



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

FREEDOM OF INFORMATION ACT/PRIVACY PROGRAM

January 30, 2014

In reply refer to: NN-1

Joseph Dunne
General Counsel Division
Oregon Department of Justice
1515 SW Fifth Ave, Suite 400
Portland, OR 97201

FOIA #BPA-2014-00409-F

Dear Mr. Dunne:

This is a final response to your request for records that you made to the Bonneville Power Administration (BPA), under the Freedom of Information Act (FOIA), 5 U.S.C. 552.

You have requested:

Copies of contracts between BPA and EWEB concerning weatherization projects (energy efficiency projects) in effect for the years 1983-1986 under the BPA Weatherization Pilot Program, Residential Weatherization Program and Long-Term Weatherization Program.

Response:

BPA is releasing the requested documents in their entirety on the enclosed CD.

Pursuant to Department of Energy FOIA regulations at 10 C.F.R. § 1004.8, you may administratively appeal this response in writing within 30 calendar days. If you choose to appeal, please include the following:

- (1) The nature of your appeal - denial of records, partial denial of records, lack of responsive records, or denial of fee waiver;
- (2) Any legal authorities relied upon to support the appeal; and
- (3) A copy of the determination letter.

Clearly mark both your letter and envelope with the words "FOIA Appeal," and direct it to the following address:

Director, Office of Hearings and Appeals:
Department of Energy
1000 Independence Avenue SW
Washington DC 20585-1615

I appreciate the opportunity to assist you. Please contact Kim Winn, Government Information Specialist (FOIA/Privacy Act), at 503-230-7305 with any questions about this letter.

Sincerely,

/s/Christina J. Munro
Christina J. Munro
Freedom of Information/Privacy Act Officer

Enclosure: CD

CONTRACT CLOSEOUT AGREEMENT
Eugene Water and Electric Board
Contract No. :DE-MS79-81BP90772 (Contract)

Conservation Programs: Commercial Conservation Program
Residential Weatherization Program
Shower Flow Restrictor Program
Street and Area Lighting Program
Water Heater Wrap Program

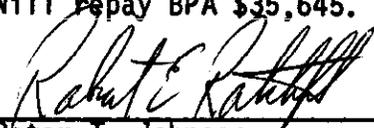
Under Section 2(f) of the Bonneville Project Act, the Administrator of the Bonneville Power Administration (BPA) has determined that the energy savings obtained from Eugene Water and Electric Board's (EWEB) implementation of the short-term conservation programs referenced above have been cost-effective. Therefore, any noncompliance with the technical specifications are not cause for financial adjustment and all payments will be considered final upon execution of this Contract Closeout Agreement and completion of the action items described herein. The amount payable to BPA shall be paid within 30 days of the date of execution of this agreement.

BPA :

- (1) Has completed an audit of EWEB's implementation of the subject contract and a net financial adjustment of \$35,645 was recommended by the Auditors. The BPA Contracting Officer's staff has reviewed the audit findings, met with representatives of EWEB and agrees with the adjustment recommended by the Auditors, as summarized in Attachment 1.

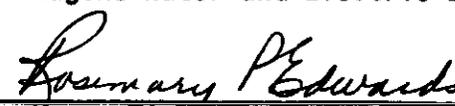
EWEB:

- (1) Will repay BPA \$35,645.

APPROVED: 
FOR Peter T. Johnson
Administrator
Bonneville Power Administration

APPROVED: 
Jean Keeder
Acting General Manager
Eugene Water and Electric Board

APPROVED: 
Steven G. Hickok
Contracting Officer
Bonneville Power Administration

ATTEST: 
Name, Title Assistant Secretary
DATE: April 9, 1985

CONTRACT CLOSEOUT AGREEMENT
Eugene Water and Electric Board
Contract No. : DE-MS79-81BP90772

<u>PROGRAM</u>	<u>RECOMMENDED ADJUSTMENT</u>	<u>FINAL ADJUSTMENT</u>
COMMERCIAL PROGRAM	\$0	\$0
RESIDENTIAL WEATHERIZATION		
Weatherization Measures	0	0
Administration	(800)	(800)
Training	0	0
Advertising	102	102
SHOWER FLOW RESTRICTOR	0	0
STREET AND AREA LIGHTING	38,679	38,679
WATER HEATER WRAP PROGRAM	(2,336)	(2,336)
NET AMOUNT DUE BPA		35,645

ACTION PLAN REQUIREMENTS
Eugene Water and Electric Board
Contract No.: DE-MS79-81BP90772

- I. Ceiling Installations : None.
- II. Water Heater Wrap Installations : None.
- III. House-tightening Measure Installations: None.

(1604K)

R E S O L U T I O N

WHEREAS, Bonneville Power Administration (BPA) has completed an audit of the Eugene Water & Electric Board's (EWEB) implementation of Contract No. DE-MS79-81BP90772; and

WHEREAS, BPA has submitted to EWEB a Contract Closeout Agreement for Contract No. DE-MS79-81BP90772; and

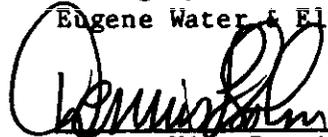
WHEREAS, EWEB agrees to repay BPA \$35,645 as a net financial adjustment to closeout of the contract; and

WHEREAS, this Contract Closeout Agreement has been reviewed by Special Counsel.

BE IT RESOLVED, that the Commissioners of the Eugene Water & Electric Board have found the Contract Closeout Agreement for Contract No. DE-MS79-81BP90772 to be satisfactory and hereby authorize the Acting General Manager to execute same.

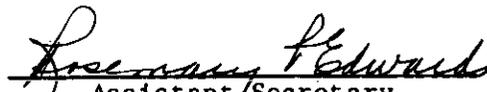
Dated this 8th day of April, 1985.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board



Vice President

I, ROSEMARY P. EDWARDS, the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its April 8, 1985 Regular Board Meeting.



Assistant/Secretary

4/15/85

AMENDATORY

RESIDENTIAL WEATHERIZATION PROGRAM

CONSERVATION AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

CITY OF EUGENE, OREGON

acting by and through the

EUGENE WATER & ELECTRIC BOARD

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This AMENDATORY AGREEMENT, _____, 1985, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and the CITY OF EUGENE, OREGON, a municipal corporation of the State of Oregon, acting by and through the EUGENE WATER & ELECTRIC BOARD (Contractor),

W I T N E S S E T H :

WHEREAS the parties hereto, on _____, 1983, executed the Residential Weatherization Program Conservation Agreement (Contract No. DE-MS79-83BP91422, which as previously amended is hereinafter called "Primary Agreement"); and

WHEREAS Bonneville is required by the Regional Act to acquire actual or planned load reduction through cost-effective conservation and the implementation of conservation measures; and

WHEREAS such conservation measures may include but are not limited to loans and grants to consumers for insulation or weatherization; and

WHEREAS Bonneville, to the extent the implementation of conservation measures require direct arrangements with Consumers, is directed by the Regional Act to make maximum practicable use of its customers and local entities in administering and carrying out such arrangements; and

WHEREAS the parties, in accordance with sections 4 and 5 of Exhibit A to the Primary Agreement, desire to amend the Primary Agreement by revising the body of the Agreement and revising Exhibits B, C, D, E, and F to reflect changes contained herein;

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

1. Definitions.

(a) "Building" means a structure containing one or more Residences and within which:

(1) all Residences are owned by one Homeowner; or

(2) if Residences are owned by separate Homeowners, each Homeowner agrees, individually or collectively through the rules governing actions of a Homeowners' association or like entity, prior to the Energy Analysis, to act as one Homeowner with regard to this Program. Condominiums and "O" lot line Residences with separate crawl spaces and attics shall be considered separate Buildings.

(b) "Duplex" means a Building that contains no more and no less than two Residences.

(c) "Energy Analysis" means an on-site inspection of a Building to estimate the potential electric energy savings from Measures and to estimate the cost of achieving such savings.

(d) "Fourplex" means a Building that contains no more and no less than four Residences.

(e) "Homeowner" means the fee owner, mortgagor, or the contract vendee of a Residence, including one used for rental purposes.

(f) "House Tightening Measures" means exterior wall cavity insulation, storm windows, replacement prime windows, vent conversions, sliding storm doors, sliding door replacement, french doors, caulking or weather stripping.

(g) "Initial Budget Year" means the period commencing as of 2400 hours on the later of September 30, 1983, or the last day of the month in which the Contractor executed the Primary Agreement, and ending on September 30, 1984.

(h) "Installer" means an individual, partnership, corporation, or other entity, other than the Contractor, which installs Measures and carries liability insurance and assurance bonding for all work performed. Except for nonprofit entities, all Installers must possess either a state contractor's or similar license.

(i) "Low Income Consumer" means a Consumer whose combined household income, determined in accordance with Item 10 of Exhibit F, is at or below 125 percent of the poverty level, adjusted for household size, determined in accordance with criteria established by the Director of the U.S. Office of Management and Budget.

(j) "Mobile Home" means a structure, built in one or more sections on a steel chassis, which is originally designed to allow for transporting on its own wheels to different sites, and is used with or without a permanent foundation.

(k) "Operating Area" means that portion of the Contractor's electrical service area which is located within the Region.

(l) "Residence" means that portion of a structure:

(1) which contains living facilities including provisions for sleeping, eating, and cooking, for one or more persons;

(2) which uses electric space heating permanently installed prior to April 15, 1983;

(3) which is within the Operating Area; and

(4) which is not a Mobile Home.

If a Residence is attached to any other Residence, the Building in which the Residences are located must be either of wood frame construction or no higher than three stories above grade.

(m) "Seasonal Residence" means any Residence determined by the Contractor to be occupied for less than 180 days of each year.

(n) "Workmanlike" means performance in accordance with the installation and material specifications as contained in Item 1 of Exhibit F or performance, with deviations from such specifications, which neither materially affects the energy savings expected from the installed Measures nor adversely affects health and safety.

2. Term of Agreement. Upon execution by the Contractor the effective date of this Agreement shall be 2400 hours on the earlier of the last day of _____, 1985 or August 31, 1985, and shall continue in effect until 2400 hours on September 30, 1990, unless terminated earlier as provided herein. All obligations arising from this Agreement shall be preserved until satisfied.

3. Exhibits. Exhibit A (General Conservation Contract Provisions), Exhibit B (Measures), Exhibit C (Payment Methods), Exhibit D (Contractor Costs), Exhibit E (Consumer Incentive), Exhibit F (Referenced Documents), Exhibit G (Allocated Budget Share), Exhibit H (Transition Payment), and Exhibit I (Retroactive Payment), are hereby made a part of this Agreement. Prior Exhibits B, D, E and F dated 10/1/84 and prior Exhibit C dated 7/1/83 are replaced by Exhibits B, C, D, E and F dated 4/1/85 attached hereto.

4. Program Overview. The purpose of this Agreement is reduction in the Bonneville load through the acquisition of conservation. Bonneville shall provide incentives to Consumers, Homeowners or the Homeowners' designee for the estimated energy savings resulting from the weatherization of a Residence. Bonneville shall pay the Contractor for services described herein in the administration of this Program.

5. Contractor Duties. The Contractor's duties shall be to substantially comply with the objectives and terms of this Agreement.

(a) For Residences not previously weatherized under a Bonneville program, the Contractor shall follow the procedures in (1) below. For those Residences previously weatherized under a Bonneville program, the Contractor has the option of following the procedures in (1) or (2).

(1) Upon request by the Consumer or Homeowner, the Contractor shall conduct an Energy Analysis of the Building in accordance with procedures contained in Item 6 of Exhibit F using the standard heat loss methodology contained in Item 2 of Exhibit F, or an alternate heat loss methodology indexed in accordance with the procedures contained in Item 4 of Exhibit F, in order to determine the estimated energy savings resulting from the weatherization of the Residence. The Energy Analysis shall be performed by a person certified in accordance with the energy analyst training procedures contained in Item 7 of Exhibit F. The Energy Analysis shall be performed by a person other than the Installer of Measures listed in sections 1 and 2 of Exhibit B or such Installer's subcontractor. At the time of the Energy Analysis of the Building, or at any time thereafter, and upon approval by the Consumer or Homeowner, the Contractor may provide for the Workmanlike installation of electric water heater wraps and appropriate water heater pipe insulation.

(2) Upon request by the Consumer or Homeowner the Contractor shall, using the conditions and measurement of the Residence as determined in the Energy Analysis performed at the time the Residence was first weatherized under a Bonneville program, and the standard heat loss methodology contained in Item 2 of Exhibit F to this Agreement or an alternate heat loss methodology indexed in accordance with the procedures contained in Item 4 of

Exhibit F, calculate the annual estimated kilowatthour savings for all Measures available under this Agreement. The Contractor shall then total the annual estimated kilowatthour savings for all Measures previously installed in the Residence under a Bonneville program and for all House Tightening Measures eligible for the Consumer Incentive under this Agreement. The Contractor shall use the above estimate of annual kilowatthour savings when performing the appropriate calculation in section 1 of Exhibit E to arrive at a dollar figure; the Contractor shall then take the above dollar figure and deduct the Consumer Incentive previously paid by Bonneville to the Consumer in order to arrive at the maximum amount of funds available for weatherizing the Residence with House Tightening Measures. The Contractor shall give to the Consumer or Homeowner a list of all House Tightening Measures eligible for the Consumer Incentive under this Agreement and an estimate of the annual kilowatthour savings that would be realized from the weatherization of the Residence with each of such House Tightening Measures.

(b) The Contractor shall inform the Consumer or Homeowner that kickbacks, rebates or other non-Program benefits from Installers are prohibited and may be subject to Federal law.

(c) Subsequent to the installation of Measures the Contractor shall complete an inspection using the inspection procedures contained in Item 6 of Exhibit F on each Residence for which a Consumer Incentive will be claimed. The inspection shall be performed by a person certified in accordance with the inspector training standards contained in Item 7 of Exhibit F. The inspection shall be performed by a person other than the Installer of such Measures or such Installer's subcontractor.

(d) The Contractor shall submit claims to Bonneville for Contractor costs and Consumer Incentives, determined in accordance with Exhibit D and E respectively, subsequent to the completion of a Bonneville approved inspection checklist and the Contractor's determination that each Residence has been weatherized or mitigation measures installed in a Workmanlike manner. The Contractor shall submit claims to Bonneville for training costs, determined in accordance with Exhibit D, subsequent to the determination specified in Item 7 of Exhibit F.

(e) The Contractor shall disburse Consumer Incentives on behalf of Bonneville directly to the Homeowner of the Residence for which the claim was made, or to the Homeowner's designee.

6. Amendment of Agreement. The documents referenced in Exhibit F shall be amended in accordance with section 4(b) of Exhibit A; however, each document may be amended no more frequently than twice in the Initial Budget Year and once in each Subsequent Budget Year without providing a detailed explanation of the reason the proposal is necessary.

7. Prior Amendments. The following amendments to the Primary Agreement are incorporated by reference into the body of this Agreement and Exhibit A as appropriate:

Amendments 3, 4, 5, 7, 10, 11, and 12.

8. Contractor Participation. Bonneville shall hold a contractor participation meeting, in accordance with section 5 of Exhibit A, no later than March 1 of the Initial Budget Year and no later than October 1 of each Subsequent Budget Year.

9. Allocated Budget Share. The Allocated Budget Share specified in Exhibit G shall be available to the Contractor in accordance with Exhibit A.

10. Additional Budget Submittal Requirements.

(a) For purposes of this Agreement, the initial budget request must be received by Bonneville no later than October 31, 1983, in order to be considered timely.

(b) For each Budget Year the Contractor's request shall be submitted on work plan and budget forms referenced in Item 9 of Exhibit F and shall contain all information requested that is applicable for such Budget Year.

(c) For each Budget Year the Contractor shall submit, in the work plan referenced in Item 9 of Exhibit F, one of the following cost control mechanisms to be used by the Contractor in the determination of the Consumer Incentive available for Low Income Consumers:

(1) three estimates from installers with work awarded to the entity submitting the lowest estimate or an estimate within 20 percent of the lowest estimate;

(2) a limit per Measure equal to 125 percent of the average installation cost of the Measure, in \$ per square/linear foot, based on a random sample of 50 installations of such Measure or 20 percent of the installations of such Measure in the electrical service area of the Contractor during the preceding 12 months; or

(3) a Contractor-designed cost control mechanism approved by Bonneville prior to the Energy Analysis.

11. Quality Control.

(a) Bonneville intends to review the Contractor's Program, typically quarterly, but no less frequently than annually, to determine substantial compliance with the terms of this Agreement. Such review may include, but is

not limited to, inspection of the Contractor's procedures, records or accounts and inspection of weatherized Residences. Results of the review will be conveyed, in writing, to the Contractor, in a timely manner, following completion of the review.

(b) If a Contractor's Program, though in substantial compliance with this Agreement, is found to contain operating deficiencies Bonneville may direct specific actions to correct such deficiencies on a prospective basis. If a review reveals repetition of previously identified deficiencies Bonneville may, in addition to any other reason for doing so under this Agreement, place the Contractor on the mandatory cost reimbursement method described in section 4 of Exhibit C. Repeated failure by the Contractor to correct operating deficiencies may result in a determination by Bonneville that the Contractor's Program is not in substantial compliance with this Agreement.

12. Payment Procedures.

(a) Subject to the provisions in section 11(b) above and subsection (c) below, the methods of payment available to the Contractor are limited to the methods set forth in Exhibit C. Payments shall be made in accordance with the payment method selected in writing by the Contractor and approved by Bonneville. The Contractor may request a change in the payment method by providing written notice to Bonneville. Bonneville shall timely notify the Contractor in writing whether or not such request is approved. Such payment shall be considered provisional until the Contractor's Program is determined to be in substantial compliance upon completion of the review in section 11(a), or until settlement has been reached under section 12(c).

(b) If Bonneville determines that the Contractor's Program is in substantial compliance with this Agreement, all payments made by Bonneville

shall be final and conclusive except as regards accounting errors, illegal acts, fraud, or gross mistakes as may amount to fraud.

(c) If a review determines that the Contractor's Program is not in substantial compliance with this Agreement Bonneville shall consult with the Contractor and may:

(1) place the Contractor on the mandatory cost reimbursement method described in section 4 of Exhibit C;

(2) suspend the Contractor's participation in the Program in accordance with section 13 of Exhibit A; or

(3) pursue corrective actions or financial adjustments.

13. Prior Performance Procedures

(a) Bonneville shall complete a review of the Contractor's Program completed during the period from October 1, 1983 through September 30, 1985. Subject to (b) below, the review shall determine substantial compliance with the terms of the agreement in effect at the time of performance.

(b) The review may include, but is not limited to, inspection of the Contractor's procedures, records or accounts, and inspection of weatherized Residences. Such inspection of Residences shall determine whether the weatherization was done in a Workmanlike manner. The procedures in 11(b), 12(b), and 12(c) are applicable in review of the Contractor's prior performance.

14. Retroactive Reimbursement.

(a) Notwithstanding section 7(b)(1)(C) of Exhibit A, Bonneville shall pay the Contractor the amount determined in accordance with Exhibit I for installed Measures listed in Exhibit B, which are inspected in accordance with section 5(c) of the body of this Agreement, which were accomplished under a Contractor program on or after December 5, 1980, and prior to October 1, 1983,

and which are otherwise eligible for retroactive reimbursement in accordance with section 7 of Exhibit A.

(b) If after the Effective Date a Measure is added to Exhibit B, the Contractor shall become eligible for retroactive reimbursement by Bonneville in accordance with Exhibit A for each similar measure completed or installed under a Contractor program between December 5, 1980, and the date the Measure is added.

(c) If section 4 of Exhibit B of the Primary Agreement, referred to in the recitals, is amended to allow payment by Bonneville for Measures not previously eligible for payment due to installation restrictions, the Contractor shall become eligible for payment for such measures upon Bonneville's determination of substantial compliance with section 7(b) and section 9 of Exhibit A:

(1) which were completed or installed by the Contractor on or after December 5, 1980, and prior to the date the Measures become eligible for payment by Bonneville;

(2) which include any mitigation set forth in the specifications applicable to such measures; and

(3) which substantially conform to or exceed specifications listed in Item 1 of Exhibit F when such measures were installed.

(d) During a Budget Year when a retroactive claim for measures under subsection (a), (b) or (c) above is determined to be complete, but funds are not available for full payment during such Budget Year, the Contractor may elect to have the Approved Budget for such Budget Year reduced by an amount up to the unpaid portion of such complete retroactive claim, and receive payment

of such amount in such Budget Year. Hydronic pipe insulation shall not be eligible for retroactive reimbursement.

15. Use of Bonneville Funds by Contractor.

(a) The Contractor shall use retroactive claim payments received from Bonneville in accordance with sections 14(a), (b), and (c) as follows:

(1) the Contractor shall pay or shall have paid an equal amount of funds directly to the Homeowner of the Residence in which the Measures were installed, or to the Homeowner's designee, or

(2) if the Contractor operates a residential conservation loan program, or has advanced funds to a Homeowner of a Residence in which the Measures were installed, or to the Homeowner's designee, the Contractor shall use the funds paid by Bonneville and the interest earned on those funds solely to offset the principal amount or the Contractor's or Homeowner's interest costs of those conservation loans or advances. Upon satisfaction of all such loans or advances the Contractor shall return to Bonneville any remaining balance of Bonneville funds including the interest earned on those funds. This subsection shall prevail over subsections 1(b)(5) and 2(b)(2) of Exhibit C.

(b) The Contractor shall use payments from Bonneville for administrative costs to reimburse the Homeowner of the Residence in which the Measures were installed to the extent the Homeowner has paid the Contractor for conducting an energy analysis.

16. Program Records.

(a) The Contractor shall maintain records in accordance with (b) below, and such records shall be subject to review by Bonneville, only until the earlier of

the completion of a Financial Audit or three years after the end of the Budget Year in which the record was created.

(b) The Contractor shall maintain a record of the following information regarding its transactions concerning the Measures listed in sections 1 or 2 of Exhibit B that are accomplished in a Building:

(1) date of performance and the results of the Energy Analysis, including Building measurements and sketches, data derived from the Building for energy-saving calculations and measure-cost estimates, and the list of Measures eligible for the Consumer Incentive;

(2) age of Building if 45 years of age or older;

(3) Consumer's name, address, and account number by Residence;

(4) documentation of eligibility for each Low Income Consumer;

(5) water heater tank location (heated or unheated space);

(6) the Electric Power consumption during the 12-month period preceding the Energy Analysis for each Residence;

(7) Electric Power consumption for the 12-month period following inspection of the Residence;

(8) date of inspection, inspection checklist, and a list of Measures accomplished in the weatherization of a Residence;

(9) the disbursement of the funds expended by the Contractor in accordance with sections 5 and 13;

(10) total cost of weatherization of the Residence including the Consumer Incentive;

(11) Consumer or Homeowner's written acknowledgment of receipt of the indoor air quality brochures, including the Consumer or Homeowner's written decision for dealing with radon monitoring and mitigation, if applicable;

(12) supporting documents and records necessary for Financial Audit and verification of costs billed to Bonneville; and

(13) supporting documents and records necessary to verify that the requirements of sections 5 and 13 have been satisfied.

(c) When a Contractor operates a residential loan program under this Agreement, the records on each loan shall be retained for 3 years after the satisfaction of the loan.

17. Program Reports. The Contractor shall submit completed monthly reporting and program forms, referenced in Item 8 of Exhibit F, for each calendar month of this Agreement to be received no later than the 15th day of the month following the calendar month for which reporting is being submitted. However, monthly reporting forms for September must be received by October 10.

18. Notices and Other Communications. Written communication between the parties shall be delivered in person or mailed to the address and to the attention of the person specified below:

If to Bonneville: Bonneville Power Administration

Attn: _____
(Name and/or Title) (Phone Number)

If to the Contractor:

Attn: _____
(Name and/or Title) (Phone Number)

19. Program Evaluation.

(a) The Contractor shall provide to Bonneville Program records on a random sample of Residences selected. The information submitted shall include:

(1) the number of Residences from which the sample was selected; and

(2) the billing records for a comparable period of time for a sample of Program nonparticipants.

(b) The Contractor shall, upon 60 days' notice by Bonneville but no more frequently than once in any 12-month period, at the discretion of Bonneville either transmit the data collected to Bonneville or permit access to such data by Bonneville or its designee for purposes of Program evaluation.

IN WITNESS WHEREOF, Bonneville issues this Amendatory Agreement.
UNITED STATES OF AMERICA
Department of Energy

By _____
Assistant Administrator for Conservation

Date _____

CITY OF EUGENE, OREGON
acting by and through the
EUGENE WATER & ELECTRIC BOARD

By _____

Title _____

Date _____

ATTEST:

By _____

Title _____

Date _____

(WP-PKL-2435c)

Measures

1. Energy Savings Measures

(a) Measures eligible for the weatherization of a Residence:

- (1) ceiling insulation, exterior roof insulation, and ventilation, when required;
- (2) floor insulation or perimeter insulation with associated vapor impermeable ground cover, pipe wrap and appropriate ventilation;
- (3) wall insulation such as: exterior wall cavity insulation; and unfinished wall insulation;
- (4) duct insulation;
- (5) hydronic pipe insulation;
- (6) window treatments, such as: storm windows; sash mounted storm windows; replacement multi-glazing; replacement prime windows; and vent conversions; or
- (7) doors, such as: sliding storm doors; multi-glazed inserts; sliding door replacements; and french doors.

(b) If the weatherization of a Residence includes a Measure listed in (a) above the following Measures may be selected by the Homeowner or Consumer.

- (1) clock thermostat(s);
- (2) caulking; or
- (3) weatherstripping.

(c) Dehumidifiers may be part of the weatherization of a Residence upon determination by the Contractor.

2. Mitigation Measure(s)

If necessary for the mitigation of possible indoor air quality effects pursuant to the procedures contained in Item 12 of Exhibit F, the following Measure(s) is eligible for the Consumer Incentive.

Air-to-Air Heat Exchanger(s).

(WP-PKL-2435c)

Payment Methods

1. Letter of Credit Method

- (a) Summary. This is a method whereby Bonneville provides operating funds to the Contractor to fund its Conservation activities. Funds are provided in advance of actual expenditures by the Contractor and provide the Contractor with control over its daily financial operations. This method is available if Bonneville has, or expects to have, a contractual relationship under this Agreement with the Contractor which will last one year and involve annual advances aggregating at least \$120,000. The Contractor may utilize the Revolving Working Capital Advance Method of payment until the Letter of Credit Method is fully operational for the Contractor.
- (b) Duties of the Contractor.
- (1) The Contractor shall submit monthly to Bonneville a completed Form BPA-1418F Monthly Financial Summary, with applicable support forms.
 - (2) The Contractor shall notify Bonneville of the name and address of the commercial bank (Bank) which has agreed to receive payment vouchers (TFS 5401) and shall request an amount computed in accordance with Bonneville issued instructions.
 - (3) The Contractor shall submit properly completed signature card (SF 1194) to Bonneville. The Contractor shall also submit properly completed payment vouchers to the Bank for the amount of the advance desired. Such payment vouchers shall be submitted to the Bank as close as is administratively possible to the issuance of checks for program disbursements.
 - (4) The Contractor shall make timely reports of cash disbursements, interest income earned, and balances to Bonneville.
 - (5) Interest income earned by the Contractor on funds advanced shall be credited or refunded to Bonneville.
 - (6) The Contractor shall provide for effective control over the accountability for all Federal funds.
 - (7) The Contractor shall establish internal operating procedures including but NOT limited to:

- (A) the correct preparation and distribution of prescribed forms;
 - (B) monitoring of drawdowns and reviewing of other financial practices to insure against excessive withdrawals of Federal funds; and
 - (C) remedial measures to correct excessive withdrawals of cash.
- (8) Subsections (1) through (6) above shall apply to any agent of the Contractor authorized to use such letter of credit.
- (c) Duties of Bonneville.
- (1) Bonneville shall establish the amount of the letter of credit (SF 1193) and record an obligation, if appropriate, in its accounts equal to such amount.
 - (2) Bonneville shall transmit a certified letter of credit and signature card (SF 1194) to the U.S. Department of Treasury. The U.S. Department of Treasury shall then transmit a letter of credit and signature card to the appropriate Federal Reserve Bank.
 - (3) Bonneville shall designate one of its own officials as a liaison officer with the U.S. Department of Treasury.
 - (4) Bonneville shall furnish instructions to the Contractor which provide the procedures for the letter of credit method of payment.
 - (5) Bonneville shall revoke any unobligated portion of the letter of credit upon determination that the Contractor has failed to comply with the instructions referenced in subsection (c)(4) above. A timely reconciliation of expenditures and advances shall be made and disbursement made to the appropriate party.

Payment Methods

2. Revolving Working Capital Advance Method

- (a) Summary. This is a method whereby Bonneville advances funds to the Contractor in an amount equal to the estimated amount due to the Contractor from Bonneville for Conservation activities completed during the first month of the Program. Thereafter, but not less frequently than monthly, Bonneville shall replenish the advance fund based on estimated current Program needs upon receipt of monthly certification of actual expenditures.
- (b) Duties of the Contractor.
- (1) The Contractor shall request an amount by submitting to Bonneville a completed Form BPA-1418-F, Monthly Financial Summary.
 - (2) Interest income earned by the Contractor on funds advanced shall be credited or refunded to Bonneville.
 - (3) The Contractor shall certify expenditures, indicate interest income earned, and request replenishment of the advance on a monthly basis.
 - (4) If the Program terminates, the Contractor shall submit a reconciliation of advances and expenditures in a timely manner. Any difference shall be disbursed to the appropriate party within a reasonable time.
 - (5) Payments in excess of \$25,000 will be made through direct transfer of funds from the U.S. Treasury to the Contractor's bank account. The Contractor shall notify Bonneville of the name and address of the bank, the Contractor's bank account number and the American Bankers Association 9-digit routing number.
- (c) Duties of Bonneville.
- (1) Bonneville shall review the Contractor's request for an advance and approve it providing such advance is advantageous to Bonneville.
 - (2) Bonneville retains the right to adjust the working capital fund as necessary in accordance with information furnished in accordance with subsection (b)(3) of this payment method.
 - (3) Bonneville shall revoke this advance funding method upon determination that the Contractor has failed to comply with the procedures referenced in subsection (b) of this payment method. A timely reconciliation of expenditures and advances shall be made and disbursement made to the appropriate party.

Payment Methods

3. Voluntary Cost Reimbursement Method

- (a) Payment shall be computed based upon levels of reimbursement specified in this Agreement.
- (b) The Contractor shall submit monthly to Bonneville a completed Form BPA-1418-F, Monthly Financial Summary, with applicable schedules.
- (c) Within 30 days of receipt of the Monthly Financial Summary Bonneville shall reimburse the Contractor.
- (d) Payments in excess of \$25,000 will be made through direct transfer of funds from the U.S. Treasury to the Contractor's bank account. The Contractor shall notify Bonneville of the name and address of the bank, the Contractor's bank account number and the American Bankers Association 9-digit routing number.

Payment Methods

4. Mandatory Cost Reimbursement Method

- (a) Payment shall be computed based upon levels of reimbursement specified in this Agreement.
- (b) The Contractor shall submit monthly to Bonneville a completed Form BPA-1418-F, Monthly Financial Summary, with applicable schedules.
- (c) Bonneville shall schedule an 11(a) review of the Contractor's Program within 30 days of the receipt of a completed Form BPA-1418-F.
- (d) Bonneville shall reimburse the Contractor within 30 days after Bonneville (1) determines that the Contractor's Program is in substantial compliance with this Agreement; or (2) reaches a settlement with the Contractor in accordance with section 12(c) of the body of this Agreement.
- (e) Payments in excess of \$25,000 will be made through direct transfer of funds from the U.S. Treasury to the Contractor's bank account. The Contractor shall notify Bonneville of the name and address of the bank, the Contractor's bank account number and the American Bankers Association 9-digit routing number.

(WP-PKL-2435c)

Contractor Costs

1. Administrative Costs shall be calculated as follows:

- (a) Upon the inclusion of an Exhibit B1(a) measure as part of the weatherization of a Residence not previously weatherized under a Bonneville program or a Residence weatherized under a Bonneville program using a standard heat loss methodology dated prior to July 1983:
 - (1) \$200 for the first Residence in a Building;
 - (2) \$25 per Residence for the second, third, and fourth Residences in a Building;
 - (3) \$10 for each additional Residence in a Building; and
 - (4) an additional \$100 per Building for the first 100 Buildings for which claim for payment is made during a Budget year;
- (b) Upon the inclusion of a House Tightening Measure, exclusive of caulking or weatherstripping, as part of the weatherization of a Residence previously weatherized under a Bonneville program using a standard heat loss methodology dated July 1983, or April 1984:
 - (1) \$40 for the first Residence in a Building;
 - (2) \$25 per Residence for the second, third, and fourth Residences in a Building; and
 - (3) \$10 for each additional Residence in a Building.
- (c) An additional \$10 per Residence upon the Contractor's certification that any Residence qualifying for an administrative cost payment under (a) or (b) above is the Residence of a Low Income Consumer.
- (d) At the fixed rate of \$25 per electric water heater for installed electric water heater wraps with appropriate water heater pipe insulation. Only one payment per electric water heater shall be allowed.
- (e) Only one administrative cost payment as provided in (a) or (b) shall be made for each Residence.

2. Reimbursable monitoring and mitigation costs shall be calculated as follows:
 - (a) \$20 upon the Contractor's certification that the Consumer or Homeowner has been provided the results from the evaluation of the radon monitoring of the Residence.
 - (b) \$30 upon the Contractor's payment of a Consumer Incentive for mitigation Measures.
3. Reimbursable training costs shall be calculated as follows:
 - (a) The actual Contractor training costs, not to exceed \$100 per day and not to exceed a total of \$1000, for each analyst or inspector trained under this subsection in accordance with procedures contained in Item 7 of Exhibit F, upon certification to Bonneville that the energy analyst or inspector has successfully completed the appropriate requirements specified in procedures contained in Item 7 of Exhibit F. Except as provided in subsections (b) and (c) below, Bonneville shall not pay for the training of an energy analyst or inspector who has successfully completed training substantially similar to the training provided in accordance with this Agreement.
 - (b) The actual Contractor training costs, not to exceed \$100 per day and not to exceed a total of \$200 in any Budget Year for each analyst or inspector who receives recertification training after July 1, 1983, in accordance with training procedures contained in Item 7 of Exhibit F.
 - (c) The actual Contractor training costs, not to exceed \$100 per day and not to exceed a total of \$200 in any Budget Year for each analyst or inspector, certified or recertified under this Program, who receives any special training in accordance with training procedures contained in Item 7 of Exhibit F.
 - (d) Bonneville shall not pay for any energy analyst's or inspector's salary, travel, meals, or lodging during training.

(WP-PKL-2435c)

Consumer Incentive Computation

1. Consumer Incentive computation:

- (a) The Consumer Incentive shall be no more than 85 percent of the actual cost of the weatherization of the Residence not to exceed \$0.320 per estimated annual kilowatthour saved by such weatherization; or
- (b) When all Measures eligible for 100 percent Bonneville payment in accordance with (1) below are included in the weatherization of a Building in which, at the time of the Energy Analysis, not less than 66 percent of the Residences are occupied by Low Income Consumers, or in a Duplex or a Fourplex in which, at the time of the Energy Analysis, not less than 50 percent of the Residences are occupied by a Low Income Consumer, the Consumer Incentive shall be:
 - (1) up to the actual costs of the weatherization of the Residence, not to exceed \$0.378 per estimated annual kilowatthour saved by such weatherization; and
 - (2) for Homeowner occupied Low Income Consumer Residences up to \$150 for the work required to prepare a Residence for the Exhibit B section 1(a) Measures, not to exceed the amount resulting from subtracting the Consumer Incentive payment determined in subsection (b)(1) above from the kilowatthour saving limitation computed for such subsection. Such payment shall be used for work accomplished on the Residence to protect the life of the Measures or the energy savings of such Measures over their useful life.

However, eligibility for the payment level under (1) or (2) above shall not be affected by the Low Income Consumer or Homeowner's election not to weatherize the Residence with House Tightening Measures.
- (c) The Consumer Incentive shall be the actual cost of the Measure not to exceed \$240 for each dehumidifier.

- (d) If necessary for the mitigation of possible indoor air quality effects and pursuant to the procedures contained in Item 12 of Exhibit F the Consumer Incentive for mitigation Measures shall be no more than:
 - (1) 85 percent of the actual cost of the mitigation Measure not to exceed \$850 per Residence; or
 - (2) 100 percent of the actual cost of the mitigation Measure in a Homeowner occupied Low Income Consumer Residence not to exceed \$1000 per Residence.
- 2. The Consumer Incentive shall not include any amount for the labor of any entity other than an Installer.
- 3. In determining the Consumer Incentive for a Seasonal Residence, the total annual kilowatthours saved shall be reduced by 50 percent.

(WP-PKL-2435c)

Referenced Documents

The following Bonneville documents are hereby incorporated by reference into this Agreement and shall be subject to the terms hereof:

1. Weatherization Specifications of October 1984
2. Standard Heat Loss Methodology of October 1984
3. Standardized Weather Data of April 1984
4. Procedures for Indexing Alternate Heat Loss Methodologies of July 1983
5. Software Certification Procedures of April 1984
6. Energy Analysis/Inspection Procedures of April 1985
7. Training Procedures of October 1984
8. Monthly Reporting and Program Forms of October 1984
9. Work Plan and Budget Forms of October 1984
10. Income Criteria of October 1984
11. Privacy Act Notice to Consumer of April 1984
12. Indoor Air Quality Procedures of October 1984

(WP-PKL-2435c)

5/1/85

AMENDATORY
RESIDENTIAL WEATHERIZATION
REVENUE BOND FINANCING AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

CITY OF EUGENE, OREGON

acting by and through the

EUGENE WATER & ELECTRIC BOARD

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This AMENDATORY BOND FINANCING AGREEMENT executed June 10, 1985, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and the CITY OF EUGENE, OREGON, a municipal corporation of the State of Oregon, acting by and through the EUGENE WATER & ELECTRIC BOARD (Contractor),

W I T N E S S E T H :

WHEREAS the parties hereto, on October 24, 1983, executed the Residential Weatherization Bond Financing Agreement (Contract No. DE-MS79-83BP91647), herein called the Bond Financing Agreement).

WHEREAS Bonneville is required by the Pacific Northwest Electric Power Planning and Conservation Act, P.L. 96-501 (Regional Act), to acquire conservation measures, implement conservation measures, and is authorized to conduct demonstration projects for the purpose of determining the cost-effectiveness of conservation measures in the Region; and

WHEREAS, to the extent conservation measures require direct arrangements with consumers, Bonneville is obligated by the Regional Act to make maximum practical use of customers and local entities capable of administering and carrying out conservation arrangements; and

WHEREAS the Regional Act authorizes Bonneville to provide financial assistance for the development of conservation measures throughout the Region; and

WHEREAS one of the methods of financing cost-effective conservation which Bonneville has determined to have potential for achieving cost-effective conservation objectives to the Region is for a contractor to issue its revenue bonds and for Bonneville to make payments as necessary to amortize such bonds; and

WHEREAS the parties intend to test this method of financing cost-effective conservation; and

WHEREAS the Contractor will seek authorization to issue electric system revenue bonds pursuant to relevant resolutions of Contractor and the charter of the City of Eugene, and after complying with the procedures required by Oregon law, is willing to issue such bonds under the terms and conditions set forth herein; and

WHEREAS the proceeds of such bonds will be used to fund conservation measures and related costs in the Contractor's service area for three years; and

WHEREAS Bonneville has heretofore noted or will note in its annual budget submitted to Congress sufficient funds to meet the obligations of Bonneville as set forth in this Bond Financing Agreement;

NOW, THEREFORE, the parties mutually agree to amend the Bond Financing Agreement dated October 24, 1983 to read as follows:

1. Definitions.

(a) "Bonds" mean the tax exempt revenue bonds issued pursuant to this Bond Financing Agreement for the purposes of financing or refinancing the cost of acquiring and implementing the conservation programs described in the Bond Financing Agreement.

(b) "Bond Financing Agreement" means this Residential Weatherization Revenue Bond Financing Agreement, as amended, and all exhibits and all attachments thereto.

(c) "Bond Financing Agreement Costs" mean the fees of the Trustee and the paying agent for the Bonds; and any other costs incurred by the Contractor and agreed to by Bonneville in connection with the Bonds to the extent such costs are not capitalized in the Bond issue.

(d) "Bond Resolution" means the resolution or resolutions adopted or supplemented by the Contractor as amended or supplemented to authorize the Bonds and provide security therefor.

(e) "Budget Year" means the period commencing on October 1, 1985, and ending on September 30, 1986, for the initial year of this Bond Financing Agreement; and, thereafter during the term, a period commencing on October 1 and ending the following September 30.

(f) "Debt Service" means all sums required to pay debt service including principal, interest and premium, if any, on the Bonds and contributions to reserve accounts required by the Bond Resolution.

(g) "Delta" means that amount calculated in accordance with Exhibit A.

(h) "Delta Project" means a conservation project as may be funded by the Delta in accordance with the Bonneville Final Conservation Cost Sharing Principles dated January 21, 1985. A Delta Project shall be (1) an acquisition under section 6(a) of the Regional Act, (2) an experimental, developmental, demonstration, or pilot project under section 6(d) of the Regional Act, or (3) an increased expenditure level under the Program Agreement. Such projects must be consistent with the Northwest Power Planning Council's Plan and in conformance with Federal law.

(i) "Program Agreement" means the applicable provisions of Exhibit B, entitled "Residential Weatherization Program Conservation Agreement," dated 7/1/83, including Amendments 4, 5, 7, 8, 9, 10, 11, 12, 13, and 14, as listed in section 17 of this Bond Financing Agreement.

(j) "Trustee" means a financial organization selected by the Contractor with the concurrence of Bonneville to whom the Bond proceeds shall be delivered and who shall disburse the Bond proceeds pursuant to section 8 of this Bond Financing Agreement and the Bond Resolution.

2. Term of Agreement. This Bond Financing Agreement becomes effective on 2400 hours on the date that both this Bond Financing Agreement and the Residential Weatherization Program Conservation Agreement are fully executed by the parties. This Bond Financing Agreement shall continue in effect until all Bonds have been paid and retired. All obligations arising from this Bond Financing Agreement shall be preserved until satisfied.

3. Exhibits. Exhibit A (Delta Computation Procedure), Exhibit B (Residential Weatherization Program Conservation Agreement), Exhibit C Program Agreement Schedule of Authorized Expenditures), Exhibit D (Delta Projects),

and Exhibit E (Bond Resolution and Trustee Agreement) are hereby made a part of this Bond Financing Agreement.

4. Contractor Duties.

(a) Contractor shall use its best efforts to undertake and direct all actions required for the issuance of bonds at the earliest practical date following the execution of this Bond Financing Agreement sufficient to fund the Program Agreement as described in Exhibit B.

(b) Contractor shall expend the funds for and pursuant to the Program Agreement and as provided in Exhibit C, and as limited by section 8; provided that the Contractor's expenditures of funds under the Bond Financing Agreement shall not be affected except in compliance with a judicial decision in a suit or action to which the Contractor is a party that restricts such expenditures.

(c) Contractor shall expend Bond proceeds for Delta Projects, if any, in accordance with section 6 and Exhibit D.

(d) Any interest earned by the Contractor on funds disbursed by the Trustee pursuant to the Bond Financing Agreement shall be applied to reduce subsequent requests for disbursement of funds by the Trustee for authorized expenditures for and pursuant to the Program Agreement.

(e) Contractor shall provide Bonneville with program records, reports, and accounting data as referenced in Exhibit B and Exhibit D for the purpose of determining that the expenditures of Bond proceeds accord with the terms and conditions set forth in this Bond Financing Agreement.

(f) The Contractor shall provide or cause to provide an invoice to Bonneville, not later than 35 days preceding each scheduled interest payment date to bondholders, for amounts equal to the Debt Service on the Bonds as provided in the Bond Resolution.

(g) The Contractor shall provide or cause to provide monthly, a status report on all disbursements of Bond proceeds pursuant to this Bond Financing Agreement.

5. Bonneville Duties.

(a) Pursuant to its authority to conduct demonstration projects and to acquire conservation measures under Section 6 of the Regional Act, Bonneville shall unconditionally pay semi-annually an amount equal to the Debt Service on the Bonds pursuant to section 4(e) to the Trustee, and Bond Financing Agreement Costs to the appropriate parties, as provided by the Bond Resolution with which Bonneville has concurred and section 5(b) below. Such payment shall be made regardless of the performance of the Contractor. In the event that the Bond Financing Agreement, the Program Agreement or any of their provisions are discontinued, terminated, suspended, or determined to be unenforceable or invalid by a court of competent jurisdiction, Bonneville's obligation to pay Debt Service and Bond Financing Agreement Costs shall continue irrespective of such discontinuance, termination, suspension, or determination.

(b) Bonneville agrees to pay the reasonable and normal fees and expenses of the Trustee required to perform the services in the Bond Resolution. Bonneville shall not be liable for payment of other costs incurred by bondholders or the Trustee unless such costs are incurred because of contractual breach by Bonneville. The Contractor shall provide or cause to provide an invoice annually to Bonneville for such Trustee services in accordance with the Trustee Agreement. Subsequent to the concurrence of Bonneville, the Trustee Agreement shall be incorporated into this Bond Financing Agreement as part of Exhibit E.

(c) Bonneville shall offer an amendment to the Program Agreement to the Contractor when amendments to programs similar to the program under the Program Agreement have been offered to other contractors.

(d) If funds in addition to those available in the Bond proceeds account are required to meet the scheduled expenditures for the Program Agreement for the third Budget Year as set forth in Exhibit C, Bonneville shall provide funds to the Contractor to meet such scheduled expenditures; provided, however that provision of such funds is subject to section 8, Limitation of Program Funds, of the General Conservation Contract Provisions of Exhibit B of this Bond Financing Agreement.

6. Delta Projects. The approved Delta Projects are attached as Exhibit D.

Delta Projects expenditures shall be paid from the Bond proceeds account in accordance with section 8 and subject to Exhibit D in an amount not to exceed the Delta less \$151,000.

7. Sale of Bonds. The terms and conditions of the Bond Resolution, Bond sale and related documents, shall be determined by the Contractor and shall be subject to concurrence by Bonneville which shall be a condition precedent to Bonneville's obligation under section 5(a) above. The Bond Resolution shall be incorporated into this Bond Financing Agreement as part of Exhibit E upon concurrence by Bonneville.

8. Disbursement of Bond Proceeds by the Trustee.

(a) Financing costs, which are those direct costs described in the official statement incurred in connection with the sale and issuance of Bonds, shall be paid to the Contractor from the Bond proceeds account by the Trustee

as reimbursement for such financing costs or for direct payment of such financing costs to vendors.

(b) A fee of \$151,000 shall be paid by the Trustee to the Contractor for its unrestricted use from the Bond proceeds account.

(c) In addition to the uses described in (a) and (b) above, the Bond proceeds account, less \$1.5 million of such account which is to be held by the Trustee for payment as provided in subsection (d) below, shall be paid to the Contractor by the Trustee for an amount equal to:

(1) the actual expenditures by the Contractor for and pursuant to the Program Agreement in accordance with the schedule of authorized expenditures set forth in Exhibit C section 1; and

(2) the actual expenditures for Delta Projects in accordance with Exhibit D, in an amount not to exceed Delta less \$151,000.

(d) The \$1.5 million held in the Bond proceeds account shall be paid to the Contractor for Program Agreement expenditures as follows:

(1) If Bonneville has not objected to an expenditure of Bond proceeds as set forth in subsection 10(c) below, \$500,000 shall be releasable to the Contractor on the ninety-first day following the end of a Budget Year.

(2) If Bonneville objects to an expenditure of Bond proceeds by the Contractor, any portion of the \$1.5 million which has not been released in accordance with paragraph (1) above, shall not be releasable until resolution of Bonneville's objections. The resolution of such objections shall be in accordance with the procedures contained in section 10 or section 11, or through such other means as may be available to the parties.

If it is resolved or determined that the Contractor has made an improper expenditure of Bond proceeds, the Contractor shall repay into the

Bond proceeds account the amount of such improper expenditure from the revenues of the electric utility system or the monies lawfully available therefor to the extent permitted by the Bond Resolution. Such payment shall constitute resolution of an objection. For each Budget Year, when objections have been resolved, \$500,000 shall be releasable to the Contractor on the ninety-first day following the end of the Budget Year.

(e) If an arbitration proceeding is initiated in accordance with section 11 below, and the arbitration results in a determination that EWEB has improperly expended Bond proceeds, Bonneville may order the Trustee to cease disbursement of the Bond proceeds until the Contractor repays into the Bond proceeds account the amount determined by the arbitrator(s) to have been improperly spent by the Contractor.

(f) Interest earned from investment of the Bond proceeds shall be applied to the Bond proceeds account as provided in the Bond Resolution.

9. Budget.

(a) Any funds expended in accordance with the Residential Weatherization Program Conservation Agreement after September 30, 1985 and prior to the date Bond proceeds become available and any funds expended for Program Agreement expenditures from the Bond proceeds account shall constitute use of the budget amount described in Exhibit C.

(b) At any time during a Budget Year, the Contractor and Bonneville may agree to adjust the Contractor's Program Agreement Schedule of Authorized Expenditures as set forth in Exhibit C.

10. Review of Expenditures, Objections, and Resolution.

(a) Bonneville shall review the Contractor reports, records, and Program accounting data of the Contractor from time to time to determine that the

expenditures of Bond proceeds accord with the terms and conditions of this Bond Financing Agreement.

(b) Bonneville shall initiate a financial audit within 90 days of September 30, 1988. Such audit shall be conducted by Bonneville or its designee in accordance with audit standards established by the Comptroller General of the United States.

(c) If at any time Bonneville objects to an expenditure of funds, Bonneville shall provide the Contractor with written notice of such objections as soon as is practicable.

(d) Upon receipt by the Contractor of written notice of objection by Bonneville, the parties shall meet and attempt to resolve the objection in a reasonable time. In the event the parties are unable to resolve the objection, the matter shall be resolved as provided in section 11 or through such other means as may be available to the parties.

11. Arbitration. If Bonneville and the Contractor cannot resolve an objection to an expenditure of funds, and such objection involves solely questions of fact, either party may require the matter to be arbitrated by instituting the procedures contained in paragraphs 24(b)(1) through 24(b)(6) of the General Conservation Contract Provisions of Exhibit B. The decision of the arbitrator(s) shall be binding on both parties.

12. Funding for Subsequent Years. Subject to the provisions of section 17(b) below, if the Contractor chooses to continue implementing the Program Agreement for the Budget Years 1989 and 1990, Bonneville will provide the Contractor with an approved budget to continue the Program Agreement.

(a) For Budget Year 1989 the amount of the Approved Budget shall be the greater of (1) the budget proposed by Bonneville to the Contractor for Budget Year 1989 or (2) an amount equal to the budget proposed by Bonneville to the

Contractor for Budget Year 1989 under the Residential Weatherization Program Conservation Agreement plus two-thirds of the difference between:

(A) the amount expended for the Program Agreement in the Budget Year 1988; and

(B) an amount equal to the budget proposed by Bonneville to the Contractor for Budget Year 1990 under the Residential weatherization Program Conservation Agreement.

(b) For Budget Year 1990 the amount of the Approved Budget shall be the greater of (1) the budget proposed by Bonneville to the Contractor for Budget Year 1990 or (2) an amount equal to the budget proposed by Bonneville to the Contractor for Budget Year 1990 under the Residential Weatherization Program Conservation Agreement plus one-half of the difference between:

(A) the amount expended for the Program Agreement in Budget Year 1989; and

(B) an amount equal to the budget proposed by Bonneville to the Contractor for Budget Year 1991 under the Residential Weatherization Program Conservation Agreement.

13. Additional Bond Sales. If Bonneville requests the Contractor to issue additional Bonds for the purpose of implementing additional Conservation in the Contractor's Operating Area, the Contractor may, at its option, issue such additional Bonds.

14. Unexpended Bond Fund Proceeds. Any bond proceeds remaining on September 30, 1988 shall be applied as provided in the Bond Resolution.

15. Amendment of Agreement. Except as provided for health and safety threats in section 4(c) of the General Conservation Contract Provisions of Exhibit B, this Bond Financing Agreement and the Exhibits hereto may be amended only by the mutual agreement of the parties.

16. Assignment. This Bond Financing Agreement may be assigned only by the mutual agreement of the parties.

17. Applicability and Priority of Provisions.

(a) Upon delivery of the Bond proceeds to the Trustee and effective through Budget Year 1988 with noted exceptions, all provisions of Exhibit B of this Bond Financing Agreement shall be in effect, with the following exceptions:

(1) subsections 1(g), section 2, the reference to Exhibit C in section 3, section 6, subsection 10(a), and the reference to the mandatory cost reimbursement method in subsection 11(b), subsections 12(a), 12(b) and paragraphs (1), (2), and (3) of subsection 12(c); provided, however, that for purposes of section 13, subsections 12(b) and 12(c)(3) shall be in effect;

(2) of Exhibit A, the General Conservation Contract Provisions: subsections 1(c), 1(e), 1(n), 1(r), 1(aa), 4(a), 4(b), 4(d), 4(e), 4(f), 4(g), 6(b), 6(c), 6(d), 6(e), 6(f), 7(a), and 7(d), section 8; provided, however, that if Bonneville provides funds to the Contract under section 5(c) above, section 8 will apply to such funding; section 13, section 21, section 23; for Budget Years 1986 and 1987, section 14; for Budget Year 1988, subsections 14(a), 14(c), 14(d) and 14(e); and

(3) Exhibit C, Payment Methods.

"Trustee" shall be substituted for "Bonneville" wherever a provision of Exhibit B of this Bond Financing Agreement requires Bonneville payment to the Contractor.

(b) Should the Contractor choose to continue implementing conservation under the Residential Weatherization Program Conservation Agreement for Budget Years 1989 and 1990, all provisions of the Residential Weatherization Program

Conservation Agreement, Exhibit B, as amended and if not otherwise terminated, shall be in effect except the following paragraphs of the Submittal and Approval of Contractor's Budget section found in the General Conservation Contract Provisions of Exhibit B of this Bond Financing Agreement: 6(e)(1), 6(e)(4), and 6(f)(1).

Subsequent to Budget Year 1990, all provisions of the Residential Weatherization Program Conservation Agreement, Exhibit B, as amended and not otherwise terminated, shall be in full force and effect.

(c) The provisions in the Bond Financing Agreement, all exhibits and all attachments thereto, shall be deemed to be a part of this Bond Financing Agreement. If a provision in an attachment to an exhibit is in conflict with a provision contained in the exhibit itself, the provision contained in the exhibit shall prevail. If a provision in the body of this Bond Financing Agreement is in conflict with a provision contained in an exhibit, the provision in the body of this Bond Financing Agreement shall prevail.

18. Termination.

(a) In the event the Contractor is unable or has failed to sell the Bonds by October 1, 1985, then either party may terminate this Bond Financing Agreement by giving the other 30 day's written notice. Notwithstanding the provisions of section 17 of this Bond Financing Agreement, termination of the Residential Weatherization Conservation Program Agreement shall be as provided therein.

(b) If written notice to terminate is given in accordance with subsection (a) above and Bonds were not sold due to forces beyond the Contractor's control, Bonneville shall pay the Contractor for direct costs, as mutually agreed to by the parties, incurred in the attempt to issue Bonds.

(c) If written notice to terminate is given in accordance with (a) above, and Bonds were not sold due to a decision by the Contractor not to proceed, Bonneville shall not make any payment for expenses related to the attempt to issue Bonds.

IN WITNESS WHEREOF, the parties hereto have executed this Amendatory Bond Financing Agreement.

UNITED STATES OF AMERICA
Department of Energy

By 
Assistant Administrator for Conservation

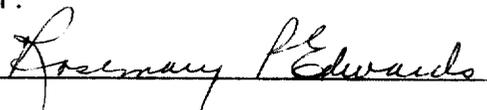
Date MAY 10 1985

CITY OF EUGENE, OREGON
acting by and through the
EUGENE WATER & ELECTRIC BOARD

By 
Title Acting General Manager-Secretary

Date June 10, 1985

ATTEST:

By 
Title Assistant Secretary

Date June 10, 1985

(WP-PKL-2540c)

Delta Computation Procedure

This Computation Procedure shall be used to determine the difference in present values of (i) the net debt service to be paid on the Bonds issued in accordance with this Bond Financing Agreement, which is described in the Official Statement relating thereto and (ii) the net debt service which would have been paid on a Treasury borrowing by Bonneville to fund an equivalent amount of conservation (Treasury Borrowing).

The difference in the present values of net debt service is the remainder which results from subtracting the present value of the net debt service of the Bond issue from the present value of the net debt service of the Treasury Borrowing, but not less than zero. Included in the difference are amounts to pay underwriter discount and other financing costs associated with tax-exempt municipal bonds of this type to be issued by the Board.

The principal amount and net debt service of the Treasury Borrowing shall be computed using the same computer program and the same terms, conditions and assumptions used to compute the principal amount and net debt service of the Bond issue except that; (i) the interest rate on the Treasury Borrowing shall be the rate or rates certified by an authorized official of the Bonneville Power Administration to be the rate or rates that Bonneville could have borrowed from Treasury for the same maturity or maturities as the Bond issue on the date of sale of the Bond issue; (ii) there shall be no underwriting discount with the Treasury Borrowing; (iii) there shall be no other issuance expenses with the Treasury Borrowing, and (iv) there shall be no Debt Service Reserve Fund with the Treasury Borrowing.

The present values of the net debt service requirements of the Bond issue and the Treasury Borrowing shall be computed using the same computer program used to compute the principal amounts.

The discount rate used in computing the present values of the net debt service requirements of the Bond issue and the Treasury Borrowing shall be the interest rate on the Treasury Borrowing, with semi-annual compounding.

The computer program to be used for all computations shall be the bond sizing computer program "SIZ" available from Alexander Programming Corporation, New York, New York.

(WP-PKL-2540c)

Program Agreement Schedule of Authorized and
 EWEB Cost Share Expenditures

	FY 1986	FY 1987	FY 1988	TOTAL
1. Authorized Expenditures	\$4,399,007	\$4,967,258	\$4,823,899	\$14,190,164
2. EWEB Cost Share	433,893	489,942	475,801	1,399,636
3. <u>Total Program Amount</u>	4,832,900	5,457,200	5,299,700	15,589,800
4. Budget Summary				
a. % of Non-Low Income Jobs	2,420	2,732	2,654	7,806
Energy Savings	12,448,480	14,053,408	13,652,176	40,154,064
Authorized Expenditures				
Measures	3,519,648	3,973,421	3,859,978	11,353,047
Admin.	445,280	502,688	488,336	1,436,304
EWEB Cost Share	391,072	441,491	428,886	1,261,449
<u>TOTAL Non-Low Income</u>	4,356,000	4,917,600	4,777,200	14,050,800
b. % of Low Income Jobs	251	284	275	810
Energy Savings	1,145,062	1,295,608	1,254,550	3,695,220
Authorized Expenditures				
Measures	385,385	436,054	422,235	1,243,674
Admin.	48,694	55,096	53,350	157,140
EWEB Cost Share	42,821	48,450	46,915	138,186
<u>TOTAL Low Income</u>	476,900	539,600	522,500	1,539,000

(WP-PKL-2540c)

Delta Projects

1. The description of each Delta Project, for which funds from the bond proceeds shall be made available in accordance with sections 6 and 8 of the body of the Agreement, shall contain the following information:
 - a. Eligibility Criteria for Consumers
 - b. Measures to be Installed (if appropriate)
 - c. Technical Requirements
 - d. Installation Procedures
 - e. Inspection Procedures
 - f. Consumer Incentive Calculation (if appropriate)
 - g. Final Budget for Administration, Incentives and Services
 - h. Records to be Maintained by Contractor
 - i. Evaluation Plan and Criteria
 - j. Compliance with NEPA requirements
 - (1) Delta Projects involving the retrofitting of Residences shall comply with the Residential Environmental Impact Statement (EIS) and the implementation procedures in Exhibit B to this Agreement.
 - (2) Delta Projects involving the retrofitting of existing commercial buildings shall comply with the procedures and requirements of the Bonneville Environmental Requirements for Existing Commercial and Institutional Buildings.
2. The approved preliminary budgets, for the Delta Projects listed in this Exhibit, are as stated in the budget section of the summary for each Delta Project. If it is necessary to revise any or all of the budgets, the Contractor shall submit, to Bonneville for concurrence, revised budgets for the Delta Projects. If Bonneville approves a revised budget such final budget will supersede the preliminary budget on the date Bonneville approves the revision.
3. The Contractor shall provide Bonneville, prior to any disbursement of Bond proceeds for a Delta Project, a work plan for such project which includes: dates and milestones for the design of the program and its implementation; and the schedule of the disbursements of Bond proceeds by the Trustee for the project administration, incentives and services.
4. Reports on Delta Projects shall be submitted monthly to Bonneville and shall include units of accomplishment, expenditures from Bond proceeds account for administration, incentives and services, and kilowatthours saved, if appropriate.
5. Bonneville shall have access to all Delta Project records, subject to subsection 10(a) of the body of the agreement, in order to verify that funds have been expended for the program in accordance with the Delta Project description.
6. The Contractor shall provide Bonneville, no later than 90 days after the scheduled completion date, a copy of the evaluation report for each Delta Project in accordance with the evaluation plan and criteria as set out in the project description.

Delta Projects

1. Highrise Multifamily Conservation Program

A. BRIEF DESCRIPTION: The Contractor will implement an R & D program for multifamily buildings which are currently not eligible for the Bonneville Residential Weatherization Program. An in-depth all measures analysis of multifamily buildings will be undertaken. Building owners will be offered a buy-back financial incentive for electric savings.

B. TIME SCHEDULE:

Development Time: 3 months
Implementation Time: 30 months
Completion/Follow-Up: 3 months

C. PROGRAM COSTS:

(1) Amount available for Measures and Services:	\$600,000
(2) Amount available for Contractor administrative costs:	<u>\$100,000</u>
(3) Total amount available from Bond proceeds:	\$700,000

Legon 9/4/85

Delta Projects

2. Super Good Cents Marketing & Incentive Demonstration Program

A. BRIEF DESCRIPTION: The Contractor proposes to implement an incentive program to augment the Super Good Cents marketing program currently in operation. Additional marketing efforts would be undertaken under this program. The program would provide a \$1.00/square foot incentive to the home builders for building homes to the Super Good Cents Standards (MCS). Program includes administration and marketing of incentive.

B. TIME SCHEDULE:

Development Time: 6 months
Implementation Time: 30 months

C. PROGRAM COSTS:

(1) Amount available for Measures and Services	\$634,000
(2) Amount available for Contractor administrative costs	<u>\$269,500</u>
(3) Total amount available from Bond proceeds	\$903,500

Delta Projects

3. Super Good Cents Program House Plans Book

A. BRIEF DESCRIPTION:

Program would pay partial cost for the development of 15 house plans designed to qualify as Super Good Cents Homes. Local area architects and building designers would develop the plans. The homeowner/builder costs for purchasing the working drawings would be reimbursed at 50% of the plan cost if the house is built and certified as a Super Good Cents Home. Energy efficient house plans will be made available at no cost to homeowners/builders.

B. TIME SCHEDULE:

Development Time: 9 months
Implementation Time: 30 months

C. PROGRAM COSTS:

(1) Amount available for Measures and Services	\$30,000
(2) Amount available for Contractor administrative costs	<u>\$2,500</u>
(3) Total amount available from Bond proceeds	\$32,500

Delta Projects

4. Low Income Weatherization Marketing Pilot Program

A. BRIEF DESCRIPTION: The Contractor proposes to implement a low income weatherization marketing program. The program would supplement Bonneville's existing low income weatherization program and would provide funding for marketing targeted at low income customers. The marketing activities would be administered by the Housing and Community Services Agency (HACSA) of Lane County, who is the Contractor's existing low income installer. The Contractor would oversee HACSA's marketing activities. HACSA would receive \$50 per weatherized home for marketing. The program would allow HACSA to complete 200 additional jobs that would not be completed without marketing.

B. TIME SCHEDULE:

Development Time: 3 months
Implementation Time: 31 months
Completion/Follow-Up: 2 months

C. PROGRAM COSTS:

(1) Amount available for Measures and Services	\$40,400
(2) Amount available for Contractor administrative costs	<u>\$10,100</u>
(3) Total amount available from Bond proceeds	\$50,500

79,454
a. amount available
b. amount available
11/1/85 dtd 7/2/86

Delta Projects

5. Super Good Cents Demonstration Homes

A. BRIEF DESCRIPTION: A number (3-6) of demonstration homes would be built to meet the Super Good Cents Standard. The homes would be maintained as "Model Super Good Cents Homes" for one year and would be open to the public. The homes would display numerous types of products and construction techniques, i.e., various types of windows and manufacturers would be employed. In addition, the homes would display state-of-the-art energy efficient appliances, energy efficient landscaping, and small photovoltaic systems for demonstration and research. This demonstration project would be patterned after the Impact 2000 house build by Boston Edison. The Contractor will reimburse the builder for the first year's principle and interest costs for each house constructed under the Program. The homes would be sold at the end of the project period.

B. TIME SCHEDULE:

Development Time: 12 months
Implementation Time: 24 months

C. PROGRAM COSTS:

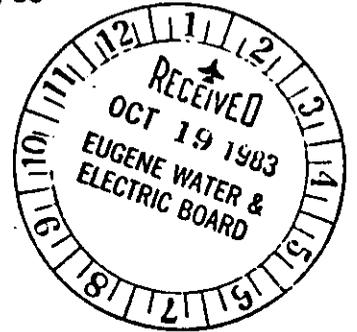
(1) Amount available for Measures and Services	\$129,000
(2) Amount available for Contractor administrative costs	<u>\$21,000</u>
(3) Total amount available from Bond proceeds	\$150,000

(WP-PKL-2540c)

(AUTHENTICATED COPY)

DE-MS79-83BP91647

10/18/83



RESIDENTIAL WEATHERIZATION
REVENUE BOND FINANCING AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

CITY OF EUGENE, OREGON

acting by and through the

EUGENE WATER & ELECTRIC BOARD

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This BOND FINANCING AGREEMENT executed October 24, 1983, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and the CITY OF EUGENE, OREGON, a municipal corporation of the State of Oregon, acting by and through the EUGENE WATER & ELECTRIC BOARD (Contractor),

W I T N E S S E T H :

WHEREAS Bonneville is required by the Pacific Northwest Electric Power Planning and Conservation Act, P.L. 96-501 (Regional Act), to acquire conservation measures, implement conservation measures, and is authorized to conduct demonstration projects for the purpose of determining the cost-effectiveness of conservation measures in the Region; and

WHEREAS, to the extent conservation measures require direct arrangements with consumers, Bonneville is obligated by the Regional Act to make maximum practical use of customers and local entities capable of administering and carrying out conservation arrangements; and

WHEREAS the Regional Act authorizes Bonneville to provide financial assistance for the development of conservation measures throughout the Region; and

WHEREAS one of the methods of financing cost-effective conservation which Bonneville has determined to have potential for achieving cost-effective conservation objectives to the Region is for a contractor to issue its revenue bonds and for Bonneville to make payments as necessary to amortize such bonds; and

WHEREAS the parties intend to test this method of financing cost-effective conservation; and

WHEREAS the Contractor will seek authorization to issue electric system revenue bonds pursuant to relevant resolutions of Contractor and the charter of the City of Eugene, and after complying with the procedures required by Oregon law, is willing to issue such bonds under the terms and conditions set forth herein; and

WHEREAS the proceeds of such bonds will be used to fund conservation measures and related costs in the Contractor's service area for three years; and

WHEREAS Bonneville has heretofore noted or will note in its annual budget submitted to Congress sufficient funds to meet the obligations of Bonneville as set forth in this Bond Financing Agreement;

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

1. Definitions.

(a) "Bonds" mean the tax exempt revenue bonds issued pursuant to this Bond Financing Agreement for the purposes of financing or refinancing the cost of acquiring and implementing the conservation programs described in the Bond Financing Agreement.

(b) "Bond Financing Agreement" means this Residential Weatherization Revenue Bond Financing Agreement, as amended, and all exhibits and all attachments thereto.

(c) "Bond Financing Agreement Costs" mean the fees of the Trustee and the paying agent for the Bonds; and any other costs incurred by the Contractor and agreed to by Bonneville in connection with the Bonds to the extent such costs are not capitalized in the Bond issue.

(d) "Bond Resolution" means the resolution or resolutions adopted or supplemented by the Contractor as the same may be amended or supplemented to authorize the Bonds and provide security therefor.

(e) "Budget Year" means the period commencing on October 1, 1983 and ending on September 30, 1984, for the initial year of this Bond Financing Agreement; and, thereafter during the term, a period commencing on October 1 and ending the following September 30.

(f) "Debt Service" means all sums required to pay debt service including principal, interest and premium, if any, on the Bonds and contributions to reserve accounts required by the Bond Resolution.

(g) "Delta" means that amount calculated in accordance with Exhibit A.

(h) "Delta Project" means a conservation project as may be funded by the Delta. A Delta Project shall be (1) an acquisition under section 6(a) of the Regional Act, (2) an experimental, developmental, demonstration, or pilot

project under section 6(d) of the Regional Act, or (3) an increased expenditure level under the Program Agreement. Such projects must be consistent with the Council's Plan and in conformance with Federal law.

(i) "Program Agreement" means the applicable provisions of Exhibit B, entitled "Residential Weatherization Program Conservation Agreement," as listed in section 17 of this Bond Financing Agreement.

(j) "Trustee" means a financial organization selected by Contractor with the concurrence of Bonneville to whom the Bond proceeds shall be delivered and who shall disburse the Bond proceeds.

2. Term of Agreement. This Bond Financing Agreement becomes effective on 2400 hours on the date that both this Bond Financing Agreement and the Residential Weatherization Program Conservation Agreement are fully executed by the parties. This Bond Financing Agreement shall continue in effect until all Bonds have been paid and retired. All obligations arising from this Bond Financing Agreement shall be preserved until satisfied.

3. Exhibits. Exhibit A (Delta Computation Procedure), Exhibit B (Residential Weatherization Program Conservation Agreement), Exhibit C (Program Agreement Schedule of Authorized Expenditures), Exhibit D (Delta Projects), and Exhibit E (Bond Resolution) are hereby made a part of this Bond Financing Agreement.

4. Contractor Duties.

(a) Contractor shall use its best efforts to undertake and direct all actions required for the issuance of bonds at the earliest practical date following the execution of this Bond Financing Agreement sufficient to fund the Program Agreement as described in Exhibit B at 90 percent of the level set forth in Exhibit C and the estimated Delta which will result from such Bond issue;

(b) Contractor shall expend the funds for and pursuant to the Program Agreement and as provided in Exhibit C, and as limited by section 8; provided that the Contractor's expenditures of funds under the Bond Financing Agreement shall not be affected except in compliance with a judicial decision in a suit or action to which the Contractor is a party that restricts such expenditures.

If a court of competent jurisdiction finds section 32 (the Contract Charge provision) of the General Conservation Contract Provisions of the Program Agreement to be unenforceable or invalid, Bonneville may terminate the Program Agreement and the Contractor's use of Bond proceeds on one year's written notice.

In the event that BPA issues such written notice of termination, the Contractor may continue implementation of the Program Agreement at the levels set forth in Exhibit C during such one-year notice period.

(c) Contractor shall expend Bond proceeds for Delta Projects, if any, in accordance with section 6 and Exhibit D.

(d) Contractor shall provide Bonneville with program records, reports, and accounting data as referenced in Exhibit B for the purpose of determining that the expenditures of Bond proceeds accord with the terms and conditions set forth in this Bond Financing Agreement.

5. Bonneville Duties.

(a) Pursuant to its authority to conduct demonstration projects and to acquire conservation measures under Section 6 of the Regional Act, Bonneville shall pay the Debt Service on the Bonds to the Trustee, and Bond Financing Agreement Costs to the appropriate parties, as provided by the Bond Resolution with which Bonneville has concurred. Such payment shall be made regardless of the performance of the Contractor. In the event that the Bond Financing Agreement, the Program Agreement or any of their provisions are discontinued,

terminated, suspended, or determined to be unenforceable or invalid by a court of competent jurisdiction, Bonneville's obligation to pay Debt Service and Bond Financing Agreement Costs shall continue irrespective of such discontinuance, termination, suspension, or determination.

(b) Bonneville shall offer an amendment to the Program Agreement to the Contractor when amendments to programs similar to the program under the Program Agreement have been offered to other contractors.

(c) If funds in addition to those available in the Bond proceeds account are required to meet the scheduled expenditures for the Program Agreement for the third Budget Year as set forth in Exhibit C, Bonneville shall provide funds to the Contractor to meet such scheduled expenditures; provided, however that provision of such funds is subject to section 8, Limitation of Program Funds, of the General Conservation Contract Provisions of Exhibit B of this Bond Financing Agreement.

6. Delta Projects. Delta Projects are subject to Bonneville approval and shall be attached as Exhibit D upon such approval.

Delta Projects expenditures shall be paid from the Bond proceeds account in accordance with section 8 and subject to Exhibit D in an amount not to exceed the Delta less \$151,000.

7. Sale of Bonds. The terms and conditions of the Bond Resolution, Bond sale and related documents, shall be determined by the Contractor and shall be subject to concurrence by Bonneville which shall be a condition precedent to Bonneville's obligation under section 5(a) above. The Bond Resolution shall be incorporated into this Bond Financing Agreement as Exhibit E upon concurrence by Bonneville.

8. Disbursement of Bond Proceeds by the Trustee.

(a) Financing costs, which are those direct costs described in the official statement incurred in connection with the sale and issuance of Bonds, shall be paid to the Contractor from the Bond proceeds account by the Trustee as reimbursement for such financing costs or for direct payment of such financing costs to vendors.

(b) A fee of \$151,000 shall be paid by the Trustee to the Contractor for its unrestricted use from the Bond proceeds account.

(c) In addition to the uses described in (a) and (b) above, the Bond proceeds account, less \$1.5 million of such account which is to be held for payment as provided in subsection (d) below, shall be paid to the Contractor by the Trustee for:

(1) reimbursement to the Contractor for its own funds which the Contractor has expended in accordance with the Residential Weatherization Program Conservation Agreement between October 1, 1983, and the date that Bond proceeds became available which are in excess of the Allocated Budget Share described in Exhibit B;

(2) expenditures under the Program Agreement in accordance with the schedule of expenditures set forth in Exhibit C; and

(3) expenditures for Delta Projects in accordance with Exhibit D, in an amount not to exceed Delta less \$151,000.

(d) The \$1.5 million held in the Bond proceeds account shall be paid to the Contractor for Program Agreement expenditures as follows:

(1) If Bonneville has not objected to an expenditure of Bond proceeds as set forth in subsection 10(c) below, \$500,000 shall be releasable to the Contractor on the ninety-first day following the end of a Budget Year.

(2) If Bonneville objects to an expenditure of Bond proceeds by the Contractor, any portion of the \$1.5 million which has not been released in accordance with paragraph (1) above, shall not be releasable until resolution of Bonneville's objections. The resolution of such objections shall be in accordance with the procedures contained in section 10 or section 11, or through such other means as may be available to the parties.

If it is resolved or determined that the Contractor has made an improper expenditure of Bond proceeds, the Contractor shall repay into the Bond proceeds account the amount of such improper expenditure from the revenues of the electric utility system or from monies lawfully available therefor to the extent permitted by the Bond Resolution. Such payment shall constitute resolution of an objection. For each Budget Year, when objections have been resolved, \$500,000 shall be releasable to the Contractor on the ninety-first day following the end of the Budget Year.

(e) If an arbitration proceeding is initiated in accordance with section 11 below, and the arbitration results in a determination that EWEB has improperly expended Bond proceeds, Bonneville may order the Trustee to cease disbursement of the Bond proceeds until EWEB repays into the Bond proceeds account the amount determined by the arbitrator(s) to have been improperly spent by the Contractor.

(f) Interest earned from investment of the Bond proceeds shall be applied to the Bond proceeds account as provided in the Bond Resolution.

9. Budget.

(a) Any funds expended in accordance with the Residential Weatherization Program Conservation Agreement prior to the date Bond proceeds become available and any funds expended for Program Agreement expenditures from the Bond proceeds account shall constitute use of the budget amount described in Exhibit C.

(b) At any time during a Budget Year, the Contractor and Bonneville may agree to adjust the Contractor's Program Agreement Schedule of Authorized Expenditures as set forth in Exhibit C.

10. Review of Expenditures, Objections, and Resolution.

(a) Bonneville shall review the Contractor reports, records, and Program accounting data of the Contractor from time to time to determine that the expenditures of Bond proceeds accord with the terms and conditions of this Bond Financing Agreement.

(b) Bonneville shall initiate a financial audit within 90 days of September 30, 1986. Such audit shall be conducted by Bonneville or its designee in accordance with audit standards established by the Comptroller General of the United States.

(c) If at any time Bonneville objects to an expenditure of funds, Bonneville shall provide the Contractor with written notice of such objections as soon as is practicable.

(d) Upon receipt by the Contractor of written notice of objection by Bonneville, the parties shall meet and attempt to resolve the objection in a reasonable time. In the event the parties are unable to resolve the objection, the matter shall be resolved as provided in section 11 or through such other means as may be available to the parties.

11. Arbitration. If Bonneville and the Contractor cannot resolve an objection to an expenditure of funds, and such objection involves solely questions of fact, either party may require the matter to be arbitrated by instituting the procedures contained in paragraphs 24(b)(1) through 24(b)(6) of the General Conservation Contract Provisions of Exhibit B. The decision of the arbitrator(s) shall be binding on both parties.

12. Funding for Subsequent Years. If the Contractor chooses to continue implementing the Program Agreement for the Budget Years 1987 and 1988, Bonneville will provide the Contractor with an approved budget to continue the Program Agreement.

(a) For Budget Year 1987 the amount of the Approved Budget shall be the greater of (1) the budget proposed by Bonneville to the Contractor for Budget Year 1987 or (2) an amount equal to the budget proposed by Bonneville to the Contractor for Budget Year 1987 under the Residential Weatherization Program Conservation Agreement plus two-thirds of the difference between:

(A) the amount expended for the Program Agreement in the Budget Year 1986; and

(B) an amount equal to the budget proposed by Bonneville to the Contractor for Budget Year 1988 under the Residential Weatherization Program Conservation Agreement.

(b) For Budget Year 1988 the amount of the Approved Budget shall be the greater of (1) the budget proposed by Bonneville to the Contractor for Budget Year 1988 or (2) an amount equal to the budget proposed by Bonneville to the Contractor for Budget Year 1988 under the Residential Weatherization Program Conservation Agreement plus one-half of the difference between:

(A) the amount expended for the Program Agreement in Budget Year 1987; and

(B) an amount equal to the budget proposed by Bonneville to the Contractor for Budget Year 1989 under the Residential Weatherization Program Conservation Agreement.

13. Additional Bond Sales. If Bonneville requests the Contractor to issue additional Bonds for the purpose of implementing additional Conservation in the Contractor's Operating Area, the Contractor may, at its option, issue such additional Bonds.

14. Unexpended Bond Fund Proceeds. Any bond proceeds remaining on September 30, 1986 shall be applied as provided in the Bond Resolution.

15. Amendment of Agreement. Except as provided for health and safety threats in section 4(c) of the General Conservation Contract Provisions of Exhibit B, this Bond Financing Agreement and the Exhibits hereto may be amended only by the mutual agreement of the parties.

16. Assignment. This Bond Financing Agreement may be assigned only by the mutual agreement of the parties.

17. Applicability and Priority of Provisions.

(a) Upon delivery of the Bond proceeds to the Trustee and effective through Budget Year 1986 with noted exceptions, all provisions of Exhibit B of this Bond Financing Agreement shall be in effect, with the following exceptions:

(1) subsections 1(b), 1(e), section 2, the reference to Exhibit C in section 3, section 7, subsection 10(a), and subsection 11(a);

(2) of Exhibit A, the General Conservation Contract Provisions: subsections 1(c), 1(e), 1(n), 1(r), 1(aa), 4(a), 4(b), 4(d), 4(e), 4(f), 6(b), 6(c), 6(d), 6(e), 6(f), 7(a) and 7(d), section 8; provided, however, that if Bonneville provides funds to the Contractor under section 5(c) above, section 8 will apply to such funding; section 13, section 21, section 23; for Budget Years 1984 and 1985, section 14; for Budget Year 1986, subsections 14(a), 14(c), 14(d) and 14(e); and

(3) Exhibit C, Payment Methods.

"Trustee" shall be substituted for "Bonneville" wherever a provision of Exhibit B of this Bond Financing Agreement requires Bonneville payment to the Contractor.

(b) Subparagraph 32(d)(3)(ii) of the General Conservation Contract Provisions of Exhibit B is deleted and replaced with the following only as it applies to the Rate Adjustment Date scheduled to occur in July of 1985:

"September 30, 1986, or one calendar year following such Rate Adjustment Date, whichever is later." Nothing in the body of this Agreement shall be construed to limit actions the Contractor may take in accordance with section 32 of the General Conservation Contract Provisions of Exhibit B.

(c) If claims for retroactive reimbursement of measures qualifying under subsections 11(d), 11(e), or 11(f) of Exhibit B are made by the Contractor, the Contractor may, upon Bonneville approval of such claims, be paid these claims by the Trustee from the Bond proceeds account. Such payment for retroactive claims from the Bond proceeds account shall be considered use of the budget amount listed in Exhibit C for the Budget Year in which such payment is made. This paragraph takes precedence over the last sentence of subparagraph 7(b)(2)(C) of the General Conservation Contract Provision of Exhibit B of this Bond Financing Agreement.

(d) If claims for retroactive reimbursement for measures qualifying under subsections 11(d), 11(e), or 11(f) of Exhibit B are made by the Contractor, the Contractor may chose to have these claims paid directly by Bonneville. In this event, payment of such claims shall be subject to the provisions of section 7 of the General Conservation Contract Provisions of Exhibit B of this Bond Financing Agreement.

(e) Should the Contractor choose to continue implementing conservation under the Residential Weatherization Program Conservation Agreement for Budget Years 1987 and 1988, all provisions of the Residential Weatherization Program Conservation Agreement, Exhibit B, as amended, shall be in effect except the

following paragraphs of the Submittal and Approval of Contractor's Budget section found in the General Conservation Contract Provisions of Exhibit B of this Bond Financing Agreement: 6(e)(1), 6(e)(4), and 6(f)(1).

Subsequent to Budget Year 1988, all provisions of the Residential Weatherization Program Conservation Agreement, Exhibit B, as amended, shall be in full force and effect.

(f) The provisions in this Bond Financing Agreement, all exhibits and all attachments thereto, shall be deemed to be a part of this Bond Financing Agreement. If a provision in an attachment to an exhibit is in conflict with a provision contained in the exhibit itself, the provision contained in the exhibit shall prevail. If a provision in the body of this Bond Financing Agreement is in conflict with a provision contained in an exhibit, the provision in the body of this Bond Financing Agreement shall prevail.

18. Termination.

(a) In the event the Contractor is unable or has failed to sell the Bonds by March 31, 1984, then either party may terminate this Bond Financing Agreement by giving the other 30 days' written notice. Notwithstanding the provisions of section 17 of this Bond Financing Agreement, termination of the Residential Weatherization Conservation Program Agreement shall be as provided therein.

(b) If written notice to terminate is given in accordance with subsection (a) above and Bonds were not sold due to forces beyond the Contractor's control, Bonneville shall pay the Contractor for direct costs, as mutually agreed to by the parties, incurred in the attempt to issue Bonds.

(c) If written notice to terminate is given in accordance with (a) above, and Bonds were not sold due to a decision by the Contractor not to proceed, Bonneville shall not make any payment for expenses related to the attempt to issue Bonds.

IN WITNESS WHEREOF, the parties hereto have executed this Bond Financing Agreement.

UNITED STATES OF AMERICA
Department of Energy

By /s/ M. Klinger
Acting Bonneville Power Administrator

CONTRACTOR
THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board
By /s/ Keith Parks

Title General Manager-Secretary

Date October 24, 1983

ATTEST:

By /s/ Rosemary P. Edwards

Title Assistant Secretary

Date October 24, 1983

(WP-PKI-1940c)

Delta Computation Procedure

This Computation Procedure shall be used to determine the difference in present values of (i) the net debt service to be paid on the Bonds issued in accordance with this Bond Financing Agreement, which is described in the Official Statement relating thereto and (ii) the net debt service which would have been paid on a Treasury borrowing by Bonneville to fund an equivalent amount of conservation (Treasury Borrowing).

The difference in the present values of net debt service is the remainder which results from subtracting the present value of the net debt service of the Bond issue from the present value of the net debt service of the Treasury Borrowing, but not less than zero.

The principal amount and net debt service of the Treasury Borrowing shall be computed using the same computer program and the same terms, conditions and assumptions used to compute the principal amount and net debt service of the Bond issue except that; (i) the interest rate on the Treasury Borrowing shall be the rate or rates certified by an authorized official of the Bonneville Power Administration to be the rate or rates that Bonneville could have borrowed from Treasury for the same maturity or maturities as the Bond issue on the date of sale of the Bond issue; (ii) there shall be no underwriting discount with the Treasury Borrowing; (iii) there shall be no other issuance expenses with the Treasury Borrowing, and (iv) there shall be no Debt Service Reserve Fund with the Treasury Borrowing.

The present values of the net debt service requirements of the Bond issue and the Treasury Borrowing shall be computed using the same computer program used to compute the principal amounts.

The discount rate used in computing the present values of the net debt service requirements of the Bond issue and the Treasury Borrowing shall be the interest rate on the Treasury Borrowing, with semi-annual compounding.

The computer program to be used for all computations shall be the bond sizing computer program "SIZ" available from Alexander Programming Corporation, New York, New York.

(WP-PKI-1940c)

Contract No. DE-MS79-83BP

7/1/83

RESIDENTIAL WEATHERIZATION PROGRAM

CONSERVATION AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

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This AGREEMENT, executed _____, 19____, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and _____ (Contractor), a _____,

W I T N E S S E T H :

WHEREAS Bonneville is required by the Regional Act to acquire cost-effective conservation and to implement cost-effective conservation measures; and

WHEREAS Bonneville, to the extent conservation measures require direct arrangements with Consumers, is obligated by the Regional Act to make maximum practicable use of its customers and local entities in administering and carrying out such arrangements; and

WHEREAS the parties intend to jointly implement measures to achieve reductions in electric power consumption as a result of increased efficiency of energy use;

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

1. Definitions.

(a) "Building" means a structure containing one or more Residences and within which:

(1) all Residences are owned by one Homeowner; or

(2) if Residences are owned by separate Homeowners, each Homeowner agrees, individually or collectively through the rules governing actions of a Homeowners' association or like entity, prior to the Energy Analysis to act as one Homeowner with regard to this Program.

(b) "Effective Date" means 2400 hours on the later of September 30, 1983, or the last day of the month in which the Contractor executes this Agreement.

(c) "Energy Analysis" means an on-site inspection of a Building to estimate the potential electric energy savings from Measures and to estimate the cost of achieving such savings.

(d) "Homeowner" means the fee owner, mortgagor, or the contract vendee of a Residence, including one used for rental purposes.

(e) "Initial Budget Year" means the period commencing on the Effective Date and ending on September 30, 1984.

(f) "Installer" means an individual, partnership, corporation, or other entity, other than the Contractor, which installs Measures and carries liability insurance and assurance bonding for all work performed. Except for nonprofit entities, all Installers must possess either a State contractor's or similar license.

(g) "Low Income Consumer" means a Consumer whose combined household income, determined in accordance with Item 10 of Exhibit F, is at or below 125 percent of the poverty level, adjusted for household size, determined in accordance with criteria established by the Director of the U.S. Office of Management and Budget.

(h) "Mobile Home" means a structure, built in one or more sections on a steel chassis, which is originally designed to allow for transporting on its own wheels to different sites, and is used with or without a permanent foundation.

(i) "Operating Area" means that portion of the Contractor's electrical service area which is located within the Region.

(j) "Residence" means that portion of a structure :

(1) which contains living facilities including provisions for sleeping, eating, and cooking, for one or more persons;

(2) which uses electric space heating permanently installed prior to April 15, 1983;

(3) which is within the Operating Area; and

(4) which is not a Mobile Home.

If a Residence is attached to any other Residence, the Building in which the Residences are located must be either of wood frame construction or no higher than three stories above grade.

(k) "Seasonal Residence" means any Residence determined by the Contractor to be occupied for less than 180 days of each year.

2. Term of Agreement. This Agreement becomes effective on the Effective Date and shall continue in effect until 2400 hours on September 30, 1990, unless terminated earlier as provided herein. All obligations arising from this Agreement shall be preserved until satisfied.

3. Exhibits. Exhibit A (General Conservation Contract Provisions), Exhibit B (Measures), Exhibit C (Payment Methods), Exhibit D (Contractor Costs), Exhibit E (Consumer Incentive), Exhibit F (Referenced Documents), Exhibit G (Allocated Budget Share), Exhibit H (Transition Payment), and Exhibit I (Retroactive Payment) are hereby made a part of this Agreement.

4. Program Overview. Bonneville shall pay the Contractor for retrofit weatherization Measures accomplished in Buildings containing Residences of Consumers and Low Income Consumers. Bonneville shall also pay the Contractor for administering the Program described in this Agreement.

5. Available Measures. Payment is available for the Measures set forth in Exhibit B. Air-to-air heat exchangers shall not be paid for under this Agreement.

6. Program Procedures. The Contractor shall comply with the following procedures in accomplishing Measures.

(a) Upon request by the Consumer or Homeowner, the Contractor shall conduct an Energy Analysis of the Building in accordance with procedures contained in Item 6 of Exhibit F. The Energy Analysis shall be performed by a person certified in accordance with the energy analyst training procedures contained in Item 7 of Exhibit F. The energy analyst shall give to the Consumer or Homeowner a copy of the Privacy Act notice contained in Item 11 of Exhibit F. The Energy Analysis shall be performed by a person other than the Installer of Measures listed in sections 2 and 3 of Exhibit B or such Installer's subcontractor.

(b) At the time of the Energy Analysis of the Building, or at any time thereafter, and upon approval by the Consumer or Homeowner, the Contractor may provide for the installation of the Measures listed in section 1 of Exhibit B. Such installation shall be at no cost to the Consumer or Homeowner.

(c) Using the standard heat loss methodology contained in Item 2 of Exhibit F, or an alternate heat loss methodology indexed in accordance with the procedures contained in Item 4 of Exhibit F, the Contractor shall determine all Measures eligible for payment and give the Consumer or Homeowner a list of all Measures eligible for payment and an estimate of the annual kilowatt-hour savings that would be realized from the installation of each of such Measures. The Contractor shall inform the Consumer or Homeowner that kickbacks, rebates or other non-Program benefits from Installers are prohibited and may be subject to Federal law. The energy analyst shall give to the Consumer or Homeowner a brochure, provided by Bonneville at Bonneville's expense, describing the possible indoor air quality effects of the Measures available under this Agreement.

(d) In accordance with inspection procedures contained in Item 6 of Exhibit F, the Contractor shall provide for the inspection of each Measure installed and shall certify to Bonneville that the materials and installation meet or exceed the specifications contained in Item 1 of Exhibit F. The inspection shall be performed by a person certified in accordance with the inspector training standards contained in Item 7 of Exhibit F. The inspection shall be performed by a person other than the Installer of such Measures or such Installer's subcontractor.

7. Amendment of Agreement. The documents referenced in Exhibit F shall be amended in accordance with section 4(b) of Exhibit A; however, each document may be amended no more frequently than twice in the Initial Budget Year and once in each Subsequent Budget Year without providing a detailed explanation of the reason the proposal is necessary.

8. Contractor Participation. Bonneville shall hold a contractor participation meeting, in accordance with section 5 of Exhibit A, no later than March 1 of the Initial Budget Year and no later than October 1 of each Subsequent Budget Year.

9. Allocated Budget Share. The Allocated Budget Share specified in Exhibit G shall be available to the Contractor in accordance with Exhibit A.

10. Additional Budget Submittal Requirements.

(a) For purposes of this Agreement, the initial budget request must be received by Bonneville no later than October 31, 1983, in order to be considered timely.

(b) For each Budget Year the Contractor's request shall be submitted on work plan and budget forms referenced in Item 9 of Exhibit F and shall contain all information requested that is applicable for such Budget Year.

11. Payment Procedures.

(a) The methods of payment available to the Contractor are set forth in Exhibit C. Payments shall be made in accordance with the method, terms, and procedures of the payment method selected in writing by the Contractor for the first energy conservation agreement executed by the Contractor which is offered to the Contractor on or after July 1, 1983. The Contractor may request a change in the payment method by providing written notice to Bonneville. Bonneville shall timely notify the Contractor in writing whether or not such request is approved.

(b) Bonneville shall pay the Contractor in accordance with Exhibit D for administering this Agreement.

(c) Bonneville shall pay the Contractor the amount determined in accordance with Exhibit E for installed Measures listed in Exhibit B, which are inspected in accordance with section 6(d) on or after the Effective Date.

The percentages of the actual cost of the installed Measures that Bonneville shall pay in accordance with sections 2, 3, and 4 of Exhibit E shall be established for each Budget Year by the Contractor in the work plan, referenced in Item 9 of Exhibit F.

(d) Notwithstanding section 7(b)(1)(C) of Exhibit A, Bonneville shall pay the Contractor the amount determined in accordance with Exhibit I for installed Measures listed in Exhibit B, which are inspected in accordance with section 6(d), which were accomplished under a Contractor program on or after December 5, 1980, and prior to October 1, 1983, and which are otherwise eligible for retroactive reimbursement in accordance with section 7 of Exhibit A.

(e) If after the Effective Date a Measure is added to Exhibit B, the Contractor shall become eligible for retroactive reimbursement by Bonneville in accordance with Exhibit A for each similar measure completed or installed under a Contractor program between December 5, 1980, and the date the Measure is added.

(f) If section 4 of Exhibit B is amended to allow payment by Bonneville for Measures not previously eligible for payment due to installation restrictions, the Contractor shall become eligible for payment by Bonneville in accordance with Exhibit A for such measures:

(1) which were completed or installed by the Contractor on or after December 5, 1980, and prior to the date the Measures become eligible for payment by Bonneville;

(2) which include any mitigation set forth in the specifications applicable to such measures; and

(3) which substantially conform to or exceed specifications listed in Item 1 of Exhibit F when such measures were installed.

(g) During a Budget Year when a retroactive claim for measures under subsection (d), (e) or (f) above is determined to be complete, but funds are not available for full payment during such Budget Year, the Contractor may elect to have the Approved Budget for such Budget Year reduced by an amount up to the unpaid portion of such complete retroactive claim, and receive payment of such amount in such Budget Year.

12. Use of Bonneville Funds by Contractor.

(a) Except for payment for Measures listed in section 1 of Exhibit B, the Contractor shall use payments from Bonneville in accordance with sections 11(c), (d), (e), and (f) as follows:

(1) the Contractor shall pay or shall have paid an equal amount of funds directly to the Homeowner of the Residence in which the Measures were installed, or to the Homeowner's designee, or

(2) if the Contractor operates a residential conservation loan program, or has advanced funds to a Homeowner of a Residence in which the Measures were installed, or to the Homeowner's designee, the Contractor shall use the funds paid by Bonneville and the interest earned on those funds solely to offset the principal amount or the Contractor's or Homeowner's interest costs of those conservation loans or advances. Upon satisfaction of all such loans or advances the Contractor shall return to Bonneville any remaining balance of Bonneville funds including the interest earned on those funds. This subsection shall prevail over subsections 2(b)(5) and 3(b)(2) of Exhibit C.

(b) The Contractor shall use payments from Bonneville in accordance with section 11(b) to reimburse the Homeowner of the Residence in which the Measures were installed to the extent the Homeowner has paid the Contractor for conducting an energy analysis.

13. Program Records.

(a) The Contractor shall maintain a record of the following information regarding its transactions with each Consumer or Homeowner concerning the Measures listed in sections 1, 2, and 3 of Exhibit B that are accomplished in a Residence:

- (1) Consumer's name, address, and account number;
- (2) documentation of eligibility for each Low Income Consumer;
- (3) water heater tank location (heated or unheated space);
- (4) the Electric Power consumption during the 12-month period preceding the Energy Analysis; and
- (5) Electric Power consumption for the 12-month period following inspection of Measures.

(b) The Contractor shall maintain a record of the following information regarding its transactions concerning the Measures listed in sections 1, 2, and 3 of Exhibit B that are accomplished in a Building:

- (1) date of performance and the results of the Energy Analysis, including Building measurements and sketches, data derived from the Building for heat loss and cost savings calculations, and the list of Measures eligible for payment;
- (2) date of inspection and a list of Measures installed in accordance with section 6(d);
- (3) the disbursement of the funds expended by the Contractor in accordance with section 12;
- (4) total cost of installed Measures including the Consumer Incentive;
- (5) supporting documents and records necessary for Financial Audit and verification of costs billed to Bonneville; and

(6) supporting documents and records necessary to verify that the requirements of section 11 have been satisfied.

(c) When a Contractor operates a residential loan program under this Agreement, the records on each loan shall be retained for 3 years after the satisfaction of the loan.

14. Program Reports. The Contractor shall submit completed monthly reporting and program forms, referenced in Item 8 of Exhibit F, for each calendar month of this Agreement to be received no later than the 15th day of the month following the calendar month for which reporting is being submitted. However, monthly reporting forms for September must be received by October 10.

15. Notices and Other Communications. Written communication between the parties shall be delivered in person or mailed to the address and to the attention of the person specified below:

If to Bonneville:

Bonneville Power Administration

Attn:

(Name and/or Title)(Phone Number)

If to the Contractor:

Attn:

(Name and/or Title)(Phone Number)

16. Program Evaluation.

(a) The Contractor shall provide to Bonneville Program records on a random sample of Residences selected. The information submitted shall include:

(1) the number of Residences from which the sample was selected; and

(2) the billing records for a comparable period of time for a sample

of Program nonparticipants.

(b) The Contractor shall, upon 60 days' notice by Bonneville but no more frequently than once in any 12-month period, at the discretion of Bonneville either transmit the data collected to Bonneville or permit access to such data by Bonneville or its designee for purposes of Program evaluation.

IN WITNESS WHEREOF, the parties have executed this Agreement.

UNITED STATES OF AMERICA
Department of Energy

By _____
Bonneville Power Administrator

CONTRACTOR

By _____
Title _____
Date _____

ATTEST:

By _____
Title _____
Date _____

(WP-PKI-1703c)

GENERAL CONSERVATION CONTRACT PROVISIONS

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(WP-PKI-1612c)

I. RELATING TO ALL CONTRACTORS

A. IN REFERENCE TO MEANING

1. Definitions.

(a) "Allocated Budget Share" means a specified share of the initial Program budget, determined as described in this Agreement, available to the Contractor prior to completion of the budget approval process.

(b) "Alternate Charge" means the charge as determined by the methodology developed in the wholesale power rate adjustment process reflecting the Contractor's allocation of conservation costs to be collected outside of Bonneville wholesale power rates and associated with Bonneville conservation expenditures made prior to the effective date of an election by the Contractor to pay an Alternate Charge.

(c) "Approved Budget" means the amount which Bonneville shall reserve, subject to section 8, for payment to the Contractor in accordance with this Agreement during a Budget Year.

(d) "Billing Period" means a period of no more than 12 months.

(e) "Budget Year" means Initial Budget Year or Subsequent Budget Year, as appropriate.

(f) "Conservation" means any reduction in Electric Power consumption as a result of installation of direct application renewable resources or of increases in the efficiency of electric energy use, production, or distribution.

(g) "Conservation Charge Methodology" means a scheme for calculating and assessing conservation charges.

(h) "Consumer" means any end user of Electric Power in the Region.

(i) "Consumer Incentive" means any payment made to or financial benefit received by a Consumer in accordance with this Agreement.

(j) "Contract Charge" means the charge as determined by the methodology developed in the wholesale power rate adjustment process reflecting the Contractor's allocation of conservation costs to be collected outside of Bonneville wholesale power rates for periods when the Contractor has not elected the Alternate Charge.

(k) "Contractor" means the party to this Agreement other than Bonneville.

(l) "Contractor Costs" mean all costs, other than Consumer Incentives, which are payable by Bonneville for the implementation and administration of this Agreement.

(m) "Council" means the Pacific Northwest Electric Power and Conservation Planning Council established in accordance with Section 4 of the Regional Act.

(n) "Effective Date" means that phrase as it is defined in the body of this Agreement.

(o) "Electric Power" means electric peaking capacity, or electric energy, or both.

(p) "Electric Utility" means either a utility which signs a firm requirements power sales contract with Bonneville and which sells Electric Power to Consumers in the Region, or a regional Federal agency customer of Bonneville.

(q) "Financial Audit" means a complete interim closeout or final closeout audit of the records specified in the body of this Agreement.

(r) "Initial Budget Year" means the period commencing on the Effective Date and ending on September 30 of the year specified in the body of this Agreement.

(s) "Installer" means an individual, partnership, corporation, or other entity, other than the Contractor, which installs Measures covered by this Agreement.

(t) "Measure" means the installation or distribution of materials or devices or the provision of services which are described in this Agreement and are intended to accomplish Conservation.

(u) "Operating Area" means those portions of Electric Utility service areas which are located within the Region and within which the Contractor may operate in accordance with this Agreement.

(v) "Plan" means the Regional Electric Power and Conservation Plan, including any amendments thereto, adopted in accordance with the Regional Act.

(w) "Program" means the Measures and procedures set forth in this Agreement.

(x) "Rate Adjustment Date" means any date as specified by Bonneville in a notice of intent to file revised rates as published in the Federal Register; except that such date shall not occur earlier than 9 months from the date that such notice of intent is published or 12 months from any previous Rate Adjustment Date.

(y) "Region" means the same as defined in the Regional Act, including any amendments thereto.

(z) "Regional Act" means the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501.

(aa) "Subsequent Budget Year" means a period, other than an Initial Budget Year, commencing on October 1 and ending the following September 30.

2. Interpretation.

(a) The provisions in this Exhibit shall be deemed to be a part of this Agreement. If a provision in the body of this Agreement is in conflict with a provision contained in this Exhibit, the former shall prevail.

(b) Except as provided in section 24, nothing contained in this Agreement shall, in any manner, be construed to abridge, limit, or deprive any party

hereto of any remedy, either at law or in equity, for the breach of any of the provisions of this Agreement.

(c) Only Bonneville's contracting officer, or the contracting officer's representative designated in writing, shall issue interpretations of this Agreement which are binding upon Bonneville. Such interpretations shall be in writing and shall be distributed to each contractor which is a party to an agreement containing the provision being interpreted. All such interpretations shall also be available for review at each Bonneville Area/District Office.

3. Entire Agreement. This Agreement sets forth the entire agreement of the parties and supersedes any and all prior agreements with respect to the subject matter of this Agreement. The rights and obligations of the parties hereunder shall be subject to and governed by this Agreement. The headings used herein are for convenient reference only and shall not affect the interpretation of this Agreement.

4. Amendment of Agreement.

(a) Except as provided in subsections (b), (c), (d), and (e) below, the provisions of this Agreement may be amended only by mutual agreement of the parties after completing the following process:

(1) distribution of a copy of the proposed amendment for review and comment to all contractors whose agreement would be modified by the proposed amendment;

(2) good faith negotiations between Bonneville and the Contractor in accordance with section 5; and

(3) offer of the amendment to all contractors whose agreement would be modified by the proposed amendment and effective on the date specified therein.

Except for amendments issued under subsections (b), (c), and (d) below, changes to more than one subject shall be issued in separate amendments, unless otherwise agreed by the parties.

(b) Bonneville may, in order to assure that conservation is acquired under this Agreement within the cost-effective limits of the Regional Act, revise Consumer Incentives, Contractor Costs, Measures, or the method for calculating energy savings to be produced by the installation of Measures. Bonneville shall provide all contractors whose agreement would be modified by the amendment with a copy of the amendment, accompanied by a detailed explanation of the reason the amendment is necessary. Such contractors shall have at least 30 days from the date of receipt of the notice within which to comment on the amendment. Within a reasonable time after the expiration of such 30-day period, and after discussing the amendment as an agenda item at a meeting held in accordance with section 5, Bonneville shall consider the comments and revise the amendment, if appropriate. If Bonneville then issues an amendment, it shall be issued to all such contractors concurrently. The amendment shall then be attached hereto and made a part of this Agreement. The amendment issued by Bonneville shall provide for a one-time reimbursement to the Contractor, stated as a specific amount, for the reasonable cost, if any, of incorporating the subject matter of the amendment into the Contractor's operation under this Agreement.

(c) If Bonneville determines that the implementation of all or a portion of the Program presents a health or safety threat, Bonneville shall notify the Contractor in writing of the health or safety threat and provide the Contractor with a proposed amendment to mitigate the health or safety threat. Bonneville shall provide, along with the proposed amendment, a detailed description of the health or safety threat that it perceives and a list of the

scientific, medical, or other references upon which Bonneville bases its determination. The Contractor shall have 30 days from the date of receipt of the notice within which to comment on the proposed amendment. Within a reasonable time after the expiration of such 30-day period, Bonneville shall consider the comments, and revise the proposed amendment as necessary to mitigate the health or safety threat. If Bonneville then issues such amendment, it shall be attached hereto and made a part of this Agreement. Bonneville shall reimburse the Contractor for reasonable increases in the costs of operating this Agreement to the extent caused by such amendment. Such reasonable increases shall be incorporated in such amendment.

(d) Materials may be incorporated in this Agreement by reference. Such materials shall be changed in accordance with subsections (b) or (c) above, as appropriate. However, if the change is issued, it shall be incorporated in this Agreement by reference.

(e) Bonneville shall approve any change in compensation due to payment of reasonable costs in accordance with section 13(e) or section 17 by written notice to the Contractor.

(f) Each amendment provided in accordance with this section shall specify an effective date, which shall be no earlier than 4 calendar months from the date of offer or issuance, as appropriate.

5. Contractor Participation.

(a) Bonneville and those current and prospective contractors that desire to participate shall meet no less frequently than is provided in the body of this Agreement, to conduct periodic review of this Agreement, to discuss questions of interpretation of this Agreement, to negotiate amendments in accordance with section 4(a), to discuss amendments in accordance with

sections 4(b) and (c), and to discuss changes to materials incorporated in this Agreement by reference in accordance with section 4(d).

(b) Bonneville may, either on its own initiative, or upon the request of a contractor, call meetings more frequently than is provided in the body of this Agreement. If a contractor requests a meeting, Bonneville shall either grant or deny the contractor's request within 30 calendar days of its receipt.

(c) Bonneville shall request agenda items, including Contractor-proposed amendments, for all meetings. Bonneville shall provide notice of the specific date, time, place, and agenda for each meeting.

(d) After negotiations or discussions, as appropriate, amendments to this Agreement shall be effected as provided in section 4.

B. IN REFERENCE TO PAYMENTS

6. Submittal and Approval of the Contractor's Budget.

(a) Allocated Budget Share. At the time this Agreement is initially offered, Bonneville shall advise the Contractor of its Allocated Budget Share. If Bonneville receives this Agreement, signed by the Contractor, no later than 4 calendar months after its initial offering, such Allocated Budget Share shall be available to the Contractor for 4 calendar months commencing on the Effective Date.

(b) Timely Budget Requests. Budget requests for the Initial Budget Year which are received by Bonneville no later than 4 calendar months after the initial offering of this Agreement shall be considered timely. Budget requests for each Subsequent Budget Year which are received by Bonneville no later than May 1 preceding such Subsequent Budget Year shall be considered timely.

(c) Untimely Budget Requests. Budget requests which are not timely shall be reviewed by Bonneville in order of their receipt, and may be approved to the extent that funds remain available following the approval of timely budget requests.

(d) Budget Submittal Requirements. Budget requests shall:

(1) state the Contractor's expected units of accomplishment for the Budget Year;

(2) separately identify Contractor Costs and Consumer Incentives;

(3) include quarterly estimates of the items specified in paragraphs (1) and (2) above;

(4) include a non-binding estimate of the items specified in paragraphs (1) and (2) above for the year subsequent to the Budget Year;

(5) include a work plan which describes the methods and procedures the Contractor intends to use to achieve the Contractor's expected units of accomplishment for the Budget Year, if the Contractor has not previously operated a similar conservation program; and

(6) conform to any specific requirements for budget requests contained in this Agreement.

(e) Budget Approval. Bonneville shall respond to timely budget requests no later than 2 calendar months after the end of the specified time periods. Bonneville shall either approve the Contractor's budget request, approve a portion of the Contractor's budget request, or disapprove the Contractor's entire budget request. The Approved Budget shall replace the Allocated Budget Share in the initial Budget Year. Bonneville shall approve the Contractor's entire timely budget request if:

(1) funds are available to meet the Contractor's budget request and all other timely budget requests;

(2) the budget request meets the requirements of subsection (d) above;

(3) the Contractor has either demonstrated its ability to complete the expected units of accomplishment contained in its budget request, or, if the Contractor has not previously operated a similar conservation program, the Contractor has described in a work plan a satisfactory method for achieving the units of accomplishment for the Budget Year; and

(4) the requested amount is within the amount determined by applying any approved Budget formula contained in this Agreement.

If all of the Contractor's budget request is not approved, Bonneville shall advise the Contractor in writing of its Approved Budget and the reasons for not approving the entire budget request.

(f) Budget Adjustments.

(1) If less than the entire amount of a budget request is approved, Bonneville may subsequently approve a larger amount, not to exceed the amount requested, and shall notify the Contractor as soon as possible of its new Approved Budget.

(2) At any time during a Budget Year, the Contractor may request and Bonneville may agree to increase the Contractor's Approved Budget for such Budget Year; however, Bonneville shall not increase the Contractor's Approved Budget unless it has approved in their entirety, all timely submitted budget requests, or has approved a lesser amount of budget requests by reason of subsection (e) above, or because contractors have agreed to take less than the amounts requested. Bonneville shall consider requests for increases in Approved Budgets and, to the extent approval is given, shall approve them in order of their receipt by Bonneville.

(3) If, during any Budget Year, the Contractor fails to achieve 80 percent of its quarterly units of accomplishment as stated in its Approved Budget, upon 30 days' written notice, and after consultation with the Contractor, Bonneville may make a pro rata reduction of the Contractor's Approved Budget based on the Contractor's actual level of performance. Such reduction shall not be made if Bonneville determines that the Contractor has demonstrated that it will be able to accomplish its estimated units of accomplishment during the remainder of the Budget Year.

7. Payment.

(a) Current Payment Amounts. Subject to sections 6, 8, and 9, Bonneville shall pay the Contractor the amount determined in accordance with this Agreement for Measures completed on or after the Effective Date.

(b) Retroactive Payment. Subject to sections 8 and 9, the following requirements shall apply to measures installed or completed under a contractor program which are authorized for retroactive payment in this Agreement:

(1) Conditions.

(A) A measure installed or completed prior to the date such measure was offered to contractors in a Bonneville conservation agreement must be "similar" to a Measure included in this Agreement. "Similar" means that a measure accomplishes the same purpose as a Measure included in this Agreement and, to a reasonable degree of certainty, is anticipated to achieve energy savings comparable to the savings expected from such Measure. The calculation of energy savings shall be made on the same basis as is used in this Agreement.

(B) A measure installed or completed after the date such measure was offered to contractors in a Bonneville conservation

agreement shall achieve Conservation to an equal or greater degree than is achieved by Measures in the most recent Bonneville conservation agreement offered to contractors at the time such measures were installed or completed, and shall otherwise substantially conform to or exceed the materials and installation specifications referenced therein. The calculation of energy savings shall be made on the same basis as is used in such agreement.

(C) Retroactive payment periods shall begin no earlier than the later of December 5, 1980, or the date the Contractor became a party to a firm requirements power sales contract with Bonneville.

(2) Procedures.

(A) Retroactive reimbursement requests shall be received by Bonneville no later than one year after the date such measure becomes eligible for retroactive payment in accordance with this Agreement. Retroactive reimbursement requests shall be made on the same request form for all measures which become eligible for payment on the same date. Bonneville shall consider requests for retroactive reimbursement in order of their receipt.

(B) The Contractor shall request retroactive reimbursement in the same format used for current payments. Such request shall indicate clearly that it is for retroactive reimbursement.

(C) Within 60 days after receipt of a claim for retroactive payment, Bonneville shall advise the Contractor whether or not the claim is complete and otherwise complies with the terms of this Agreement. With respect to any incomplete claim, Bonneville shall provide, within the same 60-day time period, a written explanation of the reasons the claim is incomplete and allow the Contractor a

reasonable period of time to correct and resubmit such portion of the request. When the claim is complete and otherwise complies with the terms of this Agreement, Bonneville shall approve payment to the extent funds are available in the current Budget Year. The unpaid balance of the approved retroactive payment claim shall be paid within 1 calendar year of the next Rate Adjustment Date which occurs after the date the Contractor is notified the claim is complete.

(c) When Bonneville has paid under another agreement for the installation or completion of a Measure or a measure which meets the requirements of this section, no payments shall be made with respect to such Measure or measure under this Agreement.

(d) Provisional Payments. Payments made by Bonneville in accordance with this Agreement shall be subject to adjustment until the claims on which such payments are based have been finally approved in a Financial Audit.

8. Limitation of Program Funds.

(a) Bonneville shall notify the Contractor in writing upon determining that sufficient funds may not be available either to make retroactive payments in accordance with section 7(b), or to continue funding to the maximum of the Approved Budget. Such written notice shall be given at least 120 days before the date of projected unavailability of funds. Bonneville shall use its best efforts, consistent with the prudent exercise of its fiscal responsibilities, to obtain further funds to pay the amount indicated in the Approved Budget. In the event of such notice, the Contractor shall use its best efforts to minimize the compensation payable under this Agreement.

(b) Within the total amounts established in the Contractor's Approved Budget, Bonneville shall pay for Measures that are completed within 3 calendar months following the date such written notice is received and for which timely

claims are received by Bonneville. Claims shall be considered timely if received by Bonneville within the period specified in such written notice, which shall be no shorter than 4 calendar months.

(c) Bonneville shall notify the Contractor to the extent funds again become available during the Budget Year in which written notice is given in accordance with subsection (a) above.

9. Other Sources of Funds.

(a) Bonneville may reduce Contractor Costs or Consumer Incentives so as to limit the total reimbursement, to the Contractor or to the Consumer, from all governmental sources as indicated in paragraphs (1) and (2) below. The Contractor shall inquire whether reimbursement has been received from governmental sources by the Contractor or by a Consumer prior to making a claim for Contractor Costs or Consumer Incentives in accordance with this Agreement. Should the Contractor be aware of such other sources of payment, it shall notify Bonneville. Bonneville shall then consult with the Contractor to determine if reduction of future Consumer Incentives or Contractor Costs is appropriate.

(1) Consumer Incentives may be reduced so that the total governmental reimbursement to the Consumer is limited to the actual cost of the Measure or the Consumer Incentive.

(2) Contractor Costs may be reduced so that the total governmental reimbursement to the Contractor is limited to the Contractor Costs payment.

(b) Bonneville funds shall not supplant funds from governmental sources that were previously spent for measures which would otherwise qualify for payment in accordance with this Agreement.

(c) If the Contractor is a governmental entity, this section applies only to the extent that either the Contractor or the Consumer receives or has

received funds from another governmental entity which are used in carrying out the Program.

(d) Tax credits are not considered funds or reimbursements for purposes of this Agreement.

C. IN REFERENCE TO PROGRAM OPERATION

10. Arrangements with Consumers and Contractors. The Contractor shall not unreasonably discriminate among Consumers in implementing this Agreement. Bonneville shall not unreasonably discriminate among contractors in implementing this Agreement.

11. Publicity and Advertising.

(a) Bonneville may inform the general public within the Region of the existence of the Program encompassed by this Agreement by such means as press releases, speeches, public service announcements, or the like. When applicable, such information shall indicate that the availability of the Program may vary from area to area.

(b) Bonneville may inform the general public within the Region of the Program by advertising. Bonneville shall inform and coordinate with affected contractors prior to advertising the Program. When applicable, such information shall indicate that the availability of the Program may vary from area to area.

Further, if such advertisements specifically indicate that the Contractor is a party to this Agreement, Bonneville shall coordinate the type of advertising needed with the Contractor and confirm that the Contractor is prepared to implement this Agreement prior to advertising.

(c) In carrying out activities authorized under subsections (a) and (b) above, Bonneville shall not, without prior approval of the Contractor:

(1) directly solicit participation in a Contractor's Program by the Contractor's Consumers; or

(2) mail informational materials to the Contractor's Consumers regarding a Contractor's Program.

(d) Bonneville may, at its expense and upon request of the Contractor, make available to the Contractor informational materials regarding the Programs.

(e) The Contractor shall advertise or publicize each Program to the extent necessary to stimulate Consumer interest. If the Contractor is an Electric Utility, such advertisement or publicity shall be subject to any limitations on expenditures recoverable through rates established by the Contractor's regulatory body.

(f) The Contractor shall not include in Program advertising or publicity any representations concerning: (1) warranties; or (2) the terms of financing which are offered to Consumers by Bonneville through the Contractor, without Bonneville's prior approval. Any such representations shall be sent to Bonneville for review and shall be deemed approved unless objected to in writing within 15 days after receipt.

12. Contractor Coordination

(a) The Contractor shall provide, in a timely manner, the actual or estimated kilowatt or kilowatthour savings resulting from this Agreement to each Electric Utility whose load is affected by implementation of this Agreement, upon the written request of such Electric Utility.

(b) Bonneville shall provide all interested entities the opportunity to attend, observe, comment on, and where appropriate, participate in the

development, negotiation, and amendment of regionwide programmatic conservation agreements, consistent with sections 4 and 5 of this exhibit.

(c) Bonneville shall include the same general contract provisions in all programmatic conservation agreements of the same type which are offered to prospective contractors in the Region.

13. Suspension.

(a) Program Suspension for Health or Safety. If Bonneville determines that implementation of any aspect of the Program presents a health or safety threat, Bonneville may immediately suspend all or a portion of such Program, effective upon the Contractor's receipt of written notification, while the amendment process in section 4(c) is being completed. Claims for payment for Measures affected by such health or safety threat shall be limited to those Measures installed or completed prior to the date of receipt of written notification. Bonneville shall provide the information required by section 4(c) within 10 days after the date the Program suspension is put into effect. Following completion of the amendment process in section 4(c) Bonneville shall notify the Contractor in writing of the date that Program suspension is lifted.

(b) Program Suspension After Consultation. If Bonneville has determined that the Contractor's procedures, records, or accounts do not conform to the requirements of this Agreement, Bonneville shall provide a written description to the Contractor of the specific nature of the nonconformance. Upon receipt of such written description, the Contractor shall not submit claims for payment for Measures affected by such nonconformance. The Contractor shall correct such nonconformance within a reasonable time and shall notify Bonneville in writing when corrective action has been completed. If the Contractor does not correct the nonconformance within a reasonable time after

written notice is received, Bonneville may either suspend all or a portion of the Program in this Agreement, effective upon receipt of written notice by the Contractor, or Bonneville may terminate this Agreement in accordance with section 14(c). If the Program has been suspended, Bonneville shall notify the Contractor in writing of the date that Program suspension is lifted, upon verifying that the nonconformance has been corrected.

(c) Immediate Suspension of Payment. If Bonneville has reason to believe that the Contractor is claiming payment for activities which do not conform to the requirements of this Agreement, Bonneville may, effective upon oral notification to the Contractor, immediately suspend all or a portion of payment for such activities under this Agreement, and for any other activities for which payment is claimed on the same form while the process in either subsections (a) or (b) above is completed. Bonneville shall issue written confirmation of such suspension of payment to the Contractor on the same day that oral notification is given. Following the completion of the process described in either subsections (a) or (b) above, and unless this Agreement is terminated as described in subsection (b) above, Bonneville shall notify the Contractor in writing of the date that suspension of payment is lifted.

(d) After a suspension imposed under subsections (a), (b) or (c) above is lifted, Bonneville shall pay for all claims that conform to the requirements of this Agreement, including claims for work performed during the previous suspension of payment.

(e) If this Agreement is suspended in accordance with subsection (a) above, or is suspended under subsections (b) or (c) above and no significant corrective actions are required, Bonneville shall reimburse the Contractor for reasonable costs to the extent they are caused by such suspension.

14. Termination.

(a) The Contractor may, for its convenience, terminate this Agreement by giving Bonneville 30 days' written notice of such termination. In the event of such notice, the Contractor shall use its best efforts to minimize the compensation payable under this Agreement.

(b) Bonneville may, for its convenience, terminate this Agreement by giving the Contractor 1 year's written notice. In the event of such notice, the Contractor shall use its best efforts to minimize the compensation payable under this Agreement.

(c) If the Contractor has failed to comply with the requirements of section 13(b), Bonneville may terminate this Agreement 30 days after receipt of written notice by the Contractor.

(d) If the Contractor is an Electric Utility and gives notice of its intent to terminate, or terminates its firm requirements power sales contract with Bonneville, Bonneville may terminate this Agreement by giving the Contractor 30 days' written notice.

(e) If the Contractor files for bankruptcy, Bonneville may terminate this Agreement by giving the Contractor 30 days' written notice.

D. IN REFERENCE TO PROGRAM REVIEW

15. Program Records.

(a) Records shall be maintained by the Contractor in accordance with this Agreement. The records shall be maintained by the Contractor in a form determined solely by the Contractor, so long as the requirements of subsection (b) below are met. The Contractor shall keep all records required

by this Agreement until the later of three years after creation of such records or notification of completion of a Financial Audit of such records by Bonneville. Bonneville shall initiate such Financial Audit no later than 3 years after creation of the last record maintained in accordance with this section.

(b) Program records shall be established and maintained in accordance with generally accepted accounting principles consistently applied, and in conformance with applicable laws and Federal regulations, including the provisions of the Privacy Act of 1974. A summary of the system of records developed by Bonneville to comply with the Privacy Act shall be supplied by Bonneville.

16. Program Financial Audits, Monitoring Reviews, or Financial Compliance Reviews. Bonneville may, upon reasonable notice, conduct such Financial Audits, monitoring reviews, or financial compliance reviews of the Contractor's Program records, and of the Contractor's procedures under the terms of this Agreement as it deems appropriate. The number, timing, and extent of such Financial Audits, monitoring reviews, or financial compliance reviews shall be at the discretion of Bonneville and may be conducted by Bonneville or its designee. Financial Audits shall be conducted in accordance with audit standards established by the Comptroller General of the United States. Monitoring reviews and financial compliance reviews shall be conducted in accordance with standards and procedures established by Bonneville. Bonneville, at its expense, may:

(a) audit, examine, or inspect Program records and accounts maintained by the Contractor in accordance with the Program records section of this Agreement;

(b) obtain copies of such Program records and accounts for such purposes;

(c) conduct inspections of installations made under this Agreement, provided that all such inspections shall be arranged in advance through Contractor. If any Consumer indicates an installation is unavailable for inspection, an alternate installation may be selected; and

(d) review Contractor procedures employed in accomplishing the provisions of this Agreement.

17. Evaluation. The Contractor shall supply Bonneville with information on participating and nonparticipating Consumers in the Operating Area in order for Bonneville to evaluate the Program administered under this Agreement. Individually identifiable Consumer information shall be made available to Bonneville in accordance with the system of records established by Bonneville to comply with the Privacy Act of 1974. Any reasonable costs incurred by the Contractor in assisting in such evaluation, to the extent not specifically required by this Agreement, shall be reimbursed by Bonneville. When feasible, the Consumer information shall be selected by the use of a valid statistical sampling methodology accepted or provided by Bonneville. Bonneville shall, to the extent practicable, work with the Contractor in developing and implementing Program evaluation procedures. Bonneville shall, upon completing the evaluation, distribute the results of such evaluation to the Contractor.

E. MISCELLANEOUS PROVISIONS

18. Notices and Other Communications. Except as provided in section 13(c), any notice, request, approval, consent, instruction, agreement or program amendment, or other communication required by this Agreement to be given by either party to the other party shall be in writing and shall be delivered in person or mailed to the address and to the attention of the

person specified in this Agreement. Notices or communications as required by this Agreement shall be effective no sooner than the date of receipt by the receiving party. Either party may from time to time change or supplement such address or specified representative to whom notice shall be given by giving the other party written notice of such change.

19. Indemnification. Each party shall indemnify and hold harmless the other party and its respective officers, agents, and employees from and against all claims, damages, losses, liability, and expenses, including, but not limited to, reasonable attorney's fees, arising from the negligent or other tortious acts or omissions of the first party, its officers, agents, or employees.

20. Disclaimer of Liability.

(a) Neither Bonneville nor the Contractor shall be liable to the other party, or to a Consumer, for the tortious acts or omissions of Installers or other independent contractors. Installers participating in a Program under this Agreement shall not be considered officers, agents, or employees of Bonneville or the Contractor.

(b) Installers or other independent contractors contracting with the Contractor or Bonneville to implement the provisions of this Agreement shall be required by contract to indemnify and hold the Contractor and Bonneville harmless from all claims, damages, losses, liability, and expenses arising from the negligent or other tortious acts or omissions of such Installers or other independent contractors, their officers, agents, or employees.

21. Assignment of Agreement. Moneys due or to become due from Bonneville to the Contractor in accordance with the terms of this Agreement may be assigned by the Contractor to a bank, trust company, or other financing institution, including any Federal lending agency, for the purpose of

financing any portion of the cost of this Agreement. In the event of any such assignment, the assignee thereof shall provide written notice of the assignment together with a true copy of the instrument of assignment to Bonneville.

22. Governing Law. To the extent Federal law is not applicable to this Agreement, the rights and obligations of the parties under this Agreement shall be governed by the laws of the State in which the headquarters of the Contractor are located.

23. Cooperation with the Council. The parties shall negotiate amendments to this Agreement as may be necessary to:

(a) permit the plan or program adopted by the Council in accordance with the Regional Act, including but not limited to provisions pertaining to conservation, renewable resources, and fish and wildlife, to be effective in the manner and for the purposes set forth in sections 4 and 6 of the Regional Act; and

(b) accommodate the analysis made by the Council as specified in section 4(k) of the Regional Act to the extent determined necessary by Bonneville.

24. Dispute Resolution and Arbitration.

(a) Contractual disputes involving solely questions of fact under this Agreement may be submitted to arbitration upon mutual written agreement of the parties. Questions of a party's timely performance of requirements in accordance with this Agreement, or of reasonable costs under sections 4(b), 4(c), 13(e), and 17 shall be submitted to arbitration.

(b) When the other party agrees to arbitration, or when a dispute concerns timeliness or reasonable costs, the following procedures shall apply:

(1) The party calling for arbitration shall serve notice in writing upon the other party, setting forth in detail the question or questions to be arbitrated and the arbitrator appointed by such party.

(2) The other party shall, within 45 days after the receipt of such notice, appoint a second arbitrator, and the two so appointed shall choose and appoint a third arbitrator within 10 days, or in lieu of such agreement on a third arbitrator by the two arbitrators so appointed, a third arbitrator shall be appointed by the United States District Court for the District of Oregon, located in Portland, Oregon.

(3) If the other party fails to name its arbitrator within 45 days after receiving notice under subsection (1) above, the arbitrator appointed shall proceed as a single arbitrator in accordance with subsections (4) and (5) below, and issue an award, which shall be accepted by both parties as final and binding as provided in subsection (5) below.

(4) The arbitration hearing shall begin at Portland, Oregon, no later than 30 days after appointment of the third arbitrator and upon written notice to the parties by the arbitrators of the date, time, and location of the hearing.

(5) The arbitration hearing shall be concluded within 3 days unless otherwise ordered by the arbitrators and the award thereon shall be made within 10 days after the close thereof. An award rendered by a majority of the arbitrators appointed in accordance with this Agreement shall be final and binding on all parties to the proceeding, and judgment on such award may be entered by either party in the court, state or Federal, having jurisdiction.

(6) Each party shall pay for the services and expenses of the arbitrator appointed for it, for its own attorneys' fees, and for

compensation for its witnesses or consultants. All other costs incurred in connection with the arbitration, including those of the third arbitrator shall be shared equally by the parties thereto.

(c) Nothing herein contained shall be deemed to give the arbitrators any authority, power, or right to alter, change, amend, modify, add to, or subtract from any of the provisions of this Agreement.

25. Severability. If any provision of this Agreement is finally adjudicated by a court of competent jurisdiction to be invalid or unenforceable, it is the parties' intent that the remainder of this Agreement, to the extent practicable, continue in full force and effect as though such provision or any part thereof so adjudicated had not been included therein.

F. PROVISIONS REQUIRED BY STATUTE OR EXECUTIVE ORDER

26. Contract Work Hours and Safety Standards. This Agreement, if and to the extent required by applicable law or 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 he is employed on such work to work in excess of eight 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 his 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 clause set forth in subsection (a) above, the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States 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) above, in the sum of \$10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of 40 hours without payment of the overtime wages required by the clause set forth in 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 the clause set forth in subsection (b) above.

(d) Subcontracts. The Contractor shall insert in any subcontracts the clauses set forth in subsections (a) through (c) above 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.

27. Convict Labor. In connection with the performance of work under this Agreement, the Contractor or any subcontractor agrees not to employ any person

undergoing sentence of imprisonment except as provided by P.L. 89-176, September 10, 1965, (18 U.S.C. 4082(c)(2)) and Executive Order 11755, December 29, 1973.

28. Equal Employment Opportunity. During the performance of this Agreement, if and to the extent required by applicable law or 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 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 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 the Administrator setting forth the provisions of this clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants 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 it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Administrator, advising the labor union or workers' representative of the Contractor's commitments under this 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 investigation 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 Agreement or with any of the said rules, regulations, or orders, this Agreement 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 11246 of September 24, 1965, or by rule, regulations, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of subsections (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 United States to enter into such litigation to protect the interests of the United States.

29. 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 Agreement or to any benefit that may arise therefrom. Nothing, however, herein contained shall be construed to extend to this Agreement if made with a corporation for its general benefit.

30. Bonneville's Obligations Not General Obligations of the United States. All offerings of obligations, and all promotional materials for such obligations, which may be offered by the Contractor to fund its activities pursuant to this Agreement shall include the language contained in the second sentence of subsection 6(j)(1) of the Regional Act.

31. Other Statutes, Executive Orders, and Regulations.

(a) The Contractor agrees to comply with the following statutes, executive orders, and regulations to the extent applicable:

(1) False claims. Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined not more than \$10,000 or imprisoned not more than 5 years, or both.

(2) Rehabilitation Act of 1973, P.L. 93-112, as amended, and the clauses contained in 41 CFR 60-741, et. seq., which concern affirmative action for handicapped workers;

(3) Vietnam Era Veterans Readjustment Assistance Act of 1974, P.L. 92-540, as amended, and the clauses contained in 41 CFR 60-250, et. seq., concern affirmative action for disabled veterans and veterans of the Vietnam Era;

(4) Executive Order 11625 and the clauses contained in 41 CFR 1-1.1310-2(a), which concern utilization of minority business enterprises;

(5) Small Business Act, 15 U.S.C. 637(d)[(3)](2), as amended;

(6) the clauses contained in 41 CFR 1-12.803-10 which concern certification of nonsegregated facilities;

(7) Davis-Bacon Act, 40 U.S.C. 276 et seq, and 29 CFR 5, concerning wage rates for public buildings and works; and

(8) Anti-Kickback Act, 41 U.S.C. 51.

(b) The Contractor agrees to comply with requirements deemed necessary by Bonneville in order to implement Bonneville's obligations under the National Historic Preservation Act, 16 U.S.C. 470 et seq. Such requirements, if any, shall be subject to analysis and comment by the Contractor prior to becoming effective.

II. RELATING ONLY TO ELECTRIC UTILITIES

A. IN REFERENCE TO PAYMENTS

32. Conservation Charge.

(a) Methodology Periods. Bonneville shall adopt a Conservation Charge Methodology in Bonneville's 1983 wholesale power rate adjustment process. Such Conservation Charge Methodology shall govern conservation charges from November 1, 1983, until the Rate Adjustment Date resulting from the 1985 wholesale power rate adjustment process. Bonneville and the parties to Bonneville's wholesale power rate adjustment process shall have the option of proposing other Conservation Charge Methodologies and Bonneville shall have

the option of adopting another Conservation Charge Methodology in its 1985 wholesale power rate adjustment process, and in each subsequent wholesale power rate adjustment process occurring as close as is practicable to, but not less than, every fifth year following each prior wholesale power rate adjustment process in which Bonneville had such option.

(b) Methodology Requirements. Each Conservation Charge Methodology shall specify in detail: (1) how Bonneville conservation costs are to be allocated between Bonneville wholesale power rates and conservation charges; and (2) how conservation charges are to be allocated among those expected to pay them.

(c) Contract Charge and Alternate Charge Obligations.

(1) The Contractor shall pay the Contract Charge, effective November 1, 1983, when it is a party to a Bonneville firm requirements power sales contract and is not paying the Alternate Charge, and until the costs intended to be recovered by the Contract Charge are fully recovered.

(2) The Contractor shall pay the Alternate Charge from the effective date of an election of the Alternate Charge, as determined in accordance with subsection (d) below. The Contractor shall pay the Alternate Charge when it is a party to a Bonneville firm requirements power sales contract, and until either the Contractor resumes its Contract Charge obligation in accordance with subsection (e) below or the costs intended to be recovered by such Alternate Charge are fully recovered.

(3) The Contractor shall not be eligible for funding under this or any other Bonneville conservation agreement during periods when the Contractor is obligated to pay the Alternate Charge.

(d) Alternate Charge Effective Dates and Calculations.

(1) The Contractor shall provide Bonneville with written notice of an election of the Alternate Charge. The effective date of such notice of

election and the calculation of the Alternate Charge shall be in accordance with the appropriate paragraph below.

(2) If such notice of election is received by Bonneville at least 7 calendar months prior to a Rate Adjustment Date, the election of the Alternate Charge shall be effective on such Rate Adjustment Date.

The Contractor shall pay the Alternate Charge based on the costs associated with Bonneville conservation expenditures made prior to the effective date of such election, and shall be calculated in accordance with the Conservation Charge Methodology which was in effect at the time of such notice.

(3) If such notice of election is received by Bonneville no later than 60 days following a Rate Adjustment Date resulting from a wholesale power rate adjustment process in which Bonneville has the option of adopting another Conservation Charge Methodology in accordance with subsection (a) above, the election of the Alternate Charge shall be effective, at the Contractor's option as indicated in the notice of election, on (i) such Rate Adjustment Date or (ii) one calendar year following such Rate Adjustment Date.

The Contractor shall pay the Alternate Charge based on costs associated with Bonneville conservation expenditures made prior to the effective date of such election, and shall be calculated in accordance with the Conservation Charge Methodology which was in effect immediately prior to the Rate Adjustment Date.

(e) Resumption of Contract Charge.

(1) The Contractor shall notify Bonneville in writing of its desire to resume its Contract Charge obligations, and thereby its eligibility for Bonneville conservation funding. Such resumption of the Contract Charge

shall be effective on the later of (A) one calendar year after the effective date of an election of an Alternate Charge, or (B) one calendar month from the date of receipt by Bonneville of a notice of resumption of the Contract Charge.

(2) If the Contractor resumes its Contract Charge obligations, it shall pay Bonneville the difference between the Alternate Charge that it paid and the Contract Charge that was in effect for the period during which the Contractor was obligated to pay the Alternate Charge.

(f) Late Sign-Up. If the Contractor has not signed an agreement containing this provision by November 1, 1983, and thereafter signs this Agreement, Bonneville retains the right to assess, and the Contractor agrees to pay, charges for the period between November 1, 1983, and the Effective Date. Such charges to the Contractor shall not exceed the Contract Charge that was in effect, calculated for the period between November 1, 1983, and the Effective Date.

(g) Rendering of Bills. Bonneville shall render one bill for the appropriate charges to the Contractor for each Billing Period. The bill shall be rendered no sooner than 40 days prior to the last day of such Billing Period.

(h) Payment of Bills.

(1) The Contractor shall pay one bill for each Billing Period. Payment of such bill shall satisfy the obligation to pay a Contract Charge, an Alternate Charge, and other charges as may be appropriate, for such Billing Period for all agreements containing this provision.

(2) Bills not paid in full on or before the close of business of the tenth day prior to the last day of the Billing Period shall bear an additional charge which shall be the greater of one-fourth percent (0.25%) of the amount unpaid or \$50.00.

(3) In addition, a charge of one-twentieth percent (0.05%) of the sum of the initial amount remaining unpaid and the additional charge herein described shall be added on each succeeding day until the amount due is paid in full.

B. IN REFERENCE TO PROGRAM OPERATIONS

33. Arrangements with Other Entities.

(a) If the Contractor is an Electric Utility which supplies power for resale to an entity that places a load on the Contractor, the Contractor may, with prior written approval of Bonneville and with the written consent of such entity, offer the Program to Consumers of such entity.

(b) Bonneville shall have the right to revoke its approval of an arrangement meeting the conditions of subsection (a) above if the power sales contractual relationship between the Contractor and the entity changes in such a way so as to decrease the potential for energy savings to Bonneville from the Program.

(c) The terms and conditions of such arrangement shall be determined by the Contractor and the entity and shall be consistent with the terms and conditions of this Agreement.

34. Bonneville Coordination With Electric Utilities. Bonneville shall inform an Electric Utility when a conservation agreement is offered to another entity within such Electric Utility's service area. Bonneville shall require

in such conservation agreements that the contractor provide, in a timely manner, the actual or estimated kilowatt or kilowatthour savings resulting from such conservation agreements to each Electric Utility whose load is affected by implementation of such conservation agreement, upon the written request of such Electric Utility.

35. Consideration. The Contractor represents and warrants that it is a party to a firm requirements power sales contract with Bonneville. In consideration for Bonneville's payments to the Contractor in accordance with the terms and conditions of this Agreement, the Contractor agrees to the following:

If the Operating Area has decreased because an Electric Utility whose service area was a component of the Operating Area has ceased to be a firm requirements power sales customer of Bonneville during the useful life of any Measures installed or completed in such component of the Operating Area in accordance with this Agreement, the Contractor shall return payments received from Bonneville for such Measures in such portion of the Operating Area to the extent provided by the following formula:

$$R = (\text{Bonneville payments to the Contractor}) \times \frac{L_m - Y}{L_m}$$

where:

R = reimbursement to Bonneville
 L_m = mean useful life of Measures
Y = number of years expended in useful life of Measure, calculated on the basis of the Contractor's Program reports for this Agreement.

Bonneville shall render a bill to the Contractor for payment calculated on the above formula. Reimbursement shall be made in a lump sum payment within three months of termination of the firm requirements power sales contract, or, at the Contractor's discretion, in no more than 12 consecutive equal monthly installments, commencing on the first

business day of the month following the month in which termination of the firm requirements power sales contract occurs. If reimbursement is accomplished by installments, interest shall be charged on the outstanding balance at Bonneville's average Treasury borrowing interest rate for the period of time between the date of the first payment made to the Contractor and the date of the last payment made to the Contractor for which reimbursement to Bonneville is being made in accordance with this section. If, after the Contractor initiates such installment payments, the utility which previously ceased to be a firm requirements power sales customer of Bonneville executes a firm requirements power sales contract with Bonneville, the Contractor shall, from the date of such execution, no longer be obligated to make any further installment payments to Bonneville under this section. Bonneville, within 90 days, shall return to the Contractor any such payments received from the Contractor less an amount based on the formula where Y corresponds to the period when no firm requirements power sales contract was in effect.

(WP-PKI-1612c)

Measures

1. Electric Water Heater Measures

Electric water heater wraps with appropriate water heater pipe insulation may be installed in any Residence in accordance with specifications contained in Item 1 of Exhibit F.

2. Major Energy Savings Measures

(a) The following Measures may be installed in any Residence in accordance with specifications contained in Item 1 of Exhibit F; however, the Contractor may elect not to offer the Measures in paragraph (5) below:

- (1) ceiling insulation and appropriate ventilation;
- (2) floor insulation with associated vapor impermeable ground cover, pipe wrap and appropriate ventilation;
- (3) wall insulation (limited to unfinished exterior or basement walls in conditioned spaces) or exterior insulating sheathing;
- (4) duct insulation; or
- (5) sash mounted storm windows or thermal pane replacement glass for windows and doors where such window and door treatments do not reduce air infiltration.

(b) The following air infiltration reduction Measures may be installed, in accordance with specifications contained in Item 1 of Exhibit F in any Residence containing an air-to-air heat exchanger installed according to Bonneville specifications, or in a Residence in a Building which satisfies all the criteria specified in section 4 of this Exhibit:

- (1) storm windows or thermal replacement windows; or
- (2) double pane sliding doors.

3. Other Measures

(a) If any of the Measures in section 2 of this Exhibit are installed in a Residence a clock thermostat may be installed in a Residence in accordance with specifications contained in Item 1 of Exhibit F.

(b) If any of the Measures listed in section 2 of this Exhibit are installed in a Residence, the following Measures may be installed in

accordance with specifications contained in Item 1 of Exhibit F in any Residence containing an air-to-air heat exchanger installed according to Bonneville specifications or in a Residence in a Building which satisfies all of the criteria specified in section 4 of this Exhibit:

- (1) insulated entrance doors;
 - (2) caulking;
 - (3) weatherstripping; or
 - (4) outlet and switchplate gaskets.
- (c) Dehumidifiers may be installed in any Residence in accordance with specifications contained in Item 1 of Exhibit F.
4. Except for those Residences containing an air-to-air heat exchanger installed according to Bonneville specifications the following criteria must be satisfied before a Residence will be offered the air infiltration reduction Measures listed in sections 2(b) and 3(b) of this Exhibit.
- (a) The Building must have a full crawlspace with cross ventilation, such openings having a net free ventilating area of not less than 1-1/2 square feet for each 25 linear feet of exterior wall. In addition, the Building must be equipped with a ground cover vapor barrier and with a second vapor barrier (1 perm rating) between the insulation and the heated space. If not already in place, these Measures are available under this Agreement. Examples of Buildings which do not satisfy this requirement:
 - (1) Buildings with basements;
 - (2) Buildings constructed in whole or in part on concrete slab;
 - (3) Buildings containing an unconditioned garage constructed on concrete slab located directly below a portion or the whole of the living area; or
 - (4) Buildings with crawlspace, ground cover, interior perimeter insulation, and with no ventilation.
 - (b) The Residence must not contain either wood stoves or unvented combustion appliances.
 - (1) An unvented combustion appliance is any appliance which burns some type of fuel such as gas, oil, kerosene, propane, wood, paper products, etc., and is not connected to a flue or chimney vented to the outside. Examples of unvented combustion appliances:

- (A) kitchen gas stove and/or oven used for cooking, even if equipped with a mechanically ventilated range hood;
 - (B) kerosene space heater;
 - (C) gas or oil hot water heater which has had the exhaust vent pipe disconnected or which shows evidence of leakage of combustion gases from vent pipe (i.e., soot); or
 - (D) combustion appliance which has an outside air intake or supply but no outside air exhaust.
- (2) A wood stove is a self-contained controlled combustion unit designed to burn coal, wood, or wood products. Examples of wood stoves:
- (A) an enclosed unit which is inserted into the fireplace and uses the fireplace chimney as the exhaust vent;
 - (B) a free-standing unit with either a separate flue or a connection to a chimney used for other purposes; or
 - (C) a fireplace with glass doors and outside combustion air.
- (3) Any other type of fireplace, with or without doors or a heat exchanger, is not included as a wood stove in restricting the installation of air infiltration reduction measures.
- (c) The Building's domestic water supply must be obtained from either a municipal or water district supply system, a vented storage system, or a surface water source. Examples of acceptable water supplies:
- (1) city, county, or water district piped water supply;
 - (2) backyard pond or lake;
 - (3) spring water taken from the surface; or
 - (4) well water taken from a vented storage tank.
- Note: An individual well, supplying water to a single house that has a vented well casing is not an acceptable water supply under this requirement.
- (d) The Building must not contain any type of urea-formaldehyde foam insulation.

Payment Methods

1. Cost Reimbursement Method

- (a) Payment shall be computed based upon levels of reimbursement specified in this Agreement.
- (b) The Contractor shall submit monthly to Bonneville a completed Form BPA-1418-F, Monthly Financial Summary, with applicable schedules.
- (c) Within 30 days of receipt of the Monthly Financial Summary Bonneville shall reimburse the Contractor.
- (d) Payments in excess of \$25,000 will be made through direct transfer of funds from the U.S. Treasury to the Contractor's bank account. The Contractor shall notify Bonneville of the name and address of the bank, the Contractor's bank account number and the American Bankers Association 9-digit routing number.

Payment Methods

2. Letter of Credit Method

- (a) Summary. This is a method whereby Bonneville provides operating funds to the Contractor to fund its Conservation activities. Funds are provided in advance of actual expenditures by the Contractor and provide the Contractor with control over its daily financial operations. This method is available if Bonneville has, or expects to have, a contractual relationship under this Agreement with the Contractor which will last one year and involve annual advances aggregating at least \$120,000. The Contractor may utilize the Revolving Working Capital Advance Method of payment until the Letter of Credit Method is fully operational for the Contractor.
- (b) Duties of the Contractor.
- (1) The Contractor shall submit monthly to Bonneville a completed Form BPA-1418F Monthly Financial Summary, with applicable support forms.
 - (2) The Contractor shall notify Bonneville of the name and address of the commercial bank (Bank) which has agreed to receive payment vouchers (TFS 5401) and shall request an amount computed in accordance with Bonneville issued instructions.
 - (3) The Contractor shall submit properly completed signature card (SF 1194) to Bonneville. The Contractor shall also submit properly completed payment vouchers to the Bank for the amount of the advance desired. Such payment vouchers shall be submitted to the Bank as close as is administratively possible to the issuance of checks for program disbursements.
 - (4) The Contractor shall make timely reports of cash disbursements, interest income earned, and balances to Bonneville.
 - (5) Interest income earned by the Contractor on funds advanced shall be credited or refunded to Bonneville.
 - (6) The Contractor shall provide for effective control over and accountability for all Federal funds.
 - (7) The Contractor shall establish internal operating procedures including but NOT limited to:

- (A) the correct preparation and distribution of prescribed forms;
 - (B) monitoring of drawdowns and reviewing of other financial practices to insure against excessive withdrawals of Federal funds; and
 - (C) remedial measures to correct excessive withdrawals of cash.
- (8) Subsections (1) through (6) above shall apply to any agent of the Contractor authorized to use such letter of credit.

(c) Duties of Bonneville.

- (1) Bonneville shall establish the amount of the letter of credit (SF 1193) and record an obligation, if appropriate, in its accounts equal to such amount.
- (2) Bonneville shall transmit a certified letter of credit and signature card (SF 1194) to the U.S. Department of Treasury. The U.S. Department of Treasury shall then transmit a letter of credit and signature card to the appropriate Federal Reserve Bank.
- (3) Bonneville shall designate one of its own officials as a liaison officer with the U.S. Department of Treasury.
- (4) Bonneville shall furnish instructions to the Contractor which provide the procedures for the letter of credit method of payment.
- (5) Bonneville shall revoke any unobligated portion of the letter of credit upon determination that the Contractor has failed to comply with the instructions referenced in subsection (c)(4) above. A timely reconciliation of expenditures and advances shall be made and disbursement made to the appropriate party.

Payment Methods

3. Revolving Working Capital Advance Method

(a) Summary. This is a method whereby Bonneville advances funds to the Contractor in an amount equal to the estimated amount due to the Contractor from Bonneville for Conservation activities completed during the first month of the Program. Thereafter, but not less frequently than monthly, Bonneville shall replenish the advance fund based on estimated current Program needs upon receipt of monthly certification of actual expenditures.

(b) Duties of the Contractor.

- (1) The Contractor shall request an amount by submitting to Bonneville a completed Form BPA-1418-F, Monthly Financial Summary.
- (2) Interest income earned by the Contractor on funds advanced shall be credited or refunded to Bonneville.
- (3) The Contractor shall certify expenditures, indicate interest income earned, and request replenishment of the advance on a monthly basis.
- (4) If the Program terminates, the Contractor shall submit a reconciliation of advances and expenditures in a timely manner. Any difference shall be disbursed to the appropriate party within a reasonable time.
- (5) Payments in excess of \$25,000 will be made through direct transfer of funds from the U.S. Treasury to the Contractor's bank account. The Contractor shall notify Bonneville of the name and address of the bank, the Contractor's bank account number and the American Bankers Association 9-digit routing number.

(c) Duties of Bonneville.

- (1) Bonneville shall review the Contractor's request for an advance and approve it providing such advance is advantageous to Bonneville.
- (2) Bonneville retains the right to adjust the working capital fund as necessary in accordance with information furnished in accordance with subsection (b)(3) of this payment method.

- (3) Bonneville shall revoke this advance funding method upon determination that the Contractor has failed to comply with the procedures referenced in subsection (b) of this payment method. A timely reconciliation of expenditures and advances shall be made and disbursement made to the appropriate party.

(WP-PKI-1703c)

Contractor Costs

1. Administrative Costs.

- (a) Upon the Contractor's certification that any of the Measures listed in section 2 of Exhibit B have been installed in the Residence in accordance with Exhibit B and meet or exceed the specifications contained in Item 1 of Exhibit F, Bonneville shall pay the Contractor:
 - (1) \$200 for the first Residence in a Building;
 - (2) \$25 per Residence for the second, third, and fourth Residence in a Building; and
 - (3) \$10 for each additional Residence in a Building.
- (b) Only one administrative cost payment under (a) above shall be made for each Residence.
- (c) Bonneville shall pay an additional \$10 per Residence upon the Contractor's certification that any Residence qualifying for an administrative cost payment under (a) above is the Residence of a Low Income Consumer.

2. Training.

- (a) Bonneville shall pay the Contractor the actual training costs, not to exceed \$100 per day and not to exceed a total of \$1000, for each analyst or inspector trained under this subsection in accordance with procedures contained in Item 7 of Exhibit F, upon certification to Bonneville that the energy analyst or inspector has successfully completed the appropriate requirements specified in procedures contained in Item 7 of Exhibit F. Except as provided in subsections (b) and (c) below, Bonneville shall not pay for the training of an energy analyst or inspector who has successfully completed training substantially similar to the training provided in accordance with this Agreement.
- (b) Bonneville shall pay the Contractor the actual training costs, not to exceed \$100 per day and not to exceed a total of \$200 in any Budget Year for each analyst or inspector that receives recertification training after July 1, 1983, in accordance with training procedures contained in Item 7 of Exhibit F.

- (c) Bonneville shall pay the Contractor the actual training costs, not to exceed \$100 per day and not to exceed a total of \$200 in any Budget Year for each analyst or inspector, certified or recertified under this Program, that receives any special training in accordance with training procedures contained in Item 7 of Exhibit F.
- (d) Bonneville shall not pay for any energy analyst's or inspector's salary, travel, meals, or lodging during training.

(WP-PKI-1703c)

Consumer Incentive

1. For Measures listed in section 1 of Exhibit B, and in accordance with section 11(c) of the body of this Agreement, Bonneville shall pay the Contractor at the fixed rate of \$25 per electric water heater. Only one payment per electric water heater shall be allowed.
2. When all Measures eligible for payment on the basis of an Energy Analysis are installed in a Building as the result of the same Energy Analysis, and in accordance with section 11(c) of the body of this Agreement, Bonneville shall pay the amounts indicated below; however, a Building is still eligible for payment under this section when the Homeowner elects not to have sash-mounted storm windows or thermal pane replacement glass installed:
 - (a) up to 85 percent of the actual cost of the installed Measures, not to exceed \$0.292 per estimated annual kilowatthour saved by the total of all Exhibit B section 2 Measures installed; and
 - (b) up to 85 percent of the actual cost of each installed Measure, not to exceed \$0.292 per estimated annual kilowatthour saved by each separate Exhibit B section 3(a) or 3(b) Measure installed.
3. When less than all Measures eligible for payment on the basis of an Energy Analysis are installed in a Building, and in accordance with section 11(c) of the body of this Agreement, Bonneville shall pay:
 - (a) up to 75 percent of the actual cost of the installed Measures, not to exceed \$0.292 per estimated annual kilowatthour saved by the total of all Exhibit B section 2 Measures installed; and
 - (b) up to 75 percent of the actual cost of each installed Measure, not to exceed \$0.292 per estimated annual kilowatthour saved by each separate Exhibit B section 3(a) or 3(b) Measure installed.

4. The Contractor shall maintain a difference of at least 10 percentage points in the percentages of the actual cost to be paid by Bonneville under sections 2 and 3 of this Exhibit.
5. When any or all Measures eligible for payment are installed in a Building in which, at the time of the Energy Analysis, not less than 66 percent of the Residences are occupied by Low Income Consumers, and in accordance with section 11(c) of the body of this Agreement, Bonneville shall pay:
 - (a) the actual costs of the installed Measures, not to exceed \$0.292 per estimated annual kilowatthour saved by the total of all Exhibit B section 2 Measures installed; and
 - (b) the actual cost of each installed Measure, not to exceed \$0.292 per estimated annual kilowatthour saved by each separate Exhibit B section 3(a) or 3(b) Measure installed.
6. When a dehumidifier is installed in a Residence, and in accordance with section 11(c) of the body of this Agreement, Bonneville shall pay the actual cost of the installation not to exceed \$240 for each dehumidifier.
7. The Consumer Incentive in sections 2, 3, 5, and 6 of this Exhibit shall not include any amount for the labor of any entity other than an Installer.
8. In determining the Consumer Incentive in sections 2, 3, or 5 above, for a Seasonal Residence, the total annual kilowatthours saved shall be reduced by 50 percent.

(WP-PKI-1703c)

Referenced Documents

The following Bonneville documents are hereby incorporated by reference into this Agreement and shall be subject to the terms hereof:

1. Weatherization Specifications of July 1983
2. Standard Heat Loss Methodology of July 1983
3. Standardized Weather Data of July 1983
4. Procedures for Indexing Alternate Heat Loss Methodologies of July 1983
5. Software Certification Procedures of July 1983
6. Energy Analysis/Inspection Procedures of July 1983
7. Training Procedures of July 1983
8. Monthly Reporting and Program Forms of July 1983
9. Work Plan and Budget Forms of July 1983
10. Income Criteria of July 1983
11. Privacy Act Notice to Consumer of July 1983.

(WP-PKI-1703c)

Allocated Budget Share

1. The Allocated Budget Share is based on the following computation:
 - (a) A targeted budget for each Contractor for the 1986 Budget Year has been determined by taking into consideration the total amount of Bonneville funds planned for this program for the 1986 Budget Year and allocating to each Contractor an amount based on the Contractor's share of the Region's electrically heated residences.
 - (b) The Contractor's targeted budget was then compared with the fourth quarter projection of activity under the Amended Energy Conservation Agreement, either the Energy Buy-Back Weatherization Program II or the Zero Interest Loan Weatherization Program II. Substitute values have been used for this fourth quarter projection where Contractors are either operating their own programs and have not yet participated in an existing Bonneville weatherization program or are without a weatherization program.
 - (c) Using a standard mathematical equation for logarithmic curves an amount was determined for each of the four quarters of the 1984 Budget Year for each Contractor.
 - (d) The Allocated Budget Share is approximately one-half of the sum of these quarterly amounts.

2. The Contractor's Allocated Budget Share shall be as listed below:

Lower Columbia Area

<u>Contractor</u>	<u>Amount</u> <u>(\$)</u>
Ashland	325,000
Bandon	105,000
Blachly-Lane	37,000
Canby	186,000
Cascade Locks	74,000
Central Lincoln	1,196,000
Clark	4,105,000
Clatskanie	119,000
Columbia River PUD	6,000
Consumers	230,000
Coos-Curry	262,000
Cowlitz	2,846,000
Douglas Coop.	165,000
Drain	201,000
Eugene	1,808,000
Forest Grove	240,000
Lane	360,000
McMinnville	273,000
Monmouth	180,000
PP&L	3,999,000
PGE	1,684,000
Salem	471,000
Skamania	113,000
Springfield	1,623,000
Tillamook	989,000
Wahkiakum	265,000
West Oregon	241,000

Puget Sound Area

<u>Contractor</u>	<u>Amount</u> <u>(\$)</u>
Alder Mutual	6,000
Blaine	9,000
Centralia	8,000
Clallam	755,000
Eatonville	6,000
Elmhurst	263,000
Fircrest	76,000
Grays Harbor	875,000
Lakeview	239,000
Lewis	11,000
Mason No. 1	167,000
Mason No. 3	335,000
McCleary	177,000
Milton	9,000
Ohop	118,000
Orcas	294,000
Pacific	10,000
Parkland	233,000
Peninsula	768,000
Port Angeles	346,000
Puget Power	4,553,000
Seattle	2,642,000
Snohomish	9,281,000
Steilacoom	76,000
Sumas	6,000
Tacoma	2,185,000
Tanner	242,000

Exhibit G, Page 3 of 3
 Residential Weatherization Program
 7/1/83

Snake River Area

<u>Contractor</u>	<u>Amount</u> <u>(\$)</u>
Albion	35,000
Benton PUD	1,337,000
Benton REA	315,000
Burley	6,000
Central Electric	221,000
CP National - SEE IDAHO POWER	
Columbia Basin	157,000
Columbia Power	35,000
Columbia REA	124,000
Declo	6,000
East End	6,000
Fall River	56,000
Farmers	63,000
Franklin	370,000
Harney	8,000
Heyburn	40,000
Idaho Falls	303,000
Idaho Power	792,000
Klickitat	201,000
Lost River	6,000
Lower Valley	110,000
Midstate	176,000
Milton-Freewater	99,000
Minidoka	6,000
Northern Wasco	193,000
Prairie Power	6,000
Raft River	6,000
Richland	747,000
Riverside	87,000
Rupert	89,000
Rural	81,000
Salmon River	6,000
Soda Springs	6,000
Southside	126,000
Surprise Valley	161,000
Umatilla	363,000
Unity	157,000
Utah P&L	389,000
Wasco	67,000
Weiser - SEE IDAHO POWER	
Wells	6,000

Upper Columbia Area

<u>Contractor</u>	<u>Amount</u> <u>(\$)</u>
Big Bend	199,000
Bonnors Ferry	6,000
Chelan	553,000
Cheney	201,000
Clearwater	216,000
Coulee Dam	6,000
Douglas PUD	170,000
Ellensburg	345,000
Ferry	92,000
Flathead Coop.	91,000
Glacier	86,000
Grant	530,000
Idaho County	8,000
Inland	464,000
Kittitas	133,000
Kootenai	258,000
Lincoln (MT)	126,000
Lincoln (WA)	67,000
Missoula	116,000
Montana L&P	8,000
Montana Power Co.	260,000
Nespelem Valley	6,000
Northern Lights	162,000
Okanogan Coop.	6,000
Okanogan PUD	73,000
Pend Oreille	8,000
Ravalli	47,000
USBIA - Flathead	115,000
Vera	263,000
Vigilante	8,000
Washington Water Power	798,000

Transition Payment

The terms of this Exhibit are available to the Contractor if it has executed this Agreement no later than September 30, 1983. Bonneville shall pay the Contractor for Completed Work in accordance with the following procedures to assist the Contractor in the transition to this Agreement.

1. Definitions.

- (a) "Prior Program" means either the Energy Buy-Back Weatherization Program II or the Zero Interest Loan Weatherization Program II, dated May 14, 1982, and amendments thereto, executed by the Contractor under the Amended Energy Conservation Agreement.
- (b) "Initiated Work" means Measures to be installed in accordance with the Prior Program pursuant to the terms of a written agreement executed between the Contractor or the Installer and the Homeowner or Consumer no later than September 30, 1983.
- (c) "Completed Work" means Initiated Work that has been installed or completed, in accordance with section 6(c) of the Prior Program, no later than December 31, 1983.

2. Transition Procedures. The Contractor shall comply with the following procedures in accomplishing Measures eligible for payment in accordance with this Exhibit.

- (a) The Contractor shall provide the following information in writing to Bonneville no later than October 15, 1983:
 - (1) the account numbers of Consumers with Initiated Work for which no claims for payment were made during the term of the Prior Program;
 - (2) the total cost of Initiated Work by residence;
 - (3) the Consumer Incentive or program loan funds to be provided to the Contractor in accordance with Attachment 9 of the Prior Program; and
 - (4) the Utility administrative costs to be paid in accordance with Attachment 8 of the Prior Program.

- (b) Program reports claiming reimbursement under this Exhibit shall:
- (1) be received no later than January 15, 1984;
 - (2) be received on completed monthly reporting and program forms referenced in Item 8 of Exhibit F;
 - (3) be titled Transition Report; and
 - (4) state the reimbursement claimed in accordance with Attachment 8 and Attachment 9 of the Prior Program.
- (c) The Contractor shall maintain the agreement referenced in subsection 1(b) above in accordance with section 15 of Exhibit A of this Agreement.
3. Payment. Payment shall be made in accordance with Attachment 8 and Attachment 9 of the Prior Program for Completed Work, not to exceed 50 percent of the Allocated Budget Share as indicated in Exhibit G of this Agreement.

(WP-PKI-1703c)

Retroactive Payments

1. Contractor Administrative Costs.

Bonneville shall pay the Contractor \$160 upon the Contractor's certification that any of the Measures (1), (2), (3), or (5) of section 2(a) of Exhibit B or Measures (1) or (2) of section 2(b) of Exhibit B have been installed in a Residence in accordance with section 7(b) of Exhibit A.

2. Consumer Incentive.

(a) In accordance with section 7(b) of Exhibit A and section 11(d) of the body of this Agreement Bonneville shall pay:

- (1) \$0.292 per estimated total annual kilowatthour saved by the Measure installed or the actual cost of the installed Measures, whichever is less, for those Measures installed and inspected prior to the Contractor's effective date of Amendment 12 to the Energy Conservation Agreement;
- (2) the percent of actual cost of installed Measures agreed to in the Contractor's Amendment 12 to the Energy Conservation Agreement, not to exceed \$0.292 per estimated total annual kilowatthour saved by the Measures installed, for all Measures inspected on or after the Contractor's effective date of Amendment 12 to the Energy Conservation Agreement; and
- (3) \$240.00 for each dehumidifier and \$0.80 per lineal foot of pipe wrap installed and inspected on or after May 14, 1982.

(b) The Consumer Incentive may be determined by computing the payment on the total energy savings for such installed Measures or on the savings for each separate Measure.

(c) The amount of the payment shall not include any amount for labor of the Consumer or Homeowner.

(WP-PKI-1703c)

Program Agreement Schedule of Authorized Expenditures

<u>Total Budget Request</u>	
1984	\$ 5,475,350
1985	5,610,400
1986	5,718,440
Total	<u>\$16,804,190</u>

(WP-PKI-1940c)

Residential Weatherization Program

Fiscal Year 1984				Total each Period				
PROGRAM MEASURES (Amount Financed)	Completed Jobs	Estimated kWh Saved/Home	x Estimated kWh x $\frac{2}{\text{kWh}}$ (Max. 29.2 $\frac{2}{\text{kWh}}$)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1984
10/1/83 - 12/31/83	835	4250	x 29.2 $\frac{2}{\text{kWh}}$ =	1,036,235	//////////	//////////	//////////	//////////
01/1/84 - 03/31/84	835	4250	x 29.2 $\frac{2}{\text{kWh}}$ =	//////////	1,036,235	//////////	//////////	//////////
04/1/84 - 06/30/84	835	4500	x 29.2 $\frac{2}{\text{kWh}}$ =	//////////	//////////	1,097,190	//////////	//////////
07/1/84 - 09/30/84	835	4500	x 29.2 $\frac{2}{\text{kWh}}$ =	//////////	//////////	//////////	1,097,190	//////////
Total FY 1984	3,340	4,375	x 29.2 $\frac{2}{\text{kWh}}$ =	//////////	//////////	//////////	//////////	4,266,850
////////////////////////////////////								
LOW INCOME PROGRAM				Total each Period				
PROGRAM MEASURES (Amount Financed)	Completed Jobs	Estimated kWh Saved/Home	x Estimated kWh x $\frac{2}{\text{kWh}}$ (Max. 29.2 $\frac{2}{\text{kWh}}$)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1984
10/1/83 - 12/31/83	90	4250	x 29.2 $\frac{2}{\text{kWh}}$ =	111,690	//////////	//////////	//////////	//////////
01/1/84 - 03/31/84	90	4250	x 29.2 $\frac{2}{\text{kWh}}$ =	//////////	111,690	//////////	//////////	//////////
04/1/84 - 06/30/84	90	4500	x 29.2 $\frac{2}{\text{kWh}}$ =	//////////	//////////	118,260	//////////	//////////
07/1/84 - 09/30/84	90	4500	x 29.2 $\frac{2}{\text{kWh}}$ =	//////////	//////////	//////////	118,260	//////////
Total FY 1984	360	4,375	x 29.2 $\frac{2}{\text{kWh}}$ =	//////////	//////////	//////////	//////////	459,900
////////////////////////////////////								
ADMINISTRATION				Total each Period				
# Completed Jobs				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1984
10/1/83 - 12/31/83	925	(835@200 + 90@210)	x \$ 201 Job =	185,900	//////////	//////////	//////////	//////////
01/1/84 - 03/31/84	925		x \$ 201 Job =	//////////	185,900	//////////	//////////	//////////
04/1/84 - 06/30/84	925		x \$ 201 Job =	//////////	//////////	185,900	//////////	//////////
07/1/84 - 09/30/84	925		x \$ 201 Job =	//////////	//////////	//////////	185,900	//////////
Total FY 1984	3,700		x \$ 201 Job =	//////////	//////////	//////////	//////////	743,600
////////////////////////////////////								
TRAINING				Total each Period				
Recertification	# of Trainees	x Days per Trainee		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1984
10/1/83 - 12/31/84			x \$ per Day =	//////////	//////////	//////////	//////////	//////////
01/1/84 - 03/31/84			x \$ per Day =	//////////	//////////	//////////	//////////	//////////
04/1/84 - 06/30/84			x \$ per Day =	//////////	//////////	//////////	//////////	//////////
07/1/84 - 09/30/84	25	2	x \$ 100 per Day =	//////////	//////////	//////////	5,000	//////////
Total FY 1984	25	2	x \$ 100 per Day =	//////////	//////////	//////////	//////////	5,000
////////////////////////////////////								
TOTAL PROGRAM DOLLARS				Total each Period				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Sum FY 1984
				1,333,825	1,333,825	1,401,350	1,406,350	5,475,350

Residential Weatherization Program

Fiscal Year 1985				Total each Period				
PROGRAM MEASURES (Amount Financed)	Completed Jobs	Estimated kWh Saved/Home	x \$ /kWh 2/ (Max. 29.2\$/kWh)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1985
10/1/84 - 12/31/84	835	4500	x 29.2 \$/kWh =	1,097,190	//////////	//////////	//////////	//////////
01/1/85 - 03/31/85	835	4500	x 29.2 \$/kWh =	//////////	1,097,190	//////////	//////////	//////////
04/1/85 - 06/30/85	835	4500	x 29.2 \$/kWh =	//////////	//////////	1,097,190	//////////	//////////
07/1/85 - 09/30/85	835	4500	x 29.2 \$/kWh =	//////////	//////////	//////////	1,097,190	//////////
Total FY 1985	3,340	4500	x 29.2 \$/kWh =	//////////	//////////	//////////	//////////	4,388,760
////////////////////////////////////								
LOW INCOME PROGRAM				Total each Period				
PROGRAM MEASURES (Amount Financed)	Completed Jobs	Estimated kWh Saved/Home	x \$ /kWh 2/ (Max. 29.2\$/kWh)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1985
10/1/84 - 12/31/84	90	4500	x 29.2 \$/kWh =	118,260	//////////	//////////	//////////	//////////
01/1/85 - 03/31/85	90	4500	x 29.2 \$/kWh =	//////////	118,260	//////////	//////////	//////////
04/1/85 - 06/30/85	90	4500	x 29.2 \$/kWh =	//////////	//////////	118,260	//////////	//////////
07/1/85 - 09/30/85	90	4500	x 29.2 \$/kWh =	//////////	//////////	//////////	118,260	//////////
Total FY 1985	360	4500	x 29.2 \$/kWh =	//////////	//////////	//////////	//////////	473,040
////////////////////////////////////								
ADMINISTRATION				Total each Period				
# Completed Jobs				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1985
10/1/84 - 12/31/84	925		x \$ 201 Job =	185,900	//////////	//////////	//////////	//////////
01/1/85 - 03/31/85	925		x \$ 201 Job =	//////////	185,900	//////////	//////////	//////////
04/1/85 - 06/30/85	925		x \$ 201 Job =	//////////	//////////	185,900	//////////	//////////
07/1/85 - 09/30/85	925		x \$ 201 Job =	//////////	//////////	//////////	185,900	//////////
Total FY 1985	3,700		x \$ 201 Job =	//////////	//////////	//////////	//////////	743,600
////////////////////////////////////								
TRAINING				Total each Period				
# of Trainees	Days per Trainee			1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1985
10/1/84 - 12/31/84			x \$ per Day =	//////////	//////////	//////////	//////////	//////////
01/1/85 - 03/31/85			x \$ per Day =	//////////	//////////	//////////	//////////	//////////
04/1/85 - 06/30/85			x \$ per Day =	//////////	//////////	//////////	//////////	//////////
07/1/85 - 09/30/85	25	2	x \$100 per Day =	//////////	//////////	//////////	5,000	//////////
Total FY 1985	25	2	x \$100 per Day =	//////////	//////////	//////////	//////////	5,000
////////////////////////////////////								
TOTAL PROGRAM DOLLARS				Total each Period				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Sum FY 1985
				1,401,350	1,401,350	1,401,350	1,406,350	5,610,400

Residential Weatherization Program

Fiscal Year 1986				Total each Period				
PROGRAM MEASURES (Amount Financed)	Completed Jobs	Estimated kWh Saved/Home	x Estimated \$/kWh (Max. 29.2 \$/kWh)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1986
10/1/85 - 12/31/85	835	4600	x 29.2 \$/kWh =	1,121,572	////	////	////	////
01/1/86 - 03/31/86	835	4600	x 29.2 \$/kWh =	////	1,121,572	////	////	////
04/1/86 - 06/30/86	835	4600	x 29.2 \$/kWh =	////	////	1,121,572	////	////
07/1/86 - 09/30/86	835	4600	x 29.2 \$/kWh =	////	////	////	1,121,572	////
Total FY 1986	3,340	4600	x 29.2 \$/kWh =	////	////	////	////	4,486,288
////////////////////////////////////								
LOW INCOME PROGRAM				Total each Period				
PROGRAM MEASURES (Amount Financed)	Completed Jobs	Estimated kWh Saved/Home	x Estimated \$/kWh (Max. 29.2 \$/kWh)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1986
10/1/85 - 12/31/85	90	4600	x 29.2 \$/kWh =	120,888	////	////	////	////
01/1/86 - 03/31/86	90	4600	x 29.2 \$/kWh =	////	120,888	////	////	////
04/1/86 - 06/30/86	90	4600	x 29.2 \$/kWh =	////	////	120,888	////	////
07/1/86 - 09/30/86	90	4600	x 29.2 \$/kWh =	////	////	////	120,888	////
Total FY 1986	360	4600	x 29.2 \$/kWh =	////	////	////	////	483,552
////////////////////////////////////								
ADMINISTRATION				Total each Period				
# Completed Jobs				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1986
10/1/85 - 12/31/85	925		x \$ 201/Job =	185,900	////	////	////	////
01/1/86 - 03/31/86	925		x \$ 201/Job =	////	185,900	////	////	////
04/1/86 - 06/30/86	925		x \$ 201/Job =	////	////	185,900	////	////
07/1/86 - 09/30/86	925		x \$ 201/Job =	////	////	////	185,900	////
Total FY 1986	3,700		x \$ 201/Job =	////	////	////	////	743,600
////////////////////////////////////								
TRAINING				Total each Period				
# of Trainees		x Days per Trainee		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FY 1986
10/1/85 - 12/31/85			x \$ per Day =	////	////	////	////	////
01/1/86 - 03/31/86			x \$ per Day =	////	////	////	////	////
04/1/86 - 06/30/86			x \$ per Day =	////	////	////	////	////
07/1/86 - 09/30/86	25	2	x \$100 per Day =	////	////	////	5,000	////
Total FY 1986	25	2	x \$100 per Day =	////	////	////	////	5,000
////////////////////////////////////								
TOTAL PROGRAM DOLLARS				Total each Period				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Sum FY 1986
				1,428,360	1,428,360	1,428,360	1,433,360	5,718,440

AUTHENTICATED COPY

Amendatory Agreement No. 3 to
Contract No. DE-MS79-83BP91647
6/8/90

AMENDATORY
RESIDENTIAL WEATHERIZATION
REVENUE BOND FINANCING AGREEMENT

executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION

and
CITY OF EUGENE, OREGON
acting by and through the
EUGENE WATER & ELECTRIC BOARD

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This AMENDATORY AGREEMENT NO. 3 TO THE BOND FINANCING AGREEMENT executed June 13, 1990, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and the CITY OF EUGENE, OREGON, a municipal corporation organized and existing under the laws of the State of Oregon, acting by and through the EUGENE WATER & ELECTRIC BOARD (Contractor);

W I T N E S S E T H :

WHEREAS Bonneville is required by the Pacific Northwest Electric Power Planning and Conservation Act, P.L. 96-501 (Northwest Power Act), to acquire and implement conservation measures, and is authorized to conduct demonstration projects for the purpose of determining the cost-effectiveness of conservation measures in the Region; and

WHEREAS, to the extent conservation measures require direct arrangements with consumers, Bonneville is obligated by the Northwest Power Act to make maximum practical use of customers and local entities capable of administering and carrying out conservation arrangements; and

WHEREAS the Northwest Power Act authorizes Bonneville to provide financial assistance for the development of conservation measures throughout the Region; and

WHEREAS, Bonneville's obligation hereunder is not, nor shall it be construed to be, a general obligation of the United States, nor is it intended to be or is it secured by the full faith and credit of the United States; and

WHEREAS one of the methods of financing cost-effective conservation which Bonneville has determined to have potential for achieving cost-effective conservation objectives for the Region is for a contractor to issue its revenue bonds and for Bonneville to make payments as necessary to amortize such bonds; and

WHEREAS as a demonstration project to determine the feasibility of financing conservation in this manner, Bonneville and the Contractor executed the Residential Weatherization Bond Financing Agreement (Bond Financing Agreement), Contract No. DE-MS79-83BP91647 on October 24, 1983; and

WHEREAS on June 10, 1985, the parties hereto executed Amendatory Agreement No. 1 to the Bond Financing Agreement; and

WHEREAS on October 4, 1988, the parties hereto executed Amendatory Agreement No. 2 to the Bond Financing Agreement; and

WHEREAS under the terms of Amendatory Agreement No. 1 to the Bond Financing Agreement, the Contractor issued \$17,000,000 par amount of Electric Utility System Conservation Revenue Bonds, Series 1985 (1985 Bonds), dated September 1, 1985, pursuant to a resolution adopted by the Contractor on August 12, 1985 (1985 Resolution); and

WHEREAS the proceeds of such bonds were used to fund conservation measures and related costs in the Contractor's service area; and

WHEREAS under the 1985 Resolution, with which Bonneville has concurred, the Contractor has the authority to issue its bonds to refund in advance of their respective maturities the 1985 Bonds; and

WHEREAS Bonneville agreed under the Bond Financing Agreement to unconditionally pay semi-annually an amount equal to the debt service on the 1985 Bonds; and

WHEREAS the Contractor has determined pursuant to a resolution adopted May 14, 1990 (Bond Resolution) to issue bonds to refund in advance of maturity the 1985 Bonds and calling such bonds maturing in the years 1991 through 2000 for redemption on September 1, 1990, and Bonneville will make payments as described herein to amortize such bonds; and

WHEREAS under the 1985 Resolution a Debt Service Reserve Account in the Conservation Bond Fund was established and credited to such Account was an amount equal to the Reserve Account Requirement as defined in the 1985 Resolution; and

WHEREAS Bonneville has offered a Residential Weatherization Conservation Acquisition Agreement for its regional weatherization program to the Contractor which will become effective, pending assent by the Contractor, on October 1, 1990, and which will be in substitution for the existing Program Agreement; and

WHEREAS the parties desire to amend the Bond Financing Agreement to allow the Contractor to issue bonds to refund in advance of maturity the 1985 Bonds maturing in the years 1990 through 2000 issued in accordance with the Amendatory Agreement No. 1 to the Bond Financing Agreement; to call such 1985 Bonds maturing in 1991 through 2000 for redemption on September 1, 1990; to release the Debt Service Reserve Account under the 1985 Bond Resolution; to allow the transfer of such released Debt Service Reserve Account funds to establish a 1990 Conservation Project Fund; to pay Costs of Issuance of the 1990 Refunding Bonds; to partially fund the Refunding Trust Fund for the 1985 Bonds; to use such money to continue to fund conservation measures and related costs in the Contractor's service area; and to complete its Bonneville regional weatherization program by the end of Budget Year 1996;

NOW, THEREFORE, the parties mutually agree to amend the Bond Financing Agreement to read as follows:

1. Term.

(a) Effective Date.

This Amendatory Agreement No. 3 shall be effective on 2400 hours on the date of delivery and payment for the Bonds and the defeasance of the 1985 Bonds (Effective Date).

(b) Term of Amendatory Agreement No. 3.

This Amendatory Agreement No. 3 shall continue in effect until all Bonds issued pursuant to this Amendatory Agreement No. 3 have been paid and retired. All obligations arising from this Amendatory Agreement shall be preserved until satisfied.

- (c) Amendatory Agreement No. 3 shall upon its Effective Date replace all provisions of Amendatory Agreements Nos. 1 and 2, except that Bonneville's obligation to make payments under subsection 5(a) of Amendatory Agreement No. 1 shall continue in effect until the 1985 Bonds are paid and retired. Bonneville agrees that the Contractor has satisfied its duties under the provisions of Amendatory Agreements Nos. 1 and 2. All obligations arising from Amendatory Agreement No. 1 shall be preserved until satisfied.

2. Definitions.

- (a) "Amount Realized From The 1990 Refunding" shall mean the Reserve Account Contribution To The 1990 Conservation Project Fund after providing for reimbursements to the Contractor for Costs of Issuance.
- (b) "Bonneville Advance Payment" equals \$1,420,695.94, which is the September 1, 1990, scheduled payment of interest and principal on the 1985 Bonds less a \$15,950.31 interest differential to account for the foregone interest earnings by Bonneville as a result of the advance payment.
- (c) "Bonds" mean the tax exempt revenue bonds issued pursuant to this Amendatory Agreement No. 3 for the purposes of financing or refinancing the cost of implementing the Program Agreement or Substituted Program Agreement in the manner described herein.
- (d) "Bond Financing Agreement" means this Residential Weatherization Revenue Bond Financing Agreement, as amended herein, and all exhibits and all attachments thereto.
- (e) "Bond Financing Agreement Costs" mean the fees of the Trustee and the paying agent for the Bonds; and any other costs incurred by the Trustee in connection with the Bonds, and agreed to by Bonneville.
- (f) "Bond Proceeds" means the par amount of Bonds (plus accrued interest thereon) issued pursuant to this Amendatory Agreement No. 3 less underwriters' discount less accrued interest on the Bonds for the period July 1, 1990, through July 12, 1990, and shall be deposited into the Refunding Trust Fund.
- (g) "Bond Resolution" means the resolution or resolutions adopted or supplemented by the Contractor, as amended or supplemented, to authorize the funding or refunding of the Bonds and provide security therefor.
- (h) "Budget Year" means the period commencing on October 1, 1989, and ending on September 30, 1990, for the initial year of this Amendatory Agreement No. 3; and, thereafter during the term, a period commencing on October 1 and ending the following September 30.
- (i) "Costs of Issuance" means (1) those costs incurred by the Contractor in connection with the issuance of the Bonds (including, but not limited to, costs of legal fees, financial advisor fees, rating fees,

escrow verification fees, Bond printing, official statement costs, publication costs, and initial fees of the Trustee) if approved by Bonneville and permitted to be capitalized in the Bond issuance without affecting the tax exempt status of the Bonds under the Federal Tax Code; and (2) reasonable costs incurred by Bonneville for Special Counsel and Bonneville's independent auditors in connection with the issuance of the Bonds.

- (j) "Debt Service" means all sums required to pay debt service including principal, interest and premium, if any, on the Bonds.
- (k) "1990 Conservation Project Fund" means the fund established in accordance with the Bond Resolution, as defined therein.
- (l) "Program Agreement" means the applicable provisions of Contract No. DE-MS79-83BP91422, between Bonneville and the Contractor, entitled "Residential Weatherization Program Conservation Agreement," dated 7/1/83, including Amendments 4, 5, 7, 8, 9, 10, 11, 12, 13, and 14 thereto.
- (m) "Refunding Trust Fund" means that fund established pursuant to Section 6.11 of the Bond Resolution. Such fund shall be held by the Trustee and applied on September 1, 1990, to the payment of interest on, principal of the 1985 Bonds then due and the redemption price of the 1985 Bonds called for redemption on such date.
- (n) "Refunding Trust Fund Funding Requirement" shall mean the amount necessary to fund the Refunding Trust Fund to effect a defeasance of all of the 1985 Bonds in accordance with the 1985 Bond Resolution.
- (o) "Reserve Account Contribution To The Refunding Trust Fund" means the amount of the Refunding Trust Fund Requirement less the amount of the Bond Proceeds less the amount of the Bonneville Advance Payment, as shall be deposited into the Refunding Trust Fund.
- (p) "Reserve Account Contribution To The 1990 Conservation Project Fund" means the amount of the Reserve Account Funds less the amount of the Reserve Account Contribution To The Refunding Trust Fund, as shall be deposited into the 1990 Conservation Project Fund.
- (q) "Reserve Account Funds" shall mean the monies released from the Debt Service Reserve Account for the 1985 Bonds as a result of the refunding to be effected hereunder.
- (r) "Substituted Program Agreement" means any agreement, as of its effective date, in substitution for the Program Agreement.
- (s) "Trustee" means a financial organization selected by the Contractor with the concurrence of Bonneville, with the duties and obligations set forth herein and the Bond Resolution.

3. Exhibits.

Exhibit A (Schedule of Authorized Expenditures), Exhibit B (Bond Resolution), Exhibit C (Trustee Agreement, as of its effective date), and

Exhibit D (Program Agreement or Substituted Program Agreement) are by this reference made a part of this Bond Financing Agreement.

4. Interpretation.

- (a) If a provision in the body of this Amendatory Agreement No. 3 is in conflict with a provision contained in any of the Exhibits, the former shall prevail.
- (b) Except as provided in section 12 of this Amendatory Agreement No. 3, nothing contained herein shall, in any manner, be construed to abridge, limit, or deprive any party hereto of any remedy, either at law or in equity, for the breach of any of the provisions herein.

5. Contractor Duties.

- (a) The Contractor shall use its best efforts to undertake and direct all actions required for the issuance of Bonds at the earliest practical date following the execution of this Amendatory Agreement No. 3 sufficient to refund the 1985 Bonds to partially fund the Program Agreement or Substituted Program Agreement, and to enter into a Trustee Agreement with the Trustee in connection therewith, as provided herein.
- (b) The Contractor shall implement the Program Agreement or Substituted Program Agreement in accordance with Exhibit A, subject to the limitations of section 9 herein. If a Substituted Program Agreement is not in effect as of October 1, 1990, the Contractor shall perform its obligations hereunder pursuant to the Program Agreement, until such time as a Substituted Program Agreement shall take effect (notwithstanding that the Program Agreement is to terminate on September 30, 1990), provided, however, that in such circumstances the applicable Consumer Incentive shall be deemed to be no more than 85 percent of the actual cost of the weatherization of the Residence, not to exceed \$0.285 per estimated annual kilowatthour saved by such weatherization for all Non-Low Income Consumers.
- (c) The Contractor shall expend amounts in the 1990 Conservation Project Fund from the Amount Realized From The 1990 Refunding to pay costs incurred by the Contractor to implement the Program Agreement or Substituted Program Agreement in accordance with Exhibit A, subject to the limitations of section 9 herein.
- (d) Any interest earned by the Contractor from amounts disbursed from the 1990 Conservation Project Fund pursuant to this Amendatory Agreement No. 3 shall be applied to authorized expenditures for and pursuant to the Program Agreement or Substituted Program Agreement.
- (e) The Contractor shall provide Bonneville with program records, reports, and accounting data as referenced in the Program Agreement or Substituted Program Agreement for the purpose of determining whether the disbursements by the Trustee are in accordance with the terms and conditions set forth herein.

- (f) The Contractor shall provide Bonneville with a copy of the executed Trustee Agreement. The Contractor shall provide or cause to be provided to Bonneville an invoice annually for Bond Financing Agreement Costs.
- (g) The Contractor shall provide or cause to be provided an invoice to Bonneville, not later than 35 days preceding each scheduled interest payment date to bondholders, for amounts equal to the scheduled Debt Service on the Bonds.
- (h) The Contractor shall provide or cause to be provided monthly, a status report on all expenditures by the Contractor from the Amount Realized From The 1990 Refunding.
- (i) The Contractor shall reimburse Bonneville for amounts, if any, calculated in accordance with the formula identified in Exhibit A within 30 days after the date of the final scheduled Debt Service payment on the Bonds.
- (j) The Contractor shall pay, subject to reimbursement by the Trustee from the Reserve Account Contribution To The 1990 Conservation Project Fund, the Costs of Issuance.
- (k) The Contractor shall include in all offerings and promotional materials for the sale of any obligations arising in connection with this Amendatory Agreement No. 3, a statement to the following effect: "The obligation of Bonneville to make payments under the Bond Financing Agreement is not, nor shall it be construed to be, a general obligation of the United States, nor is it intended to be or is it secured by the full faith and credit of the United States."

6. Bonneville Duties.

- (a) Regardless of the performance of the Contractor, Bonneville shall semi-annually pay to the Trustee on behalf of the Contractor, an amount equal to the scheduled Debt Service payments under the Bond Resolution. The payment by Bonneville of any such semi-annual amount shall discharge Bonneville's obligation for such semi-annual amount, regardless of whether such payment is diverted to a use other than the payment of the Bonds.
- (b) Bonneville agrees to pay the Bond Financing Agreement Costs. Bonneville shall not be liable for payment of other costs incurred by bondholders or the Trustee unless such costs are incurred because of contractual breach by Bonneville.
- (c) In the event that the Bond Financing Agreement or the Program Agreement or Substituted Program Agreement or any of their provisions are discontinued, terminated, suspended, or determined to be unenforceable or invalid by a court of competent jurisdiction, Bonneville's obligation to pay amounts equal to scheduled Debt Service pursuant to subsection 6(a) and Bond Financing Agreement Costs shall continue irrespective of such discontinuance, termination, suspension, or determination.

(d) Bonneville's payment obligation under this Amendatory Agreement No. 3 is not a guarantee of the Bonds, and, in the event that the principal amount of all Bonds then outstanding, and the interest due thereon, is declared to be due and payable immediately, Bonneville's obligation to make payments under this Amendatory Agreement No. 3 shall remain as though no such declaration had occurred.

(e) On or before July 12, 1990, Bonneville shall pay to the Trustee on behalf of the Contractor the Bonneville Advance Payment.

7. Sale of Bonds.

The terms and conditions of the Bond sale, Bond Resolution, the Trustee Agreement, and other related documents, shall be determined by the Contractor and shall be subject to concurrence by Bonneville which shall be a condition precedent to Bonneville's obligation under section 6 herein. The Bond Resolution shall be incorporated into this Bond Financing Agreement as Exhibit B.

8. Disbursement of Reserve Account Funds by the Trustee.

(a) After disbursing to the Refunding Trust Fund the Reserve Account Contribution To The Refunding Trust Fund, the Trustee shall first reimburse the Contractor for Costs of Issuance and then shall pay the Contractor amounts equal to the actual expenditures by the Contractor for and pursuant to the Program Agreement or Substituted Program Agreement in accordance with Exhibit A, as limited by section 9 herein. Any interest earned on the 1990 Conservation Project Fund shall be applied to implementing the Program Agreement or Substituted Program Agreement.

(b) If an arbitration proceeding is initiated in accordance with section 12 below, and the arbitration results in a determination that the Contractor has improperly expended Reserve Account Funds, Bonneville may order the Trustee to, and the Trustee shall immediately thereafter, cease making disbursements of the Reserve Account Funds until the Contractor repays into the 1990 Conservation Project Fund the amount determined by the arbitrator(s) to have been improperly spent by the Contractor, plus interest.

(c) If it is resolved or determined that the Contractor has made an improper expenditure of Reserve Account Funds, the Contractor shall repay into the 1990 Conservation Project Fund the amount of such improper expenditure from the revenues of the electric utility system or the monies lawfully available therefor to the extent permitted by the Bond Resolution. Such payment shall constitute resolution of an objection.

9. Budget.

At any time during a Budget Year, the Contractor and Bonneville may agree to adjust the Contractor's Schedule of Authorized Expenditures as set forth in Exhibit A.

10. Reports.

Annually, beginning October 1, 1990, the Contractor shall submit to Bonneville a written report on expenditures of its share of the program funds.

11. Review of Expenditures, Objections, and Resolution.

- (a) Bonneville may review the Contractor reports, records, and Program accounting data of the Contractor from time to time to determine that the expenditures of the amounts from the 1990 Conservation Project Fund accord with the terms and conditions herein.
- (b) Upon reasonable notice, Bonneville may conduct a financial audit of the Contractor's Program records. Such audit shall be conducted by Bonneville or its designee in accordance with audit standards established by the Comptroller General of the United States.
- (c) If at any time Bonneville objects to an expenditure of funds, Bonneville shall provide the Contractor with written notice of such objections as soon as is practicable.
- (d) Upon receipt by the Contractor of written notice of objection by Bonneville, the parties shall meet and attempt to resolve the objection in a reasonable time. In the event the parties are unable to resolve the objection, the matter shall be resolved as provided in section 12 or through such other means as may be available to the parties.

12. Arbitration.

If Bonneville and the Contractor cannot resolve an objection to an expenditure of funds, and such objection involves solely questions of fact, either party may require the matter to be arbitrated by instituting the procedures contained in the General Conservation Contract Provisions of the Program Agreement or Substituted Program Agreement.

13. Amendment of Agreement.

- (a) This Bond Financing Agreement and the Exhibits hereto may be amended only by the mutual agreement of the parties, except that Table 1 in Exhibit A may be revised in writing by the Bonneville Contracting Officer or the representative thereof and agreed to in writing by the Contractor.
- (b) By the end of Budget Year 1996, if the Contractor's program implementation efforts result in less than the penetration level agreed to in Exhibit A, the parties may consider and mutually agree upon pursuing other resource acquisition programs to acquire the equivalent amount of energy savings at no additional cost to Bonneville.
- (c) If prior to 1996 Bonneville terminates the regional weatherization program identified in the Program Agreement or Substituted Program Agreement, Bonneville and the Contractor shall review the use of the 1990 Conservation Project Funds and mutually negotiate appropriate actions, as necessary.

14. Assignment.

This Bond Financing Agreement may be assigned only by the mutual agreement of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Amendatory Agreement No. 3 to this Bond Financing Agreement.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

/s/ Sue F. Hickey

By

Sue F. Hickey
Assistant Administrator for
Energy Resources

11 June 1990

Date

11 June 1990

CITY OF EUGENE, OREGON
acting by and through the
EUGENE WATER & ELECTRIC BOARD

By

Randy L. Berggren

Title Acting General Manager

Date June 13, 1990

/s/ Randy L. Berggren

Acting General Manager

June 13, 1990

ATTEST:

By

James H. Origliosso

Title Treasurer

Date June 13, 1990

/s/ James H. Origliosso

Treasurer

June 13, 1990

(VS6-PMCE-WP+129-MARKETBR)

SCHEDULE OF AUTHORIZED EXPENDITURES

The schedule of authorized expenditures is shown in Table 1 below. These expenditures shall be made pursuant to the following provisions agreed to by the parties:

1. Based on the estimated number of electrical space heated residences in the Contractor's service area as of October 1, 1989, the Contractor agrees to extend best efforts towards achieving the weatherization of 8,875 residential units which represents approximately 75 percent penetration of its residential units. The Contractor shall fund 28 percent of these units under the schedule set forth in Table 1; provided, however, that the number of residential units identified in Table 1 may change as provided in section 13 of the body of Amendatory Agreement No. 3.
2. Bonneville will provide the Contractor with a budget through the end of Budget Year 1996 based upon the standard allocation procedure under the Program Agreement or Substituted Program Agreement. In addition, the Contractor may apply for additional funds through the Program Agreement's or Substituted Program Agreement's reallocation procedures, not to exceed 15 percent of its annual budget for any one Budget Year.
3. Bonneville has no obligation to provide the Contractor with a budget allocation under the Program Agreement or Substituted Program Agreement beyond Budget Year 1996.
4. If the Amount Realized From The 1990 Refunding exceeds \$1,460,000, then the Contractor shall within 60 days of the date of closing pay to Bonneville 50 percent of any such excess amount. The Contractor shall apply the remainder of such excess amounts to conservation programs, other than the implementation of the Program Agreement or Substituted Program Agreement, in the Contractor's service area. If the Amount Realized From The 1990 Refunding is less than \$1,460,000, then the Contractor shall be responsible for implementing the Program Agreement or Substituted Program Agreement in accordance with Table 1 below.
5. If during the term of this Amendatory Agreement No. 3, Bonneville for any reason does not provide the Contractor with the total Assumed Reallocation as identified in Table 1 below, then the total units to be funded by Bonneville may be adjusted downward in proportion to the amount the Contractor did not get funded if the parties so agree.

6. Reimbursement Formula.

If the Contractor fails to achieve the 75 percent penetration described in section 1 above or acquire the equivalent amount of energy savings as provided in subsection 13(b) of the body of Amendatory Agreement No. 3 prior to the date of the final scheduled Debt Service payment under the Bond Resolution, then the Contractor shall reimburse Bonneville pursuant to the following formula:

$$F - [(S \times F) - U] = R$$

Where:

F = Final Scheduled Debt Service Payment

S = Actual Energy Savings Achieved divided by the Total Estimated Energy Savings identified in Table 1

U = Unspent Amount Realized From The 1990 Refunding, if any

R = Reimbursement to be paid by the Contractor

TABLE 1
EWEB RESIDENTIAL WEATHERIZATION PROGRAM
Bond Refinancing Work Plan
for Budget Years 1990-1996
(in 1990 \$)

Fiscal Years Ending September 30,	1990	1991	1992	1993	1994	1995	1996	TOTAL
PROGRAM FUNDS:								
Bonneville:								
Amount Realized From The 1990 Refunding		\$525,000	\$488,100	\$446,900				\$1,460,000 ^{1/}
Interest Earnings		\$15,000	\$30,000	\$60,000				\$105,000
Total Refinancing		\$540,000	\$518,100	\$506,900				\$1,565,000
Allocated Share	\$1,819,100	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$5,719,100
Assumed Reallocation		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$600,000
Bonneville Total	\$1,819,100	\$1,290,000	\$1,268,100	\$1,256,900	\$750,000	\$750,000	\$750,000	\$7,884,100
EWEB:^{2/}	\$0	\$500,000	\$475,000	\$450,000	\$425,000	\$350,000	\$300,000	\$2,500,000
TOTAL PROGRAM FUNDS:	\$1,819,100	\$1,790,000	\$1,743,100	\$1,706,900	\$1,175,000	\$1,100,000	\$1,050,000	\$10,384,100
UNITS TO BE WEATHERIZED WITH:								
Bonneville's Share of Total Program Funds:	1,523	1,032	1,014	1,006	600	600	600	6,375
EWEB's Share of Total Program Funds:	0	500	475	450	425	350	300	2,500
TOTAL	1,523	1,532	1,489	1,456	1,025	950	900	8,875
ESTIMATED ENERGY SAVINGS:								
(kilowatthours)	4,340,550	4,366,200	4,245,018	4,148,232	2,921,250	2,707,500	2,565,000	25,293,750

^{1/} Estimated.

^{2/} The Contractor's Cost Share portion of the program funds cannot be counted as part of the Contractor's contribution.

(AUTHENTICATED COPY)



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

In reply refer to: KRR

JUN 5 1985

Dear Residential Weatherization Contractor:

In accordance with the Modification Provision in your Weatherization Program Agreement (Agreement), the Bonneville Power Administration is granting a Modification No. M-005 (Modification) (enclosed) to the Agreement. This Modification is effective immediately upon signature of a Contractor who chooses to adopt such Modification. This Modification shall be in effect until completion of the next amendment cycle, during which time this Modification will be considered for inclusion in an Amendment.

In witness whereof, the parties have executed this Modification.

BONNEVILLE POWER ADMINISTRATION

By: /s/ Steven G. Hickok
Assistant Administrator for Conservation

CONTRACTOR
EUGENE WATER & ELECTRIC BOARD

By: /s/ Jean Reeder

Title: General Manager

Date: February 5, 1987

Contract No. DE-MS79-83BP 91647, 91422

ATTEST:

By: /s/ Rosemary P. Edwards

Title: Assistant Secretary

Date: February 5, 1987

Enclosure

BONNEVILLE POWER ADMINISTRATION
Portland, Oregon

CONTRACT MODIFICATION

CASE NUMBER: M-005

DATE: May 20, 1985

REFERENCED CONTRACT: Residential Weatherization Conservation Agreement,
Amendment No. 6, Exhibit F, Specification 104.6

SUBJECT: Alternate Method to Provide Cross Ventilation of a Crawlspace

Statement of the Problem:

Crawlspace ventilation requirements of 104.625 or 104.630 cannot be achieved by the methods or techniques indicated in the specification for a residence. May a duct be installed (through conditioned or unconditioned spaces) to a vent opening to the outside in order to achieve proper vent locations for cross-ventilation of the crawlspace such that underfloor insulation can be installed?

Relevant Background Information:

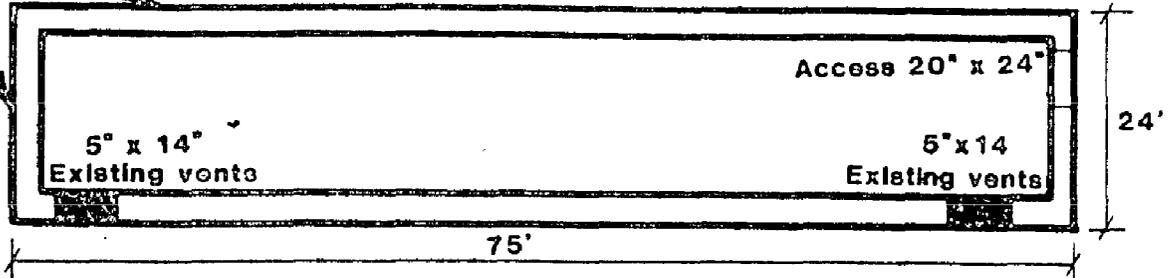
Snohomish County has a 6-unit building over a single crawlspace. Two sides of the crawlspace are below grade with no vents through these foundation walls. Additional vents through the below grade crawlspace walls can be considered to be impractical and undesirable. Snohomish requests that an additional vent location be achieved by running a duct through the conditioned space to the rim joist above grade level (see attached).

BPA Response:

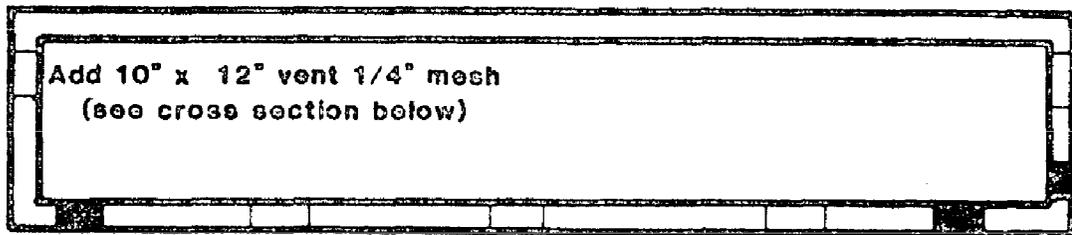
Using a duct to provide cross ventilation shall be acceptable provided that the following requirements are met:

1. The duct and vent opening shall be installed to meet the requirements of 104.625 (i.e., close to building corners, ventilation through at least two opposing foundation walls, net free area of vent openings), or 104.630 (cross ventilation of crawlspace areas, rim joist vent opening baffles).
2. Ducts that run through conditioned spaces must be insulated to R-11 and shall conform to material requirements of 104.140 and installation requirements of 104.1400.
3. Wall and ceiling/floor penetration points shall be sealed. 1982 Uniform Building Code requirements may apply (Specification 101.010).
4. The cost of finish work and material (taping, painting, etc.) shall be the responsibility of the Consumer.

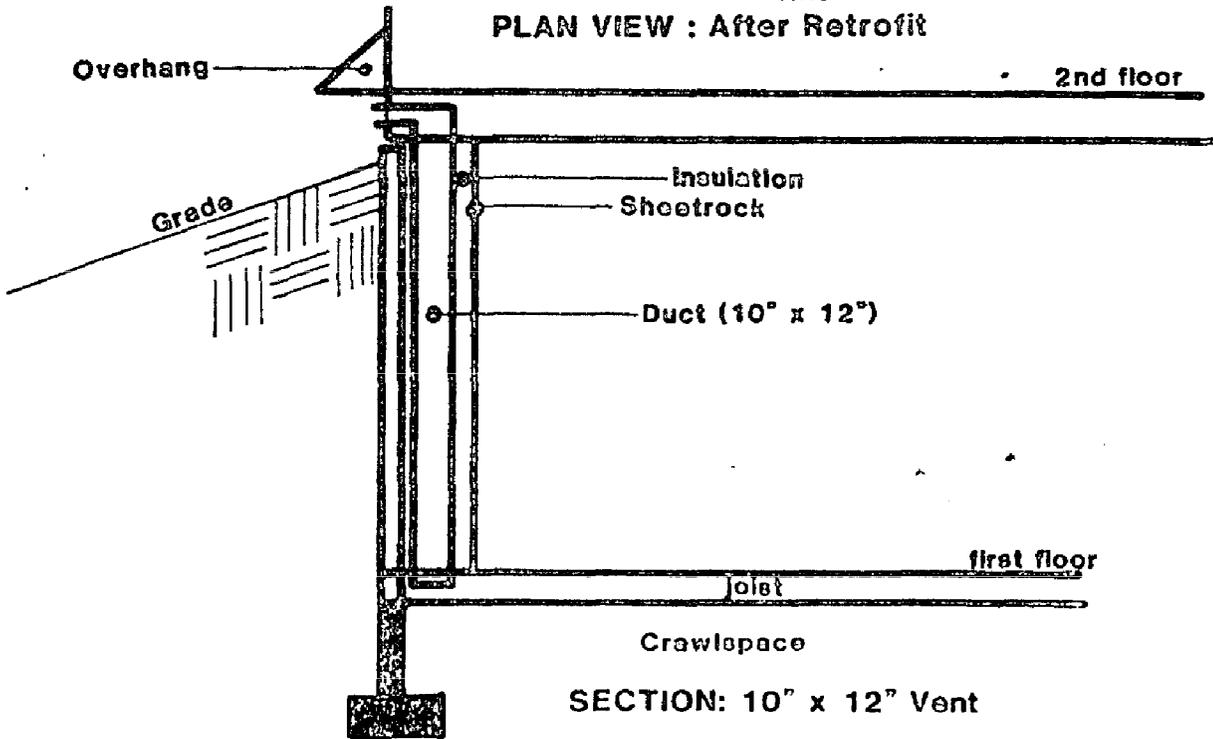
Note: Crawlspace walls are 8' below grade



PLAN VIEW : Before Retrofit



PLAN VIEW : After Retrofit



SECTION: 10' x 12' Vent



(AUTHENTICATED COPY)

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

In reply refer to: KRR

MAY 20 1985

Dear Residential Weatherization Contractor:

In accordance with the Modification Provision in your Weatherization Program Agreement (Agreement), the Bonneville Power Administration is granting a Modification No. M-006 (Modification) (enclosed) to the Agreement. This Modification is effective immediately upon signature of a Contractor who chooses to adopt such Modification. This Modification shall be in effect until completion of the next amendment cycle, during which time this Modification will be considered for inclusion in an Amendment.

In witness whereof, the parties have executed this Modification.

BONNEVILLE POWER ADMINISTRATION

By: /s/ Steven G. Hickok
Assistant Administrator for Conservation

CONTRACTOR

EUGENE WATER & ELECTRIC BOARD

By: /s/ Jean Reeder

Title: General Manager

Date: February 5, 1987

Contract No. DE-MS79-83BP 91647, 91422

ATTEST:

By: /s/ Rosemary P. Edwards

Title: Assistant Secretary

Date: February 5, 1987

Enclosure

DONNEVILLE POWER ADMINISTRATION
Portland, Oregon

CONTRACT MODIFICATION

CASE NUMBER: M-006

DATE:

REFERENCED CONTRACT: Residential Weatherization Conservation Agreement,
Amendment No. 6, Exhibit F, Specification 105/1030

SUBJECT: Sash-Mounted Storm Window Air Space Requirement

Statement of the Problem:

An existing wood frame prime window can be retrofitted with a sash-mounted storm window with minimum modification to the sash but does not meet the 1/2-inch minimum air space requirement.

Relevant Background Information:

Some wood frame window models (Anderson FlexiVent and Beautyline windows) have a sash design that can be easily retrofitted with a sash mounted storm window (removable glazing panel designated RGP). The windows are generally casement or awning type windows. The storm window is mounted in an existing rabbet cut molded into the window sash. (See attached drawing.) Operable fasteners are installed in the sash to hold the storm window in place and allow for removal of the storm window for cleaning. The resulting air space is about 3/8-inch which does not meet the 1/2-inch minimum air space requirement of 105.1030. A 1/2-inch air space could be achieved but would require more millwork and labor costs.

Exterior frame mounted storm windows cannot be used over casement or awning type windows because the operation of the prime window would be impeded (105.515, .520). Interior frame-mount storm windows may also impede operation.

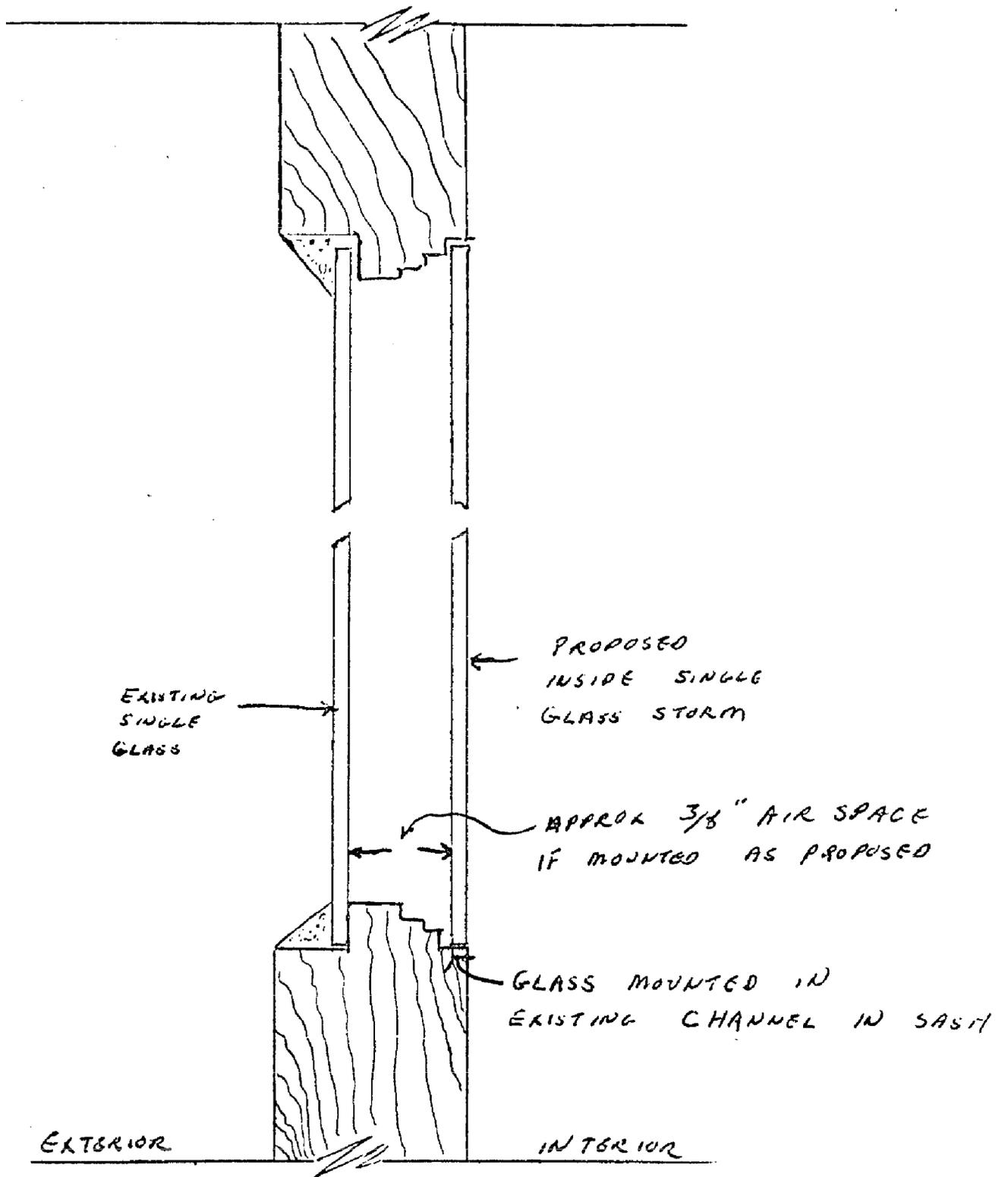
BPA Response:

Retrofitting storm windows to wood frame window sashes (as described above) that result in an air space between panes of less than 1/2-inch shall be acceptable when other retrofit options are not available or practical.

The sash mounted storm window retrofit shall meet all other applicable material and installation requirements including:

1. Specification 105.1025. "A suitable weather-resistant seal shall be installed between the prime window sash and the storm window" (for interior sash mounted storm windows). The interior sash mounted storm window should be at least as tight as the prime sash lite for control of moisture.
2. Specification 105.1040. "The existing sashes shall be determined to be adequate by the utility/State for supporting the additional weight of the storm window.
3. Specification 105.1020. "Installation of the storm window shall not restrict or exclude the operation of the prime window."

(WP-KRR-4445V-4)



VERA WATER AND POWER

(AUTHENTICATED COPY)



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

In reply refer to: **KRR**

JUL 9 1985

Dear Residential Weatherization Contractor:

In accordance with the Modification Provision in your Weatherization Program Agreement (Agreement), the Bonneville Power Administration is granting a Modification No. M-009 (Modification) (enclosed) to the Agreement. This Modification is effective immediately upon signature of a Contractor who chooses to adopt such Modification. This Modification shall be in effect until completion of the next amendment cycle, during which time this Modification will be considered for inclusion in an Amendment.

In witness whereof, the parties have executed this Modification.

BONNEVILLE POWER ADMINISTRATION

By: /s/ Steven G. Hickok
Assistant Administrator for Conservation

CONTRACTOR
EUGENE WATER & ELECTRIC BOARD

By: /s/ Jean Reeder

Title: General Manager

Date: February 5, 1987

Contract No. DE-MS79-83BP 91647, 91422

ATTEST:

By: /s/ Rosemary P. Edwards

Title: Assistant Secretary

Date: February 5, 1987

Enclosure

BONNEVILLE POWER ADMINISTRATION
Portland, Oregon

CONTRACT MODIFICATION

CASE NUMBER: M-009

DATE: JUL 9 1965

REFERENCED CONTRACT: Residential Weatherization Conservation Agreement,
Amendment No. 6, Exhibit F, Specification 105.625

SUBJECT: Screw Placement for Installation of Exterior Storm Windows

Statement of the Problem:

The specification requires a minimum of three screws per side for installing storm window frames. The submitting utility has requested that a minimum of two screws per side be allowed provided that all other requirements for screw placement are met.

Relevant Background Information:

Specification 105.625 states:

Aluminum or wood storm frames shall be permanently anchored with screws through the web located not more than 4 inches horizontally and vertically from each corner and thereafter every 12 inches or less on center. Vinyl storm window frames shall be permanently anchored with screws through the web located not more than 4 inches horizontally and vertically from each corner and thereafter every 8 inches or less on center. The screws must be long enough to penetrate through the frame and anchor in the structural framing. No single side of the frame shall in any case contain fewer than three anchor screws.

Many basement windows have a dimension of 18 inches or smaller. On the 18-inch side of a storm window, screws can be located at 4 inches from each corner with 10 inches between the screws. The utility and installers feel that the minimum three screws per side requirement is not necessary.

BPA Response:

A minimum of two anchor screws per storm window side shall be acceptable provided that other specification requirements are met including the following from specification 105.625:

1. Aluminum or wood storm frames shall be permanently anchored with screws through the web located not more than 4 inches horizontally and vertically from each corner and thereafter every 12 inches or less on center.
2. Vinyl storm window frames shall be permanently anchored with screws through the web located not more than 4 inches horizontally and vertically from each corner and thereafter every 8 inches or less on center.

(WP-KRR-4445V-8)

(AUTHENTICATED COPY)



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

In reply refer to: KRR

Dear Residential Weatherization Contractor:

In accordance with the Modification Provision in your Weatherization Program Agreement (Agreement), the Bonneville Power Administration is granting a Modification No. M-011 (Modification) (enclosed) to the Agreement. This Modification is effective immediately upon signature of a Contractor who chooses to adopt such Modification. This Modification shall be in effect until completion of the next amendment cycle, during which time this Modification will be considered for inclusion in an Amendment.

In witness whereof, the parties have executed this Modification.

BONNEVILLE POWER ADMINISTRATION

By: /s/ Steven G. Hickok
Assistant Administrator for Conservation

CONTRACTOR
EUGENE WATER & ELECTRIC BOARD

By: /s/ Jean Reeder

Title: General Manager

Date: February 5, 1987

Contract No. DE-MS79-83BP 91647, 91422

ATTEST:

By: /s/ Rosemary P. Edwards

Title: Assistant Secretary

Date: February 5, 1987

Enclosure

BONNEVILLE POWER ADMINISTRATION
Portland, Oregon

CONTRACT MODIFICATION

CASE NUMBER: M-011

DATE:

REFERENCED CONTRACT: Residential Weatherization Conservation Agreement,
Amendment No. 6, Exhibit F

SUBJECT: One Hole Access to Exterior Wall Cavity

Statement of the Problem:

When a portion of the exterior wall cavity is faced with brick and it is impractical or undesirable to drill through the brick, could only one hole be drilled through the siding to fill the entire wall cavity?

Relevant Background Information:

Several manufacturers have developed and published insulation application methods in sidewalls using a filler tube inserted into the wall cavity through a single access hole per cavity.

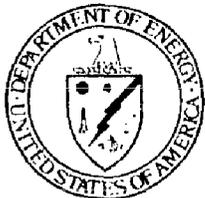
BPA Response:

If two holes per stud space per floor is impractical or undesirable (as determined by the Utility/State), then one hole per stud space per floor shall be acceptable provided that:

1. A filler tube shall be used to fill the wall cavities.
2. The installer shall follow manufacturer instructions for filler tube application using the manufacturer's specified insulation materials and methods.
3. The Utility/State shall note to the file which application technique was used.
4. An in-progress inspection is recommended to verify that the installation is being installed according to the manufacturer's instructions.

(WP-KRR-4445V-9)

(AUTHENTICATED COPY)



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

In reply refer to: KRR

DEC 9 1985

Dear Residential Weatherization Contractor:

In accordance with the Modification Provision in your Weatherization Program Agreement (Agreement), the Bonneville Power Administration is granting a Modification No. M-017 (Modification) (enclosed) to the Agreement. This Modification is effective immediately upon signature of a Contractor who chooses to adopt such Modification. This Modification shall be in effect until completion of the next amendment cycle, during which time this Modification will be considered for inclusion in an Amendment.

In witness whereof, the parties have executed this Modification.

BONNEVILLE POWER ADMINISTRATION

By: /s/ Steven G. Hickok
Assistant Administrator for Conservation

CONTRACTOR
EUGENE WATER & ELECTRIC BOARD

By: /s/ Jean Reeder

Title: General Manager

Date: February 5, 1987

Contract No. DE-MS79-83BP 91647, 91422

ATTEST:

By: /s/ Rosemary P. Edwards

Title: Assistant Secretary

Date: February 5, 1987

Enclosure

BONNEVILLE POWER ADMINISTRATION
Portland, Oregon

CONTRACT MODIFICATION

CASE NUMBER: M-017

DATE:

REFERENCED CONTRACT: Residential Weatherization Conservation Agreement,
Amendment No. 6, Exhibit F, Specification 105.630

SUBJECT: Airspace Requirement for Storm Window Application

Statement of the Problem:

The construction of some woodframe windows is such that installation of a storm window using standard construction practices results in an airspace greater than 4 inches.

Relevant Background Information:

Specification 104.630 states:

Effective infiltration barriers shall be provided by proper sealing and/or weatherstripping of the window to provide a tight, dead airspace (3/4-inch to 4 inches) between existing lites and storm lites.

The specific situation from the submitting utility's service area is a group of government built (1940's vintage) houses incorporating vertical single hung prime windows with unusually large window frames and sashes. A storm window installed in the standard manner in these homes results in an airspace of 1-1/2 to 2-1/2 inches between the top lites and an airspace of typically 4-1/4 inches (up to 5 inches) between the bottom lites. A storm window could be stopped into the window frame to meet the 4-inch requirement but at additional labor and material costs.

Testing of thermal resistance of plane air spaces with thicknesses up to 3-1/2 inches indicates that convective heat loss is significant with air spaces greater than 1/2-inch but does not increase for air spaces larger than 2 inches.

BPA Response:

Where unusual window construction details are encountered and the utility has determined that it is impractical to achieve a 4-inch airspace between prime and storm lite, standard practice installation of the storm window with an airspace greater than 4-inches shall be acceptable provided that all other provisions of the contract are met. The utility should document (in the house file) the decision to accept the installation.

(AUTHENTICATED COPY)



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

In reply refer to: KRR

JAN 16 1986

Dear Residential Weatherization Contractor:

In accordance with the Modification Provision in your Weatherization Program Agreement (Agreement), the Bonneville Power Administration is granting a Modification No. M-018 (Modification) (enclosed) to the Agreement. This Modification is effective immediately upon signature of a Contractor who chooses to adopt such Modification. This Modification shall be in effect until completion of the next amendment cycle, during which time this Modification will be considered for inclusion in an Amendment.

In witness whereof, the parties have executed this Modification.

BONNEVILLE POWER ADMINISTRATION

By: /s/ Steven G. Hickok
Assistant Administrator for Conservation

CONTRACTOR
EUGENE WATER & ELECTRIC BOARD

By: /s/ Jean Reeder

Title: General Manager

Date: February 5, 1987

Contract No. DE-MS79-83BP 91647, 91422

ATTEST:

By: /s/ Rosemary P. Edwards

Title: Assistant Secretary

Date: February 5, 1987

Enclosure

BONNEVILLE POWER ADMINISTRATION
Portland, Oregon

CONTRACT MODIFICATION

CASE NUMBER: M-018

DATE:

REFERENCED CONTRACT: Residential Weatherization Conservation Agreement,
Amendment No. 6, Exhibit F, Specification 104.1000

SUBJECT: Unfinished Wall Retrofit from the Exterior Side

STATEMENT OF THE PROBLEM:

A homeowner wishes to remove the exterior siding and sheathing to retrofit the walls from the outside. The proposed retrofit consists of installing a 4-mil polyethylene sheet vapor barrier draped over the studs, installing 3 1/2-inch fiberglass batts in the cavities, and installing 2-inch polyisocyanate to the outside surface of the studs. The homeowner would then reattach the siding.

RELEVANT BACKGROUND INFORMATION:

The house presented in the utility's question had knotty pine tongue and groove paneling as an inside finish. This modification addresses the house with knotty pine paneling and also addresses the proposed retrofit for lath and plaster or drywall interior surface. The air/vapor barrier wall treatments, as described below, for knotty pine surfaces and plaster/drywall surfaces are necessary for control of moisture. The sections on installation of insulating sheathing and siding apply to walls with either type of wall interior surface.

Tongue and Groove Paneling Wall Treatment

For the house with knotty pine tongue and groove paneling as an inside finish, blown-in insulation is not appropriate because of the substantial leakage area between boards. The installer was concerned about insulation blowing into the house during installation. Also, because of the substantial leakage area and colder surface temperatures in the cavity (due to the insulation) there is a higher risk of moisture damage occurring.

An airtight air/vapor barrier system must be present to keep moisture out of the wall cavity. Several techniques for horizontal tongue and groove board interior finish have been discussed and are presented as follows:

1. Cut polyethylene sheets (4 mil minimum, 6 mil preferred) to individually seal each wall stud cavity. Seal the polyethylene to the studs, top plate, and bottom plate with caulk and secure with lath. The polyethylene shall be taped or caulked to electrical boxes or other penetrations to stop air leakage at these locations. Remove the top and bottom boards and caulk the crack between the floor and the bottom plate and the crack between the top plate and finish ceiling (to stop infiltration bypasses past the insulation). Also caulk between the two top plates. Seal all top plate penetrations to the attic.

2. Install polyethylene strips (4 mil minimum, 6 mil preferred) to form a diffusion vapor barrier. Fill the cavities with spray-in-place urethane foam insulation (forming a good air barrier). Caulk the wall/floor and wall/ceiling joints to stop infiltration bypasses. Seal all top plate penetrations to the attic. Proper thermal protection of the urethane foam must be provided (see Section 1712 of the 1985 Uniform Building Code).
3. Install a continuous (4 mil minimum, 6 mil preferred) polyethylene sheet (overlaps caulked and sealed) from the exterior side such that all infiltration paths into the wall cavities (through board cracks, under or around top and bottom plates, etc.) are stopped. The polyethylene must be tucked into the cavity so that batt insulation can be installed in the cavity. Seal the polyethylene to top and bottom plates and around electrical boxes and other wall penetrations or obstructions (wiring, blocking, plumbing, etc.). Remove the top and bottom boards, and caulk the crack between the floor and bottom plate, the crack between the top plate and finish ceiling, and the crack between the two top plates. Seal all top plate penetrations to the attic.

Of the three techniques described above, the continuous polyethylene method may be the most difficult to adequately install.

Drywall and Plaster Wall Treatment

For standard drywall or lath and plaster applications, the following air/vapor barrier approach may be acceptable. Caulk along the baseboard, and caulk and gasket all electrical box and other penetrations into the wall cavity. Seal all top plate penetrations to the attic. Install vapor barrier faced batt insulation (diffusion vapor barrier). Repair cracks in the plaster as required.

Sheathing Installation

Celotex Corporation publication Celotex Professional Builder's Manual, Form # 2832-0681 Rev.A, January 1984, presents recommended applications for insulating sheathing-in walls. Installation instructions cover the following topics:

1. Installing vapor retarder polyethylene sheet.
2. Installing structural diagonal bracing.
3. Installing the insulating sheathing.
4. Fastening siding to the wood frame construction through the insulating sheathing.

An Energy Design Update article, "Design and Construction Tips," February 1985, discusses installation of exterior insulating sheathing. This article recommended that exterior foam sheathing should be installed tightly to the wall framing without intentional cracks for ventilation. Caulking or taping (compatible with the sheathing) may be acceptable for sealing the sheathing. An alternate method consisting of a Tyvek air barrier installed over the foam sheathing was also recommended.

Dow Chemical Company in the Dow Styrofoam Insulation Builder's Application Manual states:

To minimize air leakage, snug fits should be made at all foam-to-foam joints and around all projections through the foam.

Siding Installation

Special care must be taken when reattaching the siding. Problem areas to watch for are nail deflection caused by excessive weight at the heads of the nails, and nails splitting the siding during installation.

Insulating sheathing is typically installed in thicknesses ranging from 1/2-inch to 1-inch. For thicknesses from 1 1/2-inch to 2 inches, nailing strips for the siding are often recommended. An example of such a system is as follows:

Horizontal furring strips (2 x 3's) are nailed directly to the existing stud wall 2 to 4 feet on center. Rigid insulation is then installed between the furring strips. Vertical nailing strips (1 x 4's) are then attached to the furring strips and through the insulation to the studs, and, finally, the siding is attached to the nailing strips. The wall system must protect against the entry of insects and other pests and be properly firestopped in accordance with State, local, or Federal codes or regulations (see Section 2516(f)2 of the 1985 Uniform Building Code).

For additional information on exterior retrofit framing systems and window and door framing/finish details, see the National Center for Appropriate Technology's (NCAT) publication DOE/CE/15095-11, Major Energy Conservation Retrofits.

BPA RESPONSE:

Installation of batt insulation and exterior insulating sheathing shall be acceptable provided that the following requirements are met:

1. Insulation shall be installed according to provisions of the Uniform Building Code.
2. An effective airtight air/vapor barrier system (as described above) shall be installed on the warm side of the insulation. An in-progress inspection may be required. The utility shall fully document the file as to the technique used.
3. Exterior insulating sheathing shall be installed tightly to minimize air leakage.
4. Adequate structural cross bracing shall be present in accordance with the manufacturer's instructions and local building codes.
5. Siding shall be reinstalled as per insulation or siding manufacturer's instructions or other utility approved methods.
6. Only the cost of air/vapor barrier and insulation materials and installation of these materials shall be covered under this Program. Costs associated with furring, finish work around windows and doors, installing siding, etc. shall not be covered under this Program.

(AUTHENTICATED COPY)



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

In reply refer to:

KRR

OCT 9 1986

Dear Residential Weatherization Contractor:

In accordance with the Modification Provision in your Weatherization Program Agreement (Agreement), the Bonneville Power Administration is granting a Modification No. M-026 (Modification) (enclosed) to the Agreement. This Modification is effective immediately upon signature of a Contractor who chooses to adopt such Modification. This Modification shall be in effect until completion of the next amendment cycle, during which time this Modification will be considered for inclusion in an Amendment.

In witness, whereof, the parties have executed this Modification.

BONNEVILLE POWER ADMINISTRATION

By: /s/ Richard L. Perlas
ACTING Assistant Administrator for Conservation

CONTRACTOR
EUGENE WATER & ELECTRIC BOARD

By: /s/ Jean Reeder

Title: General Manager

Date: February 5, 1987

Contract No. DE-MS79-83BP 91647, 91422

ATTEST:

BY: /s/ Rosemary P. Edwards

Title: Assistant Secretary

Date: February 5, 1987

Enclosure

BONNEVILLE POWER ADMINISTRATION
Portland, Oregon

CONTRACT MODIFICATION

CASE NUMBER: M-026

DATE: OCT 9 1986

REFERENCED CONTRACT: Residential Weatherization Conservation Agreement,
Amendment No. 6, Exhibit F, Specification 104.1000

SUBJECT: Exterior Surface Wall Retrofit for Solid Concrete or Concrete Block
Wall

STATEMENT OF THE PROBLEM:

A method of retrofitting exterior surface concrete block or solid concrete walls has been proposed consisting of furring out the exterior surface of the wall, installing 1 1/2-inch rigid insulation, and covering with appropriate siding. See attached drawing.

RELEVANT BACKGROUND INFORMATION:

Section 104.1100 (Installation Provisions for Walls--Exterior Surface) is a reserved section.

Section 104.830 states for exterior perimeter slab on grade, crawlspace, or basement:

Insulation shall be adhered to the foundation with an adhesive, suitable for the purpose, after the foundation surface has been adequately cleaned and projections removed. Adhesive shall be installed in continuous horizontal beads to block insect infestation.

Section 104.835 states:

The exterior surfaces of the insulation material shall be waterproofed with a suitable vapor barrier of aluminum foil or similar material, and shall be protected from mechanical damage, solvents, mastics, moisture, and ultra violet light degradation.

Section 2516(c)7. of the 1985 Uniform Building Code states:

Protection of wood against deterioration, as set forth in the previous paragraphs for specified applications, is required. In addition, wood used in construction of permanent structures and located nearer than 6 inches to earth, shall be treated wood or wood of natural resistance to decay, as defined in Section 2502(a). Where located on concrete slabs placed on earth, wood shall be treated wood or wood of natural resistance to decay. Where not subject to water splash or to exterior moisture, and located on concrete having a minimum thickness of 3 inches with an impervious membrane installed between concrete and earth, the wood may be untreated and of any species.

BPA RESPONSE:

The proposed retrofit shall be acceptable provided that the following requirements are met:

1. All materials shall be installed in accordance with the Uniform Building Code.
2. The exterior wall shall be insulated to a minimum of R-11.
3. The installer shall be responsible for determining that the structural system of the building and substrate are both suitable for the installed materials. The installer shall be responsible for damage, structural and otherwise, incurred during the installation of the exterior wall insulation, and associated work.
4. In block wall construction, the wall must have a top course of solid cap block. If the top course is open, then the top must be sealed before insulation is installed.
5. Wood furring shall be attached directly to the wall. Wood that is to be located within 6 inches of earth or other ground surface (e.g., sidewalk, asphalt surface), shall be treated wood or wood of natural resistance to decay. The amount of uninsulated solid or concrete block wall should be kept to a minimum.
6. Vapor barriers shall be installed except where a vapor barrier is present in the existing wall. Vapor barriers shall have a perm rating of 1.0 or less. Vapor barriers shall be installed between the insulation and the conditioned living space.
7. Insulation shall be adhered to the wall (between furring strips) with an adhesive, suitable for the purpose, after the wall surface has been adequately cleaned and projections removed. Adhesives shall be installed in continuous horizontal beads to block insect infestation.
8. The exterior surfaces of the insulation materials shall be protected from mechanical damage, solvents, mastics, moisture, and ultra violet light degradation. Siding shall be installed in accordance with siding manufacturer's instructions.
9. Upon completion, the exterior wall shall be weathertight with window and door jambs extended or modified to provide adequate drainage. Windows and doors shall operate freely.
10. Utility in-progress inspections are recommended.
11. Slab on grade or crawlspace exterior insulation, when installed in conjunction with exterior wall retrofit, shall be installed in accordance with Specification 104.800.
12. Only the costs of insulation materials and installation of these materials shall be covered under the Program. Costs associated with furring, siding, and painting shall not be covered under this Program.

Cross Section
(no scale)

Exterior Surface Wall
Retrofit for Concrete
or Concrete Block Walls

