

Draft Table of Contents, including Sections 1-9

12/3/07

Reviewer's Note: Only shaded clauses and exhibits are ready for review

Contract No. 09PB-~~#####~~

POWER SALES AGREEMENT

executed by the BONNEVILLE POWER ADMINISTRATION
and ~~«FULL NAME OF CUSTOMER»~~

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CONTRACT TEMPLATE¶
This template contains the clauses and contract structure that will be used in the following templates: Load Following, Block, Slice/Block, RPSA, and DSI. It does not contain clauses that are unique to the RPSA and DSI templates nor does it contain provisions unique to the Slice product, which will be created separately.¶

How to Read and Understand this Master Template ¶

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19. Standard Provisions

- a. Amendments
- b. Entire Agreement and Order of Precedence.....
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- h. Rate Covenant **and Payment Assurance**
- i. Hold Harmless

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20. Slice Operations (Slice contract only- this section may be split into more than one section)

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21. Signatures

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Exhibit A Resource Commitments and Net Requirements

Exhibit B System Resources Applicable to the Tier 1 Rate

Exhibit C High Water Marks

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Exhibit D Rate Commitments for Net Requirements Power

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Exhibit E Rate Adjustments, Additional Products, and Special Provisions

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Exhibit F Metering

Exhibit G Scheduling

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Exhibit H Principles of Non-Federal Transfer Service

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Exhibit ?? Slice exhibits will be added here

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This 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 «FULL NAME OF CUSTOMER» («Customer Name»). «Customer Name» is a «_____» organized under the laws of the State of «_____».

RECITALS

This Agreement will replace Contract No. «_____» which continues through September 30, 2011.

BPA is obligated by statute to offer a power sales agreement under which BPA sells to «Customer Name» an amount of power equal to «Customer Name»'s total retail load minus the output from resources «Customer Name» uses to serve its load.

To limit dilution of the value of the Federal system and encourage BPA customers to develop regional power resource infrastructure, BPA has adopted a tiered-rates pricing policy for power sold under this agreement.

BPA will establish a High Water Mark (HWM) for «Customer Name» that will define the maximum amount of power «Customer Name» will be able to purchase from BPA based on the cost of the existing Federal system as defined in BPA's Tiered Rates Methodology.

«Customer Name» will have the option to meet load growth beyond its HWM with power purchased from BPA or with non-Federal resources. Amounts of power «Customer

Name» purchases from BPA in excess of «Customer Name»'s HWM will be priced at Tier 2 rates.

BPA has separated its organization in order to functionally separate the administration and decision-making activities of BPA's power and transmission functions. References in this Agreement to Power Services or Transmission Services are solely for the purpose of clarifying which BPA function is responsible for administrative activities that are jointly performed.

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The parties agree:

1. **TERM AND TERMINATION** (09/04/07 Version)

Reviewer's Note: This clause is ready for detailed review of contract language.

This Agreement takes effect on the date signed by the parties and expires on September 30, 2028, unless terminated sooner under section 13(d) or 18(f). See section 3 for the term of power service.

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2. **DEFINITIONS** (09/04/07 Version)

Reviewer's Note: Definitions are ready for detailed review of contract language EXCEPT where noted.

Capitalized terms that are not listed below are either defined within the section in which the term is used or in BPA's applicable Wholesale Power Rate Schedules, including the General Rate Schedule Provisions (GRSPs).

- (a) *Reviewer's Note: The following definition is NOT ready for review.* "Annexation" (09/04/07 Version) means the acquisition from another utility of existing load, existing distribution, and service territory by means of annexation, merger, condemnation, purchase, trade, or a judicial decision.
- (b) "Firm Requirements Power" (10/17/07 Version) means firm power that is sold to «Customer Name» to meet BPA's obligations under sections 5(b), (c), and (d) of the Northwest Power Act, and which BPA makes continuously available. Firm Requirements Power does not include Surplus Firm Power.
- (c) "Fiscal Year" or "FY" (09/04/07 Version) means BPA's fiscal year, which begins each October 1 and ends the following September 30.
- (d) "New Large Single Load" or "NLSL" (09/04/07 Version) means a large single load as defined in section 3(13) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501 (Northwest Power Act) and as implemented under BPA's NLSL policy.
- (e) "Points of Delivery" (09/04/07 Version) means the transmission providers delivery point(s).
- (f) "Points of Metering" (10/15/07 Version) means the points at which power is measured.

- (g) “Power Services” (09/04/07 Version) means the organization, or its successor organization, within BPA that is responsible for the management and sale of federal power from the Federal Columbia River Power System.
- (h) “Region” (09/04/07 Version) means the Pacific Northwest as defined in the Northwest Power Act.
- (i) “Surplus Firm Power” (10/17/07 Version) means firm power sold to «Customer Name» that is in excess of BPA’s obligations under sections 5(b), (c), and (d) of the Northwest Power Act, and which is not made continuously available. Surplus Firm Power does not include Firm Requirements Power.
- (j) “Total Retail Load” (10/16/07 Version) means all electric power consumption, including electric system losses, within a utility’s distribution system as adjusted for:
 - (1) unmetered loads or generation,
 - (2) nonfirm or interruptible loads agreed to by the parties,
 - (3) transfer loads of other utilities served by «Customer Name», and «Customer Name»’s transfer loads located in other control areas, and
 - (4) losses on «Customer Name»’s transmission system.
- (k) “Transmission Services” (09/04/07 Version) means the organization, or its successor organization, within BPA that is responsible for the management and sale of transmission service on the Federal Columbia River Transmission System.

[BEGIN 3. Priority Firm Power Product OPTIONS]

3. PRIORITY FIRM POWER PRODUCT (10/05/07 Version)

Drafter’s Note: Include in LOAD FOLLOWING template:

Reviewer’s Note: This clause is NOT ready for detailed review of contract language.

(a) Load Following Product

From October 1, 2011, through September 30, 2028, BPA shall sell and make available, and «Customer Name» shall purchase, Firm Requirements Power in hourly amounts equal to «Customer Name»’s Total Retail Load minus the output from «Customer Name» and non-«Customer Name» resources listed in section X of Exhibit A, Resource Commitments and Net Requirements.

Drafter’s Note: Include in BLOCK templates:

Reviewer’s Note: This clause is NOT ready for detailed review of contract language.

(a) Block Product

From October 1, 2011, through September 30, 2028, BPA shall sell and make available, and «Customer Name» shall purchase, Firm Requirements Power in hourly amounts equal to «Customer Name»’s forecasted Total Retail Load minus the declared output from «Customer Name» and non-«Customer

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Name» resources listed in section X of Exhibit A, Resource Commitments and Net Requirements. These monthly amounts are as follows:

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[Megawatts priced at Tier 1 rates each month as established in Exhibit D, section X + [Total annual average megawatts purchased at Tier 2 rates as established in Exhibit D, section X]

Drafter's Note: Include this paragraph in BLOCK template if customer chooses the Block with Shaping Capacity product:

Principles: Details of Shaping Capacity product

Drafter's Note: Include in Slice/Block templates:

(a) Slice/Block Product

Principles: Summary of Slice/Block product. Details of the Slice/Block product will be included in Section 20, Slice Operations.

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Drafter's Note: Include in all templates:

(b) Right to Change Products

END 3. Priority Firm Power Product OPTIONS]

4. APPLICABLE RATES (10/02/07 Version)

Reviewer's Note: This clause is ready for detailed review of contract language.

Purchases under this Agreement are subject to the following rate schedules: Priority Firm Power (PF), New Resource Firm Power (NR), and Firm Power Products and Services (FPS). Purchases are also subject to the GRSPs, or their successors, and the Tiered Rates Methodology (TRM). Purchases under each rate schedule are established as follows:

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(a) **Priority Firm Power Rate**

(1) Tiered PF Power Rates

BPA shall tier its PF power rates as established in the TRM.

(2) Tier 1 System Capability

Prior to each rate period BPA shall determine BPA's Tier 1 system capability based on the approach established in the TRM and using the system resources applicable to the Tier 1 PF power rate listed in Exhibit B, System Resources Applicable to the Tier 1 Rate.

(3) Tier 1 Revenue Requirement

BPA shall establish Tier 1 PF power rates for each rate period consistent with cost categories set by the TRM.

(4) Contract High Water Mark (CHWM)

«Customer Name»'s CHWM will be the basis for determining the maximum amount of power BPA shall price at the Tier 1 PF power

rate for Firm Requirements Power sold to «Customer Name». In FY 2011 BPA shall establish «Customer Name»'s CHWM according to the methodology for calculating CHWMs in the TRM. «Customer Name»'s CHWM is stated in Exhibit C, High Water Marks.

(5) Rate Period High Water Mark (RPHWM)

«Customer Name»'s RPHWM is the planned amount of annual average megawatts BPA shall price at the Tier 1 PF power rate for Firm Requirements Power sold to «Customer Name» during each rate period. BPA shall establish «Customer Name»'s RPHWM prior to each rate period according to the methodology for calculating RPHWMs in the TRM. «Customer Name»'s RPHWM will be the «Customer Name»'s CHWM as adjusted by the updated planned capability of the system resources applicable to the Tier 1 PF power rate. The formula for calculating «Customer Name»'s RPHWM is stated in Exhibit C, High Water Marks.

(6) Amount of Tier 2 PF Purchases

The amount of power «Customer Name» is eligible to purchase at Tier 2 PF power rates equals the difference between «Customer Name»'s forecast annual net requirement load, identified in Exhibit A, Resource Commitments and Net Requirements, and the load served at the Tier 1 PF power rate under «Customer Name»'s RPHWM. The planned amount of power «Customer Name» shall purchase from BPA at Tier 2 PF power rates is stated in Exhibit D, Rate Commitments for Net Requirements Power.

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(b) New Resource Firm Power Rate

Amounts of power sold to «Customer Name» at the NR rate for NLSLs are listed in Exhibit D, Rate Commitments for Net Requirements Power.

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(c) Firm Power Products and Services Rate

Amounts of power sold to «Customer Name» under the FPS rate are listed in Exhibit E, Rate Adjustments, Additional Products, and Special Provisions.

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5. COMMITMENT FOR LOAD SERVICE ABOVE RPHWM

«Customer Name» shall declare whether its load above its RPHWM will be served with non-Federal power or with power purchased from BPA at Tier 2 PF power rates.

(a) Notice of Initial Commitment

On or before October 31, 2009, «Customer Name» shall declare in writing its service to its load above its RPHWM for the first three delivery years of the contract (October 1, 2011 through September 30, 2014) or longer.

(b) Notice of Subsequent Commitments

At least three years prior to the expiration of the initial commitment period and each subsequent commitment period, «Customer Name» shall declare in

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writing how it will serve its load above its RPHWM for such corresponding commitment periods.

(c) Failure to Commit

The failure by «Customer Name» to make a declaration of service for any commitment period will be treated as an obligation to purchase power from BPA at the Short-Term Tier 2 Rate for that period.

(d) Declaration Details

Declarations of non-Federal resources are specified in Exhibit A, Resource Commitments and Net Requirements. Obligations to purchase power from BPA at Tier 2 rates are specified in Exhibit D, Rate Commitments for Net Requirements Power.

(e) Prior Commitments

In the event «Customer Name» has already declared in writing its service to its load above its RPHWM for one or more commitment periods as specified in Exhibit A, Resource Commitments and Net Requirements, and Exhibit D, Rate Commitments for Net Requirements Power, such commitments shall prevail over 5(a) & 5(b) above if there are conflicts.

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6. TAKE OR PAY (09/04/07 Version)

Reviewer's Note: This clause is NOT ready for detailed review of contract language.

«Customer Name» shall pay for the full amount of power established under section 3 of this Agreement, at the rates applicable to such power, whether or not «Customer Name» took delivery of such power.

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7. SETTLEMENT OF BENEFITS FOR RPSA AND OTHER PROGRAMS

(a) Public Exchange

Principles: Details of settlement of Public Exchange

(b) Billing Credits

Principles: Details of settlement of Billing Credit program

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8. UNAUTHORIZED INCREASE CHARGE

Reviewer's Note: This clause is NOT ready for detailed review of contract language.

Power taken by «Customer Name» in excess of power sold under this agreement 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 Power Services. Power that has been provided for energy imbalance service pursuant to an agreement between Transmission Services and «Customer Name» will not be subject to an Unauthorized Increase Charge.

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9. SPECIFIC LOAD TREATMENTS

Reviewer's Note: This clause is NOT ready for detailed review of contract language.

(a) Annexed Loads

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

MASTER REGIONAL DIALOGUE CONTRACT TEMPLATE

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Black text indicates draft contract language. When preceded by the word “**Principle**,” the text is intended to provide a basic understanding of the contract principle that, after further discussion, may be converted to specific contract language.

Red text indicates where a drafter must ‘fill-in-the-blank.’ This is most often associated with the contract drafter filling in the Customer’s Name.