately \$420,000.

The transaction is in the public interest for the following reasons (1) The revenue generated under the Lease will be used to reduce generation revenue requirements in future General Rate Cases, (2) The recognized savings of PG&E's annual maintenance costs at each site will be used to reduce generation revenue requirements in future General Rate Cases, and (3) The property will remain available for recreational uses.

The use of the Lease Areas shall remain the same as described under the terms of the Former Leases. Other terms have been updated to reflect PG&E's current practices. Under the terms of the Lease, Lessee will ensure no activity will interfere with PG&E's utility operations. PG&E can terminate the Lease if the Commission or other appropriate agency requires use of the property for utility purposes. PSEA acknowledges that the properties subject to this Lease are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC).

PG&E is currently preparing conservation easements pursuant to PG&E's Land Conservation Commitment that will restrict the use of the Lease Areas ("Conservation Easements").<sup>5</sup> Under the Conservation Easements, PG&E will retain fee title to the Lease Areas. All current economic uses, such as the PSEA's use under the terms of this Lease, are protected under the Conservation Easements. PG&E will prepare separate advice letters for the Conservation Easements prior to their execution.

PG&E has reviewed the terms and conditions of this proposed Lease and has determined that the Lease is in the public interest because the Lease will generate revenue benefiting ratepayers without sacrifice to PG&E's provision for safe and reliable utility service to its customers.

For all of the above reasons, the Commission should approve this Section 851 request to enter into the Lease for continued operation of the commercial resort.

In accordance with General Order 173, Rule 4, PG&E provides the following information related to the proposed transaction:

**(a) Identity and Addresses of All Parties to the Proposed Transaction:**

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<sup>5</sup> To date, none of the following parcels have yet to be encumbered by the Conservation Easements. Pursuant to the procedures adopted by the CPUC in D.08-11-043 (as modified by D.10-08-004) PG&E is in the process of transacting and recording the Conservation Easements that will encumber the properties. Section 3 of the Lease references PG&E's Land Conservation Plan and D.03-12-035. Section 3 of the Lease requires both PG&E and PSEA to comply with forthcoming Conservation Easements and CPUC decisions.

Pacific Gas and Electric Company  
 Molly Zimney  
 Law Department  
 P.O. Box 7442  
 San Francisco, CA 94120  
 Telephone: (415) 973-6840  
 Facsimile: (415) 973-5520  
 Email: MEZ3@pge.com

Pacific Service Employee  
 Association  
 Attn: Jeffrey Wagner  
 1390 Willow Pass Road, Suite 240  
 Concord, CA 94520  
 (925) 272-7732  
 (925) 246-6230  
 Email: J3WZ@pge.com

**(b) Complete Description of the Property Including Present Location, Condition and Use:**

The PSEA seven camps include:

<b>PG&amp;E Fee Property</b>	<b>County</b>	<b>PG&amp;E Asset Type</b>	<b>Fee Parcel Size</b>	<b>Lease Area (Lease Areas) Size</b>
Lake Almanor	Plumas	Hydroelectric	87 acres	4 acres
DeSabra Reservoir	Butte	Hydroelectric	120 acres	12 acres
Bass Lake	Madera	Hydroelectric	70 acres	20 acres
Lake Britton	Shasta	Hydroelectric	389 acres	1 acre
Pit River	Shasta	Hydroelectric	148 acres (on three parcels)	10 acres
Shasta Forest Land	Shasta	Hydroelectric	14 acres	4 acres
Monterey Substation	Monterey	Substation	1 acre	0.5 acre

All of the Lease Areas offer camping and recreational services including cabins, cottages and common areas and rooms. In addition to camping, some of the Lease Areas offer lake access.

**(c) Intended Use of the Property:**

Under the terms of the proposed Lease, the Tenants will continue to operate and maintain facilities for recreational purposes.

**(d) Complete Description of Financial Terms of the Proposed Transaction:**

The Lease shall commence upon full execution by PG&E. The Lease is currently signed by Lessee. PG&E shall sign the Lease upon CPUC approval of this advice

letter. Under the terms of the Lease, the Lease shall not become effective unless and until the CPUC approves the Lease.<sup>6</sup> The term of the Lease is twenty years.

The Rent shall be calculated as 10% of the Lessee's annual gross sales. Rent shall be due and payable to PG&E on or before February 1<sup>st</sup> of each year. Additionally, Lessee will set aside 5% of Lessee's annual gross sales for maintenance of the Lease Areas.

**(e) Description of How Financial Proceeds of the Transaction Will Be Distributed:**

As consideration for granting the Lease, the tenants will pay PG&E an Annual Percentage rent for use of PG&E's properties. Any compensation received for the duration of Lease will be treated as Other Operating Revenue and used to reduce the generation revenue requirements in future General Rate Cases, consistent with conventional cost-of-service ratemaking.

**(f) Statement on the Impact of the Transaction on Ratebase and Any Effect on the Ability of the Utility to Serve Customers and the Public:**

As a result of this transaction, no PG&E property is being sold or disposed of. As such, there will be no change in PG&E's rate base. Furthermore, granting this Lease will not interfere with and/or affect PG&E's ability to provide reliable service to its customers and the public at large.

**(g) The Original Cost, Present Book Value, and Present Fair Market Value for Sales of Real Property and Depreciable Assets, and a Detailed Description of How the Fair Market Value Was Determined (e.g., Appraisal):**

Not Applicable.

**(h) The Fair Market Rental Value for Leases of Real Property, and a Detailed Description of How the Fair Market Rental Value Was Determined:**

Historically, most of PG&E lease agreements have entailed the lease solely of PG&E land. This transaction with the Lessee differs significantly, in that the Lease includes the rental of both PG&E owned land and improvements. The Lessee has requested a reduction in rent from 15% of gross receipts to 10% of gross receipts and PG&E is agreeable. PSEA will set aside five percent (5%) of total Gross Sales for the purposes of Resort maintenance. The rent reduction from 15% to 10% puts Lessee's rent more in-line with similar PG&E recreational leases, such as Bear

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<sup>6</sup> See Section 4 of Lease.

River Resort in Amador County<sup>7</sup> and Lakeshore Resort at Bucks Lake in Plumas County<sup>8</sup>.

**(i) The Fair Market Value of the Easement or Right-of-Way, and a Detailed Description of How the Fair Market Value Was Determined:**

Not Applicable.

**(j) A Complete Description of any Recent Past (Within the Prior Two Years) or Anticipated Future Transactions that May Appear To Be Related to the Present Transaction:**

Not applicable.

**(k) Sufficient Information and Documentation (Including Environmental Information) to Show that All of Eligibility Criteria Set Forth in Rule 3 of General Order 173 are Satisfied:**

PG&E has provided information in this Advice Letter to satisfy the eligibility criteria under General Order 173 in that:

- The activity proposed in the transaction will not require environmental review by the CPUC as a Lead Agency;
- The transaction will not have an adverse effect on the public interest or on the ability of PG&E to provide safe and reliable service to its customers at reasonable rates;
- The transaction will not materially impact the rate base of PG&E; and
- The transaction does not warrant a more comprehensive review that would be provided through a formal Section 851 application.

**(l) Additional Information to Assist in the Review of the Advice Letter:**

No information is readily available other than what has already been included within this advice letter submittal.

**(m) Environmental Information**

Pursuant to General Order 173, the Advice Letter program applies to proposed transactions that will not require environmental review by the CPUC as a lead agency under the California Environmental Quality Act ("CEQA") either because: (a) a statutory or categorical exemption applies (the applicant must provide a Notice of Exemption from the Lead Agency or explain why an exemption applies), or (b) because the transaction is not a project under CEQA (the applicant must

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<sup>7</sup> D.03-12-035.

<sup>8</sup> CPUC Resolution E-4270, Advice Letter 3471-E.

explain the reasons why it believes that the transaction is not a project), or (c) because another public agency, acting as the Lead Agency under CEQA, has completed environmental review of the project, and the Commission is required to perform environmental review of the project only as a Responsible Agency under CEQA.

For this advice letter, the proposed transaction does not qualify as a "project" under CEQA because the property will continue its current use under the terms of the Lease. The Lessee will be responsible for obtaining permits for any new facilities on the Lease Areas and will undergo the appropriate level of CEQA review, if any is deemed necessary by the various counties.

### **Protests**

Anyone wishing to protest this submittal may do so by sending a letter by July 22, 2019, which is 20 days from the date of this submittal. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3582  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

**Effective Date**

PG&E requests that this Tier 2 advice submittal become effective on regular notice, August 1, 2019 which is 30 calendar days after the date of submittal.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and/or via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs>.

\_\_\_\_\_/S/

Erik Jacobson  
Director, Regulatory Relations

Attachment 1 – Lease  
Attachment 2 – Former Leases



**\*\*\*\*\* SERVICE LIST for Advice 5580-E\*\*\*\*\***  
**APPENDIX A**

Jonathan Reiger  
Legal Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 355-5596  
jzr@cpuc.ca.gov

Mary Jo Borak  
Energy Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-1333  
bor@cpuc.ca.gov

Robert (Mark) Pocta  
Public Advocate Office  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703- 2871  
robert.pocta@cpuc.ca.gov

Andrew Barnsdale  
Energy Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-3221  
bca@cpuc.ca.gov

**\*\*\*\*\*AGENCIES\*\*\*\*\***

Butte County Clerk's Office  
155 Nelson Avenue  
Oroville, CA 95966  
(530) 538-7691

Madera County Clerk's Office  
200 W. 4<sup>th</sup> Street  
Madera, CA 92637  
(559) 675-7724

Monterey County Clerk's Office  
1200 Aquajito Rd. #007  
Monterey, CA 93940  
(831) 647-7719

Plumas County Clerk's Office  
520 Main Street #102  
Quincy, CA 95971  
(530) 283-6218

Shasta County Clerk's Office  
1450 Court Street #208  
Redding, CA 96001  
(530) 225-5671

**\*\*\*\*\*3<sup>rd</sup> Parties\*\*\*\*\***

Pacific Service Employee Association  
Attn: Jeffery Wagner  
1390 Willow Pass Road, Suite 240  
Concord, CA 94520  
(925) 272-7732

Northern California Regional Land Trust  
Attn: Executive Director  
580 Vallombrosa Avenue  
Chico, CA 95926  
(530) 894-7738  
[info@landconservation.org](mailto:info@landconservation.org)

Sierra Foothill Conservancy  
Attn: Executive Director  
P.O. Box 691  
Mariposa, CA 95338  
(209) 742-5556  
[melissa@sierrafoothill.org](mailto:melissa@sierrafoothill.org)

Feather River Land Trust  
Attn: Executive Director  
P.O. Box ???  
Poppet Flats, CA 92220  
(951) 922-3603  
[Shelton@sheltondouthit.com](mailto:Shelton@sheltondouthit.com)

Shasta Land Trust  
Attn: Executive Director  
P.O. Box 992026  
Redding, CA 96001  
(530) 241-7886  
[info@shastalandtrust.org](mailto:info@shastalandtrust.org)

Chonda J. Nwamu  
Attorney  
PACIFIC GAS AND ELECTRIC COMPANY  
77 BEALE STREET, B30A  
SAN FRANCISCO, CA 94177  
(415) 973-6650  
[CJN3@pge.com](mailto:CJN3@pge.com)  
For: Pacific Gas and Electric Company



# ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:

☒ ELC ☐ GAS ☐ WATER  
☐ PLC ☐ HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

## EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5580-E

Tier Designation: 2

Subject of AL: Pacific Service Employee Association Lease Renewal – Request for Approval Under Section 851 and General Order 173

Keywords (choose from CPUC listing): Agreements, Section 851

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☒ No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☒ No

Requested effective date: 8/1/19

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Clear Form

## **Attachment 1**

**Lease Agreement  
(includes map, trailer inventory and improvements)**

COMMERCIAL RESORT LEASE

(PSEA various locations)

BETWEEN

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation,  
as Landlord

and

PACIFIC SERVICE EMPLOYEES ASSOCIATION  
(PSEA),  
as Tenant

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## SUMMARY OF LEASE TERMS

Commercial Resort Lease

(PSEA – various locations)

- A. Date (For Reference Purposes Only): January \_\_, 2018
- B. Landlord: Pacific Gas and Electric Company,  
a California corporation
- C. Landlord's address for notices:  
[Section 28] Pacific Gas and Electric Company  
Land Agent  
350 Salem Street  
Chico, CA 95928  
Phone No: (530) 896-4256  
Fax Number: (530) 896-4254
- With a copy to:
- (If by certified mail and/or facsimile)
- Law Department  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N10A  
San Francisco, CA 94177  
Phone No. (415) 973-6067  
Fax Number: (415) 973-0516
- (If by personal delivery or overnight courier)
- Law Department  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N10A  
San Francisco, CA 94177
- D. Landlord's address for payments:  
[Section 5(d)] Pacific Gas and Electric Company  
Attn: Land Agent  
350 Salem Street  
Chico, CA 95928
- E. Tenant: Pacific Service Employees Association (PSEA)

- F. Tenant's address for notices:  
[Section 28]
- (If by certified mail)
- PSEA  
1390 Willow Pass Rd. Suite ~~480~~ 240 SW  
Concord, CA 94520
- (If by personal delivery or overnight courier)
- PSEA  
1390 Willow Pass Rd. Suite ~~480~~ 240 SW  
Concord, CA 94520
- G. Default Rate:  
[Section 1(b)]
- Ten percent (10%) per annum
- H. Description of Premises:  
[Section 1(i)]
- Lands and Improvements, in AS IS condition, consisting of various buildings, pools, above and below ground appurtenances and other miscellaneous assets at Camps Almanor, DeSabra, Del Monte, Wishon, Shasta, Pitt, and Britton as specifically stated and detailed in Exhibit A located on Landlord's Property (as defined below) in the counties of Plumas, Butte, Monterey, Madera, and Shasta, California.
- I. Description of Property  
[Section 1(j)]
- Landlord's property situated on or about Lake Almanor in Plumas County, the DeSabra Reservoir in Butte County, Moss Landing Switching Center in Monterey, Bass Lake in Madera County, and the Pit River and Lake Britton in Shasta County in California, including, without limitation, the Premises (reference Exhibit A). PG&E and Tenant agree to re-inventory all assets at all sites, re-confirm the use area and re-develop the use area maps using current technology.
- J. Term:  
[Section 2]
- Twenty (20) years (see subsection M below).
- K. Commencement Date and Effective Date:
- January 1, 2018.
- L. Rent Commencement Date:
- Upon the Commencement Date
- M. Expiration Date:
- December 31, 2037

N.	Annual Rent: [Section 5(a)]	2018 – 2037, 10% of Gross Sales.
O.	Tenant's Permitted Use [Section 7]	Commercial resorts and related assets and infrastructure for recreational purposes
P.	Late Fee: [Section 5(e)]	Five Hundred Dollars, (\$500.00)
Q.	Insurance: [Section 13]	\$10,000,000 in General Liability per occurrence and \$20,000,000 in General Liability annual aggregate with PG&E to be named additional insured (Exhibit C)
R.	Exhibits: [Section 33]	Exhibit A – Map of Premises Exhibit B – Rules and Regulations Exhibit C – Insurance Requirements

In the event of any conflict between the Summary of Lease Terms and this Lease, the latter shall control.

## COMMERCIAL RESORT LEASE

THIS COMMERCIAL RESORT LEASE (this "Lease") is made and entered into as of January 1, 2018 as set forth in the Summary of Lease Terms, by and between Landlord and Tenant, as identified in the Summary of Lease Terms.

Landlord hereby leases to Tenant, and Tenant hires from Landlord, the Premises described in Section 1(i) below for the Term and subject to the terms, covenants, agreements and conditions hereinafter set forth, to each and all of which Tenant and Landlord hereby mutually agree.

### Section 1. Definitions.

The following terms shall have the meanings herein specified:

(a) Alterations. The term "Alterations" shall mean all alterations, additions or additional Improvements to or of the Premises or any part thereof made by Tenant or any of the Tenant Parties, including, without limitation, any and all boat docks, slips and buoys.

(b) Default Rate. The term "Default Rate" shall mean the percentage interest per annum set forth in the Summary of Lease Terms, provided that in no event shall the Default Rate of interest charged on any sum then due or past due hereunder exceed the maximum rate of interest, if any, which may then be lawfully charged on such amount.

(c) Gross Sales. The term "Gross Sales" shall mean the gross income or receipts of Tenant made or received from any and all operations or use, in, at, upon, from or of the Premises, including, without limitation, any gross price, fee, commission or charge for products or services arising out of Tenant's Permitted Use as set forth in the Summary of Lease Terms; and all deposits of any kind received by Tenant from, and not refunded to, purchasers or customers in connection with any business, transactions, operations or use in, at, upon, from or of the Premises. The following shall be excluded from Gross Sales (or, if previously included in Gross Sales, the following shall be deducted from Gross Sales to the extent so previously included): (i) the net amount of any bona fide cash or credit refund made by Tenant upon any sale from the Premises where the merchandise sold, or some part thereof, is returned by the purchaser to and accepted by Tenant (not exceeding the amount of the original sales price of the merchandise returned); (ii) sales of fixtures by Tenant, which are not stock in trade and not in the ordinary course of business; (iii) the amount of any City, County, State or Federal sales, use, gross receipts, luxury, bedroom or excise tax on sales which is both added to the selling price (or absorbed therein) and paid to the taxing authority by Tenant (but not by any vendor of Tenant). No deduction from Gross Sales shall be allowed for uncollected or uncollectible credit accounts or charges, bad debts, or returned checks. For purposes of determining Gross Sales, "Tenant" includes subtenants, licensees, concessionaires, and any personnel or agent of Tenant, and Gross Sales includes all items, categories and exclusions set forth above with respect to any such subtenant, licensee or concessionaire.

(d) Hazardous Material. The term "Hazardous Material" means (a) petroleum or petroleum products, natural or synthetic gas, asbestos in any form, urea formaldehyde foam insulation, radon gas, polychlorinated biphenyls (PCBs), electromagnetic fields (EMFs), special

nuclear or byproduct material, lead based paint and other lead contamination; (b) any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants" or "pollutants," or words of similar import, under any applicable federal, state or local statute, law, rule, regulation, ordinance, code, policy or rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, health or safety; and (c) any other substance the exposure of which is regulated by any governmental authority.

(e) Hazardous Materials Laws. The term "Hazardous Material Laws" means all Legal Requirements relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any Hazardous Material, as defined above.

(f) Improvements. The term "Improvements" shall mean all existing buildings, structures, log booms, boat ramp, utilities, drainage and sewage lines, wells, water tanks and water lines, and all other improvements currently located on the Premises, including, without limitation, the Improvements set forth in the Summary of Lease Terms, and any future improvements installed by or on behalf of Landlord and/or Tenant.

(g) Insured Loss. The term "Insured Loss" shall mean damage or destruction to the Improvements caused by an event required to be covered by the insurance described in Section 13.

(h) Legal Requirements. The term "Legal Requirements" shall mean all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities now in force or that may later be in force during the Term of this Lease, including, but not limited to, all provisions of the Americans With Disabilities Act of 1990, Title 24 of the California Administrative Code (the "ADA") and all Hazardous Materials Laws, any occupancy certificate issued by public officers, and any recorded covenants, conditions and restrictions applicable to the Premises.

(i) Premises. The term "Premises" shall mean the land and Improvements, in as is condition, as described in the Summary of Lease Terms, and as shown outlined on the maps attached hereto as Exhibit A.

(j) Property. The term "Property" shall mean the real property owned by Landlord as described in the Summary of Lease Terms together with all easements and rights appurtenant thereto.

(k) Routine Maintenance. The term "Routine Maintenance" shall mean the repair, upkeep, cleaning and maintenance of the Improvements that neither substantially and materially add to the value of the Premises or Improvements nor appreciably prolong the life of the Improvements. Routine Maintenance serves only to keep the Premises or Improvements in a clean, safe, ordinary and efficient operating condition. Examples of Routine Maintenance include, but are not limited to, interior decoration, exterior and interior painting, vandalism

repair, repair of broken windows, light bulb replacement, cleaning, unplugging drains, septic pumping, log boom repair and boat ramp repair, preventive and ordinary maintenance of the electrical, water and septic systems, lubrication of motors, greasing servicing, inspection oiling, adjusting, tightening, aligning watering, weeding, sweeping, refinishing picnic tables, routine housekeeping, and general snow removal.

(l) Rules and Regulations. The term "Rules and Regulations" shall mean all rules and regulations adopted and all modifications thereof and additions thereto, promulgated by Landlord from time to time to govern the operation of the Premises, including, without limitation, the Commercial Resort Rules and Regulations attached hereto as Exhibit B.

(m) Tenant Parties. The term "Tenant Parties" shall mean Tenant and its employees, agents, contractors, licensees, invitees and visitors.

Section 2. Term; Termination. The term of this Lease (the "Term") shall commence on the Commencement Date set forth in the Summary of Lease Terms and, unless sooner terminated as hereinafter provided, shall expire on the Expiration Date as set forth in the Summary of Lease Terms.

Tenant is thoroughly familiar with the current condition of the Premises and the Improvements, and Tenant agrees to accept the Premises and Improvements in their existing "AS-IS" condition on the date hereof, without any representations or warranties of any kind, express or implied, with respect to the condition of the Premises or Improvements.

Section 3. Conservation Documents.

(a) Landlord and Tenant hereby enter into this Lease with reference to the following:

(1) Landlord is a party to that certain Settlement Agreement (the "Settlement Agreement") as modified and approved by the CPUC, as defined below in Section 4, in its Opinion and Order of December 18, 2003 (Decision 03-12-035).

(2) In furtherance of the Settlement Agreement, and to provide additional detail regarding the implementation of the "Land Conservation Commitment" (defined below), the parties to the Settlement Agreement and other interested parties entered into that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the "Stipulation").

(3) The Settlement Agreement and the Stipulation (collectively, the "Governing Documents") require Landlord to ensure that approximately 140,000 acres of watershed lands, all owned by Landlord (collectively, the "Watershed Lands"), including the Premises, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The obligations of Landlord with respect to the Watershed Lands are set forth in detail in Appendix E of the Settlement Agreement and in Section 12 of the Stipulation, and are defined therein as the "Land Conservation Commitment."

(4) Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California non-profit public benefit corporation (the "Stewardship Council") was created to oversee and carry out the Land Conservation Commitment. In accordance with the Governing Documents, the Stewardship Council developed and adopted a land conservation plan (the "LCP") for protection of the Watershed Lands for the benefit of the citizens of California. The LCP includes, among other things, objectives to preserve and/or enhance the beneficial public values identified on each parcel of Watershed Lands.

(5) In addition to the LCP, the Stewardship Council is developing a disposition package for the Premises (the "Disposition Package") in order to carry out the objectives of the LCP with respect to the Premises.

(6) Landlord has agreed that, subject to (1) CPUC approval under California Public Utilities Code Section 851, (2) approval by the FERC, as defined below in Section 7, for lands subject to its jurisdiction, and (3) certain other requirements provided in the Governing Documents, every parcel of the Watershed Lands, including the Premises, will be subject to a fee simple donation or donations and/or conservation easement or easements donated by Landlord to one or more public agencies or qualified non-profit conservation organizations.

(7) In furtherance of the foregoing, Landlord intends to grant a conservation easement or easements (the "Conservation Easement") over the Premises to one or more public agencies or qualified non-profit conservation organizations (the "Easement Grantee").

(8) Concurrently with such conveyances, it is anticipated that a land management plan will be executed to preserve and enhance the beneficial public values present at the Premises (as initially adopted, and as the same may be modified and replaced from time to time, the "Land Management Plan").

(b) Tenant acknowledges and agrees that, except as expressly set forth above, neither Landlord nor its officers, directors, employees or agents makes or has made any representations or warranties of any kind, express or implied, written or oral, as to the Governing Documents, the Land Conservation Commitment, the LCP, the Disposition Package, the Conservation Easement, the Land Management Plan, and the conveyances and agreements that Landlord may enter into pursuant to the foregoing (collectively, the "Conservation Documents"), the activities to be carried out pursuant thereto, or the potential physical, economic or other impact thereof on Tenant, the Premises, the rights and obligations of Tenant under this Lease or otherwise.

(c) Landlord shall have the right to require modifications to Tenant's Permitted Use to the extent reasonably necessary to preserve and enhance the beneficial public values present at the Premises in accordance with the Conservation Documents; provided, however, that no such modifications shall have a Material Adverse Impact, as defined below. Tenant acknowledges that, provided such modifications would not have a Material Adverse Impact, such modifications may result in Tenant being required to conduct, or refrain from conducting, certain activities currently permitted on some or all of the Premises, and such

modifications may impact Tenant economically. In addition to the rights reserved to Landlord in this subparagraph (c) and otherwise reserved to Landlord under this Lease, Landlord and others permitted by the Conservation Documents shall have the right to temporarily or permanently construct on the Premises such new structures or other improvements as Landlord deems appropriate in Landlord's sole discretion to comply with the provisions of the Conservation Documents ("LCP Facilities"), and to reconstruct, maintain, operate and use the LCP Facilities; provided, however, that no such construction and subsequent use of the LCP Facilities shall have a Material Adverse Impact on Tenant. Landlord shall give Tenant at least one hundred and eighty (180) days' prior written notice of Landlord's election to modify Tenant's use hereunder or to construct new LCP Facilities on the Premises.

(d) As used in subparagraph (c) above, the phrase "Material Adverse Impact" shall mean an impact that materially deprives Tenant (or that is reasonably likely to materially deprive Tenant) of any of its material rights and benefits under this Lease, or that materially increases (or is reasonably likely to materially increase) any of Tenant's obligations under this Lease, as determined by Landlord in its reasonable discretion, resulting from any (i) restriction or modification to Tenant's Permitted Use of the Premises, (ii) temporary or permanent construction on the Premises of LCP Facilities, or (iii) reconstruction, maintenance, operation or use of LCP Facilities.

(e) This Section 3 shall be self-operative and no further instrument of subordination shall be required. However, Tenant agrees to execute such documentation as may be reasonably requested by Landlord in order to carry out the terms of this Section 3.

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#### Section 4. CPUC Approval.

This Lease shall not become effective, notwithstanding that it may have been executed and delivered by one or both of the parties, and Tenant shall not commence any activities hereunder, unless and until the California Public Utilities Commission ("CPUC") approves this Lease and other transactions contemplated hereby (including the adequacy of the compensation to be paid by Tenant, by an order which is final, unconditional and un-appealable (including exhaustion of all administrative appeals or remedies before the CPUC). Tenant further acknowledges and agrees that Landlord makes no representation or warranty regarding the prospects for CPUC approval, and Tenant hereby waives all claims against Landlord which may arise out of the need for such CPUC approval or the failure of the CPUC to grant such approval. This Lease is made subject to all the provisions of such approval, as identified in the Summary of the Lease Terms, in like manner as though said provisions were set forth in full herein.

#### Section 5. Rent.

(a) Tenant agrees to pay to Landlord as "Annual Rent" for the Premises the sums and in the manner specified in the Summary of Lease Terms. The Annual Rent shall be adjusted annually on February 15 as specified in the Summary of Lease Terms to reflect the percentage of Gross Sales. Tenant shall prepare and send to Landlord a statement of Gross Sales for such respective year no later than the first (1st) day of February of each year with respect to



the prior calendar year's Gross Sales, whether or not there is a payment of Annual Rent due for the applicable year. Landlord shall have the right to examine Tenant's book of accounts at any and all times. All statements hereunder shall show in detail all items, deductions, exclusions and additions included in the calculation of Gross Sales, shall be true, accurate and complete and certified as such by Tenant, and shall otherwise be in such form and contain such information as Landlord may from time to time specify.

(b) Tenant shall maintain and keep true, accurate and complete books, records and accounts of all Gross Sales, including (i) true copies of any sales and other excise tax reports; (ii) Federal and State tax returns; (iii) sales slips and checks; (iv) bank records; (v) cash register tapes; and (vi) sales journals, books of account, general ledgers and purchase journals. Such books, records and accounts shall be maintained in such manner, and include such records, as would be required by a certified public accountant to perform an audit to determine, or produce an audited statement of Gross Sales. If at any time Tenant's books, records and accounts prove inadequate in Landlord's judgment to record Gross Sales in the detail and manner herein required, Tenant shall, upon the request of Landlord, keep and maintain such books, records and accounts as Landlord deems reasonably necessary or appropriate for such purpose. Tenant shall, for a period of at least three (3) years after the end of each calendar year, keep safe and intact all of its books, records and accounts maintained hereunder.

(c) Tenant shall, promptly upon Landlord's request, make all of Tenant's books, records, and accounts available at a location as determined by Landlord, for inspection, review and/or copying by Landlord or Landlord's authorized representative or agent to enable Landlord to verify Tenant's statements of Gross Sales and/or calculations of Annual Rent. If Tenant at any time makes, or causes to be made, an audit of Tenant's business conducted in or upon the Premises, Tenant shall furnish Landlord a copy of such audit, together with an opinion thereon by the auditing certified public accountant. Landlord may, upon three (3) days' prior notice to Tenant, cause an audit to be made of Tenant's books, records and accounts for any period for which Tenant was required to deliver a statement of Gross Sales. If any such audit discloses that Tenant has under-reported Gross Sales or underpaid Annual Rent by more than two percent (2%) in any calendar year, Tenant shall pay to Landlord the cost of Landlord's audit and the amount of any deficiency, plus interest at the Interest Rate. In addition, regardless of the extent of the under-reporting or underpayment, if Tenant's under-reporting or underpayment was fraudulent or grossly negligent, Landlord, without waiving any other remedies it may have, shall be entitled to, and Tenant shall pay to Landlord, an additional rent equal to twenty-five percent (25%) of the under-reported or underpaid amount, as the case may be.

(d) Rent shall be paid to Landlord, without deduction, recoupment, offset or counterclaim, in lawful money of the United States of America, at Landlord's address for payment set forth in the Summary of Lease Terms to such other person or at such other place as Landlord may from time to time designate in writing. All Rent payable by Tenant to Landlord hereunder, if not received by Landlord within thirty (30) days after the due date (or if no due date is otherwise specified hereunder, within thirty (30) days following Landlord's invoice or demand therefor) shall bear interest at Default Rate from the due date (or the date of such invoice or demand) until paid. Landlord's acceptance of interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the rights and remedies available to Landlord under this Lease or by law.

(e) Tenant acknowledges that late payment of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs (other than interest and attorneys' fees and costs) being extremely difficult and impractical to fix. Such costs include, without limitation, processing and accounting charges and costs of collection. Therefore, if any installment of Rent is not received by Landlord within thirty (30) days after its due date, then Tenant shall pay a late charge of the sum set forth in the Summary of Lease Terms ("Late Fee") to Landlord, which sum shall constitute liquidated damages for such late payment, in lieu of actual damages (other than interest and attorneys' fees and costs, which shall be payable by Tenant in accordance with the provisions of this Lease) which Landlord may suffer on account of such default. The parties agree that the amount set forth as the Late Fee in the Summary of Lease Terms represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. Acceptance of any liquidated damages shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the rights and remedies available to Landlord under this Lease or by law. Such liquidated damages shall constitute Additional Rent hereunder, and shall be payable in addition to interest and any attorneys' fees and costs which may be payable under this Lease.

Section 6. Taxes.

In addition to any fees set forth in Section 5 – Rent, hereinabove, Tenant shall pay any personal property assessments levied by the city or county for Tenant's personal property installed on the Premises. Tenant shall also reimburse Landlord for the actual costs of annual real property assessments and taxes assessed against the Premises. Where the Premises are only a portion of the taxable parcel of land, PG&E shall prorate at its sole discretion the taxes associated with the Premises and collect that prorated portion of taxes from Tenant.

Section 7. Use.

(a) Tenant acknowledges and agrees that (i) the primary use of the Property is for generation of hydroelectric power; (ii) lake levels can vary dramatically according to Landlord's operational needs, consistent with applicable Federal Energy Regulatory Commission ("FERC") license requirements; and (iii) Tenant has no right to demand, and Landlord has no obligation to maintain, any water levels, points of access, adjacent or connecting roadways or other points of interest desirable to Tenant. Landlord shall have the right in Landlord's sole judgment to use, occupy, modify and improve the Property for Landlord's operational purposes, regardless of the presence of improvements or occupancy of the area affected, and in such event Landlord will not be liable to Tenant for any amount whatsoever with respect to any personal injury or damage to the Personal Property which may be located on the Premises. In no event shall Landlord be liable for damages by reason of loss of profits, business interruption or other consequential damage arising from Landlord's operational use.

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(b) The Premises shall be for Tenant's Permitted Use as set forth in the Summary of Lease Terms and as depicted and inventoried in Exhibit A, and for no other purpose without Landlord's written consent, which may be granted or withheld by Landlord in its sole and absolute discretion. Tenant acknowledges that Landlord has made no representation to

Tenant regarding the fitness or suitability of the Premises or Improvements for Tenant's Permitted Use.

(c) Tenant shall at all times employ its best skills, efforts and abilities to operate Tenant's Permitted Use in a first class manner in order to produce the highest possible Gross Sales, and to enhance the customer traffic in, and reputation and attractiveness of, the Premises. Tenant shall conduct its business in a first-class and reputable manner, with a sufficient staff of employees to adequately serve the needs of Tenant's customers.

(d) Subject to the limitation set forth in this paragraph, Tenant is hereby granted permission by Landlord to use the existing roads on the Property for the sole purpose of ingress and egress to the Premises, in their then existing "AS IS" condition, weather permitting, at Tenant's sole risk. Landlord has no obligation to maintain any and all roads, and Landlord reserves the right to close any and all roads on the Property at any time when necessary for Landlord's utility-related operations, to protect the roads, the environment, or human health and safety, or for any other legitimate business reason, at Landlord's sole and absolute discretion, despite the fact that such closure may prevent Tenant or Tenant's employees, agents, contractors, licensees, invitees or visitors from accessing or departing the Premises. Furthermore, Landlord has no responsibility whatsoever to assure that there are roads available for ingress or egress to the Premises, and Landlord shall not be responsible for clearing roads on the Property of snow, fallen trees or debris or maintaining the surface of any roads that may provide ingress and egress to the Premises.

(e) If any portion of the Premises will be utilized for the preparation and sale of food items, Tenant shall (i) operate Tenant's business in a clean and sanitary manner so as to prevent infestation by insects or rodents, and, in addition, whenever there shall be evidence of any infestation, employ contractors to eliminate the infestation, (ii) cause all refuse and rubbish in the Premises to be stored in sealed metal or water-tight rubber or plastic containers and to be removed from the Premises on a weekly basis, and (iii) as required by Section 15 below, comply with all Legal Requirements concerning such preparation and sale of food items.

(f) Tenant, and the Tenant Parties, shall not do or permit to be done in, on, onto or about the Property, nor bring into or keep in or permit to be brought into or kept therein, anything which is prohibited by or will in any way conflict with any Legal Requirements now in force or which may hereafter be enacted or promulgated, or which is prohibited by the standard form of fire and extended coverage insurance policy, or will in any way increase the existing rate of or affect any fire or other insurance, or cause a cancellation of any insurance policy covering the Property. Tenant shall promptly remove rubbish, debris and waste from the Premises at Tenant's sole expense. Tenant shall not commit or suffer to be committed any waste in, on, or about the Premises, nor shall Tenant cause or permit objectionable noises or odors to emanate from the Premises, or cause, maintain or permit in, on or about the Premises any nuisance or other act or condition which may in any way injure or annoy, disturb the quiet enjoyment of, or obstruct or interfere with the rights of, any occupant of the surrounding area or the Property, nor shall Tenant use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, as determined by Landlord in Landlord's sole and absolute discretion.

(g) Tenant's use of the Premises shall also be governed by any applicable FERC orders or directives and any applicable terms and conditions of Landlord's FERC licenses for the Properties for any FERC Project in, around or adjacent to FERC governed facilities, including, without limitation, (i) the use of the Premises by Tenant and the Tenant Parties shall not endanger health, create a nuisance, or otherwise be incompatible with overall project recreational use, and (ii) the Tenant shall take all reasonable precautions to ensure that the operation, use and Routine Maintenance of the Improvements on the Premises will occur in a manner that will protect the scenic, recreational, economic, and environmental values of the project. Tenant shall not in any way interfere or permit any interference with Landlord's use of its Property as required under its FERC License. The FERC may require Landlord to terminate this Lease as to any portion of the Premises that is governed by the FERC or otherwise may require that any portion of the Premises governed by the FERC be used in a manner wholly or partially incompatible with Tenant's Permitted Use. In addition to the termination rights set forth in Section 2(c) above and the rights reserved to Landlord under Section 17 below, Landlord shall have the right, in Landlord's sole and absolute discretion, (iii) to temporarily or permanently construct, reconstruct, maintain, operate and use the Premises, the Improvements or any portion thereof or any facilities thereon or (iv) to terminate this Lease as to the entire Premises or as to any portion thereof, as Landlord deems appropriate or necessary to comply with Landlord's obligations under its FERC License. If Landlord desires to take any or all of the actions set forth under (iii) and (iv) above, Landlord shall give Tenant at least one hundred and eighty (180) days' prior written notice to that effect. If Landlord terminates this Lease as to the entire Premises or as to any portion thereof, the terms and conditions of Section 2(c) above shall apply.

(h) Tenant and the Tenant Parties shall not in any way interfere or permit any interference with Landlord's use of its Property. Interference shall include, but not be limited to, any activity by Tenant that places any of Landlord's gas or electric facilities in violation of any of the provisions of General Order Nos. 95 (Overhead Electric), 112F (Gas), or 128 (Underground Electric) of the CPUC or any other applicable provisions of the laws and regulations of the State of California or other governmental agencies (whether federal or state). Tenant shall not erect, handle, or operate any tools, machinery, apparatus, equipment, or materials closer to any of Landlord's high-voltage electric conductors than the minimum clearances set forth in the High-Voltage Electrical Safety Orders of the California Division of Industrial Safety, which minimum clearances are incorporated herein by reference, but in no event closer than ten (10) feet to any energized electric conductors or appliances. Tenant shall not drill, bore, or excavate without the prior written consent of Landlord, which consent may be withheld at Landlord's sole and absolute discretion.

(i) Tenant shall not install any signs without the prior written approval of Landlord, including approval of complete plans and specifications for each such sign. Tenant acknowledges that Landlord's approval may be given or withheld in Landlord's sole and absolute discretion. Tenant shall not install or erect any flashing or blinking illuminated signs, neon signs or signs constructed from any non-durable material. All signs must be in compliance with all Legal Requirements and the Rules and Regulations.

(j) Tenant and the Tenant Parties may not use any water from any PG&E owned reservoir or waterway or from any other source, except for Tenant's domestic use and only from the following sources: (i) existing wells located on the Premises, (ii) such other water

source approved in writing by Landlord, which permission shall be at Landlord's sole and absolute discretion, or (iii) such sources as may be authorized in the Rules and Regulations. Landlord makes no representation or warranty regarding the quality, availability, quantity of water or the potability of water, and Tenant and the Tenant Parties use such water at their own risk. Tenant agrees to use prudent and industry accepted methods of controlling and monitoring such water use, and Tenant shall not allow waste or excess run-off of water.

(k) Tenant shall dispose of all sewage according to all Legal Requirements and by one of the following methods: (i) any existing or utility required changes to existing connection public, quasi-public, or private central sewer systems (ii) by use of existing septic systems or holding tanks currently located on the Premises, (iii) by such other manner as may be approved in writing by Landlord, which approval shall be at Landlord's sole and absolute discretion, or (iiii) by such manner as may be authorized in the Rules and Regulations. Landlord reserves the right to require Tenant to alter the method of sewage disposal at Landlord's cost, when necessary in connection with Landlord's operations or to protect the Property, the environment, or human health and safety. Tenant shall comply with Section 8 below in regard to septic systems and any clean-up, remedial removal or restoration work that may be required in connection therewith.

(l) Tenant shall faithfully observe and comply, and cause the Tenant Parties to observe and comply, with the Rules and Regulations. In the event of a conflict between the Rules and Regulations and the provisions of this Lease, this Lease shall govern.

(m) If Landlord determines that Tenant's activities in any way endanger, or reasonably could be anticipated to endanger, the Property, utility facilities, the environment, or the health or safety of any person or persons, Landlord may, at Landlord's sole discretion, temporarily halt Tenant's use and activities until proper and appropriate protective measures may be taken to eliminate such endangerment. Landlord's right to halt activities shall not in any way affect or alter Tenant's obligations under this Lease, nor shall it release Tenant from any of its obligations hereunder that pertain to health, safety, or the protection of the environment.

(n) Tenant shall be responsible for all costs whatsoever associated with the Personal Property.

Section 8. Hazardous Materials. Tenant, at its expense, shall comply with all Hazardous Material Laws which impose any obligation on Landlord or Tenant with respect to the use, occupancy and Routine Maintenance of the Premises, including, without limitation, any obligation to post so-called "Proposition 65" notices or similar disclosures of the existence of Hazardous Materials in or about the Premises which may be required by the use or occupancy of the Premises or the circumstances of Tenant's business. Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, used, released, discharged or disposed of in or about the Premises without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. Notwithstanding the foregoing, Tenant may store or use on the Premises (i) Hazardous Materials specifically allowed, and in the manner specified, by the Rules and Regulations (ii) Hazardous Materials authorized in writing by Landlord, such permission to be at Landlord's sole and absolute discretion and subject to whatever conditions Landlord may impose, and (iii) de minimus quantities of cleaning products,

or the gasoline, diesel or other fuel contained within the gas tanks of automobiles or boats on the Premises. Tenant shall maintain Material Safety and Data Sheets (and supply copies thereof to Landlord as requested) for each and every Hazardous Material brought into the Premises. The disposal of Hazardous Materials shall be in approved containers which shall be removed from the Premises only by duly licensed carriers. Any removal, manifesting, transport or disposal of Hazardous Materials shall be conducted pursuant to an EPA generator number or other appropriate license obtained by Tenant or its authorized agents.

(b) If any clean-up, remedial removal or restoration work is required by any federal, state or local governmental agency or political subdivision ("Governmental Agency") because of the presence of Hazardous Materials in or about the Premises, then Tenant shall, at its sole cost, promptly take any and all action necessary to perform such clean-up, remedial removal or restoration in compliance with all Hazardous Material Laws, but only to the extent caused or permitted by Tenant or any of the Tenant Parties and not if the release of Hazardous Materials in or about the Premises occurred prior to the use and occupancy by Tenant or any of the Tenant Parties. The disposal of Hazardous Materials shall be in approved containers which shall be removed from the Premises only by duly licensed carriers. Any removal, manifesting, transport or disposal of Hazardous Materials shall be conducted pursuant to an EPA generator number or other appropriate license obtained by Tenant or its authorized agents. Tenant shall notify the Landlord in writing within forty-eight (48) hours of any notice regarding the Premises received from any person, including any Governmental Agency, relating to, or asserting a violation of any Hazardous Material Laws or a claim arising under or relating to any Hazardous Material Laws. Such notice shall include a complete copy of any order, complaint, agreement, or other document in Tenant's possession, which has been issued, executed or proposed, whether in draft or final form.

(c) If Landlord has good cause to believe that the Premises have or may have become contaminated by Hazardous Materials permitted by Tenant or any of the Tenant Parties, Landlord may cause tests to be performed, including tests of the air, soil and ground water, to detect the presence of Hazardous Materials and may elect to perform any clean-up, remedial removal or restoration work. The cost of such tests, clean-up, remedial removal or restoration work shall be paid by Tenant upon demand, as Additional Rent.

(d) The rights and obligations of the parties under this Section 8 shall survive the expiration or termination of this Lease and/or Tenant's leasehold estate hereunder.

#### Section 9. Maintenance; Security; Utilities.

(a) Maintenance. Tenant shall be responsible for costs, including labor and materials, for all Routine Maintenance, and for any and all repair, upkeep, cleaning, maintenance, replacement, reconditioning or renovation of all of the Personal Property, including, without limitation, any facilities on a reservoir or waterway. If in Landlord's opinion any of the Improvements or Alterations are not being maintained by Tenant as required by this Lease, Landlord shall have the right, but not the obligation, to provide Tenant with written notice to repair, replace, renovate, refurbish or close the affected Improvements and Alterations. Tenant shall make the necessary repairs, replacements, renovations, refurbishments or closures

within forty-five (45) days of receipt of Landlord's notice. Tenant shall perform such work in compliance with the provisions of this Lease, including, without limitation, Section 10 below.

(b) Maintenance Accounting. Each year tenant shall, by accounting procedure, set aside 5% of its gross receipts and dedicate these funds to facility maintenance. Tenant shall provide evidence that these funds have been reserved for maintenance purposes, as well as work receipts for any maintenance work performed using these funds. This documentation shall be provided to Landlord no later than the first (1st) day of February of each year with respect to the prior calendar year.

(c) Security. Tenant shall be responsible for the safety and security of the Tenant Parties or other persons or property in, upon or about the Premises. Landlord does not assume any responsibility for the security of the Premises. Tenant agrees that Tenant and Tenant's Representatives shall comply with any and all of PG&E's on-site safety and security requirements and any other rules and regulations that may be applicable to Tenant's Activities at the Property. Tenant agrees to cooperate with Landlord and to abide by any and all orders or instructions issued by Landlord, its employees, agents or representatives. Landlord reserves the right to restrict access to the Property in the event of fire, earthquake, storm, riot, civil disturbance, or other casualty or emergency, or in connection with Landlord's response thereto, or if emergency repairs or maintenance are required to Landlord's facilities, wherever located, or otherwise when Landlord deems it advisable to do so, including in connection with events and emergencies occurring or affecting Landlord's business operations located elsewhere than in the immediate vicinity of the Property.

(d) Utilities. Tenant shall pay before delinquency the charges for any and all utilities used by Tenant and the Tenant Parties at the Premises during the Term, including, without limitation, electricity, propane, trash collection and telephone. Landlord shall have no obligation to provide the Premises with electricity, heat, air conditioning, ventilation, water or other utility services whatsoever. Tenant agrees to abide by the Rules and Regulations and any other reasonable requirement that Landlord may prescribe for the proper functioning and protection of utility and other systems.

(e) Interruption of Services. Landlord has no obligation to provide any services to the Premises, and Landlord shall not be liable for any damages directly or indirectly resulting from, nor shall Tenant be entitled to any reduction or abatement of Rent, should there be a failure or interruption in services, including, without limitation, utility service.

(f) No Offset. Tenant acknowledges that Landlord is executing this Lease in its capacity as the owner of the Premises, and not in its capacity as a public utility company or provider of electricity and natural gas. Notwithstanding anything to the contrary contained herein, no act or omission of Pacific Gas and Electric Company or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of Tenant and Landlord under this Lease. Further, Tenant covenants not to raise as a defense to its obligations under this Lease, or assert as a counterclaim or cross-claim in any litigation or arbitration between Tenant and Landlord relating to this Lease, any claim, loss, damage, cause of action, liability, cost or expense

(including, without limitation, attorneys' fees) arising from or in connection with Pacific Gas and Electric Company's provision (or failure to provide) electricity and natural gas.

Section 10. Alterations.

(a) Tenant will not make or allow to be made any Alterations without in each instance first obtaining Landlord's written consent to such Alterations, including, without limitation, the installation or modification of any floating boat docks, slips and/or buoys. When requesting Landlord's consent, Tenant shall furnish complete plans and specifications (if necessary) for the proposed Alterations at least 60 days in advance. Tenant acknowledges and agrees that Landlord has no obligation to be reasonable in connection with its granting or withholding such approval, and Tenant agrees that Landlord's approval may be withheld in Landlord's sole and absolute discretion, for no reason or for any reason (including, among others, that the proposed Alterations, in the opinion of Landlord, are inconsistent or incompatible with the scenic character of the area, or are of a nature that CPUC or FERC approval would be required). Tenant acknowledges that Landlord's approval of any proposed Alterations, if given, may be made contingent upon Tenant's satisfaction of additional terms, covenants and conditions which Landlord may prescribe or impose, without regard to whether such conditions are reasonable.

(b) Landlord may consult with engineers or other professionals to the extent Landlord deems necessary in connection with Landlord's review of Tenant's plans. Tenant acknowledges and agrees that Landlord's sole interest in reviewing and approving Tenant's plans and specifications is to protect Landlord's interests, and that such review and approval by Landlord shall not be deemed to create any liability of any kind on the part of Landlord, or to constitute a representation on the part of Landlord that such plans and specifications are correct or accurate, or comply with any applicable Legal Requirements.

(c) All work of constructing or installing Alterations shall be performed diligently, in a good and professional manner, at Tenant's sole cost and expense, in accordance with plans and specifications previously approved in writing by Landlord. All Alterations shall comply with all applicable Legal Requirements and the Rules and Regulations. Tenant shall provide Landlord with at least fifteen (15) days prior written notice before commencing any construction of Alterations to allow Landlord to post appropriate notices of non-responsibility. Prior to the commencement of construction of any Alterations by Tenant or Tenant's contractor, Tenant shall (i) deliver to Landlord the building permit, (ii) furnish to Landlord satisfactory evidence of such types of insurance, in such forms, with such companies, for such periods and in such amounts as Landlord reasonably may require, and (iii) upon request, furnish to Landlord satisfactory evidence of such payment and performance and/or completion bonds as Landlord reasonably considers necessary with respect to construction of the Alterations. Tenant shall comply with Section 15 below in regard to compliance with Legal Requirements and the process of obtaining permits and other governmental authorizations related to any Alterations.

(d) Upon completion of construction of any Alterations, Tenant shall record a notice of completion in accordance with the provisions of California Civil Code Section 3093, and shall furnish to Landlord "as-built" plans for the completed Alterations and a copy of the building permit, showing all final inspection approvals.



(e) Tenant shall not have the right to install, operate and maintain antennas, microwave dishes and other telecommunications equipment on the roof of any building without first acquiring written permission from Landlord, which permission shall be at Landlord's sole and absolute discretion.

(f) Prior to the expiration, or upon earlier termination, of this Lease, Tenant shall surrender the Premises in the condition required by Section 25 of this Lease.

#### Section 11. Liens.

Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished or obligations incurred by or for the benefit of Tenant. If any such lien shall be filed of record or if any claim of lien is recorded, then Tenant shall at its sole expense within ten (10) days thereafter either discharge or contest the lien or claim. If Tenant contests such lien or claim, then Tenant shall (a) within such ten (10) day period, record a lien release bond in the manner specified in California Civil Code Section 8424 or any successor statute, (b) contest such lien or claim in good faith by appropriate proceedings that operate to stay its enforcement, and (c) pay promptly any final adverse judgment entered in any such proceeding. If Tenant does not comply with the foregoing requirements, Landlord may discharge the lien or claim, and the amount paid, as well as attorney's fees and other expenses incurred by Landlord shall be due and payable by Tenant to Landlord upon demand as Additional Rent.

#### Section 12. Destruction or Damage.

(a) If an Insured Loss occurs, then Tenant shall, at Tenant's expense, repair such damage, including the Improvements and Alterations, as soon as reasonably possible and this Lease shall continue in full force and effect, and, in such event, Landlord shall make any applicable insurance proceeds available to Tenant for that purpose.

(b) In the event the Improvements or Alterations are damaged by fire or other casualty that does not constitute an Insured Loss, neither Landlord or Tenant shall have any obligation to repair and restore any damage. Landlord shall send a notice to Tenant stating whether Landlord elects to repair and restore, and if Landlord does not elect to repair and restore, then Tenant shall send a notice to Landlord stating whether Tenant elects to repair and restore. In the event that the damage or other casualty is such that Tenant cannot continue the Permitted Use, and neither Landlord nor Tenant elects to repair and restore, Tenant may, at its option, terminate this Lease by delivering written notice of termination to Landlord, such termination to be effective ninety (90) days following the date Tenant receives Landlord's notice that Landlord elects not to repair and restore. In the event this Lease is not terminated by Tenant, this Lease shall remain in full force and effect notwithstanding such damage, and the Annual Rent shall be equitably reduced by Landlord as Landlord deems reasonable considering the impact, if any, on Tenant's business, as determined by Landlord in Landlord's sole and absolute discretion.

(c) Landlord and Tenant acknowledge that this Lease constitutes the entire agreement of the parties regarding events of damage or destruction, and Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) and any similar statute now or hereafter in force.

Section 13. Insurance.

(a) At all times during the Term, Tenant, at its sole expense, shall procure and maintain, and shall cause any subtenant, licensee or contractor to procure and maintain, the following types of insurance coverage:

(1) Commercial general liability insurance with coverage at least as broad as the Insurance Services Office (ISO) Commercial General Liability Coverage "occurrence" form, with no coverage deletions, insuring against any and all damages and liability, including attorneys' fees and other costs and expenses, on account of or arising out of injuries to or the death of any person or damage to property, however occasioned, in, on, or about the Premises, in the minimum amount of Ten Million Dollars (\$10,000,000) per occurrence and Twenty Million Dollars (\$20,000,000) annually in the aggregate for all claims. Watercraft liability shall be endorsed to the insurance policy to the satisfaction of Landlord's insurance department. In addition, such insurance shall insure the performance by Tenant of its indemnity and other contractual obligations set forth in this Lease;

(2) Insurance against damage by fire and other perils, for damage to all of the structures on the Premises, included within standard fire and extended coverage insurance policies in an amount not less than the full replacement cost of the applicable Improvements and Alterations;

(3) Workers' compensation coverage as required by law, including employer's liability insurance, with a limit not less than One Million Dollars (\$1,000,000) for injury or death, each accident;

(4) Business Auto with coverage at least as broad as the Insurance Services Office (ISO) Business Auto Coverage from covering automobile liability, code 1 "any auto", with a limit not less than Two Million Dollars (\$2,000,000) for each accident for bodily injury and property damage; and,

(5) Such other insurance as shall reasonably be deemed necessary by Landlord from time to time.

(b) The insurance required under this Section 13 and all renewals thereof shall be issued by companies qualified to do business in the State of California and rated A: X or better in "Best's Key Rating Guide." The insurance described in Sections 13(a)(1) and 13(a)(4) shall be endorsed to include Landlord and any mortgagees, property managers and other parties as Landlord may specify from time to time, as additional insureds, as their interests may appear. Each policy shall provide expressly, in the form of such policy or by endorsement, (i) that the policy shall not be cancelled or altered in such a manner as adversely to affect the coverage afforded thereby without thirty (30) days' prior written notice to Landlord, (ii) that the coverage shall be primary and noncontributing with any insurance that may be carried by Landlord, (iii) that any loss shall be payable notwithstanding any act of negligence of any additional insured that might otherwise result in a forfeiture of coverage, (iv) that the word "Insured" is used therein severally and not collectively and insurance coverage hereunder shall apply as though a separate policy were issued to each insured, although the inclusion of more than one

insured party shall not operate to increase the limits of the insurer's liability, and (v) with respect to the insurance described in Section 13(a), for waiver of the insurer's rights to subrogation against Landlord. If at any time or from time to time, the insurance coverage specified herein is no longer adequate in the opinion of Landlord's insurance department, Tenant shall increase the coverage to the amount specified by Landlord within thirty (30) days after notice from Landlord, provided that Tenant shall not be required to increase its coverage more often than once in any 24-month period.

(c) No later than the Effective Date of this Lease, and upon renewal not fewer than ten (10) days prior to the expiration of such coverage, Tenant shall deliver to Landlord two (2) duplicate original policies, certified copies, or certificates of insurance evidencing each policy of insurance required to be carried under this Section 13, with copies of all endorsements to each policy of insurance. One such copy or duplicate original shall be delivered to Landlord at Landlord's Notice Address, as specified in the Summary of Lease Terms, and the other such copy or duplicate original shall be delivered to Landlord, at Pacific Gas and Electric Company, Attn: Land Agent, 350 Salem St., Chico, California 95966, or such other address for Landlord's insurance department as Landlord may specify from time to time. In the event that Tenant shall fail to insure or shall fail to furnish Landlord satisfactory evidence of any such policy as herein required, Landlord may from time to time effect such insurance for the benefit of Tenant or Landlord or both of them for a period not exceeding one year, and any premium paid by Landlord shall be recoverable from Tenant as Additional Rent on demand. Tenant's compliance with the provisions of this Section 13 shall in no way limit Tenant's liability under any of the other provisions of this Lease.

(d) With respect to loss or damage resulting from any cause insured against by the insurance carried by Tenant, or required to be carried by Tenant pursuant to the terms of Sections 13(a)(2) hereof, Tenant waives any and all rights of subrogation against Landlord, and Tenant hereby agrees that it shall not make any claim against Landlord, or seek to recover from Landlord, for loss or damage to Tenant, or its property, or property of others under its control, which may be insured against by such insurance, and Tenant shall give notice to any insurance carrier of the foregoing waiver of subrogation, and obtain a waiver of the right to recovery against Landlord, its agents and employees. In furtherance of the foregoing, Tenant agrees that in the event of a sale of the Premises by Landlord, the hereinabove waiver of subrogation shall continue in favor of the original Landlord hereunder, and any subsequent landlord, as well as be in favor of any such purchaser, and their respective successors and assigns.

#### Section 14. Indemnification; Release.

(a) Tenant shall indemnify, defend and hold Landlord and Landlord's directors, officers, employees, successors, assigns and agents (collectively, "Indemnitees") harmless from and against any and all claims, demands, obligations (including remedial obligations, removal of Hazardous Materials, clean-up or restoration work, including all materials), damages (including consequential and/or punitive damages), losses, lost profits, costs and liabilities, including attorneys' fees and costs (collectively, "Claims"), including, without limitation, Claims for injury or damage to persons or property, and Claims for penalties, fines and reasonable attorneys' fees and costs (including attorneys' fees and costs incurred to enforce this indemnity), incurred in connection with or arising from this Lease, however the same may

have been caused (including, without limitation, if caused in whole or in part by the act, omission, or active or passive negligence of Indemnitee, except with respect to any Indemnitee, to the extent caused by the gross negligence or willful or criminal misconduct of such Indemnitee), and including, without limiting the generality of the foregoing, Claims arising out of or in connection with: (i) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed, or (ii) the use or occupancy or manner of use or occupancy of the Premises by Tenant, the Tenant Parties or any person or entity claiming through or under Tenant, or (iii) the condition of the Premises or any occurrence or happening on the Premises from any cause whatsoever, including, without limitation, any theft, burglary, vandalism or property damage, or (iv) any act, omission or negligence of Tenant, the Tenant Parties or any person or entity claiming through or under Tenant, occurring in, on or about the Premises or the Property, either prior to the commencement of, during, or after the expiration of the Term, including without limitation any acts, omissions or negligence in the construction of the Improvements or in the making or performing of any Alterations, or (v) the actual or alleged presence of Hazardous Materials in or about the Premises to the extent caused or permitted by Tenant or any of the Tenant Parties, or (vi) any violation of any Legal Requirement, including, without limitation, violation of any Hazardous Materials Laws, by Tenant or any of the Tenant Parties, or (vii) any delay or action caused or taken by Landlord to temporarily halt Tenant's use and activities under Section 7(m) of this Lease, or (viii) any failure to surrender possession upon the Expiration Date or sooner termination of the Term as required by Section 25 of this Lease, or (ix) any broker, agent or finder claiming any commissions or fees on the basis of contacts or dealings with Tenant. Tenant further agrees to indemnify, defend, and save harmless Indemnitees from and against any and all Claims arising from or occasioned by any use, occupancy, condition, occurrence, happening, act, omission or negligence referred to in the preceding sentence. In the event any action or proceeding is brought against any Indemnitee for any Claim against which Tenant is obligated to indemnify or provide a defense to an Indemnitee hereunder, Tenant upon notice from Landlord shall defend such action or proceeding at Tenant's sole expense by counsel approved by Landlord, which approval shall not be unreasonably withheld. Notwithstanding the above, Tenant shall not indemnify Landlord for Claims arising from an occurrence prior to the commencement of use or occupancy of the Premises by Tenant or any of the Tenant Parties.

(b) Tenant accepts all risk relating to its occupancy and use of the Premises. Landlord shall not be liable to Tenant for, and Tenant hereby waives and fully and forever releases, exonerates, discharges and covenants not to sue Landlord, the other Indemnitees and/or each and all of Landlord's past, present and future officers, directors, partners, employees, agents, representatives, shareholders, attorneys, affiliates, parent and subsidiary corporations, divisions, insurance carriers, heirs, legal representatives, beneficiaries, executors, administrators, predecessors, transferees, successors (including, without limitation, lenders who become successors-in-title) and assigns, from and for any and all Claims, based in whole or in part on any and all liability, whether in contract, tort or on any other basis, for any injury, damage, or loss resulting from or attributable to any occurrence on or about the Premises, the condition of Premises or the Property, or the use or occupancy of the Premises, arising prior to, during or subsequent to the expiration or termination of this Lease, including, without limitation, liability related to (i) fluctuation of the water level, (ii) theft, burglary, trespass or vandalism, (iii) damage to Tenant's water supply which may occur while Landlord is performing work in conjunction with Landlord's business, (iv) disposal of sewage, (v) the need for CPUC approval or the failure

of the CPUC to grant such approval, and (vi) termination of this Lease due to FERC requirements or otherwise as set forth in this Lease.

(c) Taking of the Leased Premises. As used in this Section 14, the term "Taking" shall mean a condemnation or Taking of all or any portion of the Leased Premises in any manner for public or quasi-public use, including but not limited to a conveyance or assignment in lieu of a condemnation or Taking. In the event of a Taking of all or any part of the Leased Premises, this Lease shall terminate as to the part so taken as of the earlier of the date of the vesting of title or the date of dispossession of Tenant as a result of such Taking ("Date of Taking"). In the event of a Taking of all of the Leased Premises, this Lease shall automatically terminate as of the Date of Taking. In the event of a partial Taking of the Leased Premises, either the Landlord or Tenant shall have the right to terminate this Lease as to the balance of the Leased Premises as of the Date of Taking, by notice to the other within thirty (30) days following notice of the date on which such vesting or dispossession will occur.

(d) Condemnation Award. In the event of any Taking, the Landlord shall be entitled to any and all compensation, damages, income, rent, awards, or any interest therein whatsoever which may be paid or made in connection therewith, and Tenant shall have no claim against the Landlord for the value of any unexpired Term of this Lease or otherwise. In the event of a partial Taking of the Leased Premises which does not result in a termination of this Lease, any Rent thereafter to be paid shall be equitably reduced by the Landlord. In the event of a partial Taking of the Leased Premises which does not result in a termination of this Lease, the Landlord shall not be obligated to replace, repair or restore any improvements to the Leased Premises.

(e) Termination on Taking. The Parties acknowledge that the provisions of this Section 14 are adopted pursuant to California Code of Civil Procedure Section 1265.160, in lieu of the provisions of California Code of Civil Procedure Sections 1265.110 through 1265.150, and Tenant hereby waives and releases any right given Tenant to terminate this Lease in the event of a Taking of the Leased Premises or portion thereof under any Applicable Laws.

(f) The provisions of this Section 14 shall survive the expiration or earlier termination of this Lease.

#### Section 15. Compliance With Legal Requirements.

(a) Tenant, at Tenant's sole cost and expense, shall promptly comply with all Legal Requirements, regardless of when they become effective, insofar as they relate to the use, occupancy or Maintenance of the Premises, Improvements and Alterations. Tenant shall furnish evidence of such compliance upon the Landlord's request and to the Landlord's satisfaction. If compliance with such Legal Requirements will cost Tenant in excess of Five Thousand Dollars (\$5,000.00), Tenant shall have the right to terminate this Lease on sixty (60) days written notice to Landlord. If there are any capital improvements to the Premises required by any local, state or federal governmental entity, agency or regulatory authority, including but not limited to the ADA, Tenant shall not be responsible for such compliance. If capital improvements are required, Landlord at Landlord's sole discretion shall determine whether or not to proceed with such improvements and/or removal of the individual Improvements from the Premises. If

Landlord's cost of compliance exceeds One Hundred Thousand Dollars (\$100,000.00), Landlord shall have the right to terminate this Lease on sixty (60) days written notice to Tenant. Tenant shall obtain and maintain, at no cost to Landlord, all permits, approvals and authorizations from all local, state and federal governmental or permitting authorities and shall provide all notifications to all such authorities as required for Tenant's Permitted Use and any proposed Alterations.

(b) Tenant shall not seek any change or amendment related to subdivisions or zoning. Tenant shall not attempt to record any document against the Property, including, but not limited to, any parcel map. Tenant shall not obtain or apply for any zoning variance. Landlord makes no representation regarding compliance with any and all subdivision laws.

(c) Tenant shall collect samples and data for water, monitoring well samplings and septic systems and submit all necessary reports and samples as required by any local, state or federal governmental entity, agency or regulatory authority to Landlord or directly to the appropriate agency if directed to do so by the Landlord, provided that such testing is required due to Tenant's use or occupancy.

#### Section 16. Assignment or Subletting.

(a) Tenant acknowledges that Tenant's identity, reputation and experience, the specific character of Tenant's business and anticipated use of the Premises and the relationship between such anticipated use and other present and/or future planned uses of the Property have been a material consideration to Landlord's entry into this Lease. Tenant shall not, without the prior consent of Landlord in each case, (i) make or allow any assignment or transfer, by operation of law or otherwise, of any part of Tenant's interest in this Lease, (ii) sublet any part of the Premises, or (iii) permit anyone other than Tenant to occupy any part of the Premises. Tenant shall not mortgage, pledge, encumber or otherwise hypothecate or create any security interest in this Lease or the Premises or any part thereof in any manner whatsoever, without Landlord's written consent, which may be withheld in Landlord's sole and absolute discretion. Landlord will not unreasonably withhold its consent to any proposed assignment or subletting. It shall be reasonable for Landlord to withhold its consent to any assignment, mortgage, pledge, encumbrance or other transfer of this Lease if (i) Tenant is in default under this Lease, or (ii) the financial responsibility, nature of business, and character of the proposed assignee or subtenant are not all reasonably satisfactory to Landlord, or (iii) requires CPUC or FERC approval in the sole opinion of Landlord. Landlord hereby consents to Tenant's lease, license or right of use to customers of the resort in the ordinary course of business. Tenant shall remain primarily liable for all of its obligations under this Lease, notwithstanding any assignment, sublease, license, third party use, mortgage, pledge, encumbrance or other transfer ("Transfer"). Any Transfer violating the requirements of this Section 16 shall be voidable at Landlord's election, and, at the option of Landlord, shall constitute an Event of Default hereunder.

(b) Tenant shall notify Landlord of any proposed assignment or sublease at least thirty (30) days prior to its proposed effective date. The notice shall include the name and address of the proposed assignee or subtenant, its corporate affiliates in the case of a corporation and its partners in a case of a partnership, an executed copy of the proposed assignment or sublease, and sufficient information to permit Landlord to determine the financial responsibility

and character of the proposed assignee or subtenant (including, without limitation, the most recent financial statements for the proposed assignee or subtenant). As a condition to any effective assignment of this Lease, the assignee shall execute and deliver in form satisfactory to Landlord at least fifteen (15) days prior to the effective date of the assignment, an assumption of all of the obligations of Tenant under this Lease. As a condition to any effective sublease, subtenant shall execute and deliver in form satisfactory to Landlord at least fifteen (15) days prior to the effective date of the sublease, an agreement to comply with all of Tenant's obligations under this Lease, to indemnify Landlord and to provide insurance for Landlord's benefit, and at Landlord's option, an agreement (except for the economic obligations which subtenant will undertake directly to Tenant) to attorn to Landlord under the terms of the sublease in the event this Lease terminates before the sublease expires.

(c) Regardless of Landlord's consent, no Transfer shall release Tenant of Tenant's obligations or alter the primary liability of Tenant to pay Rent and to perform all other obligations to be performed by Tenant hereunder. At the option of Landlord, any transferee of Tenant shall become directly liable to Landlord for all obligations of Tenant hereunder, but no Transfer by Tenant shall release Tenant from its obligations hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one Transfer shall not be deemed consent to any further Transfer. In the event of default by any transferee or successor of Tenant, in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee or successor. Landlord may consent to subsequent Transfers of this Lease or amendments or modifications to this Lease with transferees or successors of Tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto and such action shall not relieve Tenant or any successor of Tenant of liability under this Lease.

(d) Notwithstanding anything to the contrary in this Lease, if Tenant claims that Landlord has unreasonably withheld or delayed its consent or otherwise has breached or acted unreasonably under this Section 16, Tenant's sole remedy shall be declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right provided under California Civil Code Section 1995.310 or other Applicable Laws to terminate this Lease. Tenant shall indemnify, defend and hold harmless Landlord from any and all claims involving any third party or parties (including without limitation Tenant's broker or proposed transferee) who claim they were damaged by Landlord's wrongful withholding, delaying or conditioning of Landlord's consent.

#### Section 17. Rights Reserved to Landlord.

(a) Landlord reserves the right to restrict access to the Premises or any portion or portions thereof in the event of civil disturbance, fire, earthquake or other casualty or emergency, or in connection with Landlord's response thereto, or otherwise when Landlord deems it advisable to do so, including in connection with events and emergencies occurring or affecting Landlord's business operations located outside the immediate vicinity of the Premises.

(b) Landlord may enter the Premises at any time to (i) inspect the same, (ii) exhibit the same to prospective purchasers, lenders, easement holders or tenants, (iii) determine

whether Tenant is complying with all its obligations hereunder, (iv) perform geotechnical, biological, environmental or other surveys, tests, or investigations, both non-invasive and invasive, (v) post notices of non-responsibility, and (vi) enforce the provisions of this Lease or the Rules and Regulations.

(c) Landlord reserves the right to access the Premises to construct, reconstruct, maintain, operate and use such facilities on the Premises as Landlord deems appropriate for the conduct of Landlord's business, including, without limitation, aqueducts, electric lines, telecommunication lines and pipelines.

(d) In addition to the Conservation Easement as more specifically described and limited in Section 3 above, Landlord also reserves the right to grant easements and rights of way in, on and across the Premises to third parties to the extent that such easement and rights of way do not unreasonably and materially interfere with Tenant's use of the Premises.

(e) Landlord also reserves the rights to all forest product interests on the Premises, including, without limitation, the right to harvest any timber or forest product and to otherwise designate the disposition of any timber or forest products located on the Premises, provided that any such harvest does not substantially interfere with Tenant's Permitted Use and that Landlord shall repair any damage to the Improvements caused by such harvesting.

(f) Landlord reserves the right to use the Premises for such purposes as it may deem necessary or appropriate if, and whenever, in the interest of its service to its patrons or consumers or the public, it shall appear necessary or desirable to do so. Tenant acknowledges that the portions of the Premises' are a part of a FERC Project(s) as described above in Section 7(g). Landlord reserves the right to use the Property, including the Premises, in all ways and for all purposes necessary or appropriate to its obligations as licensee under said FERC Project(s). Landlord shall have the right to construct, reconstruct, maintain, operate and use such facilities on the Premises as Landlord deems appropriate to comply with Landlord's obligations under its FERC License(s).

#### Section 18. Events of Default.

The occurrence of any one or more of the following events (each, an "Event of Default") shall constitute a breach of this Lease by Tenant for which Landlord may exercise any of the remedies set forth in Section 19 of this Lease or provided by law or equity: (i) if Tenant shall fail to pay any Rent when due and payable hereunder and such failure shall continue for thirty (30) days after written notice thereof from Landlord; or (ii) if Tenant shall fail to perform or observe any other term, covenant or obligation to be performed or observed by Tenant under this Lease or the exhibits hereto, and such failure shall not have been cured by Tenant within thirty (30) days after notice thereof from Landlord, or (iii) if Tenant underreports Gross Sales or underpays Rent by more than six percent (6%) in any one calendar year or by more than two percent (2%) two (2) times or more during any five (5) consecutive calendar years.

#### Section 19. Remedies for Default.

Upon the occurrence of any Event of Default, Landlord shall have the option to pursue any one or more of the following remedies available to Landlord under California law:



(a) Landlord may terminate this Lease and recover possession of the Premises. Upon such termination of this Lease, Landlord may recover from Tenant damages in the amounts set forth in Civil Code Section 1951.2, including, without limitation, the worth at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Tenant proves could be reasonably avoided.

(b) Even though Tenant has breached this Lease, this Lease shall continue in effect for so long as the Landlord does not terminate Tenant's right to possession, and the Landlord shall have the right to enforce all its rights and remedies under this Lease, including the remedies described in California Civil Code Section 1951.4.

(c) The remedies provided for in this Lease are in addition to all other remedies available to Landlord at law or in equity, by statute or otherwise.

Section 20. Landlord's Right to Cure Default.

All agreements and provisions to be performed by Tenant under any of the terms of this Lease shall be at its sole cost and expense and without abatement of Rent. If Tenant shall fail to pay any sum of money, other than Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder and such failure shall not be cured within the applicable cure period provided for herein, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. All sums so paid by Landlord and all necessary incidental costs shall be deemed Additional Rent hereunder and shall be payable to Landlord on demand.

Section 21. Attorneys' Fees.

Should either party bring an action or other proceeding against the other party, arising from or related to this Lease, whether for declaratory or other relief, then the party which prevails in such action shall be entitled, in addition to any other recovery or relief, to its reasonable attorneys' fees (of both in-house and outside counsel), costs and expenses incurred in the action or proceeding, including any appeal thereof. Tenant shall also pay all attorneys' fees and costs Landlord incurs in defending this Lease or otherwise protecting Landlord's rights in any voluntary or involuntary bankruptcy case, assignment for the benefit of creditors, or other insolvency, liquidation or reorganization proceeding involving Tenant or this Lease. For purposes hereof, the reasonable fees of Landlord's in-house attorneys who perform services in connection with any such action or proceeding are recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter of the law, in law firms in the City and County of San Francisco with approximately the same number of attorneys as are employed by Landlord's law department. The "prevailing Party" within the meaning of this Section 21 shall be the Party to the action or proceeding who is entitled to recover its costs of suit for the proceeding, whether or not the same proceeds to final judgment. A Party not entitled to recover its costs shall not recover its attorneys' fees.

Section 22. Mandatory Negotiation and Mediation.

(a) Except as provided in this Section 22, Landlord and Tenant agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Lease or Tenant's use or occupancy, before resorting to court action, except for those matters excluded in Section 22(b) below. Either Party may initiate settlement negotiations by providing written notice to the other Party, setting forth the subject of the claim or dispute. Landlord and Tenant agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Landlord and Tenant fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the Parties may agree in writing, the Parties agree to submit the matter to Judicial Arbitration and Mediation Services, Inc. (JAMS) for mediation. Either Party may commence mediation by providing to JAMS and the other Party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested. Except as provided herein or by written agreement of the Parties, the mediation shall be conducted in San Francisco pursuant to the JAMS rules. The Parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. The Parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the Parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the Parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the Parties, and except as provided herein or by mutual agreement of the Parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation prior to commencing court action, each Party shall pay its own attorneys' fees and costs. Except as provided in Section 22(b) below, neither Party may commence an action until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section 22(a). If either Party commences an action with respect to a claim or dispute covered by this Section 22(a) without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that Party shall not be entitled to recover attorneys' fees and costs, even if such fees and costs would otherwise be available to that Party in such action.

(b) Excluded Matters. The foregoing Section 22 shall not apply to any action by Landlord against Tenant for non-payment of Rent, to obtain possession of the Premises or any action which seeks relief which can only be obtained by court proceeding. Either Party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to Section 22 (a) above. In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder.

(c) Award of Fees. The provisions of this Section 22 may be enforced by any court of competent jurisdiction, and the Party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the Party against which

enforcement is ordered. The covenants of Landlord and Tenant contained in this Section 22 shall survive the expiration or earlier termination of this Lease.

Section 23. Sale.

In the event the original Landlord hereunder, or any successor owner of the Premises, shall sell, convey or otherwise transfer the Premises, the original Landlord, or such successor owner, shall thereupon be released from any and all covenants, liabilities and obligations (express or implied) on the part of Landlord under this Lease, accruing from or after the date of such sale or conveyance, and Tenant shall look solely to the successor in interest of the transferor for performance of the obligations of Landlord under this Lease. This Lease shall not be affected by such sale or conveyance, and Tenant agrees to attorn to the transferee, such attornment to be effective and self-operative without the execution of any further instrument by the parties to this Lease.

Section 24. Estoppel Certificates and Rights of Mortgagees.

At any time and from time to time, Tenant shall execute, acknowledge and deliver to Landlord, within ten (10) days after receipt thereof, a certificate certifying (i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification), (ii) the date, if any, to Annual Rent and other sums payable hereunder have been paid, (iii) that no notice has been received by Tenant of any default which has not been cured, except as to defaults specified in said certificate, (iv) that Tenant does not claim the existence of any default on the part of Landlord, except as specified in such certificate, and (v) such other matters as reasonably may be requested by Landlord, or any mortgagee, beneficiary, purchaser or prospective purchaser of the Property or any interest therein. Any such certificate may be relied upon by Landlord and any mortgagee, beneficiary, purchaser or prospective purchaser of the Property or any interest therein. Tenant's failure to execute, acknowledge and deliver such certificate within such period of time shall, at the option of Landlord, and without further notice, constitute an Event of Default hereunder. In addition, Tenant hereby irrevocably appoints Landlord as its agent and attorney-in-fact to execute, acknowledge and deliver any such certificate in the name of and on behalf of Tenant in the event that Tenant fails to so execute, acknowledge and deliver any such certificate within ten (10) days after receipt thereof.

Section 25. Surrender.

Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises to Landlord in the condition required by this Section 25. Tenant agrees that prior to the expiration or termination of this Lease, Tenant, at its sole cost and expense, shall remove promptly all Personal Property, debris and waste material resulting from the use and occupancy of the Premises by Tenant and/or any of the Tenant Parties, and Tenant shall promptly repair, at its sole cost and expense, any damage to the Premises caused by such removal. To the extent Tenant fails to perform the obligations under this Section 25, Landlord may, but need not, remove any Personal Property, debris and waste material, and restore the Premises to the condition that existed prior to Tenant's original entry upon the Premises, and Tenant shall pay the

cost thereof within thirty (30) days of receipt of an invoice therefor. Tenant's obligations under this Section 25 shall survive the termination of this Lease.

(TENANT TO INITIAL HERE

SW)

Section 26. Holdover.

Tenant shall have no right to holdover possession of the Premises after the expiration or termination of this Lease without Landlord's prior written consent, which Landlord may withhold in its sole and absolute discretion. If Tenant retains possession of any part of the Premises after expiration or termination, with or without the written consent of Landlord, Tenant shall become a month-to-month tenant only, for the entire Premises' upon all of the terms of this Lease as might be applicable to such tenancy, except that Tenant shall pay the Annual Rent in accordance with the terms as paid in the previous year. Tenant shall also pay Landlord all of Landlord's direct and consequential damages resulting from Tenant's holdover. No acceptance of Annual Rent or other payments by Landlord under this holdover provision shall operate as a waiver of Landlord's right to regain possession or any other of Landlord's remedies.

Section 27. Waiver.

The waiver by Landlord or Tenant of any agreement, condition or provision herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition or provision herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be construed to waive or lessen the right of Landlord or Tenant to insist upon the performance by Tenant or Landlord in strict accordance with said terms. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any agreement, condition or provision of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent.

Section 28. Notices.

Notices to be given under this Lease shall be in writing, sent as specified in the Summary of Lease Terms, and either sent by: (a) personal delivery, in which case notice shall be deemed delivered upon actual receipt, or (b) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered upon actual receipt, or (c) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with this courier. The addresses set forth in the Summary of Lease Terms may be changed by written notice to the other party.

Section 29. Complete Agreement.

There are no oral agreements between Landlord and Tenant affecting this Lease, and this Lease shall constitute the entire agreement between the parties relative to the subject matter hereof, and supersedes and cancels any and all prior negotiations, including but not limited to leases, licenses, agreements and understandings, if any, whether oral or written, between Landlord and Tenant with respect to the subject matter of this Lease or the Premises. There are

no representations between Landlord and Tenant other than those contained in this Lease and all reliance with respect to any representations is based solely upon the terms of this Lease. Landlord specifically disclaims that Landlord has made any representations whatsoever about the Conservation Documents, the Conservation Easement or any potential Easement Grantee, as well as the impact thereof on this Lease. No amendment or modification of this Lease shall be binding or valid unless expressed in writing and executed and delivered by Landlord and Tenant. Subject to the limitations provided herein, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of the respective heirs, successors, executors, administrators and assigns of each of the parties hereto.

Section 30. Limitation of Liability.

Tenant agrees to look only to the interest of Landlord in the Premises and not to Landlord, its directors, officers, shareholders, employees, or agents personally with respect to any obligations or payments due or which may become due from Landlord to Tenant hereunder, or for the satisfaction of any of Tenant's remedies hereunder.

Section 31. Quiet Possession.

Landlord agrees that Tenant, upon paying Rent and performing the terms, covenants and conditions of this Lease, may quietly have, hold and enjoy the Premises without disturbance by Landlord or any person claiming under Landlord during the Term of this Lease, subject, however, to the rights of Landlord set forth in this Lease, and any mortgages, deeds of trust, agreements and encumbrances to which this Lease is subordinate.

Section 32. Miscellaneous.

(a) The word "Tenant" as used herein shall include the plural as well as the singular.

(b) This Lease is solely for the benefit of the Parties hereto and their respective successors and permitted assigns, and, except as expressly provided herein, does not confer any rights or remedies on any other person or entity. Nothing contained in this Lease shall be deemed to be a gift or dedication of land or rights to the general public.

(c) Nothing contained in this Lease shall be interpreted as creating a joint venture, partnership, or any other relationship between the Parties, other than the relation of a lessor and a lessee as described in this Lease.

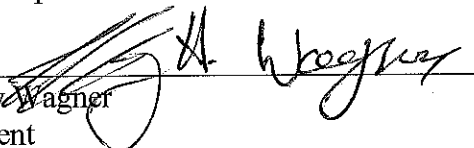
(d) Tenant represents to Landlord that Tenant has incurred no obligation to any finder or real estate broker with respect to this Lease, and no broker is in any way entitled to any broker's fee or other payment in connection with this Lease. Tenant shall indemnify and defend Landlord against any Claims by any finder, broker or salesperson for any payment of any finder's fee, brokerage commission or other payment on the basis of contacts or dealings with Tenant in connection with this Lease.

(e) Time is of the essence of this Lease and each and all of its provisions.

IN WITNESS WHEREOF, the parties have executed this Lease on the respective dates indicated below, to be effective upon the Effective Date.

TENANT:

PACIFIC SERVICE EMPLOYEE  
ASSOCIATION (PSEA), a California not for  
profit corporation

  
\_\_\_\_\_  
Jeffrey Wagner  
President

Date of Execution  
by Tenant: \_\_\_\_\_

7/23/19

LANDLORD:

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

\_\_\_\_\_  
Andrew Williams  
Vice President, Land and Environmental  
Management

Date of Execution  
by Landlord: \_\_\_\_\_

Note: Tenant also to initial Sections 3, 7(a) and 25

(f) The obligations of each of the Parties under this Lease (other than obligations to pay money) shall be temporarily excused if such Party is prevented or delayed in performing such obligations by reason of any strikes, lockouts or labor disputes; government restrictions, regulations, controls, action or inaction; civil commotion; extraordinary weather, fire or other acts of God; or other circumstances beyond such Party's reasonable control.

(g) Submission of this instrument for examination or signature by Tenant does not constitute an offer to lease or a reservation of or option to lease. Landlord shall not be bound by this Lease until Landlord has executed and delivered this Lease to Tenant, notwithstanding Tenant's execution and delivery of this Lease to Landlord.

(h) The waivers of claims or rights, the releases and the obligations under this Lease to indemnify, protect, defend and hold harmless Landlord and other Indemnitees shall survive the expiration or earlier termination of this Lease, and so shall all other obligations or agreements hereunder which by their terms survive the expiration or earlier termination of this Lease.

(i) Subject to the provisions of this Lease as to assignment, the agreements, conditions and provisions herein contained shall apply to and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

(j) If any provisions of this Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect.

(k) The provisions of this Lease, and the exhibits referred to herein, have been prepared, examined, negotiated and revised by each Party and their respective attorneys, and no implication shall be drawn and no provision shall be construed against any Party hereto by virtue of the purported identity of the drafter of this Lease, or any portion thereof.

(l) This Lease shall be governed by and construed pursuant to the laws of the State of California.

(m) The language in all parts of this Lease shall be construed according to its normal and usual meaning and not strictly for or against either Landlord or Tenant.

(n) Neither this Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded by Tenant. Any such unauthorized recording shall give Landlord the right to declare a breach of this Lease and pursue the remedies provided herein.

(o) This Lease may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

### Section 33. Exhibits.

The exhibits attached to this Lease are hereby incorporated into this Lease and made a part hereof.

PG&E Administrative Block

Area, Region or Location: 3, 5, 6

Land Service Office: Chico

Line of Business: Hydro

Business Doc Type: Conveyances Out

MTRSQ: 21.36.01.06.22

MTRSQ: 21.37.02.36.24

MTRSQ: 21.37.02.36.21

MTRSQ: 21.37.02.36.23

MTRSQ: 21.37.02.36.22

MTRSQ: 21.37.03.29.44

MTRSQ: 21.37.03.29.41

MTRSQ: 21.37.03.29.43

MTRSQ: 21.37.03.29.42

MTRSQ: 21.27.07.11.31

MTRSQ: 21.27.07.11.24

MTRSQ: 21.23.03.02.33

MTRSQ: 22.07.22.26.41

MTRSQ: 22.15.01.27.44

MTRSQ: 22.15.01.27.43

FERC License Number:

PG&E Drawing Number:

Plat No.: NA

LD of Affected Documents: 2127-07-0464, 2127-07-0519, 2127-07-0553, 2123-03-1049, 2123-03-1075, 2123-03-1081, 2215-01-0785, 2215-01-0785, 2215-01-0800, 2215-01-0817, 2207-22-1244, 2207-22-1377, 2207-22-1422, 2137-02-0058, 2137-02-0061, 2137-02-0063, 2137-03-0218, 2137-03-0225, 2137-03-0227, 2136-01-0199, 2136-01-0200, 2136-01-0207

LD of Cross Referenced Documents: NA

Type of interest: 11L

SBE Parcel: 135-32-047A-2, 135-04-004F-1, 135-27-004-1, 135-20-031B-3, 135-45-041-2, 135-45-012B-2, 135-45-012B-11, 135-45-018E-4, 135-45-019-3

% Being Quitclaimed: NA

Order or PM: 2011151

JCN: NA

County: Plumas, Butte, Monterey, Madera, Shasta

Utility Notice Number:

851 Approval Application No. 03-05-012, Decision 04-07-021

Prepared By: sdpf

Checked By: s2p0

Approved By: SMTk Date:

Revised by: sdpf Date: 6/18/18



**Exhibit A**

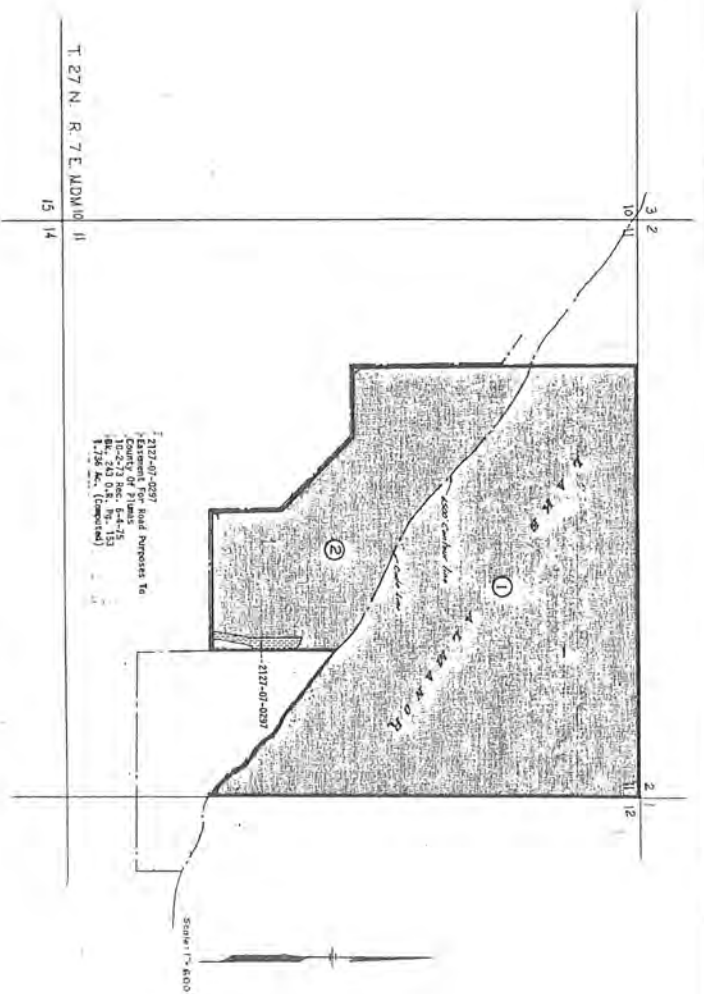
**MAP OF PREMISES**

## Exhibit "A"

### The Premises

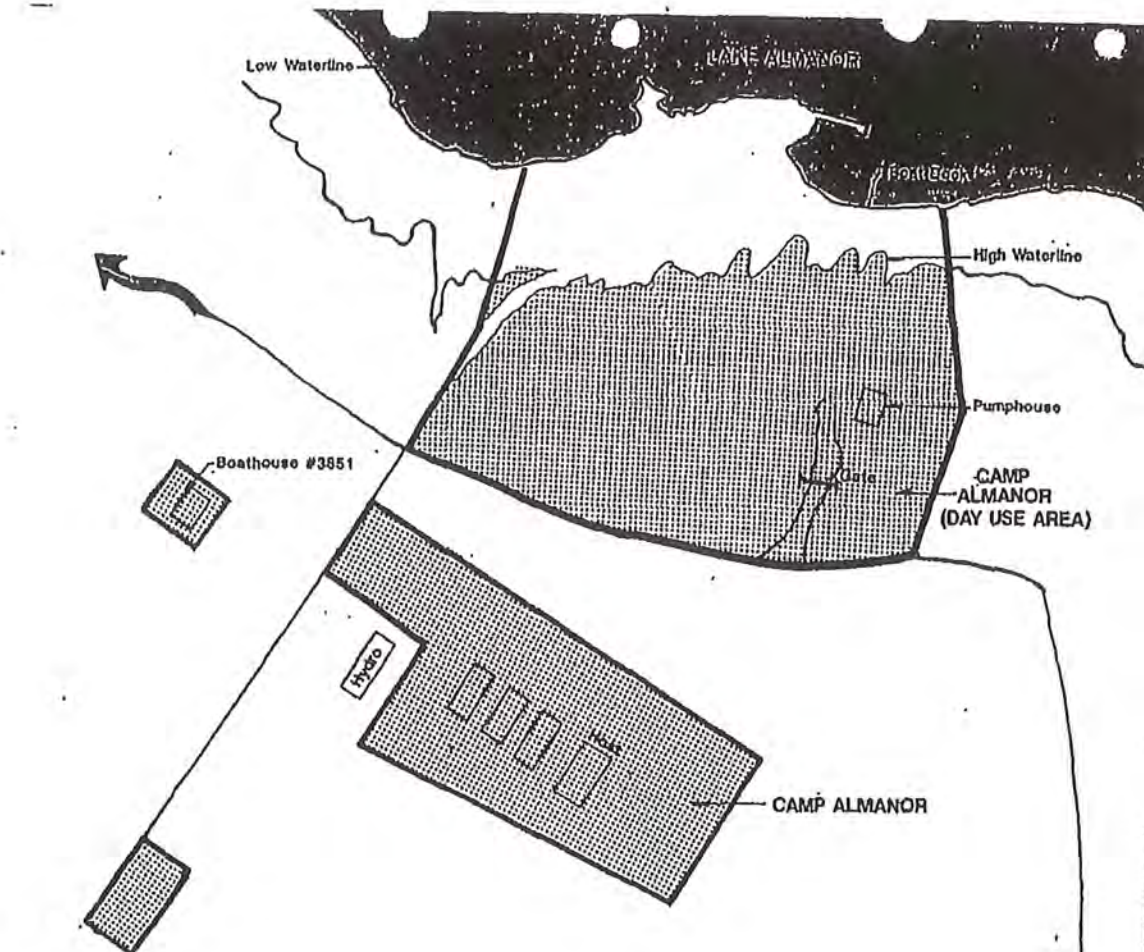
	Name of Facility	County	SBE Parcel Number	Parcel Acreage	Premises Acreage
1	Camp Almanor (reference Exhibit A1)	Plumas	135-32-047A-2	86.87	3.7
2	Camp DeSabra (reference Exhibit A2)	Butte	135-04-004F-1	120.36	12.20
3	Camp Del Monte (reference Exhibit A3)	Monterey	135-27-004-1	1.26	.60
4	Camp Wishon (reference Exhibit A4)	Madera	135-20-031B-3	30.86	20.20
5	Camp Shasta (reference Exhibit A5)	Shasta	135-45-041-2	14.20	3.70
6	Camp Pitt (reference Exhibit A6)	Shasta	135-45-012B-11	120.01	6.0
7	Camp Britton (reference Exhibit A7)	Shasta	135-45-012B-2	389.01	.80

A1



1976-77  
 PACIFIC GAS AND ELECTRIC COMPANY  
 PLUMAS COUNTY  
 LAND IDENTIFICATION MAP  
 S. B. E. MAP NO. 135-32-47 A

**FEE LAND**  
**PACIFIC GAS AND ELECTRIC COMPANY**  
**PLUMAS COUNTY**  
**STATE BOARD OF EQUALIZATION**  
**LAND IDENTIFICATION MAP**



PACIFIC GAS AND ELECTRIC COMPANY  
SAN FRANCISCO, CALIFORNIA

TOWNSHIP	RANGE	SECTION	ALBERQUERQUE
27N	7E	11	MD

CAMP ALMANOR  
PLUMAS COUNTY  
TOPO - ALMANOR, CALIF.  
APPROX. SCALE 1"=100'  
3.7 Ac.



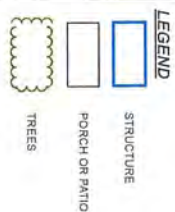
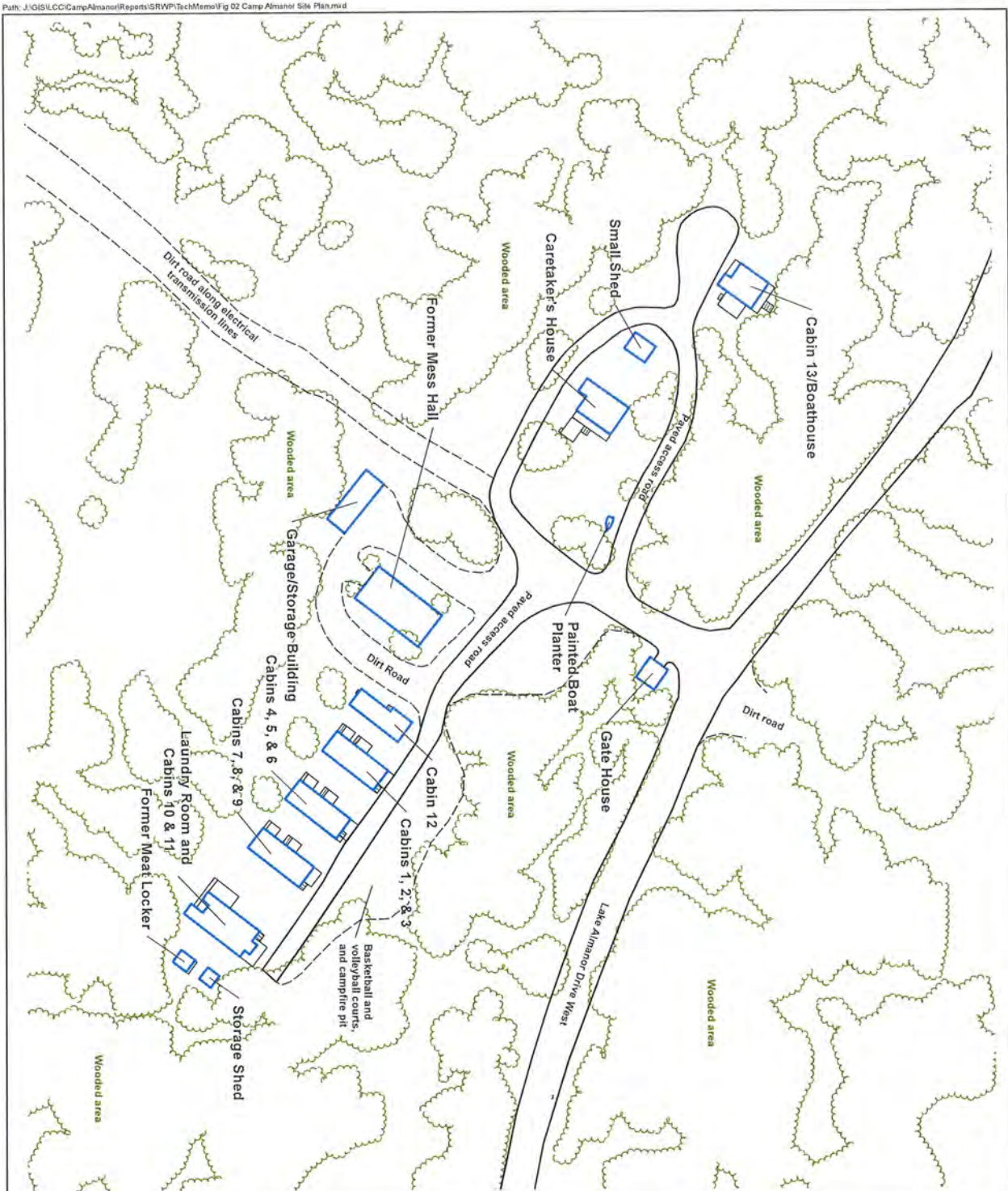
Exhibit A  
1 of 8





Approximate location of 3.7 Acre  
Camp Almanor Site outlined





JACOBSON | JAMES  
& associates, inc.

**PACIFIC GAS & ELECTRIC COMPANY  
CAMP ALMANOR  
PLUMAS COUNTY, CALIFORNIA**

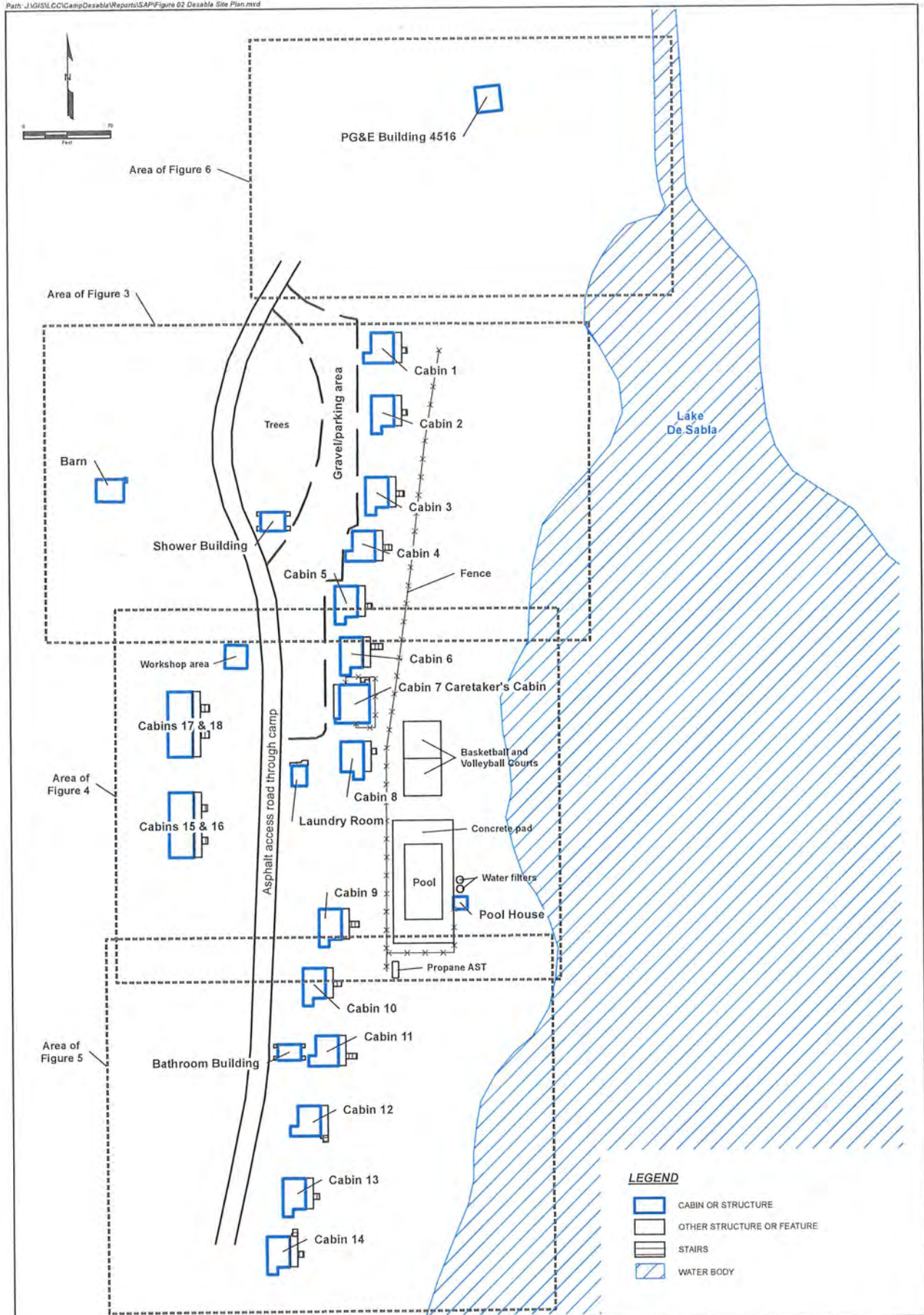
DRAWN BY	APPROVED BY	DATE	FIGURE
JB	LG	02/02/15	2











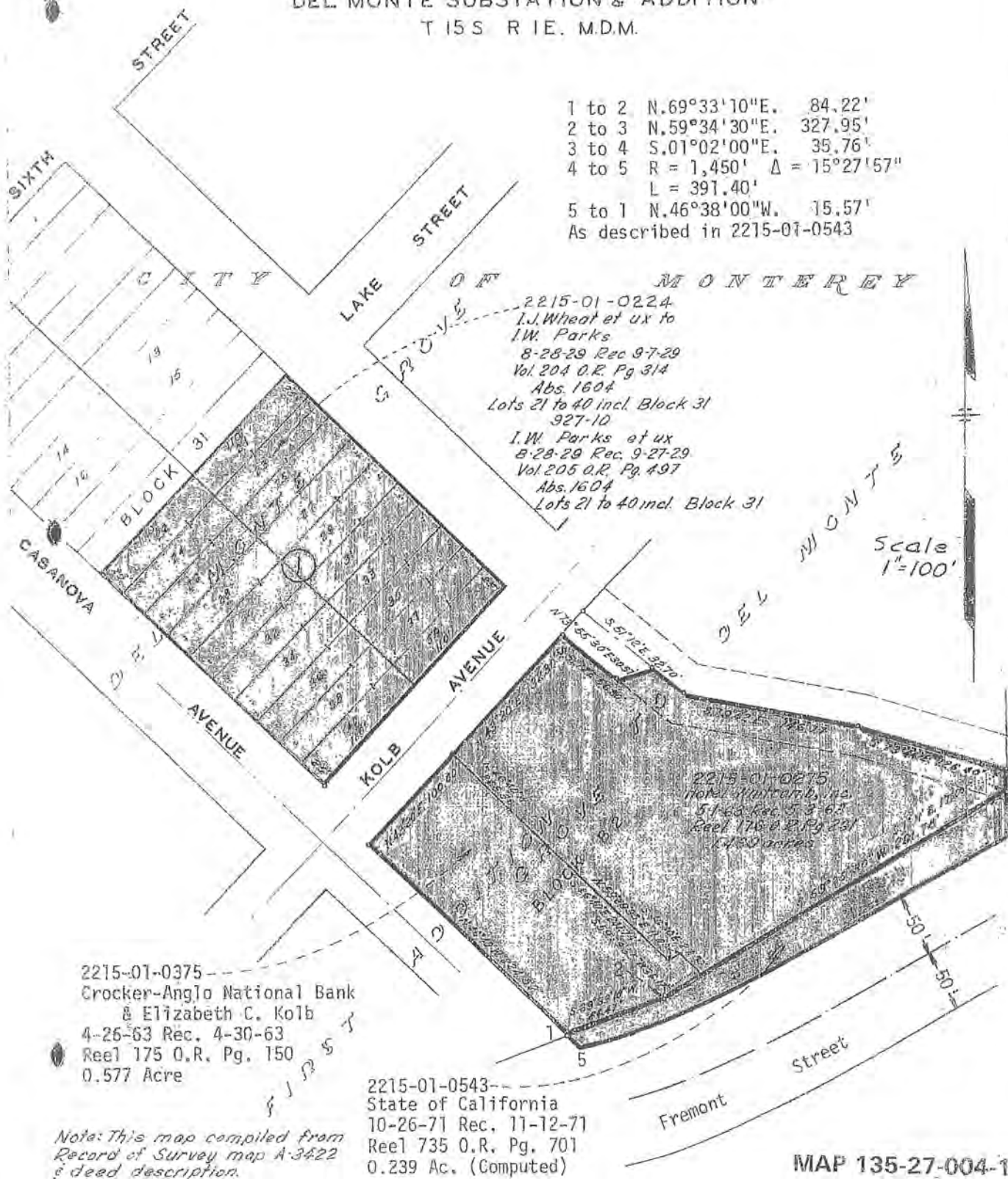
A3

(4)

REAL PROPERTY OF  
PACIFIC GAS AND ELECTRIC COMPANY  
DEL MONTE GROVE - CITY OF MONTEREY  
MONTEREY COUNTY

DEL MONTE SUBSTATION & ADDITION  
T 15 S R 1 E. M.D.M.

1 to 2 N.69°33'10"E. 84.22'  
2 to 3 N.59°34'30"E. 327.95'  
3 to 4 S.01°02'00"E. 35.76'  
4 to 5 R = 1,450' Δ = 15°27'57"  
L = 391.40'  
5 to 1 N.46°38'00"W. 15.57'  
As described in 2215-01-0543

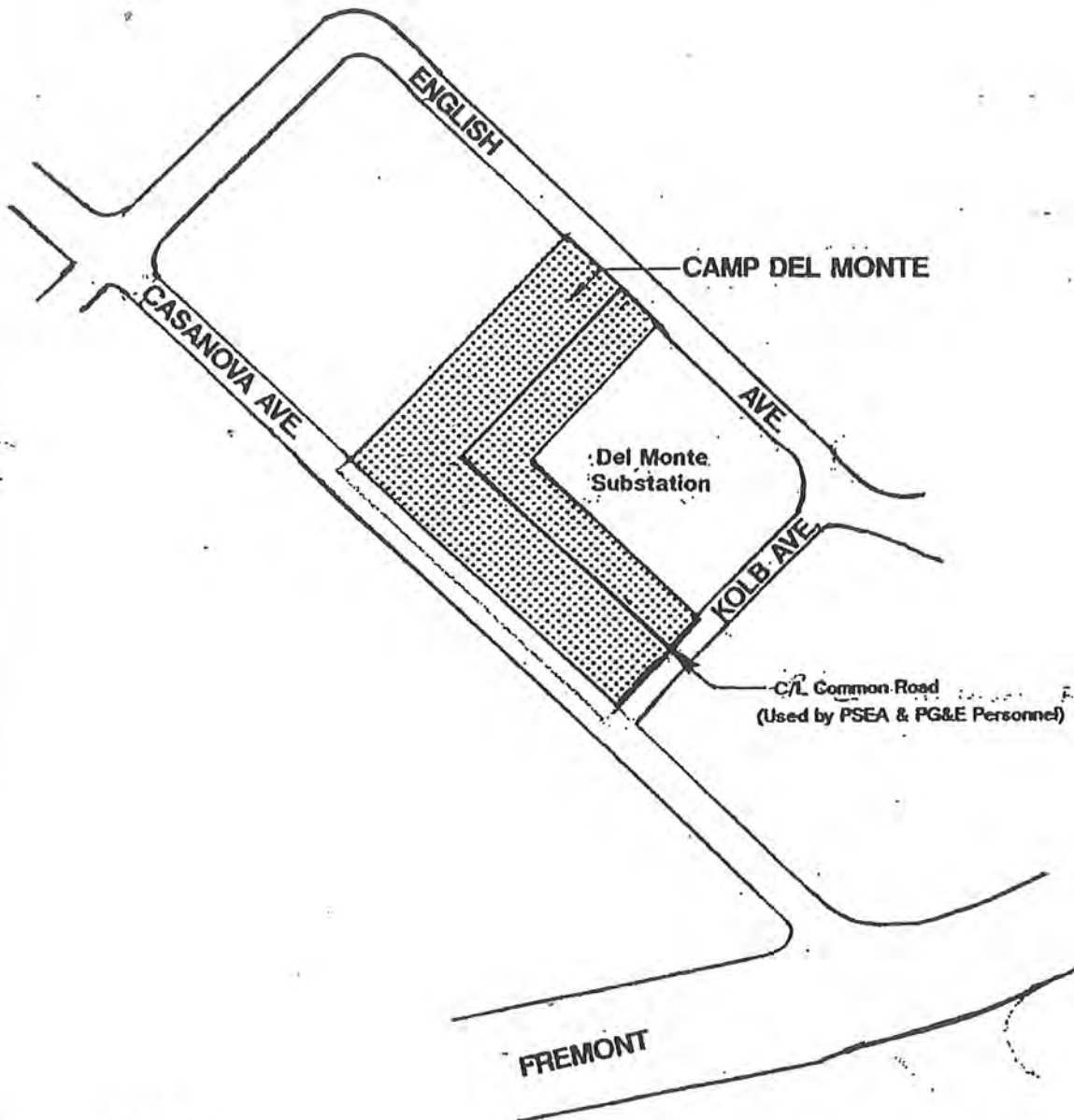




ACIFIC GAS AND ELECTRIC COMP  
SAN FRANCISCO, CALIFORNIA

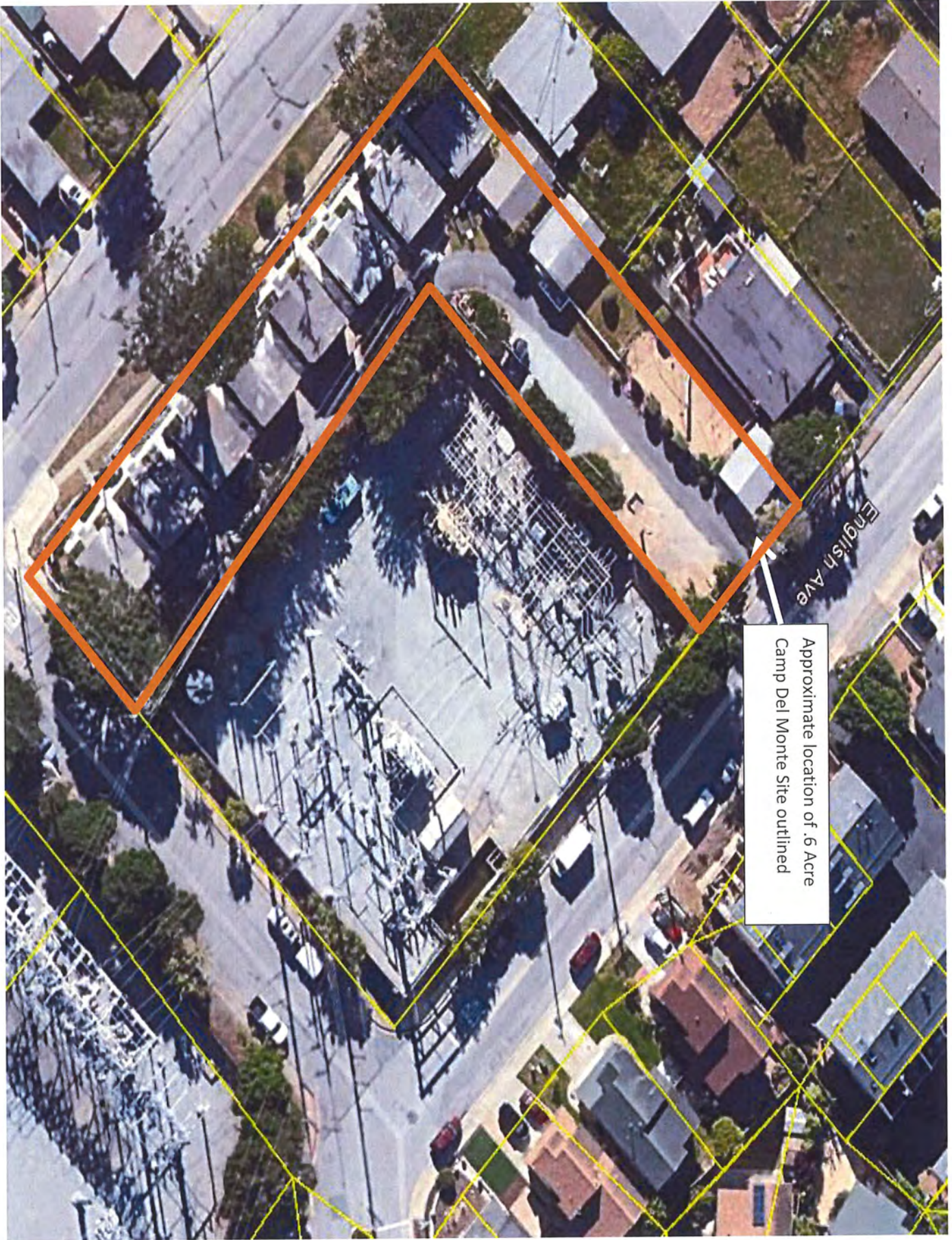
TOWNSHIP	RANGE	SECTION	MERIDIAN
15S	1E		MD

CAMP DEL MONTE  
MUNTEREY COUNTY  
TOPO - SEASIDE  
SCALE APPROX. 1"=100'  
0.6 Ac.



Ex A  
3 of 8

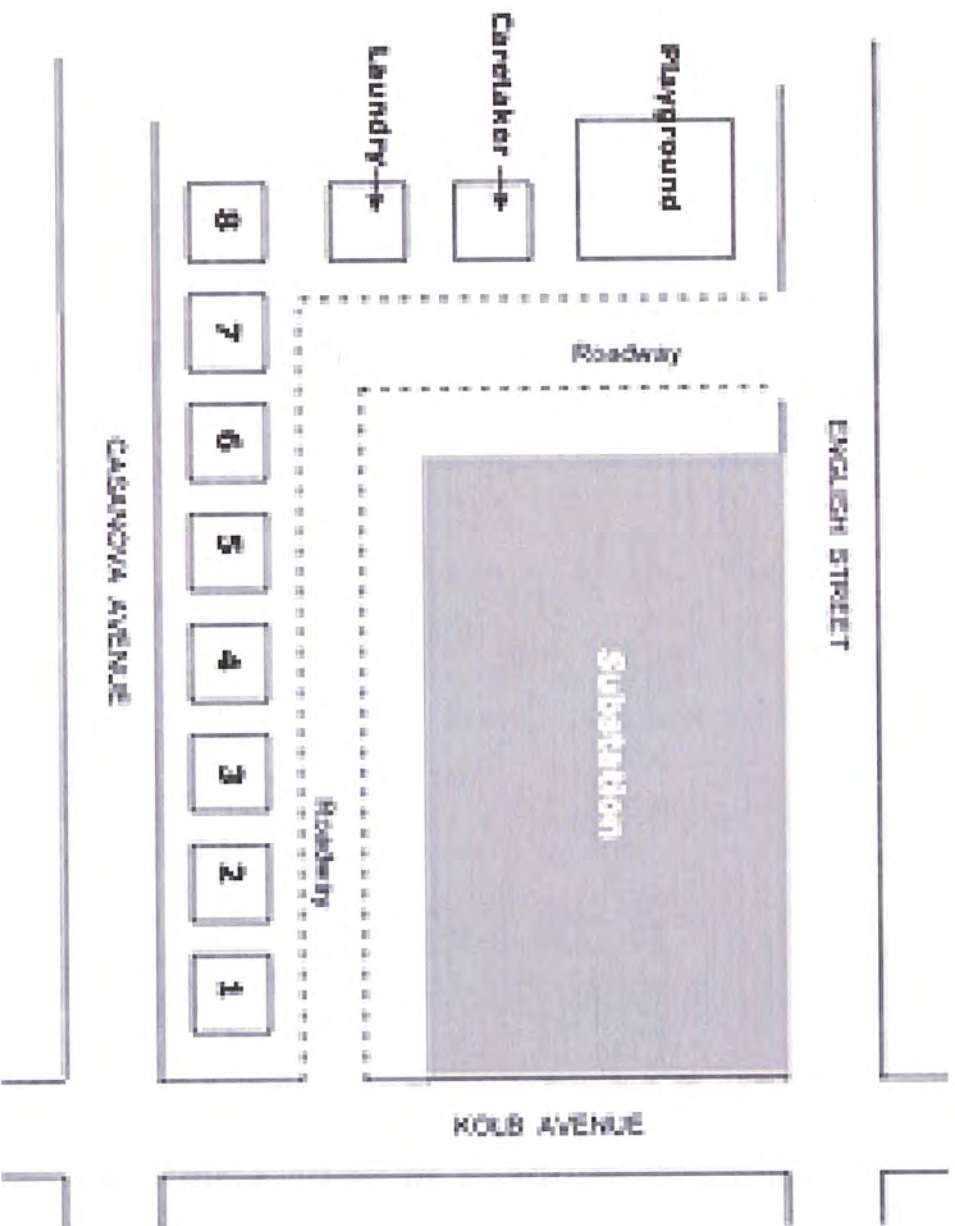


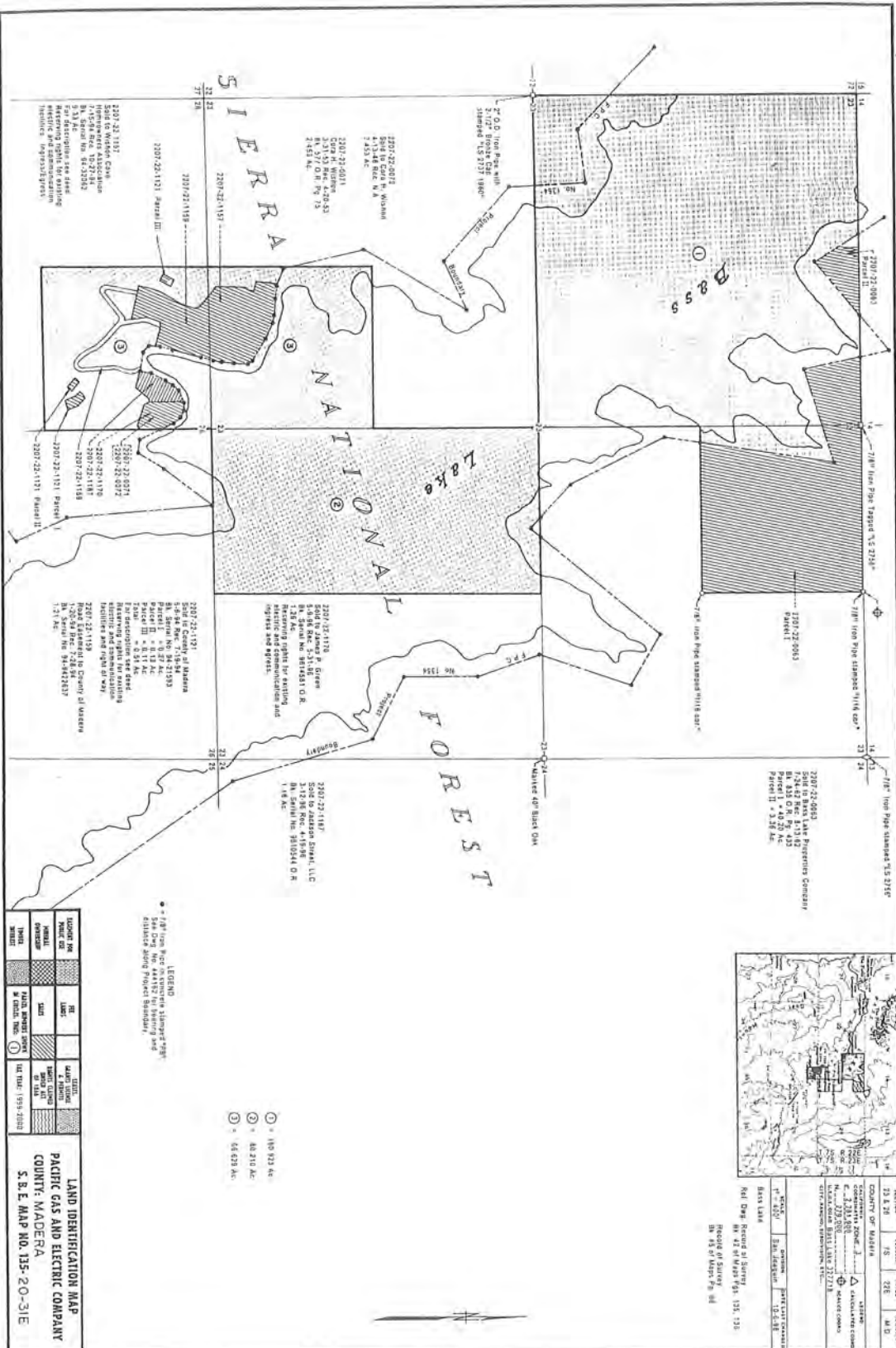


Approximate location of .6 Acre  
Camp Del Monte Site outlined



# Del Monte Campground





2" 0.0. Iron Pipe with  
2-1/2" Bronze Cap  
Stamped "LS 2737 1960"

2207-22-0072  
Sold to Cora H. Wishon  
4-13-48 Rec. N.A.  
2.453 Ac.

2207-22-0071  
Cora H. Wishon  
3-31-53 Rec. 4-20-53  
Bk. 577 O.R. Pg. 75  
2.453 Ac.

S I E R R A

2207-22-1157

2207-22-1159

2207-22-1121 Parcel III

2207-22-1157 CAMP WISHON COVE  
Sold to Wishon Cove  
Homeowners Association  
7-15-94 Rec. 10-27-94  
Bk. Serial No. 94-32062  
9.33 Ac.  
For description see deed.  
Reserving rights for existing  
electric and communication  
facilities. Ingress/Egress

Protect  
Boundary

BASS  
LAKE

N A T I O N A L

FOUR LAKES DEVELOPMENT COMPANY  
SAN FRANCISCO, CALIFORNIA

Tract	Parcel	Section
75	22E	20

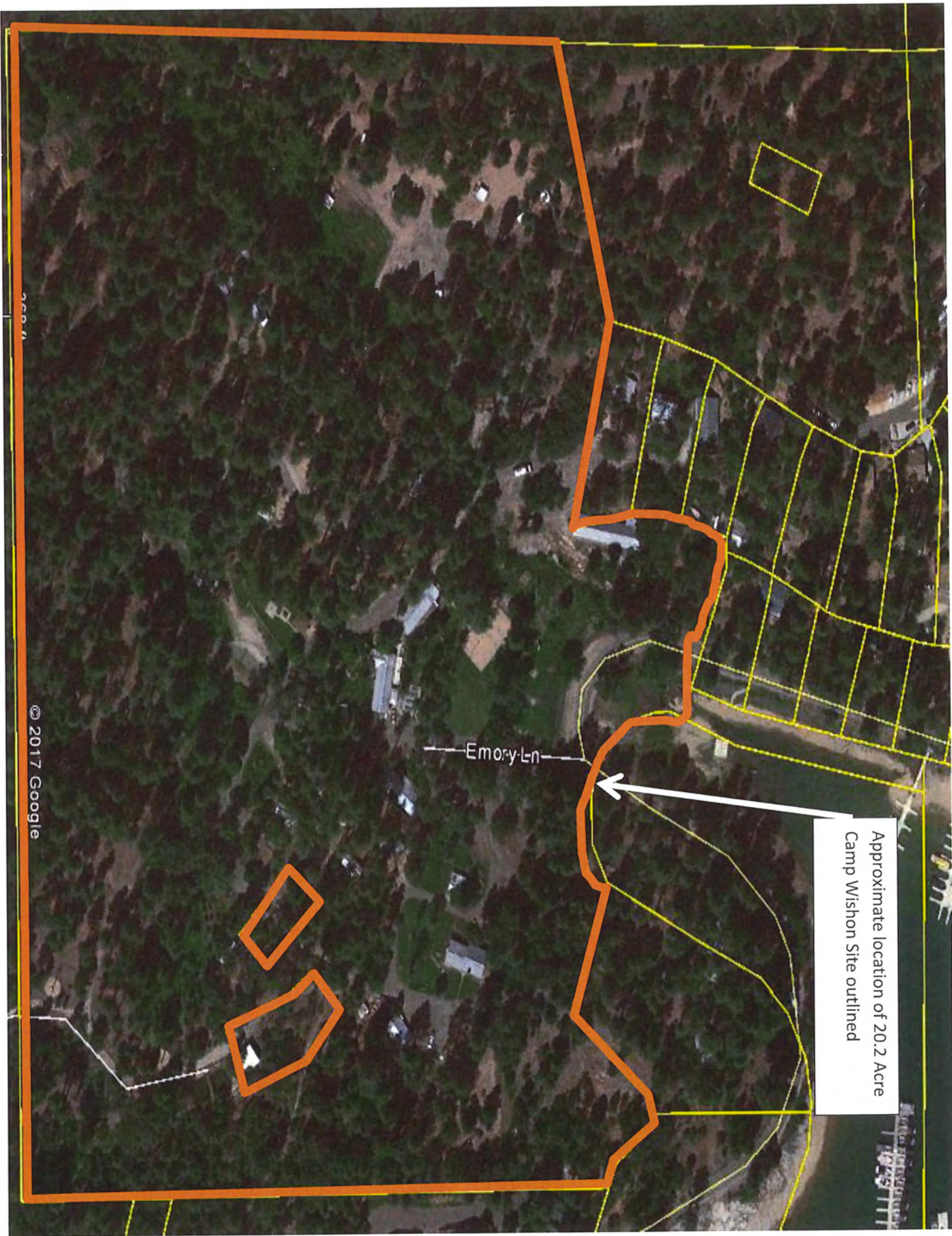
CAMP WISHON COVE  
MADERA COUNTY  
TOPU - BASS LAKE  
APPROX. SCALE 1"=400'  
202 Ac.

2207-22-1121  
Sold to County of Madera  
5-6-94 Rec. 7-19-94  
Bk. Serial No. 94-21593  
Parcel I - 0.27 Ac.  
Parcel II - 0.13 Ac.  
Parcel III - 0.11 Ac.  
Total - 0.51 Ac.  
For description see deed.  
Reserving rights for existing  
electric and communication  
facilities. Egress/Egress  
2207-22-1159  
Road Easement to County of Madera  
1-20-94 Rec. 7-28-94  
Bk. Serial No. 94-942637  
1.21 Ac.

Cross Hatch Screen - Sold Property

EXHIBIT A  
7 of 8





Approximate location of 20.2 Acre  
Camp Wishon Site outlined

Emory Ln

© 2017 Google

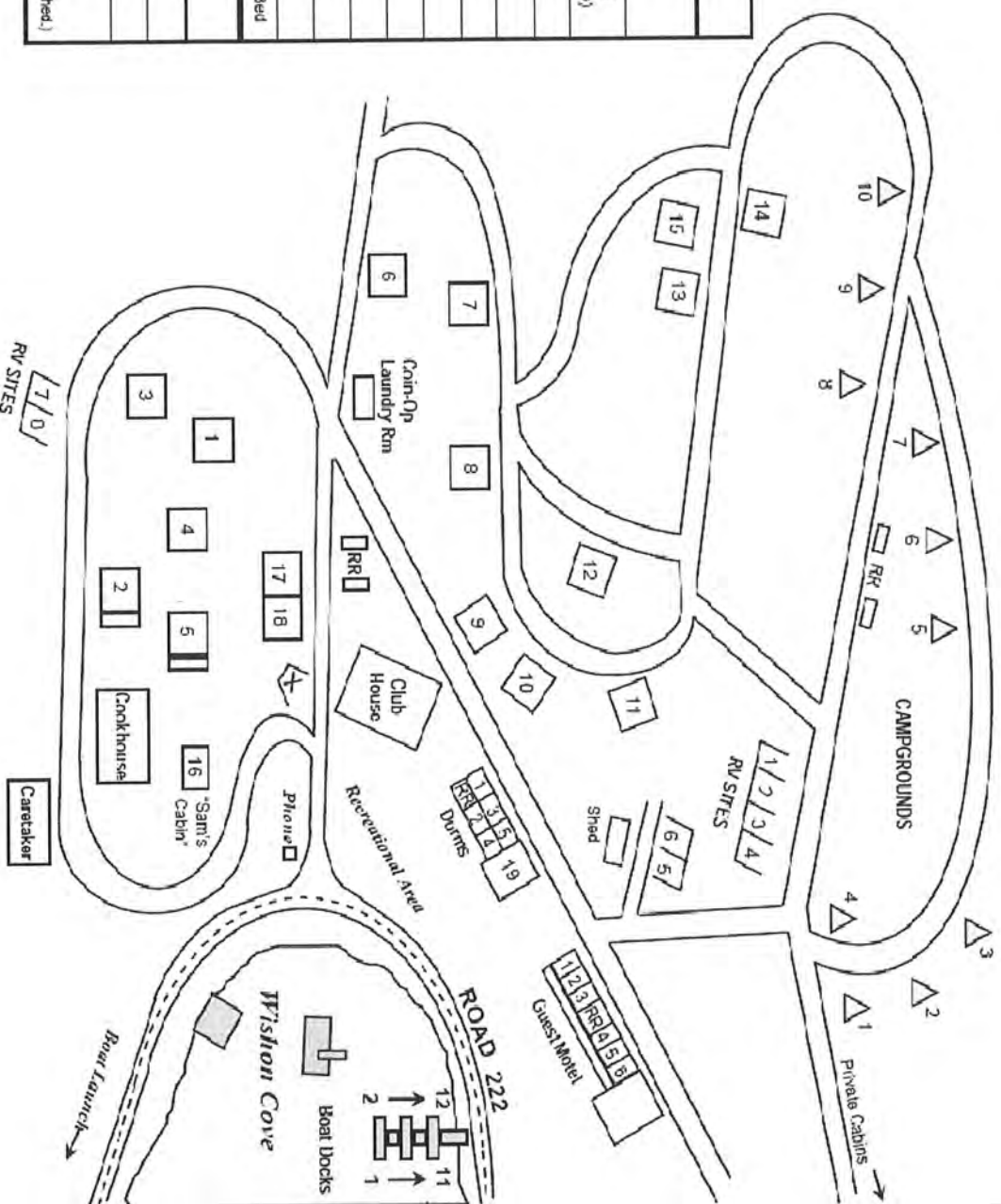


# Camp Wishon Cove

CABIN #	# OF BEDROOMS	BEDS
1, 3, 4, 7, 8, 9, 10, 11, 12, 13, 14, 15	One	2D, 1T
2, 5	One + Bunkhouse for summer use	2D, 1T (Cabin) 2T (Bunkhouse)
6	Two	2D, 2T
16	None	1D
17, 18	One + nook	3D, 1T
19	Two	2D, 3T
Dorms 1-4		7T (Each)
Dorm 5		1D, 1T
Cookhouse	Two	2D, 4T
Motel	Six	11 T

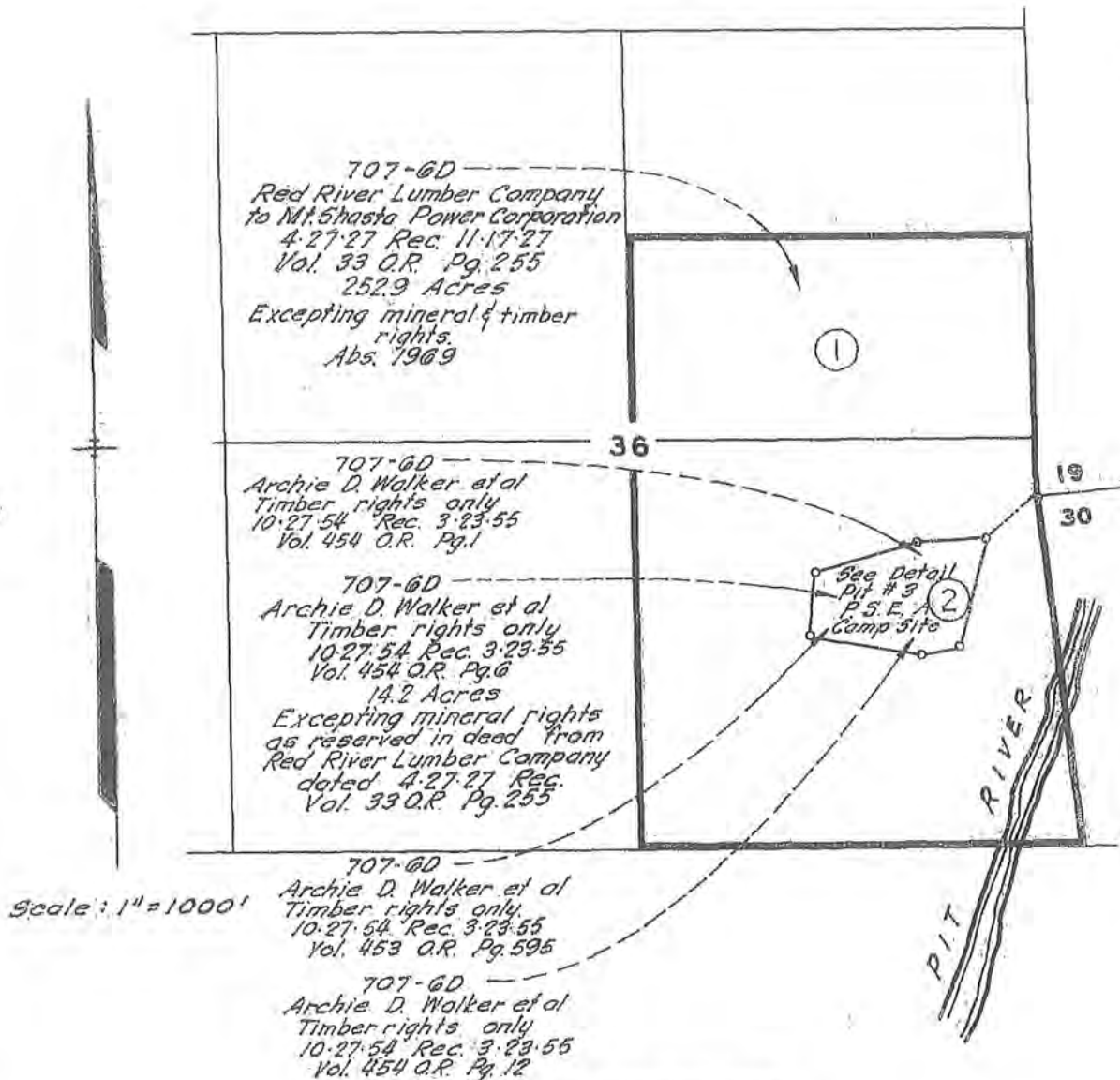
D - Double Bed, T - Twin Bed

RV SITES	CAPACITY
(Full hookups)	
1, 2, 3, 4	Up to 38' in length & 1 tow car
5, 6, 7, 8	Up to 30' in length & 1 tow car
CAMP SITES	Limited to two 3-man tents (All campers have a picnic table, BBQ pit, water, electricity and a covered shed.)



A5

REAL PROPERTY OF  
PACIFIC GAS AND ELECTRIC COMPANY  
SECT. 36 T. 37 N. R. 2 E. M. D. M.  
SHASTA COUNTY



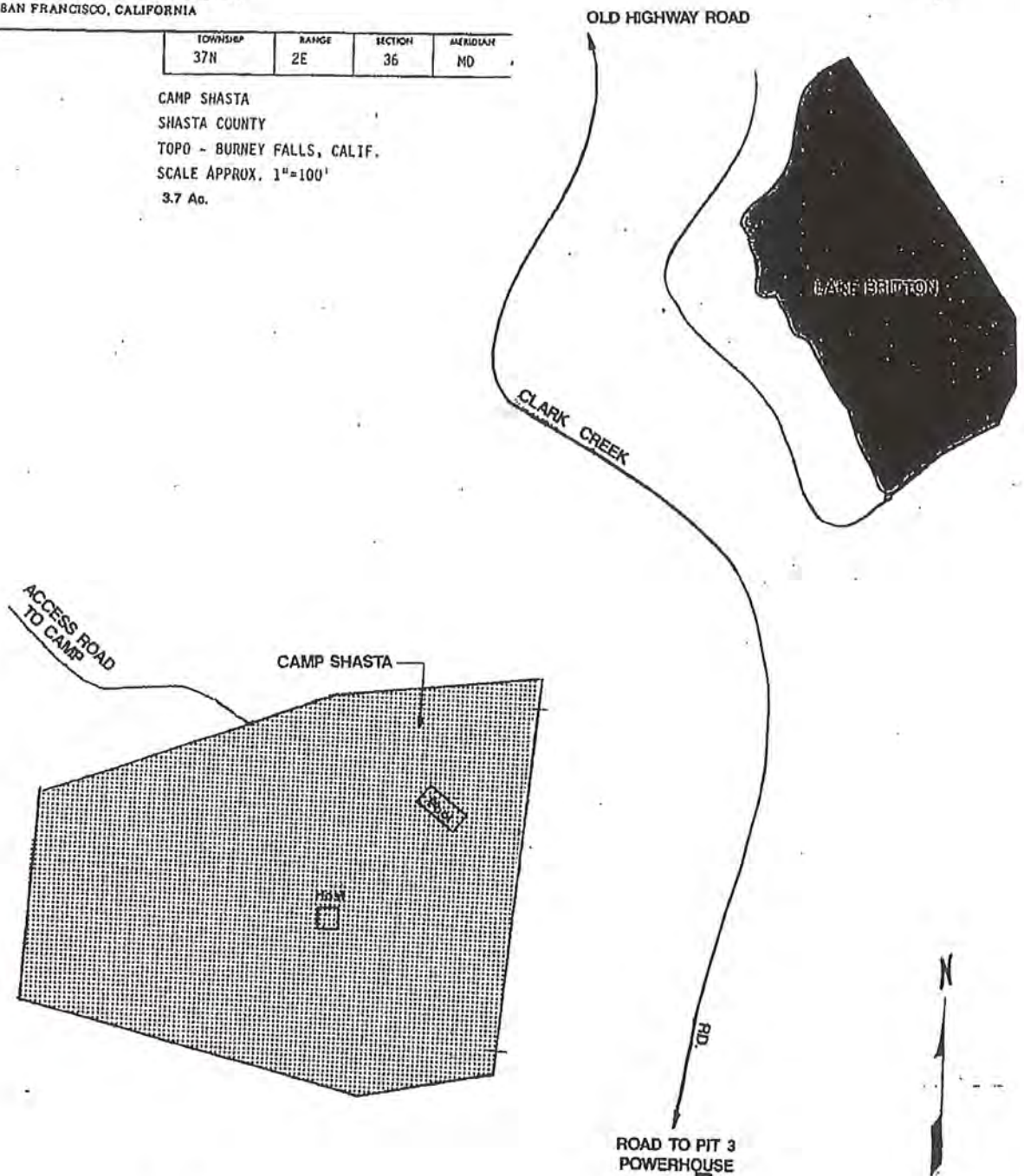
Note: This map compiled from  
deed descriptions & Eng. Dept.  
Dwg. No. 25023.

MAP 135-45-041-1&2

CIFIC GAS AND ELECTRIC COMPANY  
SAN FRANCISCO, CALIFORNIA

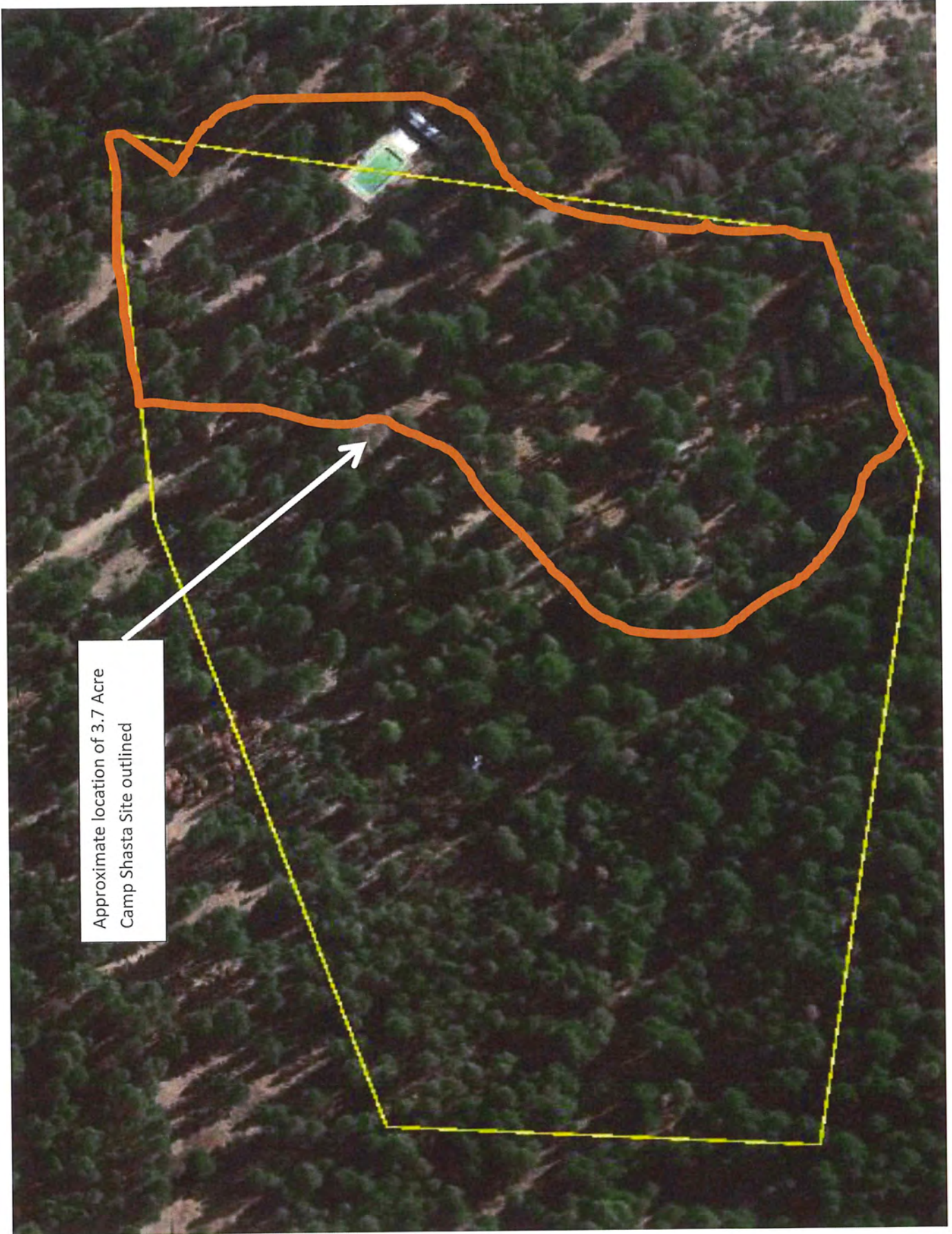
TOWNSHIP	RANGE	SECTION	MERIDIAN
37N	2E	36	ND

CAMP SHASTA  
SHASTA COUNTY  
TOPO - BURNEY FALLS, CALIF.  
SCALE APPROX. 1"=100'  
3.7 Ac.



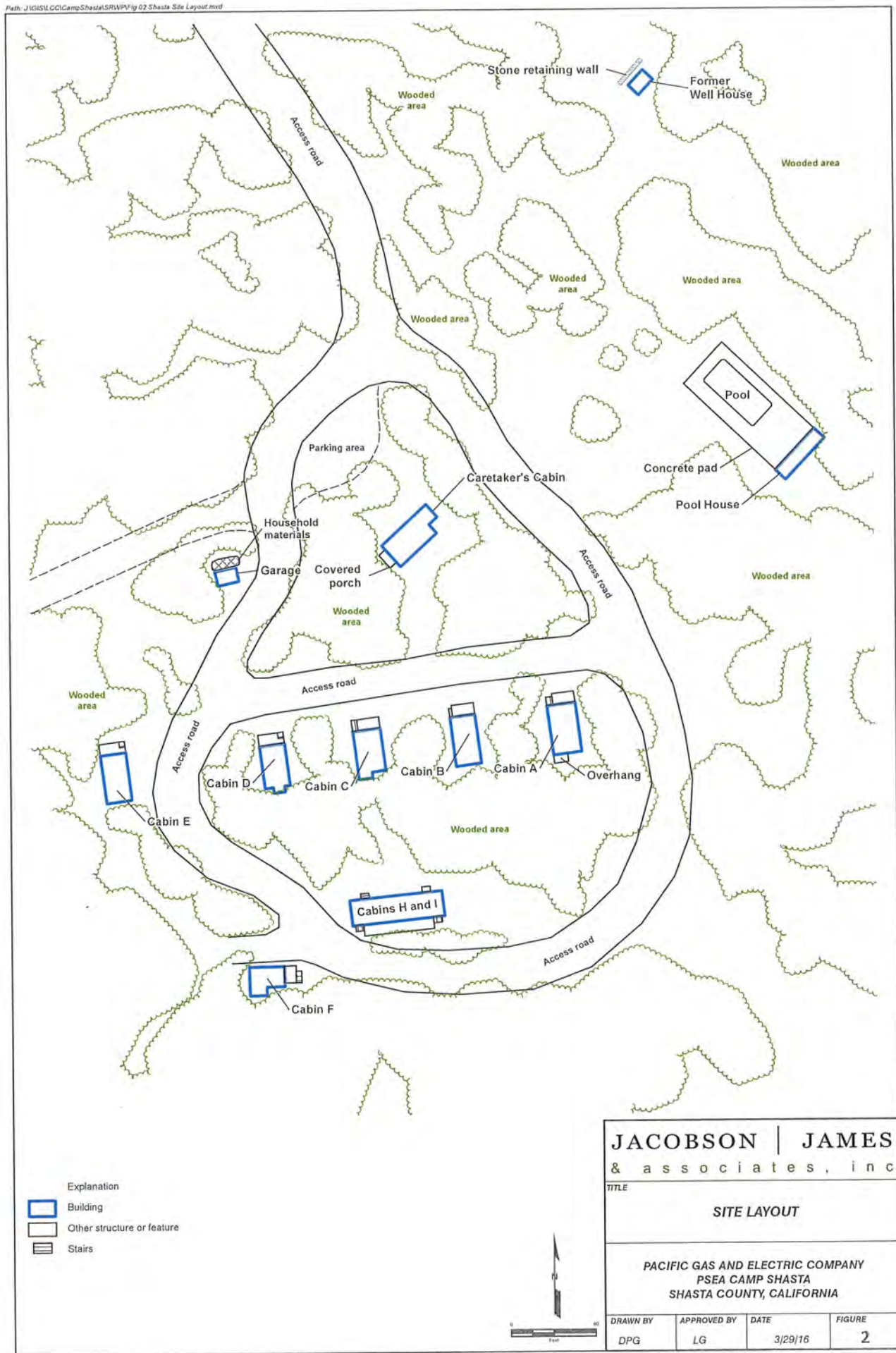
Ex A  
6 of 8





Approximate location of 3.7 Acre  
Camp Shasta Site outlined





Explanation	
Building	
Other structure or feature	
Stairs	

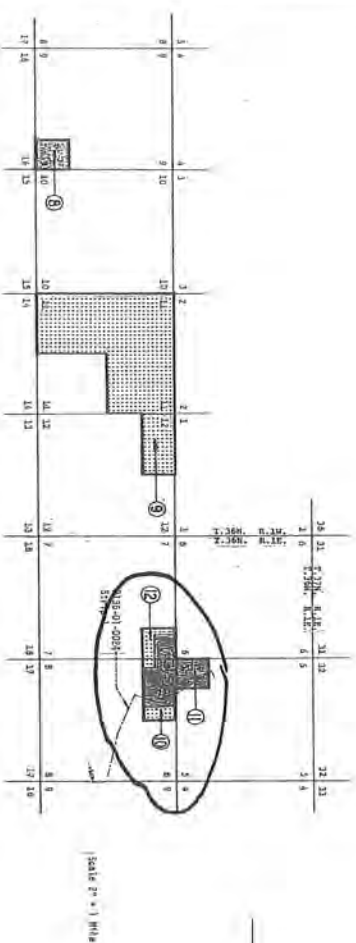
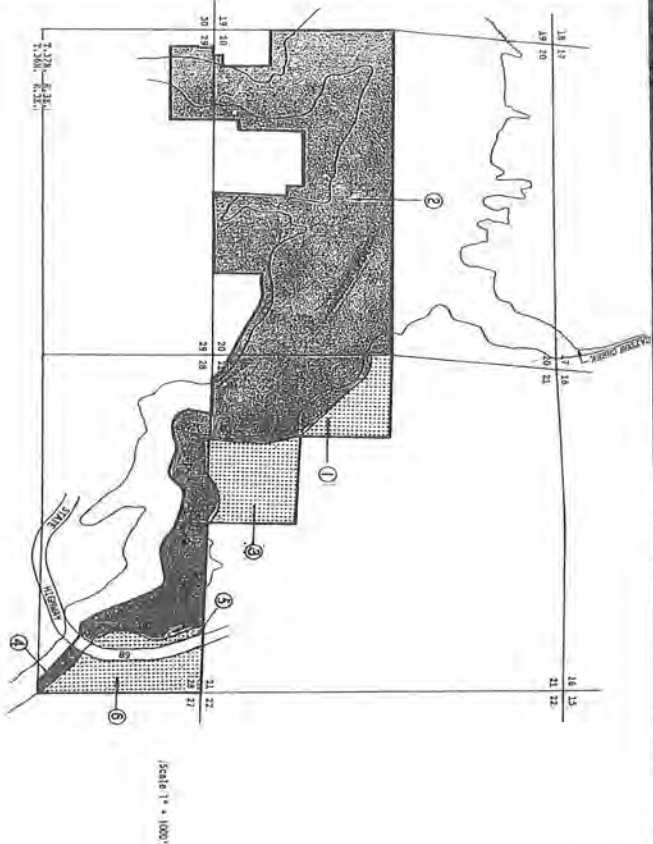
**JACOBSON | JAMES**  
& associates, inc

TITLE

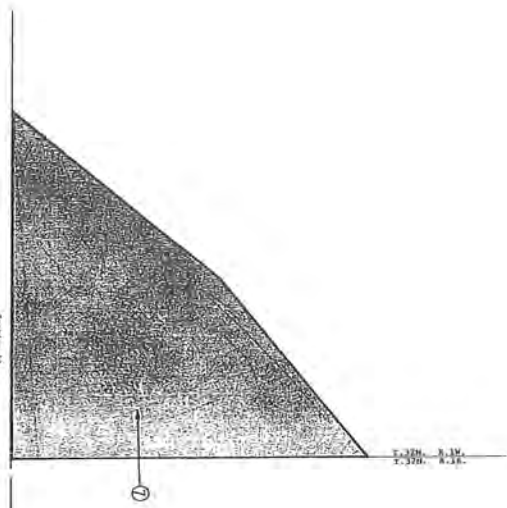
**SITE LAYOUT**

**PACIFIC GAS AND ELECTRIC COMPANY  
PSEA CAMP SHASTA  
SHASTA COUNTY, CALIFORNIA**

DRAWN BY	APPROVED BY	DATE	FIGURE
DPG	LG	3/29/16	2



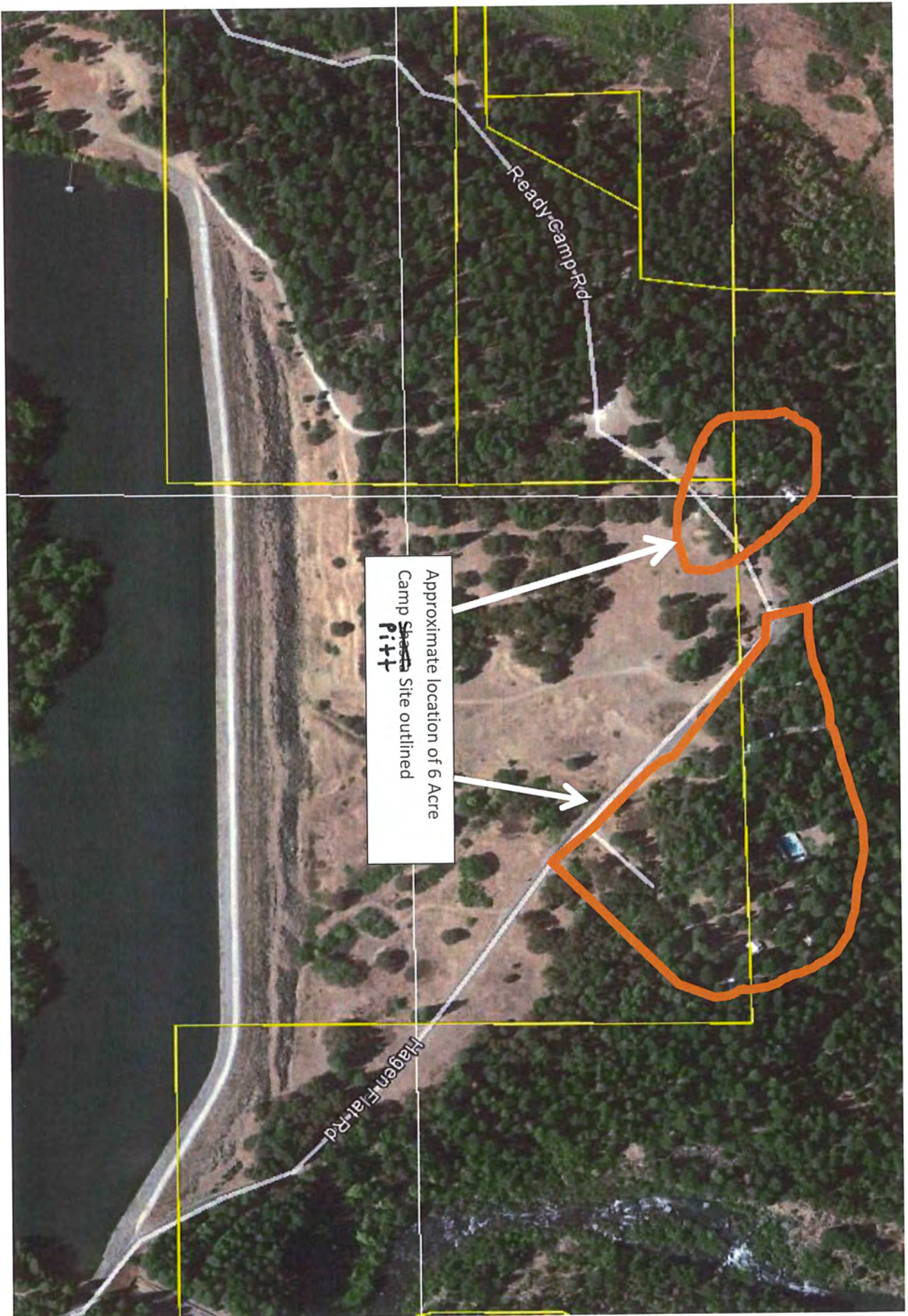
Location map only applies to parcels ① & ②. ① Old Station

[illegible]

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- LEGEND**
- CABIN OR STRUCTURE
  - COVERED AREA
  - WOODED AREA

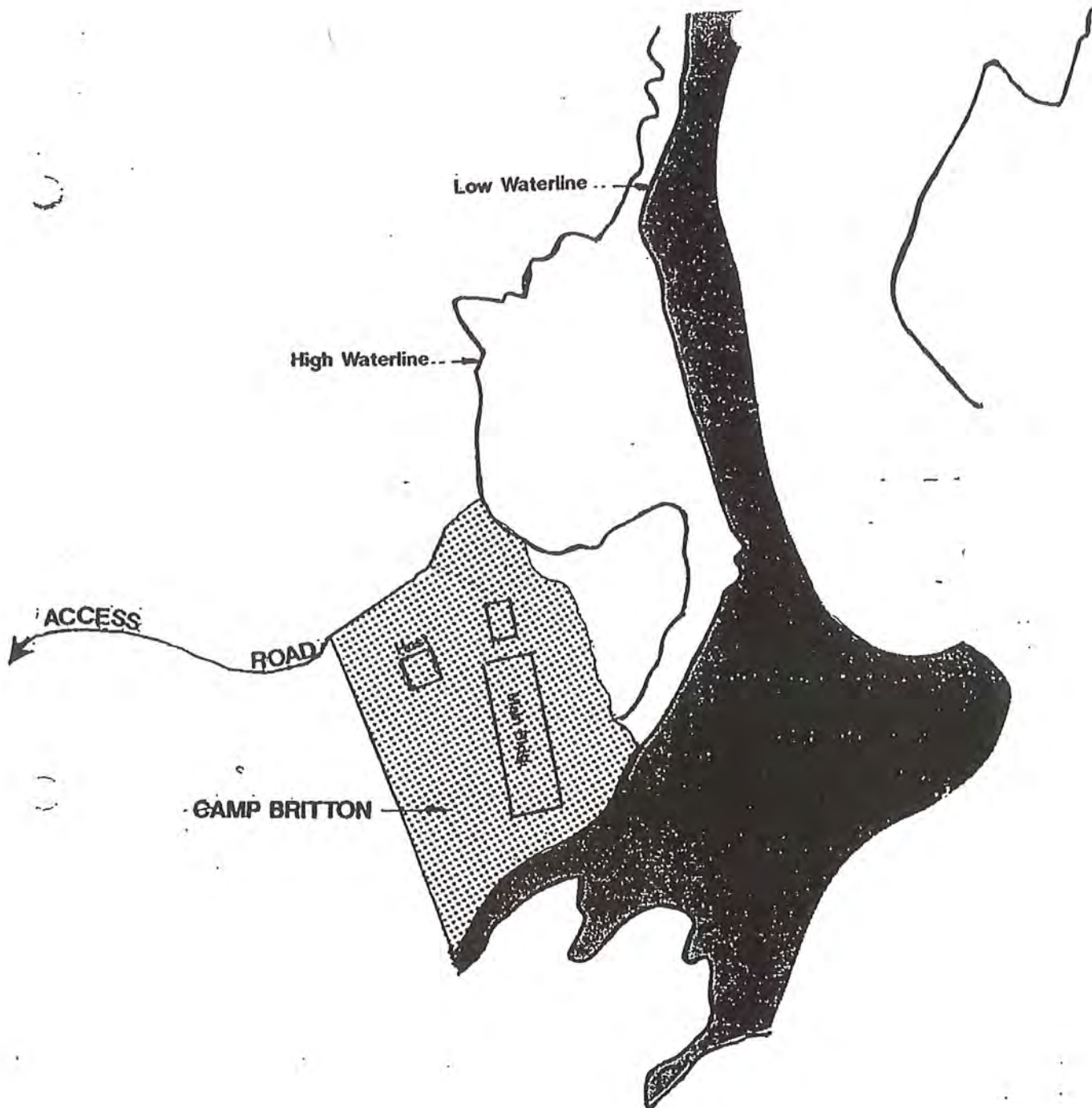
**JACOBSON | JAMES**  
& a s s o c i a t e s , i n c

**SITE PLAN**

PACIFIC GAS & ELECTRIC COMPANY  
PSEA CAMP PIT  
SHASTA COUNTY, CALIFORNIA

DRAWN BY	APPROVED BY	DATE	FIGURE
PEM	LG	02/10/14	2

LAND IDENTIFICATION MAP  
PACIFIC GAS AND ELECTRIC COMPANY  
COUNTY: SHASTA  
S.B.E. MAP NO. 135-45-12B



PACIFIC GAS AND ELECTRIC COMPANY  
SAN FRANCISCO, CALIFORNIA

TOWNSHIP	RANGE	SECTION	MERIDIAN
37N	3E	29	MD

CAMP BRITTON  
SHASTA COUNTY  
TOPO - BURNEY FALLS, CALIF.  
SCALE APPROX. 1"=100'  
0.8 Ac.

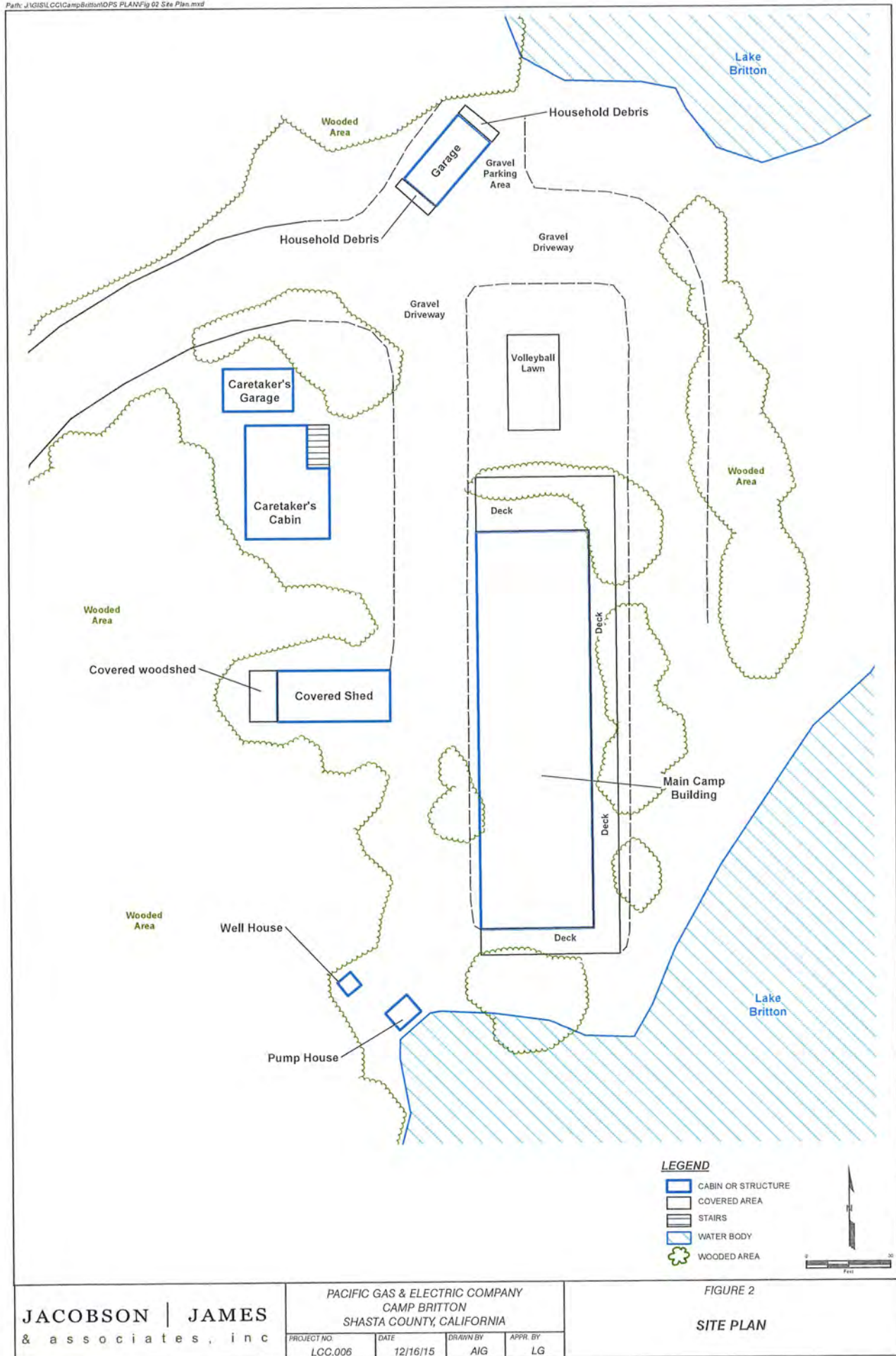
Exp A  
2078





Approximate location of .8 Acre  
Camp Britton Site outlined





**Exhibit B**

**COMMERICAL USE**  
**RULES AND REGULATIONS**

**1/1/2018**

**PACIFIC GAS AND ELECTRIC COMPANY**

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## **OVERVIEW:**

There are presently a number of PSEA commercial resorts on Pacific Gas and Electric Company ("PG&E") land abutting and or within the boundary of PG&E's Federal Energy Regulatory Commission (FERC) license(s) area(s) and under the jurisdiction and governance of the FERC. The condition(s) of these licenses requires PG&E to be responsible for the enhancement and protection of the environmental resources within licensed project boundaries. PG&E has adopted the following Rules and Regulations to govern the use of the Property, to assure compliance with PG&E's FERC license(s), and to promote environmental, biological, economic and cultural resources.

## **MODIFICATIONS:**

PG&E reserves the right to amend or modify these Rules and Regulations at any time. Past practices, policies or occurrences have not established precedence, and no activity or Improvements should be assumed acceptable based on past actions or prior approval by PG&E.

## **DEFINITIONS:**

The "High Water Elevation" is defined as the line on the shore of the water body to which the water level(s) reaches at maximum operating capacity under normal weather conditions.

The real property located at various California locations, that is owned by PG&E, including, without limitation, the Premises, as defined below, together with all easements and rights appurtenant thereto, is referred to in these Rules and Regulations as the "Property."

The portion of the Property leased to Tenant in the Applicable Lease, as defined below, is referred to herein as the "Premises."

Unless otherwise defined in these Rules and Regulations, all terms shall have the meanings given them in the applicable lease to which these Rules and Regulations are attached as an exhibit (to the "Applicable Lease"), as such Rules and Regulations may be amended from time to time.

## **1. COMMERCIAL USE OF PG&E PROPERTY**

### **1.1 Authorized Structures - Improvements:**

Tenant's Improvements include existing structures, out buildings, cottages, decks, campsites, and other recreational facilities.

New construction, reconstruction of existing structures or enlargement of existing structures may be allowed only with PG&E's prior written consent, which consent shall be at PG&E's sole and absolute discretion, according to the procedure set forth in these Rules and Regulations and the Applicable Lease.

## **1.2 Drawings and Plans:**

In connection with any proposal for new construction, alteration, addition, or substantial repair of existing Improvements, Tenant is required to submit design and layout plans to the authorized PG&E representative, and otherwise comply with all requirements set forth in the Applicable Lease. The design and layout plans should provide enough detail to allow an in depth analysis. Details including features such as roads, trees, rock outcrops, location of planned and existing Improvements, proposed minor cuts and fills and delineation of lot boundaries should be shown as accurately as possible. The total size of the structure, individual floor spacing, foundation dimensions, etc., should always be indicated as accurately as possible.

All proposed new construction, Alterations, additions, or substantial repair of existing Improvements must be authorized by PG&E in writing, which approval is at PG&E's sole and absolute discretion. In the event that PG&E's designated representative grants PG&E's written approval-in-concept of the proposed new construction, alteration, addition, or substantial repair of existing Improvements, Tenant will submit their construction plans to the appropriate federal, state and local agencies for final approval as required by law to insure compliance with all pertinent and applicable code standards. Tenant must also obtain required permits from other agencies (if applicable) before any project can start. The form of all permits and any conditions related thereto, shall be submitted to PG&E for approval, which approval may be withheld at PG&E's sole and absolute discretion. Copies of the final permits will be sent to PG&E for inclusion in its files.

## **1.3 Campgrounds and Decks:**

Camping on PG&E property or within its FERC boundaries is considered a seasonal use. Consequently, camp trailers or recreational vehicles used for camping purposes shall only be utilized or allowed to remain on PG&E property between May 1 and October 31 of each year. At all other times these items will not be permitted on PG&E property and shall be removed by Tenant or Tenants guests.

Decks and patio locations must be approved by PG&E's representative, at PG&E's sole and absolute discretion, and must be outside the 25 foot designated setback, measured horizontally, from any High Water Elevation. Existing decks within this setback shall be phased out over time, however, Tenant may make repairs as necessary for safety purposes, but they shall be removed upon demand by PG&E or at such time as the deck needs to be replaced.

## **1.4 Grading and Site Preparation:**

In preparing a lot for construction, Tenant must be guided by the principle that the slope and configuration of the land should always be preserved in as near a natural condition as practical. Effort must be made to minimize cuts and fills and an attempt should be made to balance grading activities so as to avoid the removal or excessive importation of topsoil. PG&E will require a grading plan for review and the representative in charge shall make a determination as to whether proposed cuts and fills are beyond that which is necessary to accommodate the proposed construction. If PG&E grants its approval to the grading plan, Tenant will then submit grading plans to the applicable Local Agency Department for final

approval as required by law to insure compliance with all pertinent and applicable construction code standards.

#### **1.5 Landscaping:**

Landscaping is authorized only to restore natural conditions. Urban-like flower beds, lawns, ivy, and decorations such as birdbaths, statues and plastic flowers are not acceptable and will not be allowed. Walks should be gravel or native material. The use of non-native rocks or trees and other types of decorations foreign to the natural environment are not allowed. Removal of vegetation and trees solely to improve views and visibility is prohibited.

#### **1.6 Set Backs:**

No structures or Improvements will be allowed on the Premises within 25 feet, measured horizontally, of the High Water Elevation, excepting therefrom those existing structures currently in place, however, if these structures are destroyed or in need of a major rebuild they will be relocated or rebuilt in another location as designated by PG&E subject to the requirements set forth in the Applicable Lease and these Rules and Regulations.

#### **1.7 Signage:**

No signage shall be placed on the Property without PG&E's prior written consent to a drawing of such signage, which consent shall be at PG&E's sole and absolute discretion. No signs will be approved unless such signs are of a rustic design and consistent with the natural surroundings. Tenant shall not install or erect any flashing or blinking illuminated signs, neon signs, or signs constructed on non-durable material. Signs may not be nailed or otherwise attached to trees.

#### **1.8 Water Quality Degradation:**

PG&E and applicable agencies may prosecute anyone contributing to the degradation of water quality. Sewage and drainage systems must be in compliance with all applicable governmental regulations and these Rules and Regulations. Septic systems shall be installed and operated so that effluent never reaches the water. Portable or pump out restrooms are not allowed, except on a case by case basis reviewed and authorized by PG&E.

#### **1.9 Accumulation of Debris:**

Tenant shall not allow the accumulation of landscape debris, tree trimmings, debris or trash on the Property. In no event shall the Tenant dispose or allow the disposal of any debris, trash, waste or personal property on the Property. All refuse shall be removed from the Property either by Tenant or by a contracted local waste management service, at Tenant's sole cost. Routine and occasional collection of drifting debris is permissible provided such refuse is promptly removed from the Property.

#### **1.10 Burning Debris and Campfires:**

Tenant shall not burn natural debris (twigs, pine needles, leaves, limbs, etc.) within 25 feet, measured horizontally, of the High Water Elevation. Tenant shall comply with all applicable state and county rules and regulations associated with any burning, take all precautions to prevent and suppress fires, and obtain all necessary burning permits from the appropriate agency.

Campfires will be allowed in designated areas, utilizing a metal or rock fire ring, but in no event shall they be allowed within the 25 foot, measured horizontally, of the High Water Elevation.

#### **1.11 Repairs:**

Tenant shall have the obligation to perform usual, necessary and ordinary repairs to buildings, fences, water pipelines and other structures to keep such Improvements in good condition to the satisfaction of PG&E. Tenant shall periodically paint the exterior of all buildings in a color approved by PG&E. An approved list of colors may be obtained by contacting PG&E's Hydro Support Department, 350 Salem Street, Chico, CA 95928, telephone number (530) 896-4256.

#### **1.12 Tree Trimming and Removal:**

Tenant is responsible for the removal or trimming of any trees or brush on the Premises that are dead or hazardous, at Tenant's sole expense. Tenant should contact PG&E if Tenant is concerned about a particular tree; otherwise, PG&E will identify hazardous trees or brush during inspections and require Tenant to remove or trim them as PG&E deems appropriate. Tenant must obtain PG&E's written authorization before removing or trimming any tree(s) or brush, which authorization shall specify the manner of such removal and disposal.

#### **1.13 Operation of Motorized Vehicles:**

Tenant shall not operate motorized vehicles of any nature on the Property outside of the boundary lines of the Premises; except upon existing roads required for ingress to and egress from the Premises. Permission for vehicular access to any existing domestic water system lying outside the boundary lines the Premises must be obtained by contacting PG&E's Hydro Support Department, 350 Salem Street, Chico, CA 95928, telephone number (530) 896-4256.

#### **1.14 Transfer of Lease:**

Assignment, subletting and other transfers shall be allowed only with PG&E's written consent, and in the case of assignment only in conjunction with the sale any resort operation, as more specifically set forth in the Applicable Lease. An administrative fee of a minimum of \$1,000 will be levied for a request for the assignment, subletting or other transfer of the Applicable Lease, the amount to be determined at PG&E's sole and absolute discretion depending on the complexity of the particular assignment, subletting or transfer. This fee is subject to change. If PG&E elects to do so, Tenant shall also pay PG&E's reasonable attorneys'

fees and any other costs incurred in connection with Tenant's request, payable within thirty (30) days of receipt by Tenant of an invoice therefor.

### **1.15 Septic Systems: Intentionally Deleted**

## **2. PERMITS AND AUTHORIZATIONS.**

### **2.1 Governmental Permits.**

Tenant shall obtain and maintain, at no cost to the Landlord, all permits, approvals and authorizations from all local, state, and federal governmental or permitting authorities relating to Tenant's Permitted Use.

### **2.2 Landlord Authorizations**

Tenant should contact the local PG&E representative prior to any planned activity to determine whether a Permit is required from PG&E. Permits are valid for a specific period from the date of issuance as set forth in the Permit. If the facilities are not installed within the time frame set forth in the Permit, then the consent will be void. Below is a partial list of items that will require written permission or Permits from PG&E:

- A. excavation, grading, dredging, rip rap placement, stump and rock removal, and other forms of shoreline Alterations;
- B. storage of materials outside structures previously approved by PG&E for such use;
- C. construction or reconstruction of buildings, docks, buoys, stairways, walkways or other Improvements;
- D. vehicular access to any existing domestic water system lying outside the boundary lines of the Premises; and,
- E. other activities that may affect water storage, water rights, cultural resources, the environment, etc.

An administration fee may be charged for Permits and other consents and approvals issued for review of applications for activities or construction on the Property. Such fee will cover preparation of the Permit, consent and/or approval, routing for approval, and administrative expenses. Currently the minimum fee is \$1,000.00 per application, and is subject to change.

## **3. USE OF THE WATERWAY**

### **3.1 Camping/Boating Restrictions:**

Houseboats shall not be permitted on the any PG&E waterway. Patio boats, cabin cruisers and sailboats are acceptable on a day-use basis only and shall not be utilized for

overnight lodging purposes. Boat camping or other forms of camping, which would utilize the waterway or its shoreline in areas other than designated campgrounds or resorts shall not be permitted.

### **3.2 Waterway Facilities:**

Tenants may, if authorized by the Applicable Lease, install, maintain, and operate docks, piers and buoys. PG&E may, however, limit the number of docks and buoys based upon issues relating to the safety, congestion, and proximity to adjoining properties, facilities or pursuant to directives issued by FERC. Said facilities will remain the personal property of the Tenant.

Tenant's use of the designated waterway area shall be limited to the operation and maintenance of Tenant's existing facilities with associated walkways and points of access. Use of the waterway area is further subject to the terms and conditions set forth as follows:

- A. Tenant confirms and warrants that all existing supports presently in use are clean and free from contaminated material. Floatation devices shall not be of corrosive barrels or drums or toxic material and shall not consist of containers that once had been used for storage of corrosive or toxic material. Floatation material utilized in the construction or selection of docks shall have a rigid outer shell that will not deteriorate due to natural causes or be easily penetrable. Styrofoam shall be fully encased by an outer shell and the entire unit shall be maintained to ensure that foam is not exposed. Devices used to anchor shall not be of corrosive or toxic material and shall not incorporate containers that once had been used for storage of corrosive or toxic material.
- B. Tenant may use additional cables or ropes anchored to the Premises for the purpose of securing Tenant's docks during the winter months (October 1 through May 15).
- C. Tenant shall clearly mark each facility and locate such marks in a manner so as to be clearly visible to boat patrols. Tenant shall be responsible for retaining said facilities within said area. Docks or logs that break loose shall be retrieved by Tenant within 24 hours of notification. In the event Tenant's facilities are not retrieved in the allotted time period, PG&E shall have the right and option of retrieving, removing, or destroying said facilities at Tenant's sole cost and expense. Should any of Tenant's loose facilities cause any damage whatsoever to the Lake or associated operations of PG&E, Tenant shall assume sole financial liability for any and all such damages and repairs.
- E. Reconstruction or enlargement of existing facilities may be permitted only with PG&E's approval, which will be at PG&E's sole and absolute discretion, subject to the provisions of the Applicable Lease and these Rules and Regulations, provided plans and specifications are submitted to

PG&E for review and approval prior to commencement of work. Such enlargement or expansion may require the adjustment of Tenant's rents.

- F. Tenant shall at his own expense, maintain the facilities in a safe and reasonable manner, and when in PG&E's opinion said facilities are not safely maintained, Tenant shall, when required by PG&E, remove or repair said facilities at Tenant's sole cost and expense. PG&E reserves the right to require Tenant to change the location of any facility based upon reasonable concerns related to safety or congestion of said facilities with other facilities being installed.
- G. Facilities located in areas designated by PG&E as coves or inlets, shall not extend more than one third of the distance across the cove or inlet areas current shoreline. If in the opinion of PG&E any dock causes congestion, presents a safety problem, or overburdens an area of use, PG&E reserves the right to remove or determine alternate locations, numbers and/or sizes of docks. Docks shall not be placed where they will obstruct navigation, cause confusion, or constitute a hazard.

### **3.3 Shoreline Alteration, Cutting and Filling:**

In order to promote fishery and/or environmental projects or to provide erosion control measures along the shoreline, stump and rock removal, excavation, grading, cutting or other forms of shoreline alteration are prohibited, unless approved in writing and permitted by PG&E and applicable agencies. No fill material will be allowed below the High Water Elevation. Earth filling of the Lake decreases the storage capacity and can be detrimental to water quality.

### **3.4 Rip Rap:**

Rip rap for erosion control will generally be permitted/consented to providing it is aesthetically acceptable and the material to be used is approved in writing by PG&E prior to installation. Tenant shall provide PG&E with plans and specifications for proposed rip rap installations as part of any request package. PG&E will, upon request, provide a suggested method for the installation of rip rap. No concrete retaining walls, concrete blocks, broken concrete, bricks, building materials, or non-authorized material may be used as rip rap below the High Water Elevation.

### **3.5 Boating Law Compliance:**

Navigable crafts shall comply with all Legal Requirements applicable to boating safety.

### **3.6 Public Recreation Use:**

The shoreline(s) of PG&E waterways below the FERC Project boundary line is open to the public for boating, fishing and general recreation, pursuant to applicable county, state and federal laws unless otherwise restricted. Docks, buoys, etc., are permitted by PG&E and are the personal property of those tenants. Public uses of those facilities shall be governed by such tenants.

### **3.7 Security:**

Gates may be installed on driveways, etc. for the safety or security as necessary for the resort operations at locations mutually agreed upon by Tenant & PG&E. Fences are not allowed.

### **3.8 Water Use:**

Tenant shall not use any water from any PG&E owned waterway or from any other source on or adjacent to the Premises except such water as Tenant may develop by means of wells or other PG&E approved sources on or adjacent to the Premises for Tenant's domestic use thereon, as approved and permitted by PG&E. Water systems or water lines located outside of the Premises, require written permission authorizing such use from the appropriate property owner. PG&E in no way guarantees or shall be held liable for the quality or quantity of water used by Tenant. Tenant agrees that PG&E shall not be responsible for any damage to Tenant's water supply system while performing work in the course of PG&E's business.

### **3.9 Water Level(s):**

Tenants are hereby notified that the primary use of the Property is for generation of hydroelectric power and water levels can vary dramatically according to PG&E's operational needs, consistent with applicable FERC requirements. PG&E has no obligation to maintain the water level(s) at any particular level regardless of any Improvements installed by any Tenant, or the occupancy of any area by any Tenant.



### **Exhibit C**

Tenant shall procure, carry and maintain the following insurance coverage:

#### **A. Personal Liability**

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Homeowners' or Personal Liability Coverage "occurrence" form.
2. The limit shall not be less than Ten Million Dollars (\$10,000,000) each occurrence, and Twenty Million Dollars (\$20,000,000) annual aggregate for bodily injury, property damage and personal injury.
3. Coverage shall: a) By "Additional Insured" endorsement add as insureds PG&E, its directors, officers, agents and employees with respect to liability arising out of work performed by or for the Tenant; b) Be endorsed to specify that the Tenant's insurance is primary and that any insurance or self-insurance maintained by Landlord shall not contribute with it.

#### **B. Personal Auto**

1. Personal Auto Coverage form covering any owned auto.
2. The limit shall not be less than One Million Dollars (\$1,000,000) each accident for bodily injury and property damage.

#### **C. Other Insurance Requirements**

1. Insurance against damage by fire and other perils, for damage to all of the structures on the Premises, included within standard fire and extended coverage insurance policies in an amount not less than the full replacement cost of the applicable Improvements and Alterations;
2. Workers' compensation coverage as required by law, including employer's liability insurance, with a limit not less than One Million Dollars (\$1,000,000) for injury or death, each accident;

#### **D. Additional Insurance Provisions**

1. Before commencing performance of work under this Lease Agreement, Tenant shall furnish Landlord with certificates of insurance and endorsements of all required insurance for Tenant.
2. The documentation shall state that coverage shall not be canceled except after thirty (30) days prior written notice has been given to Landlord.
3. The documentation must be signed by a person authorized by that insurer to bind coverage on its behalf and shall be submitted to Landlord's Land Agent as specified under Notices in the body of the Lease Agreement.
4. PG&E may inspect the original policies or require complete certified copies, at any time.

5. Upon request, Tenant shall furnish Landlord evidence of insurance for Tenant's agents or contractors.



**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Praxair
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	
	Energy Management Service	
Alta Power Group, LLC	Engineers and Scientists of California	Redwood Coast Energy Authority
Anderson & Poole	Evaluation + Strategy for Social	Regulatory & Cogeneration Service, Inc.
	Innovation	SCD Energy Solutions
Atlas ReFuel	GenOn Energy, Inc.	
BART	Goodin, MacBride, Squeri, Schlotz &	SCE
	Ritchie	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Green Charge Networks	
P.C. CalCom Solar	Green Power Institute	SPURR
California Cotton Ginners & Growers Assn	Hanna & Morton	San Francisco Water Power and Sewer
California Energy Commission	ICF	Seattle City Light
California Public Utilities Commission	International Power Technology	Sempra Utilities
California State Association of Counties	Intestate Gas Services, Inc.	Southern California Edison Company
Calpine	Kelly Group	Southern California Gas Company
	Ken Bohn Consulting	Spark Energy
Cameron-Daniel, P.C.	Keyes & Fox LLP	Sun Light & Power
Casner, Steve	Leviton Manufacturing Co., Inc. Linde	Sunshine Design
Cenergy Power	Los Angeles County Integrated Waste	Tecogen, Inc.
Center for Biological Diversity	Management Task Force	TerraVerde Renewable Partners
City of Palo Alto	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
	MRW & Associates	
City of San Jose	Manatt Phelps Phillips	TransCanada
Clean Power Research	Marin Energy Authority	Troutman Sanders LLP
Coast Economic Consulting	McKenzie & Associates	Utility Cost Management
Commercial Energy		Utility Power Solutions
County of Tehama - Department of Public		Utility Specialists
Works	Modesto Irrigation District	
Crossborder Energy	Morgan Stanley	Verizon
Crown Road Energy, LLC	NLine Energy, Inc.	Water and Energy Consulting Wellhead
Davis Wright Tremaine LLP	NRG Solar	Electric Company
Day Carter Murphy		Western Manufactured Housing
	Office of Ratepayer Advocates	Communities Association (WMA)
Dept of General Services	OnGrid Solar	Yep Energy
Don Pickett & Associates, Inc.	Pacific Gas and Electric Company	
Douglass & Liddell	Peninsula Clean Energy	