

Memorandum of Understanding
No. 14-03-59178

Memorandum of Understanding
Between U.S. Department of the Interior, Bonneville
Power Administration, and the U.S. Treasury
Department, Relating to Certain Provisions
of Public Law 93-454, Approved October 18, 1974

This Memorandum outlines the agreement between the U.S. Treasury Department (Treasury) acting by and through the Fiscal Assistant Secretary of the Treasury and the Bonneville Power Administration (Bonneville), a bureau of the Department of the Interior of the United States, acting by and through the Bonneville Power Administrator (Administrator), relating to borrowings from Treasury under Section 13 of Public Law 93-454, Federal Columbia River Transmission System Act (the Act) and the investment of excess funds pursuant to Section 12(a) of the Act.

I. Borrowings from Treasury Under Section 13

A. An initial note substantially in the form attached hereto as Exhibit A will be issued with a face amount of not-to-exceed \$250,000,000, and each advance under that note shall be for the term requested by the Administrator but not-to-exceed 2 years from the beginning of the fiscal year in which such advance is made; provided, however, that an advance made within the last month of a fiscal year shall be repayable within not-to-exceed 3 years from the beginning of the fiscal year in which it is made. Future notes will be issued for the period and for the amount as may be agreed to by the parties; provided, however, that any such note shall be issued for a period of not less than one year

and for an amount determined by the parties and based upon Bonneville's proposed construction program during the period of such note.

B. The Administrator may, upon 30 days notice to Treasury, convert all or a part of the obligation to repay advances then outstanding into bonds issued in accordance with Section 13 of Public Law 93-454. Such notice shall specify the amount of bonds to be issued, the useful life of facilities the proceeds of such bonds will finance, and any other provisions to be included in bonds pursuant to such Section 13 which will affect the terms and conditions of such bonds. Treasury shall, not later than 5 days prior to the date of conversion, deliver for execution by the Administrator a copy of the bond incorporating the interest rate and other provisions as appropriate. Such conversions may be made not more often than once each calendar quarter. On the termination of a note, Bonneville may convert the obligation to repay the advances under it into bonds or it may convert any part of the advances under it into an advance under a succeeding note which is effective on the termination of the former note; provided, however, that the amount so converted into an advance shall not exceed the costs of facilities then under construction by Bonneville which have not been accepted into commercial operation.

II. Investment of Excess Funds Under Section 12(a)

A. If the Administrator determines that moneys in the Bonneville Power Administration Fund are in excess of current needs he may request the investment of such amounts as he deems advisable by the Secretary

of the Treasury in special, nonmarketable obligations of the United States of America with terms identical except for transferability to any outstanding obligation of the United States issued by the Treasury. Any other investment of such moneys pursuant to Section 12 shall be as may be agreed upon by Treasury and the Administrator.

B. Treasury will promptly notify Bonneville of the cost and other pertinent information relating to the securities purchased.

Financial Planning and Coordination

A. Prior to each fiscal year Bonneville shall notify Treasury of its forecasted financial transactions with Treasury for such fiscal

Such forecast shall include amounts Bonneville anticipates investing during a fiscal year from the Bonneville Power Administration Fund and the amounts of the notes and bonds it anticipates selling to Treasury. Bonneville shall also make available to Treasury information regarding useful life of the facilities constructed by Bonneville which will be financed in whole or in part by such bonds.

B. Prior to establishing the interest rate for bonds and notes to be sold to Treasury under Section 13(a) of the Act, Treasury shall make available to Bonneville for timely comment the criteria used to establish such rate.

C. At least monthly, Bonneville will report to the Treasury the daily balances (as of the previous month) available in the Bonneville Power Administration Fund for investment and loan repayment, together

with the major components used in their computation, such as checks issued, deposits, etc., as shown on the books of the Bonneville Power Administration.

UNITED STATES OF AMERICA
Department of the Treasury

By *David L. ...*
Fiscal Assistant Secretary

Date JUN 15 1977

UNITED STATES OF AMERICA
Department of the Interior
Bonneville Power Administration

By *Donald Paul Hodel*
Administrator

Date JUN 15 1977

BONNEVILLE POWER ADMINISTRATION

No. 1

Promissory Note

\$250,000,000.00

For value received, the Bonneville Power Administration promises to pay to the Secretary of the Treasury (hereinafter referred to as Bonneville and the Secretary, respectively), within 3 years from the beginning of each fiscal year such sums as may be advanced during that fiscal year by the Secretary to Bonneville for credit to the Bonneville Power Administration Fund. The Secretary may advance such sums in an amount not to exceed \$250,000,000.00 outstanding at any one time. Such advances shall bear interest payable on March 31 and September 30 of each year on the unpaid principal balance of each advance from time to time outstanding, at the respective rate determined at the time of each advance by the Secretary pursuant to Section 13(a) of Public Law 93-454, Federal Columbia River Transmission System Act (the Act).

Interest accrued on the daily unpaid balance of advances on this note shall be calculated at the end of each calendar month. In calculating the total of such interest for advances, credit shall be allowed for the daily balance of funds, exclusive of appropriated funds, in the Bonneville Power Administration Fund in Treasury, as shown on the books of Bonneville. In no event shall credit be allowed for any daily balance in excess of the unpaid principal of such advances then outstanding. The interest credit will be calculated at a rate equal to the weighted average of the interest rates which apply during the same month on outstanding advances to Bonneville.

Advances on this note shall be made from time to time by the Secretary upon written request of such authorized representatives of Bonneville as may be designated by letter from Bonneville to the Secretary. Such advances shall be for a term requested by Bonneville, which shall be not less than 30 days and not longer than 2 years from the beginning of the fiscal year in which such advance is made; provided, however, that an advance made within the last month of a fiscal year shall be repayable within ~~not to exceed~~ 3 years from the beginning of the fiscal year in which it is made.

To the extent consistent with applicable law, this note, so long as the Secretary is the holder thereof, shall be subject to modification by the Secretary and Bonneville upon mutual agreement.

This note shall not be subject to sale or other disposition by the Secretary without his first giving Bonneville notice in writing of the intention of the Secretary so to do, which notice shall be at least 30 days in advance of the date of such contemplated sale or other disposition.

This note is issued, executed, and delivered by Bonneville under and pursuant to Section 13 of the Act.

IN WITNESS WHEREOF, Bonneville, acting by and through the Bonneville Power Administrator, hereby executes this note this 13 day of September, 1977.

BONNEVILLE POWER ADMINISTRATION

By Ray Flemer
ACTING Administrator

ACCEPTED:

DEPARTMENT OF TREASURY

By _____