

**REQUEST FOR OFFERS FOR
PREPAYMENT OF ELECTRICITY**

- **Scenario A:** Customer is issuing **cash reserves** to fund the transaction
- **Interest rate risk:** (Market Rate Adjustment Election Required to Set the Lock-In-Date) No
- **Credit risk:** No
- **Lock in Date:** N/A
- **RFO Appendix Check List:**
 - **Appendix A**
 - **Part II:** Complete
 - **Part III:** Alternative #1
 - **Part IV:** Leave Blank (Not Applicable)
 - **Part V:** Alternative #B
 - **Part VI:** Sign and date
 - **Form of Certification of True Interest Cost and Initial Spread:**
Leave Blank (Not Applicable)
 - **Appendix B**
 - Not Applicable
 - **Appendix C**
 - Leave Blank: In Appendix A, Part V, Alternative #B was selected
 - **Appendix D**
 - Complete
 - **Appendix E**
 - Not Applicable
 - **Appendix F**
 - Not Applicable
 - **Appendix G**
 - Not Applicable
 - **Appendix H**
 - Section X. Sign and Date

APPENDIX A

OFFER

PLEASE NOTE: To constitute a conforming Offer, the Offeror must submit more than a single Offer form if the Offeror is offering to purchase more than one Block and the terms (apart from the Purchase Price per Block) are not identical across such Offers. Thus, separate Offer forms must be submitted if (i) the Offeror expects to fund its Prepayment for one or more Blocks through the issuance of Bonds and to fund its Prepayment for one or more Blocks without the issuance of Bonds, (ii) the Offeror elects to have the Market Rate Adjustment under Paragraph 5 of the RFO apply to some but not all of its Offers, or (iii) the Offeror establishes the Bond-Related Off-Ramps under Paragraph 6 of the RFO for some but not all of its Offers. Conversely, an Offeror may bundle a number of Offers using a single Offer form, but all Offers at different Purchase Prices so bundled must otherwise have identical terms in order to be considered conforming Offers.

Part I. Definitions

Unless otherwise provided, capitalized terms in this Offer shall have the meanings assigned to such terms in the Request for Offers of Bonneville Power Administration, dated August 14, 2012, (the “RFO”).

Part II. Offer(s)

All Offers presented herein are subject to all terms and conditions specified in the RFO, and each Offer so accepted by Bonneville Power Administration (“BPA”), as provided in the RFO, shall result in a binding contract between the Offeror and BPA with respect to such Offer, as provided in the RFO.

Pursuant to the RFO, [**Customer A**] (the “Offeror”) hereby offers to purchase Blocks from BPA as follows:

<u>Number of Blocks</u>	<u>Purchase Price per Block</u>
<u>2</u>	\$ <u>8,600,000</u>
<u>1</u>	\$ <u>8,350,500</u>
<u> </u>	\$ <u> </u>
<u> </u>	\$ <u> </u>
<u> </u>	\$ <u> </u>

Part III. Certification of Authority and Intent to Issue Bonds

For all Offer(s) submitted herein, the Offeror must elect one of the following Alternatives:

Alternative #1: The Offeror does not propose to issue Bonds to fund any portion of its Prepayment pursuant to the Offer(s) made herein.

Alternative #2: The Offeror proposes to issue Bonds to fund some or all of its Prepayment pursuant to the Offer(s) made herein. The Offeror has authority under applicable federal, state and local law, as well as under any applicable resolutions, charters, bylaws or other rules or regulations which apply to the Offeror, to issue Bonds to fund its offered Prepayment(s) pursuant to the Offer(s) made herein.

Alternative #3: The Offeror expects [_____] (the “Bond Issuer”) to issue Bonds for the benefit of the Offeror to fund a portion or all of the Offeror’s Prepayment(s) pursuant to the Offer(s) made herein. The Bond Issuer has authority under applicable federal, state and local law, as well as under any applicable resolutions, charters, bylaws or other rules or regulations which apply to the Bond Issuer, to issue Bonds to fund the offered Prepayment(s) pursuant to the Offer(s) made herein.

The Offeror hereby elects **Alternative #1** for each Offer submitted herein. Initial here: [_____].

Part IV. Estimated TIC and Initial Spread, Applicable Only to Offers to be Financed with Bonds

If the Offeror has selected Alternative # 2 or Alternative # 3 in Part III, the Offeror may establish an Off-Ramp under Paragraph 6(c)(ii)(A) of the RFO by providing the information in (1) – (4) of this Part IV as part of this Offer(s). Failure to provide such information shall mean that the Offeror has irrevocably waived its right to that Off-Ramp.

For purposes of this Part IV:

- “Offer Date Tested Bonds” means Bonds with characteristics described in (1) below that might be sold on November 29, 2012 and issued on November 30, 2012 to finance all or a portion of the Prepayment with respect to this Offer, with level monthly payments of principal and interest (or level monthly deposits to a mandatory debt service sinking fund), commencing February 1, 2013 and ending June 1, 2028.
- “True Interest Cost” or “TIC” means with respect to Offer Date Tested Bonds, the rate of interest, compounded semiannually, that would be required to discount (i) the payments of principal and interest to holders of Offer Date Tested Bonds to maturity to (ii) the purchase price paid by buy-and-hold investors in the Offer Date Tested Bonds. Thus, TIC on Offer Date Tested Bonds is determined without regard to costs of issuing the Offer Date Tested Bonds, funded interest, any amounts deposited to a debt service reserve account, or amounts paid for bond insurance or other credit enhancement with respect to the Offer Date Tested Bonds.

(1) As of November 30, 2012, the Offeror reasonably expects that Bonds with the following general characteristics [*for example, the Offeror’s senior lien electric system revenue bonds, the Offeror’s subordinate lien electric revenue bonds, other*] will be issued to fund a portion or all of the Prepayment(s) required pursuant to the Offer(s) made herein:

[_____]

(2) As published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>, the yield on 10-year U.S. Treasury

obligations on November 29, 2012 was [X.XX] percent per annum (carried out to the second decimal).

- (3) If Offer Date Tested Bonds were sold on November 29, 2012 for delivery on November 30, 2012, the Offeror reasonably expects the TIC on those Offer Date Tested Bonds would be no more than [Y.YY] percent per annum (carried out to the second decimal).
- (4) Consequently, under conditions in the capital markets as of November 29, 2012, the Offeror reasonably expects the TIC on Offer Date Tested Bonds would not exceed the [X.XX] percent per annum (carried out to the second decimal) yield on 10-year U.S. Treasury obligations for November 29, 2012, published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>, by no more than [Z.ZZ] percent per annum (carried out to the second decimal).

Part V. Market Rate Adjustment Election

For all Offer(s) submitted herein, the Offeror must elect one of the following Alternatives:

Alternative #A: The Offeror elects to apply the Market Rate Adjustment to the Purchase Price set forth in Part II.

Alternative #B: The Offeror elects **not** to apply the Market Rate Adjustment to the Purchase Price set forth in Part II.

The Offeror hereby elects Alternative #**B** for each Offer submitted herein. Initial here: .

Part VI. Authority of the Undersigned

The undersigned is an officer of the Offeror and is duly authorized to execute and deliver this Offer on behalf of the Offeror.

[NAME OF OFFEROR]

By _____
Name _____
(Print/Type)
Title _____
Date _____

**FORM OF CERTIFICATION OF EXPECTED
TRUE INTEREST COST AND INITIAL SPREAD**

The undersigned hereby certifies as follows in connection with the offer(s) (the “Offer(s)”) submitted by [_____] (the “Offeror”) in response to the Request for Offers of Bonneville Power Administration, dated August 14, 2012. Unless otherwise provided, capitalized terms in this Certification of Expected True Interest Cost and Initial Spread (“Certification”) shall have the meanings assigned to such terms in the Offer(s) to which this Certification is attached:

1. The undersigned is an officer of [FINANCIAL ADVISOR] (the “Advisor”) and is duly authorized to execute and deliver this Certification on behalf of the Advisor.
2. The Advisor serves as an independent financial advisor to the Offeror in connection with the Offer(s).
3. The undersigned has reviewed the Offer(s).
4. Under conditions in the capital markets on the date of this Certification, the Advisor certifies that it is reasonable for the Offeror to expect:
 - a. the TIC on Offer Date Tested Bonds would be no greater than [X.XX] percent per annum (carried out to the second decimal), as set forth in the Offer; and
 - b. the Initial Spread therefore does not exceed [X.XX] percent per annum (carried out to the second decimal).

[NAME OF ADVISOR]

By _____

Name _____
(Print/Type)

Title _____

Date _____

APPENDIX B

LIMIT ON AMOUNT OF OFFERS

Background - Net Billing Cushion. BPA and most preference customers (“Participants”) have entered into separate Net Billing Agreements to cover the costs of Energy Northwest’s Net Billed Projects. In these agreements, BPA has agreed to provide net billing credits against each Participant’s monthly bills for the purchase of power and related services received from BPA. These net billing credits are to be applied against the Participant’s purchases of electricity or transmission service from BPA. In consideration of these net billing credits, each Participant has agreed to remit an equivalent amount of funds to Energy Northwest. Thus, a preference customer’s capacity to purchase Blocks from BPA could be constrained by the existing Net Billing Agreements. In the Net Billing Agreements, BPA and each Participant have covenanted not to enter into further agreements providing for payments (including credits) by BPA to the Participant unless, as determined by BPA, for each future Contract Year the total expected cash value of purchases of electricity and transmission services by the Participant from BPA will equal at least 115% of the aggregate of all expected billing credits to be provided by BPA to the Participant under the Energy Northwest Net Billing Agreements and any additional agreements providing for net billing.* BPA has entered into certain direct payment arrangements with Energy Northwest which may obviate net billing. Direct payments could cease however, and net billing could be reinstated. For purposes of this calculation, direct payments and the existence of the direct payment arrangements are assumed not to exist.

Prepayment Limit. Offerors may not submit Offers to purchase Blocks representing an aggregate annual value of electricity exceeding the lesser of:

(A) for any Contract Year from 2014 through 2018, the smallest amount of:

$$L + M - N(1.15)$$

where L = amount BPA expects to bill the Offeror for purchases of firm power during the Contract Year, M = amount BPA expects to bill the Offeror for purchases of transmission services during the Contract Year, and N = the Offeror’s expected aggregate net billing obligations (in the absence of BPA direct payment) during the Contract Year; or

(B) 50% of the smallest amount expected to be paid by the Offeror to BPA for firm power purchased during any Contract Year from 2014 through 2018.

* See, for example, the Project 2 (now Columbia Generating Station) Net Billing Agreements, Section 7(d) (“The Administrator and the Participant shall not enter into any agreements providing for payments [this means net billing credit obligations] which the Administrator estimates will cause the aggregate of his billings to the Participant to be less than 115 percent of the Administrator’s net billing obligations to the Participants under all agreements providing for net billing”), and Section 7(g) (“The estimates by the Administrator under this agreement of billing credits and of payments to be made by the Participant and the Administrator giving rise to such billing credits shall be conclusive”).

APPENDIX C

NOTICE OF ESTABLISHMENT OF A LOCK-IN DATE

1. Under [its][certain] Offer(s) submitted to and accepted by the Bonneville Power Administration (“BPA”) in connection with its Request for Offers, dated August 14, 2012 (“RFO”), the entity on behalf of which this Notice is provided (“Customer”) has designated in its Offer(s), that the Purchase Price to be paid for the related Offer(s) accepted by BPA will be subject to later adjustment (“Market Rate Adjustment”) and that the contract(s) formed in respect of such Offer(s) may be terminated by [Name of Customer] under the Adjustment Cap Off-Ramp under Paragraph 6(c)(i) of the RFO (“Adjustment Cap Off-Ramp”).
2. As provided in Paragraph 5 of the RFO, the Customer hereby establishes [_____], 201_, as the Lock-In Date with respect to the following accepted Offer(s):

[Description of accepted Offer(s) to which this Notice applies.]

This designated Lock-In Date is a business day, is not earlier than three (3) business days following the date of this Notice, and is not later than March 19, 2013.

3. Customer may cancel the Lock-In Date designated in this Notice at any time prior to 5:00 PM Pacific Time on the designated Lock-In Date, effective at the time BPA receives notice thereof, at which point the Customer shall be free to designate a new Lock-In Date by notice to BPA, subject to the limitation in Paragraph 2 of this Notice that in no instance shall the new Lock-In Date be later than the earlier of (i) three (3) business days following the date of this Notice, or (ii) March 19, 2013.
4. The undersigned is an officer of Customer and is duly authorized on behalf of the Customer to execute and deliver this Notice of Exercise of Adjustment Cap Off-Ramp on behalf of the Customer.

[NAME OF CUSTOMER]

By _____

Name _____
(Print/Type)

Title _____

Date _____

APPENDIX D

CERTIFICATION OF INDEPENDENT OFFER(S)

The undersigned hereby certifies as follows in connection with all offer(s) (“Offer(s)”) submitted by [Customer A] (“Offeror”) in response to the Request for Offers of Bonneville Power Administration (“BPA”), dated August 14, 2012 (the “RFO”):

1. The undersigned is an officer of the Offeror and is duly authorized to execute and deliver this Certification of Independent Offer(s) on behalf of the Offeror.
2. The undersigned participated actively in the Offeror’s preparation of the Offer(s), including the decision as to the price(s) to be included in the Offer(s).
3. In preparing and submitting the Offer(s), except to the extent necessary to submit a consolidated Offer(s) in whole or in part on behalf of other preference customers, neither the Offeror nor any officer or employee of the Offeror directly or indirectly consulted with officers, employees or individual consultants of other preference customer of BPA about the price(s) offered or to be offered by the Offeror or by such other preference customers in response to the RFO.
4. To the best of the knowledge and belief of the undersigned, except to the extent necessary to submit a consolidated Offer(s) in whole or in part on behalf of other preference customers, no individual who has provided consulting services to the Offeror in connection with the Offeror’s preparation of the Offer(s) directly or indirectly consulted with officers, employees or individual consultants of other preference customer of BPA about the price(s) offered or to be offered by the Offeror or by such other preference customers in response to the RFO.

[NAME OF OFFEROR]

By _____

Name _____
(Print/Type)

Title _____

Date _____

APPENDIX E

MARKET RATE ADJUSTMENT

Market Rate Adjustment (as defined and explained in Paragraph 5) =

$$P_{t+1} - P_t$$

where:

$$P_{t+1} = \sum_{m=1}^N \frac{C_m}{(1 + r_{t+1}/12)^m}$$

$$P_t = \sum_{m=1}^N \frac{C_m}{(1 + r_t/12)^m}$$

- P_{t+1} = Market Clearing Purchase Price per Block as adjusted by Market Rate Adjustment as of the Lock-In Date
- P_t = Market Clearing Purchase Price per Block (RFO Paragraph 4(g), announced on December 4, 2012 (RFO, Paragraph 4(h)(iii))
- N = 186 (Total number of months for which power is prepaid -- April 1, 2013 through September 30, 2028)
- C_m = \$50,000 (Prepayment Credit per Block for month m)
- r_{t+1} = $i_{t+1} + \delta$, where i_{t+1} = yield on 10-year Treasury obligations for the Lock-In Date, as published by the U.S. Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>
- δ = Basis as defined by Market Clearing Purchase Price (RFO Paragraph 4(g)) announced on December 4, 2012 (RFO, Paragraph 4(h)(iii))
- r_t = $i_t + \delta$, where i_t = yield on 10-year U.S. Treasury obligations for November 29, 2012, as published by the U.S. Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>

APPENDIX F

EXERCISING THE OFFEROR OFF-RAMPS UNDER PARAGRAPHS 6(c)(i) AND 6(c)(ii)(A) (BOND-RELATED OFF-RAMPS) OF THE RFO

APPENDIX F, PART II – FORM OF NOTICE OF TERMINATION UNDER PARAGRAPH 6(c)(ii)(A) OF THE RFO

A. Estimated TIC and Termination Spread:

[Name of Awarded Customer] has established the Offeror Off-Ramp under Paragraph 6(c)(ii)(A) of the RFO (“Off-Ramp”) under certain Offers submitted to and accepted by the Bonneville Power Administration (“BPA”) in connection with its Request for Offers, dated August 14, 2012 (“RFO”), and therefore may exercise such Off-Ramp with respect to any accepted Offer for which such Off-Ramp has been established, but only if [Name of Awarded Customer] provides to BPA the information as provided in this Part II of this Appendix F to the RFO, together with the attached certification of the financial advisor to the [Name of Awarded Customer].

Unless otherwise provided, capitalized terms in this Notice of Termination under Paragraph 6(c)(ii)(A) (Bond-Related Off-Ramps) of the RFO (“Notice”) shall have the meanings assigned to such terms in the RFO.

B. Definitions:

For purposes of this Appendix F, Part II:

- “Lock-In Date Tested Bonds” means Bonds with characteristics described in (C)(2) below that might be sold on Lock-In Date and issued on or about March 29, 2013 to finance all or a portion of the Prepayment with respect to this Offer, with level monthly payments of principal and interest (or level monthly deposits to a mandatory debt service sinking fund), commencing June 1, 2013 and ending October 1, 2028.
- “True Interest Cost” or “TIC” means with respect to Lock-In Date Tested Bonds, the rate of interest, compounded semiannually, that would be required to discount (i) the payments of principal and interest to holders of Lock-In Date Tested Bonds to maturity to (ii) the purchase price paid by buy-and-hold investors in the Lock-In Date Tested Bonds. Thus, TIC on Lock-In Date Tested Bonds is determined without regard to costs of issuing the Lock-In Date Tested Bonds, funded interest, any amounts deposited to a debt service reserve account, or amounts paid for bond insurance or other credit enhancement with respect to the Lock-In Date Tested Bonds.

C. Information:

1. The Lock-In Date for the Prepayment(s) in connection with the accepted Offers is [INSERT DATE], 201_.
2. In its Offer(s) dated November 30, 2012, the Awarded Customer certified that it reasonably concluded that Bonds with the following general characteristics were planned to be issued to fund the Prepayment(s)

required pursuant to the Offer(s) accepted by BPA under the RFO:
[_____]

3. In Part IV of the Offer, the Offeror estimated that the Initial Spread to be not greater than [Z.ZZ] percent per annum (carried out to the second decimal).
4. Under conditions in the capital markets on the Lock-In Date for the Offer(s), [Name of Awarded Customer] reasonably estimates the TIC on Offer Date Tested Bonds would be no less than [Y.YY] percent per annum (carried out to the second decimal).
5. As published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>, the yield on 10-year U.S. Treasury obligations for the business on the business day immediately preceding the Lock-In Date for the Offer(s) was [X.XX] percent per annum (carried out to the second decimal).
6. Consequently, under conditions in the capital markets on the Lock-In Date for the Offer(s), [Name of Awarded Customer] reasonably estimates that the TIC on Tested Bonds would exceed [X.XX] percent per annum by at least [Z.ZZ] percent per annum (carried out to the second decimal), and is greater than 0.25 percent per annum.

D. Exercise of Off-Ramp Right:
[Name of Awarded Customer] hereby irrevocably elects to terminate the contract formed in respect of its Offer(s) to which Paragraph 6(c)(ii)(A) of the RFO applies, including without limitation its obligation to make Prepayments with respect to the [Insert Number] Blocks associated with that (those) Offer(s).

E. Certification of Authorized Officer:
The undersigned is an officer of [Name of Awarded Customer] and is duly authorized on behalf of the [Name of Awarded Customer] to execute and deliver this notice of termination under Paragraph 6(c)(ii)(A) of the RFO on behalf of the [Name of Awarded Customer].

[NAME OF AWARDED CUSTOMER]

By _____

Name _____
(Print/Type)

Title _____

Date _____

APPENDIX F

**EXERCISING THE OFFEROR OFF-RAMPS UNDER PARAGRAPHS 6(c)(i)
AND 6(c)(ii)(A) OF THE RFO**

**APPENDIX F, PART III – FORM OF NOTICE OF TERMINATION UNDER
PARAGRAPH 6(c)(ii)(A) OF THE RFO, CERTIFICATION BY FINANCIAL
ADVISOR**

The undersigned hereby certifies as follows in connection with the Notice of Termination under Paragraph 6(c)(ii)(A) of the RFO (“Termination Notice”) submitted by [Name of Awarded Customer] dated [INSERT DATE], 201_, in connection with the RFO. Unless otherwise provided, capitalized terms in this Certification of True Interest Cost and Termination Spread (“Certification”) shall have the meanings assigned to such terms in the Termination Notice to which this Certification is attached:

- A. The undersigned is an officer of [NAME OF FINANCIAL ADVISOR] (the “Advisor”) and is duly authorized to execute and deliver this Certification on behalf of the Advisor.
- B. The Advisor serves as an independent financial advisor to the [Name of Awarded Customer] in connection with the Termination Notice.
- C. The undersigned has reviewed the Termination Notice.
- D. Under conditions in the capital markets on the Lock-In Date for the Offer(s), the Advisor certifies that it is reasonable for the [Name of Awarded Customer] to conclude: the TIC on Lock-In Date Tested Bonds would be no less than [Y.YY] percent per annum (carried out to the second decimal), as set forth in the Termination Notice.

[NAME OF FINANCIAL ADVISOR]

By _____

Name _____
(Print/Type)

Title _____

Date _____

APPENDIX G

OFFEROR OFF-RAMPS FOR NON-CLOSING OF FINANCING

As described in Paragraph 6(c)(ii)(B) of the RFO, an Awarded Customer that is proposing to use proceeds of Bonds to fund its Prepayment(s) shall have the right to terminate its obligation to make Prepayments if any of the following conditions exists and such condition has or conditions have resulted in or will result in either (a) a failure to enter into a Bond Purchase Agreement within three (3) business days following the Lock-In Date, or (b) a failure to close the related Bond sale by March 29, 2013:

1. the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any outbreak of hostilities or escalation thereof or other national or international calamity or crisis or a financial crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States of America being such as, in the reasonable opinion of the Bond purchaser or underwriter, would affect materially and adversely the marketability of the Bonds;
2. there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the States of New York or [host state] or a material disruption in commercial banking activities or securities settlement or clearance services shall have occurred;
3. there shall have been any downgrading, suspension or withdrawal, or any official statement as to a possible downgrading, suspension or withdrawal of any rating by Moody's, S&P or Fitch of the Bonds, or debt instruments of a character and credit quality similar to the Bonds, or any other securities issued by the Bond Issuer;
4. as of the Lock-In Date, an event shall have occurred which might or would cause an Official Statement or other offering document for Bonds, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or
5. legislation shall be enacted, or actively considered for enactment, or a decision by a court of competent jurisdiction shall hereafter be rendered, or action shall hereafter be taken or a ruling or regulation shall hereafter be issued by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject, to the effect that the issuance, offering or sale of the Bonds, or obligations of the general character of the Bonds, is in violation of, or that such obligations are not exempt from the registration, qualification under or other similar requirements of, the Securities Act of 1933, amended and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect.

APPENDIX H

FORM OF REVISION TO EXHIBIT D TO PSA

Revision No. «#», Exhibit D
ADDITIONAL PRODUCTS AND SPECIAL PROVISIONS
Effective on March 29, 2013

This revision adds section «#» to this Exhibit D to capture the terms and conditions of «Customer Name»'s participation in the prepayment program and renumbers the Revisions section.

#. «CUSTOMER NAME»'S PARTICIPATION IN PREPAYMENT PROGRAM

#.1 General

«Customer Name» submitted one or more offers under BPA's "Request for Offers for Prepayment of Electricity, Contract No. 12PS-«#####»," («Year» Prepayment RFO) to purchase "Blocks" as defined in the «Year» Prepayment RFO. *Drafter's Note: Include the following sentence for Slice/Block customers:*«The use of the term "Blocks" is not intended to have the same definition as Blocks of power or the Block product as otherwise defined in the body of the Agreement.» BPA has accepted «Customer Name»'s offer(s) under the conditions provided in the «Year» Prepayment RFO. A Prepayment is the dollar amount prepaid by «Customer Name» for a single Block.

By virtue of the offer(s) submitted by «Customer Name» to BPA under the «Year» Prepayment RFO and the acceptance by BPA thereof, «Customer Name» and BPA contracted, among other things, to the following obligations: (1) «Customer Name» has agreed to provide in aggregate \$«insert \$ amount» with respect to the Prepayment(s) by «Customer Name» (such aggregate amount is referred to herein as the Unadjusted Prepayment Amount) for electric power to be delivered by BPA under this Agreement, as modified by the Market Rate Adjustment pursuant to Paragraph 5(d) of the «Year» Prepayment RFO, if elected by «Customer Name» (the Prepayment Amount); provided, that, to the extent no Market Rate Adjustment pursuant to Paragraph 5(d) of the «Year» Prepayment RFO was elected by «Customer Name», the Prepayment Amount shall be identical to the Unadjusted Prepayment Amount), and (2) conditioned upon receipt by BPA of the Prepayment Amount from «Customer Name», BPA shall provide to «Customer Name»: (a) certain Prepayment Credits, which shall entitle «Customer Name» to reductions to the amount on «Customer Name»'s monthly power bill that would otherwise be owed to BPA for electric power (also referred to herein as "electricity") purchased under this Agreement, and (b) certain cash remittances that may arise if Excess Prepayment Credits are deemed assigned to other BPA power customers as set forth in section #.3 of this exhibit. The Prepayment Credits are defined to be the dollar amounts that a

customer making an electric power Prepayment under a Prepayment RFO (Prepaying Customer) would have paid in the related month but for the amount it prepaid, and are reductions to the amount that otherwise would be payable with respect to the Prepaying Customer's purchases of electricity from BPA. Thus, the *quantity* of electricity (megawatts or megawatt-hours) to which a Prepayment applies shall vary, depending on BPA's rates and rate schedules that apply to electricity purchases by the Prepaying Customer (or BPA's rates and rate schedules that apply to electricity purchases by any deemed assignee of Prepayment Credits under section #.3 of this exhibit). The Prepayment Credits reflect the value of electricity attributable to the Prepayment(s) made by «Customer Name» for each month as set forth in the Prepayment Credit Schedule(s) provided in section #.3.1 of this exhibit. Prepayment Credits are associated with and reflect the right of «Customer Name» to receive delivery of a specified value of electricity from BPA each month.

- #.2 Effective Date and Termination of Prepayment Obligations**
This Revision No. «#» to Exhibit D was executed by «Customer Name» in connection with its submission of one or more offers to purchase Blocks under the «Year» Prepayment RFO and was subsequently executed by BPA after inclusion of the Unadjusted Prepayment Amount and Prepayment Credit Schedule derived under the offer(s) and acceptance thereof by BPA under the «Year» Prepayment RFO.

The provisions under section # of this exhibit, shall take effect on March 29, 2013 and shall remain in effect until all obligations hereunder are satisfied; provided, however, that, if (1) BPA for any reason does not receive the Prepayment Amount on or before March 29, 2013, or (2) the obligations of «Customer Name» to provide the Prepayment Amount and the obligations of BPA to provide Prepayment Credits are terminated under the provisions of the «Year» Prepayment RFO and the contract(s) formed thereunder, then the provisions of this section # of this exhibit shall also be terminated and shall have no further force or effect.

- #.3 Obligation to Provide Prepayment Credits/Remit Cash Payments**

#.3.1 Scheduled Prepayment Credits

Upon receipt by BPA of the Prepayment Amount from «Customer Name», BPA shall provide to «Customer Name» Prepayment Credits throughout the remaining term of this Agreement as provided under the following Prepayment Credit Schedule:

«Customer Name»'s Prepayment Credit Schedule Under the «Year» Prepayment RFO													
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total Annual
FY 2013	N/A	N/A	N/A	N/A	N/A	N/A							
FY 2014-2028													

Note: The prepayment program offered in 2012 only allowed for equal Prepayment Credits every month from April 2013 through the remaining term of the Agreement.

«Customer Name» previously has made one or more Prepayments to BPA in return for the right to purchase electric power from BPA pursuant to this Agreement, represented by monthly Prepayment Credits for Fiscal Years 2013 through 2028 as follows:

«Customer Name»'s Pre-Existing Prepayment Credit Schedule Under the «Year» Prepayment RFO													
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total Annual
FY 2013	N/A	N/A	N/A	N/A	N/A	N/A							
FY 2014-2028													

Note:

In certain circumstances BPA shall remit cash to «Customer Name» as provided in section #.3.2 of this exhibit. Prepayment Credits that are not otherwise applied shall carry forward to future months as provided in section #.3.3 of this exhibit.

So long as the amount of «Customer Name»'s monthly bill exceeds the monthly amount of the Prepayment Credit, then «Customer Name» shall pay BPA the net amount due after the Prepayment Credit is applied, consistent with the billing and payment terms and conditions of section 16 of the body of this Agreement.

#.3.2 Deemed Assignments Where Prepayment Credits Are Greater Than Monthly Amount Owed

If the amount of «Customer Name»'s monthly bill for electric power is less than the month's Prepayment Credit (including any Carry Forward Prepayment Credit described in section #.3.3 of this exhibit), which shall be called Excess Prepayment Credit, then BPA shall apply the methodology set forth in section #.3.5 of this exhibit to (1) deem the Excess Prepayment Credit to be assigned to other customers' electric power purchases from BPA in such month and (2) to the extent of such deemed assignments, remit as a cash payment to «Customer Name» an amount equal to the Excess Prepayment Credit.

#.3.3 Carry Forward of Prepayment Credits

- (1) In the event that electric power purchases from BPA by other customers in an applicable month are insufficient to enable deemed assignments of all Excess Prepayment Credits of all Prepaying Customers with respect to that month under section #.3.2 of this exhibit, the excess representing «Customer Name»'s share (Carry Forward Prepayment Credits) shall accumulate. In each succeeding month, after applying the scheduled Prepayment Credit(s) under section #.3.1 of this exhibit, BPA shall either (a) apply «Customer Name»'s Carry Forward Prepayment Credits to «Customer Name»'s purchases of electric power from BPA during that month, or (b) give effect to deemed assignments of «Customer Name»'s Carry Forward Prepayment Credits that become Excess Prepayment Credits with respect to that month to the extent set forth in section #.3.2 of this exhibit.
- (2) The crediting under section #.3.3(1)(a) of this exhibit and the remittance of cash by BPA under sections #.3.3(1)(b) and #.3.4 of this exhibit shall continue until such time as the balance of Carry Forward Prepayment Credits and Excess Prepayment Credits for «Customer Name» is zero; provided, however, that, the application of «Customer Name»'s Carry Forward Prepayment Credits to «Customer Name»'s purchases of electric power from BPA under section #.3.3(1)(a) of this exhibit shall extend past November 30, 2032 but only if and to the extent there is in effect between «Customer Name» and BPA one or more agreements for the sale of electric power by BPA to «Customer Name» after such date. BPA's obligations in this section #.3.3 shall survive the termination or expiration of this Agreement and upon termination or expiration of this Agreement shall continue in effect with respect to future power sales by BPA, including to «Customer Name» and shall constitute a wholly independent obligation of BPA in consideration of its receipt of the Prepayment Amount.
- (3) BPA shall have no obligation to compensate «Customer Name» for any actual or implied cost of funds or the time value of money arising from the occurrence, accumulation, application, deemed assignment or use of Carry Forward Prepayment Credits or Excess Prepayment Credits.

- (4) In no event shall BPA be required to remit cash payments to «Customer Name» if, for any reason, «Customer Name» does not use its Prepayment Credits and BPA is unable to assign resulting Excess Prepayment Credits to other customers as set forth in this section # of this exhibit.

#.3.4 Remittance of Cash by BPA

BPA shall remit cash payments to «Customer Name» under sections #.3.2 and #.3.3(2) of this exhibit via an electronic funds transfer by the Due Date for the month following the month in which the reassignments under sections #.3.2 and #.3.3(2) of this exhibit shall have been deemed to have been made. The term “Due Date” shall have the meaning as defined in section 16.2 of the body of this Agreement (or its equivalent date if this Agreement is no longer in effect). BPA shall transfer the remittances hereunder to «Customer Name»’s specified account to which BPA provides refunds under this Agreement.

#.3.5 Methodology for Deeming Assignments of Excess Prepayment Credits to Other Customers

Applying the principles set forth in this section #.3.5 of this exhibit, BPA shall make deemed assignments of Excess Prepayment Credits to other customers only to the extent that such other customers’ cash payments for electric power purchases from BPA during the applicable month are greater than or equal to the aggregate of all Excess Prepayment Credits attributed by BPA to «Customer Name» and to other Prepaying Customers for the applicable month.

(1) Deemed Allocations Only to Non-Prepaid Purchases of Electric Power

Excess Prepayment Credits shall not be deemed to be assigned to any customer with respect to electric power purchased by that customer from BPA pursuant to any prepay contract.

(2) Deemed Allocations Only to the Extent of Payments Actually Received by BPA

Excess Prepayment Credits shall be deemed to be assigned to other customers only to the extent such other customers in fact have made payment to BPA on or before the last day of the following calendar month.

(3) Qualified Utilities

For purposes of this section #.3.5, a Qualified Utility shall be defined as a public body that is served by BPA and that has a retail service area that the public body

has served continuously for at least five consecutive years, as of March 29, 2013.

- (a) If «Customer Name» is a Qualified Utility, then subject to sections #.3.5(1) and #.3.5(2) of this exhibit, any Excess Prepayment Credits shall be deemed to be assigned first to other Qualified Utilities, then to other electric power customers that are not Qualified Utilities, in each instance up to the extent of their respective non-prepaid purchases of electric power from BPA for the applicable month. However, such deemed assignments, together with all other deemed assignments arising under all other prepay contracts, shall not exceed the aggregate amount of cash received by BPA for purchases of electric power from BPA from all such customers in the applicable month.
- (b) If «Customer Name» is not a Qualified Utility, then subject to sections #.3.5(1) and #.3.5(2) of this exhibit, any Excess Prepayment Credits shall be deemed to be assigned first to other customers that are not Qualified Utilities, then to Qualified Utilities, in each instance up to the extent of their respective non-prepaid purchases of electric power from BPA for the applicable month. However, such deemed assignments, together with all other deemed assignments arising under all other prepay contracts, shall not exceed the aggregate amount of cash received by BPA for purchases of electric power from BPA from all such customers in the applicable month.

(4) **Allocation of Deemed Assignments Among Prepaying Customers**

If the aggregate amount of Prepayment Credits for a month exceeds the aggregate amount paid by other customers to which those Prepayment Credits might be deemed assigned pursuant to section #.3.2 or section #.3.3 of this exhibit, then:

- (a) purchases by customers that are Qualified Utilities but not Prepaying Customers shall first be allocated pro rata to Excess Prepayment Credits of Qualified Utilities;
- (b) purchases by customers that are not Qualified Utilities and not Prepaying Customers shall first

be allocated pro rata to Excess Prepayment Credits of non-Qualified Utilities; and

- (c) any remaining purchases by customers that are not Prepaying Customers shall be deemed assigned pro rata to the Excess Prepayment Credits remaining after applying section #.3.5(1) and section #.3.5(2) of this exhibit.

#.4 Rights and Remedies

#.4.1 Withholding Performance

No provision in this section # of this exhibit shall allow or shall be interpreted to allow BPA to cease, suspend or withhold:

(1) delivering electric power otherwise required to be delivered pursuant to this Agreement; (2) application of Prepayment Credits as described in sections #.3.1 and #.3.3 of this exhibit; (3) deemed assignments as described in sections #.3.2 and #.3.3 of this exhibit; or (4) remitting cash to or for the account of the Prepaying Customer as described in sections #.3.2 and #.3.3 of this exhibit.

#.4.2 No Refunds or Schedule Alterations

«Customer Name» shall have no right to a refund of any amount or balance remaining of its Prepayment Amount if this Agreement is terminated prior to September 30, 2028, pursuant to section 25 of the body of this Agreement.

«Customer Name» may not alter the schedule of its Prepayment Credits pursuant to section 25 of the body of this Agreement.

#.4.3 Money Judgments, No Acceleration

As set forth in section 22.4 of the body of this Agreement, money damages are the exclusive remedy available in the event BPA should fail to perform any of its obligations under this Agreement, including any failure by BPA to perform its obligations under this section # of this exhibit. In no event may «Customer Name» cause any of BPA's obligations under this section # of this exhibit to come due prior to the date specified (for example, the customer may not seek, as a remedy, to have BPA give effect to Prepayment Credits prior to the Dates specified herein.). BPA's breach or non-performance under the provisions of this section # of this exhibit shall not lead to an acceleration of any kind of the future remaining performance of BPA's cash payment or crediting obligations hereunder. The provisions of this section # of this exhibit shall not be interpreted to affect other obligations under this Agreement except as specifically provided herein.

#.5 No Guarantee by BPA of Any Bonds or Other Debt

Nothing in this Agreement establishes or shall be interpreted to establish a guarantee of the payment of principal of or interest on any bonds or other debt issued by or for the benefit of «Customer Name» to fund its Prepayment Amount or to refund or refinance such debt. If bonds are issued to fund a Prepayment, disclosure materials are prepared with respect to those bonds, and those disclosure materials include a description of the provisions in this section # of this exhibit, then those disclosure materials also shall include the following statement: *“The [Name of Bonds or related debt instrument(s)] are not a debt or other obligation of Bonneville Power Administration, and the [Name of Bonds or related debt instrument(s)] are not a charge on the full faith and credit of Bonneville Power Administration or on the Bonneville Fund.”*

#.6 No Third Party Beneficiaries, Limited Right to Assign

There are no third party beneficiaries to this section # of this exhibit, provided, however, «Customer Name» may pledge or otherwise grant a security interest in BPA’s remittances of cash reflecting (1) BPA’s deemed sales of electric power for the account of the «Customer Name» described in sections #.3.2, #.3.3 and #.3.4 of this exhibit, and (2) money damages arising from any breach by BPA of its obligations under this Agreement. However, «Customer Name» shall not assign its claims under the provisions of this section # of this exhibit or enter into any agreement that in any manner purports to provide to a third party a right to any electric power purchased from BPA (including under this section # of this exhibit) or to bring any legal action against BPA to enforce the rights of «Customer Name» under the provisions of this section # of this exhibit against BPA. If «Customer Name» purports to make such an assignment or agreement, it shall have no effect.

X. SIGNATURES

The Parties have executed this exhibit revision as of the last date indicated below. Execution of this exhibit revision also constitutes execution of the «Year» Prepayment RFO, Contract No. 12PS-«#####».

«FULL NAME OF CUSTOMER»

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____

By _____

Name _____
(Print/Type)

Name _____
(Print/Type)

Title _____

Title _____

Date _____

Date _____