

**AGREEMENT AMENDING AND EXTENDING THE TERM
OF
THE OPERATION AND MAINTENANCE AGREEMENT
FOR
BRADLEY LAKE PROJECT**

THIS AGREEMENT is entered into this 22nd day of June, 1999, between the HOMER ELECTRIC ASSOCIATION, INC. (the "Operator") and the ALASKA ENERGY AUTHORITY (the "Authority").

RECITAL:

Effective February 11, 1994, the parties entered into an agreement titled Operation and Maintenance Agreement for Bradley Lake Project (the "Agreement"). The term of the Agreement was for an initial period of five years, automatically renewable annually thereafter. The parties have determined to extend the Agreement for an additional five-year period and to amend the Agreement to require the Operator to provide communication services in addition to the other services listed in the Agreement.

TERMS OF AMENDMENTS

NOW, THEREFORE, the parties agree as follows:

1. Section 2 is amended as follows:

The term of the Agreement is extended until June 30, 2004, and shall continue from year to year thereafter, except upon written notice to terminate as provided in the Agreement.

2. Section 5 is amended by adding a subsection (u) which shall read as follows:

(u) (1) On or before October 30, 1999, provide and maintain adequate and reliable communication service between the Project and the Bernice Lake generating facility of the Chugach Electric

Association, Inc. ("CEA") and enter into an agreement with CEA for interconnection with CEA's SONET microwave system and transport of Project signals to CEA's control facility in Anchorage.

- (2) The Operator shall arrange for continued use of the existing microwave interconnection and signal transport over the State of Alaska's Division of Communications microwave system (Div Com) until the interconnection with the CEA's SONET system is in operation.
3. Section 10 is amended by adding a subsection (e) which shall read as follows:
- (e)
 - (1) The costs which the Operator shall charge and which the Authority shall pay for the communication service described in Section 5(u) shall equal \$90,000 annually (\$7,500 monthly).
 - (2) In addition, The Operator shall be reimbursed monthly for the amounts charged to The Operator by CEA for transport of Project information to Anchorage.
 - (3) Until the connection is completed to CEA's SONET System, The Operator shall be reimbursed for its costs of using the Div Com System.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

HOMER ELECTRIC ASSOCIATION, INC.

By: 
General Manager

Date: 6-16-99

ALASKA ENERGY AUTHORITY

By: 
Executive Director

Date: 6/22/99