



Department of Energy

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

FREEDOM OF INFORMATION ACT/PRIVACY PROGRAM

August 1, 2016

In reply refer to: FOIA #BPA-2016-00911-F

Dirk R. Middents
Senior Paralegal
K&L Gates LLP
925 Fourth Avenue, Suite 2900
Seattle, WA 98104-1158
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Dear Mr. Middents:

This communication is a final response to your Freedom of Information Act (FOIA) request received at Bonneville Power Administration (BPA) on May 12, 2016, which BPA acknowledged on May 20, 2016.

Request

“...copies of the following contracts...and all [related] amendments...: DE-MP65-85WP59106 [&] DE-MS79-81BP90493.”

BPA's Response

BPA has conducted a search of records in the Customer Contracts–Systems office and located agency records responsive to your request. Those agency records contained information obtained from Public Utility District No. 1 of Cowlitz County (the submitters). In accord with the FOIA and Executive Order 12,600 and Department of Energy (DOE) regulations at 10 C.F.R. 1004.11, BPA submitted the records responsive to your request to the submitters on July 6, 2016. BPA also sent its solicitation of objection to release under 5 U.S.C. § 552(b)(4), which protects business trade secrets or other confidential commercial or financial information from release. The submitters declined to raise any objections to release. BPA is therefore releasing 296 pages of responsive records to you, with no redactions. Those records accompany this communication. Pursuant to 10 C.F.R. § 1004.7(b)(2), I am the individual responsible for the determination to release the information described above.

Fee

You previously agreed to pay up to \$200.00 in FOIA fees for processing the above request. The

FOIA provides for the assessment of fees for the processing of requests (see 5 U.S.C. § 552(a)(4)(A)(i); see also 10 C.F.R. § 1004.9(a)). For the purposes of fee assessment, you have been categorized as a “commercial use” requester. Requesters in this category are charged fees for search, review, and duplication costs associated with the request. You will receive a separate bill for the FOIA fee amount.

Appeal

This decision, as well as the adequacy of the search, may be appealed within 90 calendar days from your receipt of this letter pursuant to 10 C.F.R. § 1004.8. Appeals should be addressed to:

Director, Office of Hearings and Appeals,
HG-1, L’Enfant Plaza
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585-1615

The written appeal, including the envelope, must clearly indicate that a FOIA appeal is being made. You may also submit your appeal to OHA.filings@hq.doe.gov, including the phrase “Freedom of Information Appeal” in the subject line. The appeal must contain all of the elements required by 10 C.F.R. § 1004.8, including a copy of the determination letter. Thereafter, judicial review will be available to you in the Federal District Court either: 1) in the district where you reside; 2) where you have your principal place of business; 3) where DOE’s records are situated; or 4) in the District of Columbia.

You may contact DOE's FOIA Public Liaison, Sarah Westenberg, at the address on the letter header for any further assistance and to discuss any aspect of your request. Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows:

Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road-OGIS
College Park, Maryland 20740-6001
E-mail: ogis@nara.gov
Telephone: 202-741-5770
Toll free: 1-877-684-6448
Facsimile: 202-741-5769.

You may seek administrative appeal pursuant to DOE FOIA regulations at 10 C.F.R. § 1004.8.

If you have questions about this communication, you may also contact James King (CorSource Technology Group, Inc.), assigned to the BPA FOIA office, at 503-230-7621.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. M. Frost', with a long horizontal flourish extending to the right.

C. M. Frost
Freedom of Information/Privacy Act Officer

Responsive agency records enclosed

8/25/81

POWER SALES CONTRACT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

Metered Requirements and Computed Requirements

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This POWER SALES CONTRACT, executed July 28, 1982 by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville) and PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON (Purchaser), a public utility district of the state of Washington,

W I T N E S S E T H:

WHEREAS the Purchaser is a public body which is distributing electric power and energy to ultimate consumers in Cowlitz County, Washington and adjacent areas, and as such, is included in certain statutes which require Bonneville to give preference and priority to public bodies and cooperatives in disposing of electric power and energy; and

WHEREAS the parties hereto, on November 15, 1966, executed a power sales contract, Contract No. 14-03-55775 (which as the same may be amended is hereinafter called "Prior Contract") which provides for the sale of electric power and energy by Bonneville to the Purchaser, and the parties desire to terminate such contract and provide for the sale of electric power and energy by Bonneville to the Purchaser pursuant to the terms of this contract; and

WHEREAS the Purchaser pursuant to the Pacific Northwest Electric Power Planning and Conservation Act (P.L. 96-501) is entitled to purchase and Bonneville is authorized to sell electric power and energy to serve all or a portion of the Purchaser's firm load requirements; and

WHEREAS Bonneville is obligated to acquire sufficient resources to meet the electric power requirements placed on Bonneville consistent with implementing cost effective conservation measures and to protect, mitigate and enhance fish and wildlife consistent with P.L. 96-501;

WHEREAS Bonneville is required under section 4(g)(1) of P.L. 96-501 to maintain comprehensive programs to insure widespread public involvement in the formulation of regional power policies; and

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

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

1. Termination of Prior Contract. The Prior Contract, if any, is hereby terminated as of the effective date of this contract. All liabilities accrued thereunder are hereby preserved until satisfied.

2. Term of Contract. This contract shall be effective on the first day of the next Billing Month following the date at least five calendar days after Bonneville acknowledges receipt of an executed contract and shall continue until 2400 hours on June 30, 2001. Bonneville shall acknowledge receipt of an executed contract upon receipt of a contract signed by the Purchaser and any authorizing resolution necessary for the execution of such contract.

3. Definitions.

(a) "Actual Computed Requirements" means the basis on which a designated Computed Requirements Purchaser, pursuant to section 17(c), purchases Firm Power from Bonneville.

(b) "Actual Firm Peak Load" and "Actual Firm Energy Load" mean the actual maximum integrated one-hour monthly peak and average monthly energy loads, respectively, of the Purchaser's system in the Pacific Northwest, for each Billing Month, after adjustment pursuant to section 17(e). Such actual loads shall not include any load to the extent that the Purchaser had a unilateral right to interrupt such load during such month, even if such load was not actually interrupted, but shall include the amount of any load which the Purchaser actually interrupted for the purpose of backing up or providing economic operation of its Firm Resources. In addition, any New Large Single Load or portion of such load shall not be included in the Purchaser's firm loads hereunder prior to the date Bonneville is obligated to supply such load with Firm Power pursuant to the terms of section 8(e). Contractual obligations of the Purchaser to utilities outside its normal service area may, if permitted by the terms of section 12(a), be included in the Purchaser's Firm Resources, but shall not be included in the Purchaser's Actual Firm Loads hereunder. Actual Firm Peak Load and Actual Firm Energy Load shall be referred to collectively as "Actual Firm Load."

(c) "Assured Peak Capability" and "Assured Energy Capability" mean the total of the firm peak and firm energy capabilities, respectively, for all of the Purchaser's Firm Resources, as determined pursuant to section 16, which the Purchaser can deliver on a firm basis to its loads. Assured Peak Capability and Assured Energy Capability shall be referred to collectively as "Assured Capability."

(d) "Billing Month," when used with respect to a Purchaser designated to purchase on the basis of Metered Requirements, means the interval between meter-reading dates which normally will be approximately 30 days. If service is for less or more than the normal billing month, the monthly charges stated in the applicable rate schedule shall be appropriately adjusted. Winter and summer periods identified in the rate schedules shall begin and end for a Purchaser with the beginning and ending of the Billing Month having meter-reading dates closest to the periods so identified.

When used with respect to a Purchaser designated to purchase on the basis of Computed Requirements, means a calendar month.

- (e) "Computed Average Energy Requirement" means the amount by which the Purchaser's Actual Firm Energy Load for a month exceeds its Assured Energy Capability for such month, after adjustment pursuant to section 17(d). The term "average energy computed demand" as used in the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit has the same meaning.
- (f) "Computed Energy Maximum" means an amount of electric energy equal to the product of the Purchaser's Computed Average Energy Requirement for a month and the number of hours in such month.
- (g) "Computed Maximum Requirements" means the hourly amounts of power Bonneville is obligated to deliver to the Purchaser during the Heavy Load Hours of a month, as defined in section 17(g)(1).

- (h) "Computed Peak Requirement" means the amount by which the Purchaser's Actual Firm Peak Load for a month exceeds its Assured Peak Capability for such month. The term "peak computed demand" as used in the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit has the same meaning.
- (i) "Computed Requirements" means the basis on which the Purchaser, if so designated as specified in section 13, purchases from Bonneville its requirements for Firm Power which exceed its Assured Capability. The term "computed demand" as used in the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit has the same meaning. All references to "Computed Requirements" shall be deemed to include Actual Computed Requirements, Planned Computed Requirements, and Contracted Requirements.
- (j) "Consumer" means an end user of electric power or energy.
- (k) "Contracted Requirements" means the basis on which a designated Computed Requirements Purchaser, pursuant to section 17(b), purchases Firm Power from Bonneville.
- (l) "Coordination Agreement" means the Agreement for Coordinated Operations among Power Systems of the Pacific Northwest (BPA Contract No. 14-03-48221), as amended or replaced.
- (m) "Critical Period" when used with respect to Firm Resources which are included in Coordination Agreement planning, means the same herein as

that term is defined in the Coordination Agreement; when used with respect to Firm Resources which are not included in Coordination Agreement planning means the one or more months in any one Operating Year in the historical streamflow period of record normally used for hydroelectric resource planning in the Pacific Northwest, during which the Purchaser's system of such Firm Resources, together with all of the Purchaser's Seasonal Storage which is not included in the Coordination Agreement planning, is able to produce the least energy in a monthly distribution, represented by the difference between the Purchaser's Estimated Firm Energy Load and that Estimated Firm Energy Load, if any, submitted under Coordination Agreement planning; provided, however, that for the Firm Resources of the Montana Power Company which are hydroelectric resources located on the Missouri River or its tributaries, the Critical Period so determined shall not be limited to the months in any one Operating Year.

- (n) "Customer" means any entity which contracts for the purchase of electric power or energy from Bonneville.

- (o) "Estimated Firm Peak Load" and "Estimated Firm Energy Load" mean the best estimate of the maximum integrated one-hour monthly peak and average monthly energy loads of the Purchaser's system in the Pacific Northwest which are equally likely to be less than or greater than the Purchaser's actual peak and energy loads in each month under normal weather conditions, except that the Purchaser may increase the largest of such monthly peak loads during the Operating Year to represent the peak load which is equally likely to be less than or greater than the

Purchaser's actual peak load during the Operating Year. Such system loads shall be reduced by any and all loads to the extent that the Purchaser has unilateral rights to interrupt deliveries to such load during each month of such Operating Year, excepting loads which the Purchaser has a right to interrupt for the purpose of backing up or providing economic operation of its Firm Resources. In addition, any New Large Single Load or portion of such load shall not be included in the Purchaser's firm loads hereunder prior to the date Bonneville is obligated to supply such load with Firm Power pursuant to the terms of section 8(e). Contractual obligations of the Purchaser to utilities outside its normal service area may, if permitted by the terms of section 12(a), be included in the Purchaser's Firm Resources, but shall not be included in the Purchaser's firm loads hereunder. Estimated Firm Peak Load and Estimated Firm Energy Load shall be referred to collectively as "Estimated Firm Load."

- (p) "Firm Capacity" means capacity which Bonneville assures will be available to the Purchaser in the amounts and during the period or periods specified in the contract except when operation of the generation or transmission facilities used by Bonneville to serve such Purchaser is suspended, interrupted, interfered with, curtailed or restricted as a result of the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service sections of the General Contract Provisions Exhibit.

- (q) "Firm Energy" means electric energy which Bonneville assures will be available to the Purchaser during the period or periods specified in the

contract except when the operation of the generation or transmission facilities used by Bonneville to serve the Purchaser is suspended, interrupted, interfered with, curtailed, or restricted as a result of the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service sections of the General Contract Provisions Exhibit.

- (r) "Firm Peak Load Carrying Capability," "Firm Energy Load Carrying Capability" and "Firm Load Carrying Capability" mean the same herein as those terms are defined in the Coordination Agreement.

- (s) "Firm Power" means electric power which Bonneville will make continuously available to the Purchaser on a Metered or Computed Requirements basis to meet its Actual Firm Loads except when restricted because the operation of generation or transmission facilities used by Bonneville to serve the Purchaser is suspended, interrupted, interfered with, curtailed or restricted as the result or the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service sections of the General Contract Provisions Exhibit. Unless related to specific facilities serving the Purchaser, restrictions of Firm Power shall not be made until Bonneville has exercised its rights to restrict industrial firm power, modified firm power, and all other power subject to restriction in favor of the Purchaser. Firm Power shall be a collective reference to Firm Capacity and Firm Energy.

- (t) "Firm Resource" means that portion of each of the generating resources or contractual resources of the Purchaser dedicated to the Purchaser's

- Actual Firm Load as set forth in the Purchaser's Firm Resources Exhibit. The term Firm Resource includes the Purchaser's firm contractual obligations to utilities outside its normal service area, if any, as set forth in the Purchaser's Firm Resources Exhibit.
- (u) "Flexibility Account" means the account kept by the Purchaser which shows as of the end of each month of the Operating Year the accumulated balance of adjustments made by the Purchaser to its Assured Energy Capability. Such account shall be established and maintained pursuant to section 17(d).
- (v) "Heavy Load Hours" means those hours between 7 a.m. and 10 p.m., Monday through Saturday, or such other hours as may be specified in the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit or its successor.
- (w) "Integrated Demand" means the number of kilowatts equal to the number of kilowatthours recorded by a meter during a clock-hour.
- (x) "Intra-Class Excess Entitlement" means the portion, if any, of the Purchaser's entitlement to Firm Capacity or Firm Energy from the Purchaser's entitlement of Federal base system resources, if any, and resources acquired by Bonneville from or on behalf of the Purchaser under P.L. 96-501 as determined in the Allocation Formulas Exhibit which is in excess of the amount of Firm Capacity or Firm Energy necessary to serve Bonneville's obligation to the Purchaser on a Metered or Computed Requirements basis for any Operating Year in a period of insufficiency.

- (y) "Light Load Hours" means those hours of the month which are not Heavy Load Hours.
- (z) "Measured Amounts", when used with respect to a Purchaser designated to purchase on the basis of Computed Requirements but which does not schedule amounts of power to be interchanged with Bonneville, means the amounts assigned to Firm Power purchased pursuant to this agreement in the tabulation of hourly interchange prepared by the Purchaser pursuant to section 17(h).

When used with respect to a Purchaser designated to purchase on the basis of Computed Requirements and which schedules amounts of power to be interchanged with Bonneville, means the hourly amounts of Firm Power requested by the Purchaser in accordance with section 17(g) and scheduled to the Purchaser in accordance with the provisions of section 18 of this agreement.

- (aa) "Measured Demand," when used with respect to a Purchaser designated to purchase on the basis of Metered Requirements, means the largest of the Integrated Demands for each Point of Delivery, adjusted as appropriate to such Point of Delivery, for Heavy Load Hours during a Billing Month.

When used with respect to a Purchaser designated to purchase on the basis of Computed Requirements, means the largest of the Measured Amounts for Heavy Load Hours during a month; provided, however, that if Bonneville has, pursuant to section 17(g)(1), limited its obligation to make power available to the Purchaser during such month below the

largest of the Measured Amounts for Heavy Load Hours in such month, the Measured Demand shall be the lowest level to which the Purchaser was so limited during such month.

- (bb) "Measured Energy," when used with respect to a Purchaser designated to purchase on the basis of Metered Requirements, means the number of kilowatthours delivered to any Point of Delivery during a Billing Month. Such number of kilowatthours shall be the reading which is recorded during a Billing Month by a meter specifically installed to measure such kilowatthours and which is adjusted as appropriate to such Point of Delivery.

When used with respect to a Purchaser designated to purchase on the basis of Computed Requirements, means the sum of the Measured Amounts for all hours in a Billing Month, after adjustment, if any, for energy delivered to the Purchaser on the last day of the Billing Month and returned to Bonneville in the next Billing Month pursuant to section 2(a)(4) of the Power Scheduling Procedures Exhibit.

- (cc) "Metered Requirements" means the basis on which the Purchaser, if so designated as specified in section 13, purchases from Bonneville its requirements for Firm Power.
- (dd) "New Large Single Load" means any load associated with a new facility, an existing facility, or an expansion of an existing facility:

(1) which is not contracted for, or committed to, as determined by Bonneville, by a public body, cooperative, investor-owned utility, or Federal agency Customer prior to September 1, 1979, and

(2) which will result in an increase in power requirements of such Customer of ten average megawatts or more in any consecutive twelve-month period.

(ee) "Operating Year" means the period commencing each year on July 1 and ending the following June 30.

(ff) "Pacific Northwest" means the same herein as such term is defined in P.L. 96-501.

(gg) "Planned Computed Requirements" means the basis on which a designated Computed Requirements Purchaser, pursuant to the provisions of section 17(a), purchases Firm Power from Bonneville.

(hh) "Point of Delivery" means a point of delivery listed in the Points of Delivery Exhibit.

(ii) "Seasonal Storage" means the ability to store water in reservoirs and to thereby increase or decrease the planned or actual energy generation at hydroelectric facilities in one month and to compensate for such change in another month, either using the Purchaser's own facilities or the facilities of others which the Purchaser has firm rights to use pursuant to contracts.

(jj) "Year Preceding Insufficiency" means the Operating Year immediately preceding the initial Operating Year in a continuous period of one or more years for which Bonneville has issued a notice or notices of restriction in which Bonneville actually determines a final allocation of Firm Capacity or Firm Energy for any Purchaser in the public body and cooperative class or Federal agency class.

4. Exhibits; Interpretation. The rights and obligations of the parties hereunder shall be subject to and governed by this contract, including Exhibits A through L attached hereto and by this reference made a part of this contract in accordance with the specific provisions of this contract relating to each exhibit. This contract sets forth the entire agreement of the parties as of the effective date of the contract. The headings used in this contract are for convenient reference only, and shall not affect the interpretation of this contract.

5. Agreement as to Bonneville's Decision in Acquiring Resources to Serve Load.

(a) Bonneville agrees to serve the firm load obligations of the Purchaser placed upon Bonneville pursuant to this contract. Bonneville shall meet the load utilizing resources available to Bonneville or acquired by Bonneville in accordance with P.L. 75-329, P.L. 93-454, P.L. 96-501, and other applicable law. Bonneville's acquisition of resources under P.L. 96-501, to the extent appropriate, shall be consistent with the plan adopted by the Pacific Northwest Electric Power and Conservation Planning Council.

(b) Except as expressly provided in this contract and in applicable provisions of law, Bonneville's obligations under this contract are not contingent upon action taken or to be taken by the Purchaser.

To the extent that the Purchaser obligates Bonneville to serve all or a portion of its load growth pursuant to this contract in lieu of using Firm Resources to meet such load growth, the Purchaser and Bonneville recognize that resources must be made available by or on behalf of the Purchaser to Bonneville if Bonneville is to have the ability to meet its obligations hereunder. The Purchaser therefore agrees that it will use its best efforts either to serve its load growth using Firm Resources, or to make available for acquisition by Bonneville, in accordance with the conservation and resource priorities and other requirements of P.L. 96-501, resources equivalent to the load growth of the Purchaser which is served hereunder. Such resources will be made available to Bonneville pursuant to mutually agreeable contracts providing appropriate compensation to the Purchaser and other necessary terms. In making such resources available, the Purchaser may act individually or in cooperation with others.

The parties acknowledge that cost-effective conservation measures will be implemented in accordance with P.L. 96-501 and that Bonneville is required to give priority to the development and acquisition of certain types of resources under P.L. 96-501. The Purchaser agrees to make a good faith effort to cooperate with Bonneville in implementing and initiating the resource responsibilities placed on Bonneville, and providing services necessary thereto, pursuant to P.L. 96-501.

6. Interpretation of Fish and Wildlife Responsibilities.

In meeting its obligations under this contract, Bonneville affirms its obligations under Section 4 and 6 of P.L. 96-501 and other applicable law with respect to implementation of measures and objectives for the protection, mitigation, and enhancement of fish and wildlife, while assuring the Pacific

Northwest an adequate, efficient, economical, and reliable power supply. This contract shall not impair compliance with such obligations.

The Purchaser affirms its legal obligations related to fish and wildlife established in any license or order issued by the Federal Energy Regulatory Commission. This contract shall not expand, impair, or in any way alter the Purchaser's legal obligations related to fish and wildlife established in a license or order issued by the Federal Energy Regulatory Commission.

7. Allocation Provisions in the Event of Planning Insufficiency.

(a) Notice of Restriction. For purposes of issuing notices of restriction under this contract Bonneville's Customers shall be divided into three classes: (1) public body and cooperative; (2) Federal agency; and (3) investor-owned utility. If Bonneville determines for any Operating Year that it cannot on a planning basis acquire sufficient resources to fully supply Bonneville's estimated obligation to the Purchaser or any member of the Purchaser's class of Customers and Bonneville's estimated commitments to other Customers whose supply from Bonneville is not subject to restriction in favor of the Purchaser, Bonneville may issue a written notice of restriction to the Purchaser and its class of Customers for such Operating Year. Such notice shall be dated no earlier than provided for in paragraph (2) below and must be consistent with the provisions of paragraphs (3), (4), and (5) below. The notice of restriction may limit Bonneville's obligation in such Operating Year to supply Firm Power to the Purchaser pursuant to section 14 or section 17 below, as applicable.

The notice of restriction shall specify Bonneville's best estimate of the Purchaser's entitlement to Firm Capacity and Firm Energy for such Operating Year, Bonneville's estimate of the Purchaser's allocation, including the loads and resources on which such estimate is based and Bonneville's estimate of the

expected duration of any period of insufficiency. Any notice of restriction issued hereunder shall be subject to the following limitations:

(1) Notice periods shall not commence until the start of next Operating Year following the date a notice is issued.

(2) Bonneville shall not issue a notice of restriction to any class of Customers prior to December 5, 1985, to allow Bonneville a reasonable period of experience under P.L. 96-501.

(3) Any notice of restriction which limits Bonneville's obligation to supply Firm Energy to the Purchaser if it is a member of the public body and cooperative class or Federal agency class shall not be effective prior to the expiration of the eighth Operating Year following the commencement date applicable to such notice.

(4) Any notice of restriction which limits Bonneville's obligation to supply Firm Power if the Purchaser is a member of the investor-owned utility class or Firm Capacity if the Purchaser is a member of the public body and cooperative class or the Federal agency class shall not be effective prior to the expiration of the fifth Operating Year following the commencement date applicable to such notice.

(5) Any notice of restriction issued to the public body and cooperative class or Federal agency class shall not be effective prior to the Operating Year for which Bonneville estimates that its combined obligations to both classes to supply Firm Capacity or Firm Energy equal or exceed the firm peak capability or firm energy capability, respectively, of the Federal base system resources.

(6) A notice of restriction issued to any Purchaser under this section shall not be effective for any Operating Year to the extent Bonneville has not exercised its rights in a timely manner to restrict

Bonneville's obligations to other Customers whose supply from Bonneville is subject to restriction in favor of the Purchaser.

Bonneville shall use its best efforts to annually advise the Purchaser of Bonneville's estimate of the Purchaser's allocation of Firm Capacity and Firm Energy for any Operating Year for which a notice of restriction was issued. Such advisement shall include current estimates of the Purchaser's allocation of Firm Capacity and Firm Energy for all Operating Years for which a notice of restriction has been issued.

Notwithstanding the issuance of a notice of restriction to the Purchaser, Bonneville shall use its best efforts to acquire sufficient resources to supply in full its obligations to the Purchaser pursuant to section 14 or section 17 below, as applicable, and its similar obligations to the Purchaser's class of Customers. Bonneville may cancel a notice of restriction by giving written notice to the Purchaser and thereby reduce or eliminate the limits on Bonneville's obligation to supply Firm Capacity or Firm Energy to the Purchaser and its class of Customers at any time. Such cancellation shall be made whenever Bonneville determines it will have sufficient resources to supply in full its obligations to the Purchaser pursuant to section 14 or section 17 below, as applicable, and its similar obligations to such class of Customers. Any such cancellation shall be made only after Bonneville consults with the Purchaser and Bonneville's other Customers.

(b) Determination of Purchaser's Allocation.

The Purchaser's contractual entitlement to and allocation of Firm Capacity or Firm Energy shall be based on the formulas in the Allocation Formulas Exhibit. Such formulas shall be used for determining both estimated allocations and final allocations of Firm Capacity and Firm Energy based on the Purchaser's entitlement to firm peak capability and firm energy capability

determined under the formulas. In addition to the loads and resources which Bonneville would normally consider in establishing Bonneville's obligations to the Purchaser pursuant to section 14 or section 17, as applicable, Bonneville shall deduct the planning capability of the Purchaser's Firm Resources for Customers purchasing on a Metered Requirements basis in determining its obligation to the Purchaser pursuant to this section. The planning capability of the Purchaser's Firm Resources for Customers purchasing on Metered Requirements for the purpose of determining Bonneville's obligation to such Purchaser shall either be established by (1) a services agreement with Bonneville or another entity; (2) contracts for the delivery of amounts of power by Bonneville or other entities; or (3) a planning capability supplied by the Purchaser for each of its Firm Resources along with the data used to determine such planning capability. Planning capabilities supplied by the Purchaser shall be reasonable and in conformance with usual practices used by the Purchaser, Bonneville, and other Pacific Northwest utilities for resource planning.

Bonneville shall revise every notice of restriction which has not been cancelled by the January 1 prior to the Operating Year it becomes effective. Such revision shall specify either (1) that Bonneville shall be obligated to serve the Purchaser on a Metered Requirements basis pursuant to section 14 except that the output of the Purchaser's Firm Resources must be at least the planning capability of such resources determined in the paragraph above or to serve the Purchaser on a Computed Requirements basis pursuant to section 17 during the next Operating Year, as applicable; or (2) Bonneville's estimate of the Purchaser's allocation of Firm Capacity and Firm Energy available to serve the Purchaser's Actual Firm Loads for such Operating Year. Such estimated

allocation shall be determined using the best available estimates of loads and resource capabilities at that time.

Such estimated allocation shall establish Bonneville's obligations to the Purchaser and be used to determine the billing factors for demand and energy established by the Purchaser's allocation for each month of the Operating Year until a final allocation is issued. The billing factor for allocated demand for each month shall be based on monthly allocations of Firm Capacity based on amounts of firm peak capability determined from the formulas in the Allocations Formula Exhibit. The billing factor for allocated energy for each month shall be established from the yearly allocation of Firm Energy based on the amount of firm energy capability determined from the formulas in the Allocation Formulas Exhibit. If the Purchaser has sufficient Seasonal Storage to allocate its Assured Energy Capability among months of the Operating Year in the manner set forth in section 16(c)(2), the Purchaser shall substitute its yearly allocation of Firm Energy for its annual energy requirement on Bonneville to distribute its yearly allocation of Firm Energy among months of the Operating Year. Bonneville shall distribute the yearly allocation of Firm Energy among months for all other Purchasers *using the same assumption as that used by Bonneville to constrain its loads to its resources in subsection (d) below to determine the firm capability of the Federal base system resources.*

Bonneville shall determine the Purchaser's final allocation of Firm Capacity and Firm Energy as soon as practicable after August 15 of each Operating Year. Such allocation shall be based on the best available estimates of loads and resource capabilities and include any allocations to the Purchaser of *Firm Capacity and Firm Energy under subsection (g) below.*

determined in the same manner as specified above under the estimated allocation.

Notwithstanding any allocations of Firm Capacity or Firm Energy established in this section by a notice of restriction, Bonneville shall use its best efforts to acquire sufficient resources to supply in full its obligations to the Purchaser pursuant to section 14 or section 17, as applicable, and its similar obligations to the Purchaser's class of Customers. Bonneville may suspend the limitations imposed by a notice of restriction during periods within the Operating Year such notice is effective. Any such suspension shall be made only after Bonneville consults with the Purchaser and Bonneville's other Customers.

(c) Federal Base System Resources. The firm capability of the Federal base system resources shall be calculated from:

(1) the firm capability of the Federal Columbia River Power System hydroelectric projects, existing or hereafter constructed;

(2) the firm capability of resources listed below acquired by Bonneville under long-term contracts in force on the effective date of P.L. 96-501:

	<u>Installed Capability</u> <u>(MW)</u>
(A) Hanford	860
(B) WNP No. 1	1250
(C) WNP No. 2	1100
(D) 70% of WNP No. 3	1240
(E) 30% of Trojan	1130
(F) Peak/Energy Exchange (PNW and PSW)	N/A
(G) Wind turbines	7.5; and

(3) the firm capability of resources acquired by Bonneville to replace reductions in the capability of the hydroelectric projects in the

event of loss of generation facilities at one or more hydroelectric projects, reductions in the capability of the hydroelectric projects due to constraints on the use of streamflows at such projects for the production of electric power and energy for such constraints which were not planned prior to December 5, 1980, or reductions in the firm capability of the contractual resources in (2) above.

(d) Determination of the Firm Capability of the Federal Base System Resources. The firm capability for a future Operating Year of the Federal base system resources shall be determined by using streamflows to generate electric power and energy within the constraints on use of the rivers due to irrigation withdrawals, navigation, recreation needs, minimum streamflows, fisheries and wildlife operations and other authorized uses. Such capability shall be determined by using such resources' contribution to Bonneville's Firm Load Carrying Capability. Such contribution shall be determined in the same manner as specified in section 16(b)(1) for determining the contribution to Assured Capability of the Firm Resource of a Customer which is included by such Customer in Coordination Agreement planning. Such contribution may be further adjusted to provide other appropriate adjustments for reserves which are in accordance with Coordination Agreement procedures to recognize regional planning uncertainties.

For purposes of this section 7, Bonneville shall determine the firm peak capability of the Federal base system resources by shaping all of Bonneville's firm resources to meet Bonneville's monthly obligations to supply all of the firm energy loads of its Customers. Such firm peak capability shall be such resources' proportional contribution to the monthly firm peak capability determined by shaping Bonneville's resources to meet its energy obligations.

If Bonneville has issued a notice of restriction to meet the energy loads of Customers, Bonneville shall, in determining the firm peak capability of the Federal base system resources for purposes of this section 7, develop the firm capability of its resources by constraining its loads to its resources based on the assumption that Bonneville's Customers to whom such notice applies will provide firm energy as a single class in equal amounts for each month in the Operating Year to meet the difference between Bonneville's Firm Energy obligation prior to restriction and Bonneville's limited Firm Energy obligations after restriction. Bonneville may change such assumption after consultation with its Customers.

The loads used to determine the contribution of resources to Bonneville's Firm Load Carrying Capability shall include the pumping loads of the U.S. Bureau of Reclamation which are authorized by law as obligations of the hydroelectric projects in (c)(1) above and the losses of electric energy resulting from delivery of electric power and energy to Bonneville's Customers in the Pacific Northwest. The firm capability of the Federal base system resources shall be reduced to meet such loads and the proportional share of such losses.

(e) Determination of Firm Capability of Acquired Resources. The firm capability of a resource acquired by Bonneville under P.L. 96-501 from or on behalf of the Purchaser shall be such resource's contribution to Bonneville's Firm Load Carrying Capability using the estimated peak and energy capability of such resource specified in the resource purchase agreement. The contribution of a resource to firm peak capability and firm energy capability shall be determined using the same loads and in the same manner as the Federal base system resources. The firm capability of such resources shall not include amounts of peak and energy capability specified in the resource

purchase agreement as a replacement for Federal base system resources or an amount purchased in lieu of an amount of electric power offered to Bonneville by another utility at such utility's average system cost.

Bonneville may rerate the peak and energy capability of a resource based on the actual performance of such resource by giving seven years' prior written notice of such adjustment. Such rerating shall be consistent with any terms of the resource purchase agreement and reflect actual operating experience.

(f) Principles for Allocating Intra-Class Excess Entitlements.

Bonneville shall allocate amounts of Intra-Class Excess Entitlements under the formulas in the Allocation Formulas Exhibit for each Operating Year in a period of insufficiency based on the following principles:

(1) If the sum of the Intra-Class Excess Entitlements for a class of Customers is greater than Bonneville's estimate for such Operating Year of the amounts needed to supply the Firm Capacity or Firm Energy requirements of the Customers of such class after providing such Customers their entitlement to the Federal base system resources, if any, and their entitlement to any resources acquired by Bonneville under P.L. 96-501 from or on behalf of such Customers, Bonneville shall supply Firm Capacity or Firm Energy to all Customers of such class pursuant to subsection (b)(1) above.

(2) If the sum of the Intra-Class Excess Entitlements for the public body and cooperative class or Federal agency class of Customers is less than Bonneville's respective estimate for such Operating Year of the amounts needed to supply the Firm Capacity or Firm Energy requirements of the Customers of such class after providing such Customers their entitlement to the Federal base system resources and their entitlement to

any resources acquired by Bonneville under P.L. 96-501 from or on behalf of such Customers, Bonneville shall use the Intra-Class Excess Entitlements for the public body and cooperative class or the Federal agency class to first meet its obligation to supply to each Customer of each class, respectively, an amount of Firm Capacity and Firm Energy equal to the amounts actually supplied by Bonneville in the Year Preceding Insufficiency.

(3) Bonneville shall allocate the sum of the Intra-Class Excess Entitlements for the investor-owned utility class of Customers and any amounts for the public body and cooperative class or Federal agency class remaining after Bonneville meets its respective obligations for such classes specified in paragraph (2) above in a pro rata manner based on formula F of the Allocation Formulas Exhibit.

Intra-Class Excess Entitlements shall be allocated on the basis of an allocation factor which establishes each Customer's entitlement on a pro rata basis to the sum for such Customer's class of the Intra-Class Excess Entitlements. Such allocation factor shall be established by starting with a factor determined by comparing the resources actually developed by each Customer to that amount of Firm Capacity or Firm Energy which each Customer needed to develop in order to meet its load growth and load-resource deficits, if any, existing in the year prior to enactment of P.L. 96-501, squaring the resulting factor for each Customer to increase the allocation of those Customers which have been the most successful in developing resources and adjusting the resulting factor so that the sum of such factors for all Customers in a class equals one. The resulting factor shall establish each Customer's allocation factor in such class.

Subject to the reduction specified in paragraph (4) below, the Intra-Class Excess Entitlements shall be allocated to fully meet the deficiencies of the Customers in a class or until the Intra-Class Excess Entitlements for such class are exhausted. If the Intra-Class Excess Entitlements are not exhausted in meeting the deficiencies of the Customers in a class as reduced by paragraph (4) below, such remaining amount of Intra-Class Excess Entitlements, which are the amounts remaining, if any, due to paragraph (4) below, shall be allocated by multiplying such remaining amount by each Customer's allocation factor until the Intra-Class Excess Entitlements for such class are exhausted.

(4) Bonneville shall reduce its obligation to the Purchaser under paragraph (3) above by Bonneville's estimate of the Firm Capacity or Firm Energy necessary to serve the amount which the Purchaser's Actual Firm Peak Loads or Actual Firm Energy Loads would have been reduced by cost-effective Bonneville conservation programs which the Purchaser declined to implement. Such reduction shall not be made to the extent Bonneville determines the Purchaser has implemented similar measures which accomplished the same purpose and were sufficiently comparable to the Bonneville programs to permit evaluation of their degree of effectiveness. Cost-effective shall be as defined in P.L. 96-501.

(g) Allocation of Additional Government Resources. Bonneville may allocate an additional amount of Firm Capacity or Firm Energy to the Purchaser from the Intra-Class Excess Entitlements of another class which are excess to the needs of such other class or from other resources available to Bonneville. Bonneville shall determine the methods for making such allocations after consultation with its Customers.

8. Determination of New Large Single Loads.

(a) Determination of a Facility. Bonneville and the Purchaser shall make a reasonable determination of what constitutes a single facility, for the purpose of identifying a New Large Single Load, based upon the following criteria: (1) whether the load is operated by a single Consumer; (2) whether the load is in a single location; (3) whether the load serves a manufacturing process which produces a single product or type of product; (4) whether separable portions of the load are interdependent; (5) whether the load is contracted for, served or billed as a single load under the individual Purchaser's customary billing and service policy; (6) consistent application of the foregoing criteria in similar fact situations; and (7) any other factors the parties determine to be relevant.

Bonneville shall show an increase in load associated with a Consumer's facility which has been determined to be a New Large Single Load on Table 1 of the New Large Single Load Determinations Exhibit. Bonneville shall show loads associated with a Consumer's facility which Bonneville has determined were contracted for, or committed to prior to September 1, 1979, on Table 2 of the New Large Single Load Determinations Exhibit. Bonneville shall have the unilateral right to amend Table 1 or make additions to Table 2 of such exhibit to reflect such determinations when made.

(b) Determination of Ten Average Megawatt Increase. An increase in load shall be considered a New Large Single Load if the energy consumption of the Consumer's load associated with a new facility, existing facility or expansion of an existing facility during the immediately past twelve-month period exceeds by ten average megawatts or more the Consumer's energy consumption for such new facility, existing facility or expansion of an existing facility for the consecutive twelve-month period one year earlier, or the amount of the

contracted for, or committed to load of the Consumer as of September 1, 1979, whichever is greater.

The contracted for, or committed to load as of September 1, 1979, shall be the maximum amount of energy specified in such contract or commitment, the maximum energy consumption of the load or the capacity limitation contained in such contract or commitment if energy is not specified or limited.

(c) Identification of Potential New Large Single Loads. The Purchaser shall make reasonable efforts to identify potential New Large Single Loads, and shall report to Bonneville (1) the addition of electrical equipment of ten MVA or more by a single Consumer; (2) the installation of additional transformation capacity of ten MVA or more by the Purchaser or a Consumer which is designed to serve a single facility; or (3) the potential change in operation of a facility which may result in an increase of ten average megawatts or more in a twelve-month period.

(d) Agreed Upon Monitored Loads. All of this subsection (d) except for the last paragraph regarding consultation on billing of New Large Single Loads shall not apply if the Purchaser is an investor-owned utility.

Based upon the available information concerning an increase in load, Bonneville and the Purchaser may agree that an increase in load associated with a new facility, existing facility or expansion of an existing facility should be considered a New Large Single Load from the date of commencement of commercial operation of such increase in load. If Bonneville and the Purchaser cannot determine or agree that the increase in load should be considered a New Large Single Load, the energy used by the facility shall be monitored and reported monthly by the Purchaser to Bonneville following the

commencement or the change in operation of the load. If requested, Bonneville and the Purchaser will agree to a Purchaser-specific monitoring procedure.

When Bonneville and the Purchaser cannot determine at the outset that an increase in load will become a New Large Single Load, the Purchaser shall have the option of backbilling or rebating during said load's first year of commercial operation. At the end of the first year of commercial operation a determination will be made whether or not the increase is a New Large Single Load. Whether the Purchaser chooses backbilling or rebating, the load shall be monitored for a twelve-month period. The energy used by the load during such period shall be compared to the energy used during the preceding twelve-month period one year earlier, or the amount of the contracted for, or committed to load as of September 1, 1979.

Under backbilling the Purchaser shall be billed for the increase in load at the Priority Firm Power Rate Schedule or its successor rate schedule during any consecutive twelve-month monitoring period. If the energy consumption of the increase in load reaches 87,600,000 kWh within any consecutive twelve-month monitoring period, the increase in load becomes a New Large Single Load. The Purchaser shall be backbilled for the difference between the Priority Firm Power Rate Schedule actually charged and the New Resource Firm Power Rate Schedule in effect during the monitoring period with interest from the date the increase in load becomes a New Large Single Load; the Purchaser shall then be billed at the New Resource Firm Power Rate Schedule or its successor rate schedule for the New Large Single Load thereafter. If the increase in load does not reach 87,600,000 kWh within any consecutive twelve-month monitoring period, the Purchaser continues to be billed for the entire increase in load at the Priority Firm Power Rate Schedule or its successor.

Under rebating, the Purchaser shall be billed for the increase in load at the New Resource Firm Power Rate Schedule or its successor rate schedule during the monitoring period. If the increase in load reaches 87,600,000 kWh within any consecutive twelve-month monitoring period, the increase in load becomes a New Large Single Load and billing at the New Resource Firm Power Rate Schedule or its successor rate schedule for that load continues thereafter. If the increase does not reach 87,600,000 kWh during any consecutive twelve-month monitoring period, the load shall not be classified a New Large Single Load. The rate schedule applicable to such load becomes the Priority Firm Power Rate Schedule or its successor rate schedule. At the Purchaser's option, Bonneville shall (1) rebate to the Purchaser the difference between the New Resource Firm Power Rate Schedule actually charged during the monitoring period and the Priority Firm Power Rate Schedule in effect during the monitoring period plus interest; or (2) shall make such adjustment to the Purchaser's next wholesale power bill.

Bonneville shall establish billing procedures for New Large Single Loads in consultation with the Purchaser.

(e) Service To New Large Single Loads. Subject to the limitations of section 9, Bonneville shall supply Firm Power to serve the Purchaser's New Large Single Loads unless the Purchaser agrees to serve all or a portion of a New Large Single Load either (1) prior to the execution of this contract, or (2) at the time the Purchaser notifies Bonneville of such load pursuant to section 8(c) and 9(c), or to section 9 if the Purchaser wishes to serve all or a portion of such New Large Single Load with resources other than Firm Resources. That portion of such New Large Single Load which the Purchaser wishes to serve with resources other than Firm Resources shall be treated as a load which Bonneville is not obligated to serve and shall not be included in

the Purchaser's Actual Firm Loads until the Purchaser requests Bonneville to supply Firm Power for that portion of such load and Bonneville agrees to supply the remaining portion of such power. Bonneville shall treat each request for additional power supply under section 9 as though the Purchaser had requested service for the entire New Large Single Load.

✓ If a Consumer of a Purchaser provides a renewable or cogeneration resource to serve all or a portion of a load associated with a facility which would otherwise be a New Large Single Load, and thereby reduces the demand on the Purchaser, that portion of such load on the Purchaser, if any, shall not be a New Large Single Load, unless the load or portion thereof on the Purchaser is ten average megawatts or more; provided, however, that if a Consumer sells, displaces or removes a resource or portion thereof from service to the Consumer's load at such facility, all such load shall be a New Large Single Load unless Bonneville, after consultation with the Purchaser and the Consumer, determines that uncontrollable events prevent service to the Consumer's load by such resource.

(f) Normalization of Consumer's Load. For the sole purpose of computing the increase in energy consumption between any two consecutive twelve-month periods of comparison under this section 8, reductions in the Consumer's load associated with a facility during the first twelve-month period of comparison due to unusual events reasonably beyond the control of the Consumer shall be determined, and the energy consumption shall be computed as if such reductions had not occurred.

(g) Changes in Load. If an increase in load becomes a New Large Single Load, such increase shall, subject to the last paragraph of this subsection, remain a New Large Single Load and all subsequent increases in such load or portion thereof shall also be considered a New Large Single Load.

Load reductions to a Consumer's load of a facility shall be on a last on, first off basis. Any load reductions made by a Consumer of a facility shall first reduce that portion of the Consumer's load of that facility which has been identified as a New Large Single Load.

If a Consumer with a New Large Single Load physically and permanently removes equipment which imposes a load at a facility identified as a New Large Single Load, the Consumer's load may be reclassified as no longer being a New Large Single Load if Bonneville determines such equipment imposed a load equivalent to the original increase in load at such facility which caused such load to be classified as a New Large Single Load.

(h) Renewal, Relocation, and Transfer. The following events shall not cause a load to be considered a New Large Single Load if such event does not result in an increase in power requirements of a Consumer on the Purchaser of ten average megawatts or more during any consecutive twelve-month period as herein above provided: (1) renewal or replacement of a contract between the Purchaser and the Consumer based on the original commitment or contract if the capacity specified in the new contract does not exceed the capacity specified in the contract being renewed or replaced; (2) relocation, replacement, or renovation of a Consumer's facility within the Purchaser's service area; and (3) transfer of a facility to a successor in interest provided that the service or product associated with the facility is essentially unchanged.

(i) Compliance. Bonneville and the Purchaser agree that should a Purchaser fail to report a New Large Single Load of which the Purchaser has, or reasonably should have had knowledge, such Purchaser shall be backbilled from the date the increase in load became a New Large Single Load. For this subsection only, such backbilling shall include the following costs: (1) the difference between the Priority Firm Power Rate Schedule or its successor rate

schedule and the New Resource Firm Power Rate Schedule or its successor rate schedule; (2) interest charges on the backbilled amount determined at Bonneville's prevailing interest rate; and (3) a late payment charge on the backbilled amount.

9. Limitation on Increases of Single Loads.

(a) The limitations of this section shall apply only to industrial facilities of Consumers. Such facilities are defined as those facilities whose primary function falls into one of the following categories, as defined in the Standard Industrial Classification Manual (1972), U.S.O.M.B.:

- (1) Agriculture, Forestry, and Fishing;
- (2) Mining;
- (3) Construction;
- (4) Manufacturing;
- (5) Transportation, Communications, Electric, Gas and Sanitary

Services; and

(6) Wholesale Trade. Such facilities do not include those facilities whose primary function falls into one of the following categories:

- (1) Finance, Insurance, and Real Estate;
- (2) Retail Trade;
- (3) Services; and
- (4) Public Administration

(b) The Purchaser shall notify Bonneville as soon as possible if service by the Purchaser to a new facility of a Consumer or additional service to an existing facility of a Consumer is reasonably expected to result in an increase of 35 average megawatts or more within any twelve-month period or an increase of 75 average megawatts or more within any sixty-month period in the

Purchaser's Actual Firm Energy Loads for such period in what would otherwise be the Purchaser's Actual Firm Energy Loads for such period. Bonneville shall be obligated to supply the increased load with Firm Energy on the earlier of (1) the date Bonneville determines and notifies the Purchaser that Firm Energy is available to supply such increase; or (2) seven years from the date of the Purchaser's notice to Bonneville. The foregoing limitations notwithstanding, Bonneville shall use its best efforts to acquire Firm Energy to serve such increased load at the time requested by the Purchaser.

(c) The Purchaser shall notify Bonneville when service by the Purchaser to a new facility of a Consumer or additional service to an existing facility of a Consumer is reasonably expected to result in an increase of ten average megawatts or more within any twelve-month period in the Purchaser's Actual Firm Energy Loads for such period in what would otherwise be the Purchaser's Actual Firm Energy Loads for such period. Bonneville shall be obligated to supply the increased load with Firm Energy two years from the date of the Purchaser's notice to Bonneville subject to the limitations in subsection (b) above. Notice by the Purchaser to Bonneville that a monitoring plan needs to be established for the facility of a Consumer pursuant to section 8(d) shall be deemed to be notice under this subsection.

(d) If the Purchaser has a resource other than a Firm Resource which it has identified to serve all or a portion of an increase in load, the portion served by such resource shall be excluded in determining whether the limitations of subsection (b) above apply to such increase in load. If the Purchaser identifies such a resource, Bonneville and the Purchaser shall agree on the portion of such load which such resource is capable of serving. If the Purchaser subsequently includes such resource in its Firm Resources Exhibit pursuant to section 12, the portion of such increase in load to be served by

such resource as agreed pursuant to the preceding sentence shall not be treated as a load which Bonneville is not obligated to serve pursuant to section 8(e) and shall be included in the Purchaser's Actual Firm Load.

(e) The limitations of subsection (b) above shall not apply if the Purchaser has developed adequate resources to meet its load growth including the increase in load resulting from service to a new facility of a Consumer or additional service to an existing facility of a Consumer and replace reductions in its Firm Resources which are included as 5(b)(1)(A) resources in its Firm Resources Exhibit. The Purchaser shall be deemed to have built adequate resources for Bonneville to supply such increase in load if the Purchaser has developed resources which were dedicated to its load or sold to Bonneville equal to the sum of (1) reductions in 5(b)(1)(A) resources between the '79-80 Operating Year and the date specified in subsection (b)(2) above, and (2) growth in Actual Firm Energy Load between (A) the '82-83 Operating Year and the date specified in (b)(2) above for public bodies, cooperatives and Federal agencies or (B) the '79-80 Operating Year and the date specified in (b)(2) above for investor-owned utilities.

(f) Bonneville shall reduce the notice period specified in subsection (c) above for 100 average megawatts of load for which the Purchaser or other Customers under similar contracts have requested service for loads from 10 to 35 average megawatts during any Operating Year. The notice period for such requests shall be the period necessary to include service to such loads in the New Resources Firm Power Rate. If Bonneville receives more than one request from the Purchaser and other Customers under similar contracts to serve increases in load which exceed the foregoing limitations, Bonneville shall allocate its available power supply among such competing requests in the order that written notice of request for service was first received.

(g) The foregoing limitations shall not apply to increases in load which were contracted for or committed to as of September 5, 1981. The determination whether a load was contracted for or committed to as of September 5, 1981, shall be made by Bonneville.

10. Planning and Operating Information.

(a) General Information Requests. Bonneville and Purchaser agree to cooperate in the full exchange of such planning and operating information as may be reasonably necessary for the timely and efficient performance of the parties' obligations or the exercise of rights under this contract. Such information shall be provided pursuant to subsection (b) below on a timely basis and no reasonable request shall be refused, including requests to provide information or data in a specified manner or on a special form.

(b) Provision of Information. To the extent such information can be provided at a nominal cost each party agrees to provide the information. Otherwise, a party may respond to a request for information (1) by providing the information subject to reimbursement of reasonable expenses necessarily incurred; or (2) to the extent the supplying party finds the timing or effort of meeting an information request burdensome, by offering the requesting party access to the sources from which the information can be obtained.

(c) Provision of Statistical Data. Bonneville and the Purchaser agree to cooperate in the full exchange of data showing kilowatthours generated at each party's generating facilities as shown on Federal Energy Regulatory Commission reports Form 1 and 12, as may be subsequently amended or superseded, including purchases from generating facilities on the Purchaser's system, sales of energy, demands therefor if available, by class of Consumer and revenues derived therefrom, the Purchaser's annual report to its stockholders and Bonneville's annual report. If the Purchaser is not required

by the Federal Energy Regulatory Commission to file Form 1 or Form 12 reports, the Purchaser shall provide such equivalent information as Bonneville requires on a form provided by Bonneville or on one provided by the Purchaser which is acceptable to Bonneville.

(d) Long-Range Planning. Bonneville and the Purchaser agree to provide information necessary to develop their long range generation, transmission and distribution plans. Bonneville shall use its best efforts to supply annually to the Purchaser a load-resource document showing its load-resource balance, its program for acquisition of resources and the firm loads it expects to supply for at least ten years. Bonneville shall provide additional customer service facilities to supply electric power or energy to the Purchaser in accordance with the Customer Service Objectives Exhibit and applicable Customer Service Policy.

11. Compensation Program for Regional Curtailment of Firm Loads.

(a) The parties agree to commence negotiations as soon as practicable to develop a comprehensive agreement among utilities in the Pacific Northwest to buy and sell electric energy made available due to curtailments in consumption or from resources on a party's system during periods when governmental bodies having the authority to do so have so ordered such curtailments or sales.

(b) (1) If the Bonneville Power Administrator and the governor of the State encompassing the Purchaser's service area publicly appeal for curtailments of electric power consumption or if mandatory curtailments of electric power consumption in the Purchaser's service area are ordered by governmental bodies having the authority to so order, Bonneville shall compensate the Purchaser as provided in this section for any reduction in Bonneville's obligation to supply Firm Power to the Purchaser. If the Purchaser's service area extends into more than one State and all of such

States do not participate in the curtailments described above, the procedures of this section shall be applied only to those loads in service areas in the participating States.

Compensation under this section shall not be available to the Purchaser during any Operating Year that the Purchaser is purchasing Firm Power from Bonneville on a Computed Requirements basis. The compensation under this section may be reduced partially or in its entirety as described in paragraph (4) below.

Compensation shall begin with the first full month following such appeal for curtailment or ordered curtailment. Compensation shall end with the month during which the Bonneville Power Administrator and the appropriate State political leaders publicly indicate that a need for curtailment no longer exists or such State officials rescind an order for curtailment.

(2) Bonneville shall pay the Purchaser each month an amount equal to the product of the rate set forth in this paragraph and the amount of load curtailment determined in paragraph (3) below unless such amount of load curtailment is reduced partially or in its entirety as set forth in paragraph (4) below. Such rate shall be the amount per kilowatthour by which the Purchaser's average revenue from retail sales of electric energy exceeds the wholesale firm power rate the Purchaser would have paid Bonneville for the increment of energy determined pursuant to paragraph (3) below.

(3) The amount of regional load curtailment on the Purchaser's system during a month shall be deemed to be the amount, if any, by which the Purchaser's Estimated Firm Energy load, after adjustment as specified below, exceeds the Purchaser's Actual Firm Energy Load for such month

after adjustment, if any, as set forth below. If the Purchaser does not regularly publish an Estimated Firm Energy Load, such Purchaser's Estimated Firm Energy Load for purposes of this section shall be the Purchaser's component of Bonneville's latest published estimate of its firm energy loads.

The Purchaser's most recently published Estimated Firm Energy Load shall be used herein to determine amounts of regional load curtailment in conjunction with information submitted by the Purchaser to Bonneville as soon as possible following the end of each month in which a regional load curtailment program is in effect. Such information shall be provided for each such month and for the three most recent, but not necessarily consecutive, months in which a regional load curtailment program was not in effect. Such information shall include: (A) the Purchaser's Actual Firm Energy Load for such months; and (B) detail on any separately identifiable significant changes in the Purchaser's Actual Firm Energy Load from its Estimated Firm Energy Load which were not the result of a regional load curtailment program.

The Purchaser's Actual Firm Energy Loads for all months used for calculations herein shall be adjusted to reflect only those loads in the Purchaser's service area which are in States participating in the regional curtailment program. Such adjustment shall be made by subtracting the portion of the Purchaser's Actual Firm Energy Load in States which are not participating in the regional curtailment program from the Purchaser's Actual Firm Energy Load for such month. Such adjustment may be changed monthly to reflect changes in the States which are participating in the regional curtailment program.

The Purchaser's Estimated Firm Energy Load for all months for which information was requested above shall first be adjusted to reflect separately identifiable changes in load which were not the result of a regional load curtailment program. The Estimated Firm Energy Load shall then be adjusted in the manner specified for Actual Firm Energy Loads above to reflect only those loads in the Purchaser's service area which are in States participating in the regional curtailment program. An adjusted Estimated Firm Energy Load for each month in which a regional load curtailment program is in effect shall then be determined by multiplying the Estimated Firm Energy Load for such month, as adjusted above, by the ratios of the Purchaser's Actual Firm Energy Load, as adjusted above, to its Estimated Firm Energy Load, as adjusted above, for the three most recent, but not necessarily consecutive, months in which a regional load curtailment program was not in effect.

(4) If regional curtailment has been requested after July 1, 1983, because Bonneville is unable to acquire sufficient resources to meet its firm obligations, Bonneville shall reduce the amount of load curtailment determined in paragraph (3) above during any month if the Purchaser's load growth after July 1, 1983, as specified in subparagraph (A) below exceeds the amount of resources which the Purchaser has dedicated to its own load or made available to Bonneville as specified in subparagraph (B) below. Such amount of load curtailment for each month shall be reduced partially or in its entirety by the amount which (A) exceeds (B) below:

(A) the excess of the Purchaser's Actual Firm Energy Load in average megawatts over the Purchaser's Actual Firm Energy Load in average megawatts for the same month during the '82-'83 Operating Year; and

(B) the annual firm energy capability in average megawatts of (i) resources acquired by Bonneville from the Purchaser under P.L. 96-501; and (ii) the portion of the Purchaser's Firm Resources which are included as 5(b)(1)(B) resources in its Firm Resources Exhibit. Such resources shall not include conservation programs to the extent such programs have been reflected in the Purchaser's Actual Firm Energy Load in subparagraph (A) above.

12. Purchaser's Firm Resources.

(a) Each of the Purchaser's Firm Resources which the Purchaser anticipates will be used during the initial seven Operating Years under this agreement either (1) to calculate its Assured Peak Capability and Assured Energy Capability if the Purchaser is purchasing on a Computed Requirements basis; or (2) to serve its Actual Firm Load if the Purchaser is purchasing on a Metered Requirements basis shall be identified in the initial Firm Resources Exhibit attached hereto on the effective date of this contract. Contracts under which the Purchaser is obligated to deliver, transfer or exchange power with another utility and which either: (1) were in effect on or before December 5, 1980; (2) have been approved for inclusion as Firm Resources in writing by Bonneville; or (3) would not increase Bonneville's total firm obligations to supply power shall be treated as negative Firm Resources. The Firm Resources Exhibit shall separately show those Firm Resources described by section 5(b)(1)(A) and those described by section 5(b)(1)(B) of P.L. 96-501.

(b) Prior to January 1 of each year, the Purchaser shall prepare and submit to Bonneville a revised Firm Resources Exhibit. Each such exhibit shall delete the information applicable to the current Operating Year, show new information for the seventh succeeding Operating Year as permitted by this subsection, and show any changes for the first six Operating Years as are

permitted by this subsection (b). Such new Firm Resources Exhibit shall be prepared in the same format as the initial Firm Resources Exhibit or such other format as Bonneville and the Purchaser may agree upon. Such new Firm Resources Exhibit will supersede the prior Firm Resources Exhibit on the following July 1.

Changes in the Purchaser's Firm Resources Exhibit shall be permitted only if specifically provided for as follows:

(1) The peak capability of any Firm Resource may be added for the fifth year of the Firm Resources Exhibit and the energy capability of any Firm Resource may be added for the seventh year of the Firm Resources Exhibit, upon designation of the Purchaser.

(2) Any Firm Resource may be added for any Operating Year to the extent that such resource is in accordance with Bonneville's annual program which implements the plan of the Pacific Northwest Electric Power and Conservation Planning Council or P.L. 96-501.

(3) Any Firm Resource may be added in any Operating Year to the extent that Bonneville reasonably determines that it can market or otherwise dispose of any of its resulting firm load-resource surplus without sustaining an adverse economic effect. In determining the amount of such surplus, purchases which Bonneville is not committed to make at the time of such determination shall not be considered.

(4) Any Firm Resource which is a renewable or cogeneration resource and which has a planned capability for the generating facility of 50 average megawatts or less may be added beginning with the Operating Year for which the Purchaser had notice of the availability of such resource, but in no event earlier than the Operating Year commencing 30 months from the January 1 on which the Firm Resources Exhibit showing

such addition is submitted. If the owner or developer of a generating facility which is a qualifying facility requires the Purchaser to acquire the output of such facility pursuant to the provisions of P.L. 95-617 (PURPA), the planned capability of such generating facility may be added as a Firm Resource pursuant to this paragraph at the beginning of the Operating Year for which the Purchaser had notice of the availability of such resource; provided, however, that the Purchaser shall use its best efforts to provide the minimum notice of availability specified in this paragraph.

(5) Any Firm Resource in regard to which an irrevocable option to purchase has been granted in favor of Bonneville pursuant to a written, executed agreement may be added in any revised Firm Resources Exhibit submitted within 2 years after Bonneville declines for any reason to exercise its option to purchase pursuant to that agreement. Such Firm Resource may be included in such Firm Resources Exhibit for any Operating Year or Years up to the amounts offered to Bonneville in the agreement granting the option to Bonneville.

(6) Irrespective of whether or not an option had been granted in favor of Bonneville, any Firm Resource which has been offered to Bonneville pursuant to section 9(i)(3) of P.L. 96-501 and which is not accepted by Bonneville under the terms of the offer may be added effective on the date of commercial operation in any revised Firm Resources Exhibit upon a minimum of 2 years' written notice.

(7) Any Firm Resource may be added if and to the extent that Bonneville is expected to have an excess of firm load over its firm resources in the first Operating Year for which the Purchaser proposes to add such Firm Resource. Bonneville's expected firm load-resource balance

will be determined from the then latest publication of Bonneville's firm loads and planned firm resources issued by Bonneville; provided, however, that purchases by Bonneville which are shown in such publication but which Bonneville has not at the time of such determination made a commitment to purchase shall be removed from Bonneville's resources before such determination is made. Prior to the submittal of any Firm Resources Exhibit which includes such addition, the Purchaser shall notify Bonneville in writing of the times and amounts of Firm Resources it proposes to add pursuant to this paragraph. If the Purchaser and other Customers under similar contracts propose to add Firm Resources in excess of Bonneville's expected firm load-resource deficiency, Bonneville shall allocate the amount of Firm Resources which each such Purchaser may add giving priority among competing requests in the order that written notice of addition was first received. Bonneville shall notify the Purchaser in writing within 30 days after receipt of such notice of any limitation on the amount of Firm Resources which it may add.

(8) Any Firm Resource may be removed for any Operating Year if the use of such Firm Resource is permanently discontinued because of loss of resource or loss of contract rights resulting from factors beyond the reasonable control of the Purchaser and which the best efforts of the Purchaser are unable to remedy. Any Firm Resource may be removed if the use of such resource is permanently discontinued because of obsolescence or retirement to the extent and for the Operating Years that the Purchaser has consulted with Bonneville regarding such discontinuance and Bonneville has agreed in writing to such discontinuance. Lack of an adequate power supply to replace the discontinued resource shall not be sufficient reason for Bonneville to withhold its agreement to such discontinuance.

The peak capability of any Firm Resource to which the preceding portion of this paragraph (8) does not apply may be removed for the fifth Operating Year of the Firm Resources Exhibit and the energy capability of such resource may be removed for the seventh Operating Year.

Firm Resources which are returned to service subsequent to their removal pursuant to this paragraph (8) shall be treated as new resources for the purpose of this subsection (b).

(9) Any Firm Resource may be removed if and to the extent that Bonneville is expected to have an excess of firm resources over its firm load in the first Operating Year for which the Purchaser proposes to remove such Firm Resource. Bonneville's expected firm load-resource balance will be determined from the then latest publication of Bonneville's firm loads and planned firm resources issued by Bonneville. Prior to the submittal of any Firm Resources Exhibit which includes such removal, the Purchaser shall notify Bonneville in writing of the times and amounts of Firm Resources it proposes to remove pursuant to this paragraph. If the Purchaser and other Customers under similar contracts propose to remove Firm Resources in excess of Bonneville's expected firm load-resource surplus, Bonneville shall allocate the amount of Firm Resources which each such Purchaser may remove giving priority among competing requests in the order that written notice of removal was first received. Bonneville shall notify the Purchaser in writing within 30 days after the receipt of such notice of any limitation on the amount of Firm Resources which it may remove.

(10) Any Firm Resource may be removed from the Purchaser's Firm Resources Exhibit for any Operating Year or Years to the extent that equivalent peak and energy capability from another Firm Resource is added

to the Purchaser's Firm Resources Exhibit for such year or years. Such added resource shall be one which was not planned as of December 5, 1980, to meet the firm load growth in the Pacific Northwest or, if so planned, has been offered for sale to Bonneville and Bonneville has declined such offer.

(11) Any Firm Resource may be added or removed for any Operating Year to the extent that such Firm Resource is correspondingly removed from or added to the Firm Resources of other Bonneville Customers in such a manner that Bonneville's total firm obligations to supply power are not changed.

(12) Any Firm Resource may be removed for any Operating Year to the extent such resource was acquired by Bonneville from the Purchaser pursuant to a separate agreement or added for any Operating Year to the extent such resource was recovered from Bonneville by the Purchaser pursuant to a separate agreement.

(13) Any Firm Resource may be added or removed for any Operating Year to the extent that the Purchaser gains or loses the Firm Resource as the result of a withdrawal pursuant to agreements in existence on December 5, 1980, between the Purchaser and others and which provide for withdrawal of resources on shorter notice than the Purchaser must give Bonneville pursuant to the provisions of this section 12; provided, however, that the Purchaser shall not make any such addition or removal on any shorter notice pursuant to this paragraph (13) than the notice period provided for in the subject agreements.

(14) Any Firm Resource may be added or removed for any Operating Year if and to the extent that Bonneville has given prior written consent.

13. Designation of Basis for Purchasing Firm Power.

(a) If the Purchaser operates automatic generation control equipment and is thereby able to schedule amounts of power to be interchanged with Bonneville, it shall be designated to purchase Firm Power under this contract on the basis of Computed Requirements. Such Purchaser shall be subject to the definition of Measured Amounts for a Purchaser designated to purchase on the basis of Computed Requirements and which schedules amounts of power to be interchanged with Bonneville and to all of the provisions of this contract except sections 14 and 15. The Purchaser shall not discontinue the operation of automatic generation control equipment such that it is unable to schedule amounts of power to be interchanged with Bonneville unless it has requested that its designation for purchase under this contract be changed and Bonneville has determined that such change would not have a significant adverse effect on Bonneville and has agreed in writing to such change.

(b) If the Purchaser does not operate automatic generation control equipment but either: (1) has sold generation from its Firm Resources in such a manner as to increase Bonneville's obligation to deliver Firm Power to the Purchaser in an amount in excess of Bonneville's obligation prior to such sale or has notified Bonneville that it intends to do so; or (2) has Firm Resources in amounts set forth below which have the ability to redistribute generation among months in such a manner as to cause losses of power or revenue to Bonneville, it shall be designated to purchase Firm Power under this contract on the basis of Computed Requirements unless the Purchaser requests that it be designated to purchase on the basis of Metered Requirements and Bonneville agrees to such designation. Such Purchaser designated to purchase on the basis of Computed Requirements pursuant to this subsection shall be subject to the definition of Measured Amounts for a Purchaser which is designated to

purchase on the basis of Computed Requirements but which does not schedule amounts of power to be interchanged with Bonneville and to all of the provisions of this contract except sections 14(a) through (c), section 15 and section 18; provided, however, that section 2 of the Power Scheduling Procedures Exhibit shall apply to such Purchaser. The amounts of the Purchaser's Firm Resources referred to in (2) above are those which either: (1) total 50 megawatts or more of peak capability or include one or more units of 15 megawatts or more of peak capability; or (2) include portions of a generating unit which the Purchaser and other Customers under similar power sales contracts with Bonneville have included as Firm Resources totaling 50 megawatts or more of peak capability for all such Customers. In determining whether any of the Purchaser's Firm Resources have the ability to redistribute generation among months in such a manner as to cause losses of power or revenue to Bonneville, Bonneville shall exclude any Firm Resource in regard to which the Purchaser has entered into either: (1) a separate agreement with Bonneville under which Bonneville assumes control of the generation of the Firm Resource and provides the Purchaser with an equivalent amount of Firm Power; or (2) an agreement with another utility or joint operating agency which has been approved in writing by Bonneville for the purpose of this determination.

(c) If the Purchaser is not designated to purchase on the basis of Computed Requirements pursuant to subsections (a) or (b) above, the Purchaser shall be designated to purchase Firm Power under this contract on the basis of Metered Requirements. Such Purchaser shall be subject to the definition of Measured Demand and Measured Energy for a Purchaser designated to purchase on the basis of Metered Requirements and to all of the provisions of this contract except sections 16, 17, 18 and 19.

(d) If the Purchaser operates any Firm Resources or other resources within Bonneville's automatic generation control areas, Bonneville shall provide generation control services including planned outage reserves, forced outage reserves, spinning reserves and frequency control to the extent the Purchaser does not otherwise arrange to provide such services. The Purchaser shall pay Bonneville for such services at the charges set forth in Section II of the Service Charges Exhibit. Section II of the Service Charges Exhibit shall be revised upon determination by Bonneville that any charge contained therein must be changed to properly compensate Bonneville for reasonable costs incurred by Bonneville to provide such services. The charges set forth in Section II of the Service Charges Exhibit shall not be increased more frequently than once a year. Bonneville shall provide the Purchaser and other Customers with a reasonable opportunity of not less than 90 days to comment prior to the effective date of such proposed revised charges. Revised charges shall take effect on the date specified by Bonneville in its written notice to the Purchaser of its intention to revise these charges.

(e) If the Purchaser's electrical system is interconnected with the electrical system of one or more other utilities which are interconnected directly or indirectly with the Bonneville electrical system and if such Purchaser does not operate automatic generation control equipment, the Purchaser shall: (1) submit to Bonneville the amounts of power scheduled to be interchanged between the Purchaser and such other utilities in accordance with the provisions of section 1 of the Power Scheduling Procedures Exhibit; and (2) install and operate at its expense at interconnections which are normally operated closed the equipment necessary to supply Bonneville with telemetered signals indicating: (A) continuously the actual rate of power flowing on each of the interconnections between the Purchaser and such other

utilities; and (B) at the end of each hour the amount of power which has flowed on each such interconnection during each clock hour.

(f) If Bonneville determines that the Purchaser shall be designated to purchase on a Computed Requirements basis due to a sale of generation, Bonneville shall promptly notify the Purchaser in writing, and such change in designation shall be effective on the July 1 following such notice. If Bonneville determines that the Purchaser shall be designated to purchase on a Computed Requirements basis due to the purchaser's notice to Bonneville of intent to sell generation, Bonneville shall promptly notify the Purchaser in writing, and such change in designation shall be effective on the July 1 preceding the date of such sale as specified in the Purchaser's notice.

Following January 1 of each year Bonneville shall review the revised Firm Resources Exhibit submitted by the Purchaser on such January 1 to determine whether any of the Firm Resources added or removed are sufficient to change the Purchaser's designation between subsections (b) and (c) above. If Bonneville determines a change in designation is indicated by the provisions of such subsections, Bonneville shall promptly notify the Purchaser in writing, and such change in designation shall be effective on the July 1 immediately preceding the date that the Firm Resource addition or removal is indicated in the Purchaser's revised Firm Resources Exhibit. If the Purchaser would have been designated to purchase on a Computed Requirements basis due to its addition of Firm Resources in the amounts specified in section 13(b) above, but the Purchaser has requested and Bonneville has agreed not to make such designation, Bonneville shall not thereafter designate the Purchaser to purchase on a Computed Requirements basis due to such addition of such Firm Resources on less than two years' notice.

14. Purchaser's Metered Requirements and Amount of Power Sold.

(a) Bonneville shall make Firm Power available to the Purchaser and the Purchaser shall purchase from Bonneville in accordance with the provisions of this contract at the Points of Delivery, Firm Power to meet the Purchaser's Actual Firm Loads less the output, if any, from the Purchaser's Firm Resources unless Bonneville's obligation to make Firm Power available is limited under the terms of section 7. For the purpose of this subsection, the output from the Purchaser's Firm Resources means the amounts of power delivered to Bonneville for the Purchaser pursuant to contracts with entities other than Bonneville which are Firm Resources of the Purchaser, amounts of power which Bonneville is obligated to deliver to the Purchaser pursuant to contracts other than this contract which are Firm Resources of the Purchaser, and either (1) the firm peak and energy capability of each of the Purchaser's Firm Resources in regard to which the Purchaser has a services agreement with Bonneville or another entity if such agreement is approved in writing by Bonneville; or (2) the entire variable output, if any, of each of the Purchaser's Firm Resources in regard to which no such agreement exists with Bonneville or any other entity.

(b) The Purchaser may request and Bonneville shall provide services to ensure that the entire output of the Purchaser's Firm Resources does not exceed the Purchaser's Actual Firm Load in any hour of the Operating Year unless Bonneville determines such services cannot be furnished without substantial interference with its power marketing program, applicable operating limitations or existing contractual obligations. Such services shall include but not be limited to the following:

- (1) transmission;
- (2) load factoring;

- (3) seasonal storage;
- (4) scheduling and management; and
- (5) services specified in section 13(d).

Bonneville shall enter into agreements to provide any or all of these services. Charges for such services shall be set forth in such agreements.

(c) The Purchaser may request and Bonneville shall provide services to establish a planning capability for any or all of the Purchaser's Firm Resources unless Bonneville determines such services cannot be furnished without substantial interference with its power marketing program, applicable operating limitations or existing contractual obligations. The planning capability of such resource or resources shall be the monthly amounts of peak capability and energy capability determined under the applicable services agreement. Such services shall be provided at the charges set forth in such agreement to recover the costs of such services less a credit established in such agreement to compensate the Purchaser for the output of such resources in excess of the firm planning capability.

(d) Bonneville may from time to time request that the Purchaser operate its Firm Resources or other resources which are within Bonneville's automatic generation control area or arrange to receive power available to it under contracts in such a manner as to assist Bonneville in meeting its total loads. If so requested the Purchaser shall fully comply with such request to the extent that the output of such resources or such contract rights are not otherwise committed and can be controlled by the Purchaser. If, as a result of such compliance the Purchaser reasonably and necessarily incurs any additional costs or loss of revenue, the Purchaser may submit to Bonneville an itemized statement of such additional costs or loss of revenue and Bonneville shall pay the Purchaser for such additional costs or loss of revenue.

Additional costs may include, but shall not be limited to, fuel costs, operating and maintenance costs or costs of power it purchases from Bonneville under this contract less any billing amounts not incurred by the Purchaser under this contract which would have been payable to Bonneville if Bonneville had not made such request.

15. Metered Requirements Payment for Power Sold.

(a) The Purchaser shall pay Bonneville each Billing Month for the Firm Power delivered hereunder at the rate specified in subsection (b) below from the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit. Such payment shall be in accordance with the terms of such rate schedule and the General Contract Provisions Exhibit. The Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit shall be changed in accordance with the provisions of the Equitable Adjustment of Rates section of the General Contract Provisions Exhibit.

(b) If the Purchaser is a public body, cooperative or Federal agency, payment shall be at the Priority Firm Power Rate for the Purchaser's Measured Demand and Measured Energy for such Billing Month; provided, however, that, after determining the billing factors for Firm Power delivered hereunder, the New Resource Firm Power Rate Schedule shall be substituted for the Priority Firm Power Rate Schedule for that portion of the Purchaser's billing demands, if any, identified pursuant to section 8 for service to New Large Single Loads. If the Purchaser is an investor-owned utility, payment shall be at the New Resource Firm Power Rate for the Purchaser's Measured Demand and Measured Energy. If the Purchaser's Measured Demand or Measured Energy exceed Bonneville's obligations, as set forth in section 14(a), to make Firm Power available to the Purchaser, such excess shall be treated as power that cannot be assigned to a class of power which Bonneville delivers on such hour

pursuant to contracts between Bonneville and the Purchaser or to a type of power which the Purchaser acquires from sources other than Bonneville which Bonneville delivers during such hour.

(c) Bonneville shall pay the Purchaser amounts which reimburse the Purchaser for additional costs incurred pursuant to section 14(d). Such payments shall be net billed, if possible, pursuant to the Net Billing section of the General Contract Provisions Exhibit on the next power bill after the Purchaser submits an itemized statement of such costs.

(d) Bonneville shall pay the Purchaser amounts which compensate the Purchaser for reductions in Bonneville's obligation to supply Firm Power as set forth in section 11(b). Such payments shall be net billed, if possible, pursuant to the Net Billing section of the General Contract Provisions Exhibit on the next power bill after the Purchaser submits the information required by section 11(b)(3).

(e) The Purchaser shall pay Bonneville each month for any service charges assessed pursuant to section 13(d) at the applicable charge or charges, if any, specified in section II in the Service Charges Exhibit. Such payments shall be net billed, if possible, pursuant to the Net Billing section of the General Contract Provisions Exhibit.

16. Determination of Purchaser's Assured Capability.

(a) On or before the effective date of this contract, and thereafter, on or before July 1 of each year, the Purchaser shall submit an Assured Capability Exhibit showing its Assured Peak Capability and Assured Energy Capability for each month of such Operating Year, calculated in the manner described in this section. If the Purchaser is a party to the Coordination Agreement, such exhibit shall be an estimated exhibit until such time as the final regulation data are available under the Coordination Agreement. The

Purchaser shall submit a final Assured Capability Exhibit based on such final data within 15 days of the date on which such final data are available under the Coordination Agreement.

In the event the Assured Capabilities of the estimated and final exhibits differ, the Purchaser shall change its monthly Assured Capabilities to reflect such differences and may adjust its Flexibility Account up to the limits permitted in section 17(d). To the extent that the Purchaser is unable to make such adjustments because of the limits of section 17(d), the Purchaser shall not be liable for any payment at the rates for reserve power or unauthorized increase. Notwithstanding the provisions of section 19(b)(1)(B), the provisions of the Relief from Overrun Exhibit shall not be applied if the Purchaser does not adjust its Flexibility Account to reflect such differences up to the limits permitted by section 17(d).

(b) For the purpose of determining Assured Capability, the Purchaser shall use its best efforts to plan the use of its Firm Resources shown in the Firm Resources Exhibit with the objective of placing on Bonneville the least monthly requirements for energy, and, to the extent consistent with such objective, the least monthly requirements for capacity, except as otherwise permitted in this subsection (b) and in subsection (c) below. For the purpose of determining Assured Capability, the Purchaser shall allocate its Assured Energy Capability among months and years in a manner consistent with subsection (c) below. The Purchaser's Assured Peak Capability and Assured Energy Capability shall be the sum of the amounts determined in paragraphs (1) and (2) below.

(1) The Purchaser's Assured Capabilities shall equal the amounts determined by adjusting the Purchaser's Firm Load Carrying Capability for all Firm Resources or portions of Firm Resources of the Purchaser

developed in accordance with Coordination Agreement planning for each month for the subject Operating Year in the manner described below.

(A) The Purchaser's Firm Peak Load Carrying Capability shall be reduced by the peak capabilities of those generating resources or portions of generating resources which are included in Coordination Agreement planning but which are not included in the Purchaser's Firm Resources Exhibit. Further adjustment shall be made by adding to the Firm Peak Load Carrying Capability any reserves attributable to such resources under Coordination Agreement planning. The Purchaser's Firm Energy Load Carrying Capability shall be reduced by the energy capabilities of those generating resources which are included in Coordination Agreement planning but which are not included in the Purchaser's Firm Resources Exhibit. Further adjustments shall be made to accommodate restoration and reserves attributable to such resources under Coordination Agreement Planning. The Purchaser may provide a procedure for calculating sustained peaking adjustment in conformance with subsection (d) below. Upon Bonneville's agreement with such procedure the Firm Peak Load Carrying Capability shall be further reduced to reflect loss of peak capabilities due to sustained peak requirements to the extent that such loss is not accounted for in Coordination Agreement planning.

(B) In determining the Purchaser's Assured Capabilities the monthly peak and energy which the Purchaser plans to obtain on a firm basis under each contract set forth in the Purchaser's Firm Resources Exhibit and which is not included in the Purchaser's Firm Load Carrying Capability shall be added to the Purchaser's Firm Peak Load

Carrying Capability and Firm Energy Load Carrying Capability, respectively.

(C) In determining the Purchaser's Assured Capabilities the monthly peak and energy which the Purchaser is obligated to deliver pursuant to each contract set forth in the Purchaser's Firm Resources Exhibit shall be subtracted from the Purchaser's Firm Peak Load Carrying Capability and Firm Energy Load Carrying Capability, respectively.

The Purchaser's Assured Capabilities determined under this paragraph (1) shall equal the amounts determined in subparagraphs (A) plus (B) minus (C).

(2) The Purchaser's Assured Capabilities for all Firm Resources or portions of Firm Resources of the Purchaser which are not included in Coordination Agreement planning for each month for the subject Operating Year shall equal the amounts determined in the manner described below.

(A) The contribution of hydroelectric generating resources to the Purchaser's Assured Energy Capability in the months of the Operating Year which are within the Critical Period shall be the energy capability which can be produced by such resources by combining the release of all of the Purchaser's Seasonal Storage with Critical Period streamflow conditions. In the months in the Operating Year which are outside the Critical Period, such contribution shall be the lesser of (i) the energy capability of such resources during each such month; or (ii) the product of the Purchaser's Estimated Firm Energy Load in each such month and the ratio of the energy capability of such resources during the months of the Operating Year which are within the Critical Period to the

Purchaser's Estimated Firm Energy Load in such months. Such energy capabilities shall be reduced for an energy reserve for generating unit forced outages equal to 5 percent of the energy capability of each hydroelectric generating resource during each month in which the energy capability of such resource is greater than 85 percent of its peak capability as shown on the Purchaser's Firm Resources Exhibit.

(B) The contribution of generating resources other than hydroelectric generating resources to the Purchaser's Assured Energy Capability shall be the energy capabilities distributed among months of the Operating Year in a manner which takes into account planned and unplanned outages and which equals the product of the peak capability and the annual plant factor shown in the Firm Resources Exhibit for such Firm Resource. In preparing the Firm Resources Exhibit the Purchaser shall use reasonable estimates based on adverse availability of fuel (fossil, wind, solar, etc.), and the effects of planned and unplanned outages on the energy capabilities of such resources.

(C) The contribution of hydroelectric resources to the Purchaser's Assured Peak Capability shall be the peak capability of each Firm Resource as set forth in the Firm Resources Exhibit after appropriate reduction in each month of the Operating Year to reflect the operation of such resources to produce the energy capability determined pursuant to (A) above. The contribution of generating resources other than hydroelectric resources to the Purchaser's Assured Peak Capability shall be the peak capability of each Firm Resource as set forth in the Firm Resources Exhibit after appropriate reduction in each month of the Operating Year in which an outage is

planned to reflect such planned outages. The sum of such contribution from all generating resources of the Purchaser shall be reduced by the amount of reserves necessary to result in a 5 percent probability of loss of load in the Operating Year due to generator forced outages. Individual unit forced outage rates, peak load probabilities, and other information needed to make the loss of load probability computation will be the same as is used in the Coordination Agreement or such other information as is agreed upon by the Purchaser and Bonneville.

(D) The contribution of each of the Purchaser's contractual resources to the Purchaser's Assured Capability in each month of the Operating Year shall be the monthly peak and energy which the Purchaser plans to obtain on a firm basis under each contract set forth on the Purchaser's Firm Resources Exhibit.

(E) The contribution of each of the Purchaser's contractual obligations to the Purchaser's Assured Capability in each month of the Operating Year shall be the monthly peak and energy which the Purchaser is obligated to deliver under each contract set forth on the Purchaser's Firm Resources Exhibit.

The Purchaser's Assured Energy Capability determined under this paragraph (2) shall equal the amounts determined in subparagraphs (A) plus (B) plus (D) minus (E). The Purchaser's Assured Peak Capability shall equal the amounts determined in subparagraphs (C) plus (D) minus (E).

(c) If and to the extent that the Purchaser has Seasonal Storage, the Purchaser shall, for the purpose of determining Assured Capability, allocate

its Assured Energy Capability among months and years in accordance with the following limitations:

(1) The Purchaser shall allocate its Assured Energy Capability among years in the Critical Period in a manner which results in annual energy requirements on Bonneville which increase between such years in amounts not greater than the amount by which the Purchaser's Estimated Firm Energy Load increases between such years plus the amount by which the total energy capability of the Purchaser's Firm Resources decreases between such years as a result of resource removals pursuant to section 12. Annual average amounts for years in which the Critical Period begins or ends shall be the average of the appropriate amounts in the months which are within the Critical Period.

(2) The Purchaser shall allocate its annual Assured Energy Capability among months of each Operating Year in a manner which results in a requirement on Bonneville each month equal to or between the amounts determined by (A) or (B): (A) One-twelfth of the Purchaser's total annual energy requirement on Bonneville for that Operating Year; and (B) a fraction of the Purchaser's total annual energy requirement on Bonneville obtained by dividing the Estimated Firm Energy Load for that month by the total of the twelve Estimated Firm Energy Loads for that Operating Year; provided, however, for years in which the Critical Period begins or ends, such monthly and annual Estimated Firm Loads shall be only for the months within the Critical Period. If requested by the Purchaser and if Bonneville agrees, the Purchaser may allocate its annual Assured Energy Capability so as to place monthly requirements on Bonneville other than those determined by (A) or (B) above to reflect a period of planned

thermal maintenance or other causes. The Purchaser's annual energy requirement on Bonneville shall not be changed by such reallocation.

(d) Methods used for calculating peak and energy capabilities of Firm Resources shall be the usual methods used by the Purchaser, Bonneville, and other Pacific Northwest utilities for such purpose. Operating constraints, including but not limited to such nonpower constraints as irrigation, navigation, flood control, recreation, and fish and wildlife obligations, and data relating water flow, head, energy, peak capability, usable peak capability and other variables to each other shall be supplied by the Purchaser for each of its Firm Resources when such data are first needed pursuant to this contract and may be revised by the Purchaser from time to time but such revisions shall not include reductions amounting to discontinued use unless permitted by section 12(b)(8). Such constraints and data shall be reasonable and in conformance with the usual practices used by the Purchaser, Bonneville, and other Pacific Northwest utilities for resource planning.

(e) Bonneville may require that the capabilities of any of the Purchaser's Firm Resources be verified by test or other substantiating data acceptable to Bonneville. Such verification shall not be required more often than once each year.

(f) The Purchaser shall provide and demonstrate to Bonneville at its request that the Purchaser has firm transmission capacity, either through its own facilities or through contracts, in amounts sufficient to transmit to its firm load or the firm load of others through contractual exchanges of resource capabilities the peak capability of each Firm Resource claimed in the Purchaser's Firm Resources Exhibit.

17. Purchaser's Computed Requirements and Amount of Power Sold.

(a) Prior to May 15 of each year, the Purchaser may request in writing that Bonneville sell to it during the Operating Year beginning on the next July 1 on a Planned Computed Requirements basis as provided for in this subsection (a). The Purchaser shall also submit with such request its Estimated Firm Load for such Operating Year. If the Purchaser submits such a request, Bonneville shall approve such request by July 1 unless Bonneville determines that the Purchaser's Estimated Firm Load does not conform to the definition in this agreement. In the event such a request has been made by the Purchaser prior to February 1, Bonneville shall notify the Purchaser of its approval or disapproval of such request prior to March 15. If such request is not approved by Bonneville, it shall identify specific deficiencies in the Purchaser's Estimated Firm Load and the Purchaser may submit a revised request, including revised Estimated Firm Load. If the Purchaser's request or revised request is approved by Bonneville, the Purchaser shall, prior to July 1, prepare an addendum to its Assured Capability Exhibit setting forth for each month of the Operating Year: (1) the Estimated Firm Load which has been agreed upon by Bonneville and the Purchaser; (2) the Purchaser's Computed Average Energy Requirements; and (3) the Purchaser's Computed Peak Requirements. The Estimated Firm Load set forth in such addendum shall be deemed to be the Purchaser's Actual Firm Load during such Operating Year for the purpose of determining the Purchaser's Computed Peak Requirements and Computed Average Energy Requirements and for the purpose of determining whether the Purchaser is using its purchase from Bonneville for resale.

(b) On or before the effective date of this contract, and thereafter, as provided in paragraph (1) below, the Purchaser may request in writing to purchase on the basis of Contracted Requirements by submitting the data and

proposed schedule of Contracted Requirements purchases of peak and energy pursuant to paragraph (2) below. Bonneville shall approve such request and schedule of Contracted Requirements purchases unless Bonneville determines that the Purchaser's Estimated Firm Loads do not conform to the definitions in this contract or that the proposed schedule of purchases does not conform to the requirements of this subsection (b), or that the Purchaser has failed to comply with the provisions of paragraph (9) below. If Bonneville determines that the Purchasers' Estimated Firm Loads do not conform to the definitions in this contract or that the proposed schedule of purchases does not conform to the requirements of this subsection (b), Bonneville shall notify the Purchaser of the specific deficiencies and the Purchaser may submit revised data or revised schedule of Contracted Requirements purchases.

If the Purchaser determines that its estimated Assured Capability, together with the assured capability of resources it has acquired on a firm basis will be sufficient to meet its Estimated Firm Loads, after taking into account the effect of any conservation or direct application renewable resource measures paid for by Bonneville directly or through billing credits, the proposed schedule of Contracted Requirements purchases submitted by the Purchaser with its request to purchase on the basis of Contracted Requirements pursuant to this subsection (b) shall be equal to zero. Bonneville shall approve or disapprove such request on the same basis as any other request to purchase on the basis of Contracted Requirements.

(1) The Purchaser may request that it begin to purchase on a Contracted Requirements basis at the time of submittal of any revised Firm Resources Exhibit. Such request shall become effective, if approved by Bonneville pursuant to this subsection (b), for the seventh Operating Year of such exhibit, or for an earlier Operating Year if Bonneville is

expected to have an excess of firm load over its firm resources in the first Operating Year for which the Purchaser requests to purchase on a Contracted Requirements basis. Bonneville's expected firm load-resource balance and the priority of competing requests for purposes of allocating the availability of this paragraph (1) shall be determined in the manner described in section 12(b)(7) above.

The Purchaser may elect to cease purchasing on a Contracted Requirements basis at the time of submittal of any revised Firm Resources Exhibit. Such election shall become effective for the seventh Operating Year of such exhibit, or for an earlier Operating Year if Bonneville is expected to have an excess of firm resources over its firm load in the first Operating Year for which the Purchaser proposes to cease purchasing on a Contracted Requirements basis. Bonneville's expected firm load-resource balance and the priority of competing requests for purposes of allocating the availability of this paragraph (1) shall be determined in the manner described in section 12(b)(9) above.

(2) If the Purchaser requests to purchase on the basis of Contracted Requirements, it shall submit to Bonneville in the Purchaser's initial Firm Resources Exhibit in addition to data required in section 12(a), the Purchaser's annual Estimated Firm Peak Load, the annual average of Purchaser's Estimated Firm Energy Load, the estimated Assured Capabilities of the Purchaser's Firm Resources corresponding to the time period of such loads, and a schedule of annual Contracted Requirements purchases of peak and energy for each of the first seven Operating Years. If the Purchaser's Contracted Requirements peak purchase amount for any such Operating Year is based on its Estimated Firm Peak Load for the months June through November, such amount shall be the Purchaser's Contracted

Requirements peak purchase amounts for June through November and the Purchaser shall also submit a lower amount which is based on its Estimated Peak Load for the months December through May. With each revised Firm Resources Exhibit submitted in accordance with section 12(b), such Purchaser shall submit a new schedule deleting the amounts of Contracted Requirements peak and energy purchases for the current Operating Year and adding the amounts to be purchased in the seventh succeeding Operating Year together with Purchaser's annual Estimated Firm Peak Load and annual average Estimated Firm Energy Load in the seventh Operating Year, and new information on the estimated Assured Capability of all Firm Resources for which information is required under paragraph (3) below. Such revised Firm Resources Exhibits shall be prepared in the same format as the initial Firm Resources Exhibit or such other format as Bonneville and the Purchaser may agree upon.

(3) The amounts of power shown in the Purchaser's schedule of Contracted Requirements purchases, as submitted with the Firm Resources Exhibit for an Operating Year, shall not be less than an amount which, when added to the Purchaser's estimated Assured Capability, is sufficient to serve at least 90 percent of the Purchaser's Estimated Firm Load, nor greater than an amount which, when added to such estimated Assured Capability, is sufficient to serve 100 percent of the Purchaser's Estimated Firm Load.

A determination of conformance to the above limitations shall be made at the time the schedule is first submitted and shall not be revised thereafter except when such Estimated Firm Loads, Firm Resources, or Assured Capabilities are changed as specifically permitted by paragraphs (4) and (5) below. The Estimated Firm Load on which the Purchaser's

Contracted Requirements purchases for each Operating Year were based shall be deemed to be the Purchaser's Actual Firm Load during such Operating Year for the purpose of determining whether the Purchaser is using its purchase from Bonneville for resale.

(4) If the Purchaser makes a change in its Firm Resources as permitted by section 12(b), the Purchaser shall, at the time such change is submitted to Bonneville, make a change in its schedule of Contracted Requirements purchases shown in its Firm Resources Exhibit. Such change shall be equal and opposite to the change in the Purchaser's Assured Capability resulting from such change in Firm Resources.

(5) If the Purchaser's Estimated Firm Loads change for any Operating Year for which the Purchaser is purchasing on a Contracted Requirements basis, and if such change corresponds to changes in Purchaser's Firm Resources which are permitted by sections 12(b)(7), (9), and (11) (as though an increase in Estimated Firm Loads corresponds to a removal of Firm Resource and a decrease in Estimated Firm Loads corresponds to an addition to Firm Resource) the Purchaser may submit such changed loads to Bonneville at the time it submits a revised Firm Resources Exhibit and may, at such time, make an equivalent change in its schedule of Contracted Requirements purchases shown in its Firm Resources Exhibit.

(6) The schedule of Contracted Requirements purchases shown in the Purchaser's Firm Resources Exhibit may be changed for any Operating Year if and to the extent that Bonneville has given prior written consent.

(7) On or before July 1 of each Operating Year, the Purchaser shall prepare an Assured Capability Exhibit as provided for in section 16 above and shall allocate its annual Contracted Requirements energy purchase among months of such Operating Year in a manner which results in a

requirement on Bonneville each month equal to or between the amounts determined by (A) or (B): (A) One-twelfth of the Purchaser's annual Contracted Requirements energy purchase from Bonneville for that Operating Year; and (B) a fraction of such annual Contracted Requirements energy purchase obtained by dividing the Estimated Firm Energy Load for that month by the total of the twelve Estimated Firm Energy Loads for that Operating Year. If requested by the Purchaser and if Bonneville agrees, the Purchaser may allocate its annual Contracted Requirements energy purchase among months so as to place monthly requirements on Bonneville other than those determined by (A) or (B) above to reflect a period of planned thermal maintenance or other causes. The Purchaser's total Contracted Requirements purchase shall not be changed by such reallocation.

(8) For the purpose of determining the amount of power Bonneville shall make available to the Purchaser under this contract, the Purchaser's Contracted Requirements peak purchases shown in its schedule of such purchases submitted pursuant to paragraph (2) above shall be deemed to be the Purchaser's Computed Peak Requirement in each month of the Operating Year as specified in such schedule and the twelve monthly amounts of energy determined pursuant to paragraph (7) above shall be deemed to be the Purchaser's Computed Average Energy Requirement for each such month of the Operating Year.

(9) Prior to each Operating Year, a Contracted Requirements Purchaser shall acquire on a firm basis resources having an amount of assured capability, determined in the manner provided in section 16, which, together with the Assured Capability of its Firm Resources, determined in the manner provided in section 16, are sufficient to meet the excess of the Purchaser's then current Estimated Firm Loads for such

Operating Year as set forth in its submittal for such Operating Year, over the amount of its Contracted Requirements purchases from Bonneville as shown on the schedule of such purchases. For the purpose of determining whether the Purchaser is in compliance with the provisions of this paragraph (9), a portion of the Purchaser's loads equivalent to the following shall not be considered:

(A) resource capability lost temporarily or permanently due to circumstances beyond the reasonable control of the Purchaser, if such loss of resource could not have been reasonably anticipated by the Purchaser within sufficient time to make necessary replacement acquisitions, and

(B) the amount by which the Purchaser's then current Estimated Firm Loads exceed its Estimated Firm Loads as accepted by Bonneville under this subsection (b) if, after the date of such acceptance, such excess could not have been reasonably anticipated by the Purchaser within sufficient time to make necessary resource acquisitions.

In any event, the Purchaser shall be deemed to be in compliance with the provisions of this paragraph (9), unless Bonneville determines within 30 days of an initial request and thereafter by the later of July 1 of such year or 30 days after the date on which final regulation data are available under the Coordination Agreement for such year that the Purchaser does not have a firm load-resource balance within reasonable limits for such Operating Year.

In the event that the Purchaser is not in compliance with the provisions of this paragraph (9) for an Operating Year, Bonneville may disapprove the Purchaser's initial request and thereafter any future request by the Purchaser to purchase on the basis of Contracted

Requirements, unless Bonneville determines that the Purchaser can reasonably be expected to comply with the provisions of this paragraph (9).

(10) The schedule of power purchases shall not include for any Operating Year the amount of actual power savings resulting from conservation or direct application renewable resource measures paid for by Bonneville directly or through billing credits to the extent such reduction was not reflected in the Estimated Firm Energy and Estimated Firm Peak Loads used to determine the amounts of Firm Power to be made available pursuant to this subsection (b). The amount of actual power savings shall be agreed upon by the Purchaser and Bonneville at the time Bonneville agrees to pay for such measures, unless otherwise agreed by the parties. Such estimates may be revised prior to January 1 of any Operating Year for succeeding Operating Years upon agreement of Bonneville and the Purchaser. At the time such estimates are revised, an equivalent change shall be made in the schedule of Contracted Requirements power purchases.

(c) If the Purchaser does not request that Bonneville sell to it on the basis of Planned Computed Requirements or Contracted Requirements or if Bonneville disapproves such request, the Purchaser shall purchase on the basis of Actual Computed Requirements and its Computed Peak Requirement and Computed Average Energy Requirement shall be determined after the end of each month based on the Purchaser's Actual Firm Load.

(d) If the Purchaser purchases on the basis of Actual Computed Requirements and has Seasonal Storage, it may adjust its monthly Assured Energy Capability subject to the limitations of this subsection (d). The Purchaser shall keep a Flexibility Account which shall show as of the end of each month of the Operating Year the accumulated balance of adjustments made

by the Purchaser to its Assured Energy Capability. The Flexibility Account balance shall initially be zero on July 1 of each Operating Year; provided, however, that if a Purchaser begins to purchase on the basis of Actual Computed Requirements under this contract other than at the beginning of an Operating Year, the initial balance in the Flexibility Account shall be the same as if the Purchaser had been purchasing on the basis of Actual Computed Requirements from the beginning of such Operating Year. A reduction in the Assured Energy Capability in any month shall be accumulated as a positive number in the Flexibility Account and an increase in the Assured Energy Capability in any month shall be accumulated as a negative number in the Flexibility Account.

(1) The Purchaser shall make all adjustments to the Purchaser's Assured Energy Capability in accordance with the following:

(A) The Flexibility Account balance shall be brought to zero at the end of each Operating Year and at the end of the Critical Period if the Critical Period ends within the Operating Year.

(B) The Flexibility Account balance shall at no time have a larger negative balance than the sum of the following:

(i) For those Firm Resources which the Purchaser includes in Coordination Agreement planning, five percent of that portion of the Purchaser's Firm Energy Load Carrying Capability attributable to such Firm Resources as determined pursuant to section 16(b)(1)(A) remaining between the date of such balance and the date the Flexibility Account balance is required to be zero pursuant to subparagraph (A) above and;

(ii) For those Firm Resources which the Purchaser does not include in Coordination Agreement planning, five percent of the

energy capability of the hydroelectric resources and other than hydroelectric resources, as computed in section 16(b)(2)(A) and (B), remaining between the date of such balance and the date the Flexibility Account balance is required to be zero pursuant to subparagraph (A) above.

(C) The Flexibility Account shall at no time have a larger positive balance than the amount by which the Purchaser's Firm Resources and other arrangements are capable of supporting an increase in the Purchaser's Assured Energy Capability in the month or months in which the Purchaser intends to use such increased capability. At the end of each month for which the Purchaser's Flexibility Account has a positive balance, the Purchaser shall submit in writing to Bonneville documentation substantiating such increased capability.

(D) To the extent that the adjustments to the Flexibility Account are attributable to Firm Resources which the Purchaser includes in Coordination Agreement planning, such adjustments shall be the same as the adjustments which are reported monthly to Coordination Agreement parties pursuant to section 9(m) of the Coordination Agreement.

(2) If the Purchaser intends to adjust its Assured Energy Capability for any month, the Purchaser shall submit written notice to Bonneville within ten days of the last day of such month showing the Purchaser's best estimate of its Actual Firm Energy Load and a tentative adjusted Assured Energy Capability for such month. If no such notice is given within ten days after the end of such month, the Assured Energy Capability determined for such month prior to the Operating Year shall be applied to

such month and shall not be changed thereafter. If such notice has been submitted, the Purchaser shall submit a final adjusted Assured Energy Capability within 30 days of the last day of such month or such later date approved by Bonneville which shall not differ from the tentative adjusted Assured Energy Capability by more than the difference between the Purchaser's Actual Firm Energy Load for such month and the estimate of that load shown in such notice.

(e) If the Purchaser purchases on the basis of Actual Computed Requirements and the Purchaser's Firm Resources are unable to produce their Assured Capability, such Purchaser may implement a load curtailment program as provided in this subsection (e) to support the Assured Capability of its Firm Resources. The Purchaser shall notify Bonneville prior to implementing such a program and shall provide documentation to Bonneville of its actual implementation of the program at the end of each month such program is in effect. Such documentation shall be in the form of contracts, regulatory orders, filed tariffs, newspaper copy, media coverage, public information brochures, or other form sufficient to demonstrate to Bonneville the actual implementation of a load curtailment program. If Bonneville determines on the basis of such documentation that the Purchaser has implemented a load curtailment program, such program shall be reflected in the Purchaser's billing for each month such program is in effect in the following manner:

(1) If the Purchaser implements a load curtailment program to support its Assured Energy Capability, the Purchaser shall submit to Bonneville as soon as possible following the end of each such month:

(A) its Actual Firm Energy Load for such month; (B) detail on any separately identifiable significant changes in the Purchaser's Actual Firm Energy Load by which it is appropriate to adjust its Actual Firm Energy

Load for such month pursuant to paragraph (2)(A) below; and (C) detail sufficient to verify the amount of each load curtailment.

(2) If the Purchaser implements a load curtailment program to support its Assured Energy Capability and such program is implemented by means other than provided for in paragraph (4) below, the Purchaser's Estimated Firm Energy Load for each month in which a load curtailment program is in effect shall be adjusted in the following manner:

(A) The Purchaser's Estimated Firm Energy Load for all months pertinent to computation pursuant to this paragraph (2) shall be adjusted to reflect any separately identifiable significant changes in the Purchaser's Actual Firm Energy Load which were not a result of the Purchaser's load curtailment program.

(B) The Purchaser's Estimated Firm Energy Load, after adjustment pursuant to subparagraph (A) above, shall be further adjusted by deducting the amount of any load curtailment in the current month pursuant to paragraph (4) below from such adjusted Estimated Firm Energy Load for all months pertinent to computation pursuant to this paragraph (2). The amount deducted shall include any portion offered to and purchased by Bonneville.

(C) A further adjustment to Estimated Firm Energy Load for each month in which a load curtailment program is in effect shall be made by multiplying the Estimated Firm Energy Load for such month by the average of the ratios of the Purchaser's Actual Firm Energy Load to Estimated Firm Energy Load for the three most recent, but not necessarily consecutive, months in which no load curtailment program was in effect. Computations pursuant to this subparagraph (C) shall

use Estimated Firm Energy Loads after adjustment pursuant to subparagraphs (A) and (B) above.

(3) If the Purchaser implements a load curtailment program to support its Assured Peak Capability and such program is implemented by means other than provided in paragraph (4) below, the amount of any load curtailment resulting from such program shall be determined by a reasonable method agreed to by Bonneville and the Purchaser prior to the implementation of such program.

(4) If the Purchaser implements load curtailment measures with specific Consumers or wholesale purchasers which result in determinable reductions in its obligations to supply peak or energy, the Purchaser shall provide a method for documenting the amount of any load curtailment resulting from such arrangements. Such method shall be agreed upon by Bonneville, the Purchaser, and the Consumer or wholesale purchaser prior to the implementation of such measures. If the Purchaser implements such measures it: (A) shall offer Bonneville the opportunity to purchase any amount of such load curtailment which exceeds the Purchaser's estimate of the amount of the Purchaser's Assured Capability which the Purchaser's Firm Resources are unable to produce; and (B) may offer Bonneville the opportunity to purchase an additional portion of such load curtailment specified by the Purchaser. The Purchaser shall offer such opportunity to purchase and Bonneville shall accept or reject such offer prior to each month such program is in effect. If Bonneville accepts such offer, it shall pay the Purchaser an amount equal to the Purchaser's payment to the Consumer or wholesale purchaser for such month multiplied by the percentage of such arrangement offered to and accepted by Bonneville.

(5) The amount of the Purchaser's firm load curtailment to support the Purchaser's Assured Energy Capability which is attributable to such load curtailment program shall be deemed to be the sum of: (A) the product of (i) the amount, if any, by which the Purchaser's Estimated Firm Energy Load for such month, after adjustment pursuant to paragraph (2) above, exceeds the Purchaser's Actual Firm Energy Load for such month, and (ii) a fraction the numerator of which is the amount by which the Purchaser's Actual Firm Energy Load for such month exceeds its Measured Energy for such month and the denominator of which is the Purchaser's Actual Firm Energy Load for such month; and (B) the amount, if any, of load curtailment pursuant to paragraph (4) above less the portion, if any, offered to and purchased by Bonneville.

(6) The amount of the Purchaser's firm load curtailment to support the Purchaser's Assured Peak Capability which is attributable to such load curtailment program shall be deemed to be the sum of: (A) the amount, if any, of load curtailment pursuant to paragraph (3) above, and (B) the amount, if any, of load curtailment pursuant to paragraph (4) above less the portion, if any, offered to and purchased by Bonneville.

(7) For the purpose of determining the Purchaser's Computed Average Energy Requirement or Computed Peak Requirement during any month in which the Purchaser has implemented a load curtailment program, the Purchaser's Actual Firm Energy Load and Actual Firm Peak Load for such month shall be increased by the amount of load curtailment attributable to such program as determined pursuant to paragraph (5) and paragraph (6), above, respectively.

(f) The Purchaser's Computed Average Energy Requirement in each month of the Operating Year shall be the amount, if any, by which the Purchaser's

Actual Firm Energy Load for such month after adjustment, if any, pursuant to subsection (e) above exceeds the Purchaser's Assured Energy Capability for such month after adjustment, if any, pursuant to subsection (d) above, and the Purchaser's Computed Peak Requirement in each month of the Operating Year shall be the amount, if any, by which the Purchaser's Actual Firm Peak Load for such month after adjustment, if any, pursuant to subsection (e) above exceeds the Purchaser's Assured Peak Capability for such month.

(g) Unless Bonneville's obligation to make Firm Power available is limited under the terms of section 7 above, Bonneville shall, subject to the conditions in the General Contract Provisions Exhibit, make available to the Purchaser hourly amounts of power as requested by the Purchaser up to the amounts specified in paragraphs (1), (2), and (3) below. If the Purchaser operates automatic generation control equipment and is thereby able to schedule amounts of power to be interchanged with Bonneville, Bonneville shall schedule such amounts to the Purchaser in accordance with the provisions of section 18. If the Purchaser does not operate automatic generation control equipment, Bonneville shall deliver the amounts which the Purchaser takes from Bonneville at the Purchaser's Points of Delivery, and the Purchaser shall prepare a tabulation pursuant to section 17(h) showing the amount of Firm Power taken from Bonneville under this contract.

(1) During Heavy Load Hours: the larger of the Purchaser's Computed Peak Requirement or its Computed Average Energy Requirement; provided, however, that Bonneville may limit the amounts of power it makes available during up to six Heavy Load Hours of each day designated by Bonneville to amounts less than the Purchaser's Computed Average Energy Requirement but not less than the Purchaser's Computed Peak Requirement. Bonneville shall not so limit the amounts of power it makes available

unless: (A) Bonneville has informed the Purchaser's representative by the time specified in the Power Scheduling Provisions Exhibit that Bonneville will make such limitation; (B) Bonneville has determined that such limitation is reasonably necessary to enable Bonneville to meet its firm obligations and its other loads in the Pacific Northwest; and (C) Bonneville has limited all other Customers having contracts which permit this limitation approximately in proportion to the amount by which each such Customer's Computed Average Energy Requirement exceeds its Computed Peak Requirement for such month. The hourly amounts of power Bonneville is obligated to make available pursuant to this paragraph (1) shall be termed Computed Maximum Requirements.

Bonneville shall consult with the Purchaser and other Customers having similar contracts before increasing its firm obligations to deliver capacity to entities outside the Pacific Northwest if such increased obligations would tend to increase the frequency with which Bonneville would invoke the limit provided for in this paragraph (1).

(2) During Light Load Hours: the product of the Purchaser's Computed Average Energy Requirement and a percentage sufficiently in excess of 100 percent to permit the Purchaser to request during Light Load Hours all of the energy to which it has a right during the month and which it did not request or receive during Heavy Load Hours during such month, as limited by the percentage determined pursuant to the Power Scheduling Procedures Exhibit.

(3) During each month: the Purchaser's Computed Energy Maximum.

(h) If the Purchaser has been designated to purchase on the basis of Computed Requirements but does not operate automatic generation control equipment, such Purchaser shall prepare and submit to Bonneville within ten

days of the last day of each month a preliminary tabulation assigning the net hourly amounts of power taken from Bonneville during such month to classes of power received from or delivered to Bonneville on such hour pursuant to contracts between Bonneville and the Purchaser or to a type of power which the Purchaser acquired from sources other than Bonneville which Bonneville delivered to the Purchaser during such hour. The Purchaser shall submit a final tabulation of such amounts within the later of 30 days of the last day of such month or ten days of the date on which all final metered data which the Purchaser needs to determine its load are available.

(i) Prior to January 15 of each year the Purchaser shall advise Bonneville in writing of its best estimate of its monthly Computed Peak Requirements and Computed Average Energy Requirements for the 48-month period beginning on the next July 1. Information so obtained will be used by Bonneville in its operational planning. Information submitted pursuant to this subsection (i) shall be as accurate as possible, but shall not be binding on the Purchaser.

(j) (1) Upon request of the Purchaser, Bonneville shall use its best efforts to acquire on behalf of the Purchaser replacement power in amounts up to 50 percent of the amount specified in the Purchaser's Firm Resources Exhibit for a resource of the type specified in subsection (2) below, under the following conditions:

(A) The date of commercial operation of such resource is delayed due to uncontrollable events by at least three months from the date of resource addition specified in the Purchaser's Firm Resources Exhibit;

(B) The Purchaser is unable to remove such Firm Resource to the extent of the delay according to the provisions of section 12;

(C) Bonneville has sufficient time to include any excess cost of such acquisition not paid by the Purchaser pursuant to this subsection (j) in its wholesale power rates for the Operating Year for which such replacement has been requested.

Such replacement acquisition shall be for the period beginning 3 months after the resource addition date specified in the Purchaser's Firm Resources Exhibit and ending either 21 months later, or on the date of commercial operation, whichever is earlier.

(2) This subsection (j) shall be applicable for a delayed Firm Resource which meets the following conditions:

(A) The firm resource is a renewable or cogeneration resource, and;

(B) The delayed portion of such resource has not been included as a 5(b)(1)(A) resource in the Purchaser's Firm Resources Exhibit or in the Firm Resources Exhibit of any other Customer with a similar power sales agreement.

(3) If the Purchaser operates automatic generation control equipment and is thereby able to schedule amounts of power to be interchanged with Bonneville, Bonneville shall schedule the hourly amounts of power Bonneville acquires on behalf of the Purchaser pursuant to paragraph (1) above to the Purchaser in accordance with the provisions of section 18. If the Purchaser does not operate automatic generation control equipment, Bonneville shall deliver such hourly amounts to the Purchaser at the Purchaser's Points of Delivery, and the Purchaser shall include such amounts in the tabulation it prepares pursuant to section 17(h).

18. Power Scheduling.

(a) All schedules between Bonneville and the Purchaser shall be submitted according to the provisions of this section and of the Power Scheduling Procedures Exhibit, as follows:

(1) All schedules of Firm Power to be made available pursuant to section 17 of this contract shall be subject to the provisions of the Power Scheduling Procedures Exhibit.

(2) All schedules of power made available under other agreements which refer to the Purchaser's power sales contract for scheduling provisions or power to be made available under this contract other than Firm Power to be made available pursuant to section 17 shall be subject to the times for submissions set out in section 1 of the Power Scheduling Procedures Exhibit.

(b) Bonneville and the Purchaser shall endeavor to avoid requesting changes in schedules hereunder. The parties shall hold deviations from schedules to a minimum and shall correct therefor as promptly as possible under conditions approximately equivalent to the conditions under which the deviation occurred. The amounts scheduled for delivery shall be deemed delivered.

(c) The Power Scheduling Procedures Exhibit may be revised from time to time as provided in this subsection. Revised exhibits shall be effective upon written agreement by Bonneville and at least 80 percent of the number of Customers operating automatic generation control equipment and designated to purchase on a Computed Requirements basis at the time of such revision. The Power Scheduling Procedures Exhibit shall be revised only in such a manner as to better effectuate the following principles:

(1) To achieve an operation of all the power generating resources of Bonneville, the Purchaser and other Customers which meets the total loads of such parties through the use of all such resources in the most efficient manner possible, as if all of such resources were operated as a single system. Assessment of most efficient operation shall include, but not be limited to, providing the required generation at the least economic and environmental costs, in the long run. To achieve this goal, the Power Scheduling Procedures Exhibit may under abnormal conditions place certain requirements on Bonneville or the Purchaser to change preschedules for the benefit of the other, but not without reasonable compensation for additional costs necessarily incurred by the party responding to such requirements.

(2) To provide both Bonneville and the Purchaser with a workable procedure which enables them to accomplish all of the complex tasks of arranging power sales, power purchases and power generation in an efficient and timely fashion.

(d) Bonneville shall separately schedule for delivery to the Purchaser during each hour in each month:

(1) The electric power and energy that the Purchaser requests Bonneville make available pursuant to section 17.

(2) The nonfirm energy and emergency and breakdown relief power requested for such hour by the Purchaser which Bonneville determines can be made available pursuant to the Nonfirm Deliveries section and the Emergency or Breakdown Relief section of the General Contract Provisions Exhibit.

(3) The electric power and energy which Bonneville is obligated to make available to the Purchaser for such hour pursuant to agreements which refer to this contract for purposes of scheduling.

(e) The Purchaser shall separately schedule for delivery to Bonneville during each hour in each month:

(1) The energy which the Purchaser is obligated to return to Bonneville pursuant to the Relief from Overrun Exhibit.

(2) The nonfirm energy and emergency and breakdown relief power requested for such hour by Bonneville which the Purchaser determines can be made available pursuant to the Nonfirm Deliveries section and the Emergency or Breakdown Relief section of the General Contract Provisions Exhibit.

(3) The electric power and energy which the Purchaser is obligated to make available to Bonneville for such hour pursuant to agreements which refer to this contract for purposes of scheduling.

19. Computed Requirements Payment for Power Sold.

(a) The determination of amounts due to Bonneville by the Purchaser and amounts due to the Purchaser by Bonneville shall be made according to the provisions of this section, the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit, the General Contract Provisions Exhibit, the Relief from Overrun Exhibit, and the Service Charges Exhibit, as such exhibits may be amended or replaced. The Wholesale Power Rate Schedules and the General Rate Schedule Provisions Exhibit shall be changed in accordance with the provisions of the Equitable Adjustment of Rates section of the General Contract Provisions Exhibit. The Relief from Overrun Exhibit shall be changed upon written agreement of Bonneville and at least 80 percent of the Purchasers to whom it is then applicable. Section I of the Service Charges Exhibit shall

apply only to charges assessed pursuant to the Relief from Overrun Exhibit. Section I of the Service Charges Exhibit shall be revised upon determination by Bonneville that any charge contained therein must be changed to properly compensate Bonneville for reasonable costs incurred by Bonneville to provide such services. Bonneville shall provide the Purchaser and other Customers with a reasonable opportunity of not less than 90 days to comment prior to the effective date of such proposed revised charges. Revised charges shall take effect on the date specified by Bonneville in its written notice to the Purchaser of its intention to revise these charges. The charges set forth in section I of the Service Charges Exhibit shall not be increased more frequently than once a year.

(b) The Purchaser shall pay Bonneville each Billing Month for all amounts described in the following paragraphs in accordance with the terms of the rate schedules specified below, the payment provisions of the General Contract Provisions Exhibit and of the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit.

(1) For Firm Power delivered hereunder in accordance with the following:

(A) If the Purchaser is a public body, cooperative or Federal Agency, payment shall be at the rate specified in the Priority Firm Power Rate Schedule for the Purchaser's Measured Demand and Measured Energy; provided, however, that, after determining the billing factors for the Firm Power delivered hereunder, the New Resource Firm Power Rate shall be substituted for the Priority Firm Power Rate Schedule for that portion of the Purchaser's billing demands, if any, identified pursuant to section 8 for service to New Large Single Loads. If the Purchaser is an investor-owned utility, payment shall

be at the rate specified in the New Resources Firm Power Rate Schedule for the Purchaser's Measured Demand and Measured Energy.

(B) If the Purchaser purchases on the basis of Actual Computed Requirements, and if the Purchaser would, due to load estimating errors, otherwise be billed for an unauthorized increase in accordance with the provisions of the Priority Firm Power Rate Schedule or New Resource Firm Power Rate Schedule, the procedures set forth in the Relief from Overrun Exhibit shall, except as provided in section 16(a), be applied for the purpose of reducing or possibly eliminating amounts due for unauthorized increases before amounts due are computed pursuant to paragraph (1)(A) above.

(C) If a portion of a Purchaser's Measured Demand for a Billing Month is being billed at the Reserve Power Rate pursuant to the Relief from Overrun Exhibit and if the billing demand for such month as specified in the applicable firm power rate is determined by a billing factor established in a previous month ("ratcheted demand"), then such billing demand shall be reduced by the lesser of the portion of the Measured Demand billed at the Reserve Power Rate or the excess of the Measured Demand over the Computed Maximum Requirement which applies to the same hour as such Measured Demand.

(D) If the Purchaser adds to its Firm Resources in the manner specified in section 12, all billing factors which are based on previous billing periods ("ratcheted demands") shall be correspondingly decreased effective on the date of resource addition as shown in the Firm Resources Exhibit in the amount by which the Purchaser's Assured Capability is increased.

(2) For any nonfirm energy delivered by Bonneville to the Purchaser hereunder at the rate specified in the Wholesale Nonfirm Energy Rate Schedule.

(3) For any Measured Demand converted to reserve power pursuant to the Relief from Overrun Exhibit at the rate specified in the Reserve Power Rate Schedule.

(4) For any service charges assessed pursuant to the Relief from Overrun Exhibit at the applicable charge specified in Section I of the Service Charges Exhibit.

(5) For any service charge assessed pursuant to section 13(d) at the applicable charge or charges, if any, specified in Section II of the Service Charges Exhibit.

(6) For any emergency and breakdown relief power delivered pursuant to the Emergency or Breakdown Relief section of the General Contract Provisions Exhibit at the rate agreed upon in advance of delivery by representatives of Bonneville and the Purchaser. Bonneville shall furnish a statement to the Purchaser showing such rate for the energy or power so delivered.

(7) For replacement power delivered to the Purchaser by Bonneville pursuant to section 17(j) at the rate specified in the New Resource Firm Power Rate Schedule.

(c) Bonneville shall pay the Purchaser each Billing Month for all amounts described in the following paragraphs by net billing, if possible, pursuant to the Net Billing section of the General Contract Provisions Exhibit.

(1) For any nonfirm energy delivered by the Purchaser to Bonneville pursuant to the Nonfirm Deliveries section of the General Contract Provisions Exhibit, or any emergency and breakdown relief power delivered

by the Purchaser to Bonneville pursuant to the Emergency or Breakdown Relief section of the General Contract Provisions Exhibit at the rate agreed upon in advance of delivery by representatives of the Purchaser and Bonneville. The Purchaser shall furnish a statement to Bonneville showing such rate for the energy or power so delivered.

(2) For any amounts due as payment for load curtailments as determined pursuant to section 17(e)(4).

20. Miscellaneous.

(a) Any determinations, estimates, consents, agreements or approvals under this agreement by either party shall be reasonable.

(b) Except as otherwise expressly provided to the contrary in this contract with regard to specific exhibits, the provisions of this contract may be amended only by the mutual written agreement of the parties hereto subsequent to the date of this contract. This subsection (b) shall not prevent oral waiver of performance on a temporary basis by either party or temporary, informal arrangements between the parties in response to operational conditions on the system of either party not specifically provided for in this contract.

(c) If Bonneville offers to enter into a written amendment of any other similar long-term power sales contract other than informal arrangements between the parties referred to in subsection (b) above, Bonneville shall offer to the Purchaser a corresponding amendment of this contract, to the extent such a corresponding amendment would be applicable to the Purchaser under this contract. Bonneville shall advise and use reasonable efforts to consult with the Purchaser during the development or consideration of any offer to enter into such amendments. This contract is offered pursuant to sections 5(b) and 5(g), including, but not limited to section 5(g)(7), of

P.L. 96-501, and amendments hereto shall not be construed to represent the offer of a new contract.

21. Termination of Offer. The Purchaser shall have one year from the date it receives a signed copy of this contract from Bonneville to accept this contract. Bonneville's offer to make Firm Power available to the Purchaser under the terms of this contract shall expire on such date unless Bonneville has received a signed contract from the Purchaser by such date.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in

several counterparts.

UNITED STATES OF AMERICA
Department of Energy

By *Peter Johnson*
Bonneville Power Administrator

COWLITZ COUNTY PUD NO. 1

By *Joe B. Hill*
Joe B. Hill
Title President and Commissioner
Date July 28, 1982

ATTEST:

By *John M. Searing*
John M. Searing
Title Secretary and Commissioner
Date July 28, 1982

(WP-PCI-0025c)
(8/25/81)

Date received by Bonneville: 7/28/82
Effective date: 9/1/82

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WHOLESALE POWER RATE SCHEDULES AND GENERAL RATE SCHEDULE PROVISIONS

SCHEDULE PF-1 - PRIORITY FIRM POWER RATE

SECTION 1. Availability: This schedule is available for the purchase of firm power to be used within the Pacific Northwest for resale or for direct consumption by public bodies, cooperatives, Federal agencies, and investor-owned utilities participating in the exchange under Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). This schedule supersedes Schedule EC-8 which went into effect on an interim basis on December 20, 1979.

SECTION 2. Rate:

a. Demand Charge:

(1) for the billing months December through May, Monday through Saturday, 7 a.m. through 10 p.m.: \$2.80 per kilowatt of billing demand.

(2) for the billing months June through November, Monday through Saturday, 7 a.m. through 10 p.m.: \$1.44 per kilowatt of billing demand.

(3) all other hours: No demand charge.

b. Energy Charge:

(1) for the billing months September through March: 7.4 mills per kilowatthour of billing energy.

(2) for the billing months April through August: 6.9 mills per kilowatthour of billing energy.

SECTION 3. Billing Factors: The factors to be used in determining the billing for power purchased under this rate schedule are as follows:

a. For any purchaser not designated to purchase under subsection 3(b), 3(c), or 3(d):

(1) the contract demand as specified in the contract;

(2) the measured demand for the billing month adjusted for power factor;

(3) the measured energy for the billing month.

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b. Designation of a purchaser to purchase on a computed demand basis will be according to this section unless the terms of an existing contract executed after December 5, 1980 provide otherwise. For any purchaser designated by BPA to purchase on a computed demand basis because of such purchaser's potential ability either to sell generation from its resources in such a manner as to increase BPA's obligation to deliver firm power to such purchaser in an amount in excess of BPA's obligation prior to such sale, or to redistribute the generation from its resources over time in such a manner as to cause losses of power or revenue on the Federal System; provided, however, that when a purchaser operates two or more separate systems, only those systems designated by BPA will be covered by this subsection:

- (1) the peak computed demand for the billing month;
- (2) the average energy computed demand for the billing month;
- (3) the lesser of the peak computed demand for the billing month or 60 percent of the highest peak computed demand during the previous 11 billing months;
- (4) the measured demand for the billing month adjusted for power factor;
- (5) the measured energy for the billing month;
- (6) the contract demand as specified in an agreement between a purchaser and BPA for a specified period of time.

c. For any purchaser contractually limited to an allocation of capacity and/or energy as determined by BPA pursuant to the terms of a purchaser's power sales contract:

- (1) the allocated demand for the billing month, as specified in the contract;
- (2) the measured demand for the billing month adjusted for power factor;
- (3) the allocated energy for the billing month, as specified in the contract;
- (4) the measured energy for the billing month.

d. For any purchaser participating in the exchange under Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act:

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(1) sixty percent of the energy associated with the utility's residential load as specified in the contract for each billing period;

(2) the demand calculated by applying the load factor, determined as specified in the contract, to the energy in 3(d)(1) for each billing period.

SECTION 4. Determination of Billing Demand and Billing Energy:

a. For a purchaser governed by subsection 3(a):

(1) the billing demand for the month shall be factor 3(a)(1) or 3(a)(2), as specified in the purchaser's power sales contract, except that at such time as BPA determines that the limitation in Section 3(c) is necessary, the billing demand for the month shall be factor 3(c)(2), provided, however, that billing demand factor 3(c)(2), before adjustment for power factor, shall not exceed factor 3(c)(1).

(2) the billing energy for the month shall be factor 3(a)(3) except that at such time as BPA determines that the limitation in Section 3(c) is necessary, the billing energy shall be factor 3(c)(4), provided, however, that factor 3(c)(4) shall not exceed factor 3(c)(3).

b. For a purchaser governed by subsection 3(b):

(1) the billing demand for the month shall be the largest of factors 3(b)(3), and 3(b)(4), or 3(b)(6) if applicable. Factor 3b(4), before adjustment for power factor, shall not exceed the largest of factors 3(b)(1), 3(b)(2), or 3(b)(6) if applicable, except that at such time as BPA determines that the limitation in Section 3(c) is necessary, the billing demand for the month shall be factor 3(c)(2), provided, however, that billing demand factor 3(c)(2), before adjustment for power factor, shall not exceed factor 3(c)(1).

(2) the billing energy for the month shall be factor 3(b)(5) except that at such time as BPA determines that the limitation in Section 3(c) is necessary, the billing energy shall be factor 3(c)(4), provided, however, that factor 3(c)(4) shall not exceed factor 3(c)(3). Factor 3(b)(5) shall not exceed factor 3(b)(2) times the number of hours during such month.

c. For purchaser governed by subsection 3(d):

(1) The billing demand for the month shall be factor 3(d)(2).

(2) The billing energy for the month shall be factor 3(d)(1).

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SECTION 5. Adjustments:

a. Power Factor: The adjustment for power factor, when specified in this rate schedule or in the power sales contract, may be made by increasing the measured demand for each month by 1 percent for each 1 percent or major fraction thereof by which the average lagging power factor, or average leading power factor, at which energy is supplied during such month is less than 95 percent, such average power factor to be computed to the nearest whole percent from the formula given in Section 9.1 of the General Rate Schedule Provisions.

The adjustment for power factor may be waived in whole or in part by BPA. Unless specifically otherwise agreed, BPA may, if necessary to maintain acceptable operating conditions on the Federal System, restrict deliveries of power to a purchaser at a point of delivery or for a system at any time that the average power factor for all classes of power delivered to a purchaser at such point of delivery or for such system is below 75 percent lagging or 75 percent leading.

b. At-Site Power: At-site power purchased for consumption by a purchaser shall be used within 15 miles of the powerplant specified in the power sales contract. At least 90 percent of any at-site power purchased for resale shall be used within 15 miles of the specified powerplant.

The monthly demand charge for at-site firm power will be the monthly demand charge for priority firm power reduced by \$0.257 per kilowatt of billing demand.

At-site priority firm power is made available only for those utility customers purchasing at-site firm power under existing contracts. At-site priority firm power may be purchased by such utility customers under new contracts only until a date certain specified in such new contracts. If deliveries are made from an interconnection with the Federal System other than at one of such designated points, the purchaser shall pay an amount adequate to cover the annual cost of the facilities which would have been required to deliver such power to such point from either the generator bus at the generating plant, or from the adjacent point as designated by BPA. This use-of-facilities charge shall be in addition to the charge determined by the application of Section 2 of the Rate Schedule as reduced by the provisions of this subsection.

c. Low-Density Discount: A predetermined discount will be applied each month of a calendar year to the charges for power purchased under contracts between BPA and its customers. The amount of such discount is based on the ratio of the total annual energy requirements of the purchaser's electric operations during the preceding calendar year to the purchaser's depreciated investment in electric plant in service (excluding generating plant) at the end of such year, or the purchaser's ratio of residential consumers per mile of line. This calculation of such ratio will be made using the customer's entire system. Provided that the purchaser's

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ratio of residential consumers per mile of line does not exceed ten, this discount shall be:

(1) Seven percent if such ratio is less than 15 kilowatthours per dollar of net investment or if the number of consumers per mile of line is two or less.

(2) Five percent if such ratio is equal to or greater than 15 and less than 25 kilowatthours per dollar of net investment, or if the number of consumers per mile of line is four or less.

(3) Three percent if such ratio is equal to or greater than 25 and less than 35 kilowatthours per dollar of net investment, or if the number of consumers per mile of line is six or less.

SECTION 6. Unauthorized Increase: That portion of (a) any 60-minute clock-hour integrated demand or scheduled demand (the total amount of power scheduled to the purchaser from BPA) that cannot be assigned to a class of power which BPA delivers on such hour pursuant to contracts between BPA and the purchaser or to a type of power which the purchaser acquires from sources other than BPA which BPA delivers during such hour, or (b) the total of a purchaser's 60-minute clock-hour integrated or scheduled demands during a billing month which cannot be assigned to a class of power which BPA delivers during such month pursuant to contracts between BPA and the purchaser or to a type of power which the purchaser acquires from sources other than BPA which BPA delivers during such month, may be considered an unauthorized increase. Each 60-minute clock-hour integrated or scheduled demand shall be considered separately in determining the amount which may be considered an unauthorized increase pursuant to (a) and the total of such amounts which are in fact considered unauthorized increases shall be excluded from the total of the integrated or scheduled demands for such month in determining the amount which may be considered an unauthorized increase under (b).

The charge for an unauthorized increase shall be \$0.13 per kilowatthour.

SECTION 7. General Provisions: Sales of power under this schedule shall be subject to the provisions of the BPA Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission System Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the General Rate Schedule Provisions.

SCHEDULE IP-1 - WHOLESALE POWER RATE FOR INDUSTRIAL FIRM POWER

SECTION 1. Availability: This schedule is available for the purchase by existing direct-service industrial customers of industrial firm power and/or authorized increase on a contract demand basis and for auxiliary power requested by the purchaser and made available an auxiliary demand by BPA on an intermittent basis. This rate schedule supersedes

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Schedule IF-2 which went into effect on an interim basis on December 20, 1979.

SECTION 2. Rate:

a. Demand Charge:

(1) for the billing months December through May, Monday through Saturday, 7 a.m. through 10 p.m.: \$2.80 per kilowatt of billing demand.

(2) for the billing months June through November, Monday through Saturday, 7 a.m. through 10 p.m.: \$1.44 per kilowatt of billing demand.

(3) all other hours: No demand charge.

b. Energy Charge:

The greater of:

(1) for the billing months September through March: 7.4 mills per kilowatthour of billing energy; for the billing months April through August: 6.9 mills per kilowatthour of billing, or

or (2) for the billing months September through March: $[1.7 + (X/2465)]$ mills per kilowatthour of billing energy; for the billing months April through August: $[1.6 + (X/2480)]$ mills per kilowatthour of billing energy.

Where X = the actual month's cost in thousands of dollars incurred by the Administrator pursuant to Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act.

SECTION 3. Billing Factors: The factors to be used in determining the billing for power purchased under this rate schedule are as follows:

- a. operating demand;
- b. curtailed demand;
- c. restricted demand;
- d. measured energy.

SECTION 4. Determination of Billing Demand and Billing Energy: The billing demands for industrial firm power and authorized increase, respectively, and for auxiliary power requested by the purchaser and made available by BPA as an auxiliary demand on an intermittent basis will be the lowest of the respective operating demand, curtailed demand, or restricted demand after each such demand is adjusted for power factor. The billing energy associated with each of the respective billing demands will be the

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measured energy distributed proportionately among the respective demands for each hour each such demand is applicable during the billing month.

SECTION 5. Adjustments:

a. Value of Reserves: A monthly billing credit for the value of the reserves provided by purchasers of industrial firm power shall be:

- (1) \$0.33 per kilowatt of billing demand.
- (2) 2.3 mills per kilowatthour of billing energy.

The adjustment shall be applied to the same billing factors which are used to determine the billing for power purchased under this rate schedule.

b. Power Factor: The adjustment for power factor, when specified in this rate schedule or in the power sales contract, may be made by increasing the appropriate demand (operating, curtailed, or restricted) for each month by 1 percent for 1 percent or major fraction thereof by which the average lagging power factor, or average leading power factor, at which energy is supplied during such month is less than 95 percent, such average power factor to be computed to the nearest whole percent from the formula given in Section 9.1 of the General Rate Schedule Provisions.

The adjustment for power factor may be waived in whole or in part by BPA. Unless specifically otherwise agreed, BPA may, if necessary to maintain acceptable operating conditions on the Federal System, restrict deliveries of power to a purchaser at a point of delivery or for a system at any time that the average power factor for all classes or power delivered to a purchaser at such point of delivery or for such system is below 75 percent lagging or 75 percent leading.

c. At-Site Power: At-site industrial firm power shall be used within 15 miles of the powerplant.

The monthly demand charge for at-site industrial firm power will be the monthly demand charge for industrial firm power reduced by \$0.257 per kilowatt of billing demand.

At-site industrial firm power is made available only for those industrial customers purchasing at-site industrial firm power under existing contracts. At-site industrial firm power may be purchased by such industrial customers under new contracts only until a date certain specified in such new contracts. If deliveries are made from an interconnection with the Federal System other than at one of such designated points, the purchaser shall pay an amount adequate to cover the annual cost of the facilities which would have been required to deliver such power to such point from either the generator bus at the generating plant, or from the adjacent point as designated by BPA. The use of facilities charge shall be

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in addition to the charge determined by application of Section 2 of the Rate Schedule as reduced by the provisions of this subsection.

SECTION 6. Unauthorized Increase: Any amount by which any 60-minute clock-hour integrated demand exceeds that sum of the billing demand for such hour before adjustment for power factor, plus any applicable scheduled demands which the purchaser acquires through other contracts for such hour will be assessed a charge of \$0.13 per kilowatthour.

SECTION 7. Special Conditions - Advance of Energy: BPA may elect to advance energy under terms and conditions of the purchaser's power sale contract.

SECTION 8. General Provisions: Sales of power under this schedule shall be subject to the provisions of the BPA Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission System Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the applicable General Rate Schedule Provisions.

SCHEDULE MP-1 - WHOLESALE POWER RATE FOR MODIFIED FIRM POWER.

SECTION 1. Availability: This schedule is available for the purchase by existing direct-service industrial customers of modified firm power on a contract demand basis for direct consumption by existing direct-service industrial customers until existing contracts terminate. This schedule is also available for the purchase of authorized increase power on a contract demand basis. This rate schedule supersedes Schedule MF-2 which went into effect on an interim basis on December 20, 1979.

SECTION 2. Rate:

a. Demand Charge:

(1) for the billing months December through May, Monday through Saturday, 7 a.m. through 10 p.m.: \$2.80 per kilowatt of billing demand.

(2) for the billing months June through November, Monday through Saturday, 7 a.m. through 10 p.m.: \$1.44 per kilowatt of billing demand.

(3) all other hours: No demand charge.

b. Energy Charge:

The greater of:

(1) for the billing months September through March: 7.4 mills per kilowatthour of billing energy; for the billing months April through August: 6.9 mills per kilowatthour of billing, or

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or (2) for the billing months September through March: $[1.7 + (X/2465)]$ mills per kilowatthour of billing energy; for the billing months April through August: $[1.6 + (X/2480)]$ mills per kilowatthour of billing energy.

Where X = the actual month's cost in thousands of dollars incurred by the Administrator pursuant to Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act.

SECTION 3. Billing Factors: The factors to be used in determining the billing for power purchases under this rate schedule are as follows:

- a. contract demand;
- b. curtailed demand;
- c. restricted demand;
- d. measured energy.

SECTION 4. Determination of Billing Demand and Billing Energy: The billing demand for modified firm power and authorized increase, respectively, will be the lowest of the respective contract demand, curtailed demand, or restricted demand after each such demand is adjusted for power factor. The billing energy associated with each of the respective billing demands will be the measured energy distributed proportionately among the respective demands for each hour each such demand is applicable during the billing month.

SECTION 5. Adjustments:

a. Power Factor: The adjustment for power factor, when specified in this rate schedule or power sales contract, may be made by increasing the appropriate demand (contract, curtailed, or restricted) for each month by 1 percent for each 1 percent or major fraction thereof by which the average lagging power factor, or average leading power factor, at which energy is supplied during such month is less than 95 percent, such average power factor to be computed to the nearest whole percent from the formula given in Section 9.1 of the General Rate Schedule Provisions.

The adjustment for power factor may be waived in whole or in part by BPA. Unless specifically otherwise agreed, BPA may, if necessary to maintain acceptable operating conditions on the Federal System, restrict deliveries of power to a purchaser at a point of delivery or for a system at any time that the average power factor for all classes of power delivered to a purchaser at such point of delivery or for such system is below 75 percent lagging or 75 percent leading.

b. At-Site Power: At-site modified firm power shall be used within 15 miles of the powerplant.

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The monthly demand charge for at-site modified firm power will be the monthly demand charge for modified firm power reduced by \$0.257 per kilowatt of billing demand.

At-site modified firm power will be made available under existing contracts, providing for at-site modified firm power at a Federal hydroelectric generating plant or at a point adjacent thereto, and at a voltage, all as designated by BPA. If deliveries are made from an interconnection with the Federal System other than at one of such designated points, the purchaser shall pay an amount adequate to cover the annual cost of the facilities which would have been required to deliver such power to such point from either the generator bus at the generating plant, or from the adjacent point as designated by BPA. This use of facilities charge shall be in addition to the charge determined by application of Section 2 of the Rate Schedule as reduced by the provisions of this subsection.

SECTION 6. Unauthorized Increase: Any amounts by which any 60-minute clock-hour integrated demand exceeds the sum of the billing demand for such hour (before adjustment for power factor) plus any applicable scheduled demands which the purchaser acquires through other contracts for such hour will be assessed a charge of \$0.13 per kilowatthour.

SECTION 7. General Provisions: Sales of power under this schedule shall be subject to the provisions of the BPA Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission System Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the General Rate Schedule Provisions.

SCHEDULE CF-1 - WHOLESALE FIRM CAPACITY RATE.

SECTION 1. Availability: This schedule is available for the purchase of firm capacity without energy on a contract demand basis for supply during a contract year of 12 months, or during a contract season of 5 months, June 1 through October 31. This schedule supersedes Schedule F-7 which went into effect on an interim basis on December 20, 1979.

SECTION 2. Rate:

a. Contract Year Service: \$25.44 per kilowatt per year of contract demand.

b. Contract Season Service: \$11.76 per kilowatt per season of contract demand.

c. The capacity rate specified in subsections a. and b. above shall be increased by \$0.029 per kilowattmonth of billing demand for each hour that the purchaser's monthly demand duration exceeds nine (9) hours. The purchaser's demand duration for the month shall be determined by dividing the kilowatthours supplied under this rate schedule to a purchaser on the day of maximum kilowatthour use between the hours of 7 a.m. and

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10 p.m., excluding Sundays, by the purchaser's contract demand effective for such month. If, however, BPA does not require the delivery of peaking replacement energy by the purchaser during certain periods, the additional charge above will not be made for such periods.

SECTION 3. Billing Factors: The billing demand will be the contract demand.

SECTION 4. Special Provision: Contracts for the purchase of firm capacity under this schedule will include provisions for replacement by the purchaser of energy accompanying the delivery of such capacity.

SECTION 5. General Provisions: Sales of power under this schedule shall be subject to the provisions of the BPA Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission System Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the applicable General Rate Schedule Provisions.

SCHEDULE CE-1 - EMERGENCY CAPACITY RATE.

SECTION 1. Availability: This schedule is available for purchase of emergency capacity requested by a purchaser when BPA determines that an emergency condition exists on the purchaser's system and it has capacity available for such purpose. This schedule supersedes Schedule F-8 which went into effect on an interim basis on December 20, 1979.

SECTION 2. Rate: \$0.56 per kilowatt of demand per calendar week or portion thereof. For deliveries over the Pacific Northwest-Pacific Southwest intertie, made available for the account of a purchaser at the Oregon-California or the Oregon-Nevada border, the charge will be increased by \$0.22 per kilowatt per week. Bills will be rendered monthly.

SECTION 3. Billing Factors: The billing demand will be the maximum amount requested by the purchaser and made available by BPA during a calendar week, provided that if BPA is unable to meet subsequent requests by a purchaser for delivery at the demand previously established during such week, such billing demand for such week shall be the lower demand which BPA is able to supply.

SECTION 4. Special Provision: Energy delivered with such capacity shall be returned to BPA within 7 days of the date of delivery at times and rates of delivery agreed to by the purchaser and BPA prior to delivery. BPA may agree to accept delay of return energy beyond 7 days if it so agrees prior to the delivery of capacity.

SECTION 5. General Provisions: Sales of power under this schedule shall be subject to the provisions of the BPA Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission System Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the General Rate Schedule Provisions.

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SCHEDULE NR-1 - NEW RESOURCE FIRM POWER RATE.

SECTION 1. Availability: This schedule is available for the purchase of firm power for resale or for direct consumption by purchasers other than direct-service industrial purchasers who purchase power under rate Schedules IP-1 or MP-1.

SECTION 2. Rate:

a. Demand Charge:

(1) for the billing months December through May, Monday through Saturday, 7 a.m. through 10 p.m.: \$2.80 per kilowatt of billing demand.

(2) for the billing months June through November, Monday through Saturday, 7 a.m. through 10 p.m.: \$1.44 per kilowatt of billing demand.

(3) all other hours: No demand charge.

b. Energy Charge:

(1) for the billing months September through March: 30.8 mills per kilowatthour of billing energy.

(2) for the billing months April through August: 24.7 mills per kilowatthour of billing energy.

SECTION 3. Billing Factors: The factors to be used in determining the billing for power purchased under this rate schedule are as follows:

a. For any purchaser not designated to purchase under subsection 3(b) or 3(c):

(1) the contract demand as specified in the contract;

(2) the measured demand for the billing month adjusted for power factor;

(3) the measured energy for the billing month.

b. Designation of a purchaser to purchase on a computed demand basis will be according to this section unless the terms of an existing contract executed after December 5, 1980 provide otherwise. For any purchaser designated by BPA to purchase on a computed demand basis because of such purchaser's potential ability either to sell generation from its resources in such a manner as to increase BPA's obligation to deliver firm power to such purchaser in an amount in excess of BPA's obligation prior to such sale, or to redistribute the generation from its resources over time in

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such a manner as to cause losses of power or revenue on the Federal System; provided, however, that when a purchaser operates two or more separate systems, only those systems designated by BPA will be covered by this subsection:

- (1) the peak computed demand for the billing month;
- (2) the average energy computed demand for the billing month;
- (3) the lesser of the peak computed demand for the billing month or 60 percent of the highest peak computed demand during the previous 11 billing months;
- (4) the measured demand for the billing month adjusted for power factor;
- (5) the measured energy for the billing month;
- (6) the contract demand as specified in an agreement between a purchaser and BPA for a specified period of time.

c. For any purchaser contractually limited to an allocation of capacity and/or energy as determined by BPA pursuant to the terms of a purchaser's power sales contract:

- (1) the allocated demand for the billing month, as specified in the contract;
- (2) the measured demand for the billing month adjusted for power factor;
- (3) the allocated energy for the billing month, as specified in the contract;
- (4) the measured energy for the billing month.

SECTION 4. Determination of Billing Demand and Billing Energy:

a. For a purchaser governed by subsection 3(a):

(1) the billing demand for the month shall be factor 3(a)(1) or 3(a)(2), as specified in the purchaser's power sales contract, except that at such time as BPA determines that the limitation in Section 3(c) is necessary, the billing demand for the month shall be factor 3(c)(2), provided, however, that billing demand factor 3(c)(2), before adjustment for power factor, shall not exceed factor 3(c)(1).

(2) the billing energy for the month shall be factor 3(a)(3) except that at such time as BPA determines that the limitation in

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Section 3(c) is necessary, the billing energy shall be factor 3(c)(4), provided, however, that factor 3(c)(4) shall not exceed factor 3(c)(3).

b. For a purchaser governed by subsection 3b:

(1) the billing demand for the month shall be the largest of factors 3(b)(3), and 3(b)(4), or 3(b)(6) if applicable. Factor 3(b)(4), before adjustment for power factor, shall not exceed the largest of factors 3(b)(1), 3(b)(2), or 3(b)(6) if applicable, except that at such time as BPA determines that the limitation in Section 3(c) is necessary, the billing demand for the month shall be factor 3(c)(2), provided, however, that billing demand factor 3(c)(2), before adjustment for power factor, shall not exceed factor 3(c)(1).

(2) the billing energy for the month shall be factor 3(b)(5) except that at such time as BPA determines that the limitation in Section 3(c) is necessary, the billing energy shall be factor 3(c)(4), provided, however, that factor 3(c)(4) shall not exceed factor 3(c)(3). Factor 3(b)(5) shall not exceed factor 3(b)(2) times the number of hours during such month.

SECTION 5. Adjustments:

a. Power Factor: The adjustment for power factor, when specified in this rate schedule or in the power sales contract, may be made by increasing the measured demand for each month by 1 percent for each 1 percent or major fraction thereof by which the average lagging power factor, or average leading power factor, at which energy is supplied during such month is less than 95 percent, such average power factor to be computed to the nearest whole percent from the formula given in Section 9.1 of the General Rate Schedule Provisions.

The adjustment for power factor may be waived in whole or in part by BPA. Unless specifically otherwise agreed, BPA may, if necessary to maintain acceptable operating conditions on the Federal System, restrict deliveries of power to a purchaser at a point of delivery or for a system at any time that the average power factor for all classes of power delivered to a purchaser at such point of delivery or for such system is below 75 percent lagging or 75 percent leading.

SECTION 6. Unauthorized Increase: That portion of (a) any 60-minute clock-hour integrated demand or scheduled demand (the total amount of power scheduled to the purchaser from BPA) that cannot be assigned to a class of power which BPA delivers on such hour pursuant to contracts between BPA and the purchaser or to a type of power which the purchaser acquires from sources other than BPA which BPA delivers during such hour; or (b) the total of a purchaser's 60-minute clock-hour integrated or scheduled demands during a billing month which cannot be assigned to a class of power which BPA delivers during such month pursuant to contracts between BPA and the purchaser or to a type of power which the purchaser acquires from sources

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other than BPA which BPA delivers during such month, may be considered an unauthorized increase. Each 60-minute clock-hour integrated or scheduled demand shall be considered separately in determining the amount which may be considered an unauthorized increase pursuant to (a) and the total of such amounts which are in fact considered unauthorized increases shall be excluded from the total of the integrated or scheduled demands for such month in determining the amount which may be considered an unauthorized increase under (b).

The charge for an unauthorized increase shall be \$0.13 per kilowatthour.

SECTION 7. General Provisions: Sales of power under this Schedule shall be subject to the provisions of the BPA Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission System Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the General Rate Schedule Provisions.

SCHEDULE NF-1- WHOLESALE NONFIRM ENERGY RATE.

SECTION 1. Availability: This schedule is available for the purchase of nonfirm energy both inside and outside the Pacific Northwest. This schedule is also available for energy delivered for emergency use under the conditions set forth in Section 5.1 of the General Rate Schedule Provisions. This schedule is not available for the purchase of energy which BPA has a firm obligation to supply. This schedule supersedes Schedule H-6 which went into effect on an interim basis on December 20, 1979.

SECTION 2. Rate:

a. Nonfirm Energy Rate: The rate shall be the average cost of transmission which is 2.0 mills per kilowatthour, plus one of the following:

(1) the diurnally differentiated average cost of power from hydroelectric facilities, which is 4.5 mills per kilowatthour during the period Monday through Saturday, 7 a.m. through 10 p.m.; and 3.0 mills per kilowatthour for all other hours of the year, or

(2) the cost of a power purchase in mills per kilowatthour incurred since the preceding July 31, or the last time that all FCRPS reservoirs were substantially full, if they were not substantially full on that date, to the extent such purchase cost is unrecovered, or

(3) BPA's cost of other resources in mills per kilowatthour operated since the preceding July 31, or the last time that all FCRPS reservoirs were substantially full, if they were not substantially full on that date, to the extent such purchase cost is unrecovered, or

(4) a weighted average in mills per kilowatthour based on costs from the preceding categories.

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As an amount of energy associated with any given power purchase or resource is used to derive a charge for a sale of an equivalent amount of nonfirm energy, that purchase or resource cost will no longer be used to determine the rate for subsequent sales.

b. Contract Rate: For contracts which refer to this schedule for determining the value of energy, the rate is 9.6 mills per kilowatthour.

SECTION 3. Delivery: BPA shall determine the availability of energy hereunder and the rate of delivery thereof.

SECTION 4. General Provisions: Sales of energy under this schedule shall be subject to the provisions of the BPA Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the applicable General Rate Schedule Provisions.

SCHEDULE RP-1 - RESERVE POWER RATE

SECTION 1. Availability: This schedule is available for the purchase of:

a. firm power to meet a purchaser's unanticipated load growth as provided in a purchaser's power sales contract;

b. power for which BPA determines no other rate schedule is applicable; or

c. power to serve a purchaser's firm power loads in circumstances where BPA does not have a power sales contract in force with such purchaser, and BPA determines that this rate should be applicable. This rate schedule supersedes Schedule EC-9 which went into effect on an interim basis on December 20, 1979.

SECTION 2. Rate:

a. Demand Charge:

(1) for the billing months December through May, Monday through Saturday, 7 a.m. through 10 p.m.: \$12.57 per kilowatt of billing demand.

(2) for the billing months June through November, Monday through Saturday, 7 a.m. through 10 p.m.: \$3.47 per kilowatt of billing demand.

(3) all other hours: No demand charge.

b. Energy Charge: 62.1 mills per kilowatthour of billing energy.

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SECTION 3. Billing Factors: The factors to be used in determining the billing for power purchased under this rate schedule are as follows:

- a. the contract demand as specified in the contract;
- b. the measured demand;
- c. the contract amount of energy for the month;
- d. the measured energy for the month.

SECTION 4. Determination of Billing Demand and Billing Energy: The billing demand and billing energy shall be determined as provided in a purchaser's power sales contract. If BPA does not have a power sales contract in force with a purchaser, the billing demand and billing energy shall be the measured demand adjusted for power factor and measured energy.

SECTION 5. Unauthorized Increase: That portion of (a) any 60-minute clock-hour integrated demand or scheduled demand (the total amount of power scheduled to the purchaser from BPA) that cannot be assigned to a class of power which BPA delivers on such hour pursuant to contracts between BPA and the purchaser or to a type of power which the purchaser acquires from sources other than BPA which BPA delivers during such hour; or (b) the total of a purchaser's 60-minute clock-hour integrated or scheduled demands during a billing month which cannot be assigned to a class of power which BPA delivers during such month pursuant to contracts between BPA and the purchaser or to a type of power which the purchaser acquires from sources other than BPA which BPA delivers during such month, may be considered an unauthorized increase. Each 60-minute clock-hour integrated or scheduled demand shall be considered separately in determining the amount which may be considered an unauthorized increase pursuant to (a) and the total of such amounts which are in fact considered unauthorized increases shall be excluded from the total of the integrated or scheduled demands for such month in determining the amount which may be considered an unauthorized increase under (b).

The charge for an unauthorized increase shall be \$0.13 per kilowatthour.

SECTION 6. Adjustments.

a. Power Factor: The adjustment for power factor, when specified in this rate schedule or in the power sales contract, may be made by increasing the measured demand for each month by 1 percent for each 1 percent or major fraction thereof by which the average lagging power factor, or average leading power factor, at which energy is supplied during such month is less than 95 percent, such average power factor to be computed to the nearest whole percent from the formula given in Section 9.1 of the General Rate Schedule Provisions.

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The adjustment for power factor may be waived in whole or in part by BPA. Unless specifically otherwise agreed, BPA may, if necessary to maintain acceptable operating conditions on the Federal System, restrict deliveries of power to a purchaser at a point of delivery or for a system at any time that the average power factor for all classes of power delivered to a purchaser at such point of delivery or for such system is below 75 percent lagging or 75 percent leading.

SECTION 7. General Provisions: Sales of power under this Schedule shall be subject to the provisions of the BPA Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission System Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the General Rate Schedule Provisions.

SCHEDULE FE-1 - WHOLESALE FIRM ENERGY RATE.

SECTION 1. Availability: This schedule is available for contract purchase of firm energy, to be delivered for the uses, in the amounts, and during the period or periods specified in such contract. This schedule supersedes Schedule J-2 which went into effect on an interim basis on December 20, 1979.

SECTION 2. Rate: 10.0 mills per kilowatthour of billing energy.

SECTION 3. Billing Factors: The contract energy is the billing factor.

SECTION 4. Determination of Billing Energy: The billing energy shall be determined as provided in the purchaser's power sales contract.

SECTION 5. Delivery: Delivery of energy under this rate schedule is assured during the contract period. However, BPA may interrupt the delivery of firm energy hereunder, in whole or in part, at any time that BPA determines that BPA is unable because of system operating conditions, including lack of generation or transmission capacity, to effect such delivery.

SECTION 6. Adjustments:

a. Power Factor: The adjustment for power factor, when specified in this rate schedule or in the power sales contract, may be made by increasing the contract energy delivered for each month by 1 percent for each 1 percent or major fraction thereof by which the average lagging power factor, or average leading power factor, at which energy is supplied during such month is less than 95 percent, such average power factor to be computed to the nearest whole percent from the formula given in Section 9.1 of the General Rate Schedule Provisions.

The adjustment for power factor may be waived in whole or in part by BPA. Unless specifically otherwise agreed, BPA may, if necessary to

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maintain acceptable operating conditions on the Federal System, restrict deliveries of power to the purchaser at a point of delivery or for a system at any time that the average power factor for all classes of power delivered to a purchaser at such point of delivery or for such system is below 75 percent lagging or 75 percent leading.

SECTION 7. General Provisions: Sales of power under this schedule shall be subject to the provisions of the BPA Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission System Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the General Rate Schedule Provisions.

SCHEDULE SI-1 - SPECIAL INDUSTRIAL POWER RATE

SECTION 1. Availability: This schedule is available for the Hanna Nickel Smelting Company's purchase of a special class of industrial power and/or authorized increase on a contract demand basis and for additional power requested by the purchaser and made available as authorized increase by Bonneville on an intermittent basis. This rate schedule is made available pursuant to section 7(d)(2) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act).

SECTION 2. Rate:

a. Demand Charge:

(1) For the billing months December through May, Monday through Saturday, 7 a.m. through 10 p.m.: \$2.80 per kilowatt of billing demand.

(2) For the billing months June through November, Monday through Saturday, 7 a.m. through 10 p.m.: \$1.44 per kilowatt of billing demand.

(3) All other hours: No demand charge.

b. Energy Charge:
The greater of:

(1) For the billing months September through March: 7.4 mills per kilowatthour of billing energy; for the billing months April through August: 6.9 mills per kilowatthour of billing energy; or

(2) For the billing months September through March:

$[(X/2465) - 4.8]$ mills per kilowatthour;

for the billing months April through August:

$[(X/2480) - 4.9]$ mills per kilowatthour

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Where X = the actual monthly costs in thousands of dollars incurred by the Administrator pursuant to section 5(c) of the Regional Act. But the energy charge is not to exceed 10.6 mills per kilowatthour in any month, excluding any surcharges that will be made applicable pursuant to provisions of the contract to recover the costs of services if conditions affecting profitability of the purchaser's operation improves.

SECTION 3. Billing Factors: The factors to be used in determining the billing for power purchased under this rate schedule are as follows:

- a. contract demand;
- b. curtailed demand;
- c. restricted demand;
- d. measured energy.

SECTION 4. Determination of Billing Demand and Billing Energy: The billing demands for this special class of industrial power and authorized increase, respectively, and for additional power requested by the purchaser and made available by Bonneville as authorized increase on an intermittent basis will be the lowest of the respective contract demand, curtailed demand, or restricted demand after each such demand is adjusted for power factor. The billing energy associated with each of the respective billing demands will be the measured energy distribute proportionately among the respective demands for each hour each such demand is applicable during the billing month.

SECTION 5. Adjustments:

a. Value of Reserves: An adjustment for the value of the reserves provided by purchasers of this special class of industrial power shall be:

- (1) \$0.33 per kilowatt of billing demand.
- (2) 2.3 mills per kilowatthour of billing energy.

The adjustment shall be applied to the same billing factors which are used to determine the billing for power purchased under this rate schedule.

b. Power Factor: The adjustment for power factor, when specified in this rate schedule or in the power sales contract, may be made by increasing the appropriate demand (operating, curtailed, or restricted) for each month by 1-percent for 1-percent or major fraction thereof by which the average lagging power factor or average leading power factor at which energy is supplied during such month is less than 95-percent, such average

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power factor to be computed to the nearest whole percent from the formula given in Section 9.1 of the General Rate Schedule Provisions.

The adjustment for power factor may be waived in whole or in part by BPA. Unless specifically otherwise agreed, BPA may, if necessary to maintain acceptable operating conditions on the Federal System, restrict deliveries of power to a purchaser at a point of delivery or for a system at any time that the average power factor for all classes or power delivered to a purchaser at such point of delivery or for such system is below 75-percent lagging or 75-percent leading.

SECTION 6. Unauthorized Increase: Any amount by which any 60-minute clock-hour integrated demand exceeds that sum of the billing demand for such hour before adjustment for power factor, plus any applicable scheduled demands which the purchaser acquires through other contracts for such hour will be assessed a charge of \$0.13 per kilowatthour.

SECTION 7. Special Conditions - Advance of Energy: BPA may elect to advance energy under terms and conditions of the purchaser's power sale contract.

SECTION 8. General Provisions: Sales of power under this schedule shall be subject to the provisions of the Bonneville Project Act, as amended, the Regional Preference Act, the Federal Columbia River Transmission System Act, the Pacific Northwest Electric Power Planning and Conservation Act, and the applicable General Rate Schedule Provisions.

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GENERAL RATE SCHEDULE PROVISIONS

SECTION 1.1. Priority and New Resource Firm Power: Priority and new resource firm power is electric power which BPA will make continuously available to a purchaser to meet its net firm load requirements within the Pacific Northwest except when restricted because the operation of generation or transmission facilities used by BPA to service such purchaser is suspended, interrupted, interfered with, curtailed, or restricted as the result of the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service Sections of the General Contract Provisions of the contract. Such restriction of priority and new resource firm power shall not be made until industrial firm power has been restricted in accordance with Section 1.4 and until modified firm power has been restricted in accordance with Section 1.2.

SECTION 1.2. Modified Firm Power: Modified firm power is electric power which BPA will make continuously available to a purchaser on a contract demand basis subject to: (a) the restriction applicable to priority and new resource firm power, and (b) the following:

When a restriction is made necessary because the operation of generation or transmission facilities used by BPA to serve such purchaser and one or more priority and new resource firm power purchasers is suspended, interrupted, interfered with, curtailed, or restricted as a result of the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service Sections of the General Contract Provisions of the contract BPA shall restrict such purchaser's contract demand for modified firm power to the extent necessary to prevent, if possible, or minimize restriction of any priority and new resource firm power, provided, however that:

(1) such restriction of modified firm power shall not exceed at any time 25 percent of the contract demand therefore, and

(2) the accumulation of such restrictions of modified firm power during any calendar year, expressed in kilowatthours, shall not exceed 500 times the contract demand therefor. When possible, restrictions of modified firm power will be made ratably with restrictions of industrial firm power based on the proportion that the respective contract demands bear to one another. The extent of such restrictions shall be limited for modified firm power by this subsection and for industrial firm power by the Restriction of Deliveries Section of the General Contract Provisions of the contract.

SECTION 1.3. Firm Capacity: Firm capacity is capacity which BPA assures will be available to a purchaser on a contract demand basis except when operation of generation or transmission facilities used by BPA to serve such purchaser is suspended, interrupted, interfered with, curtailed, or restricted as the result of the occurrence of any condition described in the

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Uncontrollable Forces or Continuity of Service Sections of the General Contract Provisions of the contract.

SECTION 1.4. Industrial Firm Power: Industrial firm power is electric power which BPA will make continuously available to a purchaser on a contract demand basis subject to: (a) the restriction applicable to priority and new resource firm power; and (b) the following:

(1) the restrictions given in the Restriction of Deliveries Section of the Power Sales Provisions of the contract.

(2) when a restriction is made necessary because of the operation of generation or transmission facilities used by BPA to serve such purchaser and one or more priority and new resource firm power purchasers is suspended, interrupted, interfered with, curtailed, or restricted as a result of the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service Sections of the General Contract Provisions of the contract, BPA shall restrict such purchaser's operating demand for industrial firm power to the extent necessary to prevent, if possible, or minimize restriction of priority and new resource firm power. When possible, restrictions of industrial firm power will be made ratably with restrictions of modified firm power based on the proportion that the respective contract and operating demands bear to one another. The extent of such restrictions shall be limited for modified firm power by Section 1.2(b) of these General Rate Schedule Provisions and for industrial firm power by the Restrictions of Deliveries Section of the contract.

SECTION 1.5. Authorized Increase: An authorized increase is an amount of electric power specified in the contract in excess of the contract or operating demand for priority firm power, new resource firm power, modified firm power, or industrial firm power that BPA may be able to make available to the purchaser upon its request. The purchaser shall make such request in writing stating the amount of increase requested, the purpose for which it will be used, and the period for which it is needed. Such request shall be made prior to the first calendar month beginning such specified period. BPA will then determine whether such increase can be made available, but it shall retain the right to restrict the delivery of such increase if it determines at any subsequent time that such increase will no longer be available.

The purchaser may curtail an authorized increase, in whole or in part, at the end of any billing month within the period such authorized increase is to be made available.

SECTION 1.6. Firm Energy: Firm energy is energy which BPA assures will be available to a purchaser during the period or periods specified in the contract except during hours as may be specified in the contract and when the operation of the Government's facilities used to serve the purchaser are suspended, interrupted, interfered with, curtailed, or restricted by the occurrence of any condition described in the Uncontrollable Forces or

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Continuity of Service Sections of the General Contract Provisions of the contract.

SECTION 2.1. Contract Demand: The contract demand shall be the number of kilowatts that the purchaser agrees to purchase and BPA agrees to make available. BPA may agree to make deliveries at a rate in excess of the contract demand at the request of the purchaser (authorized increase), but shall not be obligated to continue such excess deliveries.

SECTION 2.2. Measured Demand:

a. The purchaser's measured demand will be determined according to this section unless the terms of a contract executed after December 5, 1980 provide otherwise.

b. Except where deliveries are scheduled as hereinafter provided, the measured demand in kilowatts shall be the largest of the 60-minute clock-hour integrated demands at which electric energy is delivered to a purchaser at each point of delivery during each time period specified in the applicable rate schedule during any billing period. Such largest 60-minute integrated demand shall be determined from measurements made as specified in the contract, or as determined in Section 3.2 herein. BPA, in determining the measured demand, will exclude any abnormal 60-minute integrated demands due to or resulting from (a) emergencies or breakdowns on, or maintenance of, the Federal System facilities; and (b) emergencies on the purchaser's facilities, provided that such facilities have been adequately maintained and prudently operated as determined by BPA. For those contracts to which BPA is a party and which provide for delivery of more than one class of electric power to the purchaser at any point of delivery, the portion of each 60-minute integrated demand assigned to any class of power shall be determined as specified in the contract. The portion of the total measured demand so assigned shall constitute the measured demand for each such class of power.

If the flow of electric energy to a purchaser's system through two or more points of delivery cannot be adequately controlled because such points are interconnected within the purchaser's system, or the purchaser's system is interconnected directly or indirectly with the Federal System, the purchaser's measured demand for each class of power for such system for any billing period shall be the largest of the hourly amounts of such class of power which are scheduled for delivery to the purchaser during each time period specified in the applicable rate schedule.

SECTION 2.3. Peak Computed Demand and Energy Computed Demand:

The purchaser's peak computed demand and energy computed demand will be determined according to this section unless terms of a contract executed after December 5, 1980 provide otherwise.

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The purchaser's peak computed demand for each billing month shall be the largest amount during such month by which the purchaser's 60-minute system demand exceeds its assured peaking capability.

The purchaser's average energy computed demand for each billing month shall be the amount during such month by which the purchaser's actual system average load exceeds its assured average energy capability.

a. General Principles:

(1) The assured peaking and average energy capability of each of the purchaser's systems shall be determined and applied separately.

(2) As used in this section, "year" shall mean the 12-month period commencing July 1.

(3) The critical period is that period, determined for the purchaser's system under adverse streamflow conditions adjusted for current water uses, assured storage operation, and appropriate operating agreements, during which the purchaser would have the maximum requirement for peaking or energy after utilizing the firm capability of all resources available to its system in such a manner as to place the least requirement for capacity and energy on BPA.

(4) Critical water conditions are those conditions of streamflow based on historical records, adjusted for current water uses, assured storage operation, and appropriate operating agreements, for the year or years which would result in the minimum capability of the purchaser's firm resources during the critical period.

(5) Prior to the beginning of each year the purchaser shall determine the assured capability of each of the purchaser's systems in terms of peaking and average energy for each month of each year or years within the critical period. The firm capability of all resources available to the purchaser's system shall be utilized in such a manner as to place the least requirement for capacity and energy on BPA. Such assured capability shall be effective after review and approval by BPA.

(6) The purchaser's assured energy capability shall be determined by shaping its firm resources to its firm load in a manner which places a uniform requirement on BPA within each year of the critical period with such requirement increasing each year not in excess of the purchaser's annual load growth.

(7) As used herein, the capability of a firm resource shall include only that portion of the total capability of such resource which the purchaser can deliver on a firm basis to its load. The capabilities of all generating facilities which are claimed as part of the purchaser's assured capability shall be determined by test or other substantiating data acceptable to BPA. BPA may require verification of the capabilities of any

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or all of the purchaser's generating facilities. Such verification will not be required more often than once each year for operating plants, or more often than once each third year for thermal plants in cold standby status, if BPA determines that adequate annual preventive maintenance is performed and the plant is capable of operating at its claimed capability.

(8) In determining assured capability, the aggregate capability of the purchaser's firm resources shall be appropriately reduced to provide adequate reserves.

b. Determination of Assured Capability: The purchaser's assured peaking and energy capabilities shall be the respective sums of the capabilities of its hydroelectric generating plants based on the most critical water conditions on the purchaser's system, the capabilities of its thermal generating plants based on the adverse fuel or other conditions reasonably to be anticipated; and the firm capabilities of other resources made available under contracts prior to the beginning of the year, after deduction of adequate reserves. Assured capabilities shall be determined for each month if the purchaser has seasonal storage. The capabilities of the purchaser's firm resources shall be determined as follows:

(1) Hydroelectric Generating Facilities: The capability of each of the purchaser's hydroelectric generating plants shall be determined in terms of both peaking and average energy using critical water conditions. The average energy capability shall be that capability which would be available under the storage operation necessary to produce the claimed peaking capability.

Seasonal storage shall mean storage sufficient to regulate all the purchaser's hydroelectric resources in such a manner that when combined with the purchaser's thermal generating facilities, if any, and with firm capacity and energy available to the purchaser under contracts, a uniform energy computed demand for a period of one (1) month or more would result.

A purchaser having seasonal storage shall, within 10 days after the end of each month in the critical period, notify BPA in writing of the assured energy capability to be applied tentatively to the preceding month; such notice shall also specify the purchaser's best estimate of its average system energy load for such month. If such notice is not submitted, or is submitted later than 10 days after the end of the month to which it applies, subject to the limitations stated herein, the assured energy capability determined for such month prior to the beginning of the year shall be applied to such month and may not be changed thereafter.

If notice has been submitted pursuant to the preceding paragraph, the purchaser shall, within 30 days after the end of the month, submit final specification of the assured energy capability to be applied to the preceding month; provided that the assured energy capability so specified shall not differ from the amount shown in the original notice by

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more than the amount by which the purchaser's actual average system energy load for such month differs from the estimate of that load shown in the original notice. If the assured energy capability for such month differs from that determined prior to the beginning of the year for such month, the purchaser, if required by BPA, shall demonstrate by a suitable regulation study based on critical water conditions that such change could actually be accomplished, and that the remaining balance of its total critical period assured energy capability could be developed without adversely affecting the firm capability of other purchaser's resources. The algebraic sum of all such changes in the purchaser's assured energy capability shall be zero at the end of the critical period or year, whichever is earlier. Appropriate adjustments in the assured peaking capability shall be made if required by any change in reservoir operation indicated by such revisions in the monthly distribution of critical period energy capability.

(2) Thermal Generating Facilities: The capability of each of the purchaser's thermal generating plants shall be determined in terms of both peaking and average energy. Such capabilities shall be based on the adverse fuel or other conditions reasonably to be anticipated. The effect of limitations on fuel supply due to war or other extraordinary situations will be evaluated at the time of occurrence.

(3) Other Sources of Power: The assured capability of other resources available to the purchaser on a firm basis under contracts shall be determined prior to each year in terms of both peaking and average energy.

c. Determination of Computed Demand: The purchaser's computed demand for each billing month shall be the greater of:

(1) The largest amount during such month by which the purchaser's actual 60-minute system demand, excluding any loads otherwise provided for in the contract, exceeds its assured peaking capability for such month, or period within such month, or

(2) The largest amount for such month, or period within such month, by which the purchaser's actual system average energy load, excluding the average energy loads otherwise provided for in the contract, exceeds its assured average energy capability.

The use of computed demands as one of the alternatives in determining billing demand is intended to assure that each purchaser who purchases power from BPA to supplement its own firm resources will purchase amounts of power substantially equivalent to the additional capacity and energy which the purchaser would otherwise have to provide on the basis of normal and prudent operations, viz, sufficient capacity and energy to carry the load through the most critical water or other conditions reasonably to be anticipated, with an adequate reserve.

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Since the computed demand depends on the relationship of capability of resources to system requirements, the computed demand for any month cannot be determined until after the end of the month. As each purchaser must estimate its own load, and is in the best position to follow its development from day to day, it will be the purchaser's responsibility to request scheduling of priority and new resource firm power, including any increase over previously established demands, on the basis estimated by the purchaser to result in the most advantageous purchase of the power to be billed at the end of the month.

SECTION 2.4. Restricted Demand: A restricted demand shall be the number of kilowatts of priority firm power, new resource firm power, modified firm power, industrial firm power, or authorized increase of any of the preceding classes of power which results when BPA has restricted delivery of such power for one (1) clock-hour or more. Such restrictions by BPA are made pursuant to the power sales contract for industrial firm power and pursuant to Section 1.1 and 1.2 of the General Rate Schedule Provisions for priority and new resource firm power and modified firm power, respectively. Such restricted demand shall be determined by BPA after the purchaser has made its determination to accept such restriction or to curtail its contract demand for the month in accordance with Section 2.5 of the General Rate Schedule Provisions.

SECTION 2.5. Curtailed Demand: A curtailed demand shall be the number of kilowatts of priority firm power, new resource firm power, modified firm power, industrial firm power, or authorized increase of any of the preceding classes of power which results from the purchaser's request for such power in amounts less than the contract demand therefor. Each purchaser of industrial firm power or modified firm power may curtail its demand in accordance with the contract. Each purchaser of an authorized increase in excess of priority firm power, new resource firm power, modified firm power, or industrial firm power may curtail its demand in accordance with Section 1.5 of the General Rate Schedule Provisions.

SECTION 3.1. Billing: Unless otherwise provided in the contract, power made available to a purchaser at more than one point of delivery shall be billed separately under the applicable rate schedule or schedules. The contract may provide for combined billing under specified conditions and terms when (a) delivery at more than one point is beneficial to BPA; or (b) the flow of power at the several points of delivery is reasonably beyond the control of the purchaser.

If deliveries at more than one point of delivery are billed on a combined basis for the convenience of the customer, a charge will be made for the diversity between the measured demands at the several points of delivery. The charge for the diversity shall be determined in a uniform manner among purchasers and shall be specified in the contract.

SECTION 3.2. Determination of Estimated Billing Data: If the purchased amounts of capacity, energy, or the 60-minute integrated demands

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for energy must be estimated from data other than metered or scheduled quantities, BPA and the purchaser will agree on billing data to be used in preparing the bill. If the parties cannot agree on estimated billing quantities, a determination binding on both parties shall be made in accordance with the arbitration provisions of the contract.

SECTION 4.1 Application of Rates during Initial Operation Period: For an initial operating period, not in excess of 3 months, beginning with the commencement of operation of a new industrial plant, a major addition to an existing plant, or reactivation of an existing plant or important part thereof, BPA may agree (a) to bill for service to such new, additional, or reactivated plant facilities on the basis of the measured demand for each day, adjusted for power factor; or (b) if such facilities are served by a distributor purchasing power therefor from BPA to bill for that portion of such distributor's load which results from service to such facilities on the basis of the measured demand for each day, adjusted for power factor. Any rate schedule provisions regarding contract demand, billing demand, and minimum monthly charge which are inconsistent with this Section shall be inoperative during such initial operating period.

The initial operating period and the special billing provisions may, on approval by Bonneville, be extended beyond the initial 3-month period for such additional time as is justified by the developmental character of the operations.

SECTION 5.1. Energy Supplies for Emergency Use: A purchaser taking priority and/or new resource firm power shall pay in accordance with Wholesale Nonfirm Energy Rate Schedule NF-1 and Emergency Capacity Schedule CE-1 for any electric energy which has been supplied; (a) for use during an emergency on the purchaser's system; or (b) following an emergency to replace energy secured from sources other than BPA during such emergency, except that mutual emergency assistance may be provided and settled under exchange agreements.

SECTION 6.1. Billing Month: Meters will normally be read and bills computed at intervals of 1 month. A month is defined as the interval between meter-reading dates which normally will be approximately 30 days. If service is for less or more than the normal billing month, the monthly charges stated in the applicable rate schedule will be appropriately adjusted. Winter and summer periods identified in the rate schedules will begin and end with the beginning and ending of the purchaser's billing month having meter-reading dates closest to the periods so identified.

SECTION 7.1. Payment of Bills: Bills for power shall be rendered monthly and shall be payable at BPA's headquarters. Failure to receive a bill shall not release the purchaser from liability for payment. Demand and energy billings under each rate schedule application shall be rounded to whole dollar amounts, by elimination of any amount of less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

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If BPA is unable to render the purchaser a timely monthly bill which includes a full disclosure of all billing factors, it may elect to render an estimated bill for that month to be followed at a subsequent billing date by a final bill. Such estimated bill, if so issued, shall have the validity of and be subject to the same repayment provisions as shall a final bill.

Bills not paid in full on or before the close of business of the 20th day after the date of the bill shall bear an additional charge which shall be the greater of one-fourth percent (0.25%) of the amount unpaid or \$50. Thereafter a charge on 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. The provisions of this paragraph shall not apply to bills rendered under contracts with other agencies of the United States.

Remittances received by mail will be accepted without assessment of the charges referred to in the preceding paragraph provided the postmark indicates the payment was mailed on or before the 20th day after the date of the bill. If the 20th day after the date of the bill is a Sunday or other nonbusiness day of the purchaser, the next following business day shall be the last day on which payment may be made to avoid such further charges. Payment made by metered mail and received subsequent to the 20th day must bear a postal department cancellation in order to avoid assessment of such further charges.

BPA may, whenever a power bill or a portion thereof remains unpaid subsequent to the 20th day after the date of the bill, and after giving 30 days advance notice in writing, cancel the contract for service to the purchaser, but such cancellation shall not affect the purchaser's liability for any charges accrued prior thereto.

SECTION 8.1. Approval of Rates: Schedules of rates and charges, or modifications thereof, for electric power sold by BPA shall become effective on a final basis after confirmation and approval by the Federal Energy Regulatory Commission. Pending the establishment of procedures by the Commission to approve rates on a final basis, the entity or entities having been designated by the Secretary of Energy prior to December 5, 1980, shall have authority to confirm and approve schedules of rates and charges on an interim basis.

SECTION 9.1. Average Power Factor: The formula for determining average power factor is as follows:

$$\text{Average Power Factor} = \frac{\text{Kilowatthours}}{\sqrt{(\text{Kilowatthours})^2 + (\text{Reactive Kilovolt-ampere-hours})^2}}$$

The data used in the above formula shall be obtained from meters which are ratcheted to prevent reverse registration.

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When deliveries to a purchaser at any point of delivery include more than one class of power or are under more than one rate schedule, and it is impracticable to separately meter the kilowatthours and reactive kilovoltamperehours for each class, the average power factor of the total deliveries for the month will be used, where applicable, as the power factor for each of the separate classes of power and rate schedules.

SECTION 10.1. Temporary Curtailment of Contract Demand: The reduction of charges for power curtailed pursuant to the purchaser's contract and Section 1.5 and 2.5 hereof shall be applied in a uniform manner.

SECTION 11.1. General Provisions. The Wholesale Rate Schedules and General Rate Schedule Provisions of the BPA Power Administration effective July 1, 1981, supersede in their entirety BPA's Wholesale Power Rate Schedule Provisions effective December 20, 1979.

(WP-PCI-0390c)

GCP Form PSC - 1

GENERAL CONTRACT PROVISIONS

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I. RELATING TO ALL PURCHASERS

A. IN REFERENCE TO MEANING

1. Definitions. The definitions in the body of this contract and the following additional definitions apply to this exhibit.

(a) "Billing Month," when used with respect to a Direct-Service Industrial Customer, means a calendar month.

(b) "Contractor" means the Purchaser.

(c) "Direct Service Industrial Customer" means a purchaser of industrial firm power, modified firm power, or similar classes of power under contracts providing for the purchase of any such class of power directly from Bonneville.

(d) "Federal System" or "Federal System Facilities" means the facilities of the Federal Columbia River Power System, which for the purposes of this contract shall be deemed to include the generating facilities of the Government in the Pacific Northwest for which Bonneville is designated as marketing agent; the facilities of the Government under the jurisdiction of Bonneville; and any other facilities:

(1) from which Bonneville receives all or a portion of the generating capability (other than station service) for use in meeting Bonneville's loads, such facilities being included only to the extent Bonneville has the right to receive such capability; provided, however, that "Bonneville's loads" shall not include that portion of the loads of any Bonneville customer which are served by a nonfederal generating resource purchased or owned directly by such customer which may be scheduled by Bonneville;

(2) which Bonneville may use under contract, or license; or

(3) to the extent of the rights acquired by Bonneville pursuant to the Treaty, between the Government and Canada, relating to the cooperative development of water resources of the Columbia River Basin, signed in Washington, D.C., on January 17, 1961.

(e) "Federal Energy Regulatory Commission" means the Federal Energy Regulatory Commission or its successor.

(f) "Measured Demand" when used with respect to a Direct Service Industrial Purchaser means the largest of the Integrated Demands, adjusted as appropriate to the Point of Delivery, for the time periods for which there is a demand charge specified in the applicable rate schedule in the Wholesale Power Rate Schedule and General Rate Schedule Provisions Exhibit during a Billing Month.

(g) "Point(s) of Delivery" means the point(s) of delivery listed either in the Points of Delivery Exhibit to this contract or in the body of this contract.

(h) "P.L. 96-501" means the Regional Act.

(i) "Transferor" means an entity which receives Bonneville's power or energy at one point on such entity's system and makes such power or energy available at another point on its system for the account of Bonneville.

(j) "Uncontrollable Forces" means:

(1) strikes or work stoppage affecting the operation of the Purchaser's works, system, or other physical facilities or of the Federal System Facilities or the physical facilities of any Transferor upon which such operation is completely dependent; the term "strikes or work stoppage" shall be deemed to include threats of imminent strikes or work stoppage which reasonably require a party or Transferor to restrict or terminate its

operations to prevent substantial loss or damage to its works, system, or other physical facilities; or

(2) such of the following events as the Purchaser or Bonneville or any Transferor by exercise of reasonable diligence and foresight, could not reasonably have been expected to avoid:

(A) events, reasonably beyond the control of either party or any Transferor, causing failure, damage, or destruction of any works, system or facilities of such party or Transferor; the word "failure" shall be deemed to include interruption of, or interference with, the actual operation of such works, system, or facilities;

(B) floods or other conditions caused by nature which limit or prevent the operation of, or which constitute an imminent threat of damage to, any such works, system, or facilities; and

(C) orders and temporary or permanent injunctions which prevent operation, in whole or in part, of the works, system, or facilities of either party or any Transferor, and which are issued in any bona fide proceeding by:

(i) any duly constituted court of general jurisdiction; or

(ii) any administrative agency or officer, other than Bonneville or its officers, provided by law (a) if said party or Transferor has no right to a review of the validity of such order by a court of competent jurisdiction; or (b) if such order is operative and effective unless suspended, set aside, or annulled by a court of competent jurisdiction and such order is not suspended, set aside, or annulled in a judicial proceeding

prosecuted by said party or Transferor in good faith; provided, however, that if such order is suspended, set aside, or annulled in such a judicial proceeding, it shall be deemed to be an "uncontrollable force" for the period during which it is in effect; provided, further, that said party or Transferor, shall not be required to prosecute such a proceeding, in order to have the benefits of this section, if the parties agree that there is no valid basis for contesting the order.

The term "operation" as used in this subsection shall be deemed to include construction, if construction is required to implement the contract and is specified therein.

(k) "Utility" means a party to a residential purchase and sale agreement offered pursuant to section 5(c) of P.L. 96-501 which shall also be referred to as the "Purchaser" for the purposes of this exhibit.

2. Interpretation.

(a) The provisions in this exhibit shall be deemed to be a part of the contract body to which they are an exhibit. If a provision in such contract body is in conflict with a provision contained in this exhibit, the former shall prevail.

(b) If a provision in the General Rate Schedule Provisions incorporated in the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit is in conflict with a provision contained in this exhibit or the contract body, this exhibit or the contract body shall prevail.

(c) Nothing contained in this contract shall, in any manner, be construed to abridge, limit, or deprive any party hereto of any means of enforcing any

remedy, either at law or in equity, for the breach of any of the provisions of this contract which it would otherwise have.

B. IN REFERENCE TO COMPUTATION OF CHARGES

3. Measurements. Each measurement of each meter mentioned in this contract shall be the measurement automatically recorded by such meter or, at the request of either party, the measurement as mutually determined by the best available information.

If it is provided in this contract that measurements made by any of the meters specified therein are to be adjusted for losses, such adjustments shall be made by using factors, or by compensating the meters, as agreed upon by the parties hereto. If changes in conditions occur which substantially affect any such loss factor or compensation, it will be changed in a manner which will conform to such change in conditions.

4. Adjustment for Change of Conditions. Changes in conditions may occur after the date of execution of this contract which substantially affect factors required by this contract to be used in determining (a) the charge for a service or for use of facilities provided by Bonneville other than charges for the sale of electric power and energy or (b) the amount of losses from the transmission or transformation of electric power or energy. Such factors will then be changed in an equitable manner which will conform to such changes in conditions.

5. Adjustment for Inaccurate Metering. If any meter mentioned in this contract fails to register, if the measurement made by such meter during a test

made as provided in section 26 hereof varies by more than one percent from the measurement made by the standard meter used in such test or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made, if such period can be determined. If such period cannot be determined the adjustment shall be made for the period immediately preceding the test of such meter which is equal to the lesser of (a) one-half the time from the date of the last preceding test of such meter or (b) 6 months. Such corrected measurements shall be used to recompute the amounts due from the Purchaser for the electric power and energy made available under this contract during such period and shall be used, when applicable, in future billings to the Purchaser. If the total amount due from the Purchaser for such period as recomputed varies from the total amount previously billed by Bonneville, Bonneville shall adjust the wholesale power bill(s) as soon as practicable.

6. Adjustment for Unbalanced Phase Demands. If the Purchaser fails to make promptly the changes mentioned in section 24 hereof, Bonneville may, after giving written notice one month in advance, determine that the Measured Demand of the Purchaser at the Point of Delivery in question during each month thereafter, until such changes are made, is equal to the product obtained by multiplying by three the largest of the Integrated Demands on any phase adjusted as appropriate to such point during such month.

7. Reducing Charges for Interruptions. If deliveries of electric power and energy to the Purchaser are suspended, interrupted, interfered with or curtailed due to Uncontrollable Forces on either the Purchaser's system, the Federal System or any Transferor's system, or if Bonneville or any Transferor

interrupts or reduces deliveries to the Purchaser for any of the reasons stated in section 14 hereof, the charges for power shall be appropriately reduced. Partial interruptions shall be converted to an equivalent outage of total Measured Demand. No total outage or equivalent outage of less than 30 minutes duration shall be considered for computation of such reduction in charges.

C. IN REFERENCE TO RATES

8. Equitable Adjustment of Rates.

(a) Bonneville shall establish, periodically review and revise rates for the sale and disposition of electric power, capacity or energy sold pursuant to the terms of this contract. Such rates shall be established in accordance with applicable law.

(b) As used in this section, the words "Rate Adjustment Date" mean any date as specified by Bonneville in a notice of intent to file revised rates as published in the Federal Register; provided, however, that such date shall not occur sooner than (1) nine months from the date that such notice of intent is published; or (2) twelve months from any previous Rate Adjustment Date. By giving written notice to the Purchaser 45 days prior to such Rate Adjustment Date, Bonneville may delay such Rate Adjustment Date for up to 90 days if Bonneville determines either that the revenue level of the proposed rates differs by more than five percent from the revenue requirements indicated by most recent repayment studies entered in the hearings record or that external events beyond Bonneville's control will prevent Bonneville from meeting such Rate Adjustment Date. Bonneville may cancel a notice of intent to file revised

rates at any time (1) by written notice to the Purchaser; or (2) by publishing in the Federal Register a new notice of intent to file revised rates which specifically cancels a previous notice.

(c) The Purchaser shall pay Bonneville for the electric power and energy made available under this contract during the period commencing on each Rate Adjustment Date and ending at the beginning of the next Rate Adjustment Date at the rate specified in any rate schedule available at the beginning of such period for service of the class, quality, and type provided for in this contract, and in accordance with the terms thereof, and of the General Rate Schedule Provisions as changed with, incorporated in or referred to in such rate schedule. New rates shall not be effective on any Rate Adjustment Date unless they have been approved on a final or interim basis by a governmental agency designated by law to approve Bonneville rates. Rates shall be applied in accordance with the terms thereof, the General Rate Schedule Provisions as changed with, incorporated in or referred to in such rate schedule and the terms of this contract.

(d) (1) Bonneville reserves the authority to impose a conservation surcharge as provided by section 4(f) and 7(h) of P.L. 96-501. The Purchaser shall pay the amount of any such surcharge so imposed as part of its payment to Bonneville for wholesale power.

(2) Bonneville and the Purchaser recognize that cost-effective model conservation standards are to be adopted by the Pacific Northwest Electric Power and Conservation Planning Council ("the Council") pursuant to P.L. 96-501, and that, in accordance with section 4(f) of P.L. 96-501, such standards are required to include, but are not limited to, standards

applicable to Customer and governmental conservation programs. Bonneville will make available financial assistance to implement such cost-effective standards pursuant to its obligations under section 6(a)(1) and 6(e)(1) of P.L. 96-501, and as described at page 43 of the Report of the Committee on Interior Affairs of the U.S. House of Representatives (Report No. 96-976, Part II) regarding section 4(f).

(3) Upon adoption of a methodology as provided in section 4(f)(2) and section 4(e)(3)(G) of P.L. 96-501, Bonneville will give notice of intent to adopt a rule, provide opportunity for public comment, and publish draft procedures in the Federal Register for imposing surcharges. Such rule shall include:

(A) standards to be met before Bonneville will excuse surcharges which would otherwise be appropriate, consistent with Bonneville's obligations to implement cost-effective conservation measures to the maximum extent practicable;

(B) that Bonneville will impose surcharges to the extent not excused or suspended under the terms of the rule;

(C) an opportunity for interested persons to present views, data, questions, and arguments to Bonneville relevant to the imposition of surcharges in specific instances, and the adequacy of financial assistance made available by Bonneville;

(D) that surcharges imposed will be continued to the extent and for the period projected energy savings attributable to cost-effective model conservation standards are not achieved;

(E) for recovery from the Purchaser of the additional costs (including increases in the Utility's average system cost) that Bonneville will incur because the projected energy savings attributable to model conservation standards have not been achieved, subject to the limitations set forth in sections 4(f)(1) and 4(f)(2) of P.L. 96-501; provided, however, that surcharges will not be levied as a result of an increase in a Utility's average system cost except to the extent that the Utility failed to implement conservation measures that are designed to be cost-effective for its Consumers in terms of the electric rates its Consumers pay.

(4) Nothing in this section shall waive or prejudice the right of any person or Customer to assert any of its legal rights with respect to the model conservation standards, their application, or the imposition of any surcharges.

(e) Bonneville's wholesale power rates established on any Rate Adjustment Date shall be developed consistent with the provisions of section 7 of P.L. 96-501. Bonneville shall develop in consultation with its utility Customers and shall publish by July 1, 1983, methodologies as required for implementing section 7(b)(2).

(f) Power Cost Allocations After July 1, 1985. Power cost allocations among Customer classes will follow the same methods set forth in Appendix B of the Senate Report S.885 (S. Rep. 272, 96 Cong., 1st Sess. 1979) for the period

after July 1, 1985, and in the same general manner as further explained in the 1981 Bonneville wholesale power rate case by Exhibit U submitted in such rate case and the accompanying Bonneville testimony.

(h) Individual Customer Rate Limit Under Section 7(f) of P.L. 96-501.

(1) The provisions of this subsection shall apply to any Customer from whom or on behalf of whom Bonneville has acquired a resource pursuant to section 6 of P.L. 96-501, if and to the extent such Customer purchases Firm Power from Bonneville at a rate established pursuant to section 7(f) of P.L. 96-501.

(2) The rate established pursuant to section 7(f) charged to any such Customer for an amount of Firm Power not exceeding that acquired by Bonneville from or on behalf of such Customer, exclusive of any costs allocated to such rate in accordance with sections 7(b)(3), 7(g), and 7(h) of P.L. 96-501, shall not exceed the average cost of the resources acquired by Bonneville from such Customer, exclusive of resources whose costs are allocated by Bonneville pursuant to section 7(g) and any resources acquired under section 5(c). The average cost of such resources shall be adjusted for any additional costs such Customer would have incurred in order to provide itself the same quantity and quality of power from such resources if such resources had not been acquired by Bonneville.

(3) Bonneville shall develop a methodology for performing the adjustments required by paragraph (2) by procedures comparable to those employed in establishing the methodology referred to in subsection (e) above.

(4) Costs not recovered from any Customer because of the provisions of paragraph (2) shall be recovered from other Customers through rates established pursuant to section 7(f), to the extent that such recovery can be made without exceeding the allowable section 7(f) rates for such other Customers pursuant to paragraph (2). To the extent such recovery cannot be made without exceeding the allowable section 7(f) rates established pursuant to paragraph (2), the unrecovered balance shall be spread on a pro rata kilowatt and kilowatthour basis among all Firm Power purchased by Customers under rates established pursuant to section 7(f) and not be borne by other Customer classes under rates established pursuant to sections 7(b) and 7(c) of P.L. 96-501. The pro rata recovery shall be limited to rates established pursuant to section 7(f) and shall not increase the cost of the "other resources" specified in section 7(b)(1) of P.L. 96-501.

(i) Rates for Firm Power sold pursuant to sections 14 and 17 of the utility power sales contract shall be established in such a fashion that the Purchaser shall not be billed for Firm Power during any twelve month rate period in excess of the amount to which the Purchaser was entitled to take during such twelve-month period.

(j) Allocation of Certain Section 7(g) Costs. Costs of uncontrollable events, including but not limited to costs of a terminated generating facility, and costs of experimental resources, in excess of the cost of cost-effective resources, shall be allocated pursuant to section 7(g) of P.L. 96-501 and shall be allocated among Customers on a uniform per kilowatt or kilowatthour basis. Beginning on July 1, 1985, such costs and other costs allocated pursuant to

section 7(g) of P.L. 96-501 will be reflected in the rates charged Direct-Service Industrial Customers only to the extent they modify Bonneville's wholesale power rates to public body and cooperative Customers for power that serves such Customers' retail industrial Consumers.

(k) Bonneville's wholesale power rates shall include the amount by which the cost of resources acquired either at the request of the Purchaser pursuant to section 17(j) of the utility power sales contract or at the request of other Customers under similar power sales contracts exceed the estimated revenues Bonneville expects to recover for sale of such power pursuant to section 19(b)(1)(E) of such contract or similar power sales contracts. Such costs shall be recovered from Bonneville's Customers pursuant to section 7(g) of P.L. 96-501, as the cost of an uncontrollable event.

(l) Allocation of Exchange Resources. The energy or capacity, or both, associated with resources acquired by Bonneville pursuant to section 5(c)(2) of P.L. 96-501 shall be allocated at the cost thereof to Customers purchasing Firm Power under rates established pursuant to section 7(b) of P.L. 96-501 to the extent that the load requirements of such Customers exceed the amount of Federal base system resources, including replacements thereto, determined to be available for ratemaking purposes. Such energy and capacity allocated to Customers purchasing Firm Power under rates established pursuant to section 7(f) of P.L. 96-501 shall be allocated at the cost thereof. The total cost of resources acquired under section 5(c) of P.L. 96-501 allocated to Direct-Service Industrial Customers purchasing power under rates established pursuant to section 7(c)(1)(A) of P.L. 96-501 shall not exceed the average

costs associated with the amount of such resources determined by Bonneville to be required to serve that portion of the firm load of Direct-Service Industrial Customers not served by other resources.

(m) Revenue obtained by Bonneville through the recapture of costs associated with section 5(c)(7)(C) of P.L. 96-501 shall be equitably allocated through Bonneville's wholesale power rates to Customer classes in proportion to the respective prior payment of such costs by such classes through Bonneville's wholesale power rates.

(n) Bonneville shall consult with the Purchaser and other Customers prior to making a determination to replace reductions in the capability of the Federal base system resources and shall make such replacements in an economically prudent manner. Resources acquired as a replacement shall not be from resources purchased by Bonneville under section 5(c) of P.L. 96-501. All or a portion of a resource acquired from or on behalf of the Purchaser may be used as a replacement according to the terms specified in the resource purchase agreement. Bonneville may replace reductions in the capability of the Federal base system resources for plant delays when and to the extent needed to meet the sum of (1) Bonneville's obligation to supply Firm Power during an Operating Year to public bodies, cooperatives and Federal agencies; and (2) Bonneville's firm contractual obligations with its other Customers in place on the effective date of P.L. 96-501 and which contracts are or would have been effective during such Operating Year.

D. IN REFERENCE TO DELIVERY OF POWER

9. Character of Service. Unless otherwise specifically provided for in the contract, electric power or energy made available pursuant to this contract shall be in the form of three-phase current, alternating at a nominal frequency of 60 hertz.

10. Point(s) of Delivery and Delivery Voltage. Electric power and energy shall be delivered to each Purchaser at the Point(s) of Delivery and at such voltage(s) as specified. Unless otherwise agreed, delivery at more than one voltage shall constitute delivery at more than one point.

11. Metered Quantities. The amount(s) of energy, Integrated Demands therefor and amount(s) of reactive energy delivered to the Point(s) of Delivery during each month shall be determined from measurements made by meters installed for such Point(s) of Delivery in the circuit specified.

12. Where Additional Facilities Required. If additional delivery point facilities must be constructed or installed to enable Bonneville to supply any increase in the Purchaser's contract demand, or in the Purchaser's requirements if Bonneville agrees by this contract to supply such requirements, Bonneville shall not be required to provide such additional facilities unless the parties mutually agree: (a) that Bonneville's providing such facilities is in accordance with its customer service policies; (b) that reasonable utilization has been made of existing facilities; and (c) that reasonable utilization of such additional facilities will be assured. If the parties so agree, Bonneville nevertheless shall not become obligated to supply such increase in

such demand or requirements until such period of time has elapsed as may be reasonably necessary to complete the installation of such additional facilities.

13. Uncontrollable Forces. Each party shall notify the other as soon as possible of any Uncontrollable Forces which may in any way affect the delivery of power hereunder. In the event the operations of either party are interrupted or curtailed due to such Uncontrollable Forces, such party shall exercise due diligence to reinstate such operations with reasonable dispatch.

14. Continuity of Service. The Purchaser, Bonneville or a Transferor may temporarily interrupt or reduce deliveries of electric power or energy if the Purchaser, Bonneville or the Transferor determines that such interruption or reduction is necessary or desirable in case of system emergencies, or in order to install equipment in, make repairs to, make replacements within, make investigations and inspections of, or perform other maintenance work on, the Purchaser's facilities, the Federal System or the Transferor's system. Except in case of emergency and in order that the Purchaser's operations will not be unreasonably interfered with, Bonneville shall give notice to the Purchaser of any such interruption or reduction, the reason therefor, and the probable duration thereof to the extent Bonneville has knowledge thereof. The Purchaser or Bonneville shall effect the use of temporary facilities or equipment to minimize the effect of any such interruption or outage to the extent reasonable or appropriate.

15. Delivery by Transfer. If it is provided in this contract that delivery to the Purchaser at any Point of Delivery will be made by transfer over the facilities of a Transferor or Transferors:

(a) Bonneville shall be obligated to make available to the Purchaser at such point only such amounts of electric power and energy as are made available to the Purchaser by such Transferor or Transferors at such point, and the obligation of Bonneville to make electric power and energy available to the Purchaser at such point shall be in all respects subject to all provisions contained in the agreement or agreements executed, or to be executed, if not already in effect, by Bonneville and such Transferor or Transferors providing for such transfer;

(b) Bonneville shall use its best efforts to effect a quality of service to the Purchaser comparable to that provided under direct service from Bonneville; and

(c) Bonneville's right to terminate deliveries at such point, under the agreement or agreements providing for such transfer, shall not be exercised while such Transferor or Transferors meet their obligations to make such deliveries under such agreement or agreements unless (1) the Purchaser consents thereto; or (2) Bonneville determines that the Purchaser's requirements for electric power and energy at such point may be adequately supplied under reasonable conditions and circumstances at another point or points (A) directly from the Federal System (B) indirectly from the facilities of another Transferor or Transferors, or (C) both.

E. IN REFERENCE TO PAYMENT FOR POWER

16. Determination of and Assignment of Measured Demand. Bonneville in determining Measured Demand shall exclude any abnormal Integrated Demand or

Measured Amount due to or resulting from (a) emergencies or breakdowns on, or maintenance of, the Federal System Facilities; and (b) emergencies on the Purchaser's facilities to the extent Bonneville determines that such facilities have been adequately maintained and prudently operated.

If timely determination of Measured Demand cannot be made, such determination shall be made in accordance with section 19 below.

Where Bonneville delivers, pursuant to this or other contracts, more than one class of electric power to the Purchaser at any Point of Delivery, the portion of the Measured Demand assigned to each such class of power shall be as specified in such contracts. Any portion of Measured Demand which is not assigned to other classes of power delivered pursuant to this or other contracts shall be deemed to be a Firm Power delivery under this contract.

17. Billing At Multiple Points of Delivery. For electric power or energy made available hereunder to the Purchaser at more than one Point of Delivery, the Purchaser shall be billed for each Point of Delivery separately on a non-coincidental basis under the applicable rate schedule in the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit, unless otherwise provided herein. The Points of Delivery Exhibit may provide for combined billing on a coincidental basis under specified conditions and terms either when delivery at more than one point is beneficial to Bonneville or when the flow of power at several Points of Delivery is reasonably beyond the control of the Purchaser.

If deliveries at more than one Point of Delivery are billed on a coincidental basis for the convenience of the Purchaser, a charge shall be made

for the diversity among Measured Demands at such Points of Delivery. Charges for diversity shall be specified in the Special Provisions Exhibit and determined in a uniform manner among Customers.

At any rate adjustment date after January 1, 1982, Bonneville may establish its wholesale power rate schedules applicable to this contract using Customers' coincidental peak demands as the basis for proportioning its revenue recovery. In such event all diversity factors or charges applicable to Measured Demands determined on a coincidental basis shall be invalid and appropriate factors to reduce Measured Demands determined on a non-coincidental basis shall be developed and applied.

18. Payment of Bills. Bills for power shall be rendered monthly and shall be payable at Bonneville's headquarters. Failure to receive a bill shall not release the Purchaser from liability for payment. Each calculated monetary amount in a wholesale power bill shall be rounded to a whole dollar amount, by elimination of any amount of less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

If Bonneville is unable to render the Purchaser a timely monthly bill which includes a full disclosure of all billing factors, it may elect to render an estimated bill for that month to be followed by the final bill. Such estimated bill, if so issued, shall have the validity of and be subject to the same payment provisions as shall a final bill.

Bills not paid in full on or before the date specified in the Payment of Bills section, or its successor, of the General Rate Schedule Provisions incorporated in the Wholesale Power Rate Schedules and General Rate Schedule Provisions Exhibit shall bear additional charges as specified therein.

Remittances received by mail will be accepted without assessment of the charges referred to in the preceding paragraph provided the postmark indicates the payment was mailed on or before the 20th day after the date of the bill. If the 20th day after the date of the bill is a Sunday or other nonbusiness day of the Purchaser, the next following business day shall be the last day on which payment may be made to avoid such further charges. Payment made by metered mail and received subsequent to the 20th day must bear a postal department cancellation in order to avoid assessment of such further charges.

Bonneville may, whenever a power bill or a portion thereof remains unpaid subsequent to the 20th day after the date of the bill, and after giving 30 days advance notice in writing, cancel the contract for service to the Purchaser, but such cancellation shall not affect the Purchaser's liability for any charges accrued prior thereto.

19. Determination of Estimated Billing Data. If the amounts of power or energy which have been delivered hereunder must be estimated from data other than metered quantities, scheduled quantities or tabulations of hourly interchange prepared by the Purchaser, Bonneville and the Purchaser shall agree on estimated billing data to be used in preparing the bill.

20. Average Power Factor. The formula for determining average power factor is as follows:

$$\text{Average Power Factor} = \frac{\text{Kilowatthours}}{\sqrt{(\text{Kilowatthours})^2 + (\text{Reactive Kilovolt-ampere-hours})^2}}$$

The data used in the above formula shall be obtained from meters which are ratcheted to prevent reverse registration.

When deliveries to a Purchaser at any Point of Delivery include more than one class of power or are under more than one rate schedule, and it is impracticable to separately meter the kilowatthours and reactive kilovolt-ampere-hours for each class, the average power factor of the total deliveries for the month shall be used, where applicable, as the power factor for each of the separate classes of power and rate schedules.

F. IN REFERENCE TO USE OF POWER

21. Changes in Requirements or Characteristics. The Purchaser will, whenever possible, give reasonable notice to Bonneville of any unusual increase or decrease of its demands for electric power and energy on the Federal System, or of any unusual change in the load factor or power factor at which the Purchaser will take delivery of electric power and energy under this contract.

22. Electric Disturbance.

(a) For the purposes of this section an electric disturbance is any sudden, unexpected, changed, or abnormal electric condition occurring in or on an electric system which causes damage.

(b) Each party shall design, construct, operate, maintain, and use its electric system in conformance with accepted electric utility practices:

(1) to minimize electric disturbances such as, but not limited to, the abnormal flow of power which may interfere with the electric system of the other party or any electric system connected with such other party's electric system; and

(2) to minimize the effect on its electric system and on its customers of electric disturbances originating on its own or another electric system.

(c) If both parties to this contract are parties to the Western Interconnected Electric System Agreement, their relationship with respect to system damages shall be governed by that agreement.

(d) During such time as a party to this contract is not a party to the Agreement Limiting Liability Among Western Interconnected Systems, its relations with the other party with respect to system damages shall be governed by the following sentence, notwithstanding the fact that the other party may be a party to said Agreement Limiting Liability Among Western Interconnected Systems. A party to this contract shall not be liable to the other party for damage to the other party's system or facilities caused by an electric disturbance on the first party's system, whether or not such electric disturbance is the result of negligence by the first party, if the other party has failed to fulfill its obligations under subsection (b)(2) above.

(e) If one of the parties to this contract is not a party to the Agreement Limiting Liability Among Western Interconnected Systems, each party to this contract shall hold harmless and indemnify the other party, its officers and employees, from any claims for loss, injury, or damage suffered by those to whom the first party delivers power not for resale, which loss, injury, or damage is caused by an electric disturbance on the other party's system, whether or not such electric disturbance results from the negligence of such other party, if such first party has failed to fulfill its obligations under subsection (b)(2) above, and such failure contributed to the loss, injury, or damage.

(f) Nothing in this section shall be construed to create any duty to, any standard of care with reference to, or any liability to any persons not a party to this contract.

23. Harmonic Control. Each party shall design, construct, operate, maintain and use its electric facilities in accordance with good engineering practices to reduce to acceptable levels the harmonic currents and voltages which pass into the other party's facilities. Harmonic reductions shall be accomplished with equipment which is specifically designed and permanently operated and maintained as an integral part of the facilities of the party which owns the system on which harmonics are generated.

24. Balancing Phase Demands. If required by Bonneville at any time during the term of this contract, the Purchaser shall make such changes as are necessary on its system to balance the phase currents at any Point of Delivery so that the current of any one phase shall not exceed the current on any other phase at such point by more than 10 percent.

G. IN REFERENCE TO FACILITIES

25. Measurements and Installation of Meters. Bonneville may at any time install a meter or metering equipment to make the measurements for any Point of Delivery required for any computation or determination mentioned in this contract, and if so installed, such measurements shall be used thereafter in such computation or determination.

26. Tests of Metering Installations. Each party to this contract shall, at its expense, test its metering installations associated with this contract

at least once every two years, and, if requested to do so by the other party, shall make additional tests or inspections of such installations, the expense of which shall be paid by such other party unless such additional tests or inspections show the measurements of such installations to be inaccurate as specified in section 5 hereof. Each party shall give reasonable notice of the time when any such test or inspection is to be made to the other party who may have representatives present at such test or inspection. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.

27. Permits.

(a) If any equipment or facilities associated with any Point of Delivery and belonging to a party to this contract are or are to be located on the property of the other party, a permit to install, test, maintain, inspect, replace, repair, and operate during the term of this contract and to remove such equipment and facilities at the expiration of said term, together with the right of entry to said property at all reasonable times in such term, is hereby granted by the other party.

(b) Each party shall have the right at all reasonable times to enter the property of the other party for the purpose of reading any and all meters mentioned in this contract which are installed on such property.

(c) If either party is required or permitted to install, test, maintain, inspect, replace, repair, remove, or operate equipment on the property of the other, the owner of such property shall furnish the other party with accurate drawings and wiring diagrams of associated equipment and facilities, or, if

such drawings or diagrams are not available, shall furnish accurate information regarding such equipment or facilities. The owner of such property shall notify the other party of any subsequent modification which may affect the duties of the other party in regard to such equipment, and furnish the other party with accurate revised drawings, if possible.

28. Ownership of Facilities.

(a) Except as otherwise expressly provided, ownership of any and all equipment and all salvable facilities installed or previously installed by a party to this contract on the property of the other party shall be and remain in the installing party.

(b) Each party shall identify all movable equipment and all other salvable facilities which are installed by such party on the property of the other, by permanently affixing thereto suitable markers plainly stating the name of the owner of the equipment and facilities so identified. Within a reasonable time subsequent to initial installation, and subsequent to any modification of such installation, representatives of the parties shall jointly prepare an itemized list of said movable equipment and salvable facilities so installed.

29. Inspection of Facilities. Each party may for any reasonable purpose under this contract inspect the other party's electric installation at any reasonable time. Such inspection, or failure to inspect, shall not render such party, its officers, agents, or employees, liable or responsible for any injury, loss, damage, or accident resulting from defects in such electric installation, or for violation of this contract. The inspecting party shall

observe written instructions and rules posted in facilities and such other necessary instructions or standards for inspection as the parties agree to. Only those electric installations used in complying with the terms of this contract shall be subject to inspection.

30. Facilities for Maintenance of Voltage. Bonneville shall design and construct Federal System Facilities to maintain, under normal conditions and in accordance with generally accepted operating practices, the voltage at each Point of Delivery from the Federal System within a range of 5 percent above or below the operating voltage agreed upon by the operators of the parties to this contract where such voltage is 25 kV or less. Where the delivery voltage is in excess of 25 kV, Bonneville will design and construct Federal System Facilities to maintain such operating voltage within a range of 10 percent above or below such voltages. The parties shall jointly plan and operate their interconnected electrical facilities so that the flow of reactive power accompanying or resulting from deliveries of electric power and energy under this contract will not adversely affect the system of either party.

H. MISCELLANEOUS PROVISIONS

31. General Environmental Provision.

(a) Policy. Bonneville in the performance of this contract shall comply with all of its obligations pursuant to the National Environmental Policy Act.

(b) Affirmative Obligations. The parties agree to:

(1) comply fully with all applicable Federal, State, and local environmental laws;

(2) to assist and to cooperate with each other in meeting each other's environmental obligations, to the fullest extent economically and technically practicable and mutually agreeable; and

(3) provide upon request of the other party a copy of pollution abatement plans as required by the Clean Air Act, by the Clean Water Act, by other Federal statutes, or by an agency having jurisdiction and within a reasonable time submit evidence that such plans have been approved or have not been objected to by agencies with jurisdiction.

(c) Breach of Obligations. A breach of this General Environmental Provision exists only if a final determination, including all appeals, has been entered by a court or pollution control agency or agencies having jurisdiction that the Purchaser's facility is not in compliance with applicable laws respecting the control and abatement of environmental pollution.

(d) Remedy. Bonneville, after consulting with state or local agencies having jurisdiction may restrict delivery of electric capacity or energy to the Purchaser pursuant to this contract, if Bonneville determines that:

(1) a breach of this General Environmental Provision exists;

(2) such breach is resulting in a significant adverse effect on the environment;

(3) no governmental agency has jurisdiction or authority to impose sanctions or to seek remedy for such significant adverse effect on the environment; and

(4) restriction of delivery is the only appropriate remedy and bears a reasonable relationship to the breach.

Before restricting delivery of capacity or energy pursuant to this section, Bonneville shall give the Purchaser written notice and a reasonable opportunity to cure the breach and to seek any legal recourse available to the Purchaser.

32. Dispute Resolution and Arbitration.

(a) Pending resolution of a disputed matter the parties will continue performance of their respective obligations pursuant to this contract. If the parties cannot reach timely mutual agreement on any matter in the administration of this contract Bonneville shall, unless otherwise specifically provided for in subsection (b) below and, to the extent necessary for its continued performance, make a determination of such matter without prejudice to the rights of the other party. Such determination shall not constitute a waiver of any other remedy belonging to the Purchaser.

(b) The questions of fact stated below shall be subject to arbitration. Other questions of fact under this contract may be submitted to arbitration upon written mutual agreement of the parties. 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. The other party shall, within 10 days after the receipt of such notice, appoint a second arbitrator, and the two so appointed shall choose and appoint a third. In case such other party fails to appoint an arbitrator within said 10 days, or in case the two so appointed fail for 10 days to agree upon and appoint a third, the party calling for the arbitration, upon 5 days' written notice delivered to the other party, shall apply to the person who at the time shall be the presiding judge of the United

States Court of Appeals for the Ninth Circuit for appointment of the second and third arbitrator, as the case may be.

The determination of the question or questions submitted for arbitration shall be made by a majority of the arbitrators and shall be binding on the parties. Each party shall pay for the services and expenses of the arbitrator appointed by or for it, for its own attorney fees, and for compensation for its witnesses or consultants. All other costs incurred in connection with the arbitration shall be shared equally by the parties thereto.

The questions of fact to be determined as provided in this section shall be limited to:

- (1) the determination of the measurements to be made by the parties hereto pursuant to section 3 above;
- (2) the occurrence of changes in conditions for purposes of section 4 above;
- (3) the correction of the measurements to be made pursuant to section 5 above;
- (4) whether the changes mentioned in section 6 hereof were made "promptly";
- (5) the duration of the interruption or equivalent interruption mentioned in section 7 above;
- (6) the occurrence of an abnormal nonrecurring demand and the amount and time thereof;
- (7) any fact mentioned in section 21 above and in section 24 above;
- (8) whether a party has complied with section 22(b) above; and
- (9) the acceptable level of harmonics for purposes of section 23 above.

The questions of fact in the body of the Power Sales Contract with Public Agency, Cooperative, Federal Agency, and Investor-Owned Utility Purchasers to be determined as provided in this section shall be limited to:

- (1) the order of receipt of written notices of addition of Firm Resources under section 12(b)(7);
- (2) whether the Purchaser's electrical system is interconnected with electrical systems of other utilities directly or indirectly connected with Bonneville's electrical system for purposes of section 13(d);
- (3) whether a Purchaser's documentation under section 17(e) demonstrates the actual implementation of a load curtailment program; and
- (4) the level of base load under section 8.

33. Enforcement of Rights for Benefit of Transferors. If delivery of electric power and energy under this contract is to be made by transfer over the facilities of any Transferor or Transferors, Bonneville may enforce Government rights under the power factor clause of the Government's applicable rate schedule incorporated in this contract, and under sections 6, 13, 14, 21, 22, 23, 24, 27, 28, and 29 hereof, for the benefit of such Transferor or Transferors, and all references to the Federal System, property, or Facilities in said section shall be deemed to include the facilities of the Transferor or Transferors being used to deliver electric power or energy for the account of Bonneville.

34. Net Billing. Upon mutual agreement of the parties, payments due one party may be offset against payments due the other party under all contracts between the Purchaser and Bonneville for the sale and exchange of electric

power and energy, use of transmission facilities, operation and maintenance of electric facilities, lease of electric facilities, mutual supply of emergency and standby electric power and energy, and under such other contracts between such parties as the parties may agree unless otherwise provided in existing contracts between the parties. Under contracts included in this procedure all payments due one party in any month shall be offset against payments due the other party in such month, and the resulting net balance shall be paid to the party in whose favor such balance exists unless the latter elects to have such balance carried forward to be added to the payments due it in a succeeding month.

35. Contract Work Hours and Safety Standards. This contract, 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, mechanics, apprentices, trainees, watchmen, and guards shall require or permit any laborer, mechanic, apprentice, trainee, watchman, or guard in any workweek in which such worker is employed on such work to work in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek on work subject to the provisions of the Contract Work Hours and Safety Standards Act unless such laborer, mechanic, apprentice, trainee, watchman, or guard receives compensation at a rate not less than one and one-half times such worker's basic rate of pay for all such hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, whichever is the greater number of overtime hours.

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

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

(d) Subcontracts. The Contractor shall insert subsections (a) through (d) of this section in all subcontracts, and shall require their inclusion in all subcontracts of any tier.

(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.

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

applicable law or if not otherwise exempted, 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.

37. Equal Employment Opportunity. During the performance of this contract, 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 their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Bonneville setting forth the provisions of the Equal Opportunity clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified 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 said Contractor has a collective bargaining agreement or

other contract or understanding, a notice, to be provided by Bonneville, advising the labor union or workers' representative of the Contractor's commitments under the Equal Opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 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 No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor, or pursuant thereto, and will permit access to said Contractor's books, records, and accounts by Bonneville and the Secretary of Labor for purposes of investigations to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of 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 No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as Bonneville may direct as a means of enforcing such provisions, including sanctions for noncompliance. In the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by Bonneville, the Contractor may request the Government to enter into such litigation to protect the interests of the Government.

38. Assignment of Contract. This contract shall inure to the benefit of, and shall be binding upon the respective successors and assigns of the parties to this contract. Such contract or any interest therein shall not be transferred or assigned by either party to any party other than the Government or an agency thereof without the written consent of the other except as specifically provided in this section. The consent of Bonneville is hereby given to any security assignment or other like financing instrument which may be required under terms of any mortgage, trust, security agreement or holder of such instrument of indebtedness made by and between the Purchaser and any mortgagee, trustee, secured party, subsidiary of the Purchaser or holder of such instrument of indebtedness, as security for bonds or other indebtedness of such Purchaser, present or future; such mortgagee, trustee, secured party, subsidiary, or holder may realize upon such security in foreclosure or other suitable proceedings, and succeed to all right, title, and interests of such Purchaser.

39. Waiver of Default. Any waiver at any time by any party to this contract of its rights with respect to any default of any other party thereto, or with respect to any other matter arising in connection with such contract, shall not be considered a waiver with respect to any subsequent default or matter.

40. Notices and Computation of Time. Any notice required by this contract to be given to any party shall be effective when it is received by such party, and in computing any period of time from such notice, such period shall commence at 2400 hours on the date of receipt of such notice.

41. Interest of Member of Congress. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to such contract if made with a corporation for its general benefit.

42. Priority of Pacific Northwest Customers.

(a) The provisions of sections 9(c) and (d) of P.L. 96-501 and the provisions of P.L. 88-512 as amended by section 8(e) of P.L. 96-501 ("the Provisions") are by this reference incorporated herein.

(b) To further the policy of the Provisions, Bonneville agrees that the Purchaser, together with other Customers in the Pacific Northwest, shall have priority on electric power and energy Bonneville has available for sale, in conformity with the Provisions.

(c) Bonneville agrees that it will comply with all restrictions and requirements of the Provisions, and will perform all duties and obligations imposed on it by the Provisions, as the Provisions existed on the effective

date of this contract, regardless of any subsequent modification, amendment or repeal of the Provisions.

(d) Bonneville further agrees that, to the extent and at such times as may be necessary to meet demands for energy or peaking capacity at any established rate for use within the Pacific Northwest, it will exercise its rights, under contractual provisions required by the Provisions to be included in contracts for the disposition of surplus energy or surplus peaking capacity for use outside of the Pacific Northwest, to require:

(1) the return of energy delivered in connection with its supplying peaking capacity for use outside the Pacific Northwest; and

(2) the delivery within the Pacific Northwest of energy, peaking capacity, or both, which Bonneville has the right to receive in any exchange for energy, capacity, or both, which it has delivered for use outside the Pacific Northwest.

43. Resource Acquisition and Management.

(a) Principles of Resource Acquisition.

(1) Bonneville is obligated under section 6(a)(2) of P.L. 96-501 to acquire sufficient firm resources to meet its firm loads after taking into account planned savings from conservation.

(2) Bonneville is obligated to attempt to meet its firm loads pursuant to section 6(a)(2) with resources, including conservation, implemented or acquired on a long-term basis pursuant to P.L. 96-501.

(3) To the extent Bonneville is unable to acquire, on a planning basis, sufficient resources on a long-term basis to meet its firm obligations, Bonneville is obligated to and will attempt to meet its

remaining firm load obligations through the acquisition of additional resources pursuant to section 11(b)(6) of the Federal Columbia River Transmission System Act. The obligation contained in this subparagraph is a continuing one, and applies on both a planning basis and during the Pacific Northwest Coordination Agreement Critical Period.

(b) Principles of Resource Management. Bonneville will manage the resources of the Federal Columbia River Power System and resources acquired pursuant to P.L. 96-501 and the Federal Columbia River Transmission System Act for the purpose of meeting the loads of its customers at the lowest possible expected cost to Bonneville, to the extent consistent with Bonneville's legal obligations, environmental responsibilities, and prudent operating criteria, particularly for firm loads, without reducing its obligation to acquire sufficient resources to meet its firm loads, and with due regard for the risks and expected reliability of such resources.

(c) Consultation with Customers. In the development of its plans and programs to effect the provisions of this section, including for ratemaking purposes, Bonneville will provide a timely opportunity for prior consultation with its customers.

44. Cooperation with Regional Council. The parties will negotiate amendments to this contract as may be necessary to permit the plan or program adopted by the Pacific Northwest Electric Power and Conservation Planning Council pursuant to P.L. 96-501, 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 P.L. 96-501.

45. Rights of the Purchaser. No provision of this contract nor any action or lack of action by the Purchaser pursuant to the terms of this contract shall be construed to abrogate, modify, limit or otherwise waive in any respect any right of the Purchaser including the right of the Purchaser to exercise its preference and priority as provided by law.

II. RELATING ONLY TO PREFERENCE AGENCIES

46. Separation of Electric Operations and Funds (All Public Agencies).

(a) The Purchaser shall operate its electric system as a separate department from other utility functions, if any, and shall establish and maintain a separate fund for the revenues derived from the operation of such system. Such revenues shall not be commingled with funds or accounts of other departments, if any.

47. Statement of General Policies and Practices (Cities).

(a) Publicly owned city electric systems should be operated and maintained:

- (1) primarily for the benefit of the users of electricity;
- (2) in accordance with reasonable standards of safety, reliability, quality, and efficiency; and
- (3) to maintain the cost of electric power at the lowest level consistent with good service and proper maintenance.

(b) Revenue requirements shall insure a financially sound and self-supporting electrical system. This requires that revenues be sufficient for:

(1) Reasonable and necessary current maintenance and operating expenses, including salaries, wages, cost of power at wholesale, materials, supplies, insurance, necessary renewals and replacements of plant, and the establishment of reasonable funds for such purposes, contingencies, and other lawful charges.

(2) Interest and principal of indebtedness incurred for the electric plant and payments required to be made into any special bond funds.

(3) Depreciation of electric system property to the extent not adequately provided for by amortization of debt and by renewals and replacement.

(4) Payments made into a governmental entity general fund via taxes or payments in lieu of taxes. The percentage of gross electric revenues used for this purpose shall be an amount not exceeding the greater of the following:

(i) an amount which is equal to five percent of the gross electric revenues, unless a greater amount is provided pursuant to the city charter or agreements in effect as of December 5, 1980; or

(ii) the amount of State or local taxes levied upon the Purchaser's electric system or its operations.

(c) A local governmental entity, when acting in its governmental capacity, and receiving electric service, shall be a Consumer and be billed for such services consistent with the rates charged other Consumers in the same class. The Purchaser shall receive prompt payment for such electric services. Payments by the Purchaser for necessary services or materials received by the Purchaser from other governmental departments, shall be limited to a fair, reasonable and nondiscriminatory charge.

(d) Taxpayers' investments in the electric system, made through use of general government funds of the city, should be treated in the same manner as funds borrowed by the electric system from outside sources, and should receive a return approximating the market rate of interest on comparable securities. Such market rate of interest shall not exceed 6 percent per annum unless a larger amount is approved by Bonneville.

(e) All surplus revenues from retail sales remaining after meeting the requirements of subsections (b), (c), and (d) above, where applicable, should be applied to reduction of rates. Surplus revenues earned in any year may properly be devoted to the purchase or retirement of system indebtedness before maturity, to the extent that such use thereof is consistent with the above principles and practices.

48. Approval of Contract. If the Purchaser borrows from the Rural Electrification Administration or any other entity under an indenture which requires the lender's approval of contracts, this contract and any amendment thereto shall not be binding on the parties thereto if they are not approved by the Rural Electrification Administration or such other entity. The Purchaser shall notify Bonneville of any such entity. If approval is given, such contracts or amendment shall be effective at the time stated in such contract or amendment.

49. Prior Demands.

(a) If Bonneville has delivered electric power or energy to the Purchaser at any Point of Delivery specified in this contract prior to the time this contract takes effect, the Purchaser's Measured Demands, if any, at such point or Measured Demands for its system for Purchasers on Computed Requirements

prior to such time shall be considered for the purpose of determining the charges to the Purchaser for the electric power and energy delivered under this contract, during any month in the term hereof, in the same manner as if this contract had been in effect.

(b) If Bonneville has delivered electric power and energy to the Purchaser at any Point of Delivery specified in this contract or in any previous contract with the Purchaser, and such Point of Delivery is superseded by another Point of Delivery specified in this contract, the Purchaser's Measured Demands, if any, at such superseded point shall be considered for the purpose of determining the charges to the Purchaser for the electric power and energy delivered under this contract at such superseding point.

III. RELATING ONLY TO PUBLIC BODY, COOPERATIVE, FEDERAL AGENCY AND INVESTOR-OWNED UTILITY PURCHASERS

A. IN REFERENCE TO COMPUTATION OF CHARGES

50. Effect of Reduction of Contract Demand. If the Purchaser's contract demand is specified in this contract and is reduced after this contract is executed, the prior Measured Demands, if any, of the Purchaser shall, for the purpose of computing charges for electric power and energy delivered thereafter, be reduced by the amount of such reduction.

51. Combining Deliveries Coincidentally.

(a) If it is provided in this contract that charges for electric power and energy made available at two or more Points of Delivery will be made by combining deliveries at such points coincidentally:

(1) the total Measured Demand to be considered in determining the billing demand for each Billing Month shall be the largest sum obtained by adding for each demand interval of such month the corresponding Integrated Demands of the Purchaser at all such points after adjusting said Integrated Demands as appropriate to such points;

(2) the number of kilowatthours to be used in determining the energy charge, if any, and the average power factor at which electric energy is delivered at such points under this contract, during such month, shall be the sum of the amounts of electric energy delivered at such points under this contract during such month; and

(3) the number of reactive kilovolt-ampere-hours to be used in determining such average monthly power factor shall be the sum of the reactive kilovolt-ampere-hours delivered at such points under this contract during such month.

(b) If electric power and energy is made available under this contract to the Purchaser at two or more Points of Delivery, Bonneville may, upon two years written notice, place the Purchaser on a coincidental billing demand basis pursuant to the terms of this section.

52. Combining Deliveries Noncoincidentally. If it is provided in this contract that charges for electric power and energy made available at two or more Points of Delivery will be made by combining deliveries at such points noncoincidentally:

(a) the total Measured Demand to be considered in determining the billing demand for each month in the period specified in such contract shall be the sum obtained by adding together the Measured Demands of the Purchaser for each of such points during such month;

(b) the number of kilowatthours to be used in determining the energy charge, if any, and the average monthly power factor at which electric energy is delivered at such points under this contract, during such month, shall be the sum of the amounts of electric energy delivered at such points under this contract during such month; and

(c) the number of reactive kilovolt-ampere-hours to be used in determining such average monthly power factor shall be the sum of the reactive kilovolt-ampere-hours delivered at such points under this contract during such month.

53. Power Factor Adjustment. Except as it is otherwise specifically provided in this contract, no adjustment shall be made for power factor at any Point of Delivery for any period of time during which the reactive power delivered at such point is not measured.

B. IN REFERENCE TO PURCHASERS' OPERATING POLICIES

54. Retail Rates.

(a) Copies of the Purchaser's schedules of retail rates, including special contract rates, if any, in effect when this contract is executed, and those hereafter adopted, endorsed with the effective date thereof, shall be furnished to Bonneville, and Bonneville shall keep said rates on file. The Purchaser agrees to serve each of its Consumers at, and in accordance with, the rates, charges, and provisions set forth in the applicable rate schedules on file where and as required by law or on file in Bonneville's office. Notice of the intent to change retail rates shall be given to Bonneville

either 45 days prior to their effective date or as soon as the regulatory process allows or shall be mailed to Bonneville on the same day as a notice of a rate change given to a state regulatory authority by the Purchaser, whichever will result in the later receipt of such notice by Bonneville.

(b) The retail rates and charges shall be reasonable and nondiscriminatory, consistent with the principles of the Bonneville Project Act, subject to the right of the Purchaser to adopt retail rates designed to achieve cost-effective conservation or renewable resources; provided, however, that rates and charges which have been approved in accordance with the procedures of a state regulatory agency having jurisdiction shall be deemed prima facie reasonable and nondiscriminatory. The Purchaser shall maintain records containing the data, analyses, and other factors which are used to develop and form the basis for its proposed or final retail rates. At Bonneville's request, such records as are available for public inspection shall be supplied during the rate development process or after the rates have been adopted.

(c) At the Purchaser's request, Bonneville shall (1) provide assistance in analyzing and developing rate structures, including retail rate structures that will encourage cost-effective conservation and Consumer-owned renewable resources; (2) provide estimates of the probable power savings and the probable amount of billing credits under section 6(h) of P.L. 96-501 that might be realized by the Purchaser adopting and implementing such retail rate structures; and (3) solicit additional information and analytical assistance from appropriate state regulatory bodies and Bonneville's other Customers.

C. IN REFERENCE TO USE OF POWER

55. Resale of Power. The Purchaser shall not resell Firm Power delivered under this contract except to those Consumers and utilities within its service area in the Pacific Northwest to the extent such Consumers and utilities are normally dependent on the Purchaser for their firm power supplies. The Purchaser shall not sell power from its Firm Resources in such a manner as to increase the Purchaser's Computed Peak Requirement or Computed Average Energy Requirement on Bonneville in any month. These prohibitions on resale in this section shall not be interpreted as a general prohibition against the Purchaser simultaneously purchasing Firm Power from Bonneville and selling power generated at its own facilities to other utilities.

D. IN REFERENCE ONLY TO PURCHASERS WITH GENERATING FACILITIES

56. Nonfirm Deliveries.

(a) At the request of either the Purchaser or Bonneville, the other party will make available on the terms stated herein, such thermal-generated energy or hydro-generated energy as the supplying party determines, when such request is made, that it has available for delivery to the requesting party.

(b) Neither party, by this contract, assures the other that it has, or will have available, any thermal-generated energy or hydro-generated energy for delivery to such other party, and the determination made by the supplier, provided for in subsection (a) above, of the amount, if any, of such energy

which it will supply to the other party shall be final and conclusive as to both parties.

(c) Nothing in this contract shall prohibit supply of nonfirm, emergency or breakdown relief energy under any other contract.

57. Emergency or Breakdown Relief.

(a) If a breakdown of, or emergency on, the system of either the Purchaser or Bonneville occurs, while such breakdown or emergency exists, the other party will make available upon request, all or such part of the electric energy required for such system as the supplier determines it can supply, consistent with its obligations to its other customers. The determination so made by the supplier shall be final and conclusive as to both parties.

(b) If either party supplies electric energy to the other party pursuant to the provisions of subsection (a) of this section and requests replacement thereof, the other party shall make an equivalent amount of electric energy available to such supplier at such times as may be agreed upon by the dispatchers of the parties hereto.

58. Effect on Generating Utility by Direct Service Industrial Customer Power Sales Contract Provisions. Bonneville will notify the Purchaser of the proposed adoption of an annual operating plan, annual operating agreement or energy accounting system in the Direct-Service Industrial Customers' power sales contracts. If, in Bonneville's sole determination, the system of a generating utility will be materially affected by a proposed annual operating plan, annual operating agreement, or energy accounting system provided in the Direct Service Industrial Customers' power sales contracts, Bonneville will

consult with such utility prior to adopting such proposed plan, agreement, or accounting system.

IV. RELATING ONLY TO DIRECT-SERVICE INDUSTRY PURCHASERS

A. IN REFERENCE TO COMPUTATION OF CHARGES

59. Demands. During periods when Bonneville is delivering to the Purchaser hourly amounts of electric power or energy under the terms of agreements other than this contract, such amounts shall be subtracted each hour from the Integrated Demand for deliveries hereunder for each such hour after adjusting such Integrated Demands as appropriate to the Point of Delivery.

B. IN REFERENCE TO PURCHASE

60. Use and Resale of Power. All electric power and energy delivered under this contract shall be used by the Purchaser in its own operations, and the Purchaser shall not resell such electric power and energy delivered under this contract, or any part thereof. If the Purchaser resells such electric power and energy, or any part thereof, Bonneville shall immediately terminate this contract.

(WP-PCI-0144c)

(8/25/81)

Customer Service Objectives Exhibit

Table 1 of the Customer Service Objectives Exhibit is applicable to the Purchaser if the Purchaser is a public body, cooperative or Federal agency. The provisions of Table 1 are subject to the provisions of Bonneville's Customer Service Policy, which Bonneville may amend from time to time.

Bonneville will provide service to its Customers by constructing transmission lines (115 kV or higher) and stepdown substations to the Customers utilization voltage (12.5 kV or higher), (Customer Service Facilities), which are necessary to provide the widest possible, diversified and efficient use of electric power. To accomplish this objective, construction of new Customer Service Facilities will be undertaken following studies conducted jointly by Bonneville and the Customer to determine the best engineering, economic, and environmental plan of service based on a one utility concept of evaluation.

Bonneville's primary transmission responsibility is to provide a stable and reliable transmission system for the integration and delivery of the bulk power requirements in the Pacific Northwest. It is intended that the Customer will assume the primary role for distribution of this power to the Consumer. In recognition of this basic division of responsibility, Bonneville will construct the necessary Customer Service Facilities, providing that capital recovery is reasonably assured, until such time that the load density in the area under consideration reaches a point that requires construction of customer service substations in relatively close proximity. At this point, the Customer will assume, as part of its distribution utility responsibility, construction of the transmission lines and stepdown substations required to serve the loads within this high load density area. Therefore, the scope of Bonneville's participation will be narrowed to providing the required high voltage transmission facilities into the load area and stepdown substations to the local transmission level while conforming with Bonneville's published reliability standards, which may be amended by Bonneville from time to time. It is the intent that the dividing line between Bonneville's transmission responsibility and the Customer's distribution responsibility be a dynamic relationship which will shift from Bonneville to the Customer as the load density in a particular area increases.

Joint utility planning and one utility concept of evaluation will be the foundation for all Bonneville customer service planning efforts. These concepts have become more important in recent years to insure maximum electrical system efficiencies, and minimize impact on the environment in addition to meeting other economic and engineering criteria.

Bonneville's Customer Service Policy will encourage additional joint utility planning including (1) better long-range planning; (2) energy loss reduction studies, including common standards of conductor economics, and distribution

voltage levels; (3) voltage regulation on the transmission and distribution system; and (4) elimination of duplicate facilities such as may result from separate substations and low voltage circuit breakers.

(MP-PCI-0088c)

Customer Service Objectives Exhibit

Table 2 of the Customer Service Objectives Exhibit is applicable to the Purchaser if the Purchaser is an investor-owned utility. Bonneville and the Purchaser have not agreed on objectives for the provision of new Customer Service Facilities by Bonneville. Bonneville shall not have any obligation to provide Customer Service Facilities to the Purchaser until Bonneville and the Purchaser mutually agree upon a set of objectives for the provision of such facilities.

(WP-PCI-0088c)

Allocation Formulas Exhibit

The Purchaser's contractual entitlement to and allocation of Firm Capacity or Firm Energy shall be based on the following formulas. Bonneville's obligation to supply Firm Power to the Purchaser shall not be increased by any formula beyond Bonneville's obligation prior to issuing a notice of restriction.

1. General Allocation Formulas for Firm Energy Capability (Formula A). The respective formulas below shall be used (a) for determining the allocation of Firm Energy to public body, cooperative and Federal agency Customers during a combined allocation of the Federal base system resources including the Montana reservation; and (b) for determining the allocation of Firm Energy to investor-owned utilities.

$$(a) \frac{A}{B} \text{ times } C + (R + S + W) \quad (b) R + W$$

2. Montana Determination Formula (Formula B). This formula shall be used to determine whether Montana public body, cooperative and Federal agency Customers as a class would receive a greater allocation of Firm Energy from the combined Federal base system resources including the Montana reservation than the allocation they would receive solely from the Montana reservation.

If $\frac{D}{3}$ times C is greater than M, use formula A for determining

the allocation of Firm Energy of all public body, cooperative and Federal agency customers. If not, use formulas C and D.

3. Montana Reservation Allocation Formula (Formula C). This formula shall be used for determining the allocation of Firm Energy to Montana public body, cooperative and Federal agency Customers when such Customers receive a greater allocation of Firm Energy solely from the Montana reservation.

$$\frac{A}{D} \text{ times } M + (R + S + W)$$

4. Allocation Formula For All Other Public Body, Cooperative, and Federal Agency Customers During A Montana Reservation Allocation (Formula D). This formula shall be used for determining the allocation of Firm Energy to public body, cooperative and Federal agency Customers other than Montana Customers when Montana Customers receive an allocation solely from the Montana reservation.

$$\frac{A}{B-D} \text{ times } (C-M) + (R + S + W)$$

5. General Allocation Formula for Firm Peak Capability (Formula E). These formulas shall be used for determining the allocation of Firm Capacity for each month of an Operating Year for (a) public body, cooperative, and Federal agency Customers; and (b) investor-owned utilities.

$$(a) \frac{G}{H} \text{ times } C + (R + S + W) \quad (b) R + W$$

6. Pro Rata Formula Based on Resources Developed (Formula F). These formulae shall be used for the allocation of Intra-Class Excess Entitlements for investor-owned utilities and any amounts of Intra-Class Excess Entitlements remaining for the public body and cooperative class or Federal agency class after Bonneville reduces the Intra-Class Excess Entitlements of such classes as specified in section 7(f)(2).

The initial allocation factor "I" is established as the ratio of resources the Customer developed "Q" compared to what it should have developed "Z." The initial allocation factor "I" is then squared to establish the value "J" for determining the Customer's allocation ordinal. The "J" values for each Customer in each class are then scaled to a per unit value by dividing "J" for each Customer by the sum of all "J"'s to express the final allocation factor "K" (the sum of "K" for each class equals one).

$$I = \frac{Q}{Z}$$

$$J = I^2$$

$$K = \frac{J}{L}$$

The allocation of the sum of such Intra-Class Excess Entitlements for each Customer is calculated by multiplying the final allocation factor "K" times the sum for such Customer's class of the Intra-Class Excess Entitlements or the remaining amount of such sum, as the case may be. This process shall be repeated until the Intra-Class Excess Entitlements are exhausted or the deficiencies of all Customers in that class as reduced by section 7(f)(4) are fully met. The final allocation factor "K" may be recalculated, if necessary, for allocations of the remaining amounts of such sum by excluding the "J" values of those Customers in a class whose deficiencies as reduced by section 7(f)(4) have been fully met.

P = [K times (E-T) for Customers where X is greater than zero] + [K times (the remaining amount of (E-T) from Customers in a class which have exceeded the limit specified below after the allocation in the previous bracket) for such Customers which did not exceed the limit specified below in the allocation in the previous bracket] with such allocation process continuing until (E-T) is exhausted. P may not exceed (X-U) for each Customer in a class.

If the sum for such Customer's class of the Intra-Class Excess Entitlements has not been exhausted after fully meeting the deficiencies of the Customers in that class as reduced by section 7(f)(4), such remaining amount of Intra-Class Excess Entitlements, which are the amounts remaining, if any, due to section 7(f)(4), shall be allocated to the Customers of each class whose deficiencies in the first series of iterations were reduced pursuant to section 7(f)(4). Such allocation shall be made in the same manner used in the first series of iterations by multiplying the final allocation factor "K" by such remaining amount of Intra-Class Excess Entitlements or amounts remaining after previous allocations of such remaining amounts, as the case may be. This process shall be repeated until such remaining amount of Intra-Class Excess Entitlements is exhausted. The final allocation factor "K" may again be recalculated, if necessary, for allocation of the amounts remaining after previous allocations of such remaining amount by excluding the "J" values of those Customers in a class whose deficiencies have been fully met.

O = [K times N for Customers where (U) is greater than zero] + [K times (the remaining amount of N from Customers in a class which have exceeded the limit specified below after the allocation in the prior bracket) for such Customers which did not exceed the limit specified below in the allocation in the prior bracket] with such allocation process continuing until N is exhausted. O may not exceed (U) for each Customer in a class.

7. Definitions.

A = The larger of (a) the sum of Purchaser's Actual Firm Energy Loads, exclusive of its New Large Single Loads, in the Year Preceding Insufficiency; or (b) the arithmetic average of such loads for the Year Preceding Insufficiency and the two Operating Years immediately preceding such year, less either the contribution of the Purchaser's Firm Resources as limited below to the sum of the Purchaser's Assured Energy Capability for such year or the planning capability of the energy output of such resources for a Purchaser on Metered Requirements.

The Purchaser's Firm Resources to be considered above shall be limited to those resources which are included as 5(b)(1)(A) resources in the Purchaser's Firm Resource Exhibit.

- B = The total of A for all public body, cooperative and Federal agency Customers.
- C = The firm energy capability for the Operating Year or the firm peak capability for each month of such year of the Federal base system resources described in section 7(c) and 7(d).
- D = The total of A for all Montana public body, cooperative and Federal agency Customers.
- E = The respective sum of the Intra-Class Excess Entitlements for each class of Customers.
- G = The larger of the Purchaser's Actual Firm Peak Load, exclusive of its New Large Single Loads, for each month in the Year Preceding Insufficiency or the arithmetic average of such load for such months in the Year Preceding Insufficiency and the two Operating Years immediately preceding such year, less either the contribution of the Purchaser's Firm Resources as limited below to the Purchaser's Assured Peak Capability for such months or the planning capability of the peak output of such resources for such months for a Purchaser on Metered Requirements.

The Purchaser's Firm Resources to be considered above shall be limited to those resources which are included as 5(b)(1)(A) resources in the Purchaser's Firm Resource Exhibit.

- H = The total of "G" for each month of the Operating Year for all public body, cooperative and Federal agency Customers.
- I = The initial allocation factor which is determined by comparing what the Purchaser developed "Q" to what it should have developed "Z." "I" shall be deemed to be 0.01 for Customers where "I" is less than 0.01 but greater than zero.
- J = The value which is used to establish the final allocation factor for determining the Purchaser's share of the sum for such Customer's class of the Intra-Class Excess Entitlements.
- K = The final allocation factor for members of each Customer class.
- L = The respective sum of "J" for all Customers in each class of Customers.

- M = The firm energy capability as determined by Bonneville of the reservation under law of electric power primarily for use in the State of Montana.
- N = The remaining amount of Intra-Class Excess Entitlements for a class after the deficiencies of the Customers in a class, as reduced by section 7(f)(4), have been fully met as specified in section 7(f)(3).
- O = The allocation of the remaining amounts of Intra-Class Excess Entitlements to Customers in each respective class whose entitlements under section 7(f)(3) have been reduced pursuant to section 7(f)(4) after meeting the deficiencies of all Customers in such class as reduced by section 7(f)(4). "O" may be zero for the Purchaser.
- P = The initial allocation for each Customer from the sum for such Customer's class of the Intra-Class Excess Entitlements as specified in section 7(f)(3).
- Q = The best estimate of the sum of the firm energy capability for the Operating Year at the time of the determination of the estimated allocation prior to such Operating Year or the firm peak capability for each month of such year of (1) resources (including conservation) acquired from or on behalf of the Purchaser as specified in section 7(e); (2) conservation and direct application renewable resources of the Purchaser which have reduced the Purchaser's Actual Firm Load in an amount which the Purchaser has documented and that Bonneville has agreed was accomplished, and (3) the portion of the Purchaser's Firm Resources which are included as 5(b)(1)(B) resources in its Firm Resource Exhibit.
- R = The best estimate of the sum of the firm energy capability for the Operating Year for which the determination of each estimated or final allocation is made or the firm peak capability for each month of such year of resources (including conservation) acquired from or on behalf of the Purchaser as specified in section 7(e).
- S = An additional allocation of firm peak and firm energy capability necessary to ensure that the Purchaser's allocation is not less than the amount of Firm Power actually supplied by Bonneville to meet its obligation under section 14 or section 17, as applicable, to supply Firm Capacity in each month and Firm Energy in the Year Preceding Insufficiency. "S" may be zero for the Purchaser.
- T = The respective sum of "S" for all Customers in the public body and cooperative or Federal agency class. "T" is zero for the investor-owned utility class.

- U = The firm peak and firm energy capability necessary to serve the amount which the Purchaser's Actual Firm Peak Loads or Actual Firm Energy Loads would have been reduced by any cost-effective conservation programs which Bonneville offers to the Purchaser and the Purchaser declines to implement. Such amount of firm peak capability and firm energy capability shall be determined based on such programs' standards for measuring load reductions but shall not include amounts of firm peak capability or firm energy capability to the extent the Purchaser implemented similar measures which accomplished the same purposes and were comparable to Bonneville programs in enough ways to evaluate their degree of effectiveness. In the event the Purchaser implemented equivalent conservation programs which Bonneville determines resulted in reductions less than would have resulted from the Bonneville conservation programs, Bonneville shall reduce the Purchaser's allocation by the difference between the reductions which would have resulted from the Bonneville conservation programs and the reductions resulting from the Purchaser's conservation programs. "U" shall not exceed "X" for determining the Purchaser's entitlement to Intra-Class Excess Entitlements.
- W = The Purchaser's allocation of the sum for the Purchaser's class of the Intra-Class Excess Entitlements based on the following formulas:
- (1) $W = X$ for all Customers in a class, if $(E-T)$ is equal to or greater than Y .
 - (2) $W = P - U + 0$ for all Customers in a class, if $(E-T)$ is less than Y .
- X = The remaining deficiency of firm peak capability or firm energy capability between the Purchaser's allocation prior to the Purchaser receiving an entitlement of Intra-Class Excess Entitlements for its class and the amount of Firm Power necessary to meet Bonneville's obligations pursuant to section 14 or section 17, as applicable, to supply Firm Capacity for each month or Firm Energy for an Operating Year. Such remaining deficiency for an Operating Year shall be the difference between the Purchaser's Estimated Firm Load, if provided, or Bonneville's estimate of the Purchaser's Actual Firm Load and the sum of either the Assured Capabilities for a Purchaser on Computed Requirements or the planning capability of its Firm Resources for a Purchaser on Metered Requirements and the Purchaser's allocation of "C", "S" and "R."
- Y = The respective sum of "X" for all Customers in each class.

Z = The load growth of the Purchaser since passage of P.L. 96-501 and any deficits of investor-owned utilities determined by subtracting from Bonneville's estimate of the Purchaser's Actual Firm Load for the Operating Year for which the allocation will apply either (1) the Purchaser's Actual Firm Load in the '82-'83 Operating Year for public body, cooperative and Federal agency Customers; or (2) the contribution to the Purchaser's Assured Capabilities for such Operating Year for a Purchaser on Computed Requirements or the planning capability for a Purchaser on Metered Requirements of any Firm Resources which were included as 5(b)(1)(A) resources in the Purchaser's Firm Resource Exhibit for investor-owned utilities. "Z" shall be deemed to be one for Customers where "Z" is less than one.

(WP-PCI-0088c)

Power Scheduling Procedures Exhibit

1. Submission of Prescheduled Amounts.

- (a) Preschedules shall be completed by Bonneville and the Purchaser on each day which both Bonneville and the Purchaser observe as a regular workday (Workday) for each hour of the following day or days through the following Workday unless otherwise agreed.
- (b) The Purchaser shall submit estimates of prescheduled amounts on such Workdays by 1100 hours Pacific Time (PT) or 2 hours after Bonneville issues its report of the Chief Joseph Project uncoordinated discharge, whichever is later.
- (c) Final prescheduled amounts shall be submitted on such day by 1400 hours PT or 2 hours after the estimated preschedules provided pursuant to subsection (b) above have been submitted, whichever is later.
- (d) Final prescheduled amounts shall be submitted no later than 1000 hours PT on such day when both Bonneville and the Purchaser are offering energy for sale under the Exportable Energy Agreement (Bonneville Contract No. 14-03-73155).
- (e) If Bonneville limits the amounts of power it makes available during Heavy Load Hours pursuant to section 17(g)(1), it shall inform the Purchaser's representative of its intention to make such limitation by 1200 hours PT of the day prior to the effective date of such limitation.
- (f) Bonneville may request by 1200 hours PT on any Wednesday estimates of energy that the Purchaser anticipates it will schedule with Bonneville for each day for the ensuing ten days, and the Purchaser shall submit such estimates to Bonneville by 1200 hours PT on the Workday following the request.

2. Hourly Distribution of Scheduled Amounts.

- (a) This subsection (a) applies to all Computed Requirements Purchasers, except as provided in subsections (b) and (c) below.
 - (1) The Purchaser may preschedule during Heavy Load Hours up to the amounts Bonneville is obligated to make available pursuant to section 17(g)(1).
 - (2) The Purchaser may preschedule during Light Load Hours on any day, Monday through Saturday, not more than 160 percent of the sum of :
 - (A) The Purchaser's Computed Average Energy Requirement and

- (B) The amount, if any, by which the Purchaser's Computed Average Energy Requirement (CAER) exceeds the average amount of energy which the Purchaser preschedules from Bonneville under this agreement during Heavy Load Hours of the same calendar day (AAE during HLH).

(This Light Load Hour (LLH) limit can be expressed mathematically as:

$$\text{MON-SAT LLH SCHEDULE LIMIT} = 160\% [\text{CAER} + (\text{CAER} - \text{AAE} \text{ during HLH})]$$

This formula will allow approximately 120 percent of the monthly Computed Average Energy Requirement to be taken on any week day having 15 Heavy and 9 Light Load Hours. It will also allow a higher limit on Light Load Hours to the extent the Purchaser chooses to move energy from Heavy Load Hours into Light Load Hours or Bonneville exercises its right to limit deliveries during Heavy Load Hours pursuant to section 17(g)(1).)

- (3) The Purchaser may preschedule during all hours on Sunday as follows: not more than 120 percent of the Purchaser's Computed Average Energy Requirement between 0700 and 2200 hours PT and not more than 320 percent of the Purchaser's Computed Average Energy Requirement on all other hours; provided, however, the total amount of energy prescheduled during each seven day period ending on 2400 hours PT Sunday shall be limited to the product of 168 hours and 120 percent of the Purchaser's Computed Average Energy Requirement.
- (4) Except as provided in section 2(c)(2) above, the Purchaser may preschedule in any day up to the greater of the product of 8 hours and the Purchaser's Computed Peak Requirement or the product of 24 hours and 120 percent of the Purchaser's Computed Average Energy Requirement. If the Purchaser preschedules energy on any day using this rule which exceeds the product of 24 hours and 120 percent of the Purchaser's Computed Average Energy Requirement, the Purchaser shall return such excess within the calendar day following the taking of such energy or later if agreed by Bonneville and the Purchaser, at a rate no greater than 100 percent of the Computed Peak Requirement. An adjustment will be made in the billing process to reflect the obligation to return energy associated with capacity taken on the last day of the billing period.
- (5) In the event the Purchaser is unable to preschedule energy up to the amounts otherwise allowed in this section on certain hours due to minimum generation limitations of the Purchaser's Firm Resources, Purchaser may, by prior agreement of Bonneville, preschedule energy during other hours up to levels that may

exceed the preschedule limits otherwise available to the Purchaser in this section. If such inability is due to limitations imposed by Bonneville pursuant to section 17(g)(1), Bonneville shall agree to the Purchaser's request unless Bonneville determines that operating conditions on its system prevent it from making such delivery without spilling water which it would not otherwise have spilled, purchasing power which it would not otherwise have purchased, or restricting deliveries of power to its own firm loads, which for the purpose of this paragraph (1) shall include deliveries which Bonneville would otherwise have made to its direct-service industrial purchasers. If needed by Bonneville, such preschedule will be reducible at Bonneville's option down to the scheduling limits otherwise available to the Purchaser in this section at any time prior to the actual delivery. If scheduled amounts arranged under this paragraph exceed the limits otherwise allowed in this section, the amounts in excess of such limits will not be used in determining any unauthorized increase or Measured Demand of the Purchaser.

- (b) In addition to and not in limitation of subsection (a) above, Computed Requirements Purchasers shall arrange schedules according to this subsection (b). Since the determination of the Purchaser's Computed Peak Requirement and Computed Average Energy Requirement depends on the relationship of the Purchaser's Assured Capabilities and Actual Firm Loads, such requirements for any month cannot be determined until after the end of that month. As each Purchaser must estimate its own firm load, and is in the best position to follow the load development from day to day, it will be the Purchaser's responsibility to request preschedules of Firm Power, including any increase over previously established demands, on the basis estimated by the Purchaser to result in the most advantageous purchase of the power to be billed at the end of the month. When used in this section 2 with respect to Computed Requirements Purchasers, the terms Computed Peak Requirement and Computed Average Energy Requirement mean the Purchaser's best estimate of such quantities. The Purchaser shall have the right to change its estimate of its Computed Peak Requirement and Computed Average Energy Requirement at any time based on corresponding changes in the Purchaser's estimate of its firm loads or to reflect changes in its Assured Energy Capability allowed by the provisions of section 17(d). Changes in prescheduled amounts shall be as permitted in section 3 below.
- (c) In addition to subsection (a) above, Customers purchasing on the basis of Planned Computed Requirements or Contracted Requirements shall schedule according to this subsection (c).
 - (1) Except as otherwise provided in this exhibit the Purchaser shall not schedule Firm Power under this contract in any month in

excess of its Computed Average Energy Requirement times the number of hours in such month.

- (2) If during a month, a Planned Computed Requirements or Contracted Requirements Purchaser which has a Computed Average Energy Requirement greater than 20 percent of its Computed Peak Requirement for such month reaches the limit for scheduling Firm Power specified in paragraph (1) above, such Purchaser shall thereafter during such month be subject to the provisions of section 2(a)(4) above, except: (1) the Purchaser's Computed Average Energy Requirement as used in section 2(a)(4) shall be zero; and (2) that, under adverse operating conditions, Bonneville may request that the Purchaser return energy delivered pursuant to section 2(a)(4) by the later of six hours from delivery or the end of the current Heavy Load Hour period and the Purchaser shall use its best efforts to comply with such request, provided, however, that, in any event, the Purchaser shall return such energy prior to 0700 hours of the following day. For purposes of this paragraph (2), adverse operating conditions shall mean an inability of the Government's generating system to increase its generation to produce such energy without subsequent spillage of water on the Government's generating system, without requiring a subsequent purchase of power by Bonneville, or without subsequently causing Bonneville to violate any operating restriction on the Government's generating system.

3. Changes from Preschedules.

- (a) In the application of the procedures controlling changes from preschedules, it is Bonneville's intention to comply with the Purchaser's requests for schedule changes to the maximum extent practicable, so as to maximize the power production of the region's resources in the most efficient manner possible. Bonneville shall comply with requests for schedule changes to the extent such changes are within the capability of the Federal system unless, due to the lateness of the request for change, Bonneville would suffer energy, capability, or economic loss (not including any economic loss resulting from making the requested change instead of making secondary sale) that would have been avoided if this request had been made at the preschedule time. If Bonneville would suffer such loss and if the Purchaser agrees prior to delivery to reimburse Bonneville for the estimated loss in order to make the change, Bonneville shall make such change. The Purchaser shall endeavor to avoid requesting schedule changes.
- (b) Except under emergency conditions, requests for schedule changes shall be submitted no later than 20 minutes before the beginning of the automatic generation control process ramp time used by Bonneville. This ramp time now begins 10 minutes before the hour.

- (c) With prior agreement of Bonneville, the Purchaser may increase its schedules of capacity up to the amounts the Purchaser had a right to preschedule in a manner which is not otherwise provided for, if the Purchaser agrees to return the energy associated with such increase within 6 hours.
- (d) When requested by Bonneville, the Purchaser shall make schedule changes in blocks of 6 hours at one time, subject to subsequent changes permitted by this exhibit, to enable Bonneville to develop a revised operational plan in an efficient manner. Such schedule changes shall incorporate the Purchaser's latest and best information about its future operation.
- (e) In addition to the schedule changes allowed pursuant to subsections (a) through (d) above, if the Purchaser has been designated to purchase on the basis of Actual Computed Requirements, it may make schedule changes without limitation by Bonneville subject to the following conditions:
 - (1) The Purchaser is not delivering energy for sale under the Exportable Energy Agreement concurrently with Bonneville;
 - (2) The Purchaser is making full use of the capability of its Firm Resources up to the Assured Capability levels of such resources or such capability is being replaced with other purchases or resources, and the Purchaser is making full use of its rights to change schedules under other contracts; provided, however, that hydroelectric resources need be used only to the maximum extent possible within the limits of normal pondage and available streamflows; and
 - (3) The schedule change is necessary in order to meet the Purchaser's Actual Firm Loads; or the changed schedule would serve to conserve energy which would otherwise be lost to the region.

(WP-PCI-0088c)

Relief from Overrun Exhibit

The following procedures are available pursuant to section 19(b)(1)(B) for use by Purchasers to avoid certain unauthorized increase charges which would otherwise occur due to load estimating errors. If used, such procedure shall be followed in its entirety in the order set forth below. These procedures are available only to Purchasers which purchase on the basis of Actual Computed Requirements.

1. Conversion of Measured Amounts to Nonfirm Energy. If any of the Purchaser's Measured Amounts during Heavy Load Hours during the month exceed the Purchaser's Computed Maximum Requirement for the corresponding hour, Bonneville shall convert such excess to nonfirm energy to the extent that Bonneville determines it would have had additional nonfirm energy available for the Purchaser during such hours. The amounts so converted shall be billed as nonfirm energy pursuant to section 19(b)(2). The Purchaser's Measured Amounts for such hours and the Purchaser's Measured Energy for the month shall be reduced by the amounts so converted to nonfirm energy. If the Purchaser's Measured Demand is based on a Measured Amount which is reduced pursuant to this section, such Measured Demand shall be reduced by the amount converted to nonfirm energy for such hour.
2. Mandatory Adjustment of Assured Capability. If the Purchaser's Measured Energy for the month, after reduction pursuant to section 1 above, exceeds the Purchaser's Computed Energy Maximum for such month, the Purchaser shall, to the extent permitted by section 17(d), reduce its Assured Energy Capability for such month, to the extent necessary to increase its Computed Energy Maximum so that it equals its Measured Energy, after reduction of such Measured Energy pursuant to section 1 above, for such month. The Purchaser's Computed Average Energy Requirement and Computed Maximum Requirement for such month shall be increased as appropriate to reflect the decrease, if any, in the Purchaser's Assured Energy Capability made pursuant to this subsection 2.
3. Conversion of Measured Energy to Nonfirm Energy. If the Purchaser's Measured Energy for the month, after reduction pursuant to section 1 above, exceeds its Computed Energy Maximum for such month, after adjustment pursuant to section 2 above, Bonneville shall convert a portion of such excess to nonfirm energy. Such portion shall be equal to the product of such excess and the ratio of the number of Light Load Hours during such month that Bonneville determines it would have had additional nonfirm energy available for the Purchaser to the total number of Light Load Hours in such month. The amounts so converted shall be billed as nonfirm energy pursuant to section 19(b)(2). The Purchaser's Measured Energy for the month shall be further reduced by the amounts so converted to nonfirm energy.
4. Disposition of Demand Overrun. If any of the Purchaser's Measured Amounts during Heavy Load Hours during the month, after reduction pursuant to section 1 above, exceed the Purchaser's Computed Maximum Requirement for

the corresponding hour, after adjustment pursuant to section 2 above, but none of such Measured Amounts are greater than 110 percent of such Computed Maximum Requirement for the corresponding hour, the largest of the amounts by which the Purchaser's reduced Measured Amounts during such hours exceed the Purchaser's adjusted Computed Maximum Requirement for the corresponding hour shall, subject to adjustment pursuant to section 6 below, be billed at the demand charge for reserve power pursuant to section 19(b)(3) and a service charge for the portions of such Measured Amounts which exceed such Computed Maximum Requirements for corresponding hours shall, subject to adjustment pursuant to section 6 below, be billed at the charge for energy advanced during Heavy Load Hours pursuant to section 19(b)(4). If any of the Purchaser's Measured Amounts during Heavy Load Hours during the month, after reduction pursuant to section 1 above, exceed 110 percent of the Computed Maximum Requirement for the corresponding hour, after adjustment pursuant to section 2 above, a charge for the portions of such Measured Amounts which exceed such Computed Maximum Requirements for corresponding hours shall be billed as unauthorized increase pursuant to section 19(b)(1)(A). The Purchaser's Measured Energy for the month shall be further reduced by the amounts billed as unauthorized increase.

5. Relief from Energy Overrun. If the Purchaser's Measured Energy for the month, after reduction pursuant to sections 1, 3 and 4 above, is less than the relief margin set forth below, the Purchaser shall return the portion of such Measured Energy in excess of the Purchaser's Computed Energy Maximum, after adjustment pursuant to section 2 above, at mutually agreeable times and rates within 30 days after Bonneville notifies the Purchaser that such return is required or at times and rates otherwise mutually agreed upon. A service charge for the excess energy so returned shall be billed at the charge for energy advanced during unspecified Heavy or Light Load Hours pursuant to section 19(b)(4). To the extent such excess is not so returned it shall be billed as unauthorized increase pursuant to section 19(b)(1)(A). The Purchaser's Measured Energy for the month shall be further reduced by the excess amounts returned to Bonneville or billed as unauthorized increase. The relief margin is 101 percent of the Purchaser's Computed Energy Maximum for each month, after adjustment pursuant to section 2 above, except that in the month before the month in which the Purchaser's Flexibility Account balance must be brought to zero pursuant to section 17(d)(1)(A) the relief margin is 103 percent and in the month that the Purchaser's Flexibility Account must be so brought to zero the relief margin is 105 percent. If the Purchaser's Measured Energy for such month, after reduction pursuant to sections 1, 3 and 4 above, exceeds the relief margin set forth above, the entire excess over its Computed Energy Maximum, after adjustment pursuant to section 2 above, shall be billed as unauthorized increase pursuant to section 19(b)(1)(A). The Purchaser's Measured Energy for the month shall be further reduced by the amounts billed as unauthorized increase.

6. Adjustment of Demand Overrun. If any of the Purchaser's Measured Energy for the month is billed at the unauthorized increase rate pursuant to section 5 above and if any demand has been billed at the demand charge for reserve power and if any energy has been billed at the service charge pursuant to section 4, the amount of demand so billed and the amount of energy so billed shall be reduced by amounts obtained by multiplying the amounts billed pursuant to section 4 by the ratio of the amount billed at the unauthorized increase rate pursuant to section 5 to the amount of energy billed at the service charge pursuant to section 4. If such ratio is greater than one, the amount of demand billed at the demand charge for reserve power and the amount of energy billed at the service charge pursuant to section 4 shall be reduced to zero.
7. Disposition of Remainder. The Purchaser's Measured Amounts, Measured Demand, and Measured Energy for the month, after reduction and adjustment pursuant to section 1 through 6 above, shall be billed pursuant to section 19(b)(1)(A).

(WP-PCI-0088c)

Service Charges Exhibit

Section I. Service charges arising from the Relief from Overrun Exhibit.

The following charges shall be applied to services provided by Bonneville pursuant to this agreement.

1. For energy advanced during Heavy Load Hours - 3.0 mills per kilowatthour.
2. For energy advanced during unspecified heavy or Light Load Hours - 2.0 mills per kilowatthour.
3. Heavy Load Hours and Light Load Hours mean the same herein as in the body of this agreement.

Section II. Service charges arising from services provided by Bonneville to Purchaser's Firm Resources or other resources which are within Bonneville's automatic generation control area.

No Charges have been established as of the date of execution of this agreement.

(WP-PCI-0088c)

POINTS OF DELIVERY

Note 1:

The following points of delivery are metered by a peripheral metering scheme described below:

- | | |
|---------------------|------------------|
| (a) Cardwell | (d) Lexington |
| (b) Cowlitz 13.8 kV | (e) Longview 115 |
| (c) Cowlitz 115 kV | |

The peripheral metering scheme mentioned above consists of metering installations at the following locations:

- (a) the point in the 115 kV Merwin line terminal in the Government's Cardwell Substation where power and energy flow to and from the Government;
- (b) the point in the 115 kV low side of Bank No. 3 and the point in the Astoria 115 kV line terminal both in the Government's Longview Substation where power and energy flows; and
- (c) the point in the 115 kV low side of Bank No. 1 in the Government's Lexington Substation where power and energy flows.

1. CARDWELL POINT OF DELIVERY:

Location: the point in the Government's Cardwell Substation where the 115 kV facilities of the parties hereto are connected;

Voltage: 115 kV;

Metering: by the peripheral metering scheme described in Note 1 above.

2. COWLITZ 13.8 kV POINT OF DELIVERY:

Location: the point in the Government's Cowlitz Substation where the 13.8 kV facilities of the parties hereto are connected;

Voltage: 13.8 kV;

Metering: by the peripheral metering scheme described in Note 1 above.

Exception: there shall be an adjustment for losses between the point of delivery and the metering points (a) and (b) in the peripheral metering scheme described above.

3. COWLITZ 115 kV POINT OF DELIVERY:

Location: the point in the Government's Cowlitz Substation where the 115 kV facilities of the parties hereto are connected;

Voltage: 115 kV;

Metering: by the peripheral metering scheme described in Note 1 above.

Exception: there shall be an adjustment for losses between the point of delivery and the metering points (a) and (b) in the peripheral metering scheme described above.

4. LEXINGTON POINT OF DELIVERY:

Location: the point in the Government's Lexington Substation where the 115 kV facilities of the parties hereto are connected;

Voltage: 115 kV;

Metering: by the peripheral metering scheme described in Note 1 above.

Exception: there shall be an adjustment for losses between point of delivery and metering points (a) and (b) in the peripheral metering scheme described above.

5. LONGVIEW 69 kV POINT OF DELIVERY:

Location: the points in the Government's Longview Substation where the 69 kV facilities of the parties hereto are connected;

Voltage: 69 kV;

Metering: in the Government's Longview Substation, in the 69 kV circuits over which such electric power and energy flows;

6. LONGVIEW 115 kV POINT OF DELIVERY:

Location: the point in the Government's Longview Substation where the 115 kV facilities of the parties hereto are connected;

Exhibit H, Page 3 of 3
Contract No. DE-MS79-81BP90493
Cowlitz County PUD, No. 1
Effective on the effective date
of this contract

Voltage: 115 kV;

Metering: by the peripheral metering scheme described in Note 1 above.

7. LONGVIEW 230 kV POINT OF DELIVERY:

Location: the points in the Government's Longview Substation where the 230 kV facilities of the parties hereto are connected;

Voltage: 230 kV;

Metering: in the Government's Longview Substation, in the 230 kV circuits over which such power and energy flows.

Firm Resource Exhibit

<u>Name of Resource</u>	<u>Number of Units</u>	<u>Peak Capability 1/ (MW)</u>	<u>Annual Plant Factor 2/ (%)</u>	<u>Purchaser's Percent of Resource Dedicated to Firm Load under this Agreement (%)</u>	<u>Date of Resource Addition</u>	<u>Date of Resource Removal</u>
a. Generating Resources						
<u>P.L. 96-501 5(b)(1)(A) Firm Resources</u>						
<u>Hydroelectric Resources</u>						
Wanapum	10	986.0 5/	4.0140	7/1/81		8/31/81
Wanapum	10	986.0 5/	5.7080	9/1/81		6/30/82
Wanapum	10	986.0 5/	4.0140	7/1/82		8/31/82
Wanapum	10	986.0 5/	5.7080	9/1/82		6/30/83
Wanapum	10	986.0 5/	4.0140	7/1/83		8/31/83
Wanapum	10	986.0 5/	5.7080	9/1/83		6/30/84
Wanapum	10	986.0 5/	4.0140	7/1/84		8/31/84
Wanapum	10	986.0 5/	5.7080	9/1/84		6/30/85
Wanapum	10	986.0 5/	4.0140	7/1/85		8/31/85
Wanapum	10	986.0 5/	5.7080	9/1/85		6/30/86
Wanapum	10	986.0 5/	4.0140	7/1/86		8/31/86
Wanapum	10	986.0 5/	5.7080	9/1/86		6/30/87
Wanapum	10	986.0 5/	4.0140	7/1/87		8/31/87
Wanapum	10	986.0 5/	5.7080	9/1/87		-
a. Generating Resources						
<u>Hydroelectric Resources</u>						
Priest Rapids	10	912.0 5/	3.3140	7/1/81		8/31/81
Priest Rapids	10	912.0 5/	5.0080	9/1/81		6/30/82
Priest Rapids	10	912.0 5/	3.3140	7/1/82		8/31/82
Priest Rapids	10	912.0 5/	5.0080	9/1/82		6/30/83
Priest Rapids	10	912.0 5/	3.3140	7/1/83		8/31/83
Priest Rapids	10	912.0 5/	5.0080	9/1/83		6/30/84
Priest Rapids	10	912.0 5/	3.3140	7/1/84		8/31/84
Priest Rapids	10	912.0 5/	5.0080	9/1/84		6/30/85
Priest Rapids	10	912.0 5/	3.3140	7/1/85		8/31/85
Priest Rapids	10	912.0 5/	5.0080	9/1/85		6/30/86
Priest Rapids	10	912.0 5/	3.3140	7/1/86		8/31/86
Priest Rapids	10	912.0 5/	5.0080	9/1/86		6/30/87
Priest Rapids	10	912.0 5/	3.3140	7/1/87		8/31/87
Priest Rapids	10	912.0 5/	5.0080	9/1/87		-

Firm Resource Exhibit

<u>Name of Resource</u>	<u>Supplier</u>	<u>Identifying Number 3/</u>	<u>Date of Resource Addition</u>	<u>Date of Resource Removal</u>	<u>Descriptive Remarks</u>
b. Contractual Resources					
<u>P.L. 96-501 5(b)(1)(A) Firm Resources</u>					
<u>Purchases</u>					
CSPE Supplemental and Entitlement Cap	CSPE Bonneville		14-03-47291	7/1/81	3/31/2003
			14-03-47454	4/	4/
			14-03-47455		
<u>Obligations</u>					
Canadian Entitlement Return Restoration	Purchaser Purchaser		14-03-47454	4/	4/
			14-03-47455		
			14-03-48221	7/1/81	6/30/2003

- 1/ At full reservoir for hydroelectric resources.
- 2/ Plant Factor is required only for other than hydroelectric generating facilities.
- 3/ Purchaser's entitlement to a Firm Resource supplied pursuant to a contract purchase which is not tied to the capability of a generating project shall be determined from the contract identified herein.
- 4/ Purchaser's entitlement to Firm Resource is based on Purchaser's ownership of share of Priest Rapids and Wanapum.
- 5/ Pre-encroached value

Exhibit J, Page 1 of 1
Contract No. DE-MS79-81BP90493
Cowlitz County PUD No. 1
Effective at 2400 hours on
the date of execution of
this agreement

Assured Capability Exhibit

Assured Peak Capability .
(MW)

Assured Energy
Capability
(Avg. MW)

To be provided by the Purchaser pursuant to section 16 of this contract prior to commencing service under this contract.

Exhibit K
Table 1, Page 1 of 1
Contract No. DE-MS79-81BP90493
Cowlitz County PUD No. 1
Effective on the effective date
of this contract

New Large Single Load Determinations Exhibit

(This exhibit is for information purposes only and shall not control any determinations made pursuant to section 8 of this contract or section 3(13) of P.L. 96-501.)

TABLE 1

LIST OF PURCHASER'S LOADS WHICH ARE NEW LARGE SINGLE LOADS

Description of Facility

Location

None

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90493
Cowlitz County PUD No. 1
Effective on the effective date
of this contract

New Large Single Load Determinations Exhibit

(This exhibit is for information purposes only and shall not control any determinations made pursuant to section 8 of this contract or section 3(13) of P.L. 96-501.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Yearly Amount of Firm Energy (Avg. MW)</u>
None		

Special Provisions Exhibit

The following special provision(s) apply only to the Purchaser. Unless otherwise provided in the following provision(s) the term of the following provision(s) shall be the same as the term of this Agreement. If the following provision(s) conflict with any other provision of this Agreement, the following provision(s) shall prevail.

1. Commencing at 1200 hours on June 3, 1980, and continuing until 1400 hours on August 27, 1980, the Cowlitz 13.8 kV and 115 kV points of delivery were metered at the Cardwell 115 kV point of metering and the temporary Cowlitz 115 kV point of metering.
2. The Cardwell 115 kV point of metering began at 1200 hours on June 3, 1980, and the Longview 115 kV point of metering began at 1400 hours on August 27, 1980.

Amendatory Agreement No. 1 to
Contract No. DE-MS79-81BP90493
June 3, 1982

AMENDATORY AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through

BONNEVILLE POWER ADMINISTRATION

and

COWLITZ COUNTY PUBLIC UTILITY DISTRICT NO. 1

This AMENDATORY AGREEMENT, executed July 28, 1982, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and COWLITZ COUNTY PUBLIC UTILITY DISTRICT NO. 1 (Purchaser), a non-profit corporation of the State of Washington,

W I T N E S S E T H :

WHEREAS Bonneville offered a power sales contract to the Purchaser on or shortly after August 28, 1981, and the parties hereto have executed such power sales contract (Contract No. DE-MS79-81BP90493, which as amended is hereinafter referred to as "Power Sales Contract") providing for the sale and delivery of firm power and energy to the Purchaser; and

WHEREAS the parties hereto have agreed that the words of certain sections of such Power Sales Contract do not reflect the intent of the parties negotiated prior to August 28, 1981; and

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

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

1. Effective Date of Agreement. This amendatory agreement shall be effective on the later of 2400 hours on the date of execution or the effective date of the Power Sales Contract.

2. Amendment of Power Sales Contract. The Power Sales Contract is hereby amended as follows:

(a) Section 3 is amended as follows:

(1) Section 3(b) is deleted and replaced by a new section 3(b) as follows:

"(b) "Actual Firm Peak Load" and "Actual Firm Energy Load" mean the actual maximum integrated *one-hour monthly peak* and average monthly energy loads, respectively, of the Purchaser's system in the Pacific Northwest, for each Billing Month, after adjustment pursuant to section 17(e). Such actual loads shall not include any load to the extent that the Purchaser had a unilateral right to interrupt such load during such month, even if such load was not actually interrupted, but shall include the amount of any load which the Purchaser had a right to interrupt or actually interrupted for the purpose of backing up or providing economic operation of its system including its Firm Resources. In addition, any New Large Single Load or portion of such load shall not be included in the Purchaser's firm loads hereunder prior to the date Bonneville is obligated to supply

such load with Firm Power pursuant to the terms of section 8(e). Contractual obligations of the Purchaser to utilities outside its normal service area may, if permitted by the terms of section 12(a), be included in the Purchaser's Firm Resources, but shall not be included in the Purchaser's Actual Firm Loads hereunder. Actual Firm Peak Load and Actual Firm Energy Load shall be referred to collectively as "Actual Firm Load."

(2) Section 3(o) is deleted and replaced by a new section 3(o) as follows:

"(o) "Estimated Firm Peak Load" and "Estimated Firm Energy Load" mean the best estimate of the maximum integrated 1-hour monthly peak and average monthly energy loads of the Purchaser's system in the Pacific Northwest which are equally likely to be less than or greater than the Purchaser's actual peak and energy loads in each month under normal weather conditions, except that the Purchaser may increase the largest of such monthly peak loads during the Operating Year to represent the peak load which is equally likely to be less than or greater than the Purchaser's actual peak load during the Operating Year. Such system loads shall be reduced by any and all loads to the extent that the Purchaser has unilateral rights to interrupt deliveries to such load during each month of such Operating Year, excepting loads which the Purchaser has a right to interrupt for the purpose of backing up or providing economic operation of its system including its Firm Resources. In addition, any New Large Single Load or portion of such load shall not be included in the Purchaser's firm loads hereunder prior to the date Bonneville is obligated to supply such load with Firm Power pursuant to the terms of section 8(e).

Contractual obligations of the Purchaser to utilities outside its normal service area may, if permitted by the terms of section 12(a), be included in the Purchaser's Firm Resources, but shall not be included in the Purchaser's firm loads hereunder. Estimated Firm Peak Load and Estimated Firm Energy Load shall be referred to collectively as "Estimated Firm Load."

(b) Section 4 is amended as follows:

(1) Exhibit B is amended by deleting section 8(d)(3) and adding a new section 8(d)(3) as follows:

"(3) Upon adoption of a methodology as provided in section 4(f)(2) and section 4(e)(3)(G) of P.L. 96-501, Bonneville will give notice of intent to adopt a policy, provide opportunity for public comment, and publish draft procedures in the Federal Register for imposing surcharges. Such proposed policy shall include:

(A) standards to be met before Bonneville will excuse surcharges which would otherwise be appropriate, consistent with Bonneville's obligations to implement cost-effective conservation measures to the maximum extent practicable;

(B) that Bonneville will impose surcharges to the extent not excused or suspended under the terms of the policy;

(C) an opportunity for interested persons to present views, data, questions, and arguments to Bonneville relevant to the imposition of surcharges in specific instances, and the adequacy of financial assistance made available by Bonneville;

(D) that surcharges imposed will be continued to the extent and for the period projected energy savings attributable to cost-effective model conservation standards are not achieved;

(E) for recovery from the Purchaser of the additional costs (including increases in the Utility's average system cost) that Bonneville will incur because the projected energy savings attributable to model conservation standards have not been achieved, subject to the limitations set forth in sections 4(f)(1) and 4(f)(2) of P.L. 96-501; provided, however, that surcharges will not be levied as a result of an increase in a Utility's average system cost except to the extent that the Utility failed to implement conservation measures that are designed to be cost-effective for its Consumers in terms of the electric rates its Consumers pay."

(2) Exhibit B is amended by adding section 8(g) as follows:

"(g) Bonneville shall establish and apply a discount to the rate or rates of utility Customers with low system densities. The level of such discount and the standards for determining which Customers qualify for such discount shall be established pursuant to the rate adjustment process described in this section.

After 5 years of experience in the application of such discount, Bonneville shall review the level and standards of such discount. Such review will occur independently of the rate adjustment process, and at such time Bonneville and the Purchaser may consider an amendment to this contract to fix the level of the discount and the standards for Customer qualification for the balance of the term of this contract, or such other amendments as the parties deem appropriate. Any such amendments shall be by mutual agreement of Bonneville and the Purchaser."

(3) Exhibit B is amended by deleting section 55 and adding a new section 55 as follows:

"55. Resale of Power. The Purchaser shall not resell Firm Power delivered under this contract except to those Consumers and utilities within its service area in the Pacific Northwest to the extent such Consumers and utilities are normally dependent on the Purchaser for their firm power supplies. The Purchaser shall not sell power from its Firm Resources in such a manner as to increase the Purchaser's Computed Peak Requirement or Computed Average Energy Requirement on Bonneville in any month. These prohibitions on resale in this section shall not be interpreted as a general prohibition against the Purchaser simultaneously purchasing Firm Power from Bonneville and selling power generated at its own facilities to other utilities or entities, nor shall these prohibitions be interpreted to preclude the Purchaser from reflecting the cost of Firm Power delivered under this contract in pricing such sales to other utilities or entities."

(4) Exhibit D is amended by deleting Definition Z of section 7 and adding a new Definition Z as follows:

"Z = The load growth of the Purchaser since passage of P.L. 96-501, and any deficits of investor-owned utilities, determined by subtracting from Bonneville's estimate of the Purchaser's Actual Firm Load for the Operating Year for which the allocation will apply either (1) the Purchaser's Actual Firm Load in the first Operating Year for which Bonneville's load growth notice provided in section 10(e) of this agreement is effective for public body, cooperative and Federal agency Customers; or (2) the contribution to the Purchaser's Assured Capabilities for such Operating Year for a Purchaser on Computed Requirements or the planning capability for a Purchaser on Metered Requirements of any Firm Resources which were included as 5(b)(1)(A) resources in the Purchaser's Firm Resource Exhibit for investor-owned utilities. "Z" shall be deemed to be one for Customers where "Z" is less than one."

(5) Exhibit K is deleted and replaced by a new Exhibit K attached hereto and by this reference made a part of this contract in accordance with the specific provisions of this contract relating to Exhibit K.

(c) Section 8(i) is deleted and replaced by a new section 8(i) as follows:

"(i) Compliance. Bonneville and the Purchaser agree that should a Purchaser fail to report a New Large Single Load of which the Purchaser has, or reasonably should have had knowledge, such Purchaser shall be backbilled from the date the increase in load became a New Large Single Load. For this subsection only, such backbilling shall include the following costs: (1) the difference between the Priority Firm Power Rate Schedule or its successor rate schedule and the New Resource Firm Power Rate Schedule or its successor rate schedule; (2) interest charges on the backbilled amount determined at Bonneville's prevailing interest rate; and (3) a late payment charge on the backbilled amount. This section 8(i) shall not apply if the Purchaser is an investor-owned utility."

(d) Section 9(e) is deleted and replaced by a new section 9(e) as follows:

"(e) The limitations of subsection (b) above shall not apply if the Purchaser has developed adequate resources to meet its load growth including the increase in load resulting from service to a new facility of a Consumer or additional service to an existing facility of a Consumer and replace reductions in its Firm Resources which are included as 5(b)(1)(A) resources in its Firm Resources Exhibit. The Purchaser shall be deemed to have developed adequate resources for Bonneville to supply such increase in load if, on an estimated basis, the Purchaser has provided resources, which were dedicated to its

load as 5(b)(1)(B) resources or made available to Bonneville, equal to the sum of:

(1) reductions in 5(b)(1)(A) resources between the '79-80 Operating Year and the date specified in subsection (b)(2) above which either:

(A) resulted from factors reasonably within the control of the Purchaser; or

(B) the Purchaser could anticipate on the date it gave notice under subsection (b) above; and

(2) growth in Actual Firm Energy Load between:

(A) the first Operating Year for which Bonneville's notice under section 10(e) is effective and the date specified in (b)(2) above for public bodies, cooperatives and Federal agencies; or

(B) the '79-80 Operating Year and the date specified in (b)(2) above for investor-owned utilities."

(e) Section 10 is amended by adding a new section 10(e) as follows:

"(e) For purposes of sections 9(e), 11(b)(4), and Definition Z of Exhibit D only, prior to July 1 of any year Bonneville may notify the Purchaser that Bonneville needs to acquire additional resources to meet the Purchaser's load growth occurring after the start of the Operating Year specified in the notice. Such Operating Year shall not commence prior to the expiration of the fifth full Operating Year after Bonneville notifies the Purchaser hereunder."

(f) Section 11(b)(4) is deleted and replaced by a new section 11(b)(4) as follows:

"(4) If regional curtailment has been requested after July 1, 1983, because Bonneville is unable to acquire sufficient resources to meet its firm obligations, Bonneville shall reduce the amount of load curtailment determined in paragraph (3) above during any month if the Purchaser's load growth as specified in subparagraph (A) below exceeds the amount of resources which the Purchaser has dedicated to its own load or made available to Bonneville as specified in subparagraph (B) below. Such amount of load curtailment for each month shall be reduced partially or in its entirety by the amount which (A) exceeds (B) below:

(A) the excess of the Purchaser's Actual Firm Energy Load in average megawatts over the Purchaser's Actual Firm Energy Load in average megawatts for the same month during the Operating Year prior to the first Operating Year for which Bonneville's load growth notice provided in section 10(e) of this agreement is effective; and

(B) the annual firm energy capability in average megawatts of (i) resources acquired by Bonneville from the Purchaser under P.L. 96-591; and (ii) the portion of the Purchaser's Firm Resources which are included as 5(b)(1)(B) resources in its Firm Resources Exhibit. Such resources shall not include conservation programs to the extent such programs have been reflected in the Purchaser's Actual Firm Energy Load in subparagraph (A) above."

(g) Section 12(b)(10) is deleted and replaced by a new section 12(b)(10) as follows:

"(10) Any Firm Resource may be removed from the Purchaser's Firm Resources Exhibit for any Operating Year or Years to the extent that equivalent peak and energy capability from another firm resource is added to the Purchaser's Firm Resources Exhibit for such year or years. Such added resource shall be one which was not planned as of December 5, 1980, to meet the firm load growth in the Pacific Northwest or, if so planned, has been offered for sale to Bonneville and Bonneville has declined such offer."

(h) Section 14 is amended by adding a new section 14(e) as follows:

"(e) Nothing in this Power Sales Contract shall be construed to create, or to preclude, adversely affect or otherwise limit in any manner, rights of the Purchaser to purchase nonfirm energy from Bonneville under appropriate terms and conditions in separate agreements at the rate specified in the Wholesale Nonfirm Energy Rate Schedule or its successor."

(i) Section 17 is amended by resequencing subparagraphs 17(d)(1)(B) through (D) to 17(d)(1)(C) through (E) and adding a new section 17(d)(1)(B) as follows:

"(B) Except for the Flexibility Account balance previously retained in subparagraph (D) below, the amount of change in the Flexibility Account for any month of the Operating Year shall be limited to the sum of the following:

(i) For Firm Resources which the Purchaser includes in Coordination Agreement planning, such monthly change shall not exceed the limit allowed pursuant to section 9(m)(3) of the Coordination Agreement; and

(fi) For Firm Resources which the Purchaser does not include in Coordination Agreement planning, such monthly change shall not exceed the sum of the following:

(a) The algebraic difference for such month between the Purchaser's Estimated Firm Energy Load less the Estimated Firm Energy Load, if any, submitted under Coordination Agreement planning and the Purchaser's Actual Firm Energy Load less the Actual Firm Energy Load, if any, submitted under the Coordination Agreement; and

(b) The algebraic difference in energy capability between the actual maintenance outages of such resources for such month and the scheduled maintenance outages of such resources used in the calculation of the Purchaser's Assured Capability for such month; and

(c) For specific other purposes as mutually agreed by Bonneville and the Purchaser."

(j) Section 17(j) is amended by adding a new section 17(j)(4) as follows:

"(4) Nothing in this section 17(j) shall be construed to limit, affect or otherwise modify Bonneville's obligation to acquire power for the Purchaser as provided in section 9(i) of P.L. 96-501."

IN WITNESS WHEREOF, the parties hereto have executed this amendatory

agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy

By *Peter T. Johnson*
Bonneville Power Administrator

COWLITZ COUNTY PUBLIC UTILITY DISTRICT
NO. 1

By *Joe B. Hill*
Joe B. Hill
Title President and Commissioner
Date July 28, 1982

ATTEST:

By *John M. Seafing*
John M. Seafing
Title Secretary and Commissioner
Date July 28, 1982

Date received by Bonneville: 7/28/82
Effective date: 9/1/82

Exhibit K
Table 1, Page 1 of 1
Contract No. DE-MS79-81BP90493
Cowlitz County Public Utility
District No. 1
Effective on the effective
date of this amendment

New Large Single Load Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 8 of this contract as of the effective date set forth above.)

TABLE 1

LIST OF PURCHASER'S LOADS WHICH ARE NEW LARGE SINGLE LOADS

Description of Facility

Location

No determinations have been
made as of the effective
date set forth above.

(WP-PCI-1214c)

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90493
Cowlitz County Public Utility
District No. 1
Effective on the effective date
of Amendatory Agreement No. 1

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)</u>
Weyerhaeuser's Longview Millsite facility	Cowlitz County, Longview, Washington (Present Longview Millsite facility)	388.80

Amendatory Agreement No. 2 to
Contract No. DE-MS79-81BP90493

8/10/82

AMENDATORY AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through

BONNEVILLE POWER ADMINISTRATION

and

COWLITZ COUNTY PUBLIC UTILITY DISTRICT NO. 1

This AMENDATORY AGREEMENT, executed September 14, 1982, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and COWLITZ COUNTY PUBLIC UTILITY DISTRICT NO. 1 (Purchaser), a non-profit corporation of the State of Washington,

W I T N E S S E T H :

WHEREAS Bonneville offered a power sales contract to the Purchaser on August 28, 1981, and the parties hereto have executed such power sales contract (Contract No. DE-MS79-81BP90493, which as amended is hereinafter referred to as "Power Sales Contract") providing for the sale and delivery of firm power and energy to the Purchaser; and

WHEREAS the parties hereto have agreed to the following amendments to the Power Sales Contract offered August 28, 1981; and

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

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

1. Effective Date of Agreement. This amendatory agreement shall be effective on the later of 2400 hours on the date of execution or the effective date of the Power Sales Contract.

2. Amendment of Power Sales Contract. The Power Sales Contract is hereby amended as follows:

(a) Section 2 is amended by adding a new section 2(b) as follows:

"(b) This contract may be terminated by the Purchaser upon (i) 7 years' prior notice to Bonneville; (ii) concurrent submission by the Purchaser to Bonneville of a Firm Resource Exhibit reciting zero demand upon Bonneville as of the proposed date of termination; and (iii) a determination that termination will cause no adverse economic impacts on Bonneville's other customers."

(b) Section 4 is amended by deleting Exhibit C and replacing it with a new Exhibit C attached hereto and by this reference made a part of this contract in accordance with the specific provisions of this contract relating to Exhibit C.

(c) Section 11 is deleted and replaced by a new section 11 as follows:

"11. Compensation Program for Regional Curtailment of Firm Loads.

"(a) The parties agree to commence negotiations as soon as practicable to develop a comprehensive agreement among utilities in the Pacific Northwest to buy and sell electric energy made available due to

curtailments in consumption or from resources on a party's system during a period when governmental bodies having the authority to do so have so ordered such curtailments or sales.

(b)(1) If the Bonneville Power Administrator and the governor of the State encompassing the Purchaser's service area publicly appeal for curtailments of electric power consumption or if mandatory curtailments of electric power consumption in the Purchaser's service area are ordered by governmental bodies having the authority to so order, Bonneville shall compensate the Purchaser as provided in this section for any reduction in Bonneville's obligation to supply Firm Power to the Purchaser. If the Purchaser's service area extends into more than one State and all of such States do not participate in the curtailments described above, the procedures of this section shall be applied only to those loads in service areas in the participating States.

"Compensation under this section shall not be available to the Purchaser during any Operating Year that the Purchaser is purchasing Firm Power from Bonneville on a Planned Computed Requirements or Contracted Requirements basis. The compensation under this section may be reduced partially or in its entirety as described in paragraph (4) or paragraph (5) below. The reductions described in paragraph (4) below shall be made after the adjustments described in paragraph (5) below.

"Compensation shall begin with the first full month following such appeal for curtailment or ordered curtailment. Compensation shall end with the month during which the Bonneville Power Administrator and the appropriate State political leaders publicly indicate that a need for curtailment no longer exists or such State officials rescind an order for curtailment.

(2) Bonneville shall pay the Purchaser each month an amount equal to the product of the rate set forth in this paragraph and the amount of load curtailment determined in paragraph (3) below unless such amount of load curtailment is reduced partially or in its entirety as set forth in paragraph (4) below. Such rate shall be the amount in mills per kilowatthour by which the Purchaser's average revenue from retail sales of electric energy exceeds the wholesale firm power rate the Purchaser would have paid Bonneville for the increment of energy determined pursuant to paragraph (3) below.

(3) The amount of regional load curtailment on the Purchaser's system during a month shall be deemed to be the amount, if any, by which the Purchaser's Estimated Firm Energy load, after adjustment as specified below, exceeds the Purchaser's Actual Firm Energy load for such month after adjustment, if any, as set forth below. If the Purchaser does not regularly publish an Estimated Firm Energy Load, such Purchaser's Estimated Firm Energy Load for purposes of this section shall be the Purchaser's component of Bonneville's latest published estimate of its firm energy loads.

The Purchaser's most recently published Estimated Firm Energy Load shall be used herein to determine amounts of regional load curtailment in conjunction with information submitted by the Purchaser to Bonneville as soon as possible following the end of each month in which a regional load curtailment program is in effect. Such information shall be provided for each such month and for the three most recent, but not necessarily consecutive, months in which a regional load curtailment program or a load curtailment program pursuant to section 17(e) was not in effect. Such information shall include: (A) the Purchaser's Actual Firm Energy Load

for such months; and (B) detail on any separately identifiable significant changes in the Purchaser's Actual Firm Energy Load from its Estimated Firm Energy Load which were not the result of a regional load curtailment program, a load curtailment program pursuant to section 17(e), or an interruption of load for the purpose of providing economic operation of the Purchaser's system including its Firm Resources.

The Purchaser's Actual Firm Energy Loads for all months used for calculations herein shall be adjusted to reflect only those loads in the Purchaser's service area which are in States participating in the regional curtailment program. Such adjustments shall be made by subtracting the portion of the Purchaser's Actual Firm Energy Load in States which are not participating in the regional curtailment program from the Purchaser's Actual Firm Energy Load for such month. Such adjustment may be changed monthly to reflect changes in the States which are participating in the regional curtailment program.

The Purchaser's Estimated Firm Energy Load for all months for which information was requested above shall first be adjusted to reflect separately identifiable changes in load which were not the result of a regional load curtailment program, a load curtailment program pursuant to section 17(e), or an interruption of load for the purpose of providing economic operation of the Purchaser's system including its Firm Resources. The Estimated Firm Energy Load shall then be adjusted in the manner specified for Actual Firm Energy Loads above to reflect only those loads in the Purchaser's service area which are in States participating in the regional curtailment program. An adjusted Estimated Firm Energy Load for each month in which a regional load curtailment program is in effect shall then be determined by multiplying the Estimated Firm Energy Load for

such month, as adjusted above, by the ratios of the Purchaser's Actual Firm Energy Load, as adjusted above, to its Estimated Firm Energy Load, as adjusted above, for the three most recent, but not necessarily consecutive, months in which a regional load curtailment program or a load curtailment program pursuant to section 17(e) was not in effect.

(4) If regional curtailment has been requested after July 1, 1983, because Bonneville is unable to acquire sufficient resources to meet its firm obligations, Bonneville shall reduce the amount of load curtailment determined in paragraph (3) above during any month if the Purchaser's load growth as specified in subparagraph (A) below exceeds the amount of resources which the Purchaser dedicated to its own load or made available to Bonneville as specified in subparagraph (B) below. Such amount of load curtailment for each month shall be reduced partially or in its entirety by the amount which (A) exceeds (B) below:

(A) the excess of the Purchaser's Actual Firm Energy Load in average megawatts over the Purchaser's Actual Firm Energy Load in average megawatts for the same month during the Operating Year prior to the first Operating Year for which Bonneville's load growth notice provided in section 10(e) of this agreement is effective; and

(B) the annual firm energy capability in average megawatts of (i) resources acquired by Bonneville from the Purchaser under P.L. 96-501; and (ii) the portion of the Purchaser's Firm Resources which are included as 5(b)(1)(B) resources in its Firm Resources Exhibit. Such resources shall not include conservation programs to the extent such programs have been reflected in the Purchaser's Actual Firm Energy Load in subparagraph (A) above.

(5) If the Purchaser purchases Firm Power from Bonneville on an Actual Computed Requirements basis, the amount of load curtailment determined in paragraph (3) above for any month shall be determined after the following adjustments:

(A) The amount of load curtailment determined in paragraph (3) above shall be reduced to provide compensation only for the portion of the Purchaser's Actual Firm Energy Load served by Bonneville. Such reduction shall be made by increasing the Purchaser's Actual Firm Energy Load used to determine the amount of load curtailment in paragraph (3) by the amount of load curtailment attributable to the Purchaser's Firm Resources. Such increase in the Purchaser's Actual Firm Energy Load shall be deemed to be the amount determined in the manner specified in section 17(e)(5) even if the Purchaser has not implemented a load curtailment program pursuant to section 17(e).

(B) If the Purchaser initially purchased Firm Power from Bonneville on a Metered Requirements basis, but is purchasing Firm Power from Bonneville on an Actual Computed Requirements basis at the time regional curtailment is requested hereunder, subparagraph (A) above will apply only if the Purchaser has implemented a load curtailment program pursuant to section 17(e). This subparagraph (B) shall no longer apply if the Purchaser was offered the opportunity to be a party to a comprehensive agreement among utilities in the Pacific Northwest described in subsection (a) above after it commenced purchasing on a Computed Requirements basis."

(d) Section 17(b) is deleted and replaced by a new section 17(b) as follows:

"(b) On or before the effective date of this contract, and thereafter, as provided in paragraph (1) below, the Purchaser may request in writing to purchase on the basis of Contracted Requirements by submitting the data and proposed schedule of Contracted Requirements purchases of peak and energy pursuant to paragraph (2) below.

(1) The Purchaser may request that it begin to purchase on a Contracted Requirements basis at the time of submittal of any revised Firm Resources Exhibit. Such request shall become effective, in accordance with this subsection (b), for the seventh Operating Year of such exhibit, or for an earlier Operating Year if Bonneville is expected to have an excess of firm load over its firm resources in the first Operating Year for which the Purchaser requests to purchase on a Contracted Requirements basis. Bonneville's expected firm load-resource balance and the priority of competing requests for purposes of allocating the availability of this subparagraph of paragraph (1) shall be determined in the manner described in section 12(b)(7) above.

The Purchaser may elect to cease purchasing on a Contracted Requirements basis at the time of submittal of any revised Firm Resources Exhibit. Such election shall become effective for the seventh Operating Year of such exhibit, or for an earlier Operating Year if Bonneville is expected to have an excess of firm resources over its firm load in the first Operating Year for which the Purchaser proposes to cease purchasing on a Contracted Requirements basis. Bonneville's expected firm load-resource balance and the

priority of competing requests for purposes of allocating the availability of this subparagraph of paragraph (1) shall be determined in the manner described in section 12(b)(9) above.

(2) If the Purchaser requests to purchase on the basis of Contracted Requirements, it shall submit to Bonneville in the Purchaser's initial Firm Resources Exhibit in addition to data required in section 12(a), the Purchaser's annual Estimated Firm Peak Load, the annual average of Purchaser's Estimated Firm Energy Load, the estimated Assured Capabilities of the Purchaser's Firm Resources corresponding to the time period of such loads, and a schedule of annual Contracted Requirements purchases of peak and energy for each of the first seven Operating Years. If the Purchaser's Contracted Requirements peak purchase amount for any such Operating Year is based on its Estimated Firm Peak Load for the months June through November, such amount shall be the Purchaser's Contracted Requirements peak purchase amounts for June through November and the Purchaser shall also submit a lower amount which is based on its Estimated Peak Load for the months December through May. With each revised Firm Resources Exhibit submitted in accordance with section 12(b), such Purchaser shall submit a new schedule deleting the amounts of Contracted Requirements peak and energy purchases for the current Operating Year and adding the amounts to be purchased in the seventh succeeding Operating Year together with Purchaser's annual Estimated Firm Peak Load and annual average Estimated Firm Energy Load in the seventh Operating Year, and new information on the estimated Assured Capability of all Firm Resources and Estimated Firm

Loads for which information is provided for under paragraphs (4), (5), and (6) below. Such revised Firm Resources Exhibit shall be prepared in the same format as the initial Firm Resources Exhibit or such other format as Bonneville and the Purchaser may agree upon. Submission of the data specified in this paragraph (2) shall be in lieu of preparation of an Assured Capability Exhibit as provided for in section 16 above.

If Bonneville determines that the Purchaser's Estimated Firm Loads do not conform to the definitions in this contract, Bonneville shall notify the Purchaser, as soon as practicable, of the specific deficiencies and the Purchaser may submit revised data or revised schedule of Contracted Requirements purchases. If Bonneville expects to approve a reduced quantity of peak or energy in any period of time included in a schedule of Contracted Requirements purchases and Bonneville determines that such reduction under this paragraph (2) or paragraph (6) below is in any way affected by the Purchaser's Estimated Firm Loads, Bonneville shall notify the Purchaser in the manner specified above of specific deficiencies in the Purchaser's Estimated Firm Load data submission and shall determine any reduction described in this paragraph (2) on Bonneville's determination of the Purchaser's Estimated Firm Loads unless the Purchaser submits revised data or revised schedule of Contracted Requirements purchases prior to the start of the Operating Year following initial submission of the data and such data or schedule are approved by Bonneville.

Bonneville shall approve either each requested schedule of Contracted Requirements purchases or a reduced schedule of Contracted Requirements purchases in any period of time included in such

schedule; provided, however, that such reduced schedule shall not be reduced below the lesser of the following:

(A) the amount by which the Purchaser's Estimated Firm Load exceeds its estimated Assured Capability in such period of time; or

(B) the minimum amount of peak or energy which Bonneville would be obligated to make available to the Purchaser under the following assumptions: (1) such amount shall be determined as though a notice of restriction issued under section 7(a) was in effect during such period of time for the Purchaser and its class of Customers; (2) such amount shall be limited to the amounts that Bonneville would be obligated to make available to the Purchaser as determined under section 7(e), section 7(f), and Exhibit D for amounts of resources acquired by Bonneville under P.L. 96-501 from or on behalf of the Purchaser or its class of Customers with the amounts calculated under section 7(f) determined as though section 7(f)(1) and 7(f)(2) did not apply; and (3) such amount shall be deemed to be equal to the amount specified in (A) above, unless Bonneville has issued a notice of restriction under section 7(a) to such class applicable to such period of time or has reasonable expectation of issuing such notice, pursuant to the provisions of section 7, either with, or in the absence of, this reduction.

(3) The amounts of power shown in Purchaser's schedule of Contracted Requirements purchases, as submitted with the Firm Resources Exhibit for an Operating Year and approved by Bonneville, shall not be revised thereafter except for changes as specifically

provided for by paragraphs (4), (5) and (6) below. The Estimated Firm Load on which the Purchaser's Contracted Requirements purchases for each Operating Year were based shall be deemed to be the Purchaser's Actual Firm Load during such Operating Year for the purpose of determining whether the Purchaser is using its purchase from Bonneville for resale.

(4) If the Purchaser makes a change in its Firm Resources as permitted by section 12(b), the Purchaser shall, at the time such change is submitted to Bonneville, make a change in its schedule of Contracted Requirements purchases shown in its Firm Resources Exhibit. Such change shall be equal and opposite to the change in the Purchaser's Assured Capability resulting from such change in Firm Resources.

(5) If the Purchaser's Estimated Firm Loads change for any Operating Year for which the Purchaser is purchasing on a Contracted Requirements basis, and if such change corresponds to changes in Purchaser's Firm Resources which are permitted by sections 12(b)(7), (9), and (11) (as though an increase in Estimated Firm Loads corresponds to a removal of Firm Resource and a decrease in Estimated Firm Loads corresponds to an addition to Firm Resource) the Purchaser may submit such changed loads to Bonneville at the time it submits a revised Firm Resources Exhibit and may, at such time, make an equivalent change in its schedule of Contracted Requirements purchases shown in its Firm Resources Exhibit.

(6) If prior to any Operating Year Bonneville determines that it would be required to acquire a resource under P.L. 93-454 or Section 6(a)(2) of P.L. 96-501 to meet Bonneville's firm loads

including the Purchaser's previously approved schedule of Contracted Requirements purchases for such Operating Year, Bonneville may request the Purchaser to submit revised Estimated Firm Loads for such Operating Year for Bonneville's approval in the manner specified in section 17(b)(2) above. Such request shall be made not less than 30 days prior to the date for submission of data for the modified regulation under the Coordination Agreement. Such revised Estimated Firm Loads shall be the Purchaser's most current estimate and shall include power savings for such Operating Year from all conservation measures and direct application renewable resources including those funded by Bonneville either directly or through billing credits. If due to the Purchaser's revised Estimated Firm Loads, the Purchaser's schedule of Contracted Requirements purchases are in excess of the amount specified in section 17(b)(2)(A) above, Bonneville may reduce the Purchaser's schedule of Contracted Requirements purchases to the amount specified in section 17(b)(2)(A) above. Bonneville shall notify the Purchaser of such reduction prior to the submission of data for the modified regulation.

In addition the schedule of Contracted Requirements purchases shown in the Purchaser's Firm Resource Exhibit may be changed for any Operating Year if and to the extent that Bonneville has given prior written consent.

(7) Within 7 days after receipt of the preliminary regulation under the Coordination Agreement prior to each Operating Year, the Purchaser shall allocate its annual Contracted Requirements energy purchase among months of such Operating Year in a manner which

results in a requirement on Bonneville each month equal to or between the amounts determined by (A) or (B):

(A) one-twelfth of the Purchaser's annual Contracted Requirements energy purchase from Bonneville for that Operating Year; and

(B) a fraction of such annual Contracted Requirements energy purchase obtained by dividing the Estimated Firm Energy Load for that month by the total of the twelve Estimated Firm Energy Loads for that Operating Year.

If requested by the Purchaser and if Bonneville agrees, the Purchaser may allocate its annual Contracted Requirements energy purchase among months so as to place monthly requirements on Bonneville other than those determined by (A) or (B) above to reflect a period of planned thermal maintenance or other causes. The Purchaser's total Contracted Requirements purchase shall not be changed by such reallocation.

(8) For the purpose of determining the amount of power Bonneville shall make available to the Purchaser under this contract, the Purchaser's Contracted Requirements peak purchases shown in its schedule of such purchases submitted pursuant to paragraph (2) above shall be deemed to be the Purchaser's Computed Peak Requirement in each month of the Operating Year as specified in such schedule and the twelve monthly amounts of energy determined pursuant to paragraph (7) above shall be deemed to be the Purchaser's Computed Average Energy Requirement for each such month of the Operating Year.

(9) Before requesting implementation on its behalf of a regional load curtailment program affecting loads besides its own or

a regional shortage-sharing mechanism affecting such loads, the Purchaser shall purchase all energy, to the extent necessary to make up its resource deficiency, from resources available to the Purchaser as documented by Bonneville at a cost equal to or less than the sum of 115 percent of the incremental operating cost of oil-fired generation from simple cycle combustion turbines and the cost for transmission and transmission losses not to exceed 15 percent of the cost of such generation.

For the purpose of this paragraph (9) a Purchaser's resource deficiency shall be the amount, if any, by which the Purchaser's most current estimate of its annual average Estimated Firm Energy Load for such Operating Year exceeds the sum of:

(A) The estimated Assured Energy Capability of the Purchaser's Firm Resources for such Operating Year, determined in the manner provided in paragraph (2) above;

(B) The assured energy capability, determined in the manner provided in section 16 and paragraph (2) above, of resources acquired by the Purchaser on a firm basis in addition to the Purchaser's Firm Resources for such Operating Year; and

(C) The amounts of energy shown in the Purchaser's schedule of Contracted Requirements purchases for such Operating Year."

(e) Section 17(c) is deleted and replaced by a new section 17(c) as follows:

"(c) If the Purchaser does not request that Bonneville sell to it on the basis of Planned Computed Requirements or Contracted Requirements or if Bonneville disapproves the Purchaser's request to purchase on the basis

of Planned Computed Requirements, the Purchaser shall purchase on the basis of Actual Computed Requirements and its Computed Peak Requirement and Computed Average Energy Requirement shall be determined after the end of each month based on the Purchaser's Actual Firm Load."

(f) Section 17(g)(1) is deleted and replaced by a new section 17(g)(1) as follows:

"(1) During Heavy Load Hours: the larger of the Purchaser's Computed Peak Requirement or its Computed Average Energy Requirement; provided, however, that after June 30, 1987, Bonneville may limit the amounts of power it makes available during up to six Heavy Load Hours of each day designated by Bonneville to amounts less than the Purchaser's Computed Average Energy Requirement but not less than the Purchaser's Computed Peak Requirement. Bonneville shall not so limit the amounts of power it makes available unless: (A) Bonneville has informed the Purchaser's representative by the time specified in the Power Scheduling Provisions Exhibit that Bonneville will make such limitation; (B) Bonneville has limited all other Customers having contracts which permit this limitation approximately in proportion to the amount by which each such Customer's Computed Average Energy Requirement exceeds its Computed Peak Requirement for such month; and (C) Bonneville has determined that such limitation is reasonably necessary either (1) to enable Bonneville to meet loads which Bonneville serves from firm load carrying capability as defined in the Coordination Agreement or (2) to serve other loads in the Pacific Northwest which Bonneville has previously committed to serve provided that the Purchaser, using its best efforts, is able to comply with such request on an operating basis. Bonneville shall demonstrate to

the Purchaser and to other Customers having similar contracts that Bonneville has sufficient firm capacity resources to meet its firm capacity obligations without invoking the limitations of this paragraph (1) before Bonneville renews any existing contracts or enters into any new contracts to deliver capacity to entities outside the Pacific Northwest."

(g) Section 19(c) is amended by adding a new section 19(c)(3) as follows:

"(3) For any amounts due as compensation for reductions in Bonneville's obligation to supply Firm Power as set forth in section 11(b)."

IN WITNESS WHEREOF, the parties hereto have executed this amendatory agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy

By *Peter T. Johnson*
Bonneville Power Administrator

COWLITZ COUNTY PUBLIC UTILITY
DISTRICT NO. 1

By *Joe B. Hill*
Joe B. Hill
Title President and Commissioner
Date September 14, 1982

ATTEST:

By *John M. Searing*
John M. Searing
Title Secretary and Commissioner

Date September 14, 1982

(WP-PKI-1419c)

Date received by Bonneville: _____
Effective date: <u>9/14/82</u>

Customer Service Objectives Exhibit

Table 1 of the Customer Service Objectives Exhibit is applicable to the Purchaser if the Purchaser is a public body, cooperative or Federal agency. The provisions of Table 1 are subject to the provisions of Bonneville's Customer Service Policy, which Bonneville may amend from time to time.

Bonneville will provide service to its Customers by constructing transmission lines (115 kV or higher) and stepdown substations to the Customers utilization voltage (12.5 kV or higher), (Customer Service Facilities), which are necessary to provide the widest possible, diversified and efficient use of electric power. To accomplish this objective, construction of new Customer Service Facilities will be undertaken following studies conducted jointly by Bonneville and the Customer to determine the best engineering, economic, and environmental plan of service based on a one utility concept of evaluation.

Bonneville's primary transmission responsibility is to provide a stable and reliable transmission system for the integration and delivery of the bulk power requirements in the Pacific Northwest. It is intended that the Customer will assume the primary role for distribution of this power to the Consumer. In recognition of this basic division of responsibility, Bonneville will construct the necessary Customer Service Facilities, providing that capital recovery is reasonably assured, until such time that the load density in the area under consideration reaches a point that requires construction of customer service substations in relatively close proximity. At this point, the Customer will assume as part of its distribution utility responsibility, construction of the transmission lines and stepdown substations required to serve the loads within this high load density area. Therefore, the scope of Bonneville's participation will be narrowed to providing the required high voltage transmission facilities into the load area and stepdown substations to the local transmission level while conforming with Bonneville's published reliability standards, which may be amended by Bonneville from time to time. It is the intent that the dividing line between Bonneville's transmission responsibility and the Customer's distribution responsibility be a dynamic relationship which will shift from Bonneville to the Customer as the load density in a particular area increases.

Joint utility planning and one utility concept of evaluation will be the foundation for all Bonneville customer service planning efforts. These concepts have become more important in recent years to insure maximum electrical system efficiencies, and minimize impact on the environment in addition to meeting other economic and engineering criteria.

Bonneville's Customer Service Policy will encourage additional joint utility planning including (1) better long-range planning; (2) energy loss reduction studies, including common standards of conductor economics, and distribution

voltage levels; (3) voltage regulation on the transmission and distribution system; and (4) elimination of duplicate facilities such as may result from separate substations and low voltage circuit breakers.

At the request of Purchaser, which has not specified an amount of residential load or has specified an amount of zero under Exhibit D of the Residential Purchase and Sale Agreement, Bonneville shall enter into a transmission services agreement which shall provide benefits to such Purchaser for its transmission system which the Purchaser would have received under a Residential Purchase and Sale Agreement and the Average System Cost methodology.

(WP-PKI-1419c)

Customer Service Objectives Exhibit

Table 2 of the Customer Service Objectives Exhibit is applicable to the Purchaser if the Purchaser is an investor-owned utility. Bonneville and the Purchaser have not agreed on objectives for the provision of new Customer Service Facilities by Bonneville. Bonneville shall not have any obligation to provide Customer Service Facilities to the Purchaser until Bonneville and the Purchaser mutually agree upon a set of objectives for the provision of such facilities.

At the request of Purchaser, which has not specified an amount of residential load or has specified an amount of zero under Exhibit D of the Residential Purchase and Sale Agreement, Bonneville shall enter into a transmission services agreement which shall provide benefits to such Purchaser for its transmission system which the Purchaser would have received under a Residential Purchase and Sale Agreement and the Average System Cost methodology.

(WP-PKI-1419c)

AMENDATORY AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through

BONNEVILLE POWER ADMINISTRATION

and

COWLITZ COUNTY PUD NO. 1

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This AMENDATORY AGREEMENT, executed February 27, 1991, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and COWLITZ COUNTY PUD NO. 1 (Purchaser), a public utility district of the state of Washington,

W I T N E S S E T H:

WHEREAS Bonneville and the Purchaser executed a power sales contract (Contract No. DE-MS79-81BP90493, executed July 28, 1982), providing for the sales and delivery of firm power and energy to the Purchaser, and which as amended is hereinafter referred to as "Power Sales Contract"; and

WHEREAS the parties hereto have agreed to the following amendments to the Power Sales Contract for their mutual benefit from coordinated hydroelectric system planning in the Pacific Northwest; and

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

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

1. Effective Date of Agreement.

This amendatory agreement shall be effective at 2400 hours on July 31, 1991.

2. Amendment of Power Sales Contract.

The Power Sales Contract is hereby amended as follows:

- (a) Section 3(ee) is deleted and replaced by a new section 3(ee) as follows:

"(ee) 'Operating Year' means the period commencing each year on August 1 and ending the following July 31."

- (b) Section 10(e) is deleted and replaced by a new section 10(e) as follows:

"(e) For purposes of sections 9(e), 11(b)(4), and Definition Z of Exhibit D only, prior to August 1 of any year Bonneville may notify the Purchaser that Bonneville needs to acquire additional resources to meet the Purchaser's load growth

occurring after the start of the Operating Year specified in the notice. Such Operating Year shall not commence prior to the expiration of the fifth full Operating Year after Bonneville notifies the Purchaser hereunder."

(c) Section 12(b) is deleted and replaced by a new section 12(b) as follows:

"(b) Prior to January 1 of each year, the Purchaser shall prepare and submit to Bonneville a revised Firm Resources Exhibit. Each such exhibit shall delete the information applicable to the current Operating Year, show new information for the seventh succeeding Operating Year as permitted by this subsection, and show any changes for the first six Operating Years as are permitted by this subsection (b). Such new Firm Resources Exhibit shall be prepared in the same format as the initial Firm Resources Exhibit or such other format as Bonneville and the Purchaser may agree upon. Such new Firm Resources Exhibit will supersede the prior Firm Resources Exhibit on the following August 1.

"Changes in the Purchaser's Firm Resources Exhibit shall be permitted only if specifically provided for as follows:

"(1) The peak capability of any Firm Resource may be added for the fifth year of the Firm Resources Exhibit and the energy capability of any Firm Resource may be added for the seventh year of the Firm Resources Exhibit, upon designation of the Purchaser.

"(2) Any Firm Resource may be added for any Operating Year to the extent that such resource is in accordance with Bonneville's annual program which implements the plan of the Pacific Northwest Electric Power and Conservation Planning Council or P.L. 96-501.

"(3) Any Firm Resource may be added in any Operating Year to the extent that Bonneville reasonably determines that it can market or otherwise dispose of any of its resulting firm load-resource surplus without sustaining an adverse economic effect. In determining the amount of such surplus, purchases which Bonneville is not committed to make at the time of such determination shall not be considered.

"(4) Any Firm Resource which is a renewable or cogeneration resource and which has a planned capability for the generating facility of 50 average megawatts or less may be added beginning with the Operating Year for which the Purchaser had notice of the availability of such resource, but in no event earlier than the Operating Year commencing 30 months from the January 1 on which the Firm Resources Exhibit showing such addition is submitted. If the owner or developer of a generating facility which is a qualifying facility requires the Purchaser to acquire the output of such facility pursuant to the provisions of P.L. 95-617 (PURPA), the planned capability of such generating facility may be added as a Firm Resource pursuant to this paragraph at the beginning of the Operating Year for which the Purchaser had notice of the availability of such resource; provided, however, that the Purchaser shall use its best efforts to provide the minimum notice of availability specified in this paragraph.

"(5) Any Firm Resource in regard to which an irrevocable option to purchase has been granted in favor of Bonneville pursuant to a written, executed agreement may be added in any revised Firm Resources Exhibit submitted within 2 years after Bonneville declines for

any reason to exercise its option to purchase pursuant to that agreement. Such Firm Resource may be included in such Firm Resources Exhibit for any Operating Year or Years up to the amounts offered to Bonneville in the agreement granting the option to Bonneville.

"(6) Irrespective of whether or not an option had been granted in favor of Bonneville, any Firm Resource which has been offered to Bonneville pursuant to section 9(1)(3) of P.L. 96-501 and which is not accepted by Bonneville under the terms of the offer may be added effective on the date of commercial operation in any revised Firm Resources Exhibit upon a minimum of 2 years' written notice.

"(7) Any Firm Resource may be added if and to the extent that Bonneville is expected to have an excess of firm load over its firm resources in the first Operating Year for which the Purchaser proposes to add such Firm Resource. Bonneville's expected firm load-resource balance will be determined from the then latest publication of Bonneville's firm loads and planned firm resources issued by Bonneville; provided, however, that purchases by Bonneville which are shown in such publication but which Bonneville has not at the time of such determination made a commitment to purchase shall be removed from Bonneville's resources before such determination is made. Prior to the submittal of any Firm Resources Exhibit which includes such addition, the Purchaser shall notify Bonneville in writing of the times and amounts of Firm Resources it proposes to add pursuant to this paragraph. If the Purchaser and other Customers under similar contracts propose to add Firm Resources in excess of Bonneville's expected firm load-resource deficiency, Bonneville shall allocate the amount of Firm Resources

which each such Purchaser may add giving priority among competing requests in the order that written notice of addition was first received. Bonneville shall notify the Purchaser in writing within 30 days after receipt of such notice of any limitation on the amount of Firm Resources which it may add.

"(8) Any Firm Resource may be removed for any Operating Year if the use of such Firm Resource is permanently discontinued because of loss of resource or loss of contract rights resulting from factors beyond the reasonable control of the Purchaser and which the best efforts of the Purchaser are unable to remedy. Any Firm Resource may be removed if the use of such resource is permanently discontinued because of obsolescence or retirement to the extent and for the Operating Years that the Purchaser has consulted with Bonneville regarding such discontinuance and Bonneville has agreed in writing to such discontinuance. Lack of an adequate power supply to replace the discontinued resource shall not be sufficient reason for Bonneville to withhold its agreement to such discontinuance.

"The peak capability of any Firm Resource to which the preceding portion of this paragraph (8) does not apply may be removed for the fifth Operating Year of the Firm Resources Exhibit and the energy capability of such resource may be removed for the seventh Operating Year.

"Firm Resources which are returned to service subsequent to their removal pursuant to this paragraph (8) shall be treated as new resources for the purpose of this subsection (b).

"(9) Any Firm Resource may be removed if and to the extent that Bonneville is expected to have an excess of firm resources over its firm load in the first Operating Year for which the Purchaser proposes to remove such Firm Resource. Bonneville's expected firm load-resource balance will be determined from the then latest publication of Bonneville's firm loads and planned firm resources issued by Bonneville.

"Prior to the submittal of any Firm Resources Exhibit which includes such removal, the Purchaser shall notify Bonneville in writing of the times and amounts of Firm Resources it proposes to remove pursuant to this paragraph. If the Purchaser and other Customers under similar contracts propose to remove Firm Resources in excess of Bonneville's expected firm load-resource surplus, Bonneville shall allocate the amount of Firm Resources which each such Purchaser may remove giving priority among competing requests in the order that written notice of removal was first received. Bonneville shall notify the Purchaser in writing within 30 days after the receipt of such notice of any limitation on the amount of Firm Resources which it may remove.

"(10) Any Firm Resource may be removed from the Purchaser's Firm Resources Exhibit for any Operating Year or Years to the extent that equivalent peak and energy capability from another firm resource is added to the Purchaser's Firm Resources Exhibit for such year or years. Such added resource shall be one which was not planned as of December 5, 1980, to meet the firm load growth in the Pacific Northwest or, if so planned, has been offered for sale to Bonneville and Bonneville has declined such offer.

"(11) Any Firm Resource may be added or removed for any Operating Year to the extent that such Firm Resource is correspondingly removed from or added to the Firm Resources of other Bonneville Customers in such a manner that Bonneville's total firm obligations to supply power are not changed.

"(12) Any Firm Resource may be removed for any Operating Year to the extent such resource was acquired by Bonneville from the Purchaser pursuant to a separate agreement or added for any Operating Year to the extent such resource was recovered from Bonneville by the Purchaser pursuant to a separate agreement.

"(13) Any Firm Resource may be added or removed for any Operating Year to the extent that the Purchaser gains or loses the Firm Resource as the result of a withdrawal pursuant to agreements in existence on December 5, 1980, between the Purchaser and others and which provide for withdrawal of resources on shorter notice than the Purchaser must give Bonneville pursuant to the provisions of this section 12; provided, however, that the Purchaser shall not make any such addition or removal on any shorter notice pursuant to this paragraph (13) than the notice period provided for in the subject agreements.

"(14) Any Firm Resource may be added or removed for any Operating Year if and to the extent that Bonneville has given prior written consent."

(d) Section 13(f) is deleted and replaced by a new section 13(f) as follows:

"(f) If Bonneville determines that the Purchaser shall be designated to purchase on a Computed Requirements basis due to a sale of generation, Bonneville shall promptly notify the Purchaser in writing, and such change in designation shall be effective on the August 1 following such notice. If Bonneville determines that the Purchaser shall be designated to purchase on a Computed Requirements basis due to the Purchaser's notice to Bonneville of intent to sell generation, Bonneville shall promptly notify the Purchaser in writing, and such change in designation shall be effective on the August 1 preceding the date of such sale as specified in the Purchaser's notice.

"Following January 1 of each year Bonneville shall review the revised Firm Resources Exhibit submitted by the Purchaser on such January 1 to determine whether any of the Firm Resources added or removed are sufficient to change the Purchaser's designation between subsections (b) and (c) above. If Bonneville determines a change in designation is indicated by the provisions of such subsections, Bonneville shall promptly notify the Purchaser in writing, and such change in designation shall be effective on the August 1 immediately preceding the date that the Firm Resource addition or removal is indicated in the Purchaser's revised Firm Resources Exhibit. If the Purchaser would have been designated to purchase on a Computed Requirements basis due to its addition of Firm Resources in the amounts specified in section 13(b) above, but the Purchaser has requested and Bonneville has agreed not to make such designation, Bonneville shall not thereafter designate the Purchaser to purchase on a Computed Requirements basis due to such addition of such Firm Resources on less than two years' notice."

(e) Section 16(a) is deleted and replaced by a new section 16(a) as follows:

"(a) On or before the effective date of this contract, and thereafter, on or before August 1 of each year, the Purchaser shall submit an Assured Capability Exhibit showing its Assured Peak Capability and Assured Energy Capability for each month of such Operating Year, calculated in the manner described in this section. If the Purchaser is a party to the Coordination Agreement, such exhibit shall be an estimated exhibit until such time as the final regulation data are available under the Coordination Agreement. The Purchaser shall submit a final Assured Capability Exhibit based on such final data within 15 days of the date on which such final data are available under the Coordination Agreement.

"In the event the Assured Capabilities of the estimated and final exhibits differ, the Purchaser shall change its monthly Assured Capabilities to reflect such differences and may adjust its Flexibility Account up to the limits permitted in section 17(d). To the extent that the Purchaser is unable to make such adjustments because of the limits of section 17(d), the Purchaser shall not be liable for any payment at the rates for reserve power or unauthorized increase. Notwithstanding the provisions of section 19(b)(1)(B), the provisions of the Relief from Overrun Exhibit shall not be applied if the Purchaser does not adjust its Flexibility Account to reflect such differences up to the limits permitted by section 17(d)."

(f) Section 17(a) is deleted and replaced by a new section 17(a) as follows:

"(a) Prior to May 15 of each year, the Purchaser may request in writing that Bonneville sell to it during the Operating

Year beginning on the next August 1 on a Planned Computed Requirements basis as provided for in this subsection (a). The Purchaser shall also submit with such request its Estimated Firm Load for such Operating Year. If the Purchaser submits such a request, Bonneville shall approve such request by August 1 unless Bonneville determines that the Purchaser's Estimated Firm Load does not conform to the definition in this agreement. In the event such a request has been made by the Purchaser prior to February 1, Bonneville shall notify the Purchaser of its approval or disapproval of such request prior to March 15. If such request is not approved by Bonneville, it shall identify specific deficiencies in the Purchaser's Estimated Firm Load and the Purchaser may submit a revised request, including revised Estimated Firm Load. If the Purchaser's request or revised request is approved by Bonneville, the Purchaser shall, prior to August 1, prepare an addendum to its Assured Capability Exhibit setting forth for each month of the Operating Year:

"(1) the Estimated Firm Load which has been agreed upon by Bonneville and the Purchaser;

"(2) the Purchaser's Computed Average Energy Requirements;
and

"(3) the Purchaser's Computed Peak Requirements.

"The Estimated Firm Load set forth in such addendum shall be deemed to be the Purchaser's Actual Firm Load during such Operating Year for the purpose of determining the Purchaser's Computed Peak Requirements and Computed Average Energy Requirements and for the purpose of determining whether the Purchaser is using its purchase from Bonneville for resale."

(g) Section 17(d) is deleted and replaced by a new section 17(d) as follows:

"(d) If the Purchaser purchases on the basis of Actual Computed Requirements and has Seasonal Storage, it may adjust its monthly Assured Energy Capability subject to the limitations of this subsection (d). The Purchaser shall keep a Flexibility Account which shall show as of the end of each month of the Operating Year the accumulated balance of adjustments made by the Purchaser to its Assured Energy Capability. The Flexibility Account balance shall initially be zero on August 1 of each Operating Year; provided, however, that if a Purchaser begins to purchase on the basis of Actual Computed Requirements under this contract other than at the beginning of an Operating Year, the initial balance in the Flexibility Account shall be the same as if the Purchaser had been purchasing on the basis of Actual Computed Requirements from the beginning of such Operating Year. A reduction in the Assured Energy Capability in any month shall be accumulated as a positive number in the Flexibility Account and an increase in the Assured Energy Capability in any month shall be accumulated as a negative number in the Flexibility Account.

"(1) The Purchaser shall make all adjustments to the Purchaser's Assured Energy Capability in accordance with the following:

"(A) The Flexibility Account balance shall be brought to zero at the end of each Operating Year and at the end of the Critical Period if the Critical Period ends within the Operating Year.

"(B) Except for the Flexibility Account balance previously retained in subparagraph (D) below,

the amount of change in the Flexibility Account for any month of the Operating Year shall be limited to the sum of the following:

"(i) For Firm Resources which the Purchaser includes in Coordination Agreement planning, such monthly change shall not exceed the limit allowed pursuant to section 9(m)(3) of the Coordination Agreement; and

"(ii) For Firm Resources which the Purchaser does not include in Coordination Agreement planning, such monthly change shall not exceed the sum of the following:

"(I) The algebraic difference for such month between the Purchaser's Estimated Firm Energy Load less the Estimated Firm Energy Load, if any, submitted under Coordination Agreement planning and the Purchaser's Actual Firm Energy Load less the Actual Firm Energy Load, if any, submitted under the Coordination Agreement; and

"(II) The algebraic difference in energy capability between the actual maintenance outages of such resources for such month and the scheduled maintenance outages of such resources used in the calculation of the Purchaser's Assured Capability for such month; and

"(III) For specific other purposes as mutually agreed by Bonneville and the Purchaser.

"(C) The Flexibility Account balance shall at no time have a larger negative balance than the sum of the following:

"(i) For those Firm Resources which the Purchaser includes in Coordination Agreement planning, five percent of that portion of the Purchaser's Firm Energy Load Carrying Capability attributable to such Firm Resources as determined pursuant to section 16(b)(1)(A) remaining between the date of such balance and the date the Flexibility Account balance is required to be zero pursuant to subparagraph (A) above and;

"(ii) For those Firm Resources which the Purchaser does not include in Coordination Agreement planning, five percent of the energy capability of the hydroelectric resources and other than hydroelectric resources, as computed in section 16(b)(2), remaining between the date of such balance and the date the Flexibility Account balance is required to be zero pursuant to subparagraph (A) above.

"(D) The Flexibility Account shall at no time have a larger positive balance than the amount by which the Purchaser's Firm Resources and other arrangements are capable of supporting an increase in the Purchaser's Assured Energy

Capability in the month or months in which the Purchaser intends to use such increased capability. At the end of each month for which the Purchaser's Flexibility Account has a positive balance, the Purchaser shall submit in writing to Bonneville documentation substantiating such increased capability.

"(E) To the extent that the adjustments to the Flexibility Account are attributable to Firm Resources which the Purchaser includes in Coordination Agreement planning, such adjustments shall be the same as the adjustments which are reported monthly to Coordination Agreement parties pursuant to section 9(m) of the Coordination Agreement.

"(2) If the Purchaser intends to adjust its Assured Energy Capability for any month, the Purchaser shall submit written notice to Bonneville within ten days of the last day of such month showing the Purchaser's best estimate of its Actual Firm Energy Load and a tentative adjusted Assured Energy Capability for such month. If no such notice is given within ten days after the end of such month, the Assured Energy Capability determined for such month prior to the Operating Year shall be applied to such month and shall not be changed thereafter. If such notice has been submitted, the Purchaser shall submit a final adjusted Assured Energy Capability within 30 days of the last day of such month or such later date approved by Bonneville which shall not differ from the tentative adjusted Assured Energy Capability by more than the difference between the Purchaser's Actual Firm Energy Load for such month and the estimate of that load shown in such notice."

(h) Section 17(i) shall be deleted and replaced by a new section 17(i) as follows:

"(i) Prior to January 15 of each year the Purchaser shall advise Bonneville in writing of its best estimate of its monthly Computed Peak Requirements and Computed Average Energy Requirements for the 48-month period beginning on the next August 1. Information so obtained will be used by Bonneville in its operational planning. Information submitted pursuant to this subsection (i) shall be as accurate as possible, but shall not be binding on the Purchaser."

3. Accounting for the Transition Period.

BPA and the Purchaser acknowledge and agree to be bound by their obligations and responsibilities for the delivery, sale, and purchase of power and energy for the month of July, 1991, notwithstanding the contractual and administrative change associated with the redefinition of the Operating Year. BPA and the Purchaser further agree that the following provisions shall apply to account for the month of July, 1991 and the Operating Year beginning August 1, 1991:

- (a) The Firm Resources Exhibit submitted by January 1, 1991 shall be effective for the period July 1, 1991 through July 31, 1998.
- (b) If the Purchaser purchases pursuant to section 17(a), then the following shall apply:
 - (1) The Assured Capability Exhibit submitted pursuant to section 16(a) of the Power Sales Contract shall include data for the months July, 1991 through July, 1992.
 - (2) The allocation of the Purchaser's Assured Energy Capability among months of the Operating Year shall be as stated in

section 16(c)(2) of the Power Sales Contract, and for the month of July, 1991 shall be equal to:

(A) the specified Assured Energy Capability for that month under the Critical Period beginning September 1, 1990, for resources included in Coordination Planning; or

(B) the Assured Energy Capability for that month as calculated pursuant to section 16(b)(2) for the Critical Period beginning September 1, 1990.

(3) Data submitted by January 15, 1991 pursuant to section 17(i) of the Power Sales Contract shall be for the 49-month period July 1, 1991 through July 31, 1995.

(c) If the Purchaser purchases power pursuant to section 17(b), then the following shall apply:

(1) The Contracted Requirements schedule submitted with the Purchaser's revised Firm Resources Exhibit by January 1, 1991 to Bonneville pursuant to section 12(b) shall include a schedule for July 1, 1991 and shall be effective for the period July 1, 1991 through July 31, 1998.

(2) The Purchaser shall allocate its Contracted Requirements energy purchase submitted pursuant to section 17(b)(7) for the period July, 1991 through July, 1992 in a manner which results in a requirement on Bonneville each month equal to or between the amounts determined by (A) or (B) below:

(A) one-thirteenth of the Purchaser's annual Contracted Requirements energy purchase from Bonneville for the period July, 1991 through July, 1992; and

(B) a function of the product of the Purchaser's Contracted Requirements energy purchase from

Bonneville for the period July, 1991 through July, 1992, obtained by dividing the Estimated Firm Energy Load for that month by the total of the 13 Estimated Firm Energy Loads for the period July, 1991 through July, 1992.

- (3) Data submitted by January 15, 1991 pursuant to section 17(1) of the Power Sales Contract shall be for the 49-month period July 1, 1991 through July 31, 1995.
- (d) If the Purchaser purchases power pursuant to section 17(c), then the following shall apply:
 - (1) The Assured Capability Exhibit submitted pursuant to section 16(a) of the Power Sales Contract for the period July 1, 1991 through July 31, 1992 shall include data for the months for the 13 months of July, 1991 through July, 1992.
 - (2) The allocation of the Purchaser's Assured Energy Capability among months of the 1992 Operating Year shall be as stated in section 16(c)(2) of the Power Sales Contract, and for the month of July, 1991 shall be equal to:
 - (A) the specified Assured Energy Capability for that month under the Critical Period beginning September 1, 1990, for resources included in Coordination Planning; or
 - (B) the Assured Energy Capability for that month as calculated pursuant to section 16(b)(2) for the Critical Period beginning September 1, 1990.
 - (3) The Flexibility Account under section 17(d) shall be zero on July 1, 1991. Calculations to determine the balance of the Flexibility Account shall be based on the 13-month

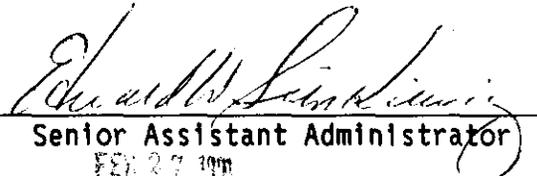
Operating Year for the period July 1, 1991 through July 31, 1992. Thereafter, the Flexibility Account shall be determined as described in section 17(d) of the Power Sales Contract as amended by section 2(g) above.

- (4) Data submitted by January 15, for the year 1991 only, pursuant to section 17(i) of the Power Sales Contract

shall be for the 49-month period July 1, 1991 through July 31, 1995, and thereafter such data shall be submitted in accordance with section 17(i) of the Power Sales Contract as amended by section 2(h) above.

IN WITNESS WHEREOF, the parties hereto have executed this Amendatory Agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By 
Senior Assistant Administrator
FEB 27 1991
Date _____

COWLITZ COUNTY PUD NO. 1

By 
Howard B. Richman
Title President and Commissioner
Date February 5, 1991

ATTEST:

By 
Gale R. Van Curen
Title Secretary and Commissioner
Date February 5, 1991

(VS6-PMCG-4473c/4498c/4499c/4500c)

AMENDATORY AGREEMENT
executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION
and
PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

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0 This AMENDATORY AGREEMENT (Amendatory Agreement), executed _____, 19____, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and **Public Utility District No. 1 of Cowlitz County, (Cowlitz)**, a public utility district incorporated under the laws of the State of Washington.

WITNESSETH:

WHEREAS Bonneville and the **Cowlitz** executed a power sales contract (Contract No. DE-MS79-81BP90493) on **July 28, 1982**, providing for the sale and delivery of Firm Power by Bonneville, and which as amended is hereinafter referred to as the "Agreement;" and

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

WHEREAS the parties desire to make the additions, changes or modifications to the terms of the Agreement consistent with the terms specified below;

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

1. EXTENSION OF THE TERM OF THE AGREEMENT

Bonneville and the [Cowlitz](#) agree that this Amendatory Agreement extends the term of the Agreement from 0000 hours on July 1, 2001, through 2400 hours on the last day of the end of the [Cowlitz's](#) Billing Month that includes September 30, 2001. This Amendatory Agreement shall be fully a part of the Agreement when executed by the parties and incorporated therein. This Amendatory Agreement shall be attached to the Agreement. [If the parties agree to terminate this Agreement prior to 2400 hours on September 30, 2001, and if Cowlitz does not enter into a replacement agreement with Bonneville for electric service, than Cowlitz may be subject to costs identified in Section 5 below.](#)

2. COWLITZ LOAD COMMITMENT

(a) The [Cowlitz](#) agrees to purchase from Bonneville amounts of Firm Power, transmission and other products to meet all of its Actual Firm Load net of the [Cowlitz's](#) Firm Resources described in section 2(b), below, for the remaining term of the Agreement. Such purchases may be made on a Metered Requirements, Actual Computed Requirements, or Planned Computed Requirements basis as determined in accordance with the Agreement.

- (b) The **Cowlitz's** Firm Resources are:
- (1) those amounts of Firm Resources, except Columbia Storage Power Exchange Agreement resources, dedicated to serve the **Cowlitz's** Actual Firm Load in the **Cowlitz's** Firm Resources Exhibit approved as of February 15, 1995;
 - (2) any amounts of power the **Cowlitz** is entitled to receive under the Columbia Storage Power Exchange Agreement (Contract No. 14-13-47291) as of February 15, 1995;
 - (3) any resource which the **Cowlitz** is required by the Public Utility Regulatory Policies Act of 1978 to acquire and the **Cowlitz** elects to apply to serving its Actual Firm Load; and
 - (4) additional resource(s), which the **Cowlitz** may elect to add and which Bonneville agrees may be added under section 12(b)(14) of the Agreement, to its Firm Resources Exhibit, with Assured Energy Capabilities that do not exceed 38.7 average megawatts (aMW) in Operating Year (OY) 1996-1997, 38.9 aMW in OY 1997-1998, 39.9 aMW in OY 1998-1999, 40.2 aMW in OY 1999-2000, 40.7 aMW in OY 2000-2001, and the remaining term of the Agreement in OY 2001-2002. The **Cowlitz** and Bonneville agree that deliveries from resources will be added on October 1, 1996, in OY 1996-1997, and deliveries will not commence until October 1, 1996.
- (c) The **Cowlitz** shall submit to Bonneville the Firm Resources Exhibit for OY 1996-1997 **ANGELA: do we want to replace 'within 30 days' with a date here (Friday, August 30, 1996) so they know this is it?** within 30 days of the execution of this Amendatory Agreement. Thereafter, the **Cowlitz** shall submit to Bonneville each January 1, **beginning January 1, 1998**, as required by the Agreement, a revision of its Firm Resources Exhibit,

reflecting the addition of Firm Resource or Firm Resources to be added pursuant to sections 2(b)(3) and 2(b)(4), above, for the next Operating Year or Operating Years. Notwithstanding section 12(b) of the Agreement, the **Cowlitz** shall not include in any such revised Firm Resources Exhibit any Firm Resources other than those permitted by section 2(b), above. If required, the **Cowlitz** shall also submit an Assured Capability Exhibit as required by the Agreement.

~~(d) For **Cowlitzs** who are purchasing on a Metered Requirements basis and have Firm Resources that are contracts with third parties supplying amounts of firm power to Bonneville for the **Cowlitz's** account, the **Cowlitz** agrees that, for the portion of its Actual Firm Load served by such dedicated Firm Resources added under section 2(b)(4), above, Bonneville shall not be obligated to serve such load under this Amendatory Agreement prior to the notice under section 2(f), below. The **Cowlitz** agrees that its supplier shall establish schedules with Bonneville in accordance with the provisions of section 18 of the Agreement. Any power that cannot be assigned to a class of power supplied by Bonneville and that is delivered by Bonneville to the **Cowlitz's** loads due to a failure of the **Cowlitz's** supplier to deliver power to Bonneville or the **Cowlitz's** system for the **Cowlitz's** account to meet its delivery obligation shall be treated as an Unauthorized Increase. Such delivery obligation shall be established no later than the time specified under the provisions of section 18 of the Agreement.~~

(e) During the term of the Agreement, **Cowlitz** shall continue to be designated to purchase Firm Power on the basis of Computed Requirements.

(f) Should the **Cowlitz** wish to receive requirements service from Bonneville prior to the expiration of the Agreement for any portion of **Cowlitz's** load which was served with Firm Resources pursuant to section 2(b)(4) above, **Cowlitz** must provide Bonneville written notice of such request for requirements service not less than 24 months prior to the requested start of

service with an accompanying purchase request for 3 years. Bonneville shall have no obligation to provide requirements service to such load during the 24-month notice period. Provision of requirements service to such loads shall be subject to the availability of Federal resources to serve such loads and terms and conditions of contracts being offered by Bonneville for such requirements service at such time. Once Bonneville has made a contract offer including the price of the service, the Cowlitz shall have 30 days to accept such offer or the Cowlitz's notice will be extinguished.

Notwithstanding anything to the contrary in this Amendatory Agreement, the Cowlitz agrees that Bonneville may elect to establish a separate rate or rates for the provision of requirements service to that portion of the Cowlitz's loads which was served with Firm Resources pursuant to section 2(b)(4).

- (g) The parties agree that section 2(f) shall remain as an ongoing obligation after the expiration or termination of the Agreement and of this Amendatory Agreement.

3. COWLITZ CONSERVATION COMMITMENT

- (a) **Cowlitz Conservation Plans**

The Cowlitz agrees to:

- (1) develop a conservation plan to acquire the conservation that is, by the Cowlitz's determination, cost effective to the Cowlitz and available to it;
- (2) provide a summary of that plan to Bonneville by December 31, 1996;
- (3) take all reasonable action necessary to implement the plan; and
- (4) certify and report annually its conservation achievements to Bonneville.

(b) **Technical and Financial Assistance**

At the **Cowlitz's** request, Bonneville will provide **Cowlitz**-specific conservation guidance and technical assistance. Associated charges, if any, will be negotiated by the parties. Bonneville will also offer financial assistance to the **Cowlitz** for conservation projects included in the **Cowlitz's** conservation plan. Such financial assistance will be subject to the availability of Bonneville funds. The **Cowlitz** agrees to repay Bonneville for any such financial assistance on the terms negotiated by the parties.

(c) **Eligibility for Conservation Incentives**

The **Cowlitz** will receive a conservation incentive, through a waiver of the 24-month notice provision of section 2(f), above, based on the amount of conservation it achieves during the term of this Amendatory Agreement. Upon notice provided to Bonneville by the **Cowlitz** by February 15 of each year, the **Cowlitz** may obligate Bonneville to provide Priority Firm Power in the next Operating Year, at the applicable prevailing rates for power offered in such years, for service to portions of the **Cowlitz's** retail load that Bonneville would not have been obligated to serve in that Operating Year under the Agreement except for this section 3(c) of this Amendatory Agreement. Such provision of Priority Firm Power may be in an amount up to twice the identified conservation achievements (expressed in aMW) achieved by the **Cowlitz** during the term of this Amendatory Agreement and prior to the most recently completed Ong Year.

4. BONNEVILLE COMMITMENT TO PRICE STABILITY

(a) The Bonneville wholesale power and transmission rate schedules applicable to the **Cowlitz**, including any charges set forth or referenced therein, which take effect on October 1, 1996 (Initial Rates) shall be incorporated in the Agreement as Exhibit A as if attached hereto. The Initial Rates will be subject to review and final approval by the Federal Energy Regulatory

Commission, which may include judicial review and remand to Bonneville (Final Rates). The Final Rates shall be incorporated in the Agreement as Exhibit A as if attached hereto, and shall be substituted for the Initial Rates. The Initial and Final Rates shall be applied to the Firm Power sold by Bonneville and bought by the [Cowlitz](#) pursuant to the Agreement and this Amendatory Agreement; **provided, however**, that Firm Power the [Cowlitz](#) buys from Bonneville for load that could have been served with the additional Firm Resources under section 2(b)(4), above, but which was not so served, shall be purchased at the wholesale power and transmission rates applicable to such sales to the [Cowlitz](#) in effect at the time of the sale and which rates may be different from the Initial and Final Rates.

- (b) Notwithstanding the last sentence of section 15(a), the second sentence of section 19(a), and section 8 of the General Contract Provisions of the Agreement, [Cowlitz](#) shall have no obligation to pay Bonneville wholesale power, transmission, or products and services rates which differ from the rates specified in section 4(a), above, for the products and services being purchased under section 2(a) of this Amendatory Agreement or under the Agreement.
- (c) Notwithstanding the provisions of sections 8(c), 18, and 32(a) of the General Contract Provisions of the Agreement, [Cowlitz](#) shall have no obligation to pay any portion of its Bonneville power bill that has been calculated using Bonneville's wholesale power, transmission, and products and services rates which differ from the rates specified in section 4(a), above, for the products and services being purchased under section 2(a) of this Amendatory Agreement or under the Agreement. Should [Cowlitz](#) receive a Bonneville power bill calculated using Bonneville wholesale power and transmission rate or rates which differ from the rates specified in section 4(a), above, for the products and services being purchased under section 2(a) of this Amendatory Agreement or under the Agreement, [Cowlitz](#) may notify Bonneville of a dispute in its Bonneville power bill, stating the amount in dispute. In such

event, [Cowlitz](#) shall pay that portion of the Bonneville power bill not in dispute, and may retain the amount of the Bonneville power bill that is in dispute.

- (d) Upon final resolution of any dispute arising out of this section 4, any payment due from one party to the other party based on a payment of the amounts retained pursuant to section 4(c) shall be paid with interest computed from the due date of the bill until the date payment is made. Interest will be computed using the U.S. Prime Rate for Large Banks as currently reported in the Wall Street Journal. The applicable rate will be the rate reported on the date of final resolution of any dispute arising under this section 4.
- (e) Any reference in the Agreement to the Priority Firm Power rate shall mean either the Initial Rate or Final Rate, whichever is in effect at the time, for all purposes under this Amendatory Agreement and the Agreement.

5. **STRANDED COSTS**

- (a) Nothing included in or omitted from this Amendatory Agreement either creates or extinguishes any rights or obligations, if any, of either party regarding cost recovery subsequent to the termination or expiration of the Agreement, and such rights or obligations, if any, shall be as if this Amendatory Agreement had not been executed.
- (b) Bonneville agrees not to recover, in any form, stranded costs it believes it may be entitled to from the [Cowlitz](#) for the remaining term of the Agreement, **provided, however,** that [Cowlitz](#) does not agree that Bonneville has the authority to recover such costs.

- (c) Nothing in this Amendatory Agreement is intended to imply that the [Cowlitz](#) would or would not have any obligation to pay such stranded costs under any circumstances.

6. DISPUTE RESOLUTION

- (a) Bonneville and the [Cowlitz](#) agree that any dispute arising out of sections 2(a), 2(b), and 4 of this Amendatory Agreement may, upon written notice of either party to the other, be resolved by binding arbitration as set forth in this section 6. All other matters or issues in dispute between Bonneville and the [Cowlitz](#) which may arise under the Agreement shall be resolved consistent with the terms of section 32 of the General Contract Provisions.
- (b) The procedures for initiating binding arbitration, the selection of arbitrators, the determinations by the arbitrators and the payment of costs shall be as set forth in section 32(b) of the General Contract Provisions. No other provision of section 32 of the General Contract Provisions shall apply to a binding arbitration proceeding pursuant to this section 6.
- (c) Any final determination by the arbitrators in a binding arbitration proceeding pursuant to this section 6 shall be enforceable by and against the parties in any court of competent jurisdiction.

- (d) Either party may seek review of an arbitration decision on the grounds of fraud, misrepresentation, misconduct, or for review of an issue arising under the Constitution of the United States. Any such review shall be filed in the Federal court which has jurisdiction for such review.

IN WITNESS WHEREOF, the parties hereto have executed this Amendatory Agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____
Account Executive

Name _____ Angela Wykoff _____
(Print/Type)

Date _____

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY

By _____

Name _____
(Print/Type)

Title _____

Date _____

(MCPLAN-MPSD-W:\MPSD\CT\{CN0}AA7.DOC)

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

WHEREAS the parties desire to make the additions, changes or modifications to the terms of the Agreement consistent with the terms specified below;

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 - (4) additional resource(s), which the **Cowlitz** may elect to add and which Bonneville agrees may be added under section 12(b)(14) of the Agreement, to its Firm Resources Exhibit, with Assured Energy Capabilities that do not exceed 38.7 average megawatts (aMW) in Operating Year (OY) 1996-1997, 38.9 aMW in OY 1997-1998, 39.9 aMW in OY 1998-1999, 40.2 aMW in OY 1999-2000, 40.7 aMW in OY 2000-2001, and the remaining term of the Agreement in OY 2001-2002. The **Cowlitz** and Bonneville agree that deliveries from resources will be added on October 1, 1996, in OY 1996-1997, and deliveries will not commence until October 1, 1996.
- (c) The **Cowlitz** shall submit to Bonneville the Firm Resources Exhibit for OY 1996-1997 **ANGELA: do we want to replace 'within 30 days' with a date here (Friday, August 30, 1996) so they know this is it?** within 30 days of the execution of this Amendatory Agreement. Thereafter, the **Cowlitz** shall submit to Bonneville each January 1, **beginning January 1, 1998**, as required by the Agreement, a revision of its Firm Resources Exhibit,

reflecting the addition of Firm Resource or Firm Resources to be added pursuant to sections 2(b)(3) and 2(b)(4), above, for the next Operating Year or Operating Years. Notwithstanding section 12(b) of the Agreement, the **Cowlitz** shall not include in any such revised Firm Resources Exhibit any Firm Resources other than those permitted by section 2(b), above. If required, the **Cowlitz** shall also submit an Assured Capability Exhibit as required by the Agreement.

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Notwithstanding anything to the contrary in this Amendatory Agreement, the Cowlitz agrees that Bonneville may elect to establish a separate rate or rates for the provision of requirements service to that portion of the Cowlitz's loads which was served with Firm Resources pursuant to section 2(b)(4).

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3. COWLITZ CONSERVATION COMMITMENT

(a) Cowlitz Conservation Plans

The Cowlitz agrees to:

- (1) develop a conservation plan to acquire the conservation that is, by the Cowlitz's determination, cost effective to the Cowlitz and available to it;
- (2) provide a summary of that plan to Bonneville by December 31, 1996;
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(b) **Technical and Financial Assistance**

At the Cowlitz's request, Bonneville will provide Cowlitz-specific conservation guidance and technical assistance. Associated charges, if any, will be negotiated by the parties. Bonneville will also offer financial assistance to the Cowlitz for conservation projects included in the Cowlitz's conservation plan. Such financial assistance will be subject to the availability of Bonneville funds. The Cowlitz agrees to repay Bonneville for any such financial assistance on the terms negotiated by the parties.

(c) **Eligibility for Conservation Incentives**

The Cowlitz will receive a conservation incentive, through a waiver of the 24-month notice provision of section 2(f), above, based on the amount of conservation it achieves during the term of this Amendatory Agreement. Upon notice provided to Bonneville by the Cowlitz by February 15 of each year, the Cowlitz may obligate Bonneville to provide Priority Firm Power in the next Operating Year, at the applicable prevailing rates for power offered in such years, for service to portions of the Cowlitz's retail load that Bonneville would not have been obligated to serve in that Operating Year under the Agreement except for this section 3(c) of this Amendatory Agreement. Such provision of Priority Firm Power may be in an amount up to twice the identified conservation achievements (expressed in aMW) achieved by the Cowlitz during the term of this Amendatory Agreement and prior to the most recently completed Ong Year.

4. BONNEVILLE COMMITMENT TO PRICE STABILITY

(a) The Bonneville wholesale power and transmission rate schedules applicable to the Cowlitz, including any charges set forth or referenced therein, which take effect on October 1, 1996 (Initial Rates) shall be incorporated in the Agreement as Exhibit A as if attached hereto. The Initial Rates will be subject to review and final approval by the Federal Energy Regulatory

Commission, which may include judicial review and remand to Bonneville (Final Rates). The Final Rates shall be incorporated in the Agreement as Exhibit A as if attached hereto, and shall be substituted for the Initial Rates. The Initial and Final Rates shall be applied to the Firm Power sold by Bonneville and bought by the [Cowlitz](#) pursuant to the Agreement and this Amendatory Agreement; **provided, however**, that Firm Power the [Cowlitz](#) buys from Bonneville for load that could have been served with the additional Firm Resources under section 2(b)(4), above, but which was not so served, shall be purchased at the wholesale power and transmission rates applicable to such sales to the [Cowlitz](#) in effect at the time of the sale and which rates may be different from the Initial and Final Rates.

- (b) Notwithstanding the last sentence of section 15(a), the second sentence of section 19(a), and section 8 of the General Contract Provisions of the Agreement, [Cowlitz](#) shall have no obligation to pay Bonneville wholesale power, transmission, or products and services rates which differ from the rates specified in section 4(a), above, for the products and services being purchased under section 2(a) of this Amendatory Agreement or under the Agreement.
- (c) Notwithstanding the provisions of sections 8(c), 18, and 32(a) of the General Contract Provisions of the Agreement, [Cowlitz](#) shall have no obligation to pay any portion of its Bonneville power bill that has been calculated using Bonneville's wholesale power, transmission, and products and services rates which differ from the rates specified in section 4(a), above, for the products and services being purchased under section 2(a) of this Amendatory Agreement or under the Agreement. Should [Cowlitz](#) receive a Bonneville power bill calculated using Bonneville wholesale power and transmission rate or rates which differ from the rates specified in section 4(a), above, for the products and services being purchased under section 2(a) of this Amendatory Agreement or under the Agreement, [Cowlitz](#) may notify Bonneville of a dispute in its Bonneville power bill, stating the amount in dispute. In such

event, [Cowlitz](#) shall pay that portion of the Bonneville power bill not in dispute, and may retain the amount of the Bonneville power bill that is in dispute.

- (d) Upon final resolution of any dispute arising out of this section 4, any payment due from one party to the other party based on a payment of the amounts retained pursuant to section 4(c) shall be paid with interest computed from the due date of the bill until the date payment is made. Interest will be computed using the U.S. Prime Rate for Large Banks as currently reported in the Wall Street Journal. The applicable rate will be the rate reported on the date of final resolution of any dispute arising under this section 4.
- (e) Any reference in the Agreement to the Priority Firm Power rate shall mean either the Initial Rate or Final Rate, whichever is in effect at the time, for all purposes under this Amendatory Agreement and the Agreement.

5. **STRANDED COSTS**

- (a) Nothing included in or omitted from this Amendatory Agreement either creates or extinguishes any rights or obligations, if any, of either party regarding cost recovery subsequent to the termination or expiration of the Agreement, and such rights or obligations, if any, shall be as if this Amendatory Agreement had not been executed.
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- (c) Nothing in this Amendatory Agreement is intended to imply that the [Cowlitz](#) would or would not have any obligation to pay such stranded costs under any circumstances.

6. DISPUTE RESOLUTION

- (a) Bonneville and the [Cowlitz](#) agree that any dispute arising out of sections 2(a), 2(b), and 4 of this Amendatory Agreement may, upon written notice of either party to the other, be resolved by binding arbitration as set forth in this section 6. All other matters or issues in dispute between Bonneville and the [Cowlitz](#) which may arise under the Agreement shall be resolved consistent with the terms of section 32 of the General Contract Provisions.
- (b) The procedures for initiating binding arbitration, the selection of arbitrators, the determinations by the arbitrators and the payment of costs shall be as set forth in section 32(b) of the General Contract Provisions. No other provision of section 32 of the General Contract Provisions shall apply to a binding arbitration proceeding pursuant to this section 6.
- (c) Any final determination by the arbitrators in a binding arbitration proceeding pursuant to this section 6 shall be enforceable by and against the parties in any court of competent jurisdiction.

- (d) Either party may seek review of an arbitration decision on the grounds of fraud, misrepresentation, misconduct, or for review of an issue arising under the Constitution of the United States. Any such review shall be filed in the Federal court which has jurisdiction for such review.

IN WITNESS WHEREOF, the parties hereto have executed this Amendatory Agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____
Account Executive

Name _____ Angela Wykoff _____
(Print/Type)

Date _____

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY

By _____

Name _____
(Print/Type)

Title _____

Date _____

(MCPLAN-MPSD-W:\MPSD\CT\{CN0}AA7.DOC)

Revision No. 1 to
Amendatory Agreement No. 7 to
Contract No. DE-MS79-81BP90493
07/30/96

AMENDATORY AGREEMENT
executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION
and
PUBLIC UTILITY DISTRICT NO. 1
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COUNTY (Cowlitz), a public utility district incorporated under the laws of the State of
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W I T N E S S E T H :

WHEREAS Bonneville and Cowlitz executed a power sales contract (Contract
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and which as amended is hereinafter referred to as the "Agreement;" and

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2. COWLITZ LOAD COMMITMENT

- (a) Cowlitz agrees to purchase from Bonneville amounts of Firm Power, transmission and other products to meet all of its Actual Firm Load net of Cowlitz's Firm Resources described in section 2(b), below, for the remaining term of the Agreement. Such purchases may be made on a Metered Requirements, Actual Computed Requirements, or Planned Computed Requirements basis as determined in accordance with the Agreement.
- (b) Cowlitz's Firm Resources are:

- (1) those amounts of Firm Resources, except Columbia Storage Power Exchange Agreement resources, dedicated to serve Cowlitz's Actual Firm Load in Cowlitz's Firm Resources Exhibit approved as of February 15, 1995;
- (2) any amounts of power Cowlitz is entitled to receive under the Columbia Storage Power Exchange Agreement (Contract No. 14-13-47291) as of February 15, 1995;
- (3) any resource which Cowlitz is required by the Public Utility Regulatory Policies Act of 1978 to acquire and Cowlitz elects to apply to serving its Actual Firm Load; and
- (4) additional resource(s), which Cowlitz may elect to add and which Bonneville agrees may be added under section 12(b)(14) of the Agreement, to its Firm Resources Exhibit, with Assured Energy Capabilities, in equal hourly amounts, that do not exceed 86.7 average megawatts (aMW) in Operating Year (OY) 1996-1997, 104.0 aMW in OY 1997-1998, 104.0 aMW in OY 1998-1999, 104.0 aMW in OY 1999-2000, 104.0 aMW in OY 2000-2001; and 104.0 aMW and 104.0 aMW, respectively, during the months of August and September in OY 2001-2002. Cowlitz and Bonneville agree that deliveries from resources will be added on October 1, 1996, in OY 1996-1997, and deliveries will not commence until October 1, 1996. Bonneville and Cowlitz agree that these additional resources will be operated as shown in the following table for the term of this Amendatory Agreement, and such operations will be reflected in Cowlitz's Assured Capability Exhibit which is submitted annually to Bonneville.

Energy (aMW) & Demand (MW) Diversification

MONTH	OY 1996- 1997	OY 1997- 1998	OY 1998- 1999	OY 1999- 2000	OY 2000- 2001	OY 2001- 2002
August		104	104	104	104	104
September		104	104	104	104	104
October	104	104	104	104	104	
November	104	104	104	104	104	
December	104	104	104	104	104	
January	104	104	104	104	104	
February	104	104	104	104	104	
March	104	104	104	104	104	
April	104	104	104	104	104	
May	104	104	104	104	104	
June	104	104	104	104	104	
July	104	104	104	104	104	

(c) Cowlitz shall submit to Bonneville the Firm Resources Exhibit for OY 1996-1997 within 30 days of the execution of this Amendatory Agreement. Thereafter, Cowlitz shall submit to Bonneville each January 1, as required by the Agreement, a revision of its Firm Resources Exhibit, reflecting the addition of Firm Resource or Firm Resources to be added pursuant to sections 2(b)(3) and 2(b)(4), above, for the next Operating Year or Operating Years. Notwithstanding section 12(b) of the Agreement, Cowlitz shall not include in any such revised Firm Resources Exhibit any Firm Resources other than those permitted by section 2(b), above. If required, Cowlitz shall also submit an Assured Capability Exhibit as required by the Agreement.

~~(d) For Cowlitzs who are purchasing on a Metered Requirements basis and have Firm Resources that are contracts with third parties supplying amounts of firm power to Bonneville for the Cowlitz's account, the Cowlitz agrees that, for the portion of its Actual Firm Load served by such dedicated Firm Resources added under section 2(b)(4), above, Bonneville shall not be obligated to serve such load under this Amendatory Agreement prior to the notice under section 2(f), below. The Cowlitz agrees that its supplier shall establish schedules with Bonneville in accordance with the provisions of~~

AKS

~~section 18 of the Agreement. Any power that cannot be assigned to a class of power supplied by Bonneville and that is delivered by Bonneville to the Cowlitz's loads due to a failure of the Cowlitz's supplier to deliver power to Bonneville or the Cowlitz's system for the Cowlitz's account to meet its delivery obligation shall be treated as an Unauthorized Increase. Such delivery obligation shall be established no later than the time specified under the provisions of section 18 of the Agreement.~~

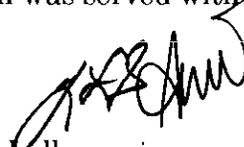
- (e) During the term of the Agreement, Cowlitz shall continue to be designated to purchase Firm Power on the basis of Computed Requirements. If Cowlitz chooses to purchase on a Computed Requirements basis Cowlitz will schedule in accordance with the provisions of section 18 of the Agreement unless otherwise mutually agreed. Cowlitz agrees that amounts of Firm Power which it may displace shall not exceed the following monthly amounts and may not be accrued:

Monthly Displacement in MWh

MONTH	OY 1996- 1997	OY 1997- 1998	OY 1998- 1999	OY 1999- 2000	OY 2000- 2001	OY 2001- 2002
August		18,856	19,937	20,628	18,929	21,542
September		18,455	19,607	20,273	34,768	21,823
October	20,571	21,983	22,662	22,683	23,919	
November	20,012	23,462	23,071	24,273	24,611	
December	20,142	23,168	25,017	22,996	25,071	
January	26,362	27,798	26,623	25,916	24,783	
February	17,709	17,813	18,632	18,322	20,108	
March	23,038	23,598	23,733	23,517	24,927	
April	22,087	22,524	22,760	22,860	23,844	
May	20,893	21,445	21,806	21,223	23,199	
June	17,002	17,939	19,134	18,117	20,778	
July	19,070	14,015	14,312	14,028	19,742	

The above megawatt-hour numbers shall be the maximum billing energy for the 1996 Priority Firm Power Rate Schedule availability charge. The remainder of Cowlitz's Computed Energy Maximum will be billed at the full Priority Firm Power energy rate whether or not it was actually taken.

(f) Should Cowlitz wish to receive requirements service from Bonneville prior to the expiration of the Agreement for any portion of Cowlitz's load which was served with Firm Resources pursuant to section 2(b)(4), Cowlitz must provide Bonneville written notice of such request for requirements service not less than 24 months prior to the requested start of service with an accompanying purchase request for 3 years. Bonneville shall have no obligation to provide requirements service to such load during the 24-month notice period. Provision of requirements service to such loads shall be subject to the availability of Federal resources to serve such loads and terms and conditions of contracts being offered by Bonneville for such requirements service at such time. Once Bonneville has made a contract offer including the price of the service, Cowlitz shall have 30 days to accept such offer or Cowlitz's notice will be extinguished. Notwithstanding anything to the contrary in this Amendatory Agreement, Cowlitz agrees that Bonneville may elect to establish a separate rate or rates for the provision of requirements service to that portion of Cowlitz's loads which was served with Firm Resources pursuant to section 2(b)(4).

f. 
(g) The parties agree that section 2(e) shall remain as an ongoing obligation after the expiration or termination of the Agreement and of this Amendatory Agreement.

3. COWLITZ CONSERVATION COMMITMENT

(a) **Cowlitz Conservation Plans**

Cowlitz agrees to:

- (1) develop a conservation plan to acquire the conservation that is, by Cowlitz's determination, cost effective to Cowlitz and available to it;
- (2) provide a summary of that plan to Bonneville by December 31, 1996;

(3) take all reasonable action necessary to implement the plan; and

(4) certify and report annually its conservation achievements to Bonneville.

(b) **Technical and Financial Assistance**

At Cowlitz's request, Bonneville will provide Cowlitz-specific conservation guidance and technical assistance. Associated charges, if any, will be negotiated by the parties. Bonneville will also offer financial assistance to Cowlitz for conservation projects included in Cowlitz's conservation plan. Such financial assistance will be subject to the availability of Bonneville funds. Cowlitz agrees to repay Bonneville for any such financial assistance on the terms negotiated by the parties.

(c) **Eligibility for Conservation Incentives**

Cowlitz will receive a conservation incentive, through a waiver of the 24-month notice provision of section 2(f), above, based on the amount of conservation it achieves during the term of this Amendatory Agreement. Upon notice provided to Bonneville by Cowlitz by February 15 of each year, Cowlitz may obligate Bonneville to provide Priority Firm Power in the next Operating Year, at the applicable prevailing rates for power offered in such years, for service to portions of Cowlitz's retail load that Bonneville would not have been obligated to serve in that Operating Year under the Agreement except for this section 3(c) of this Amendatory Agreement. Such provision of Priority Firm Power may be in an amount up to twice the identified conservation achievements (expressed in average megawatts) achieved by Cowlitz during the term of this Amendatory Agreement and prior to the most recently completed Operating Year.

4. BONNEVILLE COMMITMENT TO PRICE STABILITY

- (a) The Bonneville wholesale power and transmission rate schedules applicable to Cowlitz, including any charges set forth or referenced therein, which take effect on October 1, 1996 (Initial Rates) shall be incorporated in the Agreement as Exhibit A as if attached hereto. The Initial Rates will be subject to review and final approval by the Federal Energy Regulatory Commission, which may include judicial review and remand to Bonneville (Final Rates). The Final Rates shall be incorporated in the Agreement as Exhibit A as if attached hereto, and shall be substituted for the Initial Rates. The Initial and Final Rates shall be applied to the Firm Power sold by Bonneville and bought by Cowlitz pursuant to the Agreement and this Amendatory Agreement; **provided, however**, that Firm Power Cowlitz buys from Bonneville for load that could have been served with the additional Firm Resources under section 2(b)(4), above, but which was not so served, shall be purchased at the wholesale power and transmission rates applicable to such sales to Cowlitz in effect at the time of the sale and which rates may be different from the Initial and Final Rates.
- (b) Notwithstanding the last sentence of section 15(a), the second sentence of section 19(a), and section 8 of the General Contract Provisions of the Agreement, Cowlitz shall have no obligation to pay Bonneville wholesale power, transmission, or products and services rates which differ from the rates specified in section 4(a), above, for the products and services being purchased under section 2(a) of this Amendatory Agreement or under the Agreement.
- (c) Notwithstanding the provisions of sections 8(c), 18, and 32(a) of the General Contract Provisions of the Agreement, Cowlitz shall have no obligation to pay any portion of its Bonneville power bill that has been calculated using Bonneville's wholesale power, transmission, and products and services rates which differ from the rates specified in section 4(a), above, for the products

and services being purchased under section 2(a) of this Amendatory Agreement or under the Agreement. Should Cowlitz receive a Bonneville power bill calculated using Bonneville wholesale power and transmission rate or rates which differ from the rates specified in section 4(a), above, for the products and services being purchased under section 2(a) of this Amendatory Agreement or under the Agreement, Cowlitz may notify Bonneville of a dispute in its Bonneville power bill, stating the amount in dispute. In such event, Cowlitz shall pay that portion of the Bonneville power bill not in dispute, and may retain the amount of the Bonneville power bill that is in dispute.

- (d) Upon final resolution of any dispute arising out of this section 4, any payment due from one party to the other party based on a payment of the amounts retained pursuant to section 4(c) shall be paid with interest computed from the due date of the bill until the date payment is made. Interest will be computed using the U.S. Prime Rate for Large Banks as currently reported in the Wall Street Journal. The applicable rate will be the rate reported on the date of final resolution of any dispute arising under this section 4.
- (e) Any reference in the Agreement to the Priority Firm Power rate shall mean either the Initial Rate or Final Rate, whichever is in effect at the time, for all purposes under this Amendatory Agreement and the Agreement.

5. STRANDED COSTS

- (a) Nothing included in or omitted from this Amendatory Agreement either creates or extinguishes any rights or obligations, if any, of either party regarding cost recovery subsequent to the termination or expiration of the Agreement, and such rights or obligations, if any, shall be as if this Amendatory Agreement had not been executed.

- (b) Bonneville agrees not to recover, in any form, stranded costs it believes it may be entitled to from Cowlitz for the remaining term of the Agreement, **provided, however,** that Cowlitz does not agree that Bonneville has the authority to recover such costs.
- (c) Nothing in this Amendatory Agreement is intended to imply that Cowlitz would or would not have any obligation to pay such stranded costs under any circumstances.

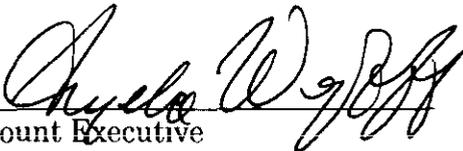
6. DISPUTE RESOLUTION

- (a) Bonneville and Cowlitz agree that any dispute arising out of sections 2(a), 2(b), and 4 of this Amendatory Agreement may, upon written notice of either party to the other, be resolved by binding arbitration as set forth in this section 6. All other matters or issues in dispute between Bonneville and Cowlitz which may arise under the Agreement shall be resolved consistent with the terms of section 32 of the General Contract Provisions.
- (b) The procedures for initiating binding arbitration, the selection of arbitrators, the determinations by the arbitrators and the payment of costs shall be as set forth in section 32(b) of the General Contract Provisions. No other provision of section 32 of the General Contract Provisions shall apply to a binding arbitration proceeding pursuant to this section 6.
- (c) Any final determination by the arbitrators in a binding arbitration proceeding pursuant to this section 6 shall be enforceable by and against the parties in any court of competent jurisdiction.

- (d) Either party may seek review of an arbitration decision on the grounds of fraud, misrepresentation, misconduct, or for review of an issue arising under the Constitution of the United States. Any such review shall be filed in the Federal court which has jurisdiction for such review.

IN WITNESS WHEREOF, the parties hereto have executed this Amendatory Agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By 
Account Executive

Name Angela M. Wykoff
(Print/Type)

Date 31 July 1996

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

By 

Name J. Leon Smith
(Print/Type)

Title General Manager

Date July 31, 1996

(MCPLAN-MPSD-W:\MPSD\CT\90497_7#.DOC)



Department of Energy

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

OFFICE OF THE ADMINISTRATOR

In reply refer to: PKI

November 2, 1982

Mr. Robert L. McKinney
General Manager
Cowlitz County PUD
P.O. Box 1279
Longview, WA 98632

Dear Mr. McKinney:

The second sentence of section 8(e) of the General Contract Provisions of all new Regional Act power sales and residential exchange contracts provides, "Bonneville shall develop in consultation with its utility customers and shall publish by July 1, 1983, methodologies as required for implementing section 7(b)(2)." In order to meet this deadline, the proposed schedule would require hearings simultaneously with the hearings on Bonneville Power Administration's (Bonneville) 1983 rate adjustment.

Both Bonneville and customer representatives working with Bonneville on the 7(b)(2) methodology are concerned that such simultaneous hearings could lead to conflicts and confusion in the development of the 7(b)(2) methodology. The Public Power Council has requested on behalf of all preference customers that BPA propose an amendment to the General Contract Provisions to extend the July 1, 1983, deadline for 8 months to March 1, 1984. Bonneville agrees that the interests of Bonneville and its customers would be better served by postponing the formal hearing process on the 7(b)(2) methodology until after the completion of the 1983 rate process.

To accomplish this end, Bonneville offers the following amendment to the General Contract Provisions of all the Regional Act power sales and residential exchange contracts which will extend the section 8(e) deadline for 8 months to March 1, 1984. Section 8(e) of the General Contract Provisions, Exhibit B, is hereby amended as follows:

Section 8(e) is deleted and replaced by the following section 8(e):

"(e) Bonneville's wholesale power rates established on any Rate Adjustment Date shall be developed consistent with the provisions of section 7 of P.L. 96-501. Bonneville shall develop in consultation with its utility Customers and shall publish by March 1, 1984, methodologies as required for implementing section 7(b)(2)."

The only change made by this amendment is in the date, March 1, 1984. This amendment does not in any way affect your rights under Regional Act section 7(b)(2). Section 7(b)(2) does not go into effect until after July 1, 1985, according to the terms of the Regional Act. This contract amendment

Cowlitz County PUD

merely postpones by 8 months, to March 1, 1984, the date by which the methodology to implement section 7(b)(2) must be published in the Federal Register.

Bonneville is seeking to have this amendment signed and returned by all parties involved by Nov. 30, 1982, or as soon thereafter as possible. This will permit Bonneville and those customer representatives who are working with Bonneville on the 7(b)(2) methodology to know at the earliest date whether the methodology must be completed by July 1, 1983; or may be delayed until March 1, 1984. Therefore, please indicate your acceptance of this offer by signing and returning to your Bonneville Area or District Office three copies of this agreement, along with a certified copy of the authorizing resolution, as appropriate.

This agreement shall become effective only when like agreements have been signed by all parties receiving this offer. The parties receiving this offer are all of Bonneville's power sales and residential exchange customers under contracts offered by Bonneville on August 28, 1981.

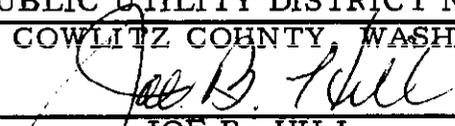
If you have any questions regarding either Regional Act section 7(b)(2) or this contract amendment, please call your Area or District Office.

Sincerely,


Administrator

ACCEPTED:

PUBLIC UTILITY DISTRICT No. 1
of COWLITZ COUNTY, WASHINGTON

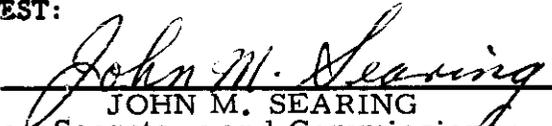
By 

JOE B. HILL

Title President and Commissioner

Date November 24, 1982

ATTEST:

By 

JOHN M. SEARING

Title Secretary and Commissioner

Date November 24, 1982

(WP-PKI-2428b)

CONFIDENTIAL

00PB-10722
01PB-24060

DE-MS79-81BP90493



Department of Energy

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

POWER BUSINESS LINE

December 3, 2001

In reply refer to: PSW-6

REDACTED VERSION

Mr. Dennis P. Robinson
General Manager
Public Utility District No. 1
Of Cowlitz County
P.O. Box 3007
Longview, WA 98632-0307

Dear Denny:

As you know, the Bonneville Power Administration (BPA) and the Public Utility District No. 1 of Cowlitz County (Cowlitz) are currently in dispute concerning three issues:

1. Cowlitz's payment to BPA under its 1981 power sales contract, as amended, for power service to Cowlitz's load otherwise served by Longview Fibre's 60 aMW combustion turbine (Generator No.8);
2. Cowlitz's sale of output from Longview Fibre's Generator No. 8 to BPA under Confirm Agreement No. 01PB-24060;
3. The listing and treatment of consumer owned generation on Cowlitz's system under Exhibit C, Section 3 to the 2001 Power Sales Agreement No. 00PB-10722, dated October 31, 2001, (Subscription Contract).

In a prior settlement offer to Cowlitz, BPA included the option for Cowlitz to revise Exhibit C, Section 3 of the Subscription Contract. At the time BPA agreed to such a revision, market conditions were such that BPA was kept whole with respect to market exposure and potential costs. That settlement offer was rejected by Cowlitz on Thursday, September 27, 2001 in our meeting with Paul Norman here at BPA.

BPA remains committed to resolving this dispute. To that end, I would like to propose the following:

1. Cowlitz and BPA agree to resolve the dispute of Issues 1 and 2 listed above, using a simple form of binding arbitration consistent with the form of an arbitration agreement we discussed on December 3, 2001. The parties agree to complete an arbitration agreement detailing the arbitration process consistent with those discussions as soon as

practicable. The parties agree that in the arbitration, BPA will be limited to an estimated **REDACTED** on Issue 1, and Cowlitz will be limited to an estimated **REDACTED** Issue 2.

2. Regarding Issue No. 3, BPA would again extend the offer to Cowlitz to revise Exhibit C, Section 3 of the Subscription Contract, contingent on Cowlitz's agreement to and completion of binding arbitration for Issues 1 and 2.
3. Cowlitz agrees that its election to revise Section 3 of Exhibit C of the Subscription Contract will be final and binding for the term of that agreement, provided however that revision of Section 3 of Exhibit C consistent with the terms of section 4(e) of Exhibit C is not precluded. Cowlitz agrees to waive any and all claims, suits or causes of action of any kind, arising at any time prior to or as of the date of this letter agreement, from or out of Section 3 of Exhibit C of its Subscription Contract whether known or unknown. This waiver includes any filing of a petition for review in the United States Court of Appeals for the Ninth Circuit. BPA agrees to waive any and all other claims, suits, or causes of action, known or unknown against Cowlitz for federal power service provided under BPA's 1981 Utility Power Sales Agreement, Contract No. DE-MS79-81BP90493 with Cowlitz, as amended.
4. This agreement for the revision and settlement of Exhibit C and arbitration is contingent upon BPA's receipt within one week of this letter agreement, of a letter of waiver and agreement not to sue executed by Longview Fibre, and stating that any and all claims, suits, or causes of action of any kind whatsoever, known or unknown against BPA based on any past and present contract or actions taken between BPA and Cowlitz are waived and released. BPA acknowledges that Longview Fibre is not a party to its contracts with Cowlitz and that BPA will not assert any claim against Longview Fibre based on the subject matter of such contracts.

Because BPA does not expect market conditions to remain stable, which thereby increases the risk to BPA and other ratepayers of such a revision to Exhibit C, Section 3, the offer to allow Cowlitz to revise Exhibit C, Section 3 will expire at 5:00 p.m. December 3, 2001, and the offer to agree to binding arbitration to resolve Issues 1 and 2 will also expire at that time.

If you agree to this proposal, please sign below, and return this letter, along with the proposed Exhibit C revision to me no later than 5:00 p.m. December 3, 2001. The revision to Exhibit C will become effective December 5, 2001 and will be contingent 1) upon initiation and completion of the arbitration process and 2) upon receipt of the waiver letter from Longview Fibre. In the event that the arbitration process agreement is not executed by Cowlitz and BPA then the Exhibit C revision and this letter agreement shall become null and void, and the prior Exhibit C shall then apply for the remaining term of the Subscription Contract, subject to the terms of that agreement.

I believe that this approach is fair and equitable, and will provide the timely resolution of these issues for which we both strive. I look forward to your affirmative response, and the opportunity to focus on our future relationship.

Sincerely,



Paul J. O'Neal, P.E.
Account Executive

ACCEPTED:

PUBLIC UTILITY DISTRICT NO.1
OF COWLITZ COUNTY

By Dennis P Robinson
Name Dennis P Robinson
Title General Manager
Date December 3, 2001



Department of Energy

Bonneville Power Administration
P.O. Box 491
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

December 20, 1999

In reply refer to: TM/DITT2

Mr. Denny Robinson, General Manager
Cowlitz County PUD
961 12th Avenue
Box No. 3007
Longview, WA 98632-0307

Dear Denny:

SUBJECT: Settlement of Unauthorized Increase Charges for Cowlitz County PUD

The Bonneville Power Administration (BPA) Monthly Power Statement to Cowlitz County PUD (Cowlitz) for the billing period ending October 31, 1999, reflected an unauthorized increase for a transmission charge under the Bonneville Power Administration/ Cowlitz Contract No. DE-MS79-81BP90493 (NTP-96 Rate Schedule) for a service amount of 41,488 kW @ \$12.00 per kilowatt per month in accordance with Section IV. C. 1 of the NTP-96 Rate Schedule. The total unauthorized increase amount reflected for this period totaled \$497,856.00.

The circumstances surrounding the unauthorized increase charge to Cowlitz are indicative of a one-hour emergency shut down of Longview Fibre generation affecting the Cowlitz load. BPA acknowledges that Cowlitz has not incurred an overrun of this nature in the past, i.e., above the 10% dead band as a CMR customer. Therefore, BPA is willing to settle this issue with Cowlitz with a modified unauthorized increase charge based on a deemed overrun of less than 110% of Computed Maximum Requirement. This settlement would calculate the overrun by applying the NTP Base + Load Shaping charges rather than the full Unauthorized Increase Charge in the NTP Rate Schedule. This approach would adjust the unauthorized increase charge to \$63,850.00.

BPA has provided relief to transmission customers who have experienced a first-time unauthorized increase; however, it is BPA's policy to fully apply unauthorized increase charges to any subsequent overruns by such customers.

The adjustment will be made in the next billing to reflect the amount of settlement for the *modified* unauthorized increase charge. If you have any questions or comments, please contact Fran Gebhardt at (360) 418-8280.

If the foregoing terms are acceptable, please sign and return one original of this Settlement Agreement. The remaining original is for your files.

Sincerely,

Michael A. Raschio

FOR

Michael A. Raschio
Transmission Account Executive
Transmission Marketing and Sales

ACCEPTED:

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

By: *Denny Robinson*

Name: Mr. Denny Robinson

Title: General Manager

Date: *Dec 27, 1999*

cc:
Angela Wykoff – BPA (PBL-PSW-6)

B.P.A.
99 DEC 28 PM 1:34



"CUSTOMER-OWNED for CUSTOMER BENEFIT"

961 12TH AVENUE • BOX NO. 3007 • LONGVIEW, WASHINGTON 98632 • (360) 423-2210 FAX (360) 577-7559

Board of Commissioners:
EDWARD M. PIPER JOHN M. SEARING GALE R. VAN CUREN

General Manager:
DENNIS P. ROBINSON

December 27, 1999

Mr. Mike Raschio
Transmission Account Executive
Transmission Marketing and Sales
Bonneville Power Administration
P.O. Box 491
Vancouver, WA 98666-0491

Dear Mike:

Enclosed is fully-executed Agreement for Settlement of Unauthorized Increase Charges for Cowlitz County PUD, dated December 27, 1999. This document was also faxed to the attention of Fran Gebhart. We have retained one copy for our records.

Thank you.

Sincerely,

Gary A. Huhta
Senior Power Resource Engineer

II.PR.UAI Agreement Transmittal

B.P.A.

99 DEC 28 PM 1:34