

CONTRACT
 executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
 acting by and through the
BONNEVILLE POWER ADMINISTRATION
 and
MID-COLUMBIA PARTICIPANTS
 Relating to Federal and Canadian
 Columbia River Storage

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This AGREEMENT (Agreement), executed as of July 3, 1991, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (hereinafter called "Bonneville"); and the PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, a municipal corporation of the State of Washington (Chelan); COLOCKUM TRANSMISSION COMPANY, INC., a corporation (Colockum); PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON, a municipal corporation of the State of Washington (Cowlitz); PUBLIC UTILITY DISTRICT NO. 1 OF DOUGLAS COUNTY, WASHINGTON, a municipal corporation of the State of Washington (Douglas); the CITY OF EUGENE, OREGON, a municipal corporation of the State of Oregon (Eugene); the CITY OF FOREST GROVE, OREGON, a municipal corporation of the State of Oregon (Forest Grove); PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON, a municipal corporation of the State of Washington (Grant); PUBLIC UTILITY DISTRICT NO. 1 OF KITTITAS COUNTY, WASHINGTON, a municipal corporation of the State of Washington (Kittitas); the CITY OF McMinnville, OREGON, a municipal corporation of the State of Oregon (McMinnville); the CITY OF MILTON-FREEWATER, OREGON, a municipal corporation of the State of Oregon (Milton-Freewater); the PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY, WASHINGTON, a municipal corporation of the State of Washington (Okanogan); the CITY OF SEATTLE, WASHINGTON, a municipal corporation of the State of Washington (Seattle); and the CITY OF TACOMA, WASHINGTON, a municipal corporation of the State of Washington (Tacoma), (each hereinafter called "Participant," and collectively, "Participants") who are owners or purchasers of the output of the Mid-Columbia hydro projects, Wells, Rocky Reach, Rock Island, Wanapum, and Priest Rapids; and together with Bonneville hereinafter sometimes referred to individually as "Party" and collectively as "Parties".

Bonneville will remove from the above list of Participants all utilities which do not execute this Agreement prior to the date Bonneville prepares a conformed contract.

W I T N E S S E T H :

WHEREAS Bonneville and the British Columbia Hydro and Power Authority (B.C. Hydro) have executed an agreement, Contract No. DE-MS79-90BP92754, hereinafter referred to as the "NTS Agreement" or Exhibit A, which provides additional flexibility and other benefits in the operation of their systems by storing water in Columbia River storage facilities in Canada pursuant to Exhibit A (in such Exhibit A, "B.C. Hydro" is referred to as "BCH" and "Bonneville" is referred to as "BPA"); and

WHEREAS Bonneville and the Participants wish to coordinate the operation of generation and storage facilities on the Columbia River in the United States in order to implement Exhibit A for the benefit of Bonneville and the Participants and to share in the additional flexibility and other benefits with B.C. Hydro pursuant to Exhibit A; and

WHEREAS Bonneville and the Participants wish to provide for the initial filling of certain reservoirs which may be constructed in Canada and also to provide a means for Bonneville to obtain the right to give B.C. Hydro a release and discharge from any and all claims for water and energy associated with such initial filling; and

WHEREAS Bonneville is authorized pursuant to law to dispose of electric capacity and energy generated at various Federal hydroelectric projects in the Pacific Northwest or acquired from other resources, to construct and operate transmission facilities, to provide transmission and other services, and to enter into agreements to carry out such authority;

NOW, THEREFORE, the Parties hereto mutually agree as follows:

1. Definitions.

The following terms, when used in this Agreement with initial capitalization, whether singular or plural, shall have the meanings specified; any such capitalized terms in this Agreement that are not defined herein shall have the definitions stated in Exhibit A.

- (a) "Assured Percentage" shall mean the Assured Share of each Party expressed as a percentage of the Assured Shares of all Parties, as such percentages are listed in Exhibit C. When used in calculations, such percentage shall be expressed as its decimal equivalent.
- (b) "Assured Share" shall mean the portion of 1134.376 thousand second-foot-days (ksfd) of Active Storage Space allocated to each Party, as such amounts are listed in Exhibit C.
- (c) "Bonneville's Projects" shall mean those Federal hydro projects on the Columbia River: Grand Coulee, Chief Joseph, McNary, John Day, The Dalles, and Bonneville.
- (d) "Contract Year" shall have the same meaning as the term is used in the Coordination Agreement.
- (e) "Coordination Agreement" shall mean the Agreement for Coordinated Operations among Power Systems of the Pacific Northwest (Bonneville Contract No. 14-03-48221), as hereafter amended or replaced.
- (f) "Exempted Amount(s)" shall mean the amount(s) of water which may be drafted from each Party's Active Storage Account without Mica head loss compensation. Prior to 2400 hours on July 31, 1993, each Party's Exempted Amount shall be the amounts shown in column (3) of Exhibit C. After 2400 hours on July 31, 1993, each Party's Exempted Amount shall be zero.

- (g) "Mid-Columbia Projects" shall mean those hydro projects on the Columbia River which the Participants own or from which they purchase output: Wells, Rocky Reach, Rock Island, Wanapum and Priest Rapids; provided, however, that the meaning of such term shall not include the Project shares of a utility which does not become a Party to this Agreement or which has withdrawn from this Agreement.
- (h) "NTSA Committee" shall mean the committee established pursuant to Section 13 hereof.
- (i) "Point(s) of Interconnection" shall mean the points specified in Exhibit D where the electric power systems of Bonneville and the Participants are interconnected.
- (j) "Storage Account(s)," including "BCH Storage Account(s)" and "BPA Storage Account(s)" shall mean those accounts established pursuant to Sections 4(c) and 5(c), respectively, of Exhibit A.
- (k) "Storage Service Transfer" shall mean the 20 percent of the Participants' base storage allocation, as calculated pursuant to Section 3(c), which the Participants transfer to Bonneville in exchange for those services which Bonneville provides to facilitate performance under this Agreement. When used in calculations, such percentage shall be expressed as its decimal equivalent.
- (l) "Total Conversion Factor" shall mean the sum of: (1) the Mid-Columbia total water-to-energy conversion factor, as set forth on page 2 of Exhibit B; (2) the total water-to-energy conversion factor of Bonneville's Projects, as set forth in Exhibit C; and (3) the total water-to-energy conversion factor of B.C. Projects, as set forth in Exhibit C.
- (m) "Workday" shall mean any day that B.C. Hydro, Bonneville and the Participants normally observe as a regular workday.

2. Term.

(a) Term of Agreement.

This Agreement shall become effective on the date a conformed copy of this Agreement is signed by Bonneville. Unless terminated earlier pursuant to the provisions of this Section, all of the provisions of this Agreement other than:

- (1) Section 10,
- (2) all of the provisions which are necessary to enable the Parties to fulfill their obligations under Section 11(b),
- (3) all of the provisions necessary to enable B.C. Hydro to exercise its rights under Section 4(e) of Exhibit A, and
- (4) the Release and Discharge of Claims provisions under Section 11(c)

(hereinafter called the "Extended Provisions") shall terminate at 2400 hours on 30 June 2003; provided, however, that if either Bonneville or B.C. Hydro terminates the NTS Agreement before such date, this Agreement, other than the Extended Provisions, shall terminate on the same date as the NTS Agreement.

Notwithstanding any other provision of this Agreement, the Extended Provisions shall terminate with respect to a Participant

or Party upon completion of performance by that Participant or Party of its obligations in Section 11(b) of this Agreement.

(b) Suspension of Contract No. 90945.

On the effective date of this Agreement, the provisions of Bonneville Contract No. DE-MS79-84BP90945 (Contract No. 90945) shall remain in effect, but performance thereof by the Parties to this Agreement shall be suspended and all outstanding

obligations of such Parties shall be transferred and shall

continue in force pursuant to the terms of this Agreement; provided that should any Party be prevented, by operation of law, from performing this Agreement or Exhibit A, then that Party shall for the duration of any suspension of operation of this Agreement or Exhibit A, perform pursuant to Contract No. 90945, with all the rights and obligations and consistent with all the terms included therein.

(c) Withdrawal by a Participant.

If a Participant reasonably determines that the benefits which that Participant is able to derive from this Agreement have been substantially reduced for any reason, including, but not limited to, promulgation by Bonneville (pursuant to the July 1990 Non-Treaty Storage Fish and Wildlife Agreement between Bonneville and the Columbia Basin Fish and Wildlife Authority) of different annual operating guidelines than those in effect immediately prior to such promulgation, then such Participant may withdraw from this Agreement other than the Extended Provisions by the following procedure:

- (1) The Participant desiring to withdraw from this Agreement shall give written notice to all the other Parties not later than 1 September of any year of its intent to withdraw at the beginning of the next Contract Year. Such notice shall include a description of the reduction of the Party's benefits from this Agreement and the cause(s) of such reduction.
- (2) All Parties to this Agreement shall, between the time any notice is given pursuant to Section 2(c)(1), and the time the subsequent notice is to be given pursuant to Section 2(c)(3), negotiate in good faith in an attempt to agree upon a mutually acceptable alternative to withdrawal.
 - (3) If an alternative to withdrawal cannot be agreed upon pursuant to Section 2(c)(2), the Participant(s) who gave

notice of intent to withdraw shall give final written notice of withdrawal to all the other Parties not later than the 15 January immediately following the year in which the notice was given pursuant to Section 2(c)(1) and the notifying Participant shall be deemed to have withdrawn from this Agreement, other than the Extended Provisions, effective at the beginning of the Contract Year subsequent to the Contract Year in which notice was given pursuant to Section 2(c)(1).

- (4) The Extended Provisions shall take effect as to the Participant withdrawing from this Agreement on such withdrawal date, and such Participant shall have the obligations set forth in such Extended Provisions commencing on such withdrawal date.
- (5) Each time one or more Participants withdraw from this Agreement, Bonneville shall issue revised Exhibits B and C effective on the date such withdrawal is effective. In such revised Exhibit B, the withdrawing Participant's project shares and water-to-energy conversion factors shall be removed from the Participant's Section and added to the non-participating utilities' Section of that Exhibit. Such revised Exhibit C will reflect the changes in Exhibit B.

(d) Early Termination by Bonneville.

If Bonneville reasonably determines that the benefits which it is able to derive from this Agreement have been substantially reduced for any reason, then Bonneville may terminate this Agreement other than the Extended Provisions by following the same general procedures set forth in Section 2(c) above for withdrawal by a Participant.

In the event early termination occurs under this Section 2(d), the Participants shall continue to be bound by all Extended

Provisions except Section 11(c), and Bonneville shall be bound by all Extended Provisions.

(e) Short-Term Letter Agreement.

(1) Bonneville and one or more utilities may execute a letter agreement substantially in the form of Exhibit G to this Agreement. Each of the utilities executing such letter agreement with Bonneville shall be deemed to be a Participant and a Party to this Agreement during the term of its letter agreement except to the extent such utility's rights and obligations under this Agreement are limited by such utility's letter agreement. If, during the term of its letter agreement, the utility and Bonneville execute this Agreement, the utility shall become a Participant and a Party to this Agreement without such limitations. Otherwise, on the date its letter agreement expires, the utility shall be deemed to no longer be a Participant and Party to this Agreement. Bonneville shall revise Exhibits B and C to this Agreement as provided for a withdrawing Participant in Section 2(c)(5), and such utility's Storage Accounts shall inure to Bonneville.

(2) In the event of any conflict or inconsistency between any provision of the letter agreement and this Agreement, the provisions of the letter agreement shall govern.

(f) Notice of Early Termination of Exhibit A. Bonneville shall promptly inform the Participants of any notices it receives or gives pursuant to Exhibit A, Section 2(b).

3. Exhibits.

Exhibits A through G, attached hereto, are by this reference incorporated herein and made part of this Agreement.

(a) Revision of Exhibit A.

Bonneville shall consult with the Participants before agreeing to any amendment of the NTS Agreement. No amendment of such agreement which could, in the determination of any Party, have an effect on the rights or obligations of a Participant under this Agreement shall have any such effect unless and until such amendment is agreed to by all Parties, whereupon Exhibit A shall be revised to conform to the NTS Agreement as amended.

(b) Revision of Exhibit B.

(1) In the event that the shares of any Participant in any of the Projects change and, as a result, such Participant's water-to-energy conversion factors listed in Exhibit B change, each Participant having a changed share shall notify Bonneville in writing of the amount of the share change and of its corresponding water-to-energy conversion factor(s) and of the effective date of such change. Prior to the effective date of such change, Bonneville shall issue a revised Exhibit B incorporating the changes.

(2) In the event a Participant who is the owner of a Project reasonably determines that it is necessary to change the water-to-energy conversion factor of one of its Projects, and either the balances in all Active Storage Accounts are equal to their respective Assured Shares or all the Parties agree to such change, such Participant shall notify all of the other Parties in writing of the amount of the change in the water-to-energy conversion factor for the Project. Bonneville shall issue a revised Exhibit B incorporating the change.

(c) Development and Revision of Exhibit C.

(1) Bonneville's and each Participant's Assured Shares and Assured Percentages, as set forth in Exhibit C, were developed as follows:

$$BSA_{MCP} = 1134.376 \text{ ksfd} \times \left[\frac{H}{MCP} + \frac{H}{BPA} + \frac{H}{TMC} \right]$$

Where:

BSA_{MCP} is the base storage allocation of all of the Participants;

H_{MCP} is the Participants' total water-to-energy conversion factor, as set forth on page 2 of Exhibit B;

H_{BPA} is the total water-to-energy conversion factor of Bonneville's Projects, as set forth in Exhibit C; and

H_{TMC} is the Mid-Columbia total water-to-energy conversion factor, as set forth on page 2 of Exhibit B.

$$BSA_{BPA} = 1134.376 \text{ ksfd} - BSA_{MCP};$$

Where:

BSA_{BPA} is the base storage allocation of BPA; and

the other terms are as defined above.

$$AS_{MCP} = BSA_{MCP} - [SST \times BSA_{MCP}] ; \text{ and}$$

$$AS_{BPA} = BSA_{BPA} + [SST \times BSA_{MCP}]$$

Where:

AS_{MCP} is the Assured Share of all of the
Participants;

AS_{BPA} is the Assured Share of Bonneville;

SST is the Storage Service Transfer, as defined in Section 1(k); and

the other terms are as defined above.

The Assured Share of each Participant is the Assured Share of all the Participants prorated among the Participants based on the ratio of each Participant's water-to-energy conversion factor, as set forth in Exhibit B, to H_{MCP}, as defined above.

The Assured Percentage of Bonneville and of each Participant are equal to each Party's Assured Share expressed as a percent of the total of the Assured Shares of all Parties.

- (2) Bonneville's and each Participant's Exempted Amounts, as set forth in column (3) of Exhibit C, were developed as follows: The total of the Exempted Amounts of all the Participants is equal to 504.167 ksfd multiplied by the Participants' total water-to-energy conversion factor, as set forth in Column (6) of Exhibit B, divided by the Total Conversion Factor; the Exempted Amount of each Participant is the Exempted Amount of all of the Participants prorated among the Participants on the basis of the Participants' water-to-energy conversion factors, as set forth in column (6) of Exhibit B; and Bonneville's Exempted Amount is equal to 504.167 ksfd less the total of the Participants' Exempted Amounts.

(3) In the event Bonneville reasonably determines that it is necessary to change the water-to-energy conversion factor of one of the B.C. Projects or Bonneville's Projects, and either the balances in all Active Storage Accounts are

equal to their respective Assured Shares or all Parties agree to such change, Bonneville shall notify all of the other Parties in writing of the amount of the change in the water-to-energy conversion factor for the Project(s) and issue a revised Exhibit C incorporating the change.

- (4) In the event Bonneville issues a revised Exhibit B pursuant to Section 3(b), Bonneville shall issue a revised Exhibit C incorporating the change.

(d) Revision of Exhibit E.

The NTSA Committee established pursuant to Section 13 shall review Exhibit E, Scheduling Guidelines, from time to time and shall publish and distribute any recommended revisions of Exhibit E to all the Parties. Any Party to this Agreement or B.C. Hydro may object to such recommended revisions by written notice to all other Parties and to B.C. Hydro within 60 days of their distribution by the NTSA Committee. If no such objection is made and the provisions of this Agreement and the revised Exhibit E do not conflict, then the recommended revisions shall take effect 60 days after they are distributed by the NTSA Committee. If any such Party or B.C. Hydro objects to the recommended revisions or the provisions of this Agreement and the revised Exhibit E do conflict, then such recommended revisions shall take effect only after ratification by all Parties to this Agreement and B.C. Hydro.

(e) Conflicts Between This Agreement and Exhibit E.

If and to the extent there is a conflict between provisions in this Agreement and provisions in Exhibit E as originally agreed to, then the provisions of Exhibit E shall prevail. If and to the extent there is a conflict between provisions in this Agreement and new or changed provisions in Exhibit E, then the new or changed provisions of Exhibit E, when ratified by each Party in writing, shall prevail.

4. Availability of Columbia River Non-Treaty Storage Space.

Each Participant, acting through Bonneville, shall have the rights and obligations provided for in Sections 5 and 7 of this Agreement with respect to all of the storage space which Bonneville has a right to use pursuant to Exhibit A.

(a) Active Storage Space.

On the effective date of Exhibit A, B.C. Hydro is obligated by the terms of Exhibit A to make 4.5 million acre-feet (MAF) (2268.752 ksf) of Active Storage Space available for use by B.C. Hydro and Bonneville. On the effective date of this Agreement, the balance in the Active Storage Account of each Participant shall be set equal to that Participant's Assured Share, as it is set forth in column 1 of Exhibit C, less the following amounts:

- (1) each Participant's Active Storage Account balance shall be reduced by the amount, if any, by which the balance on such date in Bonneville's Active Storage Account maintained under Exhibit A is less than 1134.376 ksf multiplied by the Participant's water-to-energy conversion factor, as shown in column (6), page 2 of Exhibit B, and divided by the Total Conversion Factor, and
- (2) each Participant's Active Storage Account balance shall be further reduced by the amount of water, if any, which such Participant has assigned to Bonneville by having taken in-lieu energy from Bonneville pursuant to Section 6(g) of Contract No. 90945 multiplied by the Participant's water-to-energy conversion factor, as shown in column (6), page 2 of Exhibit B, and divided by the Total Conversion Factor.

Adjustment (2) shall satisfy each Participant's obligations to return in-lieu energy from water assigned to Bonneville under Contract No. 90945. In-lieu energy and assigned water balances

maintained under that contract shall be set to zero on the effective date of this Agreement. In the event performance under this Agreement is enjoined for any reason during the term of Contract No. 90945, in-lieu energy and assigned water balances under said contract shall be reestablished based on a conversion that takes into account any storage and releases which occurred under this Agreement.

On the effective date of this Agreement, the balance in the Active Storage Account of Bonneville maintained under this Agreement shall be set equal to the balance in Bonneville's Active Storage Account maintained under Exhibit A on such date less the total of all Participants' balances, as determined above.

(b) Recallable Storage Space.

If Recallable Storage Space has been declared available by B.C. Hydro and remains available on the effective date of this Agreement, then the initial balance in the Recallable Storage Account of each Participant shall be set equal to: (1) the product of each Participant's Assured Percentage and the actual balance in Bonneville's Recallable Storage Account maintained under Exhibit A on such date; less (2) the amount of water, if any, which such Participant has assigned to Bonneville by having taken in-lieu energy from Bonneville pursuant to Section 6(g) of Contract No. 90945 multiplied by the Participant's water-to-energy conversion factor, as shown in column (6), page 2 of Exhibit B, and divided by the sum of H_{BPA} and H_{TMC} , as those terms are defined in Section 3(c). The initial balance in Bonneville's Recallable Storage Account maintained under this Agreement shall be set equal to the balance in Bonneville's Recallable Storage Account maintained under Exhibit A on such date less the total of all Participants' initial balances, as determined above.

From time to time during the term of Exhibit A, B.C. Hydro may make amounts of Recallable Storage Space available for use by B.C. Hydro and Bonneville. When Recallable Storage Space is declared available, the initial balance in the Recallable Storage Account of each Participant and of Bonneville shall be set equal to zero.

5. Storage and Release of Water by the Participants.

Subject to the limitations of this Section 5 and Section 7 hereof, each Participant shall have a right to store water into or release water from each of the BPA Storage Accounts listed in Section 5(c) of Exhibit A to the extent such accounts are available to Bonneville under Exhibit A.

(a) Requests for the Storage or Release of Water and Limitations Thereof.

Each Participant's scheduling office shall notify the Bonneville scheduling office by the times set forth in Exhibit E of each Workday of the daily amounts of water which such Participant desires to store or release through the next Workday. Such notification shall indicate the amount of water which such Participant requests be stored into or released from each of the BPA Storage Accounts maintained under Exhibit A. Bonneville shall combine such requests in proportion to Assured Percentages with the amounts of water which it desires to store into or release from each of the BPA Storage Accounts maintained under Exhibit A, and make a request to B.C. Hydro for the storage or release of the amount of water which will produce the combined effect for Bonneville and the Participants. The Bonneville scheduling office shall notify each Participant's scheduling office by the times set forth in Exhibit E of the same Workday, giving the amount of water to be stored or released for each Participant and for Bonneville.

If Bonneville is unable to arrange for the full amount of storage or release requested by Bonneville and all the Participants either because of limitations on Bonneville's request imposed by B.C. Hydro under Section 5(a) of Exhibit A or because Bonneville determines that it is unable to accept the resulting flow changes in the United States, then Bonneville shall reduce such requests in proportion to Assured Percentages as necessary to meet such limitation as provided in Exhibit E. Such reduced amounts shall be the requested amounts of storage referred to in the following paragraphs.

If Bonneville or one or more Participants request that water be released and others request that water be stored on a day, Bonneville shall make a request to B.C. Hydro for the storage or release of the net amount of water, and the procedures for delivery of energy given in this Section 5 will apply to the amount of release or storage requested by each. Limitations on requests to store or release water shall not apply to requests to store or release, as the case may be, which, in total for all Parties, are less than the total of the opposing requests.

(b) Delivery of Energy Resulting from a Request to Store Water.

Whenever, pursuant to this Section 5 and Section 5(a) of Exhibit A, the flow at B.C. Projects, Bonneville's Projects and Mid-Columbia Projects decreases due to a request for storage of water by one or more Participants, then each such Participant shall deliver to Bonneville, at times and rates agreed upon in advance by the Bonneville scheduling office and each such Participant's scheduling office, the energy which such Participant's requested reduction in flow would have produced at B.C. Projects, Bonneville's Projects and Mid-Columbia Projects pursuant to the procedures set forth in Exhibit E.

(c) Delivery of Energy Resulting from a Request to Release Water.

Whenever, pursuant to this Section 5 and Section 5(b) of Exhibit A, the flow at B.C. Projects, Bonneville's Projects and

Mid-Columbia Projects increases due to a request for release of water by one or more Participants, then Bonneville shall deliver to each such Participant, at times and rates agreed upon in advance by the Bonneville scheduling office and each such Participant's scheduling office, the energy which such Participant's requested release of water is able to produce at B.C. Projects, Bonneville's Projects and Mid-Columbia Projects pursuant to the procedures set forth in Exhibit E.

6. Storage and Release of Water by B.C. Hydro, Bonneville or the Participants.

(a) Storage by B.C. Hydro, Bonneville or the Participants.

The Bonneville scheduling office shall notify each Participant's scheduling office by the times set forth in Exhibit E of each Workday of the daily amounts of water which B.C. Hydro, Bonneville, and/or the Participants acting through Bonneville, have requested be stored pursuant to Section 4(a) or Section 5(a) of Exhibit A through the next Workday.

Whenever, pursuant to Section 4(a) or Section 5(a) of Exhibit A, the flow at a Participant's Project(s) decreases due to storage of water by B.C. Hydro, Bonneville, or one or more Participants acting through Bonneville, then Bonneville shall deliver to each Participant, at times and rates agreed upon in advance by the Bonneville scheduling office and such Participant's scheduling office, the energy which the stored water would have produced at the Participant's shares of Mid-Columbia Project(s) on the day of the change of flows at the Mid-Columbia Project(s) pursuant to the procedures set forth in Exhibit E.

(b) Release by B.C. Hydro, Bonneville or the Participants.

The Bonneville scheduling office shall notify each Participant's scheduling office by the times set forth in Exhibit E of each Workday of the daily amounts of water which B.C. Hydro,

Bonneville, and/or the Participants acting through Bonneville, have requested be released pursuant to Sections 4(b) or 5(b) of Exhibit A through the next Workday.

Whenever, pursuant to Section 4(b) or Section 5(b) of Exhibit A, the flow at a Participant's Project(s) increases due to release of water by B.C. Hydro, Bonneville, or one or more Participants acting through Bonneville, then each Participant shall deliver to Bonneville, at times and rates agreed upon in advance by the Bonneville scheduling office and such Participant's scheduling office, the energy which the released water is able to produce at the Participant's Shares of Mid-Columbia Project(s) on the day of the change of flows at the Mid-Columbia Project(s) pursuant to the procedures set forth in Exhibit E.

(c) Realization of Water Changes.

The rights and obligations of the Parties under this Agreement are determined on the assumption that the daily change of flow in the Columbia River at the U.S.-Canadian border resulting from operation pursuant to this Agreement and Exhibit A will result in a substantially equal and concurrent change of flow downstream from Chief Joseph project. The Parties, recognizing that such operation of Chief Joseph project is, at times, practically impossible to accomplish precisely and recognizing that such operation is practically impossible to determine with certainty, agree that the Scheduling Guidelines, Exhibit E, shall include such provisions for transfers of energy between the Participants and Bonneville as will achieve substantially the equivalent effects. The establishment of and compliance with such provisions shall be deemed to constitute full satisfaction of the Parties' rights and obligations defined above in this Section 6(c).

(d) Effects on the Coordination Agreement of Water Stored by B.C. Hydro, Bonneville or the Participants.

- (1) Water stored by B.C. Hydro in BCH Storage Accounts and water stored by Bonneville in BPA Storage Accounts, either for itself or for the Participants, shall neither increase nor decrease any of the rights or obligations of any of the parties to the Coordination Agreement. The normal full, normal empty, and rule curve elevations of BCH Storage Reservoirs, as such elevations are used in the Coordination Agreement, shall be increased by the amounts of water stored by B.C. Hydro, Bonneville or the Participants into such accounts pursuant to Section 4(a) or Section 5(a) of Exhibit A and shall be decreased by the amounts released by B.C. Hydro, Bonneville or the Participants from such accounts pursuant to Section 4(b) or Section 5(b) of Exhibit A.
- (2) Notwithstanding the provisions of Section 6(d)(1), the Parties hereto agree that water stored in the BPA Mica Treaty Storage Account or the BPA Mica Treaty Surplus Storage Account may be included in the determination of the actual storage energy in reservoirs of the Coordinated System pursuant to Section 6(i) of the Coordination Agreement.

7. Other Rights and Obligations of the Participants.

Each Participant, acting through Bonneville, shall have the rights and obligations accorded Bonneville in Sections 6, 7, 8, 9, and 12 of Exhibit A as set forth in this Section 7.

(a) Displacement of Storage.

(1) Displacement by B.C. Hydro.

If Bonneville and the Participants have stored water into Storage Accounts in excess of one-half of the space available for such account pursuant to Exhibit A, and if B.C. Hydro exercises the option it has pursuant to Section 6(a) of Exhibit A to displace part or all of such excess, the water displaced shall be deemed to be from those accounts of Bonneville and/or the Participants which exceed their Assured Percentages of one-half of the space available for such accounts pursuant to Exhibit A in amounts which result in remaining balances which are in proportion to such Participants' Assured Percentages. To the extent that it is a Participant's water which is displaced, the Participant shall have the rights of Bonneville as set forth in Section 6(a) of Exhibit A.

(2) Displacement by Bonneville or the Participants.

If B.C. Hydro has stored water into Storage Accounts in excess of one-half of the space available for such account pursuant to Exhibit A, and if Bonneville and/or a Participant desires to store into space occupied by B.C. Hydro's water, the Participants shall have the rights of Bonneville as set forth in Section 6(b) of Exhibit A. To the extent that Bonneville and one or more Participants wish to displace B.C. Hydro's water on any day, such rights to displace water shall be allocated between Bonneville and such Participants in the manner described for allocating limited requests to store water in Section 5(a).

To the extent that Bonneville or one or more Participants have stored into a Storage Account in excess of its Assured Percentage of the space available for such account pursuant to Exhibit A, and Bonneville or the Participants desire to store water into such space and thereby to displace such

excess, the Party desiring to store water shall have the right to displace the other Party's water. Such displacement shall be done in the manner described for displacement of B.C. Hydro's water by Bonneville in Section 6(b) of Exhibit A.

(b) Purchase of Non-Treaty Storage.

(1) Purchase by B.C. Hydro.

If Bonneville and the Participants have stored water into Storage Accounts in excess of one-half of the space available for such account pursuant to Exhibit A, and if B.C. Hydro exercises the option it has pursuant to Section 7(a) of Exhibit A to purchase part or all of the amount of water in excess of one-half, the water purchased shall be deemed to be first from the account of Bonneville to the extent Bonneville's balance in such storage account exceeds its Assured Percentage of one-half of the space available for such account pursuant to Exhibit A, and then from those accounts of Participants which exceed their Assured Percentages of one-half of the space available for such accounts pursuant to Exhibit A in amounts which result in remaining balances which are in proportion to such Participants' Assured Percentages. To the extent that it is a Participant's water which is purchased, the Participant shall have the rights of Bonneville as set forth in Section 7(a) of Exhibit A.

Bonneville shall disburse to each Participant its share of the payments BPA receives from B.C. Hydro pursuant to Section 12(c) of Exhibit A for the purpose of purchasing water stored in non-Treaty storage space. Bonneville shall make such disbursement on or before 5 days after Bonneville receives such payments from B.C. Hydro.

(2) Purchase by Bonneville or the Participants.

If B.C. Hydro has stored water into Storage Accounts in excess of one-half of the space available for such account pursuant to Exhibit A, Bonneville shall have the sole right to purchase such excess.

If a Party has stored into a Storage Account in excess of two times its Assured Percentage of one-half of the space available for such accounts pursuant to Exhibit A, and if one or more Participants desire to purchase all or a portion of such excess water, then such Participant(s) shall notify Bonneville of their desire, and Bonneville shall notify all the other Participants. If Bonneville desires to purchase all or a portion of such excess water, then it shall notify all Participants of its desire. After all Parties have had an opportunity to participate in such purchase, each Party desiring to purchase may purchase up to the portion of such excess equal to the product of the amount of excess water and each such Party's Assured Percentage divided by the sum of the Assured Percentages of all Parties desiring to purchase. Such purchases shall be made in the manner set forth in Section 7(b) of Exhibit A.

If Bonneville purchases water from a Participant, or one Participant purchases water from another, the purchasing Party shall pay the other the amount determined pursuant to Section 12(c) of Exhibit A. The selling Party shall issue a bill and the purchasing Party shall pay such amount in full on or before the thirtieth day after the bill is issued.

(c) Transfer of Storage Among Parties.

Water stored by a Party in any Storage Account may be transferred at any time to the same respective Storage Account of another Party, upon agreement of said Parties. Notice of such transfer shall be provided to Bonneville at least one full

Workday prior to the effective time of the transfer by the Party whose Storage Account balance will be reduced by the transfer to be followed by written verification within 3 Workdays. Such notice shall specify the Party whose Storage Account will be increased, the amount of the transfer, the Storage Accounts between which water will be transferred and the effective time of the transfer. Bonneville shall adjust the balances in the two Storage Accounts accordingly.

(d) Forced Transfer of Storage Among Storage Accounts.

If water stored by one or more Participants in Treaty Storage Space would be displaced by operation pursuant to the Detailed Operating Plan, such Participants shall have the rights of Bonneville as set forth in Section 8 of Exhibit A. If the water of both Bonneville and such Participants is subject to forced transfer at the same time, and if the rate at which such transfer can be made is limited, the amount each is able to transfer to its other Storage Accounts shall be in proportion to its Assured Percentage.

(e) Forced Evacuation of Storage.

If water stored by B.C. Hydro, Bonneville, or the Participants in any non-Treaty Storage Account must be evacuated for any of the reasons set forth in Section 9 of Exhibit A, each Participant shall have the obligations of Bonneville insofar as such obligations apply to the Participant's Projects or water in any Participant's Storage Account(s).

(f) Payment of Storage Service Charges.

If B.C. Hydro releases water from the B.C. Hydro Mica Treaty Storage Account or the B.C. Hydro Arrow Treaty Storage Account or transfers water from such accounts to another Storage Account, then B.C. Hydro is obligated to pay Bonneville pursuant to Section 12(b) of Exhibit A a service charge for each kilowatthour of energy generated in the United States and returned to B.C. Hydro or the energy equivalent of the water so

transferred. When B.C. Hydro releases or transfers any such water, Bonneville shall disburse to each Participant its share of the payments BPA receives from B.C. Hydro as payment of service charges pursuant to Section 12(b) of Exhibit A. Each Participant's share shall be based on the hours and amounts of energy produced at each Participant's Projects and delivered to Bonneville in the case water is released, or the ratio of the water-to-energy conversion factor of each Participant to the total water-to-energy conversion factor of Downstream U.S. Projects in the case water is transferred. Bonneville shall make such disbursement on or before the thirtieth day after Bonneville receives such payments from B.C. Hydro.

If a Participant releases water from the BPA Mica Treaty Storage Account or transfers water from such account to another Storage Account, then it shall pay to Bonneville the service charges which Bonneville is obligated to pay to B.C. Hydro pursuant to Section 12(a) of Exhibit A for each kilowatthour of energy generated at B.C. Projects and returned to Bonneville or the energy equivalent of the water so transferred. The Participant or Participants so releasing or transferring water shall pay Bonneville the amount Bonneville owes B.C. Hydro, pursuant to Section 12(a) of Exhibit A, 5 days before the date Bonneville's payment to B.C. Hydro is due.

(g) Assignment of a Participant's Rights and Obligations.

A Participant may assign its rights and obligations under this Agreement to one or more Participants or to Bonneville; provided however, that a Participant may not assign its Section 11(c) Release and Discharge obligation. Any assignment agreement must provide that the assignor and assignee(s) shall make turbine capacity or equivalent generating capacity available to meet the power production requirements of this Agreement as though no assignment had occurred. Such assignments must be in writing, shall be effective for a term of not less than 1 year, and shall

not take effect until 30 days after such written notice. Bonneville shall revise Exhibit C to reflect each change in respective Assured Shares resulting from such assignments.

8. Priority of Use of Facilities.

(a) Priority of the Columbia River Treaty.

The use of Treaty storage space and the use of all other facilities at Mica and Arrow and Bonneville's Projects and Mid-Columbia Projects to fulfill the requirements of the Treaty shall receive priority over all uses provided for in this Agreement.

(b) Generating Facilities.

(1) Priority Between This and Other Agreements.

The Delivering Party shall have the right to determine which requests can be met between requests under this Agreement and other conflicting third party requests for use of its generating facilities. The Delivering Party shall make reasonable efforts to return energy hereunder; however, the Delivering Party shall not be obligated to return energy at a rate of delivery in excess of the generating capacity of the units at its projects which it determines is available for that purpose, or to operate its system in such a manner as to adversely affect its sales to utilities or service to its customers.

(2) Generating Unit Availability.

The Delivering Party shall make reasonable efforts to have generating capacity available for the purpose of converting water releases to energy and thereby avoiding spill of water released pursuant to this Agreement and Exhibit A. If it appears that such water releases may be spilled due to lack of available generating capacities, the Receiving

Party shall give the Delivering Party as much notice of the release of stored water as practicable, and the Delivering Party shall give the Receiving Party as much notice of the nonavailability of generating units as practicable.

(3) Hourly Shaping of Energy Deliveries.

(A) The Delivering Party shall make reasonable efforts to deliver energy pursuant to Sections 5(b), 5(c), 6(a), or 6(b) at a uniform hourly rate within each day, and the Receiving Party shall make reasonable efforts to accept such energy at such hourly rate.

(B) If, after making reasonable efforts, deliveries are made at less than the uniform hourly rate during Heavy Load Hours because the Delivering Party is unable to make deliveries at such rate and the Receiving Party has determined that it can accept deliveries at the hourly rates determined by the Delivering Party, then the Receiving Party may, but shall not be obligated to, record the megawatthour (MWh) amounts by which the deliveries during Heavy Load Hours are less than the uniform hourly rate for such day in an account maintained for this purpose (Delivering Party's Uniform Delivery Deficit Account). To the extent of any existing balances in the original Delivering Party's Uniform Delivery Deficit Account, the original Receiving Party may, notwithstanding the reasonable efforts obligation set forth above, elect on any day during which it will be delivering energy to the original Delivering Party pursuant to Sections 5(b), 5(c), 6(a), or 6(b) to deliver such energy to the original Delivering Party at hourly rates which are less during the Heavy Load Hours and greater during other hours of the day than the uniform hourly rate for such day. The extent to which such deliveries are

less than the uniform hourly amount during Heavy Load Hours shall be accounted for as reductions in the balance in the original Delivering Party's Uniform Delivery Deficit Account.

(C) The Parties may, from time to time, agree to reduce or eliminate the balance in a Uniform Delivery Deficit Account for other considerations.

(D) If the Receiving Party cannot use energy delivered pursuant to Section 5(b) or Section 6(a) at a uniform rate, it may request hourly deliveries in an hourly shape other than uniform and the Delivering Party shall make reasonable efforts to meet such request. Both Parties may agree to non-uniform energy deliveries which are not recorded in the Uniform Delivery Deficit Account. Energy which the Delivering Party is unable to deliver in an hourly shape requested by the Receiving Party shall be delivered at other times and rates as agreed by the Parties.

(4) Spill at Projects.

The Delivering Party shall make reasonable efforts to avoid spill of water released hereunder due to flows in excess of available generating capacities and shall notify the Receiving Party as soon as practicable if it appears likely that water released under this Agreement will be spilled due to lack of available generating capacities.

(5) Determination of Usability.

Except as provided in Sections 7(a) and 7(b), if both storing and releasing occur concurrently when a project is near turbine capacity, then the storing transaction will be examined first based on the actual flow value, and the releasing transaction will be examined second based on the

actual flow value increased by the storing transaction. The determination of usability is further clarified in Exhibit E.

9. Scheduling.

Schedules for delivery and return of energy hereunder shall be effective at the Points of Interconnection between Bonneville and the Participants described in Exhibit D, with no transmission losses being assessed either Party as a result of these transactions.

Notwithstanding any other provision of this Agreement, all schedules for delivery or return of energy hereunder shall be limited to available transmission capacity.

Schedules of water changes and energy deliveries shall be completed by Bonneville and each Participant each Workday for each hour of the following day or days through the following Workday unless otherwise agreed.

The Parties shall submit estimates of water changes and energy deliveries and final schedules of water changes and energy deliveries by the times set forth in Exhibit E.

At the request of either Bonneville or any Participant, every other Party shall supply to the requesting Party within 24 hours of such request its best estimate of the daily amounts of water which it expects to store or release under this Agreement for the next ten days.

10. Mica Head Losses.

Each Participant shall schedule energy deliveries to Bonneville simultaneously with Bonneville's deliveries to B.C. Hydro in satisfaction of energy generation losses at Mica pursuant to Section 13 of Exhibit A. The amounts, if any, of such scheduled energy deliveries to Bonneville shall be determined daily as follows:

$$HLE_p = HLE_{BPA} \frac{W_p}{W_{BPA}}$$

Where: HLE_p is the head loss energy in MWh due as compensation from each Participant;

HLE_{BPA} is the head loss energy in MWh allocated to Bonneville for such day pursuant to Section 13 of Exhibit A;

W_p is the amount of water, if any, in ksf by which the balance in each Participant's Active Storage Account plus such Participant's Exempted Amount is less than such Participant's Assured Share at 2400 hours on such day; and

W_{BPA} is the amount of water, if any, in ksf by which the balance in Bonneville's Active Storage Account maintained under Exhibit A plus the total Exempted Amounts of all Parties is less than 1134.376 ksf at 2400 hours on such day.

Each Participant shall deliver to Bonneville the amount of head loss energy so determined at a uniform hourly rate each day.

11. Initial Filling of New B.C. Projects, Refill of Active Storage Space, and Release and Discharge of Claims.

(a) Initial Filling of New B.C. Projects.

Each Participant shall share in any obligation Bonneville incurs pursuant to Section 14(a) of Exhibit A to initially fill certain new B.C. Hydro projects. The amount of this share shall be Bonneville's obligation pursuant to Section 14(a) of this Agreement times each Participant's then applicable Assured Percentage. Terms for such initial filling shall be as described for Bonneville in Section 14(a) of Exhibit A.

(b) Refill of Active Storage Space.

Beginning on the earliest of the Initial Termination Date of Exhibit A, the date a Participant withdraws from this Agreement pursuant to Section 2(c), or the date Bonneville terminates this Agreement pursuant to Section 2(d), each Participant shall have an obligation to refill into Mica within seven years after such date the amount by which the balance in such Participant's Active Storage Account on such date is less than its Assured Share on such date. Terms for such refilling shall be as described for Bonneville in Section 14(b) of Exhibit A.

(c) Release and Discharge of Claims.

Each Participant hereby

- (1) authorizes Bonneville on the Participant's behalf to release and discharge B.C. Hydro, pursuant to Section 14(d) of Exhibit A, from any claim which may be asserted by the Participant against B.C. Hydro arising from B.C. Hydro's filling of Inactive Storage Space in a B.C. Hydro Storage Reservoir to the extent such filling is accomplished pursuant to and in accordance with Exhibit A; and
- (2) to the extent permitted by law, releases and discharges Bonneville from any claim which may be asserted under this Agreement by the Participant against Bonneville arising from Bonneville's performance of its obligations under Exhibit A.

12. Force Majeure.

If any Party is prevented or delayed in performing any obligation under this Agreement by any cause the specific or particular occurrence of which it at the time of signing this Agreement has had no reason to anticipate and which is beyond its reasonable control, performance by that Party of such obligation shall be excused to the extent that it is so prevented or delayed until such cause has been

removed or overcome. To the extent that such causes are beyond the reasonable control of such Party, those causes shall include, without limiting the generality of the foregoing, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and the act or failure to act by a court, administrative authority or other lawful authority; but such causes shall not include lack of financial means.

A Party excused under this Section from performance of any obligation, or reasonably anticipating that it will be so excused, shall give notice to that effect promptly to all other Parties and shall make all reasonable efforts to remove or overcome the cause of the prevention or delay as soon as is practicable.

13. NTSA Committee.

The NTSA Committee shall have four members, two of whom shall be appointed by Bonneville and two of whom shall be appointed by the Participants collectively. The Participants shall appoint their members in a manner of their choosing and shall notify Bonneville in writing of their initial appointments, together with any changes made in such appointments during the term hereof. Bonneville's members shall be the same as its members of the Operating Committee established pursuant to Section 16 of Exhibit A. The Parties intend that the NTSA Committee and the Operating Committee established pursuant to Section 16 of Exhibit A shall meet together, exclusively, and that any actions taken by said committees shall be consistent between them.

(a) Meetings.

The NTSA Committee shall confer regularly and shall meet at least twice each year; once prior to data submittals normally made February 1 under the Coordination Agreement and once prior to the Contract Year. In addition, the NTSA Committee shall meet promptly at the request of any member. Bonneville shall notify B.C. Hydro of any such request and shall notify the

NTSA Committee of any request made by B.C. Hydro for a meeting of the Operating Committee established under Section 16 of Exhibit A.

(b) Purpose.

The NTSA Committee shall review and document various operating issues including, but not limited to:

- (1) power scheduling procedures,
- (2) methods of calculating the amounts of energy which can be, or would have been, produced by water stored or released as described in Sections 5 and 6,
- (3) operating plans, and
- (4) planned maintenance of transmission and generating facilities used in the implementation of this Agreement.

(c) Scope of Authority.

- (1) The NTSA Committee shall provide a forum for discussing problems which may arise from time to time in the implementation of this Agreement and shall attempt in good faith to propose resolutions of any disputes in a manner consistent with this Agreement.
- (2) The NTSA Committee shall review Exhibit E from time to time and may publish and distribute recommended revisions of Exhibit E to all the Parties, as provided in Section 3(d).
- (3) The NTSA Committee may recommend to the Parties amendments to this Agreement.

14. Use of Non-Treaty Storage as a Firm Resource.

(a) Until January 1, 1998, Bonneville shall allow each Participant one opportunity to add the firm energy capability resulting from operations under this Agreement to its Firm Resources Exhibit, Exhibit I to its power sales contract with Bonneville, as amended or replaced.

(1) The Participant shall notify Bonneville of such addition in writing by the January 1 prior to the Contract Year for which the addition will become effective.

(2) The amount of firm energy capability resulting from Non-Treaty Storage shall be determined in a manner consistent with accepted practices under the Coordination Agreement.

(3) After January 1, 1998, the Participant may add or remove firm energy capability resulting from Non-Treaty Storage from its Firm Resources Exhibit pursuant to the terms specified in its power sales contract with Bonneville.

(b) If for any reason the Participant ceases to be a Party to this Agreement, any firm energy capability in its Firm Resources Exhibit resulting from Non-Treaty Storage shall be removed coincidental with such Participant's withdrawal from or other termination of this Agreement. All notice periods to cease participation in this Agreement and to remove from the Participant's Firm Resources Exhibit any firm energy capability resulting from Non-Treaty Storage shall apply, unless otherwise agreed by Bonneville and the Participant.

(c) If the Participant has added firm energy capability resulting from Non-Treaty Storage to its Firm Resources Exhibit pursuant to Section 14(a) above, and if the Participant files an annual Assured Capability Exhibit, Exhibit J to its power sales

contract with Bonneville, then the monthly amounts of firm energy capability associated with Non-Treaty Storage shall be identified in the Assured Capability Exhibit and shall be determined pursuant to Section 14(a)(2) above.

- (d) Except as specifically provided herein, the provisions of this Section 14 do not change or affect provisions of the Participant's power sales contract with Bonneville, as amended or replaced which are associated with Firm Resources or Assured Capability.

15. Mediation.

If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled by the NTSA Committee or through other negotiation, the Parties agree first to try in good faith to settle the dispute by mediation under the

Commercial Mediation Rules of the American Arbitration Association, before resorting to litigation or some other dispute resolution procedure.

IN WITNESS WHEREOF, the Parties have executed this Agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By /S/ JAMES J. JURA
Administrator

Effective at 2400 hours on
March 19, 1991

(PARTICIPANT)

By /S/ EDWARD J. GORMLEY
Title Mayor
Date 7/3/91
Approved 6-26-91

ATTEST:

By /S/ DELORES LAND
Title Clerk of Commission
Date 7-3-91
Approved 6-26-91

(VS6-PMC-+200)

PARTICIPANTS' PROJECT SHARES (Percent)					
Utility	(1) Wells	(2) Rocky Reach	(3) Rock Island	(4) Wanapum	(5) Priest Rapids
Chelan	0.00	15.13	11.16	0.00	0.00
Colockum	0.00	23.00	0.00	0.00	0.00
Cowlitz	0.00	0.00	0.00	2.70	2.00
Douglas	22.60	2.77	0.00	0.00	0.00
Eugene	0.00	0.00	0.00	2.30	1.70
Forest Grove ^{1/}	0.00	0.00	0.00	0.70	0.50
Grant	0.00	0.00	0.00	36.50	36.50
Kittitas ^{1/}	0.00	0.00	0.00	0.00	0.40
McMinnville ^{1/}	0.00	0.00	0.00	0.70	0.50
Milton-Freewater ^{1/}	0.00	0.00	0.00	0.70	0.50
Okanogan ^{1/}	14.00	0.00	0.00	0.00	0.00
Seattle	0.00	0.00	0.00	0.00	8.00
Tacoma	0.00	0.00	0.00	0.00	8.00
Participants' totals	36.60	40.90	11.16	43.60	58.10
Non-Participating utilities	63.40	59.10	88.84	56.40	41.90
Mid-Columbia totals	100.00	100.00	100.00	100.00	100.00

^{1/} These utilities' shares have been exchanged to Bonneville pursuant to their service and exchange agreements with Bonneville.

PARTICIPANTS' WATER-TO-ENERGY CONVERSION FACTORS (kW/cfs)

Utility	(1) Wells	(2) Rocky Reach	(3) Rock Island	(4) Wanapum	(5) Priest Rapids	(6) Utility Total
Chelan	0.00000	1.00751	0.32071	0.00000	0.00000	1.32822
Colockum	0.00000	1.53157	0.00000	0.00000	0.00000	1.53157
Cowlitz	0.00000	0.00000	0.00000	0.14040	0.11600	0.25640
Douglas	1.01700	0.18445	0.00000	0.00000	0.00000	1.20145
Eugene	0.00000	0.00000	0.00000	0.11960	0.09860	0.21820
Forest Grove ^{1/}	0.00000	0.00000	0.00000	0.03640	0.02900	0.06540
Grant	0.00000	0.00000	0.00000	1.89800	2.11700	4.01500
Kittitas ^{1/}	0.00000	0.00000	0.00000	0.00000	0.02320	0.02320
McMinnville ^{1/}	0.00000	0.00000	0.00000	0.03640	0.02900	0.06540
Milton-Freewater ^{1/}	0.00000	0.00000	0.00000	0.03640	0.02900	0.06540
Okanogan ^{1/}	0.63000	0.00000	0.00000	0.00000	0.00000	0.63000
Seattle	0.00000	0.00000	0.00000	0.00000	0.46400	0.46400
Tacoma	0.00000	0.00000	0.00000	0.00000	0.46400	0.46400
Participants' totals	1.64700	2.72353	0.32071	2.26720	3.36980	10.32824
Non-participating utilities	2.85300	3.93547	2.55229	2.93280	2.43020	14.70376
Mid-Columbia totals	4.50000	6.65900	2.87300	5.20000	5.80000	25.03200

^{1/} These utilities' shares have been exchanged to Bonneville pursuant to their services and exchange agreements with Bonneville.

(VS6-PMC-+200)

Exhibit C, Page 1 of 1
 Contract No. DE-MS79-91BP92785
 Effective at 2400 hours on
 March 19, 1991

BONNEVILLE'S AND PARTICIPANTS'
 ASSURED SHARES AND ASSURED PERCENTAGES

Party	(1) Assured Shares, ksfd	(2) Assured Percentage	(3) Exempted Amount
Bonneville	1026.334	90.4757	468.780
Chelan	13.894	1.2248	4.551
Colockum	16.022	1.4124	5.248
Cowlitz	2.682	0.2364	0.878
Douglas	12.568	1.1079	4.116
Eugene	2.283	0.2012	0.748
Forest Grove	0.684	0.0603	0.224
Grant	42.000	3.7025	13.756
Kittitas	0.243	0.0214	0.079
McMinnville	0.684	0.0603	0.224
Milton-Freewater	0.684	0.0603	0.224
Okanogan	6.590	0.5810	2.159
Seattle	4.854	0.4279	1.590
Tacoma	4.854	0.4279	1.590
Totals	1134.376	100.0000	504.167

WATER-TO-ENERGY CONVERSION FACTORS
 OF B.C. PROJECTS AND BONNEVILLE'S PROJECTS

<u>B.C. Projects</u>	<u>kW/cfs</u>	<u>Bonneville's Projects</u>	<u>kW/cfs</u>
Mica	43.00	Grand Coulee	23.50
Revelstoke	32.10	Chief Joseph	14.30
TOTAL	75.10	McNary	5.39
		John Day	7.73
		The Dalles	6.20
		Bonneville	4.60
		TOTAL	61.72

(VS6-PMC-+200)

Points of Interconnection

1. Subject to the exceptions listed below, scheduling of energy between Bonneville and each Participant pursuant to Section 9 of this Agreement shall be at one or more of the system points of delivery listed in the following contracts, as such contracts may be amended or replaced:

<u>Utility</u>	<u>Utility's Power Sales or Exchange Contract With Bonneville (Contract Number)</u>
Chelan	DE-MS79-81BP90487
Colockum	14-03-83061
Cowlitz	DE-MS79-81BP90493
Douglas	DE-MS79-81BP90494
Eugene	DE-MS79-81BP90456
Forest Grove	DE-MS79-81BP90445
Grant	DE-MS79-81BP90498
Kittitas	DE-MS79-81BP90501
McMinnville	DE-MS79-81BP90448
Milton-Freewater	DE-MS79-81BP90459
Okanogan	DE-MS79-81BP90507
Seattle	DE-MS79-81BP90460
Tacoma	DE-MS79-81BP90455

2. Schedules for Colockum shall be arranged through Chelan and shall be subject to Section 18 and Exhibit E of Chelan's power sales contract with Bonneville.
3. Deliveries scheduled under this Agreement shall not be made to any points that are extra-regional interconnections.

(VS6-PMC-+200)

Non-Treaty Storage Agreement (NTSA)
Scheduling Guidelines

These Scheduling Guidelines are intended as a guide to the individuals actually scheduling NTSA transactions on a daily basis. They are intended to clarify how the scheduling is to be done and provide some details not specified in this Agreement or the NTS Agreement. These guidelines shall be updated as needed by the Operating Committee pursuant to Section 3(d) of this Agreement.

1. Definitions.

"Deviation Account" is an account in MWh kept daily by Bonneville which shall record any differences between the amount of NTSA energy which should have been delivered and the amount which was delivered between Bonneville and each NTSA Party.

"NTSA Party" shall refer to B.C. Hydro or any U.S. Party.

"Pro Rata" shall refer to an allocation based on each U.S. Party's Assured Percentage.

"Releasing NTSA Party" shall mean any NTSA Party requesting that water be released from non-Treaty space.

"Storing NTSA Party" shall mean any NTSA Party requesting that water be stored into non-Treaty space.

"U.S. Party" shall refer to Bonneville or any Participant that signs this Agreement.

All other terms shall have the same meaning as set forth in this Agreement.

2. General Procedures.

A. The NTSA Parties shall inform each other when any changes in operation of NTSA occur or are expected to occur and shall confer so that all NTSA Parties will be aware of any expected limitations, spill, etc., and have an estimate of what the total NTSA release or store transactions are expected to be.

B. All NTSA Parties shall then notify Bonneville of their desired NTSA requests for store or release transactions for the preschedule day or days. Bonneville shall prepare schedules, allocating any limited ability to store or release pursuant to Section 4(A) of this

Exhibit E, while attempting to reduce any Deviation Account balances. To keep the number of schedules manageable, each Participant and B.C. Hydro shall schedule only with Bonneville. The release or store amounts, schedules, and associated information will then be made available to all NTSA Parties. This is completed the day before a NTSA transaction, and is referred to herein as the "pre-schedule phase."

- C. No real-time changes will be made unless mutually agreed.
- D. The "after-the-fact phase" of NTSA will normally occur on the first Workday after the water has been stored or released. The first step will be to determine the H/K's (water/energy conversion factor) for each plant, Mica through Bonneville, as determined in Section 7 of this Exhibit E. Next, the usability of any water stored or released will be determined. This data along with each NTSA Party's request in cfs allows the calculation of the energy owed by (or to) each NTSA Party. The energy owed by (or to) each NTSA Party is then compared with the scheduled energy delivered for that day as a result of the pre-schedule phase NTSA calculations and any differences are added to the Deviation Account. The head losses will also be calculated after-the-fact and added to the Deviation Account. The storage balances for each NTSA Party shall be adjusted daily by Bonneville to reflect any storage or release transactions made by said NTSA Party. Bonneville will maintain and update all accounts associated with NTS and make the status of these accounts together with information used to calculate account balances available to the other NTSA Parties.

3. Scheduling Notification Time.

If there is a request for NTSA operations, or a change in NTSA operating criteria, a conference call shall be initiated by Bonneville prior to 0830 on the pre-schedule day. The NTSA Parties to such a call shall be a B.C. Hydro representative, a Bonneville representative, and two representatives from the Participants. In the conference call each NTSA Party shall inform the others of any limitations on the use of NTSA, any expected spill, estimated store and release transactions, shaping needs and any other pertinent data relating to NTSA. The Participant representatives shall be responsible for informing the rest of the Participants of any information communicated in such a conference call. All NTSA Parties are to make their requests, including shaping information, to Bonneville by 0900 each morning. No requests shall be accepted later than this time. Pursuant to Section 4(A) of this Exhibit E, Bonneville shall allocate the requests, if necessary, and produce final schedules for each utility by 0930. It is expected that the Bonneville Scheduling Office will have a computer program to do the

allocations and generate the schedules and a modem to receive requests from and to transmit the schedules to all NTSA Parties. Any times specified in this Section may be modified if mutually agreed.

4. Determination of Requests under Exhibit A.

Subject to the adjustments of requests hereinafter provided, the request made by Bonneville for storage or release in each Storage Account pursuant to Exhibit A will be the algebraic sum of the requests made by all U.S. Parties in each such Storage Account.

A. Allocation of Flow Limitations.

If requests for storage or release are limited by B.C. Hydro pursuant to Section 5 of Exhibit A or by Bonneville pursuant to Section 4 of Exhibit A, the limit will apply to all NTSA Parties. The requests of all NTSA Parties as adjusted by this Section 4(A) shall be the requests for storage or release referenced by all subsequent Sections of this Exhibit E.

(1) Storing.

NTSA Parties whose NTSA storage balance is less than their Assured Percentage times $\frac{1}{2}$ the space for such account will have their requests to store granted up to their Assured Percentage times $\frac{1}{2}$ the space for such account prior to granting the requests to store of NTSA Parties whose Assured Percentage times $\frac{1}{2}$ the space for such account is already full (B.C. Hydro is deemed to have an "Assured Percentage" equal to one hundred percent for this purpose).

If the total of the request by B.C. Hydro and the net requests of all the U.S. Parties to store into NTSA exceeds the amount by which the outflow may be reduced, the total request shall be reduced first by reducing the larger of the two requests by up to the amount it exceeds the smaller request and then by reducing each request by equal amounts until the total of the requests does not exceed the amount by which the outflow may be reduced.

The U.S. share of the amount by which the outflow may be reduced shall then be divided Pro Rata among the U.S. Parties requesting to store. If any U.S. Party desires to store less than its Pro Rata share, the unused portion of its Pro Rata share shall be allocated Pro Rata to the remaining U.S. Parties up to the amount of their requests. This allocation parallels the

NTS Agreement, but it is much easier to state it this way since the U.S. Parties have Assured Shares of different sizes.

(2) Releasing.

If the total of the request by B.C. Hydro and the net requests of the U.S. Parties to release from NTSA exceeds the amount by which the outflow may be increased, the total request shall be reduced first by reducing the larger of the two requests by up to the amount it exceeds the smaller request and then by reducing each request by equal amounts, until the total of the requests does not exceed the allowable outflow increase.

The U.S. share of the allowable outflow increase will be divided Pro Rata among the U.S. Parties. If any U.S. Party desires to release less than its Pro Rata share, the unused portion of its Pro Rata share shall be allocated Pro Rata to the remaining U.S. Parties up to the amount of their requests.

If the total of the request by B.C. Hydro and the net requests of the U.S. Parties to release from NTSA exceeds the available generating capacity (amount by which the outflow may be increased without causing spill), the amount of releases which will be generated will be based on reducing the larger request by up to the amount it exceeds the smaller request and then by reducing each request by equal amounts until the total of the requests does not exceed the available generating capacity. The U.S. share of the available generating capacity (Canadian and U.S.) will be divided Pro Rata among the U.S. Parties requesting to release. If any U.S. Party desires to release less than its Pro Rata share, the unused portion of its Pro Rata share shall be allocated Pro Rata to the remaining U.S. Parties up to the amount of their requests. Any NTSA Parties desiring to release in excess of their share may do so, however, additional release requests greater than their share as determined above will be the first increment of spill at any project.

(3) Concurrent Storing and Releasing.

If one or more NTSA Parties request that NTSA water be stored on a day, and others request that NTSA water be released on the same day, and the total of all requests exceeds no limitation, all requests shall be granted.

If the total of all requests does exceed a limitation, and if B.C. Hydro's request and the net of all the U.S. Parties' requests are in the same direction, the larger of the two requests shall be reduced by up to the amount it exceeds the

smaller, and thereafter both requests shall be reduced equally. If, however, B.C. Hydro's request and the net of all the U.S. Parties' requests are in opposite directions, the request in the direction opposing the limitation shall be granted in full, and the request in the direction of the limitation shall be granted up to the total of the limited amount plus the amount of the request in the direction opposing the limitation.

To allocate the U.S. share, first all requests opposing the limitation are granted, then the sum of the U.S. share determined above plus any requests in the direction opposing the limitation shall be allocated Pro Rata among the U.S. Parties requesting a transaction in the direction of the limitation. If any U.S. Party's request is smaller than the allocation received, the excess allocation shall be allocated Pro Rata among the other U.S. Parties.

B. Allocation of the 1991 2 MAF Limitation.

Pursuant to the Operating Guidelines of the Bonneville/CBFWA Agreement, only 2.0 million acre-feet (MAF) is allowed to be filled into non-Treaty storage from June 16 through August 31, 1991. If at 2400 hours on June 15, 1991, the remaining, empty, non-Treaty storage space is less than 2.0 MAF, no special rules will apply. If on such date the remaining empty non-Treaty storage space is greater than 2.0 MAF, the 2.0 MAF shall be allocated equally between the U.S. and B.C. Hydro. However, if either the U.S. or B.C. Hydro's Mica Active content plus its allocation of the 2.0 MAF exceeds 2.25 MAF (deemed to be B.C. Hydro's "Assured Share" for purposes of this Section only), such excess shall be allocated to the other. The allocation the U.S. receives through this process shall be allocated Pro Rata among the U.S. Parties; provided, however, that if any U.S. Party's Mica Active storage content plus allocation exceeds its Assured Share, such excess shall be allocated Pro Rata to the other U.S. Parties, up to their Assured Shares. This process produces for each NTSA Party, a "maximum content" which will be the lesser of the normal Assured Share, or the sum of such NTSA Party's Mica Active content on June 15, 1991, plus their allocation of the 2.0 MAF. These "maximum contents" shall be deemed to be the new Assured Shares June 16 - August 31, 1991, only for the purpose of determining rate of storing when limited and, once the 2.0 MAF has been filled, for displacement. Storage after June 15 in other NTSA Accounts will be treated as if such storage had been in Mica Active for this limitation.

C. Fractional kcfs.

Although B.C. Hydro is able to accept requests under Exhibit A for storage or release only in increments of whole kcfs, Bonneville agrees to accept requests for storage and release from the Participants expressed in cfs.

If requests have been allocated because of a flow limitation, as provided in Section 4(A) above, no further adjustment is necessary, because all flow limitations are expressed in whole kcfs. If, however, further adjustment is necessary:

- (1) If possible, and to the extent it creates no hardship for Bonneville in its sole determination, Bonneville agrees to adjust its request for storage or release under this Agreement so as to adjust its request under Exhibit A to an amount which may be requested from B.C. Hydro, or
- (2) Otherwise, Bonneville shall accumulate requests for storage or release under Exhibit A, until such requests total an amount which may be requested from B.C. Hydro. At no time shall the total of the accumulated requests exceed 1 ksfd.

5. Deliveries of Energy.

The amount of energy to be delivered between Bonneville and each other NTSA Party during any day shall be determined, algebraically, as the Party's Requested Energy less the Party's Generation Energy plus any adjustment in the Deviation Account, where:

- A. B.C. Hydro's Requested Energy is the increase or decrease of energy which B.C. Hydro's request for storage or release is estimated to produce at B.C. Projects and Downstream U.S. Projects, and a U.S. Party's Requested Energy is the increase or decrease of energy which such U.S. Party's request for storage or release is estimated to produce at B.C. Projects, Bonneville's Projects, and the Mid-Columbia Projects, with an increase of energy considered a positive quantity and a decrease of energy considered a negative quantity, and
- B. Party's Generation Energy is the increase or decrease of such NTSA Party's energy generation which is estimated, to be produced by the net change of flow in the Columbia River across the U.S./Canadian border made pursuant to Exhibit A, with an increase of energy considered a positive quantity and a decrease of energy considered a negative quantity.

A positive result of such determination indicates a delivery by Bonneville to the other NTSA Party, and a negative result indicates a delivery by the other NTSA Party to Bonneville.

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Mid-Columbia Participants
Effective at 2400 hours on
March 19, 1991

6. Realization and Entrapment.

It is assumed that the daily change of flow in the Columbia River at the U.S.-Canadian border resulting from operations pursuant to this Agreement and Exhibit A will result in a substantially equal and concurrent change of flow downstream of the Chief Joseph project. However, it is recognized that NTSA flow changes may not be realized as assumed. Also, to date, no Party has found a workable method for determining when the water is not realized as assumed. To accommodate concerns arising from the water realization issue, the U.S. Parties agree that its following methodology will be applied. To the extent that new conditions or improved methodologies are found, the Parties recognize that Scheduling Guidelines may be modified.

A. Bonneville shall create for each Participant a Realization Account, the maximum positive or negative balance of which shall be equal to 15 ksfd multiplied by said Participant's H/K.

- (1) If a Participant feels an NTSA release will be entrapped, Bonneville shall accept requests until 11 a.m. of the pre-schedule day for the delivery of energy from Bonneville to the Participant from this Realization Account. Said request shall be no larger than the Participant's net energy obligation for NTSA transactions. The Realization Account cannot be spilled and the energy shall be returned to Bonneville on the seventh day from the day of delivery, or as mutually agreed by Bonneville and said Participant. If the above conditions for energy deliveries from the Realization Account are met, a Participant may receive energy from the account while simultaneously returning energy received 7 days previously. All deliveries to and from this account shall be at uniform hourly rates for each day (flat schedules).
- (2) If a Participant feels an NTSA storing transaction will not result in a reduction of flow downstream of Grand Coulee, Bonneville shall accept requests until 11 a.m. of the pre-schedule day for the delivery of energy from the Participant to Bonneville into the Realization Account. Said request shall be no larger than the Participant's net energy obligation for NTSA transactions. The Realization Account cannot be spilled and the energy shall be returned to the Participant on the seventh day from the day of delivery, or as mutually agreed by Bonneville and said Participant. If the above conditions for energy deliveries to the Realization Account are met, a Participant may deliver energy to the account while simultaneously receiving energy delivered 7 days previously. All deliveries to and from this account shall be flat schedules.

B. There are also periods when Bonneville may knowingly not realize NTSA flow changes downstream of Grand Coulee. For this reason, Bonneville shall create and maintain for each Participant an Entrapment Account, expressed in MWh, which may be used to the extent desired by the Participant as follows:

- (1) If, at any time, Bonneville determines that non-Treaty water being released will not increase the flow to the Participants concurrently, Bonneville shall inform them. Bonneville shall deliver to the Releasing NTSA Party all energy owed by the Participants for such entrapped NTSA releases and the energy will be logged in the Entrapment Account. A Participant may make energy deliveries to prevent the Entrapment Account balance from increasing during the period when Bonneville is entrapping water, however, on any day such deliveries shall not exceed the energy owed for the NTSA release on that day. When Bonneville determines it is no longer entrapping NTSA water at Grand Coulee, each Participant shall return the energy to Bonneville at a rate of 5 ksfd/day times said Participant's H/K, or as mutually agreed. The Receiving Party may record deviations from flat schedules in the Uniform Delivery Deficit Accounts.
- (2) If, at any time, Bonneville determines that non-Treaty water being stored will not reduce the flow to the Participants concurrently, Bonneville shall inform them. Bonneville shall accept from the Storing NTSA Party all energy owed to the Participants for such non-realized NTSA flow reductions and the energy shall be logged in the Entrapment Account. A Participant may accept energy deliveries to prevent the Entrapment Account balance from increasing during the period when Bonneville is not realizing NTSA flows, however, on any day such deliveries shall not exceed the energy owed for the NTSA storage on that day. When Bonneville determines the flows downstream of Grand Coulee are no longer not being reduced, Bonneville shall deliver the energy to each Participant at a rate of 5 ksfd/day times said Participant's H/K, or as mutually agreed. The Receiving Party may record deviations from flat schedules in the Uniform Delivery Deficit Accounts.

7. Usability.

The project owners shall use the following assumptions and methods to determine the usability of water during NTSA store and release operations and verify the results with Bonneville.

Determinations of usability will be based on actual flows that occurred, and non-Treaty storage will be assumed to have passed all projects on the

day of release, or to have reduced the flows at all projects on the day of storage.

The H/K's in Exhibit B of this Agreement will be used for Wells through Priest Rapids projects and actual, after-the-fact, day average H/K's will be used for all other projects in converting usable flow to energy.

Usability will be determined based on daily averages, provided however, that any affected NTSA Party may request the hourly operation be examined using the hourly guidelines included in portions of Sections (A) and (B) below.

A. Releasing.

The right of the Releasing NTSA Party to receive energy for NTSA releases shall not be reduced by spill to allow fish to bypass turbines, spill due to lack of load, or inadvertent spill when not utilizing all available, at-site, generating capacity.

For any hour during which a project spilled due to lack of available generating capacity and for which the spill for such hour was less than the NTSA release, the amount of the non-Treaty storage release spilled will be the amount of actual spill. If the actual spill was greater than the amount of the release, then the energy owed for the NTSA release for such hour will be set to zero and the total spill shall be reduced by the amount of the release for that hour. The previous hour will then be examined, comparing the remaining spill balance with the amount of the NTSA release plus any unused generating capacity. For any hour that the NTSA release plus the unused generating capacity was less than the remaining spill balance, no energy was owed and the remaining spill balance shall be reduced by the NTSA release plus the unused generating capacity. This process will be continued for each preceding hour until the NTSA release plus any unused generating capacity was greater than the spill. The full amount of energy will be owed for this hour. However, this process shall not be continued into the previous day. The final step is to calculate from the hourly determinations the day average NTSA release that was not spilled.

If several hours worth of spill occur, the last hour in the day that spill occurred will be examined first, and for any preceding hour that spill occurred, the amount of spill for that hour will be added to the remaining spill balance, prior to comparing the non-Treaty storage release plus turbine capacity with the remaining spill balance.

B. Storing.

The obligation of the Storing NTSA Party to deliver energy for NTSA Storage shall not be reduced by spill to allow fish to bypass turbines, or inadvertent spill when not utilizing all available at-site generating capacity.

If any actual spill occurs due to a lack of available generating capacity, no energy is owed to the project for any hour spill occurred and for all previous hours that the project remained at full load. Spill as a result of energy delivered for immediate spill shall be treated as turbine flow.

If a project ran full load during some hours without spilling and NTSA storage occurred, the project operation will be examined to determine if there was sufficient unused generating capacity available later in the day to have generated the water. This shall be accomplished by totaling the amount of non-Treaty storage stored each hour for all hours after full load was first reached and comparing this total with the idle usable generating capacity available later in the day. No energy is owed for any NTSA water stored which could not have been generated on later hours on that day. Energy is owed on any portion of the NTSA storage that could have been reasonably generated on later hours of the same day. A day-average value of the amount that would have been spilled will then be calculated.

A project generating at 95 percent of rated capacity on available units shall be considered at full load unless any hour's generation during a day is above that value, in which case such higher value will be deemed full load.

If a project spills water due to lack of load, that project will be owed no energy for any NTSA storage occurring for hours that such spill occurred, unless the spill was required to meet an hourly minimum flow requirement.

If both storing and releasing occur simultaneously when a project is near maximum generating capacity, the storing transaction will be examined first based on the actual flow. Then the releasing transaction will be examined, based on the actual flow increased by the storing transaction.

The above guidelines will be used unless both the delivering and receiving NTSA Parties agree that an exception should be made.

8. Allocations of Spill.

A. Reasoning.

NTSA Parties may request a small percentage of their non-Treaty storage purposely to assure that their release was not spilled. If another NTSA Party then requests a much larger percentage of its non-Treaty storage that does cause spill, the NTSA Party making the large percentage request should be responsible for the excess spill caused by their request. For this reason, the unspilled portion of a NTSA release is allocated equally between the U.S. and B.C. Hydro and the U.S. Parties will be divided Pro Rata among releasing U.S. Parties, which automatically assigns the spill to the NTSA Parties requesting the largest percentage of their non-Treaty storage. This allocation will be done based on the day average values resulting from the usability determination.

If two or more NTSA Parties are releasing and spill occurs, the determination of whose release was converted to energy and whose release was spilled will be determined as follows:

- (1) Using the Usability criteria, determine how much of the release was not spilled (i.e., was generated).
- (2) The generated portion of the release shall be allocated between B.C. Hydro and the U.S. If either party's release was smaller than their after-the-fact allocation of the generated portion, said party shall be owed energy for its entire release and all the remaining generated portion of the release shall be allocated to the other party up to the amount of their request. This language produces the same result as the language in the NTS Agreement, but is simpler to understand, particularly when the allocation is among NTSA Parties with various sized shares.
- (3) Allocate U.S. share of the generated portion Pro Rata among the U.S. Releasing Parties. If any U.S. Party's request is less than its Pro Rata share of the generated portion, the unused portion of its Pro Rata share shall be allocated Pro Rata to the remaining U.S. Parties up to the amount of their requests. Energy is only owed to each such Party for that portion of their release that was generated.

B. Allocations of Avoided Spill.

If two or more NTSA Parties are storing and as a result spill is avoided, the determination of whose storage reduced spill (no energy owed), and whose storage reduced usable flow (energy owed) will be determined as follows:

- (1) Using the Usability criteria, determine how much of the storing transaction reduced spill (spill which would have occurred, but did not as a result of a NTSA storage transaction, is referred to as avoided spill).
- (2) This avoided spill shall be allocated between B.C. Hydro and the U.S. by allocating the avoided spill equally between them. If either B.C. Hydro's or the net U.S.'s stored amount was smaller than their after-the-fact allocation of avoided spill, that Party shall owe no energy and the excess avoided spill shall be allocated to the other.
- (3) Allocate the U.S. share of the avoided spill Pro Rata among the U.S. Parties storing into non-Treaty storage space. Any U.S. Party whose storage allocation was smaller than its Pro Rata share of the avoided spill will owe no energy and the excess avoided spill it was allocated shall be allocated Pro Rata among the other U.S. Storing Parties up to the amount of their requests. Energy is only owed by each U.S. Party for that portion of their storage that was in excess of their share of avoided spill.

9. Deviation Accounts.

Bonneville will keep a Deviation Account for each NTSA Party. The Deviation Account will be used to keep track of differences between the scheduled energy transfers for NTSA transactions and the actual right or obligations to energy transfers. In addition energy owed to compensate for Mica head loss will also be included in this account. Each NTSA Party shall make an effort to keep the Deviation Account near zero. The Deviation Account balance shall be reduced to zero in four equal daily schedules, or as mutually agreeable upon the request of either NTSA Party. The balance in the Deviation Account shall be included along with the other after-the-fact data which will be made available to all NTSA Parties. Bonneville shall accept changes to the Deviation Accounts if such changes are agreed to by all affected NTSA Parties.

10. Uniform Delivery Deficit Account.

Bonneville will maintain a Uniform Delivery Deficit Account (UDDA) with each NTSA Party, and each NTSA Party will maintain a similar account with Bonneville. If the Receiving Party receives energy during Heavy Load Hours (HLH) from an NTSA Party at less than the uniform hourly rate, the Receiving Party may record the deficit HLH energy in its UDDA for such NTSA Party. The amount in MWh which may be recorded in each such account for each day is the amount, if any, by which 2/3's of the Delivering

Party's day total MWh delivery exceeds the total MWh delivered by such Delivering Party for hours ending 0700 through 2200. For each UDDA, the Hourly Shape Limit (the maximum hourly deficit HLH energy recorded therein since the UDDA was last zero) shall also be recorded. If, on any day, the original Receiving Party has a net NTSA schedule which is a delivery of energy to another NTSA Party, the original Receiving Party may shape such delivery out of the HLH; provided however, that the amount of such shaping used to reduce the UDDA balance with said NTSA Party may not exceed in any hour the Hourly Shape Limit for such UDDA. If the amount of energy shaped by the original Receiving Party out of HLH for delivery to said NTSA Party exceeds the balance in such original Receiving Party's UDDA or the Hourly Shape Limit for said NTSA Party, then said NTSA Party may record the excess in its UDDA account. In all cases, the original Receiving Party shall determine when to make deliveries to reduce its UDDA balances for any original Delivering Party. These accounts are intended to ensure that any deviation from uniform hourly delivery will only occur for good and substantial reason.

11. Change in Participant's Project Shares.

If there is a change in a Participant's Project Share, in addition to changes in Exhibits B and C, there shall be a transfer of storage water in Mica Active space pursuant to Section 7(c) of this Agreement. The Participant whose project share is reduced shall transfer a volume of storage water to the Participant whose project share increases in the amount its Assured Share is changed pursuant to Exhibit C. To the extent that a Participant is unable to make a transfer of said storage water due to an insufficient storage balance, the Participant shall incur obligations for head losses and to refill the space that is, in effect, "transferred empty," prior to any filling of its own remaining storage space. In any event, those spaces shall be filled within one year by the Participant from which the Storage Space was transferred.

12. Head Loss.

The Mica head loss energy owed by the U.S. is calculated pursuant to Section 13 of Exhibit A to this Agreement, and will be calculated daily. The amount of this total that is owed by each Participant shall be determined daily pursuant to Section 10 of this Agreement. The head losses owed by each Party shall be treated as daily adjustments to the Deviation Account of each Party.

(VS6-PMC-+200)

Provisions Required by Statute or Executive Order

1. Contract Work Hours and Safety Standards.

This contract, if and to the extent required by applicable law and if not otherwise exempted, is subject to the following provisions:

(a) Overtime Requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics, shall require or permit any laborer or mechanic in any workweek in which such worker is employed on such work to work in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times such worker's basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, as the case may be.

(b) Violation; Liability for Unpaid Wages; Liquidated Damages. In the event of any violation of the provisions of subsection (a), the contractor and any subcontractor responsible therefor shall be liable to any affected employee for such employee's unpaid wages. In addition, such contractor and subcontractor shall be liable to the Government for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of subsection (a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed in such work in excess of eight hours or in excess of such employee's standard workweek of 40 hours without payment of the overtime wages required by subsection (a) above.

(c) Withholding for Unpaid Wages and Liquidated Damages. Bonneville may withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in subsection (b) above.

(d) Subcontracts. The contractor shall insert in any subcontracts the clauses set forth in subsections (a) through (c) of this provision and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts which they may enter into, together with a clause requiring this insertion in any further subcontracts that may in turn be made.

(e) Records. The contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for 3 years from the completion of the contract.

2. Convict Labor. In connection with the performance of work under this contract, the contractor agrees, if and to the extent required by law and if

not otherwise exempted, not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965, (18 U.S.C. 4082(c)(2)) and Executive Order 11755, December 29, 1973.

3. Equal Opportunity. During the performance of this contract, if and to the extent required by applicable law and if not otherwise exempted, the contractor agrees as follows:

(a) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or other recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Bonneville setting forth the provisions of the Equal Opportunity clause.

(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applications will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The contractor will send to each labor union or representative of workers with which said contractor has a collective bargaining agreement or other contract or understanding, a notice, to be provided by Bonneville, advising the labor union or worker's representative of the contractor's commitments under the Equal Opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to said contractor's books, records, and accounts by Bonneville and the Secretary of Labor for purposes of investigations to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the contractor's noncompliance with the Equal Opportunity clause of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or

in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as Bonneville may direct as a means of enforcing such provisions including sanctions for noncompliance. In the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by Bonneville, the contractor may request the Government to enter into such litigation to protect the interests of the Government.

4. Interest of Member of Congress. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom. Nothing, however, herein contained shall be construed to extend to such contract if made with a corporation for its general benefit.

5. Additional Provisions. The contractor agrees to comply with the clauses for Government contracts contained in the following statutes, Executive Orders, and regulations to the extent applicable:

(a) the Rehabilitation Act of 1973, Public Law 93-112, as amended, and 41 CFR 60-741 (affirmative action for handicapped workers);

(b) the Vietnam Era Veterans Readjustment Assistance Act of 1974, Public Law 92-540, as amended, and 41 CFR 60-250 (affirmative action for disabled veterans and veterans of the Vietnam era);

(c) the Davis-Bacon Act, 40 U.S.C. 27b et seq, and 29 CFR 5 (required wage rates for public buildings and works);

(d) Executive Order 11625 and 41 CFR 1-1.1310-2 (utilization of minority business enterprises);

(e) the Small Business Act, as amended;

(f) Certification of Nonsegregated Facilities, 41 CFR 1-12.803-10.

(VS6-PMCE-+200)

Letter Agreement and Signators

Bonneville expects that one or more Participants may not be able procedurally to execute this Agreement prior to December 17, 1990, and thereby may desire to execute a letter agreement identical to the following example.

Mr. James J. Jura
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

Subject: Letter Agreement between the _____ and Bonneville Power Administration (Bonneville) respecting Bonneville Contract No. DE-MS79-91BP92785.

Dear Mr. Jura:

The referenced agreement between Bonneville and the Mid-Columbia Participants (MCP) relates to the filling, operation, and refilling of Federal and Canadian, Columbia River Non-Treaty Storage. It is a companion agreement to the Non-Treaty Storage Agreement, DE-MS79-90BP92754, executed on July 9, 1990, by Bonneville and the British Columbia Hydro And Power Authority (B.C. Hydro).

Bonneville and the MCP expect to begin operations under the referenced agreement on or before December 17, 1990. It is uncertain whether the process we are required to complete in order to validly bind _____ to a contract with a term longer than a year can be completed on or before December 17, 1990. Nevertheless, _____ and Bonneville desire to take advantage of the opportunities available to each through full participation in the referenced agreement by all of the MCP. In order to fulfill this objective, _____ and Bonneville, through this letter agreement, hereby agree and bind themselves to perform all of the provisions of the referenced agreement subject to the following exceptions and provisions.

1. Term. This letter agreement shall become effective on the date it is accepted by Bonneville and shall continue in effect for one (1) year from such effective date, provided, however, that if _____ executes the referenced agreement at any time during such one-year period, this letter agreement shall automatically terminate.

2. Termination through failure to sign DE-MS79-91BP92785. If this letter agreement expires without _____ and Bonneville

Exhibit G, Page 2 of 2
Contract No. DE-MS79-91BP92785
Mid-Columbia Participants
Effective at 2400 hours on
March 19, 1991

executing the referenced agreement, _____ and Bonneville shall have no continuing or other obligations whatever under this letter agreement or the referenced agreement. After such expiration date _____ and Bonneville shall be bound only by the provisions of Bonneville Contract No. DE-MS79-84BP90945 with respect to the effects of non-Treaty storage. On such expiration date in-lieu energy and assigned water balances under said contract shall be reestablished as they were on the effective date of this letter agreement.

3. Replacement of Section 5. Section 5 of the referenced agreement is replaced with:

Storage and Release of Water by the Participants.

During the term of this letter agreement, _____ shall have no rights under the referenced agreement to request the storage of water into or release of water from non-Treaty storage space.

Enclosed are two signed copies of this letter agreement. Please sign them and return one copy to this office.

Sincerely,

(name)

(title)

Accepted:

BONNEVILLE POWER ADMINISTRATION

By _____
Administrator

Date _____

(VS6-PMC-+200)