Contract No. 09EO-40085

AGREEMENT

Between

THE UNITED STATES OF AMERICA,
DEPARTMENT OF ENERGY
Acting by and through
THE BONNEVILLE POWER ADMINISTRATOR

And

THE BONNEVILLE ENVIRONMENTAL FOUNDATION, INC.

This AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATOR (Bonneville), and the BONNEVILLE ENVIRONMENTAL FOUNDATION, INC (Foundation), a corporation organized under the laws of the State of Oregon and qualified as a 501(c)(3) tax exempt entity within the meaning of the Internal Revenue Code.

RECITALS

Whereas the Bonneville Power Administrator (Bonneville) is the chief executive officer of Bonneville Power Administration (BPA), a federal power marketing agency authorized and charged by Congress, among other things: (A) to make maximum practicable use of Bonneville's authority to encourage the development of renewable resources (including direct application renewables), and other resources for service to its customers' regional loads including providing financial assistance for the development and implementation of such resources; (B) to promote the development of experimental, developmental, demonstration, or pilot projects with a potential for providing cost-effective service to the region; and (C) to develop such resources with due consideration for environmental quality, including the protection, mitigation, and enhancement of fish and wildlife habitat.

Whereas Bonneville has authority to contract, in such manner as the Administrator may deem necessary, to facilitate the execution of the BPA's substantive responsibilities.

Whereas the Foundation, an Oregon corporation, is a tax exempt entity within the meaning of Section 501(c)(3) of the Internal Revenue Code that was created in 1998 to complement the programs of the BPA under the Northwest Power Act (P.L. 96-501);

Whereas the Foundation is governed by an independent board of directors with a designated official assigned by Bonneville to serve as an "ex officio" member of the Foundation's board;

Whereas a group of environmental organizations, including the Northwest Energy Coalition, the Renewable Northwest Project, and the Natural Resources Defense Council, have participated with the Foundation and Bonneville over the past ten years in identifying and marketing electric power from environmentally preferred projects in the Pacific Northwest;

Whereas for the past ten years Bonneville and the Foundation have participated in mutually beneficial arrangements for the sale of Environmentally Preferred Power at a premium to market prices, which premium has been used to provide funding for the Foundation and funding for BPA's renewable resource programs;

Whereas the current agreement with the Foundation expires in September 2011;

Whereas because Bonneville has agreed to discontinue marketing an Environmentally Preferred Power product at the end of September 2011, the underlying market mechanism for Bonneville's support for Foundation activities is no longer available after that time;

Whereas Bonneville desires that the Foundation continue to seek out and act upon opportunities that complement Bonneville's programs in support of the BPA's Mission with respect to renewable resources, energy efficiency, demand management, fish and wildlife enhancements, watershed improvements, technology innovation, and potentially other activities;

Whereas the Foundation desires to continue to assist Bonneville by complementing Bonneville's programs in support of BPA's Mission; and

Whereas Bonneville and the Foundation desire to enter into a new, long-term Agreement to replace the existing agreement;

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The Parties agree:

1. EFFECTIVE DATE

This Agreement takes effect on the date this agreement has been executed by Bonneville and the Foundation (the "Effective Date").

2. TERMINATION OF EXISTING AGREEMENT

The Existing Agreement shall terminate on the Effective Date. Notwithstanding the termination of the Existing Agreement, all remaining unfulfilled obligations under the Existing Agreement shall continue in effect until discharged in full.

3. DEFINITIONS

Capitalized terms in this Agreement, including any exhibits, shall mean as follows:

A. "Administrator" means the Administrator of Bonneville Power Administration (BPA).

B. "Annual Report" means the report prepared by the Foundation after the end of each Fiscal Year setting forth the Foundation's current financial condition, and describing its accomplishments over the past year, including its expenditures of funds that advanced the Bonneville Mission.

C. "Bonneville" means Bonneville Power Administrator acting on behalf of the United States of America, Department of Energy, and the Bonneville Power Administration.

D. "Effective Date" means the date this agreement takes effect.

E. "Existing Agreement" means the funding agreement between Bonneville and the Foundation in effect prior to the Effective Date of this Agreement.

F. "Fiscal Year" means the Foundation's fiscal year, which currently begins on April 1. Fiscal Year 2010 is the Fiscal Year that ends in calendar year 2010.

G. "Foundation" means the Bonneville Environmental Foundation, Inc., and its subsidiary, Bonneville Environmental Foundation Renewables, Inc.

H. "Mission" means BPA's obligations under the Northwest Power Act, particularly Northwest Power Act section 2(1) (relating to encouragement of the development of renewable resources within the Pacific Northwest), section 6(e) (relating to renewable and conservation resources), section 6(d) (relating to research, development and demonstration projects), and section 4(e)(2) (relating to developing resources with due regard to environmental quality, including enhancing fish and wildlife habitat)—including but not limited to, promoting cost-effective conservation, renewable energy, and demand response resources; supporting development of technology (including demonstration projects) that may lead to cost-effective applications in the Region's

electric power system; protecting and enhancing fish and wildlife and associated habitat—and under other legislation to provide power, transmission and other services and benefits to its customers and stakeholders.

I. "Northwest Power Act" means the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501, as amended.

J. "Party" means (A) the United States of America, Department of Energy, acting by and through the Bonneville Power Administrator, or (B) the Foundation.

K. "Plan for Supplemental Payment" means a plan approved by Bonneville for the use of discretionary a Supplemental Payment Bonneville may agree to provide under this Agreement.

L. "Power Plan" means the Regional plan promulgated from time to time by the Northwest Power and Conservation Council to guide the Administrator's electric power resource acquisitions as provided by the Northwest Power Act.

M. "Region" or "Regional" means the geographic area defined as the "Pacific Northwest" in the Northwest Power Act.

N. "Supplemental Payment" is a payment in addition to Base Payments Bonneville may, in its sole discretion, elect to make to the Foundation to fund additional Foundation activities in support of Bonneville's programs.

4. TERM

The term of this Agreement shall be twenty years unless terminated by either Party pursuant to Section 5 of this Agreement.

5. TERMINATION

A. The Agreement may be terminated on five years notice by either Party for any reason.

B. The Agreement may be terminated by Bonneville on two years written notice if Bonneville believes the Foundation is not adequately complementing Bonneville's programs in support of Bonneville's Mission.

i. In its notice, Bonneville must state the specific reasons why it believes the Foundation is not advancing Bonneville's programs and describe the actions Bonneville is asking the Foundation to take to correct any deficiency in the Foundation's performance.

ii. Upon receipt of a notice of termination, the Foundation shall have one year to cure Bonneville's specific objections.

iii. If the Foundation cures the deficiency to the satisfaction of Bonneville, the notice of termination shall be rescinded. Bonneville agrees that approval of any proffered cure shall not be unreasonably withheld.

iv. If the Foundation does not address and cure Bonneville's objections within one year, the Agreement shall terminate on the two-year anniversary date of receipt of notice of termination unless Bonneville elects to withdraw the termination notice before the two year period expires.

6. PAYMENTS TO THE FOUNDATION

A. Payment to Close Out the Existing Agreement

Within 30 days of the Effective Date, Bonneville shall pay the Foundation $550,000. Such payment shall discharge in full Bonneville's outstanding payment obligations under the Existing Agreement.

B. Use of Bonneville Funding by the Foundation

i. The Foundation agrees to use funds provided by Bonneville to complement Bonneville's programs in support of Bonneville's Mission.

ii. For purposes of this Agreement, this includes, but is not limited to:

1. increasing the potential supply of cost-effective regional renewable resources potentially available to Bonneville and its customers for acquisition should they choose to do so;
2. taking action to increase the potential supply of cost-effective, conservation, renewable, or demand response resources available to serve the electric power needs of the Pacific Northwest.
3. furthering technological innovation goals (including demonstration projects) relating to electric power conservation, demand management, and renewable resources;
4. supporting Regional watershed improvements that further Bonneville's Regional efforts to maintain, restore, and enhance fish and wildlife and associated habitat;
5. educating members of the general public on the benefits of renewable resources, reducing greenhouse gases emissions, and improving Pacific Northwest fish and wildlife resources and habitat; and
6. supporting other aspects of the Bonneville Mission as may be agreed upon by Bonneville and the Foundation.

C. Base Payments

i. Bonneville shall pay a Base Payment to the Foundation each year.

ii. The Base Payment for Fiscal Year 2010 is $1.3 million.

iii. The Base Payment for each subsequent Fiscal Year shall be adjusted, provided such adjustment is positive, over the previous Fiscal Year's level by the annual change in the United States Department of Labor, Bureau of Labor Statistics' "Consumer Price Index - All Urban Consumers West Region All Items" or its successor. Available at: http://data.bls.gov/cgi-bin/surveymost?cu

iv. At the beginning of a Fiscal Year, Bonneville, in its sole discretion, may increase the Base Payment by an amount that is more than the rate of inflation into a permanent increase in the Base Payment, but not in any case to exceed 33% of the Base Payment paid over the previous Fiscal Year.

v. If the Administrator certifies in a letter to the Foundation that Bonneville is experiencing a financial crisis as evidenced by a failure to achieve net revenue targets, a need for a significant increase in rates, low reserves, or other financial stress that leads the Administrator to seek a broad reduction in program costs not funded under this Agreement, Bonneville may reduce the Base Payment by as much as 25% for up to one year on six months notice. The reduction shall continue for as long as the financial crisis exists, but in any case not longer than two years, at which time funding shall be restored to normal levels (including appropriate adjustments for inflation) for at least two years before another reduction in Base Payments may occur.

vi. On the first day of each Fiscal Year Bonneville shall pay the Foundation an amount equal to one-fourth of the Base Payment for that Fiscal Year.

vii. Bonneville shall pay an additional one-fourth of the Base Payment for that Fiscal Year on the first day of each subsequent quarter of that Fiscal Year.

D. Supplemental Payments

Beginning in Fiscal Year 2010 and in any subsequent Fiscal Year Bonneville may make a discretionary Supplemental Payment to the Foundation under a Plan for Supplemental Payments approved by Bonneville to provide a higher level of support for existing programs or to initiate new programs Bonneville believes are necessary or desirable. Such Supplemental Payment may not exceed 100% of the Base Payment for that Fiscal Year, and shall be advanced to the Foundation in quarterly installments, on the same schedule as the Base Payment is paid. Once approved by Bonneville, a Plan for Supplemental Payments shall become Exhibit A to this Agreement.

7. ANNUAL REPORT

A. Within 90 days of the end of the Fiscal Year, the Foundation shall prepare a draft Annual Report and provide Bonneville with a copy. The Annual Report shall set forth all activities engaged in, and financial assistance provided by the Foundation to complement Bonneville's programs in support of its Mission, including the development of renewable resources (including direct application renewables), energy efficiency, demonstration projects, and where applicable an estimate of the amount of electric power generated or saved as a result of the Foundation's activities.

B. Bonneville may:

i. Accept the draft Annual Report as submitted without objection;
ii. Take an exception to all or a portion of the Annual Report and provide the Foundation with an opportunity to respond to Bonneville's objections; and
iii. Recommend changes to the proposed Annual Report, if any.

C. No earlier than 30 days after receiving comments from Bonneville, the Foundation may adopt an Annual Report for the past Fiscal Year, taking into account comments it receives from Bonneville, if any.

8. ADDITIONAL SERVICES

Bonneville may contract with the Foundation to procure services above and beyond the scope or funding amounts provided for by this Agreement.

9. BONNEVILLE DESIGNATION OF EX-OFFICIO MEMBER OF FOUNDATION BOARD

Bonneville may designate an official to serve as an *ex-officio* member of the Foundation board.

Bonneville initially designates its Deputy Administrator to serve as Bonneville's *ex-officio* member of the Foundation's board.

10. BONNEVILLE DESIGNATION OF LIASON

Bonneville may designate an official to serve as liaison to the Foundation.

Bonneville initially designates its Chief Technology Innovation Officer to serve as liaison to the Foundation.

11. ANNUAL INDEPENDENT AUDIT

The Foundation shall retain an independent auditor to prepare an annual audit in accordance with generally accepted accounting principles and provide Bonneville with a copy.

12. FIVE YEAR REVIEW

Bonneville and Foundation will perform a joint review of this Agreement every five years to confirm that the Agreement is serving both party's interests and to modify the Agreement by mutual consent as necessary or desired by both parties to reflect then current conditions and policies.

13. NOTICE OF PROPOSED AMENDMENTS TO BYLAWS OR ARTICLES OF INCORPORATION

The Foundation shall advise Bonneville of any proposed amendments to its bylaws or articles of incorporation with at least 30 days notice and provide an opportunity for Bonneville to comment on any proposed amendments.

14. NOTICES

A. 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.

B. Notices are effective when received.

C. Either Party may change its address or its designated representative for notices by giving notice of such change consistent with this section.

D. Notice shall be given:

If to the Foundation to:

Margie Gardner, Chief Executive Officer
Bonneville Environmental Foundation
Portland, Oregon 97204
503-248-1905
Fax 503-248-1908
margiegardner@bef.org

If to Bonneville to:

Terry Oliver, Chief Technology Innovation Officer
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621
503-230-5853
Fax 503-230-4456
tvoliver@bpa.gov

15. GOVERNING LAW AND DISPUTE RESOLUTION

A. Governing Law

This Agreement shall be interpreted consistent with and governed by federal law.

Except as otherwise provided in this Section 15, the Parties agree to resolve any dispute arising under this Agreement according to the binding arbitration procedures attached to this Agreement as Exhibit B.

The Foundation and Bonneville shall identify issue(s) in dispute arising out of this Agreement and make a good faith effort to negotiate a resolution of such disputes before either may initiate litigation or arbitration. Such good faith effort shall include discussions or negotiations between the Parties' executives.

Pending resolution of a contract dispute or contract issue between the Parties or through formal dispute resolution of a contract dispute arising out of this Agreement, the Parties shall continue performance under this Agreement unless to do so would be impossible or impracticable.

Unless the Parties engage in binding arbitration as provided for in this Section 15 and Exhibit B, the Parties reserve their rights to individually seek judicial resolution of any dispute arising under this Agreement.

B. Judicial Resolution

Final actions subject to Section 9(e) of the Northwest Power Act are not subject to arbitration under this Agreement and shall remain within the exclusive jurisdiction of the United States Court of Appeals for the Ninth Circuit. Such final actions include, but are not limited to, the establishment and the implementation of rates and rate methodologies. Any dispute regarding any rights or obligations of the Foundation or Bonneville under any rate or rate methodology, or Bonneville policy, including the implementation of such policy, shall not be subject to arbitration under this Agreement.

For purposes of this section 15 and Exhibit B, "Bonneville policy" means any written document adopted by Bonneville 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 or regulation.

If Bonneville determines that a dispute is excluded from arbitration under this Section 15, then the Foundation may apply to the federal court having jurisdiction for an order determining whether such dispute is subject to nonbinding arbitration under Exhibit B.

16. STANDARD PROVISIONS

A. Amendments

Except where this Agreement explicitly allows for one Party to unilaterally amend a provision or exhibit, no amendment of this Agreement shall be of any force or effect unless set forth in writing and signed by authorized representatives of each Party.

B. Assignment

This Agreement is binding on any successors and assigns of the Parties.

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.

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 administer this Agreement.

Such information shall be provided in a timely manner. Information may be exchanged by any means agreed to by the Parties.

Bonneville may use such information as necessary to perform its obligations under this Agreement.

Before the Foundation provides information to Bonneville that is confidential, or is otherwise subject to a privilege or nondisclosure, the Foundation shall clearly designate such information as confidential. Bonneville shall notify the Foundation as soon as practicable of any request received under the Freedom of Information Act (FOIA), or under any other federal law or court or administrative order, for any confidential information. Bonneville shall only release such confidential information to comply with FOIA or if required by any other federal law or court or administrative order. Bonneville shall limit the use and dissemination of confidential information within Bonneville to employees who need it for purposes of administering this Agreement.

D. Entire Agreement

Exhibits A, B, C, and D are hereby incorporated as part of this Agreement.

This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement.

It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

The body of this Agreement shall prevail over the Exhibits to this Agreement in the event of a conflict.

E. Exhibits

The exhibits listed in the table of contents are incorporated into this Agreement by reference. The body of this Agreement shall prevail over an Exhibit 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

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or of any other breach of this Agreement.

H. 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 by a court of competent jurisdiction not to be severable from all other provisions of this Agreement by such court.

17. SIGNATURES

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

For the UNITED STATES OF AMERICA, DEPARTMENT OF ENERGY, ACTING BY AND THROUGH THE BONNEVILLE POWER ADMINISTATOR

Stephen J. Wright
Administrator and Chief Executive Officer
Bonneville Power Administration

1-30-09
Date

For the BONNEVILLE ENVIRONMENTAL FOUNDATION, INC.

Margie Gardner
Chief Executive Officer
Bonneville Environmental Foundation, Inc.

1-15-09
Date

Exhibit A

Bonneville Environmental Foundation's Plan
for Use of Supplemental Payments for Fiscal Year [--]

Exhibit B

Initiation of Arbitration Process

Any contract dispute or contract issue between the Parties arising out of this Agreement, which is not excluded from arbitration by section 15 of this Agreement, shall be subject to arbitration, as set forth below.

The Foundation may request that Bonneville engage in binding arbitration to resolve any dispute arising under this Agreement.

If the Foundation requests such binding arbitration and BPA determines in its sole discretion that binding arbitration of the dispute is appropriate under BPA's Binding Arbitration Policy or its successor, then Bonneville shall engage in such binding arbitration, provided that the remaining requirements of this Exhibit B are met.

Bonneville may request that the Foundation engage in binding arbitration to resolve any dispute.

In response to BPA's request, the Foundation may agree to binding arbitration of such dispute, provided that the remaining requirements of Section 15 are met. Before initiating binding arbitration, the Parties shall draft and sign an agreement to engage in binding arbitration, which shall set forth the precise issue in dispute, the amount in controversy and the maximum monetary award allowed, pursuant to Bonneville's Binding Arbitration Policy or its successor.

Nonbinding arbitration shall be used to resolve any dispute arising out of this contract that is not excluded by section 15 above and is not resolved via binding arbitration, unless the Foundation notifies BPA that it does not wish to proceed with nonbinding arbitration.

Arbitration Procedure

Any arbitration shall take place in Portland, Oregon, unless the Parties agree otherwise. The Parties agree that a fundamental purpose for arbitration is the expedient resolution of disputes; therefore, the Parties shall make best efforts to resolve an arbitrable dispute within one year of initiating arbitration. The rules for arbitration shall be agreed to by the Parties.

Remedies

The payment of monies shall be the exclusive remedy available in any arbitration proceeding between the Parties.

This shall not be interpreted to preclude the Parties from agreeing to limit the object of arbitration to a determination of facts.

Under no circumstances shall specific performance be an available remedy against Bonneville.

Finality

In a binding arbitration, the arbitration award shall be final and binding on the 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 arbitrator(s) may be entered by any court having jurisdiction thereof.

In nonbinding arbitration, the arbitration award is not binding on the Parties. Each Party shall notify the other Party within 30 calendar days, or such other time as the Parties otherwise agreed to, whether it accepts or rejects the arbitration award. Subsequent to nonbinding arbitration, if either Party rejects the arbitration award, either Party may seek judicial resolution of the dispute, provided that such suit is brought no later than one year after the date the arbitration award was issued.

Costs

Each Party shall be responsible for its own costs of arbitration, including legal fees.

Unless otherwise agreed to by the Parties, the arbitrator(s) may apportion all other costs of arbitration between the Parties in such manner as the arbitrator(s) deems reasonable taking into account the circumstances of the case, the conduct of the Parties during the proceeding, and the result of the arbitration.

Exhibit C:

Bonneville Environmental Foundation Articles of Incorporation

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OREGON
SECRETARY OF STATE

NONPROFIT ARTICLES OF RESTATEMENT

of

BONNEVILLE ENVIRONMENTAL FOUNDATION

The undersigned incorporator of Bonneville Environmental Foundation, an Oregon nonprofit corporation, adopts the following Articles of Restatement before any directors of the corporation have been chosen:

ARTICLE 1

The name of the corporation is Bonneville Environmental Foundation.

ARTICLE 2

The text of the Restated Articles of Incorporation is attached hereto and by this reference incorporated herein.

ARTICLE 3

The Restated Articles of Incorporation include amendments to the Articles of Incorporation.

DATED: August 31, 1998.

Mark O. Hatfield, Incorporator

RESTATED

ARTICLES OF INCORPORATION

of

BONNEVILLE ENVIRONMENTAL FOUNDATION

The undersigned incorporator of Bonneville Environmental Foundation, an Oregon nonprofit corporation, adopts the following Restated Articles of Incorporation, superseding the original articles of incorporation and all amendments to them.

ARTICLE I. Name and Duration

The name of the corporation is Bonneville Environmental Foundation (the "Foundation") and its duration shall be perpetual.

ARTICLE II. Type and Purpose

The Foundation is a public benefit corporation. It is organized and shall be operated exclusively for charitable, scientific and educational purposes permitted by Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("IRC"), or the corresponding section of any future federal tax laws, on a not-for-profit basis. In particular, the purposes of the Foundation are to complement the Bonneville Power Administration's ("Bonneville") obligations under the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501 ("Northwest Power Act") by:

(1) accepting and administering private gifts of property to:

(A) develop or apply new nonhydro renewable energy resources within the Pacific Northwest consistent with the Northwest Power Act, 16 U.S.C. 839a; and/or

(B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest; and

(2) participating with, making distributions to, or otherwise assisting entities and individuals to:

(A) undertake and conduct activities that will further the development or application of new nonhydro renewable energy resources within the Pacific Northwest consistent with the Northwest Power Act, 16 U.S.C. 839a; and/or

(B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest.

Such purposes are to be accomplished in a manner not inconsistent with the appropriate power plan and fish and wildlife program, including implementation activities, adopted by the Pacific Northwest Electric Power and Conservation Planning Council ("Council").

ARTICLE III. Rights and Obligations of the Foundation

To carry out its purposes under these Articles, the Foundation shall have, in addition to the powers otherwise given it under these Articles, the usual powers of a corporation incorporated under the statutes of the State of Oregon, including the power:

(1) to accept, receive, solicit, hold, administer and use any gift, devise, or bequest, either absolutely or in trust, of real or personal property or any income therefrom or other interest therein;

(2) unless otherwise required by the instrument of transfer, to sell, donate, lease, invest, reinvest, retain or otherwise dispose of any property or income therefrom; and

(3) to do any and all acts necessary and proper to carry out the purposes of the Foundation.

The Foundation shall not engage in activities or exercise any powers that are not in the furtherance of its specific and primary purposes or that would violate any restrictions set forth in these Articles.

ARTICLE IV. Restrictions on Activities

No part of the net earnings of the Foundation shall inure to the benefit of, or be distributable to members of its Board, its officers, or other private shareholder or individual, except that the Foundation may pay reasonable compensation for services rendered and may make payments and distributions in furtherance of the purposes set forth in Article II hereof. No substantial part of the activities of the Foundation shall be carrying on propaganda, or otherwise attempting, to influence legislation, and the Foundation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles, the Foundation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under IRC Section 501(c)(3) or the corresponding section of any future federal tax laws and (b) by a corporation,

contributions to which are deductible under IRC Section 170(c)(2) or the corresponding section of any future federal tax laws.

ARTICLE V. Members

The Foundation shall not have members.

ARTICLE VI. Board of Directors

All corporate power shall be exercised by or under the authority of, and the affairs of the Foundation managed under the direction of, a Board of Directors (the Board), which shall consist of at least nine and no more than eleven voting Directors, each of whom shall be a United States citizen and who shall be committed to the conservation, restoration, and sound management of fish and wildlife habitat and/or development or application of new nonhydro renewable energy resources.

ARTICLE VII. Bonneville Power Administration Liaison

The Administrator of Bonneville (the "Administrator") shall designate an employee of Bonneville (the "Bonneville Representative") to be the Bonneville liaison to the Board. The Bonneville Representative shall represent Bonneville's interests and will have no fiduciary duty to the Foundation.

ARTICLE VIII. Appointment and Terms of Directors

The Directors shall serve for terms of 4 years; however, initially two of the Directors shall serve for a term ending at the 2000 annual meeting, four Directors for a term ending at the 2001 annual meeting, and three Directors for a term ending at the 2002 annual meeting. If the Board consists of more than nine Directors, the term of the tenth Director will end at the annual meeting closest to the expiration of two years after appointment and the term of the eleventh Director will end at the annual meeting closest to the expiration of four years after appointment. The names, addresses, and terms of the initial Directors of the Foundation are:

Name	Address	Initial Term Ends
Aldo Benedetti	7801 Sapphire Dr. SW Tacoma, WA 98498	2001
Ralph Cavanagh	c/o The Natural Resources Defense Council 71 Stevenson, Suite 1825 San Francisco, CA 94105	2000

Don Frisbee	1500 SW First, Suite 1005 Portland, OR 97201	2000
Mark O. Hatfield	P.O. Box 8639 Portland, OR 97207	2002
Jim Lichatowich	182 Dory Road Sequim, WA 98392	2001
Donald Sampson	c/o Columbia River Intertribal Fish Commission 729 NE Oregon, Suite 200 Portland, OR 97232	2002
Rachel Shimshak	c/o The Renewable NW Project 1130 SW Morrison, Suite 330 Portland, OR 97205	2001
Bill Towey	7126 N. Deschutes Drive Spokane, WA 99208	2001
Brett Wilcox	c/o Northwest Aluminum 3313 W. Second The Dallas, OR 97058	2002

The incorporator has obtained the consent of all Directors named to serve. All Directors of the Foundation other than the initial Directors shall be elected by the Board at the time and in the manner to be set forth in the Foundation's bylaws.

ARTICLE IX. Reimbursement of Expenses

Members of the Board may be reimbursed for the actual and necessary traveling and subsistence expenses incurred by them in the performance of the duties of the Foundation.

ARTICLE X. Elimination of Liability

No Director or uncompensated officer shall have any personal liability to the corporation for monetary damages for conduct as a Director or officer; provided that these Articles will not eliminate the liability of a Director or uncompensated officer for any act or omission for which elimination of liability is not permitted under the Oregon Nonprofit Corporation Law. No amendment to the Oregon Nonprofit Corporation Law that further limits the acts or omissions for which elimination of

liability is permitted will affect the liability of a Director or uncompensated officer for any act or omission that occurs prior to the effective date of the amendment.

ARTICLE XI. Indemnification

The Foundation shall indemnify to the fullest extent permitted by the Oregon Nonprofit Corporation Law any person who is made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative or other (including an action, suit or proceeding by or in the right of the Foundation), by reason of the fact that the person is or was a Director or officer of the Foundation. The right to and amount of indemnification shall be determined in accordance with the provisions of the Oregon Nonprofit Corporation Law in effect at the time of the determination.

ARTICLE XII. Distribution of Assets

Upon dissolution or final liquidation, after payment or provision for payment of all of the liabilities of the Foundation, all remaining assets shall be distributed and paid over to a nonprofit fund, foundation, or corporation selected by the Board which is organized and operated exclusively for charitable, scientific or educational purposes for the conservation or management of fish or wildlife, and/or the development or application of new nonhydro renewable energy resources, and which has established its tax exempt status under IRC Section 501(c)(3) or the corresponding section of any future federal tax laws. No member or officer, nor any private individual, shall be entitled to share in the distribution of any assets of the Foundation.

ARTICLE XIII. United States Release From Liability

The Foundation is not an agency or establishment of the United States. The United States shall not be liable for any debts, defaults, acts or omissions of the Foundation nor shall the full faith and credit of the United States extend to any obligation of the Foundation.

ARTICLE XIV. Limitation on Amendment of Articles

In any amendment to these Articles the term "purposes" shall be limited to and shall include only charitable, scientific and educational purposes within the meaning of those terms as used in IRC Section 501(c)(3) or the corresponding section of any future federal tax laws, but only such purposes as also develop or apply new nonhydro renewable energy resources within the Pacific Northwest and/or acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest in a manner not inconsistent with the appropriate power plan and fish and wildlife program, including implementation activities, adopted by the Council. An amendment of the provisions of this Article XIV (or any amendment to it) shall be

valid only if and to the extent that such amendment further restricts the Board's amending power.

ARTICLE XV. Initial Registered Agent

The name of the Foundation's initial registered agent is Rachel Shimshak. The address of the Foundation's initial registered office is 1130 SW Morrison Street, Suite 330, Portland, Oregon 97205.

ARTICLE XVI. Incorporator

The name and address of the incorporator are:

Mark O. Hatfield
River Forum Building, Suite 460
4380 SW. Macadam
Portland, OR 97201

ARTICLE XVII. Alternate Mailing Address

The alternate corporate mailing address to which notices may be mailed until the principal office of the Foundation has been designated by the Foundation in its annual report is:

Bonneville Environmental Foundation
c/o Renewable Northwest Project
1130 SW Morrison Street, Suite 330
Portland, Oregon 97205

DATED: August 31, 1998.

Mark O. Hatfield, Incorporator

CERTIFICATE

The undersigned incorporator of Bonneville Environmental Foundation, an Oregon nonprofit corporation, certifies that:

1. No directors of the corporation have been chosen since the date of incorporation. The incorporator therefore has the power under ORS 65.434(2) and 65.451 to amend and restate the Articles of Incorporation. The amendments to the Articles of Incorporation do not require the approval of any member or any person other than the incorporator.

2. The date of adoption of the amendments and the Restated Articles of Incorporation by the incorporator was August 31, 1998.

DATED: August 31, 1998.

Mark O. Hatfield, Incorporator

A TRUE COPY
STOEL RIVES LLP

By P. Martin

642657-89

NONPROFIT
ARTICLES OF AMENDMENT
OF
BONNEVILLE ENVIRONMENTAL FOUNDATION

FILED
MAR 02 2001
OREGON
SECRETARY OF STATE

Pursuant to the Oregon Nonprofit Corporation Act, Bonneville Environmental Foundation, an Oregon nonprofit corporation, adopts the following Articles of Amendment:

1. The name of the corporation is Bonneville Environmental Foundation.

2. Article II of the Articles of Incorporation is amended to read in its entirety as follows:

"ARTICLE II. Type and Purpose

The Foundation is a public benefit corporation. It is organized and shall be operated exclusively for charitable, scientific and educational purposes permitted by Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ('IRC'), or the corresponding section of any future federal tax laws, on a not-for-profit basis. In particular, the purposes of the Foundation are to complement the Bonneville Power Administration's ('Bonneville') obligations under the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501 ('Northwest Power Act') by:

(1) accepting and administering private gifts of property to:

(A) develop or apply new nonhydro renewable energy resources within the Pacific Northwest consistent with the Northwest Power Act, 16 U.S.C. 839a; and/or

(B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest;

(2) participating with, making distributions to, or otherwise assisting entities and individuals to:

(A) undertake and conduct activities that will further the development or application of new nonhydro renewable energy resources within the Pacific Northwest consistent with the Northwest Power Act, 16 U.S.C. 839a; and/or

(B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest; and

(3) Purchasing, marketing and selling environmentally preferred power, or its environmental attributes, from renewable resources that may be within or without the Pacific Northwest.

Such purposes are to be accomplished in a manner not inconsistent with the appropriate power plan and fish and wildlife program, including implementation activities, adopted by the Pacific Northwest Electric Power and Conservation Planning Council ('Council')."

3. The Amendment was adopted on January 25, 2001.

4. The Corporation has no members. The Amendment was approved by a sufficient vote of the Board of Directors.

5. No approval of any person or persons other than the Board of Directors is required pursuant to ORS 65.467 or otherwise.

Dated: January 25, 2001

BONNEVILLE ENVIRONMENTAL FOUNDATION

By: _____
Mark O. Hatfield, Chairman

Exhibit D:

Bonneville Environmental Foundation By-Laws

BYLAWS

of

BONNEVILLE ENVIRONMENTAL FOUNDATION
(As Amended Through April 1, 2007)

ARTICLE I. Name and Office

Section 1.01. Name. The name of this corporation is Bonneville Environmental Foundation (the Foundation). The Foundation is a charitable and nonprofit public benefit corporation and is not an agency or establishment of the United States.

Section 1.02. Principal Executive Office. The principal executive office of the Foundation shall be located in Portland, Oregon.

ARTICLE II. Purposes and Objectives

The Foundation has been established pursuant to the Articles of Incorporation, as may be amended (the Articles), filed with the State of Oregon under the Oregon Nonprofit Corporation Law, to complement the Bonneville Power Administration's (Bonneville) obligations under the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501 (Northwest Power Act) by:

(1) accepting and administering private gifts of property to:

(A) develop or apply new nonhydro renewable energy resources within the Pacific Northwest and throughout North America ; and/or

(B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest and throughout North America ;

(2) participating with, making distributions to, or otherwise assisting entities and individuals to:

(A) undertake and conduct activities that will further the development or application of new nonhydro renewable energy resources within the Pacific Northwest and throughout North America ; and/or

(B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest and throughout North America; and

Section 4.02. Number of Directors. The governing Board shall consist of at least nine and no more than thirteen voting Directors.

Section 4.03. Bonneville Power Administration Liaison. The Administrator of Bonneville (the Administrator) shall designate an employee of Bonneville (the Bonneville Representative) to be the Bonneville liaison to the voting Directors. The Bonneville Representative shall represent Bonneville's interests and will have no vote and no fiduciary duty to the Foundation.

Section 4.04. Qualifications of Directors. Each Director shall be a United States citizen. It is the intent of the Board that at least three Directors be committed to, knowledgeable of, and experienced in nonhydro renewable energy technologies or resources, at least three Directors be committed to, knowledgeable of, and experienced in the principles of fish or wildlife habitat, and at least one Director represent Native American interests. The membership of the Board, to the extent practicable, shall represent diverse geographical areas. The Board shall have the exclusive power and authority to determine whether the qualifications of Directors have been met.

Section 4.05. Appointment and Term of Office. Except for shorter terms for some initial directors specified in the Articles for the purpose of creating staggered terms, Directors shall serve for terms of 4 years or until their successors are selected. Terms shall end at the Annual Meeting closest to the anniversary of each Director's appointment.

Section 4.06. Vacancies and Removal. The Board shall use its best efforts to fill a vacancy on the Board within 60 days of said vacancy. A person appointed to fill a vacancy occurring prior to the expiration of a member's full term shall be appointed only for the remainder of that specific term. A vacancy in the Board shall be deemed to exist on the occurrence of the following:

(1) the death, resignation, or removal of any Director;

(2) the declaration by the Board of a vacancy in the office of a Director who has missed three consecutive regularly scheduled meetings; or

(3) an increase in the authorized number of Directors.

Any member may resign at any time effective upon giving written notice to the Board, unless the notice specifies a later time of the effectiveness of the resignation.
The term of office of any Board member may be terminated at any time upon the affirmative vote in favor of termination by at least a two-thirds majority of the entire Board. The Chief Executive Officer shall notify the affected Board member of the termination by making appropriate record of the termination in the minutes of the meeting at the end of which such termination becomes effective.

additional duties as the Board shall from time to time assign.

Section 5.02. Duties of the Chairman. The Chairman shall, when present, preside at all meetings of the Board and the Executive Committee. The Chairman shall have authority to execute in the name of the Foundation all contracts, deeds, leases, and other written instruments authorized either generally or specifically by the Board to be executed by the Foundation, except when by law the signature of the Chief Executive Officer is required.

Section 5.03. Duties of the Vice Chairman. The Vice Chairman shall serve in the absence or incapacity of the Chairman.

Section 5.04. Duties of the Chief Executive Officer. The Chief Executive Officer shall be knowledgeable and experienced in matters relating to nonhydro renewable energy technologies and/or resources or fish and wildlife habitat.

The Chief Executive Officer shall manage the day-to-day operation and administration of the business of the Foundation. Where appropriate, the Board shall place the Chief Executive Officer under a contract of employment. The Chief Executive Officer shall be responsible to and governed by the Board, shall report to and advise the Board on all significant matters of the Foundation's business, and shall see that all orders and resolutions of the Board are carried into effect. The Chief Executive Officer shall be the officer responsible for administering policies established in these Bylaws and subsequent resolutions of the Board. The Chief Executive Officer shall be empowered to act, speak for or otherwise represent the Foundation between meetings of the Board within the boundaries of policies and purposes established by the Board and set forth in the Articles and these Bylaws. The Chief Executive Officer is authorized to contract, receive, deposit, disburse, and account for funds of the Foundation in fulfillment of the Foundation's objectives; to execute in the name of the Foundation all contracts, deeds, leases, and other written instruments authorized either generally or specifically by the Board to be executed by the Foundation; and to negotiate all material business transactions of the Foundation.

Section 5.05. Duties of the Secretary. The Secretary shall record or cause to be recorded, and shall keep or cause to be kept, a book of minutes of actions taken at all meetings of Directors and committees, with the time and place of holding, the notice given, the names of those present at such meetings, and the proceedings of such meetings.

Section 5.06. Duties of the Treasurer. The Treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Foundation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and other matters customarily included in financial statements.

The Treasurer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Foundation with such depositories as may be designated by

present at a meeting at which a quorum is present. The Board may remove any member of such committee at any time, with or without cause. The Board may fill any vacancy in a committee occurring from any cause whatsoever.

Any committee, to the extent of the powers specifically delegated in the resolution of the Board or in these Bylaws, may have all or a portion of the authority of the Board, **except that no committee may**, regardless of Board resolution:

(1) Approve any action that by law or the Articles requires the consideration and approval by the full Board.

(2) Fill vacancies on the Board or in any committee that has the authority of the Board.

(3) Fix compensation for the Directors for serving on the Board or on any committee.

(4) Amend or repeal the Articles or these Bylaws or adopt new Articles or Bylaws.

(5) Change the fundamental purposes of the Foundation.

(6) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable.

(7) Appoint any other committees of the Board or the members of such committees.

(8) Approve or revoke a plan of voluntary dissolution, bankruptcy or reorganization or the sale, lease, or exchange of all or substantially all of the property and assets of the Foundation otherwise than in the usual and regular course of its business.

(9) Borrow money or other property on behalf of the Foundation.

(10) Approve any self-dealing transaction.

(11) Approve or engage in any actions prohibited by law.

No committee shall bind the Foundation in a contract or agreement or expend Foundation funds, unless authorized to do so by these Bylaws or by the Board.

Section 7.02. Meetings and Actions of Committees. Each committee shall conduct its business in the same manner as these Bylaws provide for the Directors. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee. Minutes shall be kept of each committee meeting and shall be filed with the Foundation records. The Chief Executive Officer shall send or cause to be sent to each Director a summary report of the business conducted at any meeting of any committee of the Board.

(2) Oversee all Foundation investments maintained by financial and investment institutions.

(3) Monitor and oversee the travel and subsistence expenses for Board members and officers.

(4) Review the annual, independently prepared audit.

The Finance Committee shall have and exercise such other duties and responsibilities as are delegated to it by the Board from time to time.

Section 7.06. Audit Committee. In order to fully meet its statutory and fiduciary duties and responsibilities, the Board shall appoint three or more Directors to serve as the Audit Committee of the Board. In making such appointments, the Board shall consider a member's business experience; knowledge of the organization's operations, finances and accounting practices; practical knowledge of the management of nonprofit institutions; facility in obtaining information by inquiry; commitment to the organization; and commitment to give Audit Committee responsibilities sufficient time and attention. At the Board's discretion, the Audit Committee members may also serve as Finance Committee members.

The Audit Committee shall meet not less often than twice annually, and more often as necessary to fulfill their duties and responsibilities. The Audit Committee shall have unrestricted access to all organization personnel and documents, and will be provided with the resources and authority necessary to discharge its responsibilities. The Audit Committee shall have and exercise the following duties and responsibilities:

(1) Oversee the organization's internal financial control structure and mechanisms.

(2) Review the organization's accounting policies and policy decisions.

(3) Review management and staff expenses, expense policies and controls.

(4) Review compliance with IRS and other governmental regulations.

(5) Review policies established to avoid conflicts of interest.

(6) Annually nominate the independent auditors, confirm the auditors' independence, review the annual audit plan, and review all audit findings and conclusions.

(7) Review auditor's recommendations to the organizations contained in any auditor's management letters, and review the organizational response to such recommendations.

(8) At least annually, provide the Board with a report summarizing the activities, conclusions and recommendations of the committee with respect to the organization's

fiscal year, a report of its proceedings and activities during such year, including a full and complete statement of its receipts, expenditures, and investments, and a description of all acquisitions and disposals of donated real property. The Foundation shall as soon as practicable after the end of each fiscal year, transmit a copy of this report to the Bonneville Representative and to the Council and make such report available to interested members of the public.

ARTICLE X. Standard of Care

Section 10.01. General. A Director shall perform the duties of a director, including duties as a member of any committee of the Board on which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of the Foundation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

Section 10.02. Loans. The Foundation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer.

Section 10.03. Insurance. The Foundation shall have the power to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and agents, against any liability asserted against or incurred by such person in such capacity or arising out of the person's status as such.

ARTICLE XI. Nondiscrimination

The Foundation shall not discriminate in providing services, hiring employees, or otherwise upon the basis of sex, race, creed, marital status, sexual orientation, religion, color, age, or national origin.

ARTICLE XII. Amendments

These Bylaws may be altered or amended by a two-thirds vote of the Directors at any meeting of the Board where there is a quorum present, provided that notice of the proposed amendment be given in writing to all Board members at least 10 days before the Board meeting.

Certification

The foregoing are the Bylaws of Bonneville Environmental Foundation as duly adopted and amended by the Board of Directors through April 1, 2007.

J. Rachel Shimshak
Secretary