



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

PUBLIC AFFAIRS

April 11, 2011

In reply refer to: DK-7

Mark L. Bubenik  
Northwest Justice Project  
715 Tacoma Ave. So.  
Tacoma, WA 98402

### **RE: FOIA #BPA-2011-00748-F**

Dear Mr. Bubenik:

This is a final response to your request for information that you made to the Bonneville Power Administration (BPA) under the Freedom of Information Act (FOIA), 5 U.S.C. 552.

#### **You requested the following:**

A copy of the power sales and purchase agreement with Lakeview Light & Power.

#### **Response:**

There is one responsive contract to your request. The contract has been provided in its entirety except for the "banking information."

I appreciate the opportunity to assist you. Please contact Cheri Benson, FOIA/Privacy Act Specialist at (503) 230-7305 with any questions about this letter.

Sincerely,

  
Christina J. Munro

Freedom of Information Act/Privacy Act Officer

Enclosure: Responsive document

**FULL SERVICE  
POWER SALES AGREEMENT  
executed by the  
BONNEVILLE POWER ADMINISTRATION  
and  
LAKEVIEW LIGHT & POWER**

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This FULL SERVICE POWER SALES AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), and LAKEVIEW LIGHT & POWER (Lakeview). Lakeview is a non-profit corporation organized under the laws of the State of Washington.

**RECITALS**

This Agreement will replace Contract No. DE-MS79-81BP90541 which continues through September 30, 2001.

BPA has administratively divided its organization into two business lines in order to functionally separate the administration and decision-making activities of BPA's power business from the administrative and decision-making activities of its transmission business. References in this Agreement to the Power Business Line are solely for the purpose of establishing which BPA business line is responsible for the administration of this Agreement.

The Parties agree:

**1. TERM**

This Agreement takes effect on the date signed by BPA and Lakeview. Performance by BPA and Lakeview, (except for the preparatory actions for performance contained in sections 6, 8, and 15(f) of the body of this Agreement, Exhibit A, Rate Commitments, and Exhibit C, Net Requirements), shall commence on October 1, 2001, and shall continue through September 30, 2011 (Expiration Date).

**2. DEFINITIONS**

Capitalized terms in this Agreement shall have the meanings defined below, in the exhibits or in context. All other capitalized terms and acronyms are defined in BPA's applicable Wholesale Power Rate Schedules, including the General Rate Schedule Provisions (GRSPs), or its successors.

- (a) "Alternate Supplier" means an entity, other than Lakeview, or a consumer of Lakeview serving its own load with an on site resource, that provides electric power service directly to a retail electric power consumer that receives service over the distribution system of Lakeview under Voluntary Retail Access or Mandated Retail Access.
- (b) "Amounts Taken" means the amount of power provided by PBL to serve Lakeview's load as measured at the Points of Measurement.
- (c) "Annexed Load" means the amount of load, including the increase in load associated with an annexation, that is added to Lakeview's distribution system after the execution of this Agreement due to Lakeview acquisition by condemnation, purchase or other legal process, as authorized under applicable state law, of distribution facilities and the obligation to serve the retail electric power consumers connected to the facilities. Annexed Load amounts are shown in Exhibit A, Rate Commitments.
- (d) "Contract Year" or "CY" means the period that begins each October 1 and which ends the following September 30. For instance Contract Year 2002 begins October 1, 2001, and continues through September 30, 2002.
- (e) "Contracted Power" means Firm Power and Surplus Firm Power provided under this Agreement.

- (f) "Diurnal" means the division of hours of the day between Heavy Load Hours (HLH) and Light Load Hours (LLH).
- (g) "Firm Power" means electric power that PBL will make continuously available to Lakeview under this Agreement.
- (h) "Mandated Retail Access" means the right, mandated either by Federal, or state law of retail electric power consumers to either acquire electric power service directly from one or more Alternate Suppliers of such electric power, or choose electric power service from a portfolio of power supply options, without Lakeview taking an ownership interest.
- (i) "New Large Single Load" or "NLSL" means the definition established for NLSL in the Northwest Power Act, as implemented in a NLSL policy developed by BPA after this Agreement is executed.
- (j) "Northwest Power Act" means the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501.
- (k) "Party" or "Parties" means PBL and/or Lakeview.
- (l) "Points of Measurement" means the points at which Total Retail Load and Amounts Taken are measured as set forth in Exhibit E, Points of Measurement.
- (m) "Points of Receipt" means the points of interconnection on the transmission provider's transmission system where Contracted Power will be made available to Lakeview's transmission provider by PBL.
- (n) "Power Business Line" or "PBL" means that portion of the BPA organization or its successor that is responsible for the management and sale of BPA's Federal power.
- (o) "Region" means the definition established for "Region" in the Northwest Power Act.
- (p) "Returned Retail Load" means a retail electric power consumer load that returns to Lakeview for electric power service after receiving electric power service from an Alternate Supplier.
- (q) "Surplus Firm Power" means surplus firm electric power that is made available and sold consistent with section 5(f) of the Northwest Power Act and subject to the provisions of P.L. 88-552 which is made available under this Agreement.
- (r) "Total Retail Load" means all electric power consumption including electric system losses, within a utility's distribution system as measured at Points of Measurement, adjusted as needed for unmetered loads or generation, less

nonfirm or interruptible loads agreed to by the Parties. No distinction is made between load that is served with Contracted Power and load that is served with electric power from other sources.

- (s) "Transmission Business Line" or "TBL" means that portion of the BPA organization or its successor that is responsible for the management and sale of transmission service on the Federal Columbia River Transmission System (FCRTS).
- (t) "Voluntary Retail Access" means retail access that is not Mandated Retail Access and under which the retail electric power consumer has the ability to either acquire electric power service directly from one or more Alternate Suppliers of such electric power, or choose electric power service from a portfolio of power supply options, without Lakeview taking an ownership interest.

### 3. **APPLICABLE RATES**

Purchases under this Agreement may be subject to more than one rate schedule. The Priority Firm Power (PF), New Resource Firm Power (NR), and Firm Power Products and Services (FPS) rate schedules, including the GRSPs, or their successors, apply to power purchases under this Agreement. Purchases under each rate schedule are established as follows.

- (a) **Priority Firm Power Rate**  
Section 4 of the body of this Agreement, Exhibit A (Rate Commitments), and Exhibit B (Billing), identify rates and Contracted Power amounts subject to the PF rate schedule.
- (b) **New Resource Firm Power Rate**  
Section 15 of the body of this Agreement, Exhibit A, (Rate Commitments), and Exhibit B (Billing) identify rates and Contracted Power amounts subject to the NR rate schedule.
- (c) **Firm Power Products and Services Rate**  
Except when otherwise specified in this Agreement Exhibit D (Additional Products and Special Provisions) identifies rates, products, and amounts subject to the FPS rate schedule.

### 4. **PRIORITY FIRM POWER PRODUCT**

PBL shall sell and make available and Lakeview shall purchase under the applicable PF rates Contracted Power in hourly amounts equal to Lakeview's Total Retail Load minus the following:

- (a) **Lakeview and Non-Lakeview Resources**  
Lakeview and non-Lakeview resources as established in Exhibit C, Net Requirements.

- (b) **New Large Single Loads**  
NLSL amounts, if any, as established in Exhibit A, Rate Commitments that are served at the NR Rate.
- (c) **Other Loads and Amounts**  
Other loads and amounts as established in Exhibit D, Additional Products and Special Provisions.
- (d) **Loads Served By an Alternate Supplier Under Mandated Retail Access**  
Loads served by an Alternate Supplier under Mandated Retail Access as measured at the appropriate Points of Measurement, or in amounts agreed to by the Parties.

## 5. LOAD LOSS

- (a) **Limitation on Damages**  
PBL shall bill Lakeview monthly for any power Lakeview was contractually obligated to purchase that month, but did not take for any reason other than Mandated or Voluntary Retail Access, at the rates PBL would have charged Lakeview if Lakeview had taken such power under this Agreement. Up to 60 days after the end of each Contract Year, PBL may determine if Lakeview purchased less Contracted Power in any month during the previous Contract Year, due to Voluntary Retail Access load loss, than it was contractually obligated to purchase under this Agreement (Monthly Purchase Deficiency). If PBL makes such a determination it shall calculate the reasonable market value of each Monthly Purchase Deficiency taking into account the differing market values within each month during such Contract Year. Lakeview shall pay PBL damages for such Contract Year equal to the amount by which the sum of the product of the Monthly Purchase Deficiencies and the applicable PF Rate exceeds the sum of the product of the Monthly Purchase Deficiencies and the reasonable market value in each month. PBL may require through a written notice to Lakeview that Lakeview provide a reasonable forecast of its expected load loss amounts for a Contract Year.
- (b) **Returned Retail Loads**  
Lakeview shall notify PBL of any Returned Retail Load and provide PBL with metering information for such loads prior to PBL providing any power to serve such loads. Lakeview agrees not to request from PBL service under section 5(b) of the Northwest Power Act for a Returned Retail Load which would commence earlier than one year after the date the Returned Retail Load began receiving service from the Alternate Supplier. Any request for service to Returned Retail Loads would be established pursuant to section 4(c) of Exhibit A, Rate Commitments.

## 6. RETAIL ACCESS IMPLEMENTATION

Lakeview agrees to use its best efforts and all legal recourse to defend itself in any legal action in which it is alleged that the failure of Lakeview to provide open access

to its distribution system to Alternate Suppliers constitutes a violation of state or Federal antitrust laws. At least 180 days before Lakeview allows Voluntary Retail Access or before the effective date of Mandated Retail Access, the Parties shall amend the terms of this Agreement, if and to the extent necessary, to reflect the following Lakeview obligations:

- (a) Lakeview shall ensure that PBL has access to information adequate to plan, schedule, and bill for service rendered under this Agreement; and
- (b) Lakeview shall ensure that any retail electric power consumer, that receives all or a portion of its power supply from an Alternate Supplier, acquires all services necessary to support such service, including without limitation energy imbalance service.

**7. SCHEDULING**

The Parties shall amend this Agreement as needed if any transmission tariff or regulatory agency requires or recommends changes that PBL decides to accept, which PBL determines require power scheduling provisions be made a part of this Agreement.

**8. DELIVERY**

(a) **Transmission Service for Contracted Power**

This Agreement does not provide transmission services for, or include the delivery of, Contracted Power to Lakeview, unless otherwise provided in section 8(f) below. Lakeview shall be responsible for executing one or more wheeling agreements with a transmission supplier for the delivery of Contracted Power (Wheeling Agreement). The Parties agree to take such actions as may be necessary to facilitate the delivery of Contracted Power to Lakeview consistent with the terms, notice, and the time limits contained in the Wheeling Agreement.

(b) **Liability for Delivery**

Lakeview waives any claims against PBL arising under this Agreement for nondelivery of power to any points beyond the applicable Points of Receipt. PBL shall not be liable for any third-party claims related to the delivery of power after it leaves the Points of Receipt. In no event will either Party be liable under this Agreement to the other Party for damage that results from any sudden, unexpected, changed, or abnormal electrical condition occurring in or on any electric system, regardless of ownership. These limitations on liability apply regardless of whether or not this Agreement provides for transfer service.

(c) **Points of Receipt**

PBL shall make Contracted Power available to Lakeview under this Agreement at Points of Receipt solely for the purpose of scheduling transmission to points of delivery on Lakeview's distribution system, unless otherwise provided. Lakeview shall schedule, if scheduling is necessary,

such Contracted Power solely for use by its firm retail electric power consumer load. PBL, for purposes of scheduling transmission for delivery under this Agreement, shall specify Points of Receipt in a written notice to Lakeview prior to August 1, 2000.

If required by the Wheeling Agreement when PBL designates such Points of Receipt, PBL will provide capacity amounts for transmission under the Wheeling Agreement associated with the initial Points of Receipt that can be accepted as firm Points of Receipt under Lakeview's Wheeling Agreement (except in the event that all Points of Receipt on the Federal Columbia River Power System (FCRPS) would be considered nonfirm). The sum of capacity amounts requested by PBL shall not exceed the amount reasonably necessary for PBL to provide Contracted Power. Such Points of Receipt and their capacity amounts may only be changed through mutual agreement. However, at any time PBL may request the use of nonfirm Points of Receipt to provide Contracted Power to Lakeview, but notwithstanding section 8(b) above, PBL shall reimburse Lakeview for any additional costs incurred by Lakeview due to its compliance with such request.

**(d) Transmission Losses**

PBL shall provide Lakeview the losses between the Points of Receipt and Lakeview's distribution system for Contracted Power, at no additional charge. Losses will be provided at Points of Receipt as established under section 8(c), and under the terms and conditions as defined in the transmission provider's tariff.

**(e) Points of Measurement Losses**

Measured amounts of Contracted Power shall be adjusted to account for losses, if any, that occur between the points where Contracted Power enters Lakeview's system and the respective Points of Measurement.

**(f) Transfer Service**

Subject to the limitations of this section, PBL shall obtain transfer services over any non-Federal transmission systems necessary to deliver Contracted Power to Lakeview's retail service area. Lakeview shall obtain transfer service over any non-Federal transmission systems necessary to deliver Contracted Power used to serve Lakeview's Annexed Loads. However, PBL agrees to continue transfer service for Annexed Loads being served through transfer by PBL at the time of annexation. Transfer service shall continue under this Agreement or a subsequent agreement until September 30, 2011, unless a regional transmission organization (RTO) forms that meets the following criteria: (1) the RTO is operational; (2) the transmission facilities under the control and tariff of the RTO include the FCRTS and all of the non-Federal transmission facilities necessary to deliver Contracted Power from the FCRTS to Lakeview; and (3) the RTO offers access at rates that are not pancaked. The formation of an RTO that does not meet the above criteria shall not increase the transfer cost PBL pays under this Agreement.

(1) **Ancillary Services**

Lakeview shall be responsible for obtaining and paying the costs of any ancillary services required to deliver Contracted Power purchased under this Agreement to Lakeview's distribution system, except as provided below. PBL shall pay for such ancillary services as provided in (A) and (B) of this section below; however, PBL reserves the right to recover ancillary charges for significant energy imbalance, power factor overruns, or power factor underruns caused by Lakeview that PBL determines show a pattern of frequent and excessive use.

- (A) PBL will pay the costs of any ancillary services that are bundled into the rate PBL is charged for transfer services by the non-Federal transmission provider.
- (B) If PBL is purchasing transfer services from a non-Federal transmission provider under an open access transmission tariff that levies a separate charge for ancillary services, PBL will either: (i) pay the amount by which the non-Federal ancillary service charge exceeds the TBL charge for comparable ancillary services; or (ii) install telemetry to move Lakeview's retail consumer load into the BPA Control Area.

(2) **Low Voltage Delivery**

Delivery and distribution services of less than 34.5 kV (Low Voltage Services) shall continue to be provided under the wheeling agreement PBL maintains for transfer service during the time that agreement includes such Low Voltage Services. If Low Voltage Services are not included in such a wheeling agreement Lakeview shall acquire necessary Low Voltage Services directly from the transferor or shall request that PBL acquire the applicable services. If PBL acquires the Low Voltage Services the Parties agree to amend Exhibit D, Additional Products and Special Provisions to establish charges for the services PBL provides. If PBL ceases to provide transfer service due to the formation of an RTO that meets the criteria set forth in section 8(f) above, then Lakeview shall bear all responsibility to acquire and pay for necessary Low Voltage Services directly from the supplier of such services.

(g) **Hourly Load Matching**

For purposes of this section "Load Matching" means the obligation within the hour to match generation with Contracted Power. PBL intends to provide this service under this Agreement. If however PBL is not allowed to provide Load Matching under this Agreement, the Parties shall amend this Agreement as necessary, to reflect the need for Lakeview to arrange and pay for Load Matching. If PBL is not allowed to provide Load Matching under this Agreement, PBL shall provide a credit to Lakeview under the FPS 1996 Rate Schedule or its successor for the lesser of the actual costs Lakeview incurs for Load Matching or Amounts Taken multiplied by the amount per

kilowatthours that PBL projected it would pay for Load Matching in the Wholesale Power Rate Schedules Lakeview purchases under.

**9. MEASUREMENT**

The following requirements apply to this Agreement, except for metering of load lost or gained due to Voluntary or Mandated Retail Access, which is governed by section 6, Retail Access Implementation.

**(a) General**

Lakeview authorizes PBL to use metering data as PBL determines is necessary to plan, schedule, and bill for power. Lakeview agrees to authorize TBL to provide Lakeview's metering data directly to PBL, subject to any restrictions imposed by the Federal Energy Regulatory Commission (FERC). All Points of Measurement are shown in Exhibit E, Points of Measurement. Lakeview agrees to provide reasonable notice to PBL prior to changing Control Areas.

**(b) BPA Metering**

BPA is responsible for the installation, operation, maintenance, and replacement of all metering equipment owned by BPA that is needed to plan, schedule, and bill for power. For BPA-owned meters only, Lakeview authorizes PBL to install at PBL expense any metering equipment on Lakeview's facilities, that is reasonably necessary to plan, schedule and bill for power, if PBL or Lakeview are unable to obtain the information from TBL. The installation of such metering equipment shall be subject to a separate agreement between PBL and Lakeview, addressing the location, access, maintenance, testing, and liability of the Parties with respect to such meters.

**(c) Lakeview Metering**

**(1) General Responsibilities**

Lakeview is responsible for the installation, operation, maintenance, and replacement of metering equipment (except metering equipment owned by BPA or a transferring party) that is needed by PBL to plan, schedule, and bill for power for:

- (A)** points of interconnection between Lakeview's system and parties other than BPA.
- (B)** all loads that require separate measurement for purposes of planning, scheduling, or billing by PBL.
- (C)** generating resources shown in Exhibit C, Net Requirements, that are interconnected to Lakeview's system.

All metering equipment shall meet standards generally accepted by the electric utility industry in the Region for the particular metering application.

(2) **Existing Metering**

Metering equipment existing at the time of execution of this Agreement may continue to be used indefinitely, provided it records data hourly and is reported to BPA each month. Metering equipment which does not record hourly may continue to be used in instances when PBL does not need hourly data to plan, schedule, or bill.

(3) **New Meters**

Any metering equipment described in subsection 9(c)(1) that is replaced, upgraded, or newly installed shall allow PBL complete electronic access to metering data. Electronic access is the capability for data polling and extraction via PBL's system software as frequently as needed to plan, schedule, and bill for power. Such meters shall record hourly and enable PBL to extract meter data for a minimum of the previous 45 days. In addition to the general requirements of (1), above, new meters shall meet PBL's published metering standards then in effect for such application.

(4) **Exceptions**

When the Parties agree metering is economically or technologically impractical, mutually acceptable load profiles may be used instead of metered amounts. Where power amounts are scheduled in or out of Lakeview's service territory, scheduled amounts shall be used, if appropriate, to determine the amount of Contracted Power delivered.

## 10. BILLING AND PAYMENT

(a) **Billing**

PBL shall bill Lakeview monthly, consistent with applicable BPA rates, including the GRSPs and the provisions of this Agreement for the Amounts Taken, payments pursuant to section 5, and other services provided to Lakeview in the preceding month or months under this Agreement. PBL may send Lakeview an estimated bill followed by a final bill. PBL shall send all bills on the bill's issue date either electronically or by mail, at Lakeview's option. If electronic transmittal of the entire bill is not practical, PBL shall transmit a summary electronically, and send the entire bill by mail.

(b) **Payment**

Payment of all bills, whether estimated or final, must be received by the 20<sup>th</sup> day after the issue date of the bill (Due Date). If the 20<sup>th</sup> day is a Saturday, Sunday, or Federal holiday, the Due Date is the next business day. If payment has been made on an estimated bill before receipt of a final bill for the same month, Lakeview shall pay only the amount by which the final bill exceeds the payment made for the estimated bill. PBL shall provide

Lakeview the amounts by which an estimated bill exceeds a final bill through either a check or as a credit on the subsequent month's bill. After the Due Date, a late payment charge shall be applied each day to any unpaid balance. The late payment charge is calculated by dividing the Prime Rate for Large Banks as reported in the Wall Street Journal, plus 4 percent; by 365. The applicable Prime Rate for Large Banks shall be the rate reported on the first day of the month in which payment is received. Lakeview shall pay by electronic funds transfer using BPA's established procedures. PBL may terminate this Agreement if Lakeview is more than three months behind in paying its bills under this Agreement and Lakeview cannot demonstrate an ability to make the payments owed.

(c) **Disputed Bills**

In case of a billing dispute, Lakeview shall note the disputed amount and pay its bill in full by the Due Date. Unpaid bills (including both disputed and undisputed amounts) are subject to late payment charges provided above. If Lakeview is entitled to a refund of any portion of the disputed amount, then BPA shall make such refund with simple interest computed from the date of receipt of the disputed payment to the date the refund is made. The daily interest rate used to determine the interest is calculated by dividing the Prime Rate for Large Banks as reported in the Wall Street Journal; by 365. The applicable Prime Rate for Large Banks shall be the rate reported on the first day of the month in which payment is received by BPA.

**11. NOTICES**

Any notice required under this Agreement shall be in writing and shall be delivered: (a) in person; (b) by a nationally recognized delivery service; or (c) by United States Certified Mail. Notices are effective when received. Either Party may change its address for notices by giving notice of such change consistent with this section.

If to Lakeview:

Lakeview Light & Power  
11509 Bridgeport Way, SW.  
P.O. Box 98979  
Lakewood, Washington 98498-0979  
Attn: Robin A. Rego  
General Manager  
Phone: 253-584-6060  
FAX: 253-588-9682  
E-Mail: rarego@lakeviewlight.com

If to PBL:

Bonneville Power Administration  
909 First Avenue, Suite 380  
Seattle, Washington 98104-3636  
Attn: George T. Reich – PSW/Seattle  
Account Executive  
Phone: 206-220-6761  
FAX: 206-220-6803  
E-Mail: gtreich@bpa.gov

**12. COST RECOVERY**

(a) Nothing included in or omitted from this Agreement creates or extinguishes any right or obligation, if any, of BPA to assess against Lakeview and

Lakeview to pay to BPA at any time a cost underrecovery charge pursuant to an applicable transmission rate schedule or otherwise applicable law.

- (b) BPA may adjust the rates for Contracted Power set forth in the applicable power rate schedule during the term of this Agreement pursuant to the Cost Recovery Adjustment Clause in the 2002 GRSPs, or successor GRSPs.

**13. UNCONTROLLABLE FORCES**

PBL shall not be in breach of its obligation to provide Contracted Power and Lakeview shall not be in breach of its obligation to purchase Contracted Power to the extent the failure to fulfill that obligation is due to an Uncontrollable Force. "Uncontrollable Force" means an event beyond the reasonable control of, and without the fault or negligence of, the Party claiming the Uncontrollable Force that impairs that Party's ability to perform its contractual obligations under this Agreement and which, by exercise of that Party's reasonable diligence and foresight, such Party could not be expected to avoid and was unable to avoid. Uncontrollable Forces include, but are not limited to:

- (a) any unplanned curtailment or interruption for any reason of firm transmission used to deliver Contracted Power to Lakeview's facilities or distribution system, including but not limited to unplanned maintenance outages;
- (b) any unplanned curtailment or interruption, failure or imminent failure of Lakeview's distribution facilities, including but not limited to unplanned maintenance outages;
- (c) any planned transmission or distribution outage that affects either Lakeview or PBL which was provided by a third-party transmission or distribution owner, or by a transmission provider, including TBL, that is functionally separated from the generation provider in conformance with FERC Orders 888 and 889 or its successors;
- (d) strikes or work stoppage, including the threat of imminent strikes or work stoppage;
- (e) floods, earthquakes, or other natural disasters; and
- (f) orders or injunctions issued by any court having competent subject matter jurisdiction, or any order of an administrative officer which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing

contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

The Party claiming the Uncontrollable Force shall notify the other Party as soon as practicable of that Party's inability to meet its obligations under this Agreement due to an Uncontrollable Force. The Party claiming the Uncontrollable Force also agrees to notify any control area involved in the scheduling of a transaction which may be curtailed due to an Uncontrollable Force.

Both Parties shall be excused from their respective obligations, other than from payment obligations incurred prior to the Uncontrollable Force, without liability to the other, for the duration of the Uncontrollable Force and the period reasonably required for the Party claiming the Uncontrollable Force, using due diligence, to restore its operations to conditions existing prior to the occurrence of the Uncontrollable Force.

#### 14. GOVERNING LAW AND DISPUTE RESOLUTION

- (a) This Agreement shall be interpreted consistent with and governed by Federal law. Final actions subject to section 9(e) of the Northwest Power Act are not subject to binding arbitration and shall remain within the exclusive jurisdiction of the United States Ninth Circuit Court of Appeals. Any dispute regarding any rights of the Parties under any BPA policy, including the implementation of such policy, shall not be subject to arbitration under this Agreement. Lakeview reserves the right to seek judicial resolution of any dispute arising under this Agreement that is not subject to arbitration under this section 14. For purposes of this section 14 BPA policy means any written document adopted by BPA as a final action in a decision record or record of decision that establishes a policy of general application, or makes a determination under an applicable statute. If either Party asserts that a dispute is excluded from arbitration under this section 14, either Party may apply to the Federal District Court of Oregon for an order determining whether such dispute is subject to arbitration under this section 14.
- (b) Any contract dispute or contract issue between the Parties arising out of this Agreement, except for disputes that are excluded through section 14(a) above, shall be subject to binding arbitration. The Parties shall make a good faith effort to resolve such disputes before initiating arbitration proceedings. During arbitration, the Parties shall continue performance under this Agreement pending resolution of the dispute, unless to do so would be impossible or impracticable.
- (c) Any arbitration shall take place in Portland, Oregon, unless the Parties agree otherwise. The CPR Institute for Dispute Resolution's arbitration procedures for commercial arbitration, Non-Administered Arbitration Rules (CPR Rules), shall be used for each dispute; **provided, however, that:**
  - (1) the Parties shall have the discovery rights provided in the Federal Rules of Civil Procedure unless the Parties agree otherwise; and
  - (2) for claims of

\$1 million or more, each arbitration shall be conducted by a panel of three neutral arbitrators. The Parties shall select the arbitrators from a list containing the names of 15 qualified individuals supplied by the CPR Institute for Dispute Resolution. If the Parties cannot agree upon three arbitrators on the list within 20 business days, the Parties shall take turns striking names from the list of proposed arbitrators. The Party initiating the arbitration shall take the first strike. This process shall be repeated until three arbitrators remain on the list, and those individuals shall be designated as the arbitrators. For disputes involving less than \$1 million, a single neutral arbitrator shall be selected consistent with section 6 of the CPR Rules.

- (d) Except for arbitration awards which declare the rights and duties of the Parties under this Agreement, the payment of monies shall be the exclusive remedy available in any arbitration proceeding. Under no circumstances shall specific performance be an available remedy against BPA. The arbitration award shall be final and binding on both Parties, except that either Party may seek judicial review based upon any of the grounds referred to in the Federal Arbitration Act, 9 U.S.C. §1-16 (1988). Judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof.
- (e) Each Party shall be responsible for its own costs of arbitration, including legal fees. The arbitrators may apportion all other costs of arbitration between the Parties in such manner as they deem reasonable taking into account the circumstances of the case, the conduct of the Parties during the proceeding, and the result of the arbitration.

## 15. STATUTORY PROVISIONS

- (a) **Annual Financial Report and Retail Rate Schedules**  
Lakeview shall provide PBL with a current copy of its annual financial report and its retail rate schedules, as required by Section 5(a) of the Bonneville Project Act, P.L. 75-329.
- (b) **Insufficiency and Allocations**  
If BPA determines, consistent with section 5(b) of the Northwest Power Act and other applicable statutes, that it will not have sufficient resources on a planning basis to serve its loads after taking all actions required by applicable laws then BPA shall give Lakeview a written notice that BPA may restrict service. Such notice shall be consistent with BPA's insufficiency and allocations methodology, published in the Federal Register on March 20, 1996, and shall state the effective date of the restriction, the amount of Lakeview's load to be restricted, and the expected duration of the restriction. BPA shall not change that methodology without the written agreement of all affected customers. Such restriction shall take effect no sooner than five years after notice is given to Lakeview. If BPA imposes a restriction under this provision then the amount of Contracted Power that Lakeview is

obligated to purchase pursuant to section 4 shall be reduced to the amounts available under such restricted service.

(c) **New Large Single Loads**

(1) **General**

All existing NLSLs are listed in section 5 of Exhibit A, Rate Commitments. Lakeview shall provide reasonable notice to PBL of any expected increase in load that is likely to qualify as a new NLSL. Lakeview may either serve a NLSL with Contracted Power or with power from another source. For purposes of this section (c), "Consumer" means an end-user of electric power or energy.

(2) **Determination of a Facility**

PBL, in consultation with Lakeview, shall make a reasonable determination of what constitutes a single facility, for the purpose of identifying a NLSL, based upon the following criteria:

- (A) whether the load is operated by a single Consumer;
- (B) whether the load is in a single location;
- (C) whether the load serves a manufacturing process which produces a single product or type of product;
- (D) whether separable portions of the load are interdependent;
- (E) whether the load is contracted for, served or billed as a single load under Lakeview's customary billing and service policy;
- (F) consistent application of the foregoing criteria in similar fact situations; and
- (G) any other factors the Parties determine to be relevant.

PBL shall show an increase in load associated with a Consumer's facility which has been determined to be a NLSL in section 5 of Exhibit A, Rate Commitments. PBL shall have the unilateral right to amend Exhibit A to reflect such determinations when made.

(3) **Determination of Ten Average Megawatt Increase**

An increase in load shall be considered a NLSL if the energy consumption of the Consumer's load associated with a new facility, an existing facility, or expansion of an existing facility during the immediately past twelve-month period exceeds by ten average megawatts or more the Consumer's energy consumption for such new facility, existing facility or expansion of an existing facility for the consecutive twelve-month period one year earlier, or the amount of

the contracted for, or committed to load of the Consumer as of September 1, 1979, whichever is greater.

(4) **CF/CT Loads**

Lakeview has no loads that were contracted for, or committed to, as of September 1, 1979, as defined in section 3(13)(A) of the Northwest Power Act.

(d) **Priority of Pacific Northwest Customers**

The provisions of sections 9(c) and (d) of the Northwest Power Act and the provisions of P.L. 88-552 as amended by the Northwest Power Act are incorporated into this Agreement by reference. BPA agrees that Lakeview, together with other customers in the Region shall have priority to BPA power, consistent with such provisions.

(e) **Prohibition on Resale**

Lakeview shall not resell PF or NR Contracted Power except to serve Lakeview's Total Retail Load or as otherwise permitted by Federal law.

(f) **Use of Regional Resources**

- (1) Within 60 days prior to the start of each Contract Year, Lakeview shall notify PBL of any firm power from a generating resource, or a contract resource during its term, that has been used to serve firm consumer load in the Region that Lakeview plans to export for sale outside the Region in the next Contract Year. PBL may during such Contract Year request additional information on Lakeview resources if PBL has information that Lakeview may have made such an export and not notified PBL. PBL may request and Lakeview shall provide within 30 days of such request, information on the planned use of any or all of Lakeview's generating and contractual resources.
- (2) Lakeview shall be responsible for monitoring any firm power from generating resources and contract resources it sells in the Region to ensure such firm power is delivered to be used to serve firm consumer load in the Region.
- (3) If Lakeview fails to report to PBL in accordance with section (1), above, any of its planned exports for sale outside the Region of firm power from a generating resource or a contract resource that has been used to serve firm consumer load in the Region, and PBL makes a finding that an export which was not reported was made, then PBL may terminate this Agreement upon 30 days written notice to Lakeview. If PBL concludes that the failure to report is inadvertent and unlikely to reoccur PBL shall not terminate this Agreement and may instead elect to decrement the amount of Contracted Power by up to two times the amount of the export that was not reported. When

applicable such decrements shall be established consistent with section 4(c) of Exhibit C.

(4) For purposes of this section, an export for sale outside the Region means a contract for the sale or disposition of firm power from a generating resource, or a contract resource during its term, that has been used to serve firm consumer load in the Region in a manner that such output is not planned to be used solely to serve firm consumer load in the Region. Delivery of firm power outside the Region under a seasonal exchange agreement that is made consistent with BPA's section 9(c) policy will not be considered an export. Firm power from a generating resource or contract resource used to serve firm consumer load in the Region means the firm generating or load carrying capability of a generating resource or contract resource as established under Pacific Northwest Coordination Agreement resource planning criteria, or other resource planning criteria generally used for such purposes within the Region.

(g) **BPA Appropriations Refinancing Act**

The Parties agree that the BPA Refinancing Section of the Omnibus Consolidated Recissions and Appropriations Act of 1996 (The BPA Refinancing Act), P.L. No. 104-134, 110 Stat. 1321, 1350, as stated in the United States Code on the date this Agreement is signed by the Parties, is incorporated by reference and is a material term of this Agreement. The Parties agree that this provision and the incorporated text shall be included in subsequent agreements between the Parties, as a material term through at least September 30, 2011.

## 16. STANDARD PROVISIONS

(a) **Amendments**

No oral or written amendment, rescission, waiver, modification, or other change of this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

(b) **Assignment**

This Agreement is binding on any successors and assigns of the Parties. BPA may assign this Agreement to another Federal agency to which BPA's statutory duties have been transferred. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld. BPA shall consider any request for assignment consistent with applicable BPA statutes. Lakeview may not transfer or assign this Agreement to any of its retail customers.

(c) **Information Exchange and Confidentiality**

The Parties shall provide each other with any information that is reasonably required, and requested by either Party in writing, to operate under and

administer this Agreement, including load forecasts for planning purposes, information needed to resolve billing disputes, scheduling and metering information reasonably necessary to prepare power bills that is not otherwise available to the requesting Party. Such information shall be provided in a timely manner. Information may be exchanged by any means agreed to by the Parties. If such information is subject to a privilege of confidentiality, a confidentiality agreement or statutory restriction under state or Federal law on its disclosure by a Party to this Agreement, then that Party shall endeavor to obtain whatever consents, releases, or agreements are necessary from the person holding the privilege to provide such information while asserting the confidentiality over the information. Information provided to BPA which is subject to a privilege of confidentiality or nondisclosure shall be clearly marked as such and BPA shall not disclose such information without obtaining the consent of the person or Party asserting the privilege, consistent with BPA's obligation under the Freedom of Information Act. BPA may use such information as necessary to provide service or timely bill for service under this Agreement. BPA shall only disclose information received under this provision to BPA employees who need the information for purposes of this Agreement.

(d) **Entire Agreement**

This Agreement, including all provisions, exhibits incorporated as part of this Agreement, and documents incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

(e) **Exhibits**

The exhibits listed in the table of contents are incorporated into this Agreement by reference. The exhibits may only be revised upon mutual agreement between the Parties unless otherwise specified in the exhibits. The body of this Agreement shall prevail over the exhibits to this Agreement in the event of a conflict.

(f) **No Third-Party Beneficiaries**

This Agreement is made and entered into for the sole protection and legal benefit of the Parties, and no other person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with this Agreement.

(g) **Waivers**

Any waiver at any time by either Party to this Agreement of its rights with respect to any default or any other matter arising in connection with this Agreement shall not be considered a waiver with respect to any subsequent default or matter.

(h) **BPA Policies**

Any reference in this Agreement to BPA policies, including without limitation BPA's NLSL Policy and the 5(b)/9(c) Policy, and any revisions thereto, does not constitute agreement by Lakeview to such policy, nor shall it be construed to be a waiver of the right of Lakeview to seek judicial review of any such policy.

(i) **Severability**

If any term of this Agreement is found to be invalid by a court of competent jurisdiction then such term shall remain in force to the maximum extent permitted by law. All other terms shall remain in force unless that term is determined not to be severable from all other provisions of this Agreement by such court.

(j) **Rate Covenant**

Lakeview agrees that it will establish, maintain, and collect rates or charges for power and energy and other services, facilities and commodities sold, furnished or supplied by it through any of its electric utility properties which, in the judgment of Lakeview, shall be adequate to provide revenues sufficient to enable Lakeview to make the payments required under this Agreement.

(k) **Hold Harmless**

Each Party assumes all liability for injury or damage to persons or property arising from the act or negligence of its own employees, agents, members of governing bodies, or contractors. Each Party shall indemnify and hold the other Party harmless from any liability arising from such act or negligence.

**17. TERMINATION**

Lakeview shall have the right to terminate this Agreement if all of the following conditions have been satisfied:

- (a) Any rates adopted in WP-02 Final Rate Proposal, Administrator's Final Record of Decision are remanded to BPA for reconsideration by FERC or the Ninth Circuit Court of Appeals.
- (b) As a result of the remand, the Administrator publishes a subsequent Final Record of Decision which, if confirmed, would result in Lakeview being subject to a higher average effective power rate for the period beginning the first day of the billing period immediately following the effective date of new rates contained in the subsequent Final Record of Decision and ending on September 30, 2006.
- (c) Lakeview has provided written notice to BPA of its intent to terminate this Agreement within 30 days of publication of the subsequent Final Record of Decision.

Termination shall be effective at the start of the second billing period following the termination notice.

18. SIGNATURES

The signatories represent that they are authorized to enter into this Agreement on behalf of the party for whom they sign.

LAKEVIEW LIGHT & POWER

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By *George A. Van Arsdall*

By *George T. Reich*  
Account Executive

Name GEORGE A. VAN ARSDALL  
(Print/Type)

Name George T. Reich  
(Print/Type)

Title Board President

Date 07/10/00

Date JULY 10, 2000

**Exhibit A**  
**RATE COMMITMENTS**

**1. DEFINITIONS**

- (a) "5-Year Rates" means the Lowest PF Rates established in the 2002 Wholesale Power Rate Case for Contract Years 2002 through 2006.
- (b) "Lowest PF Rates" means the lowest applicable cost-based power rates provided under the applicable PF rate schedule as applied to Lakeview's Contracted Power purchases under this Agreement. The Lowest PF Rates shall be selected by Lakeview from the PF rates that are available and from which the Parties agree Lakeview is eligible to purchase under at the time Lakeview makes its selection as specified in this exhibit.

**2. PURCHASE DURATION**

Lakeview shall purchase all of the power provided in section 4 of the body of this Agreement for the entire term of this Agreement.

**3. PRIORITY FIRM POWER RATE TREATMENT**

- (a) **Right to Lowest PF Rates**  
Lakeview is contractually guaranteed through September 30, 2011, the Lowest PF Rates established in a successor BPA power rates proceeding for its PF Contracted Power purchases under this Agreement. This section shall not be construed to waive, alter, or amend any right that Lakeview may have under applicable statutes.
- (b) **Revisions to Priority Firm Power Rates**  
BPA agrees that the 5-Year Rates available to Lakeview consistent with this exhibit shall not be subject to revision during their respective terms, except for the application of a Cost Recovery Adjustment Clause or a Targeted Adjustment Charge as provided in the PF applicable rates schedules and GRSPs and this Agreement.
- (c) **5-Year Rates Treatment**  
All Contracted Power purchases provided under section 4 of the body of this Agreement are subject to the 5-Year Rates. The monthly energy rates for Contracted Power are specified in sections II.B3 in the section labeled "Schedule PF-02 Priority Firm Power" in the 2002 Power Rate Schedules.

Lakeview must select a follow-on rate period and associated rates from those offered by BPA, and notify PBL of its selection, by the later of:

- (1) six months prior to the expiration of the 5-Year Rates; or

- (2) thirty (30) days after the date BPA's initial proposal for successor rates is published.

Otherwise the follow-on rate period and associated rates shall be the shortest rate period and associated rates that are applicable to Lakeview.

- (d) **Cost-Based Indexed PF Rate and Flexible PF Rate Option**  
None

#### 4. **SPECIAL PF LOAD TREATMENT**

- (a) **Annexed Loads**

Lakeview may make a written request for service to Annexed Loads, including a planned date for such service. Annexed Load amounts that were served by PBL under section 5(b) of the Northwest Power Act immediately prior to becoming an Annexed Load will be provided service under rates, terms, and conditions that, within the constraints of BPA's applicable policies, are as comparable as possible to what such Annexed Load would have received if the load had not become an Annexed Load. The Parties shall revise this exhibit within 180 days of the request, to establish the rates, terms and conditions for the requested service and to include monthly HLH and LLH megawatts in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts.

- (b) **Environmentally Preferred Power**

- (1) **Environmentally Preferred Power(06/01/00 Version)**

PBL shall sell and Lakeview shall purchase during Contract Years 2002 through 2006 the Environmentally Preferred Power established below. The Green Energy Premium that Lakeview shall pay PBL for such power is 6.40 dollars per megawatthour. The entire amount of this Green Energy Premium shall qualify as an eligible expenditure under the Conservation and Renewables Discount. "Environmentally Preferred Power" means power deemed to be generated by generating resources that are determined to have environmental benefits relative to BPA system power. For purposes of this Agreement Environmentally Preferred Power is deemed to be generated from the following resources: Idaho Falls and Packwood hydroelectric generating facilities and the Wyoming Wind projects. PBL may, at any time, add resources to this list that qualify as Environmentally Preferred Power. PBL may also replace or delete resources in this list if a resource that is included in the list is no longer available to PBL. Any such changes shall be noted in the annual report PBL provides Lakeview about its Environmentally Preferred Power purchase.

<b>Contract Year</b>	<b>aMW</b>
2002	0.9
2003	0.9
2004	0.9
2005	0.9
2006	0.9

(2) **Northwest Public Interest Groups Endorsement(06/01/00 Version)**

- (A) The resources listed in section 4(b)(1) are endorsed by the Natural Resources Defense Council, Northwest Energy Coalition, and Renewable Northwest Project (Northwest Public Interest Groups) as being an environmentally preferred source of electricity generation for electricity products. Lakeview may only use the following endorsement from the Northwest Public Interest Groups to advertise, market, and promote Environmentally Preferred Power to retail electric power consumers inside Lakeview's service territory:

*"The Idaho Falls and Packwood hydroelectric generating facilities and the Wyoming Wind projects generating facilities are environmentally preferred sources of electricity production, based on our independent review of environmental impacts."*

- (B) Lakeview agrees to make an additional payment after the end of each Contract Year to the Bonneville Environmental Foundation in exchange for the right to use the Northwest Public Interest Groups endorsement. The amount of the payment shall equal the total megawatthours of Environmentally Preferred Power provided during the Contract Year multiplied by 9.59 dollars per megawatthours. Payment is due by no later than 20 days after Lakeview receives the notice identified in section 4(b)(3)(A). Such payments to the Bonneville Environmental Foundation qualify as eligible expenditures for the Conservation and Renewables Discount. The payment shall be made by wire transfer to the following account:

Account Name: Bonneville Environmental Foundation  
Tax ID Number: Ex 4  
Bank Name: Bank of the Northwest  
600 Pioneer Tower  
888 SW. Fifth Avenue  
Portland, OR 97204  
Account Number: Ex 4

(3) **Disclosure, Reporting, and Adjustments(06/01/00 Version)**

- (A) By no later than 30 days after the end of each Contract Year PBL shall provide Lakeview with the following: (i) a statement that discloses information on Environmentally Preferred Power; and (ii) a notice that identifies the following for each Contract Year: the actual monthly amounts of Environmentally Preferred Power that was provided to Lakeview by each resource; the total actual monthly power amounts generated by each resource; and the total annual sales from each resource.
- (B) Subject to section 4(b)(3)(C), if the Environmentally Preferred Power provided to Lakeview during a Contract Year is less than the amounts specified in section 4(b)(1), the difference shall be determined to have been served with Contracted Power under the terms of this Agreement. PBL shall adjust Lakeview's power bill after the end of each Contract Year to account for such difference once the power amounts provided by the resources during the Contract Year are known.
- (C) Lakeview may request that PBL provide Lakeview with Environmentally Preferred Power contracted for during a Contract Year that was not provided. Lakeview must notify PBL of such request by no later than two weeks after the notification specified in section 4(b)(3)(A)(ii) is received. By no later than 60 days after the end of the Contract Year, if sufficient Environmentally Preferred Power is available, PBL shall provide to Lakeview, Environmentally Preferred Power equal to the amount contracted for during the Contract Year less the amount provided. If sufficient Environmentally Preferred Power is not available, PBL shall adjust Lakeview's power bill consistent with section 4(b)(3)(B).

(c) **Returned Retail Load**

Lakeview may request service from PBL to serve Returned Retail Load. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.

(d) **Load Previously Served By Lakeview Northwest Power Act Sections 5(b)(1)(A) and/or 5(b)(1)(B) Resources**

Lakeview may request service from PBL to serve load that would otherwise be served by Lakeview's Northwest Power Act sections 5(b)(1)(A) resources and 5(b)(1)(B) generating resources and long-term contract resources that are removed consistent with section 4(d) of Exhibit C, Net Requirements. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The amounts are deemed to be actual for billing purposes. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.

**5. NEW LARGE SINGLE LOADS**

- (a) Lakeview has no existing NLSL.
- (b) Lakeview may request service to a NLSL. The Parties shall revise this exhibit to establish estimated monthly HLH and LLH megawatthours for such service in a table below. If Lakeview chooses to serve the NLSL with a resource the resource shall be added consistent with section 4(f) of Exhibit C, Net Requirements. The total amount subtracted from Total Retail Load in section 4 of the body of this Agreement shall be the metered amount of the load. The same metered amount shall be used by PBL for billing purposes when PBL serves the entire NLSL.

**6. REVISIONS**

If this exhibit is inconsistent with BPA's 2002 PF Power Rate Schedule as finally approved by FERC, the Parties shall make a good faith effort to amend this exhibit so that it is consistent.

The Parties shall update this exhibit to reflect necessary changes to establish new rate choices consistent with the applicable future rate cases. This shall be done by mutual agreement except as allowed in section 3 of this exhibit.

## **Exhibit B BILLING**

### **1. PRIORITY FIRM POWER ENTITLEMENTS**

- (a) The amount of Contracted Power in megawatthours which is established through section 4 of the body of this Agreement during each applicable Diurnal period establishes Lakeview's Monthly PF HLH and LLH Energy Entitlements.
- (b) The amount of Contracted Power in megawatts which is established through section 4 of the body of this Agreement that is made available on Generation System Peak is Lakeview's Measured Demand.

### **2. NEW RESOURCE CONTRACTED POWER ENTITLEMENTS**

- (a) The amount of energy served by PBL under section 5 of Exhibit A, Rate Commitments during each applicable Diurnal period establishes Lakeview's Monthly NR HLH and LLH Energy Entitlements.
- (b) The amount of demand served by PBL under section 5 of Exhibit A, Rate Commitments that is made available on Generation System Peak is Lakeview's Measured Demand.

### **3. UNAUTHORIZED INCREASE CHARGE**

Amounts Taken from PBL in excess of Contracted Power shall be subject to the Unauthorized Increase Charge for demand and energy consistent with the applicable BPA Wholesale Power Rate Schedules and GRSPs, unless such power is provided under another contract with PBL. Power that has been provided for energy imbalance service pursuant to an agreement between TBL and Lakeview will not be subject to an Unauthorized Increase Charge for Demand and Energy under this Agreement.

### **4. CONSERVATION AND RENEWABLES DISCOUNT**

Subject to the terms specified in BPA's applicable Wholesale Power Rate Schedules, including GRSPs, BPA shall apply the Conservation and Renewables Discount to Lakeview's Contracted Power as established in section 4 of the body of this Agreement, unless Lakeview has notified PBL before August 2001 that it will not participate in the Conservation and Renewables Discount. For purposes of establishing power amounts eligible for this discount, Lakeview shall provide PBL a reasonable forecast of such firm power amounts through Contract Year 2006 by no later than August 1, 2001.

If during any Contract Year, Lakeview has significant load loss or gain, the Parties may, by no later than August 31 prior to the succeeding Contract Year, revise the forecast used to calculate the Conservation and Renewables Discount. If the revised

forecast is less than 95 percent of, or greater than 105 percent of, the forecast used to calculate the existing Conservation and Renewables Discount, the revised forecast shall be used to recalculate the Conservation and Renewables Discount for the succeeding Contract Years.

To retain the full amount of the Conservation and Renewables Discount Lakeview shall satisfy all obligations associated with the Conservation and Renewables Discount as specified in BPA's applicable Wholesale Power Rate Schedules, including GRSPs and the Conservation and Renewables Discount implementation manual. Lakeview shall reimburse BPA for any amount it received but for which it did not satisfy such obligations.

**5. REVISIONS**

If this exhibit is inconsistent with BPA's 2002 PF Power Rate Schedule as finally approved by FERC, the Parties shall make a good faith effort to amend this exhibit so that it is consistent.

(See PBL\AN-PSW\Seattle-S\PM\CUST\_CTR\N\Nsc\_2000\_Pf\_Subscrip\N\k\PS0\_12014\_20000710\_Contract\_Final\_20000705\_Prototype\_to\_L&L\_20000730\_EPP.doc) 07/10/00

**Exhibit C**  
**NET REQUIREMENTS**

**1. ESTABLISHING NET REQUIREMENT**

Lakeview's net requirement is its Total Retail Load less both the resource amounts, if any, established in section 2(d) of this exhibit and the metered amounts of known non-Lakeview resources, if any, established in section 3 of this exhibit. Except for modifications allowed in section 4 of this exhibit these resource amounts are not allowed to change during the term of this Agreement.

**2. CUSTOMER RESOURCES**

Except when explicitly stated otherwise, the amounts listed in the tables in this section are only for determining Lakeview's net requirement under this Agreement and do not imply any specific resource operation, nor are the amounts intended to interfere with Lakeview's decisions on how to operate its specific resources.

(a) **Non-Dispatchable Resources Committed to Load**  
None at this time.

(b) **Declared Output of Specific Lakeview Resources**  
Lakeview commits the firm output from the following resources (or an equivalent amount from another source) to serve its Total Retail Load.

None at this time.

(c) **Unspecified Resource Amounts Committed to Serve Total Retail Load**

Lakeview currently has no unspecified resources committed to serve its Total Retail Load and may only add such resources pursuant to sections 4(b), 4(c), and 4(f) below.

(d) **Total Resource Amounts Committed to Serve Total Retail Load**  
In addition to the any non-dispatchable resources established in 2(a) above, Lakeview commits each hour to provide the total resource amounts committed in sections 2(b) and 2(c). The amount based on these resource declarations that Lakeview commits to provide each hour is shown in the table below. These amounts shall be updated whenever sections 2(b) or 2(c) above are modified, consistent with section 4 of this exhibit.

None at this time.

(e) **Lakeview Resource Not Used To Serve Total Retail Load**  
None at this time.

**3. NON-LAKEVIEW GENERATING RESOURCES**

Known non-Lakeview resources, if any, greater than 1 megawatt that provide power to serve Lakeview's Total Retail Load or such resources that otherwise connect to

Lakeview's distribution system are listed below. The power amounts are measured at the Points of Measurement established for each resource in Exhibit E, Points of Measurement.

None at this time.

#### 4. CHANGES TO RESOURCE AMOUNTS

(a) **Annual Right to Add New Renewable Resources**

Lakeview may add new renewable resources to sections 2(a) or 2(b) of this exhibit according to the terms of this provision. Lakeview shall request the addition of such resources at least 60 days before the start of the Contract Year the resources will be added. The request shall identify the resources, the length of time that the resources shall be applied to Lakeview's Total Retail Load and power amounts from the resources for each month of the request. PBL will revise section 2 of this exhibit prior to the start of the Contract Year if PBL agrees that the resource meets BPA's standards to qualify for BPA's Conservation and Renewables Discount, subject to any applicable limits established in BPA's policy on net requirements under section 5(b) of the Northwest Power Act. Lakeview shall resume purchasing Contracted Power under this Agreement when its commitment to apply the renewable resource ends. The rate treatment for such power shall be the same Lakeview would have received for such power if Lakeview had not chosen to apply a resource under this provision.

(b) **Resource Additions for a BPA Insufficiency Notice**

Lakeview shall add resources under sections 2(b), or 2(c) to replace amounts of Contracted Power BPA notifies Lakeview will not be provided due to a notice under section 15(b) of the body of this Agreement.

(c) **Decrements for 9(c) Export**

PBL may determine consistent with BPA's policy implementing section 9(c) of the Northwest Power Act and section 3(d) of P.L 88-552 (9(c) Policy) that an export of a Lakeview resource requires a reduction in the amount of Federal power that PBL sells under this Agreement. If PBL determines such a reduction is required it will notify Lakeview of the amount and duration of the reduction. PBL shall revise this exhibit to include such amounts as unspecified resources for the duration of the export requiring such reduction under section 2(c) above. This amount shall be identified separately from any other amounts of unspecified resources established in that provision. The addition to section 2(c) shall also be included in the total resource amount established in section 2(d). Determinations by PBL to reduce the amount of Federal power sold are not subject to arbitration under section 14 of the body of this Agreement.

(d) **Permanent Resource Removal**

The resource amounts established in section 2 of this exhibit may be removed permanently by Lakeview consistent with statutory discontinuance for permanent removal in BPA's policy on net requirements under section 5(b) of the Northwest Power Act. If PBL determines Lakeview has met PBL's standards for a permanent removal, the exhibit will be revised to show the agreed resource changes. Additional power purchases under this Agreement as a result of such a resource removal are subject to the terms established in section 4(d) of Exhibit A, Rate Commitments. Determinations by PBL on the permanent removal of a resource are not subject to arbitration under section 14 of the body of this Agreement.

(e) **Changes to Non-Lakeview Resources**

Lakeview shall annually update the information established for non-Lakeview resources in section 3 at least 60 days before the start of each Contract Year, if circumstances reasonably warrant such a change. Subject to agreement of the Parties, the exhibit shall be revised to show the updated information prior to the start of the applicable Contract Year.

(f) **Resource Additions for NLSL**

Lakeview may add resources to sections 2(b) or 2(c) above in order to serve a NLSL consistent with the rights established in section 5 of Exhibit A, Rate Commitments.

**5. RESOURCE DECLARATIONS**

The resource capabilities set forth in sections 2(a), (b), and (c) of this exhibit are dedicated to serving Lakeview's firm load pursuant to section 5(b) of the Northwest Power Act. In addition to the resource capabilities set forth in such sections that may be removed pursuant to other sections of this Agreement, BPA consents that the resource capabilities set forth in section 2(c) above may be discontinued from use in serving Lakeview's firm load upon the termination or expiration of this Agreement. The resources established in sections 2(e) and 3 above are not used to serve Lakeview's firm load under section 5(b) of the Northwest Power Act and will not be required to be so used after the termination or expiration of this Agreement.

**6. REVISIONS**

When required Lakeview shall submit a revised Exhibit C, Net Requirements, to PBL at least 60 days prior to each Contract Year. As long as Lakeview's submittal is consistent with the requirements of this exhibit PBL shall accept it as submitted. If Lakeview fails to submit revisions when necessary, or if the information provided is inconsistent with the requirements of this exhibit, PBL shall update this exhibit prior to the beginning of the Contract Year with the information PBL believes is required.

**Exhibit D**  
**ADDITIONAL PRODUCTS AND SPECIAL PROVISIONS**

- 1. NONE AT THIS TIME**
  
- 2. REVISIONS**  
This exhibit shall be revised by mutual agreement of the Parties to reflect additional products Lakeview purchases during the term of this Agreement.

(See PBLIAN-PSW/Seattle-SANMEXCUST-GTR/LA-Use 2000 PE Subscript/LA/PSO\_12014\_20000710\_Contract\_Final\_20000705 Prototype to LA 20000710\_EPI.doc) 07/10/00



12014

United States Government

Department of Energy

Bonneville Power Administration

# memorandum

DATE: April 27, 2000

REPLY TO  
ATTN OF: PSW/Seattle

SUBJECT: Lakeview Light & Power Company, Net Requirements Determination

TO: John Elizalde  
Manager, Western Power Business Area - PSW-6

Lakeview Light & Power Company (Lakeview) is interested in a Full Service Subscription Contract. I have read and evaluated the information and data available to determine Lakeview's net requirements. The data shows that Lakeview has no owned or contracted for resources. This information leads to the determination that Lakeview's net requirement is equal to 100 percent of Lakeview's Regional actual retail firm power loads.

The resource information I reviewed was obtained from Lakeview's Firm Resources Exhibit (Exhibit I) to Lakeview's Contract No. DE-MS79-81BP90541. The Exhibit I is signed and dated May 9, 1996, and pursuant to Amendatory Agreement No. 8, is the most current Exhibit I.

George T. Reich  
Account Executive

CONCUR: \_\_\_\_\_

DATE: \_\_\_\_\_

Enclosure:  
Lakeview Light & Power Company's Load Forecast

cc:  
S. Westenburg - LP-7/Portland  
S. Greene - PNF/Seattle  
S. McMurry - PSR-6/Portland  
J. Wellschlager - PSW-6/Portland  
J. Polenske - PSW/Seattle  
C. Tanagi - PSW/Seattle  
Official File - PSW/Seattle (PM12/11/02, La, #12014)  
Reading File - PSW/Seattle

**AMENDMENT**  
**executed by the**  
**BONNEVILLE POWER ADMINISTRATION**  
**and**  
**LAKEVIEW LIGHT & POWER**

This Amendment to the Power Sales Agreement (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA) and LAKEVIEW LIGHT & POWER (Lakeview).

This Amendment No. 1 (Amendment) between BPA and Lakeview modifies the Agreement to include changes that were offered to other Subscription customers prior to October 31, 2000, when the Subscription Window closed.

BPA and Lakeview agree:

**1. EFFECTIVE DATE**

This Amendment shall take effect on the date executed by the Parties (Effective Date).

**2. AMENDMENT OF AGREEMENT**

BPA and Lakeview wish to amend the Agreement as follows:

**(a) Section 2, Definitions**

Section 2(n) shall be deleted and replaced by the following section:

**(n) "Power Business Line" or "PBL" means the administrative unit of the Bonneville Power Administration, United States Department of Energy, or its successor, which is acting by and for BPA in making this contract, and which is responsible for the management of marketing and sale of Federal power under BPA statutes."**

**(b) Section 5, Load Loss**

In the second to the last sentence of section 5(a), the phrase "applicable PF Rate" shall be deleted and replaced by the phrase "amount PBL would have charged if the power had been taken under this Agreement,".

**(c) Section 14, Governing Law and Dispute Resolution**

In the last sentence of section 14(a), the phrase "District Court of Oregon" shall be deleted and replaced by "court having jurisdiction."

(d) **Section 17, Termination**

In section 17, the following wording shall be added at the beginning of the first paragraph:

"Lakeview may terminate this Agreement through a written notice up to 30 days after FERC grants interim approval for BPA's wholesale power rates that are effective October 1, 2001. In addition"

**3. SIGNATURES**

The signatories represent that they are authorized to enter into this Amendment on behalf of the Party for whom they sign.

LAKEVIEW LIGHT & POWER

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By



By



Account Executive

Name GEORGE A. VAN ARSDALL  
(Print/Type)

Name George T. Reich  
(Print/Type)

Title PRESIDENT/CEO

Date 05/14/01

Date 05-25-01

(SeaPBLLAN.PSW/Sea-S\FM\CUST\_GTR\LA\Fsc\_2000\_FF\_Subscript\Aa#1 - True-Up\LaPS0\_12014\_20010514\_AA#1\_Final.doc) 05/14/01



Department of Energy

Bonneville Power Administration  
Seattle Customer Service Center  
1601 Fifth Avenue, Suite 1000  
Seattle, Washington 98101-1670

July 10, 2000

In reply refer to: PSW/Seattle

Robin A. Rego  
Lakeview Light & Power  
P.O. Box 98979  
Lakewood, Washington 98498-0979

Dear Robin:

As we discussed, I am withdrawing my Lakeview Subscription Power Sales Contract offer dated June 30, 2000, and replacing it with the enclosed offer dated July 10, 2000. The only difference is the inclusion of Environmentally Preferred Power. The enclosed contracts are for Lakeview's consideration. This contract offer is available for your consideration through September 30, 2000. However, I do reserve the right to withdraw and replace this contract offer any time after July 31, 2000.

This contract provides for Lakeview to purchase BPA's Full Service Power Product for the period October 1, 2001 through September 30, 2011, including 1.025 average megawatts of Environmentally Preferred Power. The power will be purchased under the five-year rate from the 2002 Priority Firm Power Rate, and after October 1, 2006, under the lowest applicable cost-based power rate selected by Lakeview from the 2006 Priority Firm Power Rate Schedule. In addition, Lakeview will pay Green Energy Premiums to BPA (\$6.40/MWh) and the Bonneville Environmental Foundation (\$9.59/MWh). This contract also provides for the Power Business Line to supply network transmission losses for the term of the contract and to pay the Tacoma GTA costs until an RTO is formed.

If you find this contract acceptable, please have sufficient copies signed to provide one for Bonneville and as many copies as Lakeview needs. If you have any questions on the contract, please contact me at 206-216-4276. I look forward to continuing working with you in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "George T. Reich".

George T. Reich  
Account Executive

Enclosure:  
Full Service Power Sales Agreement, Contract No. 00PB-12014

bcc:

J. Elizalde - PSW-6/Portland

S. Greene - PNF/Seattle

J. Conlee - PSR-6/Portland

J. Polenske - PSW/Seattle

C. Tanagi - PSW/Seattle

R. Anderson - PSW-6/Portland

G. Ashburn - PTS-5 (CCIS, 00PB-12014)

Official File - PSW/Seattle (PM-12-11-02, Lk, #12014)

Reading File - PSW/Seattle

CI Tanagi cti:4295-06/29/00 (S:\PM\CUST\_GTR\LA\psc\_2000\_Pf\_Subscrip\LA\PS0\_12014\_20000707\_Offer Letter\_Final\_to Lk 20000710\_EPP.doc)



**Department of Energy**

Bonneville Power Administration  
Seattle Customer Service Center  
909 First Avenue, Suite 380  
Seattle, Washington 98104-3636

October 15, 2001

In reply refer to: PSW/Seattle

Robin Rego, General Manager  
Lakeview Light & Power  
P.O. Box 98979  
Lakewood, WA 98498-0979

Dear Robin:

Exhibit B of your Subscription Contract No. 00PB-12014 provides that you are eligible for the Conservation and Renewables (C&R) Discount. The purpose of this letter is to:

1. Confirm the amount of your Conservation and Renewables (C&R) Discount for Fiscal Year (FY) 2002 (October 1, 2001, to September 30, 2002).
2. Ask for your permission to share the amount of your discount with the contractor retained to assist customers in tracking customer obligations.
3. Review the audit requirements.
4. Review the reporting requirements.

**C&R Discount Amount**

The amount of your C&R Discount for the year is the product of the .5 mill/kWh discount rate and your forecasted Net Requirements.

Qualifying Non-Slice Loads (kWh)	Qualifying Slice Loads (kWh)	Total Net Requirements Loads (aMW)	Total 2002 C&R Discount	Monthly C&R Discount*
294,285,002	0	33.6	\$ 147,143	\$ 12,261.88

\*The actual monthly discount will be rounded to the closest whole dollar.

If for some reason you disagree with any of the amounts listed above, please contact me immediately. If you concur that the discount amount is correct, please sign the concurrence at the end of the enclosed copy of this letter and return it to me by October 26 so that the correct C&R Discount will appear on your October power bill.

## **C&R Discount Tracking and Reporting Software**

Over the course of the 2002-2006 rate period, the cumulative amount of the C&R Discount and the dollar amount that Lakeview has qualified for must be tracked. To assist customers in keeping track of their obligations under the C&R Discount and the amount of that obligation that has been satisfied, a contractor, Synergy Consulting, Inc. was hired as C&R Discount System Administrator to develop C&R Discount Tracking and Reporting Software(Software). For the Software to keep track of the annual amounts of your C&R Discount, Bonneville must provide the annual dollar amount of the C&R Discount to Synergy Consulting, Inc. Since this information is proprietary, Bonneville needs your permission. BPA and Synergy will treat the amount of your C&R Discount as proprietary and will release it only to your authorized representatives. If you do not want to release this information to Synergy, it will be more difficult to compare obligations and expenditures. If you are willing to permit us to share this information with Synergy, please sign the concurrence at the end of this letter and return to me by October 26.

## **Audits and Agreed Upon Procedures**

In order to reduce administrative costs, the C & R Discount Program relies on your established audit procedures to ensure that the information submitted to Bonneville in Lakeview's C&R Discount Report is supported by adequate documentation and accounting records. The details of this requirement are explained in the C&R Discount Implementation Manual, Section 9.4, Audits and Agreed Upon Procedures. This section requires that Lakeview submit a letter to Bonneville at the beginning of the program to confirm that such procedures exist. For this reason, it will be necessary for Lakeview's Certified Public Account (CPA) or the State Auditor certifying your financial statements to review your C&R Discount documentation and accounting procedures. A letter needs to be provided to Bonneville from the CPA/Auditor confirming that your policies and procedures are capable of documenting the basis for the C&R Discount claims for credit. You also need to provide a description of how these records can be located. This certification should be submitted to Bonneville along with a brief description of those policies and procedures. For example, if Lakeview's policy and procedure is to maintain a file for each measure claimed, you should provide: (1) a statement to this effect along with a brief statement how these files can be located; and (2) a letter from the CPA/Auditor stating that these files and tracing procedures exist. Audit costs are an allowable administrative cost for the C&R Discount Program.

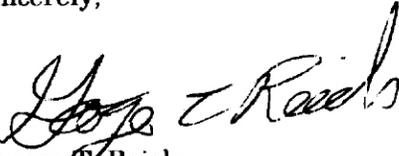
The deadline cited in the C&R Discount Implementation Manual for submitting this documentation was October 1, 2001. Due to the amount of activity that has occurred over the summer relating to other issues, I am extending the due date for this documentation to November 30, 2001. If you have any questions regarding this requirement, please contact your Energy Efficiency Representative identified at the end of this letter or Neil Gorter, the BPA Auditor assigned to the C&R Discount Program. His phone number is (503) 230-3438.

**Your C&R Discount Program Contact**

Shannon Greene, Lakeview's Energy Efficiency Representative, is available to answer any questions about the C&R Discount. She can be reached at (206) 220-6775.

If the foregoing is acceptable, please sign both originals and return one original to me by October 26, 2001. The second original is for your files.

Sincerely,



George Reich  
Account Executive

Concurrence: I concur with the C&R Discount amounts shown above. I also agree to allow BPA to share this information with the C&R Discount System Administrator subject to the limitations of this letter.

**LAKEVIEW LIGHT & POWER**

By George A. Van Arsdall

Name GEORGE A. VAN ARSDALL  
(Print/Type)

Title PRESIDENT / CEO

Date 10-24-01

**Revision No. 1, Exhibit A  
RATE COMMITMENTS**

This exhibit revision provides for a reduction of the amounts of the Green Energy Premium payments and the payments to the Bonneville Environmental Foundation. This will help free up Conservation and Renewables Discount funds for Lakeview to apply toward Rate Mitigation measures to obtain a ten percent reduction in Lakeview's load in order to reduce the size of the BPA rate increase scheduled to take effect October 1, 2001.

**1. DEFINITIONS**

- (a) "5-Year Rates" means the Lowest PF Rates established in the 2002 Wholesale Power Rate Case for Contract Years 2002 through 2006.
- (b) "Lowest PF Rates" means the lowest applicable cost-based power rates provided under the applicable PF rate schedule as applied to Lakeview's Contracted Power purchases under this Agreement. The Lowest PF Rates shall be selected by Lakeview from the PF rates that are available and from which the Parties agree Lakeview is eligible to purchase under at the time Lakeview makes its selection as specified in this exhibit.

**2. PURCHASE DURATION**

Lakeview shall purchase all of the power provided in section 4 of the body of this Agreement for the entire term of this Agreement.

**3. PRIORITY FIRM POWER RATE TREATMENT**

- (a) **Right to Lowest PF Rates**  
Lakeview is contractually guaranteed through September 30, 2011, the Lowest PF Rates established in a successor BPA power rates proceeding for its PF Contracted Power purchases under this Agreement. This section shall not be construed to waive, alter, or amend any right that Lakeview may have under applicable statutes.
- (b) **Revisions to Priority Firm Power Rates**  
BPA agrees that the 5-Year Rates available to Lakeview consistent with this exhibit shall not be subject to revision during their respective terms, except for the application of a Cost Recovery Adjustment Clause or a Targeted Adjustment Charge as provided in the PF applicable rates schedules and GRSPs and this Agreement.
- (c) **5-Year Rates Treatment**  
All Contracted Power purchases provided under section 4 of the body of this Agreement are subject to the 5-Year Rates. The monthly energy rates for Contracted Power are specified in sections 11.B3 in the section labeled "Schedule PF-02 Priority Firm Power" in the 2002 Power Rate Schedules.

Lakeview must select a follow-on rate period and associated rates from those offered by BPA, and notify PBL of its selection, by the later of:

- (1) six months prior to the expiration of the 5-Year Rates; or
- (2) thirty (30) days after the date BPA's initial proposal for successor rates is published.

Otherwise the follow-on rate period and associated rates shall be the shortest rate period and associated rates that are applicable to Lakeview.

- (d) **Cost-Based Indexed PF Rate and Flexible PF Rate Option**  
None

#### 4. **SPECIAL PF LOAD TREATMENT**

- (a) **Annexed Loads**

Lakeview may make a written request for service to Annexed Loads, including a planned date for such service. Annexed Load amounts that were served by PBL under section 5(b) of the Northwest Power Act immediately prior to becoming an Annexed Load will be provided service under rates, terms, and conditions that, within the constraints of BPA's applicable policies, are as comparable as possible to what such Annexed Load would have received if the load had not become an Annexed Load. The Parties shall revise this exhibit within 180 days of the request, to establish the rates, terms and conditions for the requested service and to include monthly HLH and LLH megawatts in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts.

- (b) **Environmentally Preferred Power**

- (1) **Environmentally Preferred Power**

PBL shall sell and Lakeview shall purchase during Contract Years 2002 through 2006 the Environmentally Preferred Power established below. The Green Energy Premium that Lakeview shall pay PBL for such power is 4.20 dollars for CY 2002 and 2003, and 6.40 dollars per megawatthour for CY 2004 through 2006. The entire amount of this Green Energy Premium shall qualify as an eligible expenditure under the Conservation and Renewables Discount. "Environmentally Preferred Power" means power deemed to be generated by generating resources that are determined to have environmental benefits relative to BPA system power. For purposes of this Agreement Environmentally Preferred Power is deemed to be generated from the following resources: Idaho Falls and Packwood hydroelectric generating facilities and the Wyoming Wind projects. PBL may, at any time, add resources to this list that qualify as Environmentally Preferred Power. PBL may also replace or delete resources in this list if a resource that is included in the list is no longer available to PBL.

Any such changes shall be noted in the annual report PBL provides Lakeview about its Environmentally Preferred Power purchase.

<b>Contract Year</b>	<b>aMW</b>
2002	0.9
2003	0.9
2004	0.9
2005	0.9
2006	0.9

**(2) Northwest Public Interest Groups Endorsement**

(A) The resources listed in section 4(b)(1) are endorsed by the Natural Resources Defense Council, Northwest Energy Coalition, and Renewable Northwest Project (Northwest Public Interest Groups) as being an environmentally preferred source of electricity generation for electricity products. Lakeview may only use the following endorsement from the Northwest Public Interest Groups to advertise, market, and promote Environmentally Preferred Power to retail electric power consumers inside Lakeview's service territory:

*"The Idaho Falls and Packwood hydroelectric generating facilities and the Wyoming Wind projects generating facilities are environmentally preferred sources of electricity production, based on our independent review of environmental impacts."*

(B) Lakeview agrees to make an additional payment after the end of each Contract Year to the Bonneville Environmental Foundation in exchange for the right to use the Northwest Public Interest Groups endorsement. The amount of the payment shall equal the total megawatthours of Environmentally Preferred Power provided during the Contract Year multiplied by 6.30 dollars for CY 2002 and 2003, and by 9.59 dollars per megawatthour for CY 2004 through 2006. Payment is due by no later than 20 days after Lakeview receives the notice identified in section 4(b)(3)(A). Such payments to the Bonneville Environmental Foundation qualify as eligible expenditures for the Conservation and Renewables Discount. The payment shall be made by wire transfer to the following account:

Account Name: Bonneville Environmental Foundation  
Tax ID Number: Ex 4  
Bank Name: Bank of the Northwest  
600 Pioneer Tower  
888 SW. Fifth Avenue  
Portland, OR 97204  
Account Number: Ex 4  
ABA Routing: Ex 4

**(3) Disclosure, Reporting, and Adjustments**

- (A) For the period October 1, 2001 through September 30, 2003, by no later than 30 days after the end of Contract Year 2003, PBL shall provide Lakeview with the following: (i) a statement that discloses information on Environmentally Preferred Power; and (ii) a notice that identifies the following for the period October 1, 2001 through September 30, 2003: the actual monthly amounts of Environmentally Preferred Power that was provided to Lakeview by each resource; the total actual monthly power amounts generated by each resource; and the total period October 1, 2001 through September 30, 2003 sales from each resource.
- (B) For the period October 1, 2001 through September 30, 2003, subject to section 4(b)(3)(C), if the Environmentally Preferred Power provided to Lakeview during the period October 1, 2001 through September 30, 2003 is less than the amounts specified in section 4(b)(1), the difference shall be determined to have been served with Contracted Power under the terms of this Agreement. PBL shall adjust Lakeview's power bill after the end of the period October 1, 2001 through September 30, 2003 to account for such difference once the power amounts provided by the resources during the period October 1, 2001 through September 30, 2003 are known.
- (C) For the period October 1, 2001 through September 30, 2003, Lakeview may request that PBL provide Lakeview with Environmentally Preferred Power contracted for during the period October 1, 2001 through September 30, 2003 that was not provided. Lakeview must notify PBL of such request by no later than two weeks after the notification specified in section 4(b)(3)(A)(ii) is received. By no later than 60 days after September 30, 2003, if sufficient Environmentally Preferred Power is available, PBL shall provide to Lakeview Environmentally Preferred Power equal to the amount contracted for during the period October 1, 2001 through September 30, 2003 less the amount provided. If sufficient

Environmentally Preferred Power is not available, PBL shall adjust Lakeview's power bill consistent with section 4(b)(3)(B).

- (D) Beginning with CY 2004, by no later than 30 days after the end of each Contract Year, PBL shall provide Lakeview with the following: (i) a statement that discloses information on Environmentally Preferred Power; and (ii) a notice that identifies the following for each Contract Year: the actual monthly amounts of Environmentally Preferred Power that was provided to Lakeview by each resource; the total actual monthly power amounts generated by each resource; and the total annual sales from each resource.
  - (E) Beginning with CY 2004, subject to section 4(b)(3)(F), if the Environmentally Preferred Power provided to Lakeview during a Contract Year is less than the amounts specified in section 4(b)(1), the difference shall be determined to have been served with Contracted Power under the terms of this Agreement. PBL shall adjust Lakeview's power bill after the end of each Contract Year to account for such difference once the power amounts provided by the resources during the Contract Year are known.
  - (F) Beginning with CY 2004, Lakeview may request that PBL provide Lakeview with Environmentally Preferred Power contracted for during a Contract Year that was not provided. Lakeview must notify PBL of such request by no later than two weeks after the notification specified in section 4(b)(3)(D)(ii) is received. By no later than 60 days after the end of the Contract Year, if sufficient Environmentally Preferred Power is available, PBL shall provide to Lakeview Environmentally Preferred Power equal to the amount contracted for during the Contract Year less the amount provided. If sufficient Environmentally Preferred Power is not available, PBL shall adjust Lakeview's power bill consistent with section 4(b)(3)(E).
- (c) **Returned Retail Load**  
Lakeview may request service from PBL to serve Returned Retail Load. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.

(d) **Load Previously Served By Lakeview Northwest Power Act Sections 5(b)(1)(A) and/or 5(b)(1)(B) Resources**

Lakeview may request service from PBL to serve load that would otherwise be served by Lakeview's Northwest Power Act sections 5(b)(1)(A) resources and 5(b)(1)(B) generating resources and long-term contract resources that are removed consistent with section 4(d) of Exhibit C, Net Requirements. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The amounts are deemed to be actual for billing purposes. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.

**5. NEW LARGE SINGLE LOADS**

- (a) Lakeview has no existing NLSL.
- (b) Lakeview may request service to a NLSL. The Parties shall revise this exhibit to establish estimated monthly HLH and LLH megawatthours for such service in a table below. If Lakeview chooses to serve the NLSL with a resource the resource shall be added consistent with section 4(f) of Exhibit C, Net Requirements. The total amount subtracted from Total Retail Load in section 4 of the body of this Agreement shall be the metered amount of the load. The same metered amount shall be used by PBL for billing purposes when PBL serves the entire NLSL.

**6. REVISIONS**

If this exhibit is inconsistent with BPA's 2002 PF Power Rate Schedule as finally approved by FERC, the Parties shall make a good faith effort to amend this exhibit so that it is consistent.

The Parties shall update this exhibit to reflect necessary changes to establish new rate choices consistent with the applicable future rate cases. This shall be done by mutual agreement except as allowed in section 3 of this exhibit.

LAKEVIEW LIGHT & POWER

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By

*George A. Van Arsdall*

By

*George T. Reich*

Account Executive

Name

*GEORGE A. VAN ARSDALL*

(Print/Type)

Name George T. Reich

(Print/Type)

Title

*PRESIDENT/CEO*

Date

*06-08-01*

Date

*06-08-01*

(SeaPBJ\LAN-PSW\Sea-S\PM\CUST\_GTR\LA\Pac\_2000\_FF\_Subscript\AA#2 - EPP Price Reduction\LaPS0\_12014\_20010606\_AA#2\_Final.doc) 06/07/01

**Revision No. 2, Exhibit A  
RATE COMMITMENTS  
Effective on October 1, 2003**

**AUTHENTICATED (PROPRIETARY)**

This exhibit revision provides for a reduction of the amounts of the Green Energy Premium payments and the payments to the Bonneville Environmental Foundation for Contract Years 2004 through 2006.

**1. DEFINITIONS**

- (a) "5-Year Rates" means the Lowest PF Rates established in the 2002 Wholesale Power Rate Case for Contract Years 2002 through 2006.
- (b) "Lowest PF Rates" means the lowest applicable cost-based power rates provided under the applicable PF rate schedule as applied to Lakeview's Contracted Power purchases under this Agreement. The Lowest PF Rates shall be selected by Lakeview from the PF rates that are available and from which the Parties agree Lakeview is eligible to purchase under at the time Lakeview makes its selection as specified in this exhibit.

**2. PURCHASE DURATION**

Lakeview shall purchase all of the power provided in section 4 of the body of this Agreement for the entire term of this Agreement.

**3. PRIORITY FIRM POWER RATE TREATMENT**

- (a) **Right to Lowest PF Rates**  
Lakeview is contractually guaranteed through September 30, 2011, the Lowest PF Rates established in a successor BPA power rates proceeding for its PF Contracted Power purchases under this Agreement. This section shall not be construed to waive, alter, or amend any right that Lakeview may have under applicable statutes.
- (b) **Revisions to Priority Firm Power Rates**  
BPA agrees that the 5-Year Rates available to Lakeview consistent with this exhibit shall not be subject to revision during their respective terms, except for the application of a Cost Recovery Adjustment Clause or a Targeted Adjustment Charge as provided in the PF applicable rates schedules and GRSPs and this Agreement.
- (c) **5-Year Rates Treatment**  
All Contracted Power purchases provided under section 4 of the body of this Agreement are subject to the 5-Year Rates. The monthly energy rates for Contracted Power are specified in sections II.B3 in the section labeled "Schedule PF-02 Priority Firm Power" in the 2002 Power Rate Schedules.

Lakeview must select a follow-on rate period and associated rates from those offered by BPA, and notify PBL of its selection, by the later of:

- (1) six months prior to the expiration of the 5-Year Rates; or
- (2) thirty (30) days after the date BPA's initial proposal for successor rates is published.

Otherwise the follow-on rate period and associated rates shall be the shortest rate period and associated rates that are applicable to Lakeview.

- (d) **Cost-Based Indexed PF Rate and Flexible PF Rate Option**  
None

#### 4. SPECIAL PF LOAD TREATMENT

- (a) **Annexed Loads**

Lakeview may make a written request for service to Annexed Loads, including a planned date for such service. Annexed Load amounts that were served by PBL under section 5(b) of the Northwest Power Act immediately prior to becoming an Annexed Load will be provided service under rates, terms, and conditions that, within the constraints of BPA's applicable policies, are as comparable as possible to what such Annexed Load would have received if the load had not become an Annexed Load. The Parties shall revise this exhibit within 180 days of the request, to establish the rates, terms and conditions for the requested service and to include monthly HLH and LLH megawatts in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts.

- (b) **Environmentally Preferred Power**

- (1) **Environmentally Preferred Power(06/01/00 Version)**

PBL shall sell and Lakeview shall purchase during Contract Years 2002 through 2006 the Environmentally Preferred Power established below. The Green Energy Premium that Lakeview shall pay PBL for such power is 4.20 dollars for CY 2002 and 2003, and 5.25 dollars per megawatthour for CY 2004 through 2006. The entire amount of this Green Energy Premium shall qualify as an eligible expenditure under the Conservation and Renewables Discount. "Environmentally Preferred Power" means power deemed to be generated by generating resources that are determined to have environmental benefits relative to BPA system power. For purposes of this Agreement Environmentally Preferred Power is deemed to be generated from the following resources: Idaho Falls and Packwood hydroelectric generating facilities and the Wyoming Wind projects. PBL may, at any time, add resources to this list that qualify as Environmentally Preferred Power. PBL may also replace or delete resources in this list if a resource that is included in the list is no longer available to PBL.

Any such changes shall be noted in the annual report PBL provides Lakeview about its Environmentally Preferred Power purchase.

<b>Contract Year</b>	<b>aMW</b>
2002	0.9
2003	0.9
2004	0.9
2005	0.9
2006	0.9

(2) **Northwest Public Interest Groups Endorsement(06/01/00 Version)**

- (A) The resources listed in section 4(b)(1) are endorsed by the Natural Resources Defense Council, Northwest Energy Coalition, and Renewable Northwest Project (Northwest Public Interest Groups) as being an environmentally preferred source of electricity generation for electricity products. Lakeview may only use the following endorsement from the Northwest Public Interest Groups to advertise, market, and promote Environmentally Preferred Power to retail electric power consumers inside Lakeview's service territory:

*"The Idaho Falls and Packwood hydroelectric generating facilities and the Wyoming Wind projects generating facilities are environmentally preferred sources of electricity production, based on our independent review of environmental impacts."*

- (B) Lakeview agrees to make an additional payment after the end of each Contract Year to the Bonneville Environmental Foundation in exchange for the right to use the Northwest Public Interest Groups endorsement. The amount of the payment shall equal the total megawatthours of Environmentally Preferred Power provided during the Contract Year multiplied by 6.30 dollars for CY 2002 and 2003, and by 5.25 dollars per megawatthour for CY 2004 through 2006. Payment is due by no later than 20 days after Lakeview receives the notice identified in section 4(b)(3)(A). Such payments to the Bonneville Environmental Foundation qualify as eligible expenditures for the Conservation and Renewables Discount. The payment shall be made by wire transfer to the following account:

Account Name: Bonneville Environmental Foundation  
Tax ID Number: Ex 4  
Bank Name: Bank of the Northwest  
600 Pioneer Tower  
888 SW. Fifth Avenue  
Portland, OR 97204  
Account Number: Ex 4  
ABA Routing: Ex 4

**(3) Disclosure, Reporting, and Adjustments**

- (A) For the period October 1, 2001 through September 30, 2003, by no later than 30 days after the end of Contract Year 2003, PBL shall provide Lakeview with the following: (i) a statement that discloses information on Environmentally Preferred Power; and (ii) a notice that identifies the following for the period October 1, 2001 through September 30, 2003: the actual monthly amounts of Environmentally Preferred Power that was provided to Lakeview by each resource; the total actual monthly power amounts generated by each resource; and the total period October 1, 2001 through September 30, 2003 sales from each resource.
- (B) For the period October 1, 2001 through September 30, 2003, subject to section 4(b)(3)(C), if the Environmentally Preferred Power provided to Lakeview during the period October 1, 2001 through September 30, 2003 is less than the amounts specified in section 4(b)(1), the difference shall be determined to have been served with Contracted Power under the terms of this Agreement. PBL shall adjust Lakeview's power bill after the end of the period October 1, 2001 through September 30, 2003 to account for such difference once the power amounts provided by the resources during the period October 1, 2001 through September 30, 2003 are known.
- (C) For the period October 1, 2001 through September 30, 2003, Lakeview may request that PBL provide Lakeview with Environmentally Preferred Power contracted for during the period October 1, 2001 through September 30, 2003 that was not provided. Lakeview must notify PBL of such request by no later than two weeks after the notification specified in section 4(b)(3)(A)(ii) is received. By no later than 60 days after September 30, 2003, if sufficient Environmentally Preferred Power is available, PBL shall provide to Lakeview Environmentally Preferred Power equal to the amount contracted for during the period October 1, 2001 through September 30, 2003 less the amount provided. If sufficient

Environmentally Preferred Power is not available, PBL shall adjust Lakeview's power bill consistent with section 4(b)(3)(B).

- (D) Beginning with CY 2004, by no later than 30 days after the end of each Contract Year, PBL shall provide Lakeview with the following: (i) a statement that discloses information on Environmentally Preferred Power; and (ii) a notice that identifies the following for each Contract Year: the actual monthly amounts of Environmentally Preferred Power that was provided to Lakeview by each resource; the total actual monthly power amounts generated by each resource; and the total annual sales from each resource.
- (E) Beginning with CY 2004, subject to section 4(b)(3)(F), if the Environmentally Preferred Power provided to Lakeview during a Contract Year is less than the amounts specified in section 4(b)(1), the difference shall be determined to have been served with Contracted Power under the terms of this Agreement. PBL shall adjust Lakeview's power bill after the end of each Contract Year to account for such difference once the power amounts provided by the resources during the Contract Year are known.
- (F) Beginning with CY 2004, Lakeview may request that PBL provide Lakeview with Environmentally Preferred Power contracted for during a Contract Year that was not provided. Lakeview must notify PBL of such request by no later than two weeks after the notification specified in section 4(b)(3)(D)(ii) is received. By no later than 60 days after the end of the Contract Year, if sufficient Environmentally Preferred Power is available, PBL shall provide to Lakeview Environmentally Preferred Power equal to the amount contracted for during the Contract Year less the amount provided. If sufficient Environmentally Preferred Power is not available, PBL shall adjust Lakeview's power bill consistent with section 4(b)(3)(E).

(c) **Returned Retail Load**

Lakeview may request service from PBL to serve Returned Retail Load. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.

(d) **Load Previously Served By Lakeview Northwest Power Act Sections 5(b)(1)(A) and/or 5(b)(1)(B) Resources**

Lakeview may request service from PBL to serve load that would otherwise be served by Lakeview's Northwest Power Act sections 5(b)(1)(A) resources and 5(b)(1)(B) generating resources and long-term contract resources that are removed consistent with section 4(d) of Exhibit C, Net Requirements. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The amounts are deemed to be actual for billing purposes. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.

**5. NEW LARGE SINGLE LOADS**

- (a) Lakeview has no existing NLSL.
- (b) Lakeview may request service to a NLSL. The Parties shall revise this exhibit to establish estimated monthly HLH and LLH megawatt-hours for such service in a table below. If Lakeview chooses to serve the NLSL with a resource the resource shall be added consistent with section 4(f) of Exhibit C, Net Requirements. The total amount subtracted from Total Retail Load in section 4 of the body of this Agreement shall be the metered amount of the load. The same metered amount shall be used by PBL for billing purposes when PBL serves the entire NLSL.

**6. REVISIONS**

If this exhibit is inconsistent with BPA's 2002 PF Power Rate Schedule as finally approved by FERC, the Parties shall make a good faith effort to amend this exhibit so that it is consistent.

The Parties shall update this exhibit to reflect necessary changes to establish new rate choices consistent with the applicable future rate cases. This shall be done by mutual agreement except as allowed in section 3 of this exhibit.

LAKEVIEW LIGHT & POWER

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By /S/ PAUL D. RUSSELL

By /S/ GEORGE T. REICH  
Senior Account Executive

Name Paul D. Russell  
(Print/Type)

Name George T. Reich  
(Print/Type)

Title President

Date October 31, 2003

Date November 7, 2003

(SeaPBLAN-PSW/Sea-S\PM\CUST\_GTR\LA\PSC\_2000\_PF\_Subscript\Exh A\_Rev#2 - EPP Price\LaPS0\_12014\_20031030\_Exh A Rev #2\_Final.doc) 10/30/03

**Revision No. 3, Exhibit A  
RATE COMMITMENTS  
Effective October 1, 2006**

This exhibit revision implements the 2007 Power Rate Schedule by deleting section 4(b), Environmentally Preferred Power for the period October 1, 2001 through September 30, 2006 and adding the new section 4(b), Environmentally Preferred Power for the period beginning October 1, 2006.

**1. DEFINITIONS**

- (a) "5-Year Rates" means the Lowest PF Rates established in the 2002 Wholesale Power Rate Case for Contract Years 2002 through 2006.
- (b) "Lowest PF Rates" means the lowest applicable cost-based power rates provided under the applicable PF rate schedule as applied to Lakeview's Contracted Power purchases under this Agreement. The Lowest PF Rates shall be selected by Lakeview from the PF rates that are available and from which the Parties agree Lakeview is eligible to purchase under at the time Lakeview makes its selection as specified in this exhibit.

**2. PURCHASE DURATION**

Lakeview shall purchase all of the power provided in section 4 of the body of this Agreement for the entire term of this Agreement.

**3. PRIORITY FIRM POWER RATE TREATMENT**

- (a) **Right to Lowest PF Rates**  
Lakeview is contractually guaranteed through September 30, 2011, the Lowest PF Rates established in a successor BPA power rates proceeding for its PF Contracted Power purchases under this Agreement. This section shall not be construed to waive, alter, or amend any right that Lakeview may have under applicable statutes.
- (b) **Revisions to Priority Firm Power Rates**  
BPA agrees that the 5-Year Rates available to Lakeview consistent with this exhibit shall not be subject to revision during their respective terms, except for the application of a Cost Recovery Adjustment Clause or a Targeted Adjustment Charge as provided in the PF applicable rates schedules and GRSPs and this Agreement.
- (c) **5-Year Rates Treatment**  
All Contracted Power purchases provided under section 4 of the body of this Agreement are subject to the 5-Year Rates. The monthly energy rates for Contracted Power are specified in sections II.B3 in the section labeled "Schedule PF-02 Priority Firm Power" in the 2002 Power Rate Schedules.

Lakeview must select a follow-on rate period and associated rates from those offered by BPA, and notify PBL of its selection, by the later of:

Lakeview must select a follow-on rate period and associated rates from those offered by BPA, and notify PBL of its selection, by the later of:

- (1) six months prior to the expiration of the 5-Year Rates; or
- (2) thirty (30) days after the date BPA's initial proposal for successor rates is published.

Otherwise the follow-on rate period and associated rates shall be the shortest rate period and associated rates that are applicable to Lakeview.

- (d) **Cost-Based Indexed PF Rate and Flexible PF Rate Option**  
None

#### 4. SPECIAL PF LOAD TREATMENT

(a) **Annexed Loads**

Lakeview may make a written request for service to Annexed Loads, including a planned date for such service. Annexed Load amounts that were served by PBL under section 5(b) of the Northwest Power Act immediately prior to becoming an Annexed Load will be provided service under rates, terms, and conditions that, within the constraints of BPA's applicable policies, are as comparable as possible to what such Annexed Load would have received if the load had not become an Annexed Load. The Parties shall revise this exhibit within 180 days of the request, to establish the rates, terms and conditions for the requested service and to include monthly HLH and LLH megawatts in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts.

(b) **Environmentally Preferred Power – Effective October 1, 2006**

This section is effective October 1, 2006. The terms of section 4(b), Environmentally Preferred Power as specified in Revision No. 2 to Exhibit A, remain in effect for the period ending September 30, 2006. All liabilities for both of these sections are preserved until satisfied.

(1) **Environmentally Preferred Power (EPP)**

PBL shall sell and Lakeview shall purchase for Contract Years 2007-2009 (October 1, 2006 through September 30, 2009), the EPP amounts in the table below. Lakeview shall pay a Green Energy Premium, or its successor, in the amount of 10.50 dollars per megawatthour for such EPP, subject to FERC approval of BPA's 2007 Wholesale Power Rate Schedule including the GRSPs.

<b>Contract Year</b>	<b>aMW</b>
2007	0.017
2008	0.040
2009	0.040

The Green Energy Premium shall qualify as an eligible expenditure under the Conservation Rate Credit, and will be reflected as a separate line item on the Lakeview's monthly power bill.

"Environmentally Preferred Power" means power deemed to be generated by renewable resources that are part of BPA's system power from one or all of the following resources: Condon, Foote Creek I, Foote Creek II, Klondike, and Stateline wind projects. PBL may (A) replace or delete resources in this list if such a resource is no longer available to PBL, and (B) add renewable resources to this list that qualify under the Conservation Rate Credit (CRC) and Conservation Acquisition Agreements (CAA) Implementation Manual as it may be amended from time to time. Any such changes shall be noted in the annual report PBL provides to Lakeview about its EPP purchases as provided in section 4(b)(5)(A) below.

**(2) EPP for Contract Years 2010 - 2011**

- (A) For Contract Years 2010 through 2011, BPA shall make available and Lakeview may purchase EPP in an amount equal to the average of Lakeview's Contract Years 2007 through 2009 EPP purchases. Subject to inventory availability, Lakeview may purchase an additional EPP amount up to 30 percent of Lakeview's Contract Years 2007 through 2009 average purchase amount described in section 4(b)(1). Lakeview must provide PBL written notice on or before July 15, 2009, of its election to exercise this right and purchase EPP. Such notice shall specify the amount of EPP Lakeview wishes to purchase for each Contract Year.
- (B) BPA intends to sell such EPP at 10.50 dollars per megawatthour Green Energy Premium, or its successor, except such price may be changed due to a future section 7(i) rate proceeding. If the Green Energy Premium is greater than 10.50 dollars per megawatthour, Lakeview may elect not to purchase EPP as provided under this Agreement and, as an alternative, purchase from BPA under a separate agreement Renewable Energy Certificates generated during Fiscal Years 2010 and 2011, priced at 10.50 dollars per megawatthour, in a quantity equal to the average of Lakeview's Contract Years 2007 through 2009 EPP purchases. Renewable Energy Certificate (REC) means the non-power attributes associated with the energy generated from a renewable resource.
- (C) Subject to inventory availability, Lakeview may purchase additional EPP, beyond that made available under section 4(b)(2)(A), at the then applicable effective Green Energy Premium or its successor.

- (3) **Availability of EPP After Expiration of This Agreement**  
If BPA offers EPP for purchase after expiration of this Agreement, then Lakeview, shall have the right to purchase an amount of EPP equal to the average of Lakeview's Contract Years 2010 through 2011 EPP purchases. Subject to inventory availability, Lakeview may purchase an additional EPP amount up to 30 percent of Lakeview's Contract Years 2010 through 2011 average purchase. The price for EPP will be established subject to then applicable effective rates.

Lakeview must provide PBL written notice on or before July 15, 2011, if Lakeview chooses to exercise this right. Such notice shall specify the amount of EPP Lakeview wishes to purchase for each Contract Year.

- (4) **Northwest Public Interest Groups Endorsement**  
The resources listed in section 4(b)(1) are endorsed by the Natural Resources Defense Council, Northwest Energy Coalition, and Renewable Northwest Project (Northwest Public Interest Groups) as being an environmentally preferred source of electricity generation for electricity products. Lakeview may only use the following endorsement from the Northwest Public Interest Groups to advertise, market, and promote EPP to retail electric power consumers inside Lakeview's service territory.

*"The Condon, Foote Creek I, Foote Creek II, Klondike, and Stateline generating facilities are environmentally preferred sources of electricity production, based on our independent review of environmental impacts."*

- (5) **Disclosure, Reporting, and Adjustments**

- (A) By no later than 60 days after the end of each Contract Year and again no later than 60 days after the end of each calendar year, PBL shall provide Lakeview with the following: (i) a statement that discloses information on EPP; (ii) the monthly amounts of EPP that were provided to Lakeview by each renewable resource; and (iii) the monthly power amounts generated by each resource.
- (B) Subject to section 4(b)(5)(A), if the EPP provided to Lakeview during a Contract Year is less than the amounts specified in section 4(b)(1), the difference shall be determined to have been served with Contracted Power under the terms of this Agreement. PBL shall adjust Lakeview's power bill after the end of each Contract Year to account for such difference once the power amounts provided by the resources during the Contract Year are known.

- (C) Lakeview may request that PBL provide Lakeview with EPP contracted for during a Contract Year that was not provided. Lakeview must notify PBL of such request by no later than two weeks after the notification specified in section 4(b)(5)(A)(ii) is received. By no later than 60 days after the end of the Contract Year, to the extent EPP is available, PBL shall provide to Lakeview, EPP equal to the amount contracted less the amount provided during the Contract Year. If sufficient EPP is not available, PBL shall adjust Lakeview's power bill consistent with section 4(b)(5)(B).
- (D) For Contract Years 2007 through 2009, if the six million dollar cap on renewable claims under the Conservation Rate Credit is reached and results in a pro rata reduction to renewable rate credit claims, and Lakeview has claimed this EPP purchase as an eligible renewable energy resource for the renewables option under the Conservation Rate Credit, then Lakeview may reduce its EPP purchase by a commensurate amount to account for the pro rata reduction.

By August 1 prior to the beginning of the Contract Year, BPA shall notify Lakeview of the amount of pro rata reduction to the total customer renewable rate credit claims in excess of six million dollars. By August 15 prior to the beginning of the Contract Year, Lakeview shall provide PBL with a notice exercising its option to reduce Lakeview's EPP purchase subject to the pro rata reduction.

- (c) **Returned Retail Load**  
Lakeview may request service from PBL to serve Returned Retail Load. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.
- (d) **Load Previously Served By Lakeview Northwest Power Act Sections 5(b)(1)(A) and/or 5(b)(1)(B) Resources**  
Lakeview may request service from PBL to serve load that would otherwise be served by Lakeview's Northwest Power Act sections 5(b)(1)(A) resources and 5(b)(1)(B) generating resources and long-term contract resources that are removed consistent with section 4(d) of Exhibit C, Net Requirements. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The amounts are deemed to be actual for billing purposes. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such

loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.

**5. NEW LARGE SINGLE LOADS**

- (a) Lakeview has no existing NLSL.
- (b) Lakeview may request service to a NLSL. The Parties shall revise this exhibit to establish estimated monthly HLH and LLH megawatthours for such service in a table below. If Lakeview chooses to serve the NLSL with a resource the resource shall be added consistent with section 4(f) of Exhibit C, Net Requirements. The total amount subtracted from Total Retail Load in section 4 of the body of this Agreement shall be the metered amount of the load. The same metered amount shall be used by PBL for billing purposes when PBL serves the entire NLSL.

**6. REVISIONS**

If this exhibit is inconsistent with BPA's 2002 PF Power Rate Schedule as finally approved by FERC, the Parties shall make a good faith effort to amend this exhibit so that it is consistent.

The Parties shall update this exhibit to reflect necessary changes to establish new rate choices consistent with the applicable future rate cases. This shall be done by mutual agreement except as allowed in section 3 of this exhibit.

LAKEVIEW MUTUAL LIGHT & POWER COMPANY

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By Robin A. Rego

By George T. Reich  
Senior Account Executive

Name ROBIN A REGO  
(Print/Type)

Name George T. Reich  
(Print/Type)

Title GENERAL MANAGER

Date 08-07-06

Date JULY 12, 2006

(See PELLAN-PBW Seattle-B:\PM\CUST\_OTR\LA\PCB\_2000\_Pf\_Subscript\_#12014\Exh A\_Rev06 - EFP 2007-2009\LAPO\_12014\_20060712\_Exh A Rev06\_Final\_Rev06) 07/12/06

**Revision No. 4, Exhibit A  
RATE COMMITMENTS  
Effective October 1, 2008**

This exhibit revision: (1) defines "Environmental Attribute(s)," and clarifies the definitions of "Environmentally Preferred Power" (EPP) and "Renewable Energy Certificates" (RECs); (2) provides that RECs accompany EPP purchases made under this Exhibit A; (3) provides for the transfer of RECs to Lakeview via the Western Renewable Energy Generation Information System (WREGIS); (4) provides Lakeview a choice regarding the transfer, tracking and management of Lakeview's RECs in WREGIS; (5) makes administrative changes in sections 4(b)(2), 4(b)(3), 4(b)(5) and 4(b)(7); and (6) provides for changes to the purchase of EPP for Contract Year 2009 due to the pro rata reduction.

**1. DEFINITIONS**

- (a) "5-Year Rates" means the Lowest PF Rates established in the 2002 Wholesale Power Rate Case for Contract Years 2002 through 2006.
- (b) "Lowest PF Rates" means the lowest applicable cost-based power rates provided under the applicable PF rate schedule as applied to Lakeview's Contracted Power purchases under this Agreement. The Lowest PF Rates shall be selected by Lakeview from the PF rates that are available and from which the Parties agree Lakeview is eligible to purchase under at the time Lakeview makes its selection as specified in this exhibit.

**2. PURCHASE DURATION**

Lakeview shall purchase all of the power provided in section 4 of the body of this Agreement for the entire term of this Agreement.

**3. PRIORITY FIRM POWER RATE TREATMENT**

- (a) **Right to Lowest PF Rates**  
Lakeview is contractually guaranteed through September 30, 2011, the Lowest PF Rates established in a successor BPA power rates proceeding for its PF Contracted Power purchases under this Agreement. This section shall not be construed to waive, alter, or amend any right that Lakeview may have under applicable statutes.
- (b) **Revisions to Priority Firm Power Rates**  
BPA agrees that the 5-Year Rates available to Lakeview consistent with this exhibit shall not be subject to revision during their respective terms, except for the application of a Cost Recovery Adjustment Clause or a Targeted Adjustment Charge as provided in the PF applicable rates schedules and GRSPs and this Agreement.
- (c) **5-Year Rates Treatment**  
All Contracted Power purchases provided under section 4 of the body of this Agreement are subject to the 5-Year Rates. The monthly energy rates for

Contracted Power are specified in sections II.B3 in the section labeled "Schedule PF-02 Priority Firm Power" in the 2002 Power Rate Schedules.

Lakeview must select a follow-on rate period and associated rates from those offered by BPA, and notify PBL of its selection, by the later of:

- (1) six months prior to the expiration of the 5-Year Rates; or
- (2) thirty (30) days after the date BPA's initial proposal for successor rates is published.

Otherwise the follow-on rate period and associated rates shall be the shortest rate period and associated rates that are applicable to Lakeview.

- (d) **Cost-Based Indexed PF Rate and Flexible PF Rate Option**  
None

#### **4. SPECIAL PF LOAD TREATMENT**

(a) **Annexed Loads**

Lakeview may make a written request for service to Annexed Loads, including a planned date for such service. Annexed Load amounts that were served by PBL under section 5(b) of the Northwest Power Act immediately prior to becoming an Annexed Load will be provided service under rates, terms, and conditions that, within the constraints of BPA's applicable policies, are as comparable as possible to what such Annexed Load would have received if the load had not become an Annexed Load. The Parties shall revise this exhibit within 180 days of the request, to establish the rates, terms and conditions for the requested service and to include monthly HLH and LLH megawatts in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts.

(b) **Environmentally Preferred Power**

(1) **Definitions**

- (A) "Environmental Attribute(s)" means the current or future credits, benefits, emission reductions, offsets and allowances attributable to the generation of energy from specific renewable resources used to supply EPP. One megawatthour of energy generation from a specified EPP resource is associated with 1 megawatthour of Environmental Attributes.
- (B) "Environmentally Preferred Power" or "EPP" means power deemed to be generated by renewable resources that are part of BPA's system power from one or all of the following resources: Condon, Foote Creek I, Foote Creek II, Klondike I,

Klondike III, and Stateline wind projects. EPP includes the associated Environmental Attributes from such resources. PBL may: (i) replace or delete resources in this list if such a resource is no longer available to PBL; and/or (ii) add renewable resources to this list that qualify under the Renewable Option to the Conservation Rate Credit (CRC) and Conservation Acquisition Agreements (CAA) Implementation Manual. Any such changes shall be noted in the annual report PBL provides to Lakeview about its EPP purchases as provided in sections 4(b)(6) and 4(b)(7).

(C) "Renewable Energy Certificates" or "RECs" means the certificates which document the creation and ownership of Environmental Attributes.

(2) **Environmentally Preferred Power (EPP)**

PBL shall sell and Lakeview shall purchase for Contract Years 2007 through 2009 (October 1, 2006 - September 30, 2009), the EPP amounts in the table below. PBL shall transfer the Environmental Attributes associated with such EPP to Lakeview pursuant to sections 4(b)(6) and 4(b)(7). Lakeview shall pay a Green Energy Premium, or its successor, in the amount of 10.50 dollars per megawatthour.

<b>Contract Year</b>	<b>aMW</b>
2007	0.017
2008	0.040
2009	0.022

The Green Energy Premium shall qualify as an eligible expenditure under the Conservation Rate Credit through Contract Year 2009, and will be reflected as a separate line item on Lakeview's monthly power bill.

(3) **EPP for Contract Years 2010 - 2011**

(A) For Contract Years 2010 through 2011, BPA shall make available and Lakeview may purchase EPP in an amount equal to 0.026 aMW. Subject to inventory availability, Lakeview may purchase an additional EPP amount of 0.007 aMW for a total of up to 0.033 aMW. Lakeview must provide PBL written notice on or before July 15, 2009, of its election to exercise this right and purchase EPP. Such notice shall specify the amount of EPP Lakeview wishes to purchase for each Contract Year.

(B) BPA intends to sell such EPP at 10.50 dollars per megawatthour Green Energy Premium, or its successor, except such price may be changed due to a future section 7(i) rate proceeding. If the Green Energy Premium is greater than

10.50 dollars per megawatt-hour, Lakeview may elect not to purchase EPP as provided under this Agreement and, as an alternative, purchase from BPA under a separate agreement RECs generated during Contract Years 2010 and 2011, priced at 10.50 dollars per megawatt-hour, in a quantity equal to 0.026 aMW and subject to availability, an additional 0.007 aMW..

- (C) Subject to inventory availability, Lakeview may purchase additional EPP, beyond that made available under section 4(b)(3)(A), at the then applicable effective Green Energy Premium or its successor.
- (4) **Availability of EPP After Expiration of This Agreement**  
If BPA offers EPP for purchase after expiration of this Agreement, then Lakeview, shall have the right to purchase an amount of EPP equal to the average of Lakeview's Contract Years 2010 through 2011 EPP purchases. Subject to inventory availability, Lakeview may purchase an additional EPP amount up to 30 percent of Lakeview's Contract Years 2010 through 2011 average purchase. The price for EPP will be established subject to then applicable effective rates.

Lakeview must provide PBL written notice on or before July 15, 2011, if Lakeview chooses to exercise this right. Such notice shall specify the amount of EPP Lakeview wishes to purchase for each Contract Year.

- (5) **Northwest Public Interest Groups Endorsement**  
The resources listed in section 4(b)(1)(B), with the exception of Klondike III, are endorsed by the Natural Resources Defense Council, Northwest Energy Coalition, and Renewable Northwest Project (Northwest Public Interest Groups) as being environmentally preferred sources of electricity generation for electricity products. Lakeview may only use the following endorsement from the Northwest Public Interest Groups to advertise, market, and promote EPP to retail electric power consumers inside Lakeview's service territory.

*"The Condon, Foote Creek I, Foote Creek II, Klondike I, and Stateline generating facilities are environmentally preferred sources of electricity production, based on our independent review of environmental impacts."*

- (6) **WREGIS Disclosure, Reporting, Adjustments, and Transfer of RECs**  
As renewable resources associated with EPP (Condon, Foote Creek I, Foote Creek II, Klondike I, Klondike III, and Stateline wind projects) register with WREGIS, the RECs associated with generation from

those resources will be tracked and transferred through WREGIS. Whenever possible, BPA shall use WREGIS to affect the transfer of RECs associated with Lakeview's EPP purchase.

On or by April 15, 2009, and every April 15 thereafter for the duration of Lakeview's EPP purchase under this Exhibit A, and again on April 15, 2012 if Lakeview purchases EPP during Contract Year 2011, BPA shall transfer to Lakeview's WREGIS account, any RECs which have been created by WREGIS which are associated with Lakeview's EPP purchase during the preceding calendar year. Any RECs BPA transfers to Lakeview shall be limited to those available to BPA through WREGIS.

(7) **Other Disclosure, Reporting, Adjustments, and Transfer of Environmental Attributes**

Environmental Attributes associated with Lakeview's EPP purchase which are not tracked by WREGIS shall be transferred to Lakeview pursuant to this section 4(b)(7).

- (A) By no later than 60 days after the end of each Contract Year and again no later than 60 days after the end of each calendar year, PBL shall provide Lakeview with the following: (i) the monthly amounts of EPP that were provided to Lakeview by each renewable resource; and (ii) the monthly power amounts generated by each resource.
- (B) If the EPP amounts provided to Lakeview during a Contract Year are less than the amounts specified in section 4(b)(2), the difference shall be determined to have been served with Contracted Power under the terms of this Agreement. Except for the amounts of replacement EPP provided under section 4(b)(7)(C), PBL shall adjust Lakeview's power bill after the end of each Contract Year to account for such difference once the power amounts provided by the resources during the Contract Year are known.
- (C) Lakeview may request that PBL provide Lakeview with EPP contracted for during a Contract Year that was not provided. Lakeview must notify PBL of such request by no later than two weeks after the notification specified in section 4(b)(7)(A) is received. By no later than 90 days after the end of the Contract Year, to the extent EPP is available, PBL shall provide to Lakeview, EPP equal to the amount contracted less the amount provided during the Contract Year. If sufficient EPP is not available, PBL shall adjust Lakeview's power bill consistent with section 4(b)(7)(B).

- (D) For Contract Years 2007 through 2009, if the six million dollar cap on renewable claims under the Conservation Rate Credit is reached and results in a pro rata reduction to renewable rate credit claims, and Lakeview has claimed this EPP purchase as an eligible renewable energy resource for the renewables option under the Conservation Rate Credit, then Lakeview may reduce its EPP purchase by a commensurate amount to account for the pro rata reduction.

By August 1 prior to the beginning of the Contract Year, BPA shall notify Lakeview of the amount of pro rata reduction to the total customer renewable rate credit claims in excess of six million dollars. By August 15 prior to the beginning of the Contract Year, Lakeview shall provide PBL with a notice exercising its option to reduce Lakeview's EPP purchase subject to the pro rata reduction.

(c) **Returned Retail Load**

Lakeview may request service from PBL to serve Returned Retail Load. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The table shall identify whether the amounts in the table are deemed to be actual for billing purposes or whether the table is an estimate with bills based on metered amounts. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.

(d) **Load Previously Served By Lakeview Northwest Power Act Sections 5(b)(1)(A) and/or 5(b)(1)(B) Resources**

Lakeview may request service from PBL to serve load that would otherwise be served by Lakeview's Northwest Power Act sections 5(b)(1)(A) resources and 5(b)(1)(B) generating resources and long-term contract resources that are removed consistent with section 4(d) of Exhibit C, Net Requirements. The Parties shall revise this exhibit to establish monthly HLH and LLH megawatts for such service in a table below. The amounts are deemed to be actual for billing purposes. PBL shall provide service within 180 days of the request at rates BPA has established or establishes as applicable to such loads. The rate treatment for such loads shall continue through Contract Year 2006. Rate treatment after Contract Year 2006 shall be determined in a future rate case.

**5. NEW LARGE SINGLE LOADS**

- (a) Lakeview has no existing NLSL.

- (b) Lakeview may request service to a NLSL. The Parties shall revise this exhibit to establish estimated monthly HLH and LLH megawatthours for such service in a table below. If Lakeview chooses to serve the NLSL with a resource the resource shall be added consistent with section 4(f) of Exhibit C, Net Requirements. The total amount subtracted from Total Retail Load in section 4 of the body of this Agreement shall be the metered amount of the load. The same metered amount shall be used by PBL for billing purposes when PBL serves the entire NLSL.

**6. REVISIONS**

If this exhibit is inconsistent with BPA's 2002 PF Power Rate Schedule as finally approved by FERC, the Parties shall make a good faith effort to amend this exhibit so that it is consistent.

The Parties shall update this exhibit to reflect necessary changes to establish new rate choices consistent with the applicable future rate cases. This shall be done by mutual agreement except as allowed in section 3 of this exhibit.

LAKEVIEW MUTUAL LIGHT & POWER  
COMPANY

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By

Robin A. Rego

By

George T. Reich  
Senior Account Executive

Name Robin A. Rego

(Print/Type)

Name George T. Reich

(Print/Type)

Title General Manager

Date

9-30-08

Date

10/30/08

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**Revision No. 1, Exhibit B**  
**BILLING**  
**Effective October 1, 2006**

This exhibit revision implements the 2007 Power Rate Schedule by deleting section 4, Conservation and Renewables Discount for the period October 1, 2001 through September 30, 2006 and adding the new section 4, Conservation Rate Credit for the period beginning October 1, 2006. It also updates the Revisions section below.

**1. PRIORITY FIRM POWER ENTITLEMENTS**

- (a) The amount of Contracted Power in megawatthours which is established through section 4 of the body of this Agreement during each applicable Diurnal period establishes Lakeview's Monthly PF HLH and LLH Energy Entitlements.
- (b) The amount of Contracted Power in megawatts which is established through section 4 of the body of this Agreement that is made available on Generation System Peak is Lakeview's Measured Demand.

**2. NEW RESOURCE CONTRACTED POWER ENTITLEMENTS**

- (a) The amount of energy served by PBL under section 5 of Exhibit A, Rate Commitments during each applicable Diurnal period establishes Lakeview's Monthly NR HLH and LLH Energy Entitlements.
- (b) The amount of demand served by PBL under section 5 of Exhibit A, Rate Commitments that is made available on Generation System Peak is Lakeview's Measured Demand.

**3. UNAUTHORIZED INCREASE CHARGE**

Amounts Taken from PBL in excess of Contracted Power shall be subject to the Unauthorized Increase Charge for demand and energy consistent with the applicable BPA Wholesale Power Rate Schedules and GRSPs, unless such power is provided under another contract with PBL. Power that has been provided for energy imbalance service pursuant to an agreement between TBL and Lakeview will not be subject to an Unauthorized Increase Charge for Demand and Energy under this Agreement.

**4. CONSERVATION RATE CREDIT**

This section 4 is effective October 1, 2006. The terms of section 4, Conservation and Renewables Discount as specified in the original Exhibit B, remain in effect for the period ending September 30, 2006. All liabilities for both of these sections are preserved until satisfied.

BPA shall apply the Conservation Rate Credit (CRC) to Lakeview's monthly wholesale power bill under the terms specified in BPA's applicable Wholesale Power

Rate Schedules and GRSPs, unless Lakeview notifies PBL under the GRSPs of its intent to stop participation in the CRC.

To retain the full amount of the CRC, Lakeview must satisfy all terms and conditions for the CRC specified in BPA's applicable Wholesale Power Rate Schedules, GRSPs, and the CRC portion of the Conservation Rate Credit (CRC) and Conservation Acquisition Agreements (CAA) Implementation Manual as it may be amended from time to time. Lakeview shall reimburse BPA for any amount paid to it by BPA under the CRC but for which Lakeview did not satisfy such terms and conditions.

All references to CRC include its successors.

**5. REVISIONS**

If this exhibit is inconsistent with BPA's 2007 PF Power Rate Schedule or its successor as finally approved by FERC, the Parties shall make a good faith effort to amend this exhibit so that it is consistent.

LAKEVIEW LIGHT & POWER COMPANY

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By Robin A. Rego

By George T. Reich  
Senior Account Executive

Name ROBIN A. REGO  
(Print/Type)

Name George T. Reich  
(Print/Type)

Title GENERAL MANAGER

Date 08-23-06

Date AUGUST 24, 2006

(SEAP\LLAN-PSW\Seattle-S:\PM\CUST\_GTR\LA\PSC\_2000\_Pf\_Subscript\_#12014\Exh B\_Rev#1 - CRC 2007-2009\LaPSO\_12014\_20060823\_Exh B\_Rev#1\_Final.doc) 08/23/06