

**PRIORITY FIRM POWER BLOCK  
POWER SALES AGREEMENT**

executed by the  
**BONNEVILLE POWER ADMINISTRATION**

and  
**CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION  
(dba TACOMA POWER)**

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This BLOCK 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 CITY OF TACOMA, DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION (Tacoma Power). Tacoma Power is a municipal corporation organized under the laws of the State of Washington.

## RECITALS

This Agreement will replace Contract No. DE-MS79-81BP90455 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 (PBL) are solely for the purpose of establishing which BPA business line is responsible for the administration of this Agreement.

BPA and Tacoma Power agree:

### 1. **TERM**

This Agreement takes effect on the date signed by BPA and Tacoma Power. Performance by BPA and Tacoma Power, (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 Tacoma Power, or a consumer of Tacoma Power 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 Tacoma Power under Voluntary Retail Access or Mandated Retail Access.
- (b) "Amounts Taken" means an amount deemed equal to the amount of power scheduled by Tacoma Power under section 7 of this Agreement or an amount of power as measured at Points of Measurement, as appropriate.
- (c) "Annexed Load" means the amount of load, including the increase in load associated with an annexation, that is added to Tacoma Power's distribution system after September 30, 2000, due to Tacoma Power 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 Tacoma Power 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 Tacoma Power 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 Tacoma Power.
- (l) "Points of Measurement" means the interconnection points between BPA, Tacoma Power and other control areas, as applicable. Electric power amounts are established at these points based on metered amounts or scheduled amounts, as appropriate.
- (m) "Points of Receipt" means the points of interconnection on the transmission provider's transmission system where Contracted Power will be made available to Tacoma Power's transmission provider by PBL.
- (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.
- (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 Tacoma Power 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, nonfirm or interruptible loads agreed to by the Parties, transfer loads of other utilities served by Tacoma Power and Tacoma Power’s transfer loads located in other control areas, and losses on Tacoma Power’s transmission system. 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 Tacoma Power 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**

(a) **Block Product**

Unless otherwise specified in this section or Exhibit C, Net Requirements, PBL shall sell and make available and Tacoma Power shall purchase under the applicable PF rates each hour the Contracted Power amounts established below. This amount may be updated through section 4(c) of Exhibit A, Rate Commitments and section 5 of Exhibit C, Net Requirements.

**REDACTED: CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION**

Contract Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
					2002							
Total MW												
HLH MW												
LLH MW												
Total MW												
HLH MW												
LLH MW												
Total MW												
HLH MW												
LLH MW												
Total MW												
HLH MW												
LLH MW												
Total MW												
HLH MW												
LLH MW												
Total MW												

Contract Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
HLH MW												
LLH MW												
Total MW												
HLH MW												
LLH MW												

(b) **Shaping Capacity**

Subject to Exhibit B, Billing, Tacoma Power may preschedule, according to the parameters in Exhibit E, Scheduling, for any HLH any amount that is greater than or less than the block amount established in section 4(a) within the amounts of shaping capacity MW established below. No rights to change prescheduled amounts are included in this product. The average of the MW scheduled for the HLH Diurnal period each day must equal the block MW established in section 4(a) pursuant to Exhibit B, Billing.

**REDACTED: CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION**

Contract Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
MW Amount												
MW Amount												
MW Amount												
MW Amount												
MW Amount												
MW Amount												
MW Amount												
MW Amount												
MW Amount												
MW Amount												
MW Amount												

5. **LOAD LOSS**

(a) **Limitation on Damages**

Up to 60 days after the end of each Contract Year, PBL may determine if Tacoma Power purchased less Contracted Power, due to load loss established in section 5 of Exhibit C, Net Requirements, in any month during the previous Contract Year 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. Tacoma Power 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 amount PBL would have charged if the power had been taken under this Agreement, 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 Tacoma Power that Tacoma Power provide a reasonable forecast of its expected load loss amounts for a Contract Year.

(b) **Returned Retail Loads**

Tacoma Power 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. Tacoma Power 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**

At least 180 days before Tacoma Power 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 Tacoma Power obligations:

- (a) Tacoma Power shall ensure that PBL has access to information adequate to plan, schedule, and bill for service rendered under this Agreement; and
- (b) Tacoma Power 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**

All Contracted Power transactions under this Agreement shall be scheduled and implemented consistent with Exhibit E, Scheduling. The procedures for scheduling described in Exhibit E, Scheduling are the standard utility procedures followed by PBL for power transactions between PBL and other utilities or entities in the Region that require scheduling.

**8. DELIVERY**

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

This Agreement does not provide transmission services for, or include the delivery of, Contracted Power to Tacoma Power. Tacoma Power 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 Tacoma Power consistent with the terms, notice, and the time limits contained in the Wheeling Agreement.

(b) **Liability for Delivery**

Tacoma Power 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 Tacoma Power under this Agreement at Points of Receipt solely for the purpose of scheduling transmission to points of delivery on Tacoma Power's distribution system. Tacoma Power 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, specified Points of Receipt in a written notice to Tacoma Power 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 Tacoma Power'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 Tacoma Power, but notwithstanding section 8(b) above, PBL shall reimburse Tacoma Power for any additional costs incurred by Tacoma Power due to its compliance with such request.

(d) **Transmission Losses**

PBL shall provide Tacoma Power the losses, between the Points of Receipt and the point of interconnection between the BPA Control Area and the Control Area in which Tacoma Power resides, 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.

## 9. MEASUREMENT

- (a) Amounts Taken are deemed equal to the amount scheduled by Tacoma Power under section 7 of this Agreement or an amount of power as measured at Points of Measurement, as appropriate.
- (b) Tacoma Power shall provide reasonable notice to PBL prior to changing control areas.

## 10. BILLING AND PAYMENT

### (a) Billing

PBL shall bill Tacoma Power monthly, consistent with applicable BPA rates, including the GRSPs and the provisions of this Agreement for the Contracted Power, Unauthorized Increase Charges, payments pursuant to section 5, and other services provided to Tacoma Power in the preceding month or months under this Agreement. PBL may send Tacoma Power 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 Tacoma Power'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, Tacoma Power shall pay only the amount by which the final bill exceeds the payment made for the estimated bill. PBL shall provide Tacoma Power 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. Tacoma Power shall pay by electronic funds transfer using BPA's established procedures. PBL may terminate this Agreement if Tacoma Power is more than three months behind in paying its bills under this Agreement and Tacoma Power cannot demonstrate an ability to make the payments owed.

### (c) Disputed Bills

In case of a billing dispute, Tacoma Power 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 Tacoma Power 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 Tacoma Power:

Tacoma Power  
3628 South 35<sup>th</sup> Street  
Tacoma, Washington 98409-3192  
Attn: Steven J. Klein  
Superintendent  
Phone: 253-502-8203  
FAX: 253-502-8378  
E-Mail: sklein@ci.tacoma.wa.us

If to PBL:

Bonneville Power Administration  
909 First Avenue, Suite 380  
Seattle, Washington 98104-3636  
Attn: Stuart H. Clarke, Jr. – PSW/Seattle  
Senior Account Executive  
Phone: 206-220-6760  
FAX: 206-220-6803  
E-Mail: shclarkejr@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 Tacoma Power and Tacoma Power 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 Tacoma Power 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 Tacoma Power's facilities

or distribution system, including but not limited to unplanned maintenance outages;

- (b) any unplanned curtailment or interruption, failure or imminent failure of Tacoma Power's distribution facilities, including but not limited to unplanned maintenance outages;
- (c) any planned transmission or distribution outage that affects either Tacoma Power 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 Federal Energy Regulatory Commission (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. Tacoma Power 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 court having jurisdiction 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**

Tacoma Power 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 Tacoma Power 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 Tacoma Power'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 Tacoma Power. If BPA imposes a restriction under this provision then the amount of Contracted Power that Tacoma Power 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. Tacoma Power shall provide reasonable notice to PBL of any expected increase in load that is likely to qualify as a new NLSL. Tacoma Power may either serve a NLSL with Contracted Power or with power from another source. For purposes of this section 15(c), "Consumer" means an end-user of electric power or energy.

- (2) **Determination of a Facility**

PBL, in consultation with Tacoma Power, 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 Tacoma Power'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 12-month period exceeds by 10 average megawatts or more the Consumer's energy consumption for such new facility, existing facility or expansion of an existing facility for the consecutive 12-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**

The following loads were determined by the Administrator to be contracted for, or committed to, as of September 1, 1979, as defined in section 3(13)(A) of the Northwest Power Act, and are subject to the applicable rate for the rest (non-NLSL) of Tacoma Power's load:

- (A) Retail electric power consumer's name: Atochem, formerly Pennwalt Chemical Corporation

Amount of firm energy contracted for, or committed to, as of September 1, 1979: 42 average megawatts

Facility description: Chemical processing facility, Tacoma, Washington

(B) Retail electric power consumer's name: Simpson Tacoma Kraft Company, formerly St. Regis Paper Company

Amount of firm energy contracted for, or committed to, as of September 1, 1979: 37 average megawatts

Facility description: Tacoma, Washington

(C) Retail electric power consumer's name: Boise Cascade Company, formerly West Tacoma Newsprint Company

Amount of firm energy contracted for, or committed to, as of September 1, 1979: 50 average megawatts

Facility description: Steilacoom, Washington

(D) Retail electric power consumer's name: Occidental Chemical Corporation, formerly Hooker Chemical Corporation

Amount of firm energy contracted for, or committed to, as of September 1, 1979: 85 average megawatts

Facility description: Tacoma, Washington

(E) Retail electric power consumer's name: Praxair Inc., formerly Union Carbide Industrial Gases

Amount of firm energy contracted for, or committed to, as of September 1, 1979: 9.5 average megawatts

Facility description: Fife, Washington

(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 Tacoma Power, together with other customers in the Region shall have priority to BPA power, consistent with such provisions.

(e) **Prohibition on Resale**

Tacoma Power shall not resell PF or NR Contracted Power except to serve Tacoma Power'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, Tacoma Power 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 Tacoma Power plans to export for sale outside the Region in the next Contract Year. PBL may during such Contract Year request additional information on Tacoma Power resources if PBL has information that Tacoma Power may have made such an export and not notified PBL. PBL may request and Tacoma Power shall provide within 30 days of such request, information on the planned use of any or all of Tacoma Power's generating and contractual resources.

- (2) Tacoma Power 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 Tacoma Power 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 Tacoma Power. 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. Tacoma Power 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, including metering data for each load that qualifies as an NLSL. 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 Tacoma Power to such policy, nor shall it be construed to be a waiver of the right of Tacoma Power 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**  
Tacoma Power 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 judgement of Tacoma Power, shall be adequate to provide revenues sufficient to enable Tacoma Power to make the payments required under this Agreement.

17. **TERMINATION**

Tacoma Power 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 Tacoma Power 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 Tacoma Power 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) Tacoma Power 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.

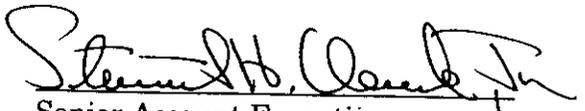
18. **SIGNATURES**

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

CITY OF TACOMA  
Department of Public Utilities  
Light Division  
dba Tacoma Power

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By   
Utilities Director

By   
Senior Account Executive

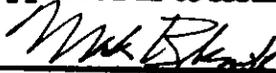
Name Mark Crisson  
(Print/Type)

Name Stuart H. Clarke, Jr.  
(Print/Type)

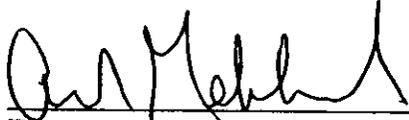
Date October 31, 2000

Date October 31, 2000

**Approved as to form & legality:**

  
Chief Asst. City Attorney

CITY OF TACOMA  
Department of Public Utilities  
Light Division  
dba Tacoma Power

By   
Finance Director

Name \_\_\_\_\_  
(Print/Type)

Date \_\_\_\_\_

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City of Tacoma  
Department of Public Utilities  
Light Division

**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 Tacoma Power's Contracted Power purchases under this Agreement. The Lowest PF Rates shall be selected by Tacoma Power from the PF rates that are available and from which the Parties agree Tacoma Power is eligible to purchase under at the time Tacoma Power makes its selection as specified in this exhibit.

**2. PURCHASE DURATION**

Tacoma Power 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**

Tacoma Power 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 Tacoma Power may have under applicable statutes.

(b) **Revisions to Priority Firm Power Rates**

BPA agrees that the 5-Year Rates available to Tacoma Power 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.B1 and II.B2 in the section labeled "Schedule PF-02 Priority Firm Power" in the 2002 Power Rate Schedules.

Tacoma Power 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 Tacoma Power.

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

#### 4. SPECIAL PF LOAD TREATMENT

- (a) **Annexed Loads**

Tacoma Power agrees to serve any Annexed Loads with resource amounts added consistent with section 4 of Exhibit C, Net Requirement except as follows: 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. When Tacoma Power has an Annexed Load this exhibit shall be revised to include estimated monthly HLH and LLH MWs in a table below.

- (b) **Environmentally Preferred Power**

Tacoma Power may request Environmentally Preferred Power. If available, the Parties shall amend this Agreement to include necessary provisions as mutually agreed.

- (c) **Returned Retail Load**

Tacoma Power may request service from PBL to serve Returned Retail Load in time periods where the amount of Contracted Power originally established in section 4 of the body of this Agreement has been reduced due to load loss. The Returned Retail Load Amount served by PBL under this Agreement may not exceed the difference between the original amount and the amount established in section 5 of Exhibit C. The Parties shall revise this exhibit to establish monthly HLH and LLH MWs 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 Tacoma Power Northwest Power Act Sections 5(b)(1)(A) and/or 5(b)(1)(B) Resources**

Tacoma Power may request service from PBL to serve load that would otherwise be served by Tacoma Power'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 MWs 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) Tacoma Power has no existing NLSL.
- (b) Tacoma Power shall serve any NLSLs with resource amounts added consistent with section 4 of Exhibit C, Net Requirements. When Tacoma Power has a NLSL this exhibit shall be revised to include estimated monthly HLH and LLH MWs in a table below.

**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.

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**Exhibit B**  
**BILLING**

**1. PRIORITY FIRM POWER ENTITLEMENTS**

- (a) The HLH and LLH amounts shown in section 4(a) of the body of this Agreement multiplied by the number of hours in an applicable daily Diurnal period establishes Tacoma Power's daily PF HLH and LLH Energy Entitlements.
- (b) The HLH amount shown in section 4(a) of the body of this Agreement, plus the amount shown in section 4(b), establishes Tacoma Power's PF Demand Entitlement.
- (c) The Stepped-Up Multiyear Block charge shall be applied to Contracted Power amounts that increase in any monthly Diurnal period above the amount established for the corresponding monthly Diurnal period in Contract Year 2002. The charge is applied to all Amounts Taken under section 4 of the body of this Agreement.

**2. DEFINITIONS**

"Deemed Schedule" means the greater of the scheduled amount or the minimum hourly purchase amount established in section 4 of the body of this Agreement.

**3. HOURLY ENERGY TEST**

- (a) The Unauthorized Increase Charge for energy shall be applied to the portion of the Deemed Schedule that exceeds the PF Demand Entitlement.
- (b) For LLH, the Unauthorized Increase Charge for energy shall be applied to the portion of the Deemed Schedule that exceeds the amounts shown, for LLH in section 4(a) of the body of this Agreement. The minimum hourly LLH purchase obligation is the amount shown in section 4(a) of the body of this Agreement.
- (c) Amounts Taken in excess of the Deemed Schedules are subject to the Unauthorized Increase Charge.

**4. DAILY ENERGY TEST**

The Unauthorized Increase Charge for energy shall be applied to the portion of the total daily HLH Deemed Schedules from PBL that exceeds the daily PF HLH Energy Entitlement, less any energy that is subject to the Unauthorized Increase Charge as determined under section 3(a) of this exhibit. Tacoma Power's minimum daily HLH energy purchase obligation is the Tacoma Power's PF HLH Energy Entitlement.

**5. MONTHLY DEMAND TEST**

The Unauthorized Increase Charge for demand shall be applied to the amount by which the largest Amounts Taken or Deemed Schedule on any HLH during the month exceeds the PF Demand Entitlement.

**6. 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 Tacoma Power'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 Tacoma Power's Measured Demand.

**7. 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 Tacoma Power will not be subject to an Unauthorized Increase Charge for Demand and Energy under this Agreement.

**8. 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 Tacoma Power's Contracted Power as established in section 4 of the body of this Agreement unless Tacoma Power 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, Tacoma Power 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, Tacoma Power 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 Tacoma Power 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. Tacoma Power shall reimburse BPA for any amount it received but for which it did not satisfy such obligations.

**9. 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.

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forecast. Prior to the start of the Contract Year this exhibit shall be revised to update the forecast in the table below.

**REDACTED: CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION**

Total Retail Load												
Contract Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
2002												
Total MWh												
HLH (MWh)												
LLH (MWh)												
Peak (MW)												

(2) **Review of Net Requirements Amounts**

Tacoma Power's updated net requirement amounts are derived by taking the Tacoma Power forecast of Total Retail Load established in section 1(b)(1) above and subtracting from it the resource amounts that are committed to serve Tacoma Power's Total Retail Load under section 2(c) and the amount of load served by known non-Tacoma Power resources, if any, as established in section 3 of this exhibit. The updated net requirement amounts shall be shown in the table below.

NET REQUIREMENTS												
Contract Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
2002												
Total MWh												
HLH (MWh)												
LLH (MWh)												
Peak (MW)												

**2. CUSTOMER RESOURCES**

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

(a) **Declared Output of Specific Tacoma Power Resources**

Tacoma Power commits the firm output from the following resources (or an equivalent amount from another source) to serve its Total Retail Load.

(1) **Resource Name**

Tacoma Power's resources and the characteristics of the resources are identified in the chart below. Power amounts associated with resources are listed in the attachment to this exhibit. The column labeled "Table" in the chart below corresponds to the tables listed in the attachment.

Table	Resource Name	Resource Type	5b1A/ 5b1B	Number of Units	Peak Cap MW	Customer % Share	% Ded to TRL	Resource Addition
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(b) **Unspecified Resource Amounts Committed To Serve Total Retail Load**

Tacoma Power shall use its best efforts to meet the obligations to provide unspecified resources established in the provisions below. Tacoma Power agrees that if such power is acquired from PBL as anything other than a separately negotiated purchase of Surplus Firm Power, the power provided will be subject to the Unauthorized Increase Charge.

(1) **Unspecified Resources for Balancing Net Requirements**

Tacoma Power agrees to provide power from unspecified resources to serve Total Retail Load in amounts, and in periods, equal to its Total Retail Load not served through Tacoma Power's power purchases committed to load under this Agreement, through resource amounts committed in section 2(a) above, through unspecified resource amounts established in sections 2(b)(2) and 2(b)(3) below, or through amounts in section 3 below. The amount in the table below shall be updated annually to show the amount, if any that the forecast established in section 1(b)(1) of this exhibit exceeds the sum of the following: the power amount established in section 4 of the body of this exhibit(as updated consistent with section 5 of this exhibit); and resource amounts committed for the upcoming Contract Year in sections 2(a), 2(b)(2), 2(b)(3), and 3 of this exhibit.

**REDACTED: CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION**





2004												
Total (MWh)												
HLH (MWh)												
LLH (MWh)												
Peak (MW)												
Total (MWh)												
HLH (MWh)												
LLH (MWh)												
Peak (MW)												
Total (MWh)												
HLH (MWh)												
LLH (MWh)												
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LLH (MWh)												
Peak (MW)												
Total (MWh)												
HLH (MWh)												
LLH (MWh)												
Peak (MW)												

**3. NON-TACOMA GENERATING RESOURCES**

Known non-Tacoma Power resources greater, if any, than 1 MW that provide power to serve Tacoma Power's Total Retail Load or such resources that otherwise connect to Tacoma Power's distribution system are listed below.

Generating Resource Name	Resource Type	Nameplate Capability

1/ Not committed to serve Tacoma Power's Total Retail Load.

The amounts in the table below establish the total amount of non-Tacoma Power resources that the Parties agree are to be applied to serve Tacoma Power's Total Retail Load to calculate Tacoma Power's net requirement. These amounts may only be modified consistent with section 4 of this exhibit.

Contract Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
2002												
Total (MWh)	0	0	0	0	0	0	0	0	0	0	0	0
HLH (MWh)	0	0	0	0	0	0	0	0	0	0	0	0
LLH (MWh)	0	0	0	0	0	0	0	0	0	0	0	0
Peak (MW)	0	0	0	0	0	0	0	0	0	0	0	0

#### 4. CHANGES TO RESOURCE AMOUNTS

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

Tacoma Power may add new renewable resources to section 2(a) of this exhibit according to the terms of this provision. Tacoma Power 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 Tacoma Power'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. Tacoma Power 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 Tacoma Power would have received for such power if Tacoma Power had not chosen to apply a resource under this provision.

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

In lieu of the unspecified resource amounts established in 2(b)(1), Tacoma Power shall add resources to sections 2(a) or 2(b)(2) to replace amounts of Contracted Power BPA notifies Tacoma Power 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 Tacoma Power 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 Tacoma Power 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(b)(3). 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. When a decrement under the BPA 9(c) Policy occurs within the Contract Year, (1) the monthly amounts in 1(b)(2) shall be reduced by how much the monthly amounts added to 2(b)(3) exceed the corresponding monthly amounts in 2(b)(1), and (2) the Contracted Power provided by PBL shall also be reduced within the Contract Year consistent with such changes to 1(b)(2), through the terms of section 5 below.

(d) **Permanent Resource Removal**

The resource amounts established in section 2 of this exhibit may be removed permanently by Tacoma Power 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 Tacoma Power 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-Tacoma Power Resources**

Tacoma Power shall annually update the information established for non-Tacoma Power 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 and Annexed Loads**

In lieu of the unspecified resource amounts established in section 2(b)(1), Tacoma Power may add an amount of resources to sections 2(a) or 2(b)(2) above to serve the full amount of Annexed Loads established in Exhibit A, Rate Commitments and NLSLs added after this Agreement is executed.

(g) **Annual Retail Load Loss and Resource Removal**

Tacoma Power may reduce the resource amounts established in sections 2(a) and 2(b) above by up to the amount of load loss Tacoma Power reasonably expects in the upcoming Contract Year consistent with the requirements of this section. Tacoma Power shall notify PBL at least 60 days prior to the applicable Contract Year, identifying the total monthly Diurnal MWh amounts of load loss. Reductions in resource amounts shall apply first to unspecified resources established in sections 2(b)(1) and 2(b)(2) of this exhibit. Additional reductions shall apply to specific resources in section 2(a) of this exhibit identified by Tacoma Power in the notice. The Parties shall revise this exhibit prior to the start of the Contract Year to make the changes in the resources and shall establish those changes in tables below

which shall identify the specific changes that were made to the resources. The resource changes shall only apply for one Contract Year. Prior to the start of the subsequent Contract Year this exhibit shall be revised to add back the resources shown in tables below to the applicable provisions in section 2 of this exhibit, except for amounts Tacoma Power requests to remove under this provision for the following Contract Year. Resources removed under this provision continue to be subject to the 9(c) Policy.

(h) **Revisions for Changes in Resource Output**

Up to 60 days prior to the start of a Contract Year Tacoma Power may request changes to the monthly distribution of the capabilities of specific resources listed in section 2 of this exhibit. Tacoma Power must demonstrate to PBL's satisfaction that an adjustment is appropriate. PBL will only consider such adjustments within like diurnal periods. When PBL decides to grant a request to revise resource amounts PBL shall revise section 2 of this exhibit to show the changes to the resource. Any increase in purchases under this Agreement because of such a reduction in a resource shall be subject to section 4(d) of Exhibit A.

**5. REDUCTION OF BLOCK PURCHASE AMOUNTS**

The monthly amounts of power provided under this Agreement shall be reduced in any month when the monthly net requirement amount established in section 1(b)(2) above is less than the corresponding monthly amount established in section 4 of the body of this Agreement. The reduction shall equal the difference between those monthly values. The monthly amounts shall also be reduced when resource amounts not already used to calculate the monthly values in section 1(b)(2) are added pursuant to section 4(c) above during the Contract Year. Reduced amounts are subject to payments as established in section 5 of the body of this Agreement. If such a reduction occurs this exhibit will be revised to include a table below with the updated values. The amounts in the table may be increased under the terms established in section 4(c) of Exhibit A. When a table is included below it shall supersede the table in section 4 of the body of this Agreement.

If NR purchases are made under this Agreement PBL shall also verify whether that PF amount established in 4(a) of the body of this Agreement are greater than or equal to the amount of Tacoma Power's Total Retail Load that is not being served by Tacoma Power's resources, or FPS or NR purchases under this Agreement. If not then PBL shall reduce the amount of PF power provided to equal the amount of Total Retail Load not being served by Tacoma Power's resources, or FPS or NR purchases under this Agreement. If such a reduction occurs this exhibit will be revised to include a table below with the updated values. The amounts in the table may be increased under the terms established in section 4(c) of Exhibit A. When a table is included below it shall supersede the table in section 4 of the body of this Agreement.

**6. RESOURCE DECLARATIONS**

The resource capabilities set forth in sections 2(a) and (b) of this exhibit are dedicated to serving Tacoma Power'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(b)(1) and (2) above may be discontinued from use in serving Tacoma Power's firm load upon the termination or expiration of this Agreement. The resources established in sections 2(d) and 3 above are not used to serve Tacoma Power'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.

**7. REVISIONS**

When required Tacoma Power shall submit a revised Exhibit C, Net Requirements, to PBL at least 60 days prior to each Contract Year. As long as Tacoma Power's submittal is consistent with the requirements of this exhibit PBL shall accept it as submitted. If Tacoma Power 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.

**ATTACHMENT**

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**ATTACHMENT**

**REDACTED: CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION**

<b>Table 1: Alder</b>												
<b>Contract Year</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sept</b>
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<b>Table 14: Landfill Gas</b>												
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**Exhibit D**  
**ADDITIONAL PRODUCTS AND SPECIAL PROVISIONS**

**1. DETERMINATION OF COURT THAT HAS JURISDICTION**

In the event that either Party asserts that a matter in dispute is excluded from arbitration pursuant to section 14 of the body of this Agreement, the Parties in good faith will attempt to agree on the court that has jurisdiction over the subject matter of such dispute. If the Parties are unable to agree on which court has jurisdiction over the subject matter of such dispute, upon the written request of Tacoma Power, BPA shall indicate in writing the court that BPA believes has jurisdiction over the subject matter of such dispute.

**2. TREATMENT OF CERTAIN RESOURCES**

**(a) Priest Rapids Resource**

- (1) Tacoma Power currently purchases under contract a portion of the output of the Priest Rapids Hydroelectric Generating Project ("Priest Rapids"), as set forth in section 2 of Exhibit C, Net Requirements. Such contract rights expire on October 31, 2005 and are subject to Tacoma Power's right to renew such purchases. As of the date of execution of this Agreement, the amount and quality of power that may be available to Tacoma Power under this right of renewal, and the terms and the price at which it may be offered to Tacoma Power, are unknown. After such time as Tacoma Power has been offered to renew its contract to purchase output from Priest Rapids under terms and conditions which BPA has determined result in the effective loss of Tacoma Power's contract right to purchase Priest Rapids, consistent with BPA's then applicable Section 5(b)9(c) Policy, Tacoma Power may remove all or some portion of Tacoma Power's share of Priest Rapids from section 2 of Exhibit C, Net Requirements consistent with section 4(d) of Exhibit C, Net Requirements, and increase the amount of its Block Power purchase including Shaping Capacity consistent with section 4(d) of Exhibit A, Rate Commitments for Block Product.
- (2) Load previously served by Priest Rapids that is added pursuant to section 2(a)(1) of this exhibit during the CY 2001 through 2006 period shall be served under the applicable 2002 wholesale power rate schedule. Such load served under this Agreement in the CY 2007 through 2011 period will be subject to the same rate applicable to any other flat annual increase in a public utility's Block purchase as established under section 7(i) of the Northwest Power Act.

**(b) Centralia Thermal Project**

The portion of the output of the Centralia Thermal Project (Centralia), set forth in section 2(b)(2)) of Exhibit C, Net Requirements, was formerly owned by Tacoma Power. On May 4, 2000 Tacoma Power sold its ownership share of Centralia. Pursuant to the BPA 5(b)/9(c) Policy in effect when this Agreement was executed, BPA determined that Tacoma Power's former share of Centralia must be included in Exhibit C, Net Requirements in the same manner as if Tacoma Power still owned such portion of Centralia.

Notwithstanding anything to the contrary in this Agreement, Tacoma Power will not be required to include in Exhibit C, Net Requirements any capacity and associated energy acquired by Tacoma Power to replace Tacoma Power's former share of the output of Centralia. In the event that the Centralia resource is permanently discontinued because of obsolescence, retirement, or loss of Centralia, consistent with section 5(b)(1) of the Northwest Power Act and applicable BPA policies in effect at the time, the Parties will remove from Exhibit C, Net Requirements, and any successor exhibit, that portion of Tacoma Power's obligation for replacement power for Centralia to the extent that Centralia is lost, retired, or obsolete, as listed in section 2(b)(2) of Exhibit C, Net Requirements on the effective date of this Agreement.

(c) **BPA 5(b)/9(c) Policy**

On the effective date of this Agreement, the BPA 5(b)/9(c) Policy was subject to legal challenge in the 9<sup>th</sup> Circuit Court of Appeals, the outcome of which may require revisions to Exhibit C, Net Requirements, of this Agreement.

3. **PURCHASE OR TRANSFER OF ELECTRIC SYSTEM ASSETS**

(a)

**REDACTED: CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION**

Fircrest												
Monthly Total Firm Retail Load												
Contract Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
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(b)

**4. REVISIONS**

This exhibit shall be revised by mutual agreement of the Parties to reflect additional products Tacoma Power purchases during the term of this Agreement.

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