



Department of Energy

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

FREEDOM OF INFORMATION ACT PROGRAM

September 14, 2018

In reply refer to: FOIA #BPA-2017-00069-F

Adrienne Thompson
Troutman Sanders LLP
100 SW Main Street
Portland, Oregon 97204
Adrienne.Thompson@troutmansanders.com

Dear Ms. Thompson,

This communication is the final response to your request for Bonneville Power Administration (BPA) records made under the Freedom of Information Act, 5 U.S.C. § 552 (FOIA). Your request was received on October 12, 2016, with a formal acknowledgement letter sent to you on October 27, 2016.

Request

"...all emails, notes, formal and informal memoranda, meeting agendas, minutes, and other communication regarding Bonneville's discovery of and decision to collect, certain allegedly under-charged amounts related to the short-distance discount (SDD) from Grant County PUD during 2011. Such materials will include, but are not limited to: (1) emails and other communications exchanged between Grant PUD and BPA staff regarding these two monthly bills; (2) the Agency Decision Framework that may pertain to this matter; and/or (3) other documents addressing how BPA resolved this matter and its reasons for doing so."

Response

In accord with the FOIA, BPA's office of Cyber Forensics and Intelligence conducted a thorough search of agency email records and located 253 pages of agency records responsive to your request. BPA is herein withholding 138 pages under Exemption 5 to the FOIA, 5 U.S.C. § 552(b)(5), releasing 78 pages in full, and releasing 37 pages with redactions applied under Exemption 5 to the FOIA, 5 U.S.C. § 552(b)(5) and Exemption 6 to the FOIA, 5 U.S.C. § 552(b)(6).

The FOIA generally requires the release of all government records upon request. However, FOIA permits withholding certain, limited information that falls under one or more of nine statutory exemptions (5 U.S.C. §§ 552(b)(1-9)).

Exemption 4

BPA's Office of General Counsel (OGC) reviewed the responsive agency records and determined that an exemption examination was necessary prior to a release of Grant County Public Utility District's (GCPUD) information. In accord with Exemption 4 to the FOIA, 5 U.S.C. § 552(b)(4) (Exemption 4), BPA contacted GCPUD to provide them with an opportunity to object to the public release of their information contained in the agency records. Thereafter, GCPUD indicated to BPA that they have no objections to the public release of the responsive information. BPA has made no redactions under Exemption 4.

Exemption 5

Exemption 5 protects "inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency" (5 U.S.C. § 552(b)(5)). In plain language, the exemption protects privileged records. The FOIA's Exemption 5 deliberative process privilege protects records evincing the deliberative or decision-making processes of government agencies. Records protected under this privilege must be both pre-decisional and deliberative. A record is pre-decisional if it is generated before the adoption of an agency policy. A record is deliberative if it reflects the give-and-take of the consultative process, either by assessing the merits of a particular viewpoint, or by articulating the process used by the agency to formulate a decision. BPA has considered and declined a discretionary release of some pre-decisional and deliberative information in the responsive records set because disclosure of the records would harm the interests protected and encouraged by Exemption 5. In this case, BPA asserts Exemption 5 on 138 pages in full and 28 partial pages to protect internal management and strategy discussions.

Exemption 6

Exemption 6 protects information in "personnel and medical files and similar files" when the disclosure of such information "would constitute a clearly unwarranted invasion of personal privacy" (5 U.S.C. § 552(b)(6)), and if there is no public interest that outweighs the privacy interest. BPA has invoked Exemption 6 on nine pages to protect personal phone numbers and signatures. BPA can find no public interest in this information as it does not shed light on the mission or working of BPA, as an agency.

Certification

Your FOIA request is now closed with all available agency records provided. Pursuant to 10 C.F.R. § 1004.7(b)(2), I am the individual responsible for the release and exemption determinations described above.

Fees

There are no fees applicable to the agency's response to your FOIA request.

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 Office of Hearings and Appeals prefers to receive appeals by email. 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 BPA's FOIA Public Liaison, Jason Taylor, at the address on this letter header, at jetaylor@bpa.gov, or at 503-230-3537 for any further assistance and to discuss any aspect of your request or this communication.

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
Phone: 202-741-5770; Toll free: 1-877-684-6448; Fax: 202-741-5769

Thank you for your interest in the Bonneville Power Administration.

Sincerely,



Rachel L. Hull
Freedom of Information/Privacy Act Officer

Responsive records accompany this communication

Dear [Customer Name],

Over the last month, BPA has been reviewing Transmission Customer use of reservations with a Point-to-Point Short Distance Discount (PTP SDD) to ensure consistency with the currently posted business practice provisions.

[Customer Name] has reservations eligible for the PTP SDD and I just wanted to point out the business practice provisions below and remind you of the different restrictions under which the SDD may not apply. In particular, if the reservation is redirected for all or a portion of the capacity, the SDD will not apply for the month in which there is a redirect.

Business Practice Redirects, Version 17

- d. Short-Distance Discount
 - i. Short-Term Redirects - Short-Term Redirects are not eligible for the SDD.
 - ii. If the Long-Term Parent Reservation qualifies for a SDD and all or a portion of the capacity is redirected for any period of time during a month, the SDD will not be applied that month.
 - iii. Long-Term Redirects - The Redirect service will receive a SDD if it qualifies. SDD applies only to remainder of Parent Reservation. (See the Point to Point [Rate Schedule](#) for information on the SDD.)

BPA will be more closely monitoring and administering these business practice provisions starting July 1, 2015, as noted on www.bpa.gov/goto/Billing.

Please keep these provisions in mind if you redirect, resell, or undertake any other transactions with your PTP reservations subject to the SDD.

If you have any questions, please do not hesitate to contact me.

Thank you!

Sincerely,

[AE Name]

Talking Points

PTP Short Distance Discount changes effective July 1, 2015

Background

This communication is intended to remind Transmission Customers, with Long-Term PTP Reservations subject to the SDD, of the rules outlined in Section D of the *Redirects Business Practice, Version 17* regarding the application of the SDD.

Business Practice Redirects, Version 17

- d. Short-Distance Discount
 - i. Short-Term Redirects - Short-Term Redirects are not eligible for the SDD.
 - ii. If the Long-Term Parent Reservation qualifies for a SDD and all or a portion of the capacity is redirected for any period of time during a month, the SDD will not be applied that month.
 - iii. Long-Term Redirects - The Redirect service will receive a SDD if it qualifies. SDD applies only to remainder of Parent Reservation. (See the Point to Point [Rate Schedule](#) for information on the SDD.)

Commencing July 1, 2015, BPA will be more closely monitoring and administering the above provisions - customers redirecting reservations subject to the SDD will notice the discount not applied for the month of the redirect.

1. Why is BPA contacting me regarding the PTP SDD?

You [Customer] have one or more Long-Term PTP reservation subject to the PTP SDD. BPA would like to remind you of some of the actions which could impact the applicability of the SDD to the reservations, as laid out in Section D of the current *Redirects Business Practice, Version 17*. Under certain circumstances and actions the SDD may not apply. Effective July 1, 2015, BPA will be monitoring and administering those provisions with more rigor.

2. Under what circumstances would the SDD not apply?

As described in the current Business Practice, under certain circumstances the SDD may not apply:

- Short-term redirect of the PTP SDD reservation – SDD does not apply for the month of the redirect, even if only a portion of the MW demand has been redirected.
- Long Term redirect of a PTP SDD reservation – the PTP SDD reservation will qualify for the discount for the remaining amount of the reservation, as identified in the PTP Service Agreement.

3. Is this a new policy that BPA is implementing?

- No. The particular cited provision of the Redirects Business Practice has been in place since the inception of the same restrictions on the PTP SDD under the Transmission Rate Schedule.
- The Business Practice, with the associated restrictions, was developed in 2003 as a further clarification of the application of the PTP SDD under the Transmission Rate Schedule.

4. Will BPA be exploring retroactive billing adjustments? *(Only if asked by customer)*

BPA is currently gathering data and information on previous customer actions for PTP SDD reservation (the frequency of redirects of PTP SDD reservations) and will be exploring the issue of potential retroactive billing adjustments. I will keep you apprised of our progress on this topic.

5. Can BPA consider modifying its policy in order to provide an SDD for the portion of the PTP SDD reservation that was not redirected? *(Only if asked by customer)*

BPA may explore that policy in the near future. However, until such time, the current Business Practice provisions will continue to apply. I will keep you updated on any progress on this topic in the near future.

From: [Davis,Katie L \(CONTR\) - TSPP-TPP-2](#)

To: [Arison,Sarah K \(BPA\) - TSP-TPP-2](#); [Bausch,Michael D \(BPA\) - TSRS-DITT-1](#); [Bentz,Roger E \(BPA\) - BD-3](#); [Bosanac,Milos \(BPA\) - TSP-TPP-2](#); [Bryan,Natasha M K \(BPA\) - TSSP-DITT-1](#); [Caines,Sandra L \(CONTR\) - TSE-TPP-2](#); [Carter,Eric H \(BPA\) - TSE-TPP-2](#); [Cobb,Marshall \(BPA\) - TSST-DITT-1](#); [Colford,Lequeta A \(BPA\) - F-2](#); [Davis,Thomas E \(BPA\) - LT-7](#); [Dibble,Rachel L \(BPA\) - TSPP-TPP-2](#); [Ebert,Heather A \(BPA\) - TS-DITT-2-A](#); [Egusa,Sean R \(CONTR\) - TSP-TPP-2](#); [Ehli,Cathy L \(BPA\) - PT-5](#); [Ellison,Richard A \(BPA\) - TORD-DITT-1](#); [Fitzsimmons,David A \(BPA\) - TSE-TPP-2](#); [Fredrickson,Rebecca E \(BPA\) - TSPO-TPP-2](#); [Gilbert,Christopher J \(CONTR\) - TSPP-TPP-2](#); [Gillman,Richard A \(BPA\) - TS-DITT-2](#); [Gilman,David L \(CONTR\) - TSPP-DITT-2](#); [Green,Laura E \(BPA\) - KSBV-TPP-1](#); [Gunn,Christine S \(BPA\) - LT-7](#); [Hakala,Tuuli M \(BPA\) - LT-7](#); [Hanel,David H \(BPA\) - TSR-DITT-1](#); [Hardin,Craig A \(BPA\) - TSE-TPP-2](#); [Henshaw,Nathan R \(BPA\) - PGST-5](#); [Hilliard,Creecy,Jamae \(BPA\) - PTK-5](#); [Holden-Baker,Susan M \(BPA\) - TSS-DITT-1](#); [Jackson,Holly K \(BPA\) - TSST-DITT-1](#); [Jensen,Mary K \(BPA\) - L-7](#); [Johnson,Danielle M \(BPA\) - TSST-DITT-1](#); [Johnston,Kenneth H \(BPA\) - DIT-7](#); [Jones,Christopher M \(BPA\) - SP-3](#); [Jones,Ryan M \(BPA\) - TPPB-OPP-3](#); [King,Robert D \(BPA\) - TSP-TPP-2](#); [Kitali,Salah H \(BPA\) - TOR-DITT-1](#); [Klippstein,Janet R \(BPA\) - PTL-5](#); [Kohne,Kyle R \(BPA\) - TPM-OPP-3](#); [Leathley,Kimberly A \(BPA\) - F-2](#); [Linn,Young S \(BPA\) - TSE-TPP-2](#); [Lockman,Christopher L \(BPA\) - PST-6](#); [Manary,Michelle L \(BPA\) - TS-DITT-2](#); [Mantifel,Russell \(BPA\) - TS-DITT-2](#); [Michie,Preston D \(CONTR\) - TSPP-TPP-2](#); [Millar,Susan B \(BPA\) - TOI-DITT-2](#); [Miller,Todd E \(BPA\) - L-7](#); [Mooney,Andrew T \(BPA\) - TAA-HANGR](#); [Morrison,Bradford R \(CONTR\) - TSPP-TPP-2](#); [Munoz,Patricia I \(BPA\) - TSRS-DITT-1](#); [Nulph,Abbey J \(BPA\) - TPL-TPP-2](#); [O'Leary-Brattebo,Jane L \(CONTR\) - TSPP-TPP-2](#); [Pearson,Terrin L \(CONTR\) - TSPP-TPP-2](#); [Radcliff,Madonna R \(BPA\) - TAB-DITT-2](#); [Rios,Matt \(BPA\) - TSE-TPP-2](#); [Rueda,Kevin F \(BPA\) - TSRF-DITT-1](#); [Salazar,Tracey L \(BPA\) - TSPP-TPP-2](#); [Scott,Lisa J \(CONTR\) - TSP-TPP-2](#); [Sigurdson,Ryan M \(BPA\) - LT-7](#); [Simpson,Troy D \(BPA\) - TOK-DITT-2](#); [Sweeney,Charles R \(BPA\) - TSE-TPP-2](#); [Taylor,Eric K \(BPA\) - TSE-TPP-2](#); [Thomas,Randi R \(BPA\) - TO-DITT-2](#); [TSP Meetings](#); [VanderZanden,Deedee \(BPA\) - PEK-6](#); [Vincent,Tammie D \(BPA\) - TSPP-TPP-2](#); [Wellschlager,John D \(BPA\) - PSW-6](#); [Willey,Mary G \(BPA\) - TSR-DITT-1](#)

Cc: [Edwards,Robert W \(BPA\) - TSPP-DITT-1](#)

Subject: Business Decisions Documents and Agenda

Date: Thursday, June 18, 2015 3:15:50 PM

Attachments: [Business Decisions Meeting Agenda 6 19 15.doc](#)
[PTP SDD - Retroactive Billing Adjustment ADF - Draft 5 \(2\).doc](#)
[150617 Legal Analysis re PTP SDD Miscalculation.docx](#)
[150616 Legal Analysis Partial.docx](#)
[Partial LTF Service ADF 6 17 15 BD Decision.doc](#)

AGENDA
HANDOUTS

Thank you,
Katrina (Katie) Davis
CRGT
Direct Support for TSPP
Desk: 360-619-6417
Cell: (b) (6)

From: [Davis, Katie L \(CONTR\) - TSP-TPP-2](#)

To: [Arison, Sarah K \(BPA\) - TSP-TPP-2](#); [Bausch, Michael D \(BPA\) - TSRS-DITT-1](#); [Bentz, Roger E \(BPA\) - BD-3](#); [Bosanac, Milos \(BPA\) - TSP-TPP-2](#); [Bryan, Natasha M K \(BPA\) - TSSP-DITT-1](#); [Caines, Sandra L \(CONTR\) - TSE-TPP-2](#); [Carter, Eric H \(BPA\) - TSE-TPP-2](#); [Cobb, Marshall \(BPA\) - TSST-DITT-1](#); [Colford, Lequeta A \(BPA\) - F-2](#); [Davis, Thomas E \(BPA\) - LT-7](#); [Dibble, Rachel L \(BPA\) - TSP-TPP-2](#); [Ebert, Heather A \(BPA\) - TS-DITT-2-A](#); [Egusa, Sean R \(CONTR\) - TSP-TPP-2](#); [Ehli, Cathy L \(BPA\) - PT-5](#); [Ellison, Richard A \(BPA\) - TORD-DITT-1](#); [Fitzsimmons, David A \(BPA\) - TSE-TPP-2](#); [Fredrickson, Rebecca E \(BPA\) - TSP-TPP-2](#); [Gilbert, Christopher J \(CONTR\) - TSP-TPP-2](#); [Gillman, Richard A \(BPA\) - TS-DITT-2](#); [Gilman, David L \(CONTR\) - TSP-TPP-2](#); [Green, Laura E \(BPA\) - KSBV-TPP-1](#); [Gunn, Christine S \(BPA\) - LT-7](#); [Hakala, Tuuli M \(BPA\) - LT-7](#); [Hanel, David H \(BPA\) - TSR-DITT-1](#); [Hardin, Craig A \(BPA\) - TSE-TPP-2](#); [Henshaw, Nathan R \(BPA\) - PGST-5](#); [Hilliard Creecy, Jamae \(BPA\) - PTK-5](#); [Holden-Baker, Susan M \(BPA\) - TSS-DITT-1](#); [Jackson, Holly K \(BPA\) - TSST-DITT-1](#); [Jensen, Mary K \(BPA\) - L-7](#); [Johnson, Danielle M \(BPA\) - TSST-DITT-1](#); [Johnston, Kenneth H \(BPA\) - DIT-7](#); [Jones, Christopher M \(BPA\) - SP-3](#); [Jones, Ryan M \(BPA\) - TPPB-OPP-3](#); [King, Robert D \(BPA\) - TSP-TPP-2](#); [Kitali, Salah H \(BPA\) - TOR-DITT-1](#); [Klippstein, Janet R \(BPA\) - PTL-5](#); [Kohne, Kyle R \(BPA\) - TPM-OPP-3](#); [Leathley, Kimberly A \(BPA\) - F-2](#); [Linn, Young S \(BPA\) - TSE-TPP-2](#); [Lockman, Christopher L \(BPA\) - PST-6](#); [Manary, Michelle L \(BPA\) - TS-DITT-2](#); [Mantifel, Russell \(BPA\) - TS-DITT-2](#); [Michie, Preston D \(CONTR\) - TSP-TPP-2](#); [Millar, Susan B \(BPA\) - TOI-DITT-2](#); [Miller, Todd E \(BPA\) - L-7](#); [Mooney, Andrew T \(BPA\) - TAA-HANGR](#); [Morrison, Bradford R \(CONTR\) - TSP-TPP-2](#); [Munoz, Patricia I \(BPA\) - TSRS-DITT-1](#); [Nulph, Abbey J \(BPA\) - TPL-TPP-2](#); [O'Leary-Brattebo, Jane L \(CONTR\) - TSP-TPP-2](#); [Pearson, Terrin L \(CONTR\) - TSP-TPP-2](#); [Radcliff, Madonna R \(BPA\) - TAB-DITT-2](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#); [Rueda, Kevin F \(BPA\) - TSP-TPP-2](#); [Salazar, Tracey L \(BPA\) - TSP-TPP-2](#); [Scott, Lisa J \(CONTR\) - TSP-TPP-2](#); [Sigurdson, Ryan M \(BPA\) - LT-7](#); [Simpson, Troy D \(BPA\) - TOK-DITT-2](#); [Sweeney, Charles R \(BPA\) - TSE-TPP-2](#); [Taylor, Eric K \(BPA\) - TSE-TPP-2](#); [Thomas, Randi R \(BPA\) - TO-DITT-2](#); [TSP Meetings](#); [VanderZanden, Deedee \(BPA\) - PEK-6](#); [Vincent, Tammie D \(BPA\) - TSP-TPP-2](#); [Wellschlager, John D \(BPA\) - PSW-6](#); [Willey, Mary G \(BPA\) - TSR-DITT-1](#)

Subject: Change in ADFs For today 6/19/15 Business Decisions.

Date: Friday, June 19, 2015 11:14:35 AM

Attachments: [PTP SDD - Retroactive Billing Adjustment ADF - Draft 5 Decision Change.doc](#)
[Partial LTF Service ADF 6 17 15 PDMM Decision.doc](#)

Sorry for the Late Changes Milos Added background to his ADF

Thank you,
Katrina (Katie) Davis
CRGT
Direct Support for TSP
Desk: 360-619-6417
Cell: (b) (6)

From: [Bosanac,Milos \(BPA\) - TSP-TPP-2](#)
To: [Altman,Brian D \(BPA\) - KSBP-4](#); [Caines,Sandra L \(CONTR\) - TSE-TPP-2](#); [Carter,Eric H \(BPA\) - TSE-TPP-2](#); [DeClerck,Angela \(BPA\) - TSE-TPP-2](#); [Fitzsimmons,David A \(BPA\) - TSE-TPP-2](#); [Gilliland,Kimberly D \(BPA\) - TSE-TPP-2](#); [Hardin,Craig A \(BPA\) - TSE-TPP-2](#); [Jackson,Melanie M \(BPA\) - TSE-TPP-2](#); [Johnson,G Douglas \(BPA\) - TSE-TPP-2](#); [Linn,Young S \(BPA\) - TSE-TPP-2](#); [Ochoa,J. Diego \(BPA\) - TSSP-DITT-1](#); [Rios,Matt \(BPA\) - TSE-TPP-2](#); [Sweeney,Charles R \(BPA\) - TSE-TPP-2](#); [Taylor,Eric K \(BPA\) - TSE-TPP-2](#); [Timberman,Toni L \(BPA\) - TSE-TPP-2](#)
Cc: [Green,Laura E \(BPA\) - KSBV-TPP-1](#); [O'Leary-Brattebo,Jane L \(CONTR\) - TSP-TPP-2](#)
Subject: AE Outreach Requested - Customer Communication Plan - PTP SDD Excess Credits Recovery
Date: Tuesday, July 21, 2015 9:56:30 AM
Attachments: [Implementation Communication Plan - D3.docx](#)
[Copy of SDD Credit Reduction Analysis.xlsx](#)
Importance: High

(b) (5)

[Redacted]

[Redacted]

[Redacted]

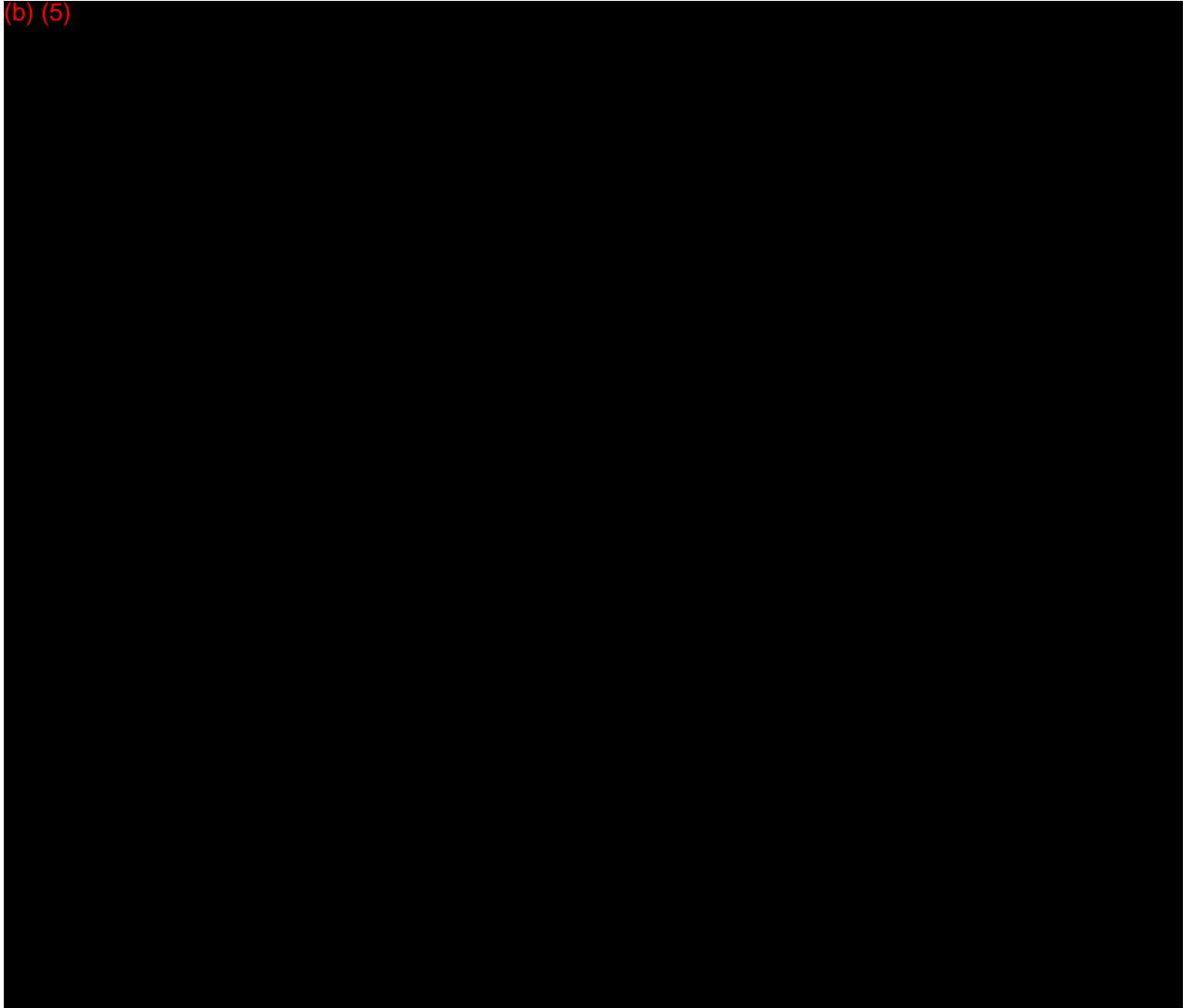
[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: [Green Laura E \(BPA\) - KSBV-TPP-1](#)
To: [DeClerck Angela \(BPA\) - TSE-TPP-2](#); [Carter Eric H \(BPA\) - TSE-TPP-2](#); [Rios Matt \(BPA\) - TSE-TPP-2](#); [Gilliland Kimberly D \(BPA\) - TSE-TPP-2](#); [Fitzsimmons David A \(BPA\) - TSE-TPP-2](#); [Timberman Toni L \(BPA\) - TSE-TPP-2](#); [Linn Young S \(BPA\) - TSE-TPP-2](#)
Cc: [Bosanac Milos \(BPA\) - TSP-TPP-2](#); [Blasdel Lori J \(BPA\) - KSBP-4](#); [Hilberg Larry \(CONTR\) - KSB-MODD](#); [Mohamoud Farah A \(BPA\) - KSBP-4](#); [Hansen Mary A \(BPA\) - KSBP-4](#); [Halbrook Pam \(BPA\) - KSBP-4](#); [Nguyen Peter T \(BPA\) - KSBV-4](#); [Boen Jason M \(BPA\) - KSBP-4](#); [Johnson Chantina \(BPA\) - KSB-4](#); [Nunn Trent E \(BPA\) - KSM-4](#); [Foeller Meri L \(BPA\) - KSBP-4](#); [Boen Jason M \(BPA\) - KSBP-4](#); [Meyer Misty N \(BPA\) - KSBV-TPP-1](#); [Flores Joe \(BPA\) - KSB-4](#)
Subject: RE: Short Distance Discount Customer Analysis
Date: Monday, August 10, 2015 8:17:42 AM
Attachments: [image001.png](#)
[image002.png](#)
[SDD Credit Reduction Analysis \(3\).xlsx](#)



From: Green,Laura E (BPA) - KSB-MODD
Sent: Thursday, August 06, 2015 2:13 PM
To: DeClerck,Angela (BPA) - TSE-TPP-2; Carter,Eric H (BPA) - TSE-TPP-2; Rios,Matt (BPA) - TSE-TPP-2; Gilliland,Kimberly D (BPA) - TSE-TPP-2; Fitzsimmons,David A (BPA) - TSE-TPP-2; Timberman,Toni L (BPA) - TSE-TPP-2; Linn,Young S (BPA) - TSE-TPP-2
Cc: Bosanac,Milos (BPA) - TSP-TPP-2; Blasdel,Lori J (BPA) - KSB-4; Hilberg,Larry (CONTR) - KSB-MODD; Mohamoud,Farah A (BPA) - KSB-4; Hansen,Mary A (BPA) - KSB-4; Halbrook,Pam (BPA) - KSB-4; Nguyen,Peter T (BPA) - KSB-4; Boen,Jason M (BPA) - KSB-4; Johnson,Chantina (BPA) - KSB-4; Nunn,Trent E (BPA) - KSB-4; Foeller,Meri L (BPA) - KSB-4; Boen,Jason M (BPA) - KSB-4; Meyer,Misty N (BPA) - KSB-MODD
Subject: Short Distance Discount Customer Analysis

(b)
(5)

(b) (5)

[Redacted text block]

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[Redacted text block]

Customer	FY 2010[1]	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015[2]	Total Check	Average Bill	Percent of Avg Bill	CustomerName	Analyst
AVWP	\$0	\$35,696	\$53,544	\$53,544	\$91,512	\$0	\$234,296	\$1,000,000	23%	Avista Corp.	Larry Hilberg
FCPD	\$0	\$0	\$7,413	\$29,652	\$33,792	\$25,344	\$96,201	\$380,000	25%	Franklin Co. PUD	Farah Mohamoud
GCPU	\$0	\$24,591	\$155,760	\$778,800	\$532,440	\$798,660	\$2,290,251	\$210,000	1091%	Grant Co. PUD	Mary Hansen
KPUD	\$0	\$0	\$0	\$0	\$31,722	\$47,583	\$79,305	\$140,000	57%	Klickitat Co. PUD	Pam Halbrook
PAC	\$870,179	\$1,137,568	\$1,210,146	\$1,698,071	\$2,039,839	\$1,771,429	\$8,727,232	\$8,000,000	109%	PacifiCorp	Peter Nguyen
PPMI	\$233,967	\$848,830	\$954,940	\$837,082	\$800,506	\$582,354	\$4,257,679	\$2,800,000	152%	Iberdrola	Jason Boen
PSEM[3]	\$95,670	\$0	\$0	\$0	\$54,506	\$218,024	\$368,200	\$8,600,000	4%	Puget Sound Energy	Lori Blasdel
SCET	\$0	\$0	\$0	\$590,028	\$1,033,176	\$384,174	\$2,007,378	\$200,000	1004%	So. Cal. Edison	Chantina Johnson
Total	\$1,199,816	\$2,046,685	\$2,381,803	\$3,987,177	\$4,617,493	\$3,827,568	\$18,060,542				

[\[1\] FY 2010 represents the period from February 2010 through September 2010. In February 2010 is when BPA first developed it's CBC billing system which would be used to track the unwarranted S](#)

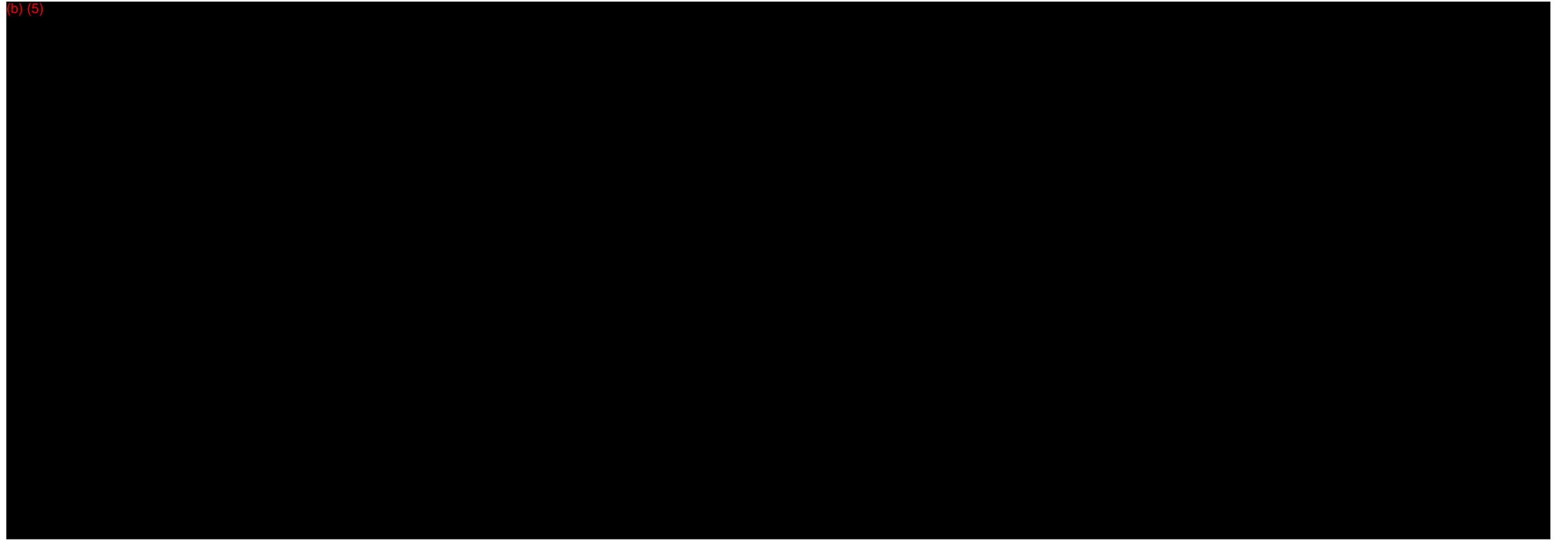
[\[2\] FY 2015 represents the period in the fiscal year through the end of June 2015.](#)

[3] PSEM still being researched

Customer	FY 2010[1]	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015[2]	Total	Total Check	Diff	Average Bill	Percent of Avg Bill	CustomerName	Analyst
AVWP		\$35,652	\$53,478	\$53,478	\$91,402		\$234,009	\$234,010	\$1	\$1,000,000	23%	Avista Corp.	Larry Hilberg
FCPD	\$19,768	\$29,657	\$29,657	\$29,657	\$33,792	\$16,896	\$159,427	\$159,427	\$0	\$380,000	42%	Franklin Co. PUD	Farah Mohamoud
GCPU		\$233,644		\$389,400			\$623,040	\$623,044	\$4	\$210,000	297%	Grant Co. PUD	Mary Hansen
KPUD					\$31,757	\$31,757	\$63,514	\$63,514	\$0	\$140,000	45%	Klickitat Co. PUD	Pam Halbrook
PAC	\$845,096	\$1,131,117	\$1,209,915	\$1,697,788	\$2,039,536	\$1,060,448	\$7,983,900	\$7,983,900	\$0	\$8,000,000	100%	PacifiCorp	Peter Nguyen
PPMI	\$233,958	\$849,370	\$955,633	\$862,006	\$777,315	\$388,658	\$4,066,940	\$4,066,940	\$0	\$2,800,000	145%	Iberdrola	Jason Boen
PSEM	\$108,998				\$54,499		\$163,496	\$163,497	\$1	\$8,600,000	2%	Puget Sound Energy	Lori Blasdel
SCET				\$588,017	\$1,029,655	\$95,716	\$1,713,388	\$1,713,388	\$0	\$200,000	857%	So. Cal. Edison	Chantina Johnson
Total	\$1,207,820	\$2,279,436	\$2,404,442	\$4,009,745	\$4,590,396	\$2,125,915	\$16,617,754	\$16,617,754	\$0				

[1] FY 2010 represents the period from February 2010 through September 2010. In February 2010 is when BPA first developed it's CBC billing system which would be used to track the unwarranted SDD credits.

[2] FY 2015 represents the period in the fiscal year through the end of April 2015. May and June 2015 numbers will be included when those become available.



From: [Bosanac,Milos \(BPA\) - TSP-TPP-2](#)
To: [Altman,Brian D \(BPA\) - KSBP-4](#); [Caines,Sandra L \(CONTR\) - TSE-TPP-2](#); [Carter,Eric H \(BPA\) - TSE-TPP-2](#); [DeClerck,Angela \(BPA\) - TSE-TPP-2](#); [Fitzsimmons,David A \(BPA\) - TSE-TPP-2](#); [Gilliland,Kimberly D \(BPA\) - TSE-TPP-2](#); [Hardin,Craig A \(BPA\) - TSE-TPP-2](#); [Jackson,Melanie M \(BPA\) - TSE-TPP-2](#); [Johnson,G Douglas \(BPA\) - TSE-TPP-2](#); [Linn,Young S \(BPA\) - TSE-TPP-2](#); [Ochoa,J. Diego \(BPA\) - TSSP-DITT-1](#); [Rios,Matt \(BPA\) - TSE-TPP-2](#); [Sweeney,Charles R \(BPA\) - TSE-TPP-2](#); [Taylor,Eric K \(BPA\) - TSE-TPP-2](#); [Timberman,Toni L \(BPA\) - TSE-TPP-2](#)
Subject: PTP SDD - Customer Outreach
Date: Wednesday, August 12, 2015 12:53:26 PM
Attachments: [PTP SDD - AE Key Points - Sharing Final Numbers \(August 2015\).docx](#)

(b)
(5)

[Redacted text block]

From: [Timberman,Toni L \(BPA\) - TSE-TPP-2](#)
To: [Bosanac,Milos \(BPA\) - TSP-TPP-2](#); [Gilliland,Kimberly D \(BPA\) - TSE-TPP-2](#); [Rios,Matt \(BPA\) - TSE-TPP-2](#); [Fitzsimmons,David A \(BPA\) - TSE-TPP-2](#); [Linn,Young S \(BPA\) - TSE-TPP-2](#); [Carter,Eric H \(BPA\) - TSE-TPP-2](#)
Cc: [Davis,Thomas E \(BPA\) - LT-7](#); [Green,Laura E \(BPA\) - KSBV-TPP-1](#); [O'Leary-Brattebo,Jane L \(CONTR\) - TSPP-TPP-2](#)
Subject: RE: PTP SDD - Information for Puget
Date: Friday, September 18, 2015 8:44:15 AM
Attachments: [SDD \(4.65 KB\).msg](#)
Importance: High

(b) (5)
[Redacted]

From: Bosanac,Milos (BPA) - TSP-TPP-2
Sent: Friday, September 18, 2015 7:34 AM
To: Timberman,Toni L (BPA) - TSE-TPP-2
Cc: Davis,Thomas E (BPA) - LT-7; Green,Laura E (BPA) - KSB-MODD; O'Leary-Brattebo,Jane L (CONTR) - TSPP-TPP-2
Subject: FW: PTP SDD - Information for Puget

(b) (5)
[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

(b) (5)

From: Davis,Thomas E (BPA) - LT-7
Sent: Thursday, September 17, 2015 12:14 PM
To: Green,Laura E (BPA) - KSB-MODD; Bosanac,Milos (BPA) - TSP-TPP-2; Timberman,Toni L (BPA) - TSE-TPP-2
Cc: O'Leary-Brattebo,Jane L (CONTR) - TSPP-TPP-2
Subject: RE: PTP SDD - Information for Puget

(b) (5)

From: Green,Laura E (BPA) - KSB-MODD
Sent: Thursday, September 17, 2015 10:13 AM
To: Davis,Thomas E (BPA) - LT-7; Bosanac,Milos (BPA) - TSP-TPP-2; Timberman,Toni L (BPA) - TSE-TPP-2
Cc: O'Leary-Brattebo,Jane L (CONTR) - TSPP-TPP-2
Subject: RE: PTP SDD - Information for Puget

(b) (5)

From: Davis, Thomas E (BPA) - LT-7
Sent: Thursday, September 17, 2015 9:58 AM
To: Bosanac, Milos (BPA) - TSP-TPP-2; Timberman, Toni L (BPA) - TSE-TPP-2
Cc: Green, Laura E (BPA) - KSB-MODD; O'Leary-Brattebo, Jane L (CONTR) - TSP-TPP-2
Subject: RE: PTP SDD - Information for Puget
Importance: High

(b) (5) [Redacted]

From: Bosanac, Milos (BPA) - TSP-TPP-2
Sent: Thursday, September 17, 2015 8:39 AM
To: Timberman, Toni L (BPA) - TSE-TPP-2
Cc: Davis, Thomas E (BPA) - LT-7; Green, Laura E (BPA) - KSB-MODD; O'Leary-Brattebo, Jane L (CONTR) - TSP-TPP-2
Subject: PTP SDD - Information for Puget

(b) (5) [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: [Marshall, George E - Transmission](#)
To: [Timberman, Toni L \(BPA\) - TSE-TPP-2](#)
Cc: [Creekpaum, Jennifer](#); [DeBoer, Tom - Marketing](#); [Marketing/Transmission SoC Exchanges -- mail --](#)
Subject: SDD
Date: Thursday, September 17, 2015 11:22:02 AM

(b) (5)

[Redacted content]

From: [Carter, Eric H \(BPA\) - TSE-TPP-2](#)
To: [Fitzsimmons, David A \(BPA\) - TSE-TPP-2](#)
Cc: [Timberman, Toni L \(BPA\) - TSE-TPP-2](#); [DeClerck, Angela \(BPA\) - TSE-TPP-2](#); [Linn, Young S \(BPA\) - TSE-TPP-2](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#); [Gilliland, Kimberly D \(BPA\) - TSE-TPP-2](#)
Subject: RE: BPA Short-Distance discount program
Date: Tuesday, October 06, 2015 8:56:44 AM

(b) (5)
[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: Fitzsimmons, David A (BPA) - TSE-TPP-2
Sent: Tuesday, October 06, 2015 8:22 AM
To: ADL_TSE_ONLY
Cc: Shaheen, Richard L (BPA) - T-DITT-2; Manary, Michelle L (BPA) - TS-DITT-2
Subject: FW: BPA Short-Distance discount program

(b) (5)
[Redacted]

[Redacted]

[Redacted]

From: Andrews, Claudia R (BPA) - K-7
Sent: Tuesday, October 06, 2015 8:06 AM
To: Fitzsimmons, David A (BPA) - TSE-TPP-2; Manary, Michelle L (BPA) - TS-DITT-2; Davis, Reed C (BPA) - KS-4; Mitman, Nancy M (BPA) - F-2; Davis, Thomas E (BPA) - LT-7
Subject: FW: BPA Short-Distance discount program

(b) (5)
[Redacted]

From: Holland, Lori [<mailto:Lori.Holland@pacificorp.com>]
Sent: Monday, October 5, 2015 3:20 PM
To: Andrews, Claudia R (BPA) - K-7 <crandrews@bpa.gov>
Cc: Bird, Stefan <Stefan.Bird@pacificorp.com>; Kevin Lynch (kevin.lynch@iberdrolaren.com) <kevin.lynch@iberdrolaren.com>
Subject: BPA Short-Distance discount program

Ms. Andrews,
Good afternoon. Please find attached a letter from Pacific Power and Iberdrola Renewables regarding the Bonneville Power Administration's short-distance discount program.
Best regards,
Lori

Lori Holland | Sr Executive Assistant to Stefan A. Bird | President & CEO | Pacific Power
825 N.E. Multnomah, LCT 2000 | Portland, OR 97232 | 503.813.7256 | lori.holland@pacificorp.com



From: [Rios, Matt \(BPA\) - TSE-TPP-2](#)
To: [Caines, Sandra L \(CONTR\) - TSE-TPP-2](#)
Subject: quick bi-weekly clip
Date: Friday, November 13, 2015 11:12:07 AM

Bi-weekly clip on Grant...

Late Tuesday, we received from Grant County PUD Tuesday a letter indicating their intention to formally dispute retroactive Short Distance Discount charges. In the letter they also provided their intent to make payment to an escrow account for the 2,290,251 SDD charge from their October bill.

Matt

From: [Rios, Matt \(BPA\) - TSE-TPP-2](#)
To: [Smith, Jessica L \(CONTR\) - FTT-2](#)
Subject: FW: Billing Dispute Escrow - US Bank (Calpine Hermiston)
Date: Friday, November 27, 2015 10:23:27 AM

From: Rios, Matt (BPA) - TSE-TPP-2
Sent: Friday, November 27, 2015 9:44 AM
To: Schaeffer, Virginia K (BPA) - LG-7; PriceMoore, Katrina (BPA) - FTT-2; Fitzsimmons, David A (BPA) - TSE-TPP-2; Chong Tim, Marcus H (BPA) - LT-7; Bleiler, Damen C (BPA) - FTT-2
Cc: Gingrich, Jennifer A (BPA) - LT-7; Davis, Thomas E (BPA) - LT-7
Subject: RE: Billing Dispute Escrow - US Bank (Calpine Hermiston)

(b) (5)
[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: Schaeffer, Virginia K (BPA) - LG-7
Sent: Thursday, November 19, 2015 6:44 PM
To: Rios, Matt (BPA) - TSE-TPP-2; PriceMoore, Katrina (BPA) - FTT-2
Cc: Gingrich, Jennifer A (BPA) - LT-7; Davis, Thomas E (BPA) - LT-7
Subject: FW: Billing Dispute Escrow - US Bank (Calpine Hermiston)

(b) (5)
[Redacted]

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- [Redacted]
- [Redacted]
- [Redacted]

[Redacted]

[Redacted]

(b) (5) [Redacted]

[Redacted]

From: Schaeffer, Virginia K (BPA) - LG-7
Sent: Thursday, November 19, 2015 5:42 PM
To: 'LINDA.MCCONKEY@usbank.com'
Cc: Gingrich, Jennifer A (BPA) - LT-7; Davis, Thomas E (BPA) - LT-7
Subject: RE: Billing Dispute Escrow - US Bank (Calpine Hermiston)

(b) (5) [Redacted]

[Redacted]

[Redacted]

[Redacted]

From: LINDA.MCCONKEY@usbank.com [mailto:LINDA.MCCONKEY@usbank.com]
Sent: Wednesday, November 18, 2015 2:54 PM
To: Schaeffer, Virginia K (BPA) - LG-7
Cc: Gingrich, Jennifer A (BPA) - LT-7; Davis, Thomas E (BPA) - LT-7
Subject: Re: Billing Dispute Escrow - US Bank (Calpine Hermiston)

(b) (5) [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

(b) (5)

- [Redacted]
- [Redacted]

[Redacted]

[Redacted]

[Redacted]

Best regards,
Linda

Linda A. McConkey
 Vice President | Account Manager | Global Corporate Trust Services
 p. 503.464.3757 | f. 503.464.4155 | linda.mcconkey@usbank.com

U.S. Bank
 555 SW Oak Street, PD-OR-P7TD | Portland, OR 97204 | www.usbank.com

From: "Schaeffer, Virginia K (BPA) - LG-7" <vkschaeffer@bpa.gov>
 To: "linda.mcconkey@usbank.com" <linda.mcconkey@usbank.com>
 Cc: "Gingrich, Jennifer A (BPA) - LT-7" <jgingrich@bpa.gov>, "Davis, Thomas E (BPA) - LT-7" <tedavis@bpa.gov>
 Date: 11/12/2015 04:53 PM
 Subject: Billing Dispute Escrow - US Bank (Calpine Hermiston)

(b) (5)

[Redacted]

(b) (5) [redacted]

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This e-mail message and any attached files are confidential and are intended solely for the use of the recipient(s) named above. This communication may contain material protected by attorney-client, work product, or other privileges. If you received this message in error, you are prohibited from copying, distributing, or using this information. Please contact the sender immediately by return email and delete the original message. Bonneville Power Administration reserves the right to monitor any communication that is created, received, or sent on its network. [attachment "Billing Dispute Escrow - US Bank (Calpine Hermiston).doc" deleted by Linda A Mcconkey/OR/USB]

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of _____, 2015 ("Escrow Agreement"), is by and among Hermiston Power, LLC, a Delaware limited liability corporation ("Depositor"); the Department of Energy, by and through the Bonneville Power Administration, an agency of the United States of America, operating in Portland, Oregon ("Recipient"); and U.S. Bank National Association, a national banking association, as escrow agent hereunder ("Escrow Agent").

BACKGROUND

A. Depositor and Recipient have entered into an electric transmission service agreement (BPA Contract No. _____) (as amended, the "Underlying Agreement"), dated as of _____ (as updated with amended exhibits from time to time, including as of _____), under the Recipient's Open Access Transmission Tariff ("Tariff"). Under Section 7.3 of the Tariff, Depositor pays Recipient for certain transmission services, but if an invoiced amount is disputed, it shall be paid into an independent escrow account, pending resolution of the dispute. Accordingly, Depositor shall deposit the Escrow Funds (defined below) in a segregated escrow account to be held by Escrow Agent for the purpose of holding such funds pending dispute resolution.

B. Escrow Agent has agreed to accept, hold, and disburse the funds deposited with it and the earnings thereon in accordance with the terms of this Escrow Agreement.

C. Depositor and Recipient have appointed the Representatives (as defined below) to represent them for all purposes in connection with the funds to be deposited with Escrow Agent and this Escrow Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Definitions. The following terms shall have the following meanings when used herein:

"Escrow Funds" shall mean the funds deposited with Escrow Agent pursuant to Section 3 of this Agreement, together with any interest and other income thereon.

"Escrow Period" shall mean the period commencing on the date hereof and ending at the close of Escrow Agent's business day on December 31, 2018, unless earlier terminated pursuant to this Escrow Agreement.

"Indemnified Party" shall have the meaning set forth in Section 11.

"Joint Written Direction" shall mean a written direction executed by one each of the

Representatives from the Depositor and Recipient and directing Escrow Agent to disburse all or a portion of the Escrow Funds or to take or refrain from taking any other action pursuant to this Escrow Agreement.

"Depositor Representative" shall mean the person(s) so designated on Schedule C hereto or any other person designated in a writing signed by Depositor and delivered to Escrow Agent and the Recipient Representative in accordance with the notice provisions of this Escrow Agreement, to act as its representative under this Escrow Agreement.

"Representatives" shall mean the Depositor Representative and the Recipient Representative.

"Recipient Representative" shall mean the person(s) so designated on Schedule C hereto or any other person designated, in a writing signed by Recipient and delivered to Escrow Agent and the Depositor Representative in accordance with the notice provisions of this Escrow Agreement, to act as its representative under this Escrow Agreement.

2. Appointment of and Acceptance by Escrow Agent. Depositor and Recipient hereby appoint Escrow Agent to serve as escrow agent hereunder. Escrow Agent hereby accepts such appointment and, upon receipt by wire transfer of the Escrow Funds in accordance with Section 3 below, agrees to hold, invest and disburse the Escrow Funds in accordance with this Escrow Agreement.

3. Deposit of Escrow Funds. As soon as practicable with the execution and delivery of this Escrow Agreement, Depositor, on behalf of the Recipient, will transfer the Escrow Funds in the amount \$ [REDACTED] and additional amounts deposited by Depositor, on behalf of the Recipient, from time to time during the Escrow Period, by wire transfer of immediately available funds, to an account designated by Escrow Agent.

4. Disbursements of Escrow Funds. Escrow Agent shall disburse Escrow Funds at any time and from time to time, upon receipt of, and in accordance with, a Joint Written Direction. Such Joint Written Direction shall contain complete payment instructions, including wiring instructions or an address to which a check shall be sent. In the case where the account is at a zero dollar balance it may be closed by the Depositor individually. Prior to any disbursement, Escrow Agent shall have received reasonable identifying information regarding the Recipient such that Escrow Agent may comply with its regulatory obligations and reasonable business practices, including without limitation a completed United States Internal Revenue Service ("IRS") Form W-9 or original IRS Form W-8, as applicable. All disbursements of funds from the Escrow Funds shall be subject to the fees and claims of Escrow Agent and the Indemnified Parties pursuant to Section 11 and Section 12 below.

5. Suspension of Performance; Disbursement into Court. If, at any time, (i) there shall exist any dispute between Depositor, Recipient or the Representatives with respect to the holding or disposition of all or any portion of the Escrow Funds or any other obligations of Escrow Agent hereunder, (ii) Escrow Agent is unable to determine, to Escrow Agent's sole satisfaction, the proper disposition of all or any portion of the Escrow Funds or Escrow Agent's proper actions with respect to its obligations hereunder, or (iii) Depositor and Recipient have not, within 10 calendar days of the furnishing by Escrow Agent of a notice of resignation pursuant to

Section 8 hereof, appointed a successor Escrow Agent to act hereunder, then Escrow Agent may, in its sole discretion, take either or both of the following actions:

a. suspend the performance of any of its obligations (including without limitation any disbursement obligations) under this Escrow Agreement until such dispute or uncertainty shall be resolved to the sole satisfaction of Escrow Agent or until a successor Escrow Agent shall have been appointed.

b. petition (by means of an interpleader action or any other appropriate method) any court of competent jurisdiction, in any venue convenient to Escrow Agent, for instructions with respect to such dispute or uncertainty, and to the extent required or permitted by law, pay into such court, for holding and disposition in accordance with the instructions of such court, all Escrow Funds, after deduction and payment to Escrow Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by Escrow Agent in connection with the performance of its duties and the exercise of its rights hereunder.

Escrow Agent shall have no liability to Depositor, Recipient or the Representatives, their respective owners, shareholders or members or any other person with respect to any such suspension of performance or disbursement into court, specifically including any liability or claimed liability that may arise, or be alleged to have arisen, out of or as a result of any delay in the disbursement of the Escrow Funds or any delay in or with respect to any other action required or requested of Escrow Agent.

6. [reserved]

7. Investment of Funds. Based upon Depositor's and Recipient's prior review of investment alternatives, in the absence of further specific written direction to the contrary, the Escrow Agent is directed to initially invest and reinvest the Escrow Funds in the investment indicated on Schedule B hereto. Recipient may provide written instructions changing the investment of the Escrow Funds to the Escrow Agent; provided, however, Recipient warrants that it will not direct the Escrow Agent to make any investment or reinvestment except in the following: (a) direct obligations of the United States of America or obligations the principal of and the interest on which are unconditionally guaranteed by the United States of America; (b) U.S. dollar denominated deposit accounts and certificates of deposits issued by any bank, bank and trust company, or national banking association (including Escrow Agent and its affiliates), which such deposits are insured by the Federal Deposit Insurance Corporation or a similar governmental agency; provided further, however, that the Escrow Agent will not be directed to invest in investments that the Escrow Agent in its sole discretion determines are not consistent with the Escrow Agent's policy or practices. Depositor and Recipient acknowledge that the Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

If Escrow Agent has not received a written instruction from Recipient at any time that an investment decision must be made, Escrow Agent is directed to invest the Escrow Funds, or such portion thereof as to which no written investment instruction has been received, in the investment indicated on Schedule B hereto. All investments shall be made in the name of Escrow Agent. Notwithstanding anything to the contrary contained herein, Escrow Agent may,

without notice to Depositor and Recipient, sell or liquidate any of the foregoing investments at any time for any disbursement of Escrow Funds permitted or required hereunder. All investment earnings shall become part of the Escrow Funds and investment losses shall be charged against the Escrow Funds. Escrow Agent shall not be liable or responsible for loss in the value of any investment made pursuant to this Escrow Agreement, or for any loss, cost or penalty resulting from any sale or liquidation of the Escrow Funds. With respect to any Escrow Funds received by Escrow Agent after ten o'clock Pacific Standard Time, Escrow Agent shall not be required to invest such funds or to effect any investment instruction until the next day upon which banks in St. Paul, Minnesota and the New York Stock Exchange are open for business.

8. Resignation or Removal of Escrow Agent. Escrow Agent may resign and be discharged from the performance of its duties hereunder at any time by giving ten (10) days prior written notice to the Depositor and Recipient specifying a date when such resignation shall take effect and, after the date of such resignation notice, notwithstanding any other provision of this Agreement, Escrow Agent's sole obligation will be to hold the Escrow Funds pending appointment of a successor Escrow Agent. Similarly, Escrow Agent may be removed at any time by Depositor and Recipient giving at least thirty (30) days' prior written notice to Escrow Agent specifying the date when such removal shall take effect. Depositor and Recipient jointly shall appoint a successor Escrow Agent hereunder prior to the effective date of such resignation or removal. If the Depositor and Recipient fail to appoint a successor Escrow Agent within such time, the Escrow Agent shall have the right to petition a court of competent jurisdiction to appoint a successor Escrow Agent, and all costs and expenses (including without limitation attorneys' fees) related to such petition shall be paid jointly and severally by Depositor and Recipient. The retiring Escrow Agent shall transmit all records pertaining to the Escrow Funds and shall pay all Escrow Funds to the successor Escrow Agent, after making copies of such records as the retiring Escrow Agent deems advisable and after deduction and payment to the retiring Escrow Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by the retiring Escrow Agent in connection with the performance of its duties and the exercise of its rights hereunder. After any retiring Escrow Agent's resignation or removal, the provisions of this Escrow Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Escrow Agent under this Escrow Agreement.

9. Binding Effect; Successors. This Escrow Agreement shall be binding upon the respective parties hereto and their heirs, executors, successors or assigns. If the Escrow Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the escrow contemplated by this Escrow Agreement) to another corporation, the successor or transferee corporation without any further act shall be the successor Escrow Agent.

10. Liability of Escrow Agent. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no duties shall be implied. The Escrow Agent has no fiduciary or discretionary duties of any kind. The Escrow Agent shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Escrow Agreement, including without limitation any other agreement between any or all of the parties hereto or any other persons even though reference thereto may be made herein. The Escrow Agent shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of

competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the sole cause of any loss to the Depositor or Recipient. Escrow Agent's sole responsibility shall be for the safekeeping and disbursement of the Escrow Funds in accordance with the terms of this Escrow Agreement. Escrow Agent shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein. Escrow Agent may rely upon any notice, instruction, request or other instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, which Escrow Agent shall believe to be genuine and to have been signed or presented by the person or parties purporting to sign the same. In no event shall Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages or penalties (including, but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such damages or penalty and regardless of the form of action. Escrow Agent shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of God, strikes, lockouts, riots, acts of war or terror, epidemics, governmental regulations, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters. Escrow Agent shall not be obligated to take any legal action or commence any proceeding in connection with the Escrow Funds, any account in which Escrow Funds are deposited, this Escrow Agreement or the Underlying Agreement, or to appear in, prosecute or defend any such legal action or proceeding. Escrow Agent may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of any other agreement or of its duties hereunder, or relating to any dispute involving any party hereto, and shall incur no liability and shall be fully indemnified from any liability whatsoever in acting in accordance with the advice of such counsel. Depositor shall promptly pay, upon demand, the reasonable fees and expenses of any such counsel. Depositor agrees to perform or procure the performance of all further acts and things, and execute and deliver such further documents, as may be required by law or as Escrow Agent may reasonably request in connection with its duties hereunder.

The Escrow Agent is authorized, in its sole discretion, to comply with final orders issued or process entered by any court with respect to the Escrow Funds, without determination by the Escrow Agent of such court's jurisdiction in the matter. If any portion of the Escrow Funds is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Escrow Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel selected by it is binding upon it without the need for appeal or other action; and if the Escrow Agent complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person or entity by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

11. Indemnification of Escrow Agent. From and at all times after the date of this Escrow Agreement, Depositor shall, to the fullest extent permitted by law, indemnify and hold harmless Escrow Agent and each director, officer, employee, attorney, agent and affiliate of Escrow Agent (collectively, the "Indemnified Parties") against any and all actions, claims (whether or not valid), losses, damages, liabilities, penalties, costs and expenses of any kind or

nature (including without limitation reasonable attorneys' fees, costs and expenses) incurred by or asserted against any of the Indemnified Parties, whether direct, indirect or consequential, as a result of or arising from or in any way relating to any claim, demand, suit, action or proceeding (including any inquiry or investigation) by any person, including without limitation Depositor, Recipient and the Representatives, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any person under any statute or regulation, including, but not limited to, any federal or state securities laws, or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution, performance or failure of performance in connection with this Escrow Agreement or any transactions contemplated herein, whether or not any such Indemnified Party is a party to any such action, proceeding, suit or the target of any such inquiry or investigation; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder for any liability finally determined by a court of competent jurisdiction, subject to no further appeal, to have resulted solely from the gross negligence or willful misconduct of such Indemnified Party. Depositor further agrees, jointly and severally, to indemnify each Indemnified Party for all costs, including without limitation reasonable attorney's fees, incurred by such Indemnified Party in connection with the enforcement of Depositor's indemnification obligations hereunder. Each Indemnified Party shall, in its sole discretion, have the right to select and employ separate counsel with respect to any action or claim brought or asserted against it, and the reasonable fees of such counsel shall be paid upon demand by the Depositor. The obligations of Depositor under this Section 11 shall survive any termination of this Escrow Agreement and the resignation or removal of Escrow Agent.

The parties agree that neither the payment by Depositor of any claim by Escrow Agent for indemnification hereunder nor the disbursement of any amounts to Escrow Agent from the Escrow Funds in respect of a claim by Escrow Agent for indemnification shall impair, limit, modify, or affect, as between Depositor and Recipient, the respective rights and obligations of Depositor and Recipient under the Underlying Agreement.

12. Compensation of Escrow Agent

(a) Fees and Expenses. Depositor will be wholly responsible for Escrow Agent's compensation. The obligations of Depositor and Recipient under this Section 12 shall survive any termination of this Escrow Agreement and the resignation or removal of Escrow Agent.

(b) Disbursements from Escrow Funds to Pay Escrow Agent. Escrow Agent is authorized to, and may disburse to itself from the Escrow Funds, from time to time, the amount of any compensation and reimbursement of out-of-pocket expenses due and payable hereunder (including any amount to which Escrow Agent or any Indemnified Party is entitled to seek indemnification hereunder). Escrow Agent shall notify Depositor and Recipient of any disbursement from the Escrow Funds to itself or any Indemnified Party in respect of any compensation or reimbursement hereunder and shall furnish Depositor and Recipient copies of related invoices and other statements.

(c) Security and Offset. Depositor hereby grants to Escrow Agent and the Indemnified Parties a security interest in, lien upon and right of offset against the Escrow Funds with respect to any compensation or reimbursement due any of them hereunder (including any

claim for indemnification hereunder. Escrow Agent is authorized to, and may disburse to itself from the Escrow Funds, from time to time, the amount of any compensation and reimbursement of expenses due and payable hereunder (including any amount to which Escrow Agent or any Indemnified Party is entitled to seek indemnification hereunder). Escrow Agent shall notify Depositor and Recipient of any disbursement from the Escrow Funds to itself or any Indemnified Party in respect of any compensation or reimbursement hereunder and shall furnish Depositor and Recipient copies of related invoices and other statements. If for any reason the Escrow Funds are insufficient to cover such compensation and reimbursement, Depositor shall promptly pay such amounts to Escrow Agent or any Indemnified Party upon receipt of an itemized invoice.

13. Representations and Warranties. Depositor and Recipient each respectively make the following representations and warranties to Escrow Agent:

(a) it has full power and authority to execute and deliver this Escrow Agreement and to perform its obligations hereunder; and this Escrow Agreement has been duly approved by all necessary action and constitutes its valid and binding agreement enforceable in accordance with its terms; and

(b) each of the applicable persons designated on Schedule C attached hereto have been duly appointed to act as authorized representatives hereunder and individually have full power and authority to execute and deliver any Joint Written Direction, to amend, modify or waive any provision of this Escrow Agreement and to take any and all other actions as authorized representatives under this Escrow Agreement, all without further consent or direction from, or notice to, it or any other party, provided that any change in designation of such authorized representatives shall be provided by written notice delivered to each party to this Escrow Agreement.

14. Identifying Information. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Escrow Agent requires documentation to verify its formation and existence as a legal entity. The Escrow Agent may ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The parties acknowledge that a portion of the identifying information set forth herein is being requested by the Escrow Agent in connection with the USA Patriot Act, Pub.L.107-56 (the "Act"), and each agrees to provide any additional information requested by the Escrow Agent in connection with the Act or any other legislation or regulation to which Escrow Agent is subject, in a timely manner.

15. Consent to Jurisdiction and Venue. In the event that any party hereto commences a lawsuit or other proceeding relating to or arising from this Escrow Agreement, the parties hereto agree to the personal jurisdiction by and venue in the federal courts in the State of Oregon and waive any objection to such jurisdiction or venue to the extent permitted by United States Federal law. The parties hereto consent to and agree to submit to the jurisdiction of the federal courts specified herein and agree to accept service of process to vest personal jurisdiction over them in any of these courts to the extent permitted by United States Federal law.

16. Notices. All notices, approvals, consents, requests, and other communications hereunder shall be in writing (provided that each such communication to Escrow Agent must be manually signed by the sender) and shall be delivered (i) by personal delivery, or (ii) by national overnight courier service, or (iii) by certified or registered mail, return receipt requested, or (iv) via facsimile transmission, with confirmed receipt or (v) via email by way of a PDF attachment thereto. Notice shall be effective upon receipt except for notice via email, which shall be effective only when the recipient, by return email or notice delivered by other method provided for in this Section 16, acknowledges having received that email (with an automatic “read receipt” or similar notice not constituting an acknowledgement of an email receipt for purposes of this Section 16.) Such notices shall be sent to the applicable party or parties at the address specified below:

If to Depositor or Depositor Representative at:

Telephone:
Facsimile:
E-mail:

If to Recipient or Recipient Representative at:

Bonneville Power Administration
Portland, OR 97232
Telephone:
Facsimile:
E-mail:

If to the Escrow Agent at:

U.S. Bank National Association, as Escrow Agent
ATTN: Global Corporate Trust Services
Address: 555 SW Oak Street, PD-OR-P6TD
Portland, OR 97204
Telephone: 503) 464-3757
Facsimile: (503) 464-4155
E-mail: linda.mcconkey@usbank.com

and to:

U.S. Bank National Association
ATTN: Olaleye Fadahunsi
Trust Finance Management
60 Livingston Avenue, EP-MN-WS3T
St. Paul, MN 55101
Telephone: (651) 466-6101
Facsimile: (866) 691-4161
E-mail: olaleye.fadahunsi@usbank.com

or to such other address as each party may designate for itself by like notice and unless otherwise provided herein shall be deemed to have been given on the date received.

17. Optional Security Procedures. In the event funds transfer instructions, address changes or change in contact information are given (other than in writing at the time of execution of this Escrow Agreement), whether in writing, by facsimile or otherwise, the Escrow Agent is authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to the person or persons designated on Schedule C hereto, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in writing actually received and acknowledged by Escrow Agent and shall be effective only after Escrow Agent has a reasonable opportunity to act on such changes. If the Escrow Agent is unable to contact any of the designated representatives identified in Schedule C, the Escrow Agent is hereby authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to any one or more of Depositor's or Recipient's executive officers ("Executive Officers"), as the case may be, which shall include the titles of Chief Executive Officer, President and Vice President, as the Escrow Agent may select. Such Executive Officer shall deliver to the Escrow Agent a fully executed incumbency certificate, and the Escrow Agent may rely upon the confirmation of anyone purporting to be any such officer. Depositor and Recipient agree that the Escrow Agent may at its option record any telephone calls made pursuant to this Section. The Escrow Agent in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by Depositor or Recipient to identify (a) the beneficiary, (b) the beneficiary's bank, or (c) an intermediary bank. The Escrow Agent may apply any of the Escrow Funds for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. Depositor and Recipient acknowledge that these optional security procedures are commercially reasonable.

18. Amendment, Waiver and Assignment. None of the terms or conditions of this Escrow Agreement may be changed, waived, modified, discharged, terminated or varied in any manner whatsoever unless in writing duly signed by each party to this Escrow Agreement. No course of conduct shall constitute a waiver of any of the terms and conditions of this Escrow Agreement, unless such waiver is specified in writing, and then only to the extent so specified. A waiver of any of the terms and conditions of this Escrow Agreement on one occasion shall not constitute a waiver of the other terms of this Escrow Agreement, or of such terms and conditions on any other occasion. Except as provided in Section 9 hereof, this Escrow Agreement may not be assigned by any party without the written consent of the other parties.

19. Severability. To the extent any provision of this Escrow Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Escrow Agreement.

20. Governing Law. This Escrow Agreement shall be construed and interpreted in accordance with the internal laws of the State of Oregon, without giving effect to the conflict of laws principles thereof, except as otherwise required by United States Federal law.

21. Entire Agreement, No Third Party Beneficiaries. This Escrow Agreement constitutes the entire agreement between the parties relating to the holding, investment and disbursement of the Escrow Funds and sets forth in their entirety the obligations and duties of Escrow Agent with respect to the Escrow Funds. Nothing in this Escrow Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Escrow Agreement.

22. Execution in Counterparts, Facsimiles. This Escrow Agreement and any Joint Written Direction may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement or direction. The delivery of copies of this Escrow Agreement and any Joint Written Instruction and their respective signature pages by PDF or facsimile transmission shall constitute effective execution and delivery as to the parties and may be used in lieu of originals for all purposes.

23. Termination. This Escrow Agreement shall terminate upon the distribution of all the Escrow Funds pursuant to any applicable provision of this Escrow Agreement, and Escrow Agent shall thereafter have no further obligation or liability whatsoever with respect to this Escrow Agreement or the Escrow Funds.

24. Dealings. The Escrow Agent and any stockholder, director, officer or employee of the Escrow Agent may buy, sell, and deal in any of the securities of the Depositor or Recipient and become pecuniarily interested in any transaction in which the Depositor or Recipient may be interested, and contract and lend money to the Depositor or Recipient and otherwise act as fully and freely as though it were not Escrow Agent under this Agreement. Nothing herein shall preclude the Escrow Agent from acting in any other capacity for the Depositor or Recipient or for any other entity.

25. Brokerage Confirmation Waiver. Depositor and Recipient acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant either the right to receive brokerage confirmations for certain security transactions as they occur, Depositor and Recipient specifically waive receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Depositor and Recipient periodic cash transaction statements that include detail for all investment transactions made by the Escrow Agent.

26. Tax Reporting. Escrow Agent shall have no responsibility for the tax consequences of this Agreement and Depositor and Recipient shall consult with independent counsel concerning any and all tax matters. Depositor and Recipient shall provide Escrow Agent Form W-9 and an original Form W-8, as applicable, for each payee, together with any other documentation and information requested by Escrow Agent in connection with Escrow Agent's reporting obligations under applicable IRS regulations. If such tax documentation is not so provided, Escrow Agent shall withhold taxes as required by the IRS. Recipient and Depositor have determined that any interest or income on Escrow Funds shall be reported on an accrual basis and deemed to be for the account of Depositor. Depositor and Recipient shall prepare and file all required tax filings with the IRS and any other applicable taxing authority; provided that the parties further agree that:

(a) Escrow Agent IRS Reporting. Depositor shall accurately provide the Escrow Agent with all information requested by the Escrow Agent in connection with the preparation of all applicable Form 1099 and Form 1042-S documents with respect to all distributions as well as in the performance of Escrow Agent's reporting obligations under the Foreign Account Tax Compliance Act and Foreign Investment in Real Property Tax Act or other applicable law or regulation.

(b) Withholding Requests and Indemnification. Depositor agrees to (i) assume all obligations imposed now or hereafter by any applicable tax law or regulation with respect to payments or performance under this Agreement, (ii) request the Escrow Agent in writing with respect to withholding and other taxes, assessments or other governmental charges, and advise Escrow Agent in writing with respect to any certifications and governmental reporting that may be required under any applicable laws or regulations, and (iii) indemnify and hold the Escrow Agent harmless pursuant to Section 11 hereof from any liability or obligation on account of taxes, assessments, additions for late payment, interest, penalties, expenses and other governmental charges that may be assessed or asserted against Escrow Agent.

(c) Imputed Interest. To the extent that IRS imputed interest regulations apply, Depositor and Recipient shall so inform Escrow Agent, provide Escrow Agent with all imputed interest calculations and direct Escrow Agent to disburse imputed interest amounts as Depositor and Recipient deem appropriate. Escrow Agent shall rely solely on such provided calculations and information and shall have no responsibility for the accuracy or completeness of any such calculations or information.

27. WAIVER OF TRIAL BY JURY. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (1) ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR (2) IN ANY WAY IN CONNECTION WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF THE PARTIES TO THIS AGREEMENT OR IN CONNECTION WITH THIS AGREEMENT OR THE EXERCISE OF ANY SUCH PARTY'S RIGHTS AND REMEDIES UNDER THIS AGREEMENT OR THE CONDUCT OR THE RELATIONSHIP OF THE PARTIES TO THIS AGREEMENT, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT, TORT OR OTHERWISE. EACH OF THE PARTIES HERETO HEREBY FURTHER ACKNOWLEDGES AND AGREES THAT EACH HAS REVIEWED OR HAD THE OPPORTUNITY TO REVIEW THIS WAIVER WITH ITS RESPECTIVE LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH SUCH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A CONSENT BY ALL PARTIES TO A TRIAL BY THE COURT.

28. Publicity. No party will (a) use any other party's proprietary indicia, trademarks, service marks, trade names, logos, symbols, or brand names, or (b) otherwise refer to or identify any other party in advertising, publicity releases, or promotional or marketing publications, or correspondence to third parties without, in each case, securing the prior written consent of such other party.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed under seal as of the date first above written.

Hermiston Power, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Bonneville Power Administration

By: _____
Name: _____
Title: _____

**U.S. BANK NATIONAL ASSOCIATION
as Escrow Agent**

By: _____
Name: _____
Title: _____

SCHEDULE A

Schedule of Fees for Services as Escrow Agent

01010	<p>Acceptance Fee (One Time Fee)</p> <p>The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time fee, payable at closing.</p> <p>U.S. Bank Corporate Trust Services reserves the right to refer any or all escrow documents for legal review before execution. Legal fees (billed on an hourly basis) and expenses for this service will be billed to, and paid by, the customer. If appropriate and upon request by the customer, U.S. Bank Corporate Trust Services will provide advance estimates of these legal fees.</p>	TBD
04460	<p>Escrow Agent (One Time Fee)</p> <p>One time administration fee for performance of the routine duties of the escrow agent associated with the management of the account. Administration fees are payable in advance.</p>	TBD

Direct Out of Pocket Expenses

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.

At Cost

Extraordinary Services

Extraordinary services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the service and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Dated:

SCHEDULE B

INVESTMENT DIRECTION FOR ESCROW AGENT

Funds to which BPA may be entitled have to be invested in treasury securities, a treasury money market fund, or cash deposit held by US Bank and insured by FDIC. Specific investment instructions to be added.

SCHEDULE C

Each of the following person(s) is a **Depositor Representative** authorized to execute documents and direct Escrow Agent as to all matters, including fund transfers, address changes and contact information changes, on Depositor's behalf (only one signature required):

_____ Name	_____ Specimen signature	_____ Telephone No
_____ Name	_____ Specimen signature	_____ Telephone No
_____ Name	_____ Specimen signature	_____ Telephone No

(Note: if only one person is identified above, please add the following language:)
The following person not listed above is authorized for call-back confirmations:

[_____] Name	_____ Telephone Number
-----------------	---------------------------

Each of the following person(s) is a **Recipient Representative** authorized to execute documents and direct Escrow Agent as to all matters, including fund transfers, address changes and contact information changes, on Recipient's behalf (only one signature required):

_____ Name	_____ Specimen signature	_____ Telephone No
_____ Name	_____ Specimen signature	_____ Telephone No
_____ Name	_____ Specimen signature	_____ Telephone No

(Note: if only one person is identified above, please add the following language:)
The following person not listed above is authorized for call-back confirmations

[_____] Name	_____ Telephone Number
-----------------	---------------------------

From: [Schaeffer, Virginia K \(BPA\) - LG-7](#)
To: [Davis, Thomas E \(BPA\) - LT-7](#); [Gingrich, Jennifer A \(BPA\) - LT-7](#)
Cc: [Chong Tim, Marcus H \(BPA\) - LT-7](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#); [Fitzsimmons, David A \(BPA\) - TSE-TPP-2](#); [Smith, Jessica L \(CONTR\) - FTT-2](#); [Dull, Jon M \(BPA\) - FT-2](#); [Burger, Peter J \(BPA\) - LG-7](#)
Subject: FW: Billing Dispute Escrow - US Bank agreement - PacifiCorp and template version (Calpine Hermiston)
Date: Tuesday, December 01, 2015 6:04:36 PM
Attachments: [US Bank Billing Dispute Escrow - PacifiCorp - BPA and USB edits included.doc](#)
[US Bank Billing Dispute Escrow - SDD template - BPA and USB edits included.doc](#)
[US Bank Billing Dispute Escrow - Calpine Hermiston - BPA and USB edits included.doc](#)

(b) (5)

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: Schaeffer, Virginia K (BPA) - LG-7
Sent: Thursday, November 19, 2015 7:15 PM
To: Rios, Matt (BPA) - TSE-TPP-2; PriceMoore, Katrina (BPA) - FTT-2
Cc: Gingrich, Jennifer A (BPA) - LT-7; Davis, Thomas E (BPA) - LT-7; Chong Tim, Marcus H (BPA) - LT-7
Subject: Billing Dispute Escrow - US Bank agreement - PacifiCorp and template version (Calpine Hermiston)

(b) (5)

[Redacted]

(b) (5)
[Redacted]

[Redacted]

[Redacted]

From: Schaeffer, Virginia K (BPA) - LG-7
Sent: Thursday, November 19, 2015 6:44 PM
To: Rios, Matt (BPA) - TSE-TPP-2; PriceMoore, Katrina (BPA) - FTT-2
Cc: Gingrich, Jennifer A (BPA) - LT-7; Davis, Thomas E (BPA) - LT-7
Subject: FW: Billing Dispute Escrow - US Bank (Calpine Hermiston)

(b) (5)
[Redacted]

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]

[Redacted]

[Redacted]

[Redacted]

From: [Rios, Matt \(BPA\) - TSE-TPP-2](#)
To: [O'Leary-Brattebo, Jane L \(CONTR\) - TSPP-TPP-2](#); [Bosanac, Milos \(BPA\) - TSP-TPP-2](#)
Subject: Fw: Short Distance Discount dispute
Date: Wednesday, January 06, 2016 1:05:02 PM
Attachments: [Grant Letter to BPA SSD Billing Dispute 12-22-15.pdf](#)

From: Rodney Noteboom [mailto:Rnotebo@gcpud.org]
Sent: Wednesday, December 23, 2015 08:18 AM
To: Rios, Matt (BPA) - TSE-TPP-2
Subject: FW: Short Distance Discount dispute

fyi

Rod Noteboom
Grant County PUD
(509) 766-2523

From: Mike McClenahan
Sent: Tuesday, December 22, 2015 4:06 PM
To: mlmanary@bpa.gov
Cc: Rodney Noteboom
Subject: Short Distance Discount dispute

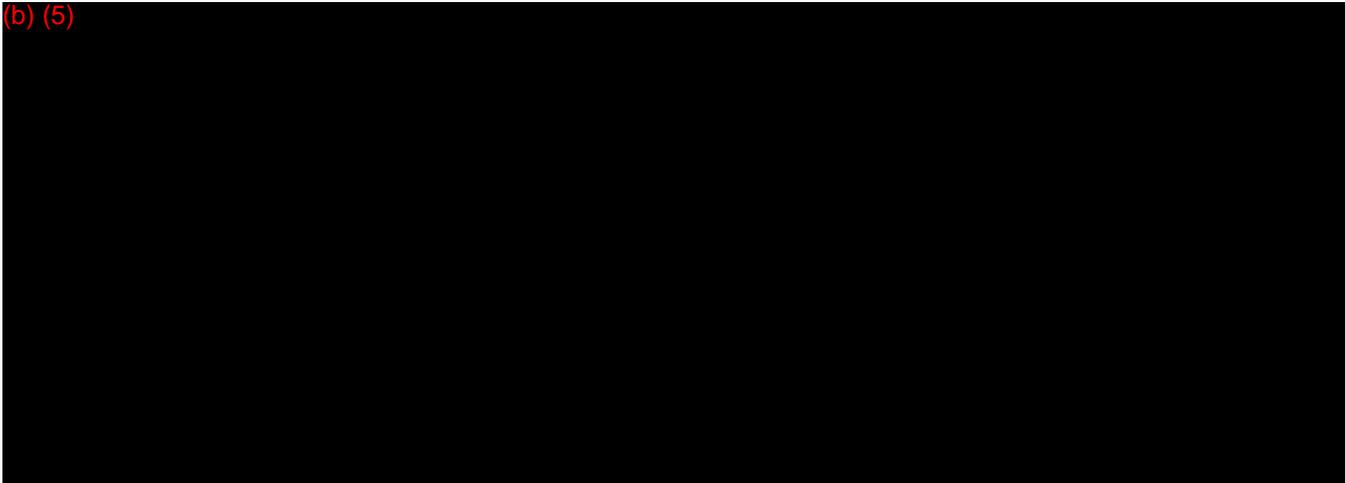
Michelle,

Grant PUD was recently back billed more than \$2mm for ~4 years of Short Distance Discount which BPA now states needs to be refunded due to actual use of the transmission by third parties. Grant is disputing this charge for the reasons cited in the attached letter. I would be happy to discuss this further with you at your convenience. I am frequently in Portland, or we could arrange a call. I would like to answer any questions that you may have with regard to the attached letter and discuss the process/timeline for resolution.

Thanks and Happy Holidays,
Mike McClenahan
Director Power Management
Grant County PUD
(509) 754-5037

From: [Green, Laura E \(BPA\) - KSBV-TPP-1](#)
To: [O'Leary-Brattebo, Jane L \(CONTR\) - TSPP-TPP-2](#); [Bosanac, Milos \(BPA\) - TSP-TPP-2](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Subject: FW: Short Distance Discount dispute
Date: Thursday, January 07, 2016 12:52:20 PM
Attachments: [image002.png](#)
[Grant Letter to BPA SSD Billing Dispute 12-22-15.pdf](#)

(b) (5)



From: Rios, Matt (BPA) - TSE-TPP-2
Sent: Wednesday, January 06, 2016 1:05 PM
To: O'Leary-Brattebo, Jane L (CONTR) - TSPP-TPP-2; Bosanac, Milos (BPA) - TSP-TPP-2
Subject: Fw: Short Distance Discount dispute

From: Rodney Noteboom [<mailto:Rnotebo@gcpud.org>]
Sent: Wednesday, December 23, 2015 08:18 AM
To: Rios, Matt (BPA) - TSE-TPP-2
Subject: FW: Short Distance Discount dispute

fyi

Rod Noteboom
Grant County PUD
(509) 766-2523

From: Mike McClenahan
Sent: Tuesday, December 22, 2015 4:06 PM
To: mlmanary@bpa.gov
Cc: Rodney Noteboom
Subject: Short Distance Discount dispute

Michelle,

Grant PUD was recently back billed more than \$2mm for ~4 years of Short Distance Discount which BPA now states needs to be refunded due to actual use of the transmission by third parties. Grant is disputing this charge for the reasons cited in the attached letter. I would be happy to discuss this further with you at your convenience. I am frequently in Portland, or we could arrange a call. I would like to answer any questions that you may have with regard to the attached letter and discuss the process/timeline for

resolution.

Thanks and Happy Holidays,
Mike McClenahan
Director Power Management
Grant County PUD
(509) 754-5037

From: [Rios, Matt \(BPA\) - TSE-TPP-2](#)
To: [Davis, Thomas E \(BPA\) - LT-7](#); [Fitzsimmons, David A \(BPA\) - TSE-TPP-2](#); [Green, Laura E \(BPA\) - KSBV-TPP-1](#)
Subject: 2011 emails with Grant regarding SDD
Date: Wednesday, January 06, 2016 1:36:52 PM
Attachments: [FW Possible Error - Grant County May and June 2011 BPA Transmission Bil... \(12.4 KB\).msg](#)
[GRANT REVISED FINALS MAY JUNE 2011 \(2.53 KB\).msg](#)
[FW Possible Error - Grant County May and June 2011 BPA Transmission Bil... \(12.9 KB\).msg](#)
[Possible Error - Grant County May and June 2011 BPA Transmission Billing \(9.70 KB\).msg](#)

Bonneville Power Administration
Transmission Account Executive
Wk 3606196002
Cell (b) (6)

From: [Johnson, Chantina \(BPA\) - KSBV-4](#)
To: [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Subject: FW: Possible Error - Grant County May and June 2011 BPA Transmission Billing
Date: Thursday, July 07, 2011 12:35:29 PM

Hi Matt

This is just a heads up that there may be some changes to the May & June Transmission bill for Grant regarding there Short Distant Discount. I am going to research this and get back to Rodney. Just wanted to keep you in the loop. I will also update you when I find out if they should not have received the discount and if I will be re-issuing the bills for May & June

Thanks!
Chantina

From: Johnson, Chantina - KSB-6
Sent: Thursday, July 07, 2011 12:26 PM
To: 'Rodney Noteboom'
Subject: RE: Possible Error - Grant County May and June 2011 BPA Transmission Billing

Hi Rodney,

I will look into this issue and get back with you as soon as possible. I know we briefly spoke about this a few months ago and that if you had redirects you lose the discount. I will be in contact with you to discuss.

Chantina

From: Rodney Noteboom [mailto:Rnotebo@gcpud.org]
Sent: Thursday, July 07, 2011 12:22 PM
To: Johnson, Chantina - KSB-6
Cc: Rios, Matt - TSE-TPP-2; Kevin Nordt; Patricia Dietmeyer; Steve Dietrich
Subject: Possible Error - Grant County May and June 2011 BPA Transmission Billing

Chantina,

I think there may be an error in the May and June 2011 Transmission Bills for Grant.

Grant receives a SDD of \$24,591 on our Transmission Bill related to a 150 MW TSR. Grant received this discount in May and June of 2011 and I think that this discount may not have been applicable in these two months due to Grant performing a firm redirect on a portion of the reservation.

I am not sure this is the case, but I wanted to bring this to your attention. I am not asking to lose a discount I am entitled to receive.

Please look into this issue and call me so we can discuss. Grant will likely be performing additional redirects in the future and I want to make sure I have a correct understanding of this issue.

Unless I hear otherwise, I plan to pay the June bill as stated.

Rod Noteboom
Grant County PUD
(509) 766-2523

From: BPA Customer Billing Distribution [mailto:BPACustomerBillingdist@bpa.gov]
Sent: Wednesday, July 06, 2011 11:45 AM
To: PS_ATF_Group; Rodney Noteboom
Cc: Johnson, Chantina - KSB-6
Subject: Grant County 06/11 BPA Transmission Final

Kari Frost
CIBER, Inc
KSB/Customer Billing
Bonneville Power Administration
Phone: 360-418-2125
Fax: 503-230-3266

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From: [Johnson, Chantina \(BPA\) - KSBV-4](#)
To: ["Rodney Noteboom"](#)
Cc: [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Subject: FW: Possible Error - Grant County May and June 2011 BPA Transmission Billing
Date: Monday, July 11, 2011 10:00:22 AM

Hi Rod

I checked on the Short Distance Discount and yes if you perform any redirects you do not get the discount. The business practice states:

- If the Long-Term Parent Reservation qualifies for a SDD and all or a portion of the capacity is redirected for any period of time during a month, the SDD will not be applied that month.

Since this is the case I will work on issuing a "Revised Final" for May and June 2011 since both these month there were redirects.

Chantina
503-230-7448

From: Johnson, Chantina - KSB-6
Sent: Thursday, July 07, 2011 12:26 PM
To: 'Rodney Noteboom'
Subject: RE: Possible Error - Grant County May and June 2011 BPA Transmission Billing

Hi Rodney,

I will look into this issue and get back with you as soon as possible. I know we briefly spoke about this a few months ago and that if you had redirects you lose the discount. I will be in contact with you to discuss.

Chantina

From: Rodney Noteboom [mailto:Rnotebo@gcpud.org]
Sent: Thursday, July 07, 2011 12:22 PM
To: Johnson, Chantina - KSB-6
Cc: Rios, Matt - TSE-TPP-2; Kevin Nordt; Patricia Dietmeyer; Steve Dietrich
Subject: Possible Error - Grant County May and June 2011 BPA Transmission Billing

Chantina,

I think there may be an error in the May and June 2011 Transmission Bills for Grant.

Grant receives a SDD of \$24,591 on our Transmission Bill related to a 150 MW TSR. Grant received this discount in May and June of 2011 and I think that this discount may not have been applicable in these two months due to Grant performing a firm redirect on a portion of the reservation.

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Rod Noteboom
Grant County PUD
(509) 766-2523

From: BPA Customer Billing Distribution [mailto:BPAcustomerbillingdist@bpa.gov]

Sent: Wednesday, July 06, 2011 11:45 AM
To: PS_ATF_Group; Rodney Noteboom
Cc: Johnson,Chantina - KSB-6
Subject: Grant County 06/11 BPA Transmission Final

Kari Frost
CIBER, Inc
KSB/Customer Billing
Bonneville Power Administration
Phone: 360-418-2125
Fax: 503-230-3266

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From: [Johnson, Chantina \(BPA\) - KSBV-4](#)
To: ["Rodney Noteboom"](#)
Cc: [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Subject: GRANT REVISED FINALS MAY/ JUNE 2011
Date: Wednesday, July 13, 2011 6:59:30 AM

Hi Rod

I wanted to check in with you to make sure you received the May/June revised finals for Grant and that everything was correct. I know you mentioned that you might have more redirects in the future so I will check monthly to see if you have them also and whether or not they affect you short distance discount.

Please let me know if you have any further questions or concerns

Thanks!

Chantina Johnson
Public Utilities Specialist (Revenue Analyst)

From: [Rodney Noteboom](#)
To: [Johnson Chantina \(BPA\) - KSBV-4](#)
Cc: [Rios Matt \(BPA\) - TSE-TPP-2](#); [Kevin Nordt](#); [Patricia Dietmeyer](#); [Steve Dietrich](#)
Subject: Possible Error - Grant County May and June 2011 BPA Transmission Billing
Date: Thursday, July 07, 2011 12:22:19 PM

Chantina,

I think there may be an error in the May and June 2011 Transmission Bills for Grant.

Grant receives a SDD of \$24,591 on our Transmission Bill related to a 150 MW TSR. Grant received this discount in May and June of 2011 and I think that this discount may not have been applicable in these two months due to Grant performing a firm redirect on a portion of the reservation.

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Rod Noteboom
Grant County PUD
(509) 766-2523

From: BPA Customer Billing Distribution [mailto:BPACustomerBillingdist@bpa.gov]
Sent: Wednesday, July 06, 2011 11:45 AM
To: PS_ATF_Group; Rodney Noteboom
Cc: Johnson,Chantina - KSB-6
Subject: Grant County 06/11 BPA Transmission Final

Kari Frost
CIBER, Inc
KSB/Customer Billing
Bonneville Power Administration
Phone: 360-418-2125
Fax: 503-230-3266

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From: [Davis,Thomas E \(BPA\) - LT-7](#)
To: "[Cary West](#)"
Cc: "linda.mcconkey@usbank.com" (linda.mcconkey@usbank.com); [Smith, Jessica L \(CONTR\) - FTT-2](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter
Date: Thursday, January 21, 2016 9:56:49 AM

Ok. BPA will finalize the agreement and send it out for execution.

Thanks!

Tom

From: Cary West [<mailto:Cwest@gcpud.org>]
Sent: Thursday, January 21, 2016 9:51 AM
To: Davis,Thomas E (BPA) - LT-7
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); [Powell, Jessica L \(CONTR\) - FTT-2](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Subject: Re: Final Draft of Escrow Agreement re Short Distance Discount matter

Hi Tom -

No issues with a Jan execution. Funds are ready to be sent.

Thank you,

Cary

Sent from my iPhone

On Jan 21, 2016, at 9:32 AM, Davis,Thomas E (BPA) - LT-7 <tedavis@bpa.gov> wrote:

Cary:

Any issues if we get the escrow agreement executed before the end of January and Grant transfer the money?

Tom

From: LINDA.MCCONKEY@usbank.com [<mailto:LINDA.MCCONKEY@usbank.com>]
Sent: Wednesday, January 20, 2016 5:40 PM
To: Cary West
Cc: Bonnie Overfield; [Powell, Jessica L \(CONTR\) - FTT-2](#); [Mitchell Delabarre](#); [Mike McClenahan](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#); [Patti Dietmeyer](#); [Rodney Noteboom](#); [Davis, Thomas E \(BPA\) - LT-7](#); [Schaeffer, Virginia K \(BPA\) - LG-7](#)
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

In addition to Cary's edits, I had a few minor changes, too. With the acceptance of these changes, I will open the account in anticipation of a deposit. The agreement is dated for February, is that the timing? Please advise.

Thank you,

Linda

Linda A. McConkey

Vice President | Account Manager | Global Corporate Trust Services
p. 503.464.3757 | f. 503.464.4155 | linda.mcconkey@usbank.com

U.S. Bank

555 SW Oak Street, PD-OR-P7TD | Portland, OR 97204 | www.usbank.com

From: Cary West <Cwest@gcpud.org>
To: "Davis,Thomas E (BPA) - LT-7" <tedavis@bpa.gov>, "linda.mcconkey@usbank.com" <linda.mcconkey@usbank.com>
Cc: Mike McClenahan <Mmcclenahan@gcpud.org>, Patti Dietmeyer <Pdietmeyer@gcpud.org>, "Schaeffer, Virginia K (BPA) - LG-7" <vkschaeffer@bpa.gov>, "Powell, Jessica L (CONTR) - FTT-2" <jlpowell@bpa.gov>, Rodney Noteboom <Rnotebo@gcpud.org>, Bonnie Overfield <Boverfi@gcpud.org>, Mitchell Delabarre <Mdelaba@gcpud.org>, "Rios, Matt (BPA) - TSE-TPP-2" <mrrios@bpa.gov>
Date: 01/20/2016 10:08 AM
Subject: RE: Final Draft of Escrow Agreement re Short Distance Dicscount matter

Hi Tom –

Thank you for the final draft. I've filled in the contact information requested of Grant as well as dropped in the fee amount for US Bank in Schedule A. Also, I've replied to your comment on pg 2. Please see attached.

Grant is ready for the final version. Once received, Bonnie can sign.

Thanks again,

Cary

<[ATT00001.jpg](#)> Cary West, CPA
Grant County Public Utility District
Treasury Operations Manager | Deputy Treasurer
desk: (509) 793-1451 | fax: (509) 754-5012

From: Davis,Thomas E (BPA) - LT-7 [<mailto:tedavis@bpa.gov>]

Sent: Tuesday, January 19, 2016 4:09 PM

To: Cary West; 'linda.mcconkey@usbank.com'

Cc: Mike McClenahan; Patti Dietmeyer; Schaeffer, Virginia K (BPA) - LG-7; Powell, Jessica L (CONTR) - FTT-2; Rodney Noteboom; Bonnie Overfield; Mitchell Delabarre; Rios, Matt (BPA) - TSE-TPP-2

Subject: Final Draft of Escrow Agreement re Short Distance Dicscount matter

All:

Here is a final draft (I hope) of the escrow agreement by and between Grant, BPA and US Bank. Please review, revise or comment. There is some information that US Bank needs to complete regarding costs, etc. There are also a couple of places where Grant needs to fill in or verify information.

If you have any questions, please do not hesitate to communicate with me. It would be great to get this ready for execution this week if possible so we can focus on the underlying matter.

Take care,

Tom Davis
Office of General Counsel
Bonneville Power Administration
P.O. Box 3621, LT-7
Portland, OR 97208-3621
Phone: (503) 230-3968
Cell: (b) (6)
Email: tedavis@bpa.gov

[attachment "image001.jpg" deleted by Linda A Mcconkey/OR/USB] [attachment "160119 Grant Escrow Agreement.docx" deleted by Linda A Mcconkey/OR/USB]

U.S. BANCORP made the following annotations

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<Grant Escrow Agreement 012016.docx>

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of February ____, 2016 ("Escrow Agreement"), is by and among the Public Utility District No. 2 of Grant County, Washington ("Depositor"); the Department of Energy, by and through the Bonneville Power Administration, an agency of the United States of America, operating in Portland, Oregon ("Recipient"); and U.S. Bank National Association, a national banking association, as escrow agent hereunder ("Escrow Agent").

BACKGROUND

A. Depositor and Recipient have entered into an electric transmission service agreement (BPA Contract No. 01TX-10679) (as amended, the "Underlying Agreement"), dated as of August 1, 2004 (as updated with amended exhibits from time to time), under the Recipient's Open Access Transmission Tariff ("Tariff"). Under Section 7.3 of the Tariff, Depositor pays Recipient for certain transmission services, but if an invoiced amount is disputed, it shall be paid into an independent escrow account, pending resolution of the dispute under, among other things, Section 12 of the Tariff. Accordingly, Depositor shall deposit the Escrow Funds (defined below) in a segregated escrow account to be held by Escrow Agent for the purpose of holding such funds pending dispute resolution. For purposes of this Escrow Agreement, the dispute relates to Recipient's "short distance discount" calculations.

B. Escrow Agent has agreed to accept, hold, and disburse the funds deposited with it and the earnings thereon in accordance with the terms of this Escrow Agreement.

C. Depositor and Recipient have appointed the Representatives (as defined below) to represent them for all purposes in connection with the funds to be deposited with Escrow Agent and this Escrow Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Definitions. The following terms shall have the following meanings when used herein:

"Escrow Funds" shall mean the funds deposited with Escrow Agent pursuant to Section 3 of this Agreement, together with any interest and other income thereon.

"Escrow Period" shall mean the period commencing on the date hereof and ending at the close of Escrow Agent's business day on January 2, 2019, unless earlier terminated pursuant to this Escrow Agreement.

"Indemnified Party" shall have the meaning set forth in Section 11.

"Joint Written Direction" shall mean a written direction executed by one each of the Representatives from the Depositor and Recipient and directing Escrow Agent to disburse all or a portion of the Escrow Funds or to take or refrain from taking any other action pursuant to this Escrow Agreement.

"Depositor Representative" shall mean the person(s) so designated on Schedule C hereto or any other person designated in a writing signed by Depositor and delivered to Escrow Agent and the Recipient Representative in accordance with the notice provisions of this Escrow Agreement, to act as its representative under this Escrow Agreement.

"Representatives" shall mean the Depositor Representative and the Recipient Representative.

"Recipient Representative" shall mean the person(s) so designated on Schedule C hereto or any other person designated, in a writing signed by Recipient and delivered to Escrow Agent and the Depositor Representative in accordance with the notice provisions of this Escrow Agreement, to act as its representative under this Escrow Agreement.

2. Appointment of and Acceptance by Escrow Agent. Depositor and Recipient hereby appoint Escrow Agent to serve as escrow agent hereunder. Escrow Agent hereby accepts such appointment and, upon receipt by wire transfer of the Escrow Funds in accordance with Section 3 below, agrees to hold, invest and disburse the Escrow Funds in accordance with this Escrow Agreement.

3. Deposit of Escrow Funds. As soon as practicable with the execution and delivery of this Escrow Agreement, Depositor, on behalf of the Recipient, will transfer the Escrow Funds in the amount of \$2,290,251.00 and additional amounts deposited by Depositor, on behalf of the Recipient, from time to time during the Escrow Period, by wire transfer of immediately available funds, to an account designated by Escrow Agent.

4. Disbursements of Escrow Funds. Escrow Agent shall disburse Escrow Funds at any time and from time to time, upon receipt of, and in accordance with, a Joint Written Direction. Such Joint Written Direction shall contain complete payment instructions, including wiring instructions or an address to which a check shall be sent. In the case where the account is at a zero dollar balance it may be closed by the Depositor individually. Prior to any disbursement, Escrow Agent shall have received reasonable identifying information regarding the Recipient such that Escrow Agent may comply with its regulatory obligations and reasonable business practices, including without limitation a completed United States Internal Revenue Service ("IRS") Form W-9 or original IRS Form W-8, as applicable. All disbursements of funds from the Escrow Funds shall be subject to the fees and claims of Escrow Agent and the Indemnified Parties pursuant to Section 11 and Section 12 below.

5. Suspension of Performance; Disbursement into Court. If, at any time, (i) there shall exist any dispute between Depositor, Recipient or the Representatives with respect to the

Comment [TDAVIS1]: Not sure what this in reference to in this context. If US Bank and Grant are okay with deleting, I would suggest we do so

Comment [CW2]: The additional amount deposited would be the one time Acceptance Fee charged by US Bank and subsequently drawn from the account by US Bank

holding or disposition of all or any portion of the Escrow Funds or any other obligations of Escrow Agent hereunder, (ii) Escrow Agent is unable to determine, to Escrow Agent's sole satisfaction, the proper disposition of all or any portion of the Escrow Funds or Escrow Agent's proper actions with respect to its obligations hereunder, or (iii) Depositor and Recipient have not, within 10 calendar days of the furnishing by Escrow Agent of a notice of resignation pursuant to Section 8 hereof, appointed a successor Escrow Agent to act hereunder, then Escrow Agent may, in its sole discretion, take either or both of the following actions:

a. suspend the performance of any of its obligations (including without limitation any disbursement obligations) under this Escrow Agreement until such dispute or uncertainty shall be resolved to the sole satisfaction of Escrow Agent or until a successor Escrow Agent shall have been appointed.

b. petition (by means of an interpleader action or any other appropriate method) any court of competent jurisdiction, in any venue convenient to Escrow Agent, for instructions with respect to such dispute or uncertainty, and to the extent required or permitted by law, pay into such court, for holding and disposition in accordance with the instructions of such court, all Escrow Funds, after deduction and payment to Escrow Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by Escrow Agent in connection with the performance of its duties and the exercise of its rights hereunder.

Escrow Agent shall have no liability to Depositor, Recipient or the Representatives, their respective owners, shareholders or members or any other person with respect to any such suspension of performance or disbursement into court, specifically including any liability or claimed liability that may arise, or be alleged to have arisen, out of or as a result of any delay in the disbursement of the Escrow Funds or any delay in or with respect to any other action required or requested of Escrow Agent.

6. [reserved]

7. Investment of Funds. Based upon Depositor's and Recipient's prior review of investment alternatives, in the absence of further specific written direction to the contrary, the Escrow Agent is directed to initially invest and reinvest the Escrow Funds in the investment indicated on Schedule B hereto. Recipient may provide written instructions changing the investment of the Escrow Funds to the Escrow Agent; provided, however, Recipient warrants that it will not direct the Escrow Agent to make any alternative investment or reinvestment except in the following: (a) direct obligations of the United States of America or obligations the principal of and the interest on which are unconditionally guaranteed by the United States of America; (b) U.S. dollar denominated deposit accounts and certificates of deposits issued by any bank, bank and trust company, or national banking association (including Escrow Agent and its affiliates), which such deposits are insured by the Federal Deposit Insurance Corporation or a similar governmental agency; or (c) the funds described in Schedule B, provided further, however, that the Escrow Agent will not be directed to invest in investments that the Escrow Agent in its sole discretion determines are not consistent with the Escrow Agent's policy or

practices. Depositor and Recipient acknowledge that the Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

If Escrow Agent has not received a written instruction from Recipient at any time that an investment decision must be made, Escrow Agent is directed to invest the Escrow Funds, or such portion thereof as to which no written investment instruction has been received, in the investment indicated on Schedule B hereto. All investments shall be made in the name of Escrow Agent. Notwithstanding anything to the contrary contained herein, Escrow Agent may, without notice to Depositor and Recipient, sell or liquidate any of the foregoing investments at any time for any disbursement of Escrow Funds permitted or required hereunder. All investment earnings shall become part of the Escrow Funds and investment losses shall be charged against the Escrow Funds. Escrow Agent shall not be liable or responsible for loss in the value of any investment made pursuant to this Escrow Agreement, or for any loss, cost or penalty resulting from any sale or liquidation of the Escrow Funds. With respect to any Escrow Funds received by Escrow Agent after ten o'clock Pacific Standard Time, Escrow Agent shall not be required to invest such funds or to effect any investment instruction until the next day upon which banks in St. Paul, Minnesota and the New York Stock Exchange are open for business.

8. Resignation or Removal of Escrow Agent. Escrow Agent may resign and be discharged from the performance of its duties hereunder at any time by giving ten (10) days prior written notice to the Depositor and Recipient specifying a date when such resignation shall take effect and, after the date of such resignation notice, notwithstanding any other provision of this Agreement, Escrow Agent's sole obligation will be to hold the Escrow Funds pending appointment of a successor Escrow Agent. Similarly, Escrow Agent may be removed at any time by Depositor and Recipient giving at least thirty (30) days' prior written notice to Escrow Agent specifying the date when such removal shall take effect. Depositor and Recipient jointly shall appoint a successor Escrow Agent hereunder prior to the effective date of such resignation or removal. If the Depositor and Recipient fail to appoint a successor Escrow Agent within such time, the Escrow Agent shall have the right to petition a court of competent jurisdiction to appoint a successor Escrow Agent, and all costs and expenses (including without limitation attorneys' fees) related to such petition shall be paid jointly and severally by Depositor and Recipient. The retiring Escrow Agent shall transmit all records pertaining to the Escrow Funds and shall pay all Escrow Funds to the successor Escrow Agent, after making copies of such records as the retiring Escrow Agent deems advisable and after deduction and payment to the retiring Escrow Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by the retiring Escrow Agent in connection with the performance of its duties and the exercise of its rights hereunder. After any retiring Escrow Agent's resignation or removal, the provisions of this Escrow Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Escrow Agent under this Escrow Agreement.

9. Binding Effect: Successors. This Escrow Agreement shall be binding upon the respective parties hereto and their heirs, executors, successors or assigns. If the Escrow Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the escrow contemplated by this Escrow Agreement) to another corporation,

the successor or transferee corporation without any further act shall be the successor Escrow Agent.

10. Liability of Escrow Agent. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no duties shall be implied. The Escrow Agent has no fiduciary or discretionary duties of any kind. The Escrow Agent shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Escrow Agreement, including without limitation any other agreement between any or all of the parties hereto or any other persons even though reference thereto may be made herein. The Escrow Agent shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the sole cause of any loss to the Depositor or Recipient. Escrow Agent's sole responsibility shall be for the safekeeping and disbursement of the Escrow Funds in accordance with the terms of this Escrow Agreement. Escrow Agent shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein. Escrow Agent may rely upon any notice, instruction, request or other instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, which Escrow Agent shall believe to be genuine and to have been signed or presented by the person or parties purporting to sign the same. In no event shall Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages or penalties (including, but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such damages or penalty and regardless of the form of action. Escrow Agent shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of God, strikes, lockouts, riots, acts of war or terror, epidemics, governmental regulations, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters. Escrow Agent shall not be obligated to take any legal action or commence any proceeding in connection with the Escrow Funds, any account in which Escrow Funds are deposited, this Escrow Agreement or the Underlying Agreement, or to appear in, prosecute or defend any such legal action or proceeding. Escrow Agent may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of any other agreement or of its duties hereunder, or relating to any dispute involving any party hereto, and shall incur no liability and shall be fully indemnified from any liability whatsoever in acting in accordance with the advice of such counsel. Depositor shall promptly pay, upon demand, the reasonable fees and expenses of any such counsel. Depositor agrees to perform or procure the performance of all further acts and things, and execute and deliver such further documents, as may be required by law or as Escrow Agent may reasonably request in connection with its duties hereunder.

The Escrow Agent is authorized, in its sole discretion, to comply with final orders issued or process entered by any court with respect to the Escrow Funds, without determination by the Escrow Agent of such court's jurisdiction in the matter. If any portion of the Escrow Funds is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Escrow Agent is

authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel selected by it is binding upon it without the need for appeal or other action; and if the Escrow Agent complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person or entity by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

11. Indemnification of Escrow Agent. From and at all times after the date of this Escrow Agreement, Depositor shall, to the fullest extent permitted by law, indemnify and hold harmless Escrow Agent and each director, officer, employee, attorney, agent and affiliate of Escrow Agent (collectively, the "Indemnified Parties") against any and all actions, claims (whether or not valid), losses, damages, liabilities, penalties, costs and expenses of any kind or nature (including without limitation reasonable attorneys' fees, costs and expenses) incurred by or asserted against any of the Indemnified Parties, whether direct, indirect or consequential, as a result of or arising from or in any way relating to any claim, demand, suit, action or proceeding (including any inquiry or investigation) by any person, including without limitation Depositor, Recipient and the Representatives, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any person under any statute or regulation, including, but not limited to, any federal or state securities laws, or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution, performance or failure of performance in connection with this Escrow Agreement or any transactions contemplated herein, whether or not any such Indemnified Party is a party to any such action, proceeding, suit or the target of any such inquiry or investigation; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder for any liability finally determined by a court of competent jurisdiction, subject to no further appeal, to have resulted solely from the gross negligence or willful misconduct of such Indemnified Party. Depositor further agrees, jointly and severally, to indemnify each Indemnified Party for all costs, including without limitation reasonable attorney's fees, incurred by such Indemnified Party in connection with the enforcement of Depositor's indemnification obligations hereunder. Each Indemnified Party shall, in its sole discretion, have the right to select and employ separate counsel with respect to any action or claim brought or asserted against it, and the reasonable fees of such counsel shall be paid upon demand by the Depositor. The obligations of Depositor under this Section 11 shall survive any termination of this Escrow Agreement and the resignation or removal of Escrow Agent.

The parties agree that neither the payment by Depositor of any claim by Escrow Agent for indemnification hereunder nor the disbursement of any amounts to Escrow Agent from the Escrow Funds in respect of a claim by Escrow Agent for indemnification shall impair, limit, modify, or affect, as between Depositor and Recipient, the respective rights and obligations of Depositor and Recipient under the Underlying Agreement.

12. Compensation of Escrow Agent

(a) Fees and Expenses. Depositor will be wholly responsible for Escrow Agent's compensation. The obligations of Depositor and Recipient under this Section 12 shall survive

any termination of this Escrow Agreement and the resignation or removal of Escrow Agent.

(b) Disbursements from Escrow Funds to Pay Escrow Agent. Escrow Agent is authorized to, and may disburse to itself from the Escrow Funds, from time to time, the amount of any compensation and reimbursement of out-of-pocket expenses due and payable hereunder (including any amount to which Escrow Agent or any Indemnified Party is entitled to seek indemnification hereunder). Escrow Agent shall notify Depositor and Recipient of any disbursement from the Escrow Funds to itself or any Indemnified Party in respect of any compensation or reimbursement hereunder and shall furnish Depositor and Recipient copies of related invoices and other statements.

(c) Security and Offset. Depositor hereby grants to Escrow Agent and the Indemnified Parties a security interest in, lien upon and right of offset against the Escrow Funds with respect to any compensation or reimbursement due any of them hereunder (including any claim for indemnification hereunder. If for any reason the Escrow Funds are insufficient to cover such compensation and reimbursement, Depositor shall promptly pay such amounts to Escrow Agent or any Indemnified Party upon receipt of an itemized invoice.

13. Representations and Warranties. Depositor and Recipient each respectively make the following representations and warranties to Escrow Agent:

(a) it has full power and authority to execute and deliver this Escrow Agreement and to perform its obligations hereunder; and this Escrow Agreement has been duly approved by all necessary action and constitutes its valid and binding agreement enforceable in accordance with its terms; and

(b) each of the applicable persons designated on Schedule C attached hereto have been duly appointed to act as authorized representatives hereunder and individually have full power and authority to execute and deliver any Joint Written Direction, to amend, modify or waive any provision of this Escrow Agreement and to take any and all other actions as authorized representatives under this Escrow Agreement, all without further consent or direction from, or notice to, it or any other party, provided that any change in designation of such authorized representatives shall be provided by written notice delivered to each party to this Escrow Agreement.

14. Identifying Information. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Escrow Agent requires documentation to verify its formation and existence as a legal entity. The Escrow Agent may ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The parties acknowledge that a portion of the identifying information set forth herein is being requested by the Escrow Agent in connection with the USA Patriot Act, Pub.L.107-56 (the "Act"), and each agrees to provide any additional information requested by the Escrow Agent in

connection with the Act or any other legislation or regulation to which Escrow Agent is subject, in a timely manner.

15. Consent to Jurisdiction and Venue. In the event that any party hereto commences a lawsuit or other proceeding relating to or arising from this Escrow Agreement, the parties hereto agree to the personal jurisdiction by and venue in the federal courts in the State of Oregon and waive any objection to such jurisdiction or venue to the extent permitted by United States Federal law. The parties hereto consent to and agree to submit to the jurisdiction of the federal courts specified herein and agree to accept service of process to vest personal jurisdiction over them in any of these courts to the extent permitted by United States Federal law.

16. Notices. All notices, approvals, consents, requests, and other communications hereunder shall be in writing (provided that each such communication to Escrow Agent must be manually signed by the sender) and shall be delivered (i) by personal delivery, or (ii) by national overnight courier service, or (iii) by certified or registered mail, return receipt requested, or (iv) via facsimile transmission, with confirmed receipt or (v) via email by way of a PDF attachment thereto. Notice shall be effective upon receipt except for notice via email, which shall be effective only when the recipient, by return email or notice delivered by other method provided for in this Section 16, acknowledges having received that email (with an automatic “read receipt” or similar notice not constituting an acknowledgement of an email receipt for purposes of this Section 16). Such notices shall be sent to the applicable party or parties at the address specified below:

If to Depositor or Depositor Representative at:

Public Utility District No. 2 of Grant County
ATTN: _____ Treasury Operations
Cary West, Treasury Operations Manager
PO Box 878
Ephrata, WA 98823
Telephone: (509) 793-1451
Facsimile: (509) 754-5012
Email: cwest@gcpud.org

Formatted: Not Highlight

If to Recipient or Recipient Representative at:

Bonneville Power Administration
ATTN: Manager, Cash & Treasury Management
P.O. Box 3621, FTT-2
Portland, OR 97208-3621
Telephone: 503-230-3394
Facsimile: 503-230-4690
Email: dcbleiler@bpa.gov

If to the Escrow Agent at:

U.S. Bank National Association, as Escrow Agent
ATTN: Global Corporate Trust Services
555 SW Oak Street, PD-OR-P76TD
Portland, OR 97204
Telephone: (503) 464-37578
Facsimile: (503) 464-4155
E-mail: linda.mcconkey@usbank.com ~~eherylk-nelson@usbank.com~~

and to:

U.S. Bank National Association
ATTN: William Diaz
Trust Finance Management
60 Livingston Avenue, EP-MN-WS3T
St. Paul, MN 55101
Telephone: (651) 466-6085
Facsimile: (651) 312-2599
E-mail: william.diaz@usbank.com

or to such other address as each party may designate for itself by like notice and unless otherwise provided herein shall be deemed to have been given on the date received.

17. Optional Security Procedures. In the event funds transfer instructions, address changes or change in contact information are given (other than in writing at the time of execution of this Escrow Agreement), whether in writing, by facsimile or otherwise, the Escrow Agent is authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to the person or persons designated on Schedule C hereto, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in writing actually received and acknowledged by Escrow Agent and shall be effective only after Escrow Agent has a reasonable opportunity to act on such changes. If the Escrow Agent is unable to contact any of the designated representatives identified in Schedule C, the Escrow Agent is hereby authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to any one or more of Depositor's or Recipient's executive officers ("Executive Officers"), as the case may be, which shall include the titles of Chief Executive Officer, President and Vice President, as the Escrow Agent may select. Such Executive Officer shall deliver to the Escrow Agent a fully executed incumbency certificate, and the Escrow Agent may rely upon the confirmation of anyone purporting to be any such officer. Depositor and Recipient agree that the Escrow Agent may at its option record any telephone calls made pursuant to this Section. The Escrow Agent in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by Depositor or Recipient to identify (a) the beneficiary, (b) the beneficiary's bank, or (c) an intermediary bank. The Escrow Agent may apply any of the Escrow Funds for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the

beneficiary's bank or an intermediary bank designated. Depositor and Recipient acknowledge that these optional security procedures are commercially reasonable.

18. Amendment, Waiver and Assignment. None of the terms or conditions of this Escrow Agreement may be changed, waived, modified, discharged, terminated or varied in any manner whatsoever unless in writing duly signed by each party to this Escrow Agreement. No course of conduct shall constitute a waiver of any of the terms and conditions of this Escrow Agreement, unless such waiver is specified in writing, and then only to the extent so specified. A waiver of any of the terms and conditions of this Escrow Agreement on one occasion shall not constitute a waiver of the other terms of this Escrow Agreement, or of such terms and conditions on any other occasion. Except as provided in Section 9 hereof, this Escrow Agreement may not be assigned by any party without the written consent of the other parties.

19. Severability. To the extent any provision of this Escrow Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Escrow Agreement.

20. Governing Law. This Escrow Agreement shall be construed and interpreted in accordance with the internal laws of the State of Oregon, without giving effect to the conflict of laws principles thereof, except as otherwise required by United States Federal law.

21. Entire Agreement, No Third Party Beneficiaries. This Escrow Agreement constitutes the entire agreement between the parties relating to the holding, investment and disbursement of the Escrow Funds and sets forth in their entirety the obligations and duties of Escrow Agent with respect to the Escrow Funds. Nothing in this Escrow Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Escrow Agreement.

22. Execution in Counterparts, Facsimiles. This Escrow Agreement and any Joint Written Direction may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement or direction. The delivery of copies of this Escrow Agreement and any Joint Written Instruction and their respective signature pages by PDF or facsimile transmission shall constitute effective execution and delivery as to the parties and may be used in lieu of originals for all purposes.

23. Termination. This Escrow Agreement shall terminate upon the distribution of all the Escrow Funds pursuant to any applicable provision of this Escrow Agreement, and Escrow Agent shall thereafter have no further obligation or liability whatsoever with respect to this Escrow Agreement or the Escrow Funds.

24. Dealings. The Escrow Agent and any stockholder, director, officer or employee of the Escrow Agent may buy, sell, and deal in any of the securities of the Depositor or Recipient and become pecuniarily interested in any transaction in which the Depositor or Recipient may be interested, and contract and lend money to the Depositor or Recipient and otherwise act as fully

and freely as though it were not Escrow Agent under this Agreement. Nothing herein shall preclude the Escrow Agent from acting in any other capacity for the Depositor or Recipient or for any other entity.

25. Brokerage Confirmation Waiver. Depositor and Recipient acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant either the right to receive brokerage confirmations for certain security transactions as they occur, Depositor and Recipient specifically waive receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Depositor and Recipient periodic cash transaction statements that include detail for all investment transactions made by the Escrow Agent.

26. Tax Reporting. Escrow Agent shall have no responsibility for the tax consequences of this Agreement and Depositor and Recipient shall consult with independent counsel concerning any and all tax matters. Depositor and Recipient shall provide Escrow Agent Form W-9 and an original Form W-8, as applicable, for each payee, together with any other documentation and information requested by Escrow Agent in connection with Escrow Agent's reporting obligations under applicable IRS regulations. If such tax documentation is not so provided, Escrow Agent shall withhold taxes as required by the IRS. Recipient and Depositor have determined that any interest or income on Escrow Funds shall be reported on an accrual basis and deemed to be for the account of Depositor. Depositor and Recipient shall prepare and file all required tax filings with the IRS and any other applicable taxing authority; provided that the parties further agree that:

(a) Escrow Agent IRS Reporting. Depositor shall accurately provide the Escrow Agent with all information requested by the Escrow Agent in connection with the preparation of all applicable Form 1099 and Form 1042-S documents with respect to all distributions as well as in the performance of Escrow Agent's reporting obligations under the Foreign Account Tax Compliance Act and Foreign Investment in Real Property Tax Act or other applicable law or regulation.

(b) Withholding Requests and Indemnification. Depositor agrees to (i) assume all obligations imposed now or hereafter by any applicable tax law or regulation with respect to payments or performance under this Agreement, (ii) request the Escrow Agent in writing with respect to withholding and other taxes, assessments or other governmental charges, and advise Escrow Agent in writing with respect to any certifications and governmental reporting that may be required under any applicable laws or regulations, and (iii) indemnify and hold the Escrow Agent harmless pursuant to Section 11 hereof from any liability or obligation on account of taxes, assessments, additions for late payment, interest, penalties, expenses and other governmental charges that may be assessed or asserted against Escrow Agent.

(c) Imputed Interest. To the extent that IRS imputed interest regulations apply, Depositor and Recipient shall so inform Escrow Agent, provide Escrow Agent with all imputed interest calculations and direct Escrow Agent to disburse imputed interest amounts as Depositor and Recipient deem appropriate. Escrow Agent shall rely solely on such provided calculations and information and shall have no responsibility for the accuracy or completeness of any such

calculations or information.

27. **Publicity.** No party will (a) use any other party's proprietary indicia, trademarks, service marks, trade names, logos, symbols, or brand names, or (b) otherwise refer to or identify any other party in advertising, publicity releases, or promotional or marketing publications, or correspondence to third parties without, in each case, securing the prior written consent of such other party.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed under seal as of the date first above written.

**Public Utility District No. 2 of Grant County,
Washington**

By: _____
Name: Bonnie Overfield
Title: Treasurer/Director of Finance

Bonneville Power Administration

By: _____
Name: Nancy M. Mitman
Title: Executive Vice-President and Chief
Financial Officer

**U.S. BANK NATIONAL ASSOCIATION
as Escrow Agent**

By: _____
Name: Linda A. McConkey
Title: Vice
President

SCHEDULE B

INVESTMENT DIRECTION FOR ESCROW

FIRST AMERICAN FUNDS
AUTOMATIC MONEY MARKET INVESTMENTS
INVESTMENT AUTHORIZATION LETTER

Based upon client's prior review of investment alternatives, in the absence of further specific written direction to the contrary, U.S. Bank National Association (or U.S. Bank Trust National Association) is hereby directed to invest and reinvest proceeds and other available moneys in the following fund as permitted by the operative documents.

First American Funds U.S. Treasury Money Market Fund (Class D)

PLEASE REFER TO THE PROSPECTUS OF FIRST AMERICAN FUNDS, INC. WHICH YOU HEREBY ACKNOWLEDGE HAS PREVIOUSLY BEEN PROVIDED. NOTE THAT THE ABOVE FUNDS' INVESTMENT ADVISOR, CUSTODIAN, DISTRIBUTOR AND OTHER SERVICE PROVIDERS AS DISCLOSED IN THE FUNDS PROSPECTUS ARE U.S. BANK NATIONAL ASSOCIATION AND AFFILIATES THEREOF. SHARES OF THE ABOVE FUNDS ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY, ANY BANK INCLUDING U.S. BANK NATIONAL ASSOCIATION OR ANY OF ITS AFFILIATES, NOR ARE THEY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER AGENCY. AN INVESTMENT IN THE FUNDS INVOLVES INVESTMENT RISK, INCLUDING POSSIBLE LOSS OF PRINCIPAL. U.S. BANK DOES NOT HAVE A DUTY NOR WILL IT UNDERTAKE ANY DUTY TO PROVIDE INVESTMENT ADVICE TO YOU. U.S. BANK, WHEN ACTING AS AN INDENTURE TRUSTEE OR IN A SIMILAR CAPACITY, IS NOT REQUIRED TO REGISTER AS A MUNICIPAL ADVISOR WITH THE SECURITIES AND EXCHANGE COMMISSION FOR PURPOSES OF COMPLYING WITH THE DODD-FRANK WALL STREET REFORM & CONSUMER PROTECTION ACT. INVESTMENT ADVICE, IF NEEDED, SHOULD BE OBTAINED FROM YOUR FINANCIAL ADVISOR. **FOR INFORMATION ABOUT OTHER AVAILABLE SWEEP OPTIONS, CONTACT YOUR ACCOUNT MANAGER.**

U.S. Bank National Association (or U.S. Bank Trust National Association) will not vote proxies for the First American Funds. Proxies will be mailed to you for voting.

SHAREHOLDER COMMUNICATIONS ACT AUTHORIZATION

The Shareholder Communications Act of 1985 and its regulation require that banks and trust companies make an effort to facilitate communication between registrants of U.S. securities and the parties who have the authority to vote or direct the voting of those securities regarding proxy dissemination and other corporate communications. Unless you indicate your objection below, we will provide the obligatory information to the registrant upon request. Your objection will apply to all securities held for you in the account now and in the future unless you notify us in writing.

↑
_____ I object to US Bank providing my name, address, and securities positions to requesting issuers.
(Initial, check, or place an X on the to indicate your objection)

Fee Basis: Approval of investment in any of these First American mutual funds includes approval of the fund's fees and expenses as detailed in the enclosed prospectus, including advisory, custodial, distribution, shareholder service expenses and other fees, which fees and expenses are paid to U.S. Bank National Association or other affiliates of U.S. Bank National Association.

| Dated: February ____, 2016

SCHEDULE C

Each of the following person(s) is a **Depositor Representative** authorized to execute documents and direct Escrow Agent as to all matters, including fund transfers, address changes and contact information changes, on Depositor's behalf (only one signature required):

<u>Bonnie Overfield</u> <u>XXXX</u>	_____	<u>509-754-7218793</u>
Name	Specimen signature	Telephone No.

The following person not listed above is authorized for call-back confirmations:

<u>Cary West</u>	_____	<u>503-793-1541451</u>
Name		Telephone No.

Each of the following person(s) is a **Recipient Representative** authorized to execute documents and direct Escrow Agent as to all matters, including fund transfers, address changes and contact information changes, on Recipient's behalf (only one signature required):

<u>Nancy M. Mitman</u>	_____	<u>503-230-3998</u>
Name	Specimen signature	Telephone No.

The following person not listed above is authorized for call-back confirmations

<u>Jon M. Dull</u>	_____	<u>503-230-7544</u>
Name		Telephone No.

From: [Messinger,Ron E \(BPA\) - TPP-OPP-3](#)
To: [Bosanac,Milos \(BPA\) - TSP-TPP-2](#); [Fitzsimmons,David A \(BPA\) - TSE-TPP-2](#); [Rios,Matt \(BPA\) - TSE-TPP-2](#); [Gilliland,Kimberly D \(BPA\) - TSE-TPP-2](#); [Green,Laura E \(BPA\) - KSBV-TPP-1](#); [Speropulos,Harry N \(BPA\) - TSP-TPP-2](#); [Davis,Thomas E \(BPA\) - LT-7](#); [Shier,Robert P \(BPA\) - FRG-2](#); [Smith,Jessica L \(CONTR\) - FTT-2](#)
Subject: RE: PTP SDD Billing Adjustments - Please Review - Update for Michelle Manary
Date: Friday, January 22, 2016 7:49:43 AM

(b) (5) [Redacted]

From: Bosanac,Milos (BPA) - TSP-TPP-2
Sent: Thursday, January 21, 2016 4:28 PM
To: Fitzsimmons,David A (BPA) - TSE-TPP-2; Rios,Matt (BPA) - TSE-TPP-2; Gilliland,Kimberly D (BPA) - TSE-TPP-2; Green,Laura E (BPA) - KSBV-TPP-1; Messinger,Ron E (BPA) - TSPQ-TPP-2; Speropulos,Harry N (BPA) - TSP-TPP-2; Davis,Thomas E (BPA) - LT-7; Shier,Robert P (BPA) - FRG-2; Powell,Jessica L (CONTR) - FTT-2
Subject: PTP SDD Billing Adjustments - Please Review - Update for Michelle Manary
Importance: High

Hello,

As we discussed a couple weeks back on the PTP SDD retroactive billing adjustment topic – I am looking at getting us together with Michelle Manary to update her on the topic and especially the status of the billing disputes.

I will be looking for a meeting with her to update her in person and discuss dispute strategy, and will make sure all of you are invited.

Before I send out an email to her, would you mind reviewing the email/note below that I intend to send and let me know if anything is missing or if you have suggestions.

If possible, please let me know if you have any suggestions by noon tomorrow – would like to send this general update to her tomorrow afternoon if possible (a bit of weekend reading material ☺)

Thanks!

Milos

(b) (5) [Redacted]

[Redacted]

(b) (5)

[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: [Fitzsimmons,David A \(BPA\) - TSE-TPP-2](#)
To: [Bosanac,Milos \(BPA\) - TSP-TPP-2](#); [Manary,Michelle L \(BPA\) - TS-DITT-2](#)
Cc: [King,Robert D \(BPA\) - TSP-TPP-2](#); [Dibble,Rachel L \(BPA\) - TSPP-TPP-2](#); [Fredrickson,Rebecca E \(BPA\) - TSPQ-TPP-2](#); [Speropulos,Harry N \(BPA\) - TSP-TPP-2](#); [Messinger,Ron E \(BPA\) - TPP-OPP-3](#); [Rios,Matt \(BPA\) - TSE-TPP-2](#); [Gilliland,Kimberly D \(BPA\) - TSE-TPP-2](#); [Davis,Thomas E \(BPA\) - LT-7](#); [Green,Laura E \(BPA\) - KSBV-TPP-1](#); [O'Leary-Brattebo,Jane L \(CONTR\) - TSPP-TPP-2](#); [Shier,Robert P \(BPA\) - FRG-2](#); [Smith,Jessica L \(CONTR\) - FTT-2](#)
Subject: RE: PTP SDD Charges & Disputes - Update
Date: Friday, January 22, 2016 3:49:21 PM

(b) (5)

[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: Bosanac,Milos (BPA) - TSP-TPP-2
Sent: Friday, January 22, 2016 2:12 PM
To: Manary,Michelle L (BPA) - TS-DITT-2
Cc: Fitzsimmons,David A (BPA) - TSE-TPP-2; King,Robert D (BPA) - TSP-TPP-2; Dibble,Rachel L (BPA) - TSPP-TPP-2; Fredrickson,Rebecca E (BPA) - TSPQ-TPP-2; Speropulos,Harry N (BPA) - TSP-TPP-2; Messinger,Ron E (BPA) - TSPQ-TPP-2; Rios,Matt (BPA) - TSE-TPP-2; Gilliland,Kimberly D (BPA) - TSE-TPP-2; Davis,Thomas E (BPA) - LT-7; Green,Laura E (BPA) - KSBV-TPP-1; O'Leary-Brattebo,Jane L (CONTR) - TSPP-TPP-2; Shier,Robert P (BPA) - FRG-2; Powell,Jessica L (CONTR) - FTT-2
Subject: PTP SDD Charges & Disputes - Update

(b) (5)

[Redacted]

[Redacted]

(b) (5)

If you have any questions before then, feel free to send me an email!

Thank you!

Milos



December 22, 2015

Michelle Manary
Vice President, Transmission Marketing and Sales (TS)
Bonneville Power Administration
PO Box 491
Vancouver, WA 98666-0491

Re: Short Distance Discount (SDD) Billing Dispute

Dear Ms. Manary,

On November 9, 2015 BPA billed Grant \$2,290,251 for a retroactive loss of Short Distance Discounts for various months during the time period July 2011 to June 2015. In a letter dated 11/10/15, Grant PUD informed BPA that Grant intended to dispute the retroactive charge per Section 7.3 of the BPA OATT.

Basis for Dispute

Grant PUD performed redirects on 150 MW of transmission in May and June of 2011. Grant did not lose the SDD discount based on the bills for May and June 2011 and brought this issue to BPA's attention. Matt Rios of BPA can verify that Grant raised this issue to BPA. Subsequently, BPA recalculated the bills and rebilled Grant for May 2011 with a bill dated July 11, 2011 and rebilled Grant for June 2011 with a bill dated July 12, 2011. Grant had discussions with BPA at this time regarding BPA systems and had strong reason to believe that BPA had addressed this issue in the BPA billing system.

As a result of this experience, Grant chose not to perform redirects in months when the transmission was not needed and instead reassigned the transmission capacity. This was a change in practice at Grant. Grant carefully reviewed its' BPA invoices to see if the SDD was maintained, assuming BPA had fixed the omissions in the billing system that were discovered in the May and June 2011 bills.

Since, according to BPA invoices, the SDD was maintained in months when excess transmission was reassigned, Grant believed that our practice of reassigning this transmission was not resulting in the loss of SDD and therefore we continued this practice. Since Grant had no visibility on the reassigned transmission, Grant was now reliant on BPA to check the SDD and Grant could not inform BPA of the assignees use of redirected transmission as Grant had done for May and June of 2011. We relied upon the BPA billing system which we believed to have been fixed after Grant made BPA aware of SDD billing issues in 2011.

Separately, for a subset of the retroactive SDD billings, there were certain months where transmission was redirected to paths that entail zero miles. In 5 months for which BPA is rebilling Grant for the loss of SDD, the redirects performed by the Assignee parties entail zero miles, as seen in the list below. Clearly, for these months, there should be no loss of the SDD.

	<u>Redirected POR/POD</u>	<u>SDD</u>
July 2011	COLUMBIAMKT/COLUMBIAMKT	\$24,591
July 2012	COLUMBIAMKT/COLUMBIAMKT	\$77,880
Oct 2014	BPAT.GCPD/BPAT.CHPD	\$88,740
May 2015	BPAT.CHPD/BPAT.GCPD	\$88,740
June 2015	BPAT.CHPD/BPAT.GCPD	<u>\$88,740</u>
	Total	\$368,691

Note that Grant and Chelan both interconnect to the BPA Columbia Substation and Grant has an agreement with BPA that recognizes a direct interconnection between Grant and Chelan at the Columbia bus. Page 2 of the Agreement dated July 11, 1962 in referring to the Grant and Chelan interconnections states.

“These two nonfederal terminals will be adjacent and will constitute an extension of the Columbia bus. They will provide a direct connection between the Wanapum Development and the Rocky Reach Project which could have been provided without a connection to the Columbia bus. If Bonneville should, at some future time, determine it desirable that one or both of these terminals be moved to another location in the substation, the District and its purchasers may continue to use the Columbia bus facilities as though Chelan County Public Utility District and the District’s terminals were directly connected as described herein.”

The validity of this agreement was reaffirmed in a letter dated August 15, 2011 from Cathy Ehli of BPA to Kevin Nordt of Grant PUD.

Conclusion

Grant identified the SDD billing issue to BPA in 2011 and worked with BPA on what it believed was a solution to the SDD issue. Grant then changed the practice at Grant (reassigning transmission instead of redirecting) and as a result Grant did not have visibility as to the activity of the transmission reservations subject to retroactive billing and was relying upon BPA to police this activity. As four years passed with no feedback from BPA invoices that would allow Grant to correct reassignments that resulted in loss of SDD, Grant feels that it cannot be held financially responsible for loss of SDD on these transactions generally. Further, the redirects that resulted in a zero mile change (identified above) should not be subject to loss of SDD.

Sincerely,



Mike McClenahan
Director of Power Management

From: [Davis,Thomas E \(BPA\) - LT-7](#)
To: "Cary West"; ["linda.mcconkey@usbank.com" \(linda.mcconkey@usbank.com\)](mailto:linda.mcconkey@usbank.com)
Cc: [Smith,Jessica L \(CONTR\) - FTT-2](#); [Rios,Matt \(BPA\) - TSE-TPP-2](#); [Banks,David G \(BPA\) - TOI-DITT-2](#)
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter
Date: Wednesday, February 03, 2016 4:17:22 PM

Cary/Linda:

The escrow agreement should go out next week. Escrow agreements involve a unique delegation of authority in BPA such that BPA's Chief Financial Officer, Nancy Mitman, must sign for BPA. She is out of the office this week and returns on Monday. Thus, I am hopeful we can get it out early next week.

Take care,

Tom Davis
BPA Office of General Counsel
503-230-3968 (Office)
(b) (6) (Mobile)

From: Cary West [<mailto:Cwest@gcpud.org>]
Sent: Monday, February 01, 2016 9:57 AM
To: Davis,Thomas E (BPA) - LT-7
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2; Rios,Matt (BPA) - TSE-TPP-2
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

Hi Tom –

Any updates? We'll want to make sure it has a Feb. execution date after all.

Thank you,

Cary

From: Davis,Thomas E (BPA) - LT-7 [<mailto:tedavis@bpa.gov>]
Sent: Tuesday, January 26, 2016 2:39 PM
To: Cary West
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2; Rios,Matt (BPA) - TSE-TPP-2
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

Let me check and see where things are.

Tom

From: Cary West [<mailto:Cwest@gcpud.org>]
Sent: Tuesday, January 26, 2016 2:38 PM

To: Davis,Thomas E (BPA) - LT-7
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2;
Rios,Matt (BPA) - TSE-TPP-2
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

Hi Tom –

We haven't seen the finalized agreement yet. Just thought we'd check in with you.

Thank you,

Cary

From: Davis,Thomas E (BPA) - LT-7 [<mailto:tedavis@bpa.gov>]
Sent: Thursday, January 21, 2016 9:57 AM
To: Cary West
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2;
Rios,Matt (BPA) - TSE-TPP-2
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

Ok. BPA will finalize the agreement and send it out for execution.

Thanks!

Tom

From: Cary West [<mailto:Cwest@gcpud.org>]
Sent: Thursday, January 21, 2016 9:51 AM
To: Davis,Thomas E (BPA) - LT-7
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2;
Rios,Matt (BPA) - TSE-TPP-2
Subject: Re: Final Draft of Escrow Agreement re Short Distance Discount matter

Hi Tom -

No issues with a Jan execution. Funds are ready to be sent.

Thank you,

Cary

Sent from my iPhone

On Jan 21, 2016, at 9:32 AM, Davis,Thomas E (BPA) - LT-7 <tedavis@bpa.gov> wrote:

Cary:

Any issues if we get the escrow agreement executed before the end of January and
Grant transfer the money?

Tom

From: LINDA.MCCONKEY@usbank.com [<mailto:LINDA.MCCONKEY@usbank.com>]
Sent: Wednesday, January 20, 2016 5:40 PM
To: Cary West
Cc: Bonnie Overfield; Powell, Jessica L (CONTR) - FTT-2; Mitchell Delabarre; Mike McClenahan; Rios, Matt (BPA) - TSE-TPP-2; Patti Dietmeyer; Rodney Noteboom; Davis, Thomas E (BPA) - LT-7; Schaeffer, Virginia K (BPA) - LG-7
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

In addition to Cary's edits, I had a few minor changes, too. With the acceptance of these changes, I will open the account in anticipation of a deposit. The agreement is dated for February, is that the timing? Please advise.

Thank you,
Linda

Linda A. McConkey

Vice President | Account Manager | Global Corporate Trust Services
p. 503.464.3757 | f. 503.464.4155 | linda.mcconkey@usbank.com

U.S. Bank

555 SW Oak Street, PD-OR-P7TD | Portland, OR 97204 | www.usbank.com

From: Cary West <Cwest@gcpud.org>
To: "Davis, Thomas E (BPA) - LT-7" <tedavis@bpa.gov>, "linda.mcconkey@usbank.com" <linda.mcconkey@usbank.com>
Cc: Mike McClenahan <Mmcclenahan@gcpud.org>, Patti Dietmeyer <Pdietmeyer@gcpud.org>, "Schaeffer, Virginia K (BPA) - LG-7" <vkschaeffer@bpa.gov>, "Powell, Jessica L (CONTR) - FTT-2" <jpowell@bpa.gov>, Rodney Noteboom <Rnotebo@gcpud.org>, Bonnie Overfield <Boverfi@gcpud.org>, Mitchell Delabarre <Mdelaba@gcpud.org>, "Rios, Matt (BPA) - TSE-TPP-2" <mrrios@bpa.gov>
Date: 01/20/2016 10:08 AM
Subject: RE: Final Draft of Escrow Agreement re Short Distance Dicscount matter

Hi Tom –

Thank you for the final draft. I've filled in the contact information requested of Grant as well as dropped in the fee amount for US Bank in Schedule A. Also, I've replied to your comment on pg 2. Please see attached.

Grant is ready for the final version. Once received, Bonnie can sign.

Thanks again,

Cary

[<ATT00001.jpg>](#)Cary West, CPA
Grant County Public Utility District
Treasury Operations Manager | Deputy Treasurer
desk: (509) 793-1451 | fax: (509) 754-5012

From: Davis,Thomas E (BPA) - LT-7 [<mailto:tedavis@bpa.gov>]
Sent: Tuesday, January 19, 2016 4:09 PM
To: Cary West; 'linda.mcconkey@usbank.com'
Cc: Mike McClenahan; Patti Dietmeyer; Schaeffer, Virginia K (BPA) - LG-7; Powell, Jessica L (CONTR) - FTT-2; Rodney Noteboom; Bonnie Overfield; Mitchell Delabarre; Rios, Matt (BPA) - TSE-TPP-2
Subject: Final Draft of Escrow Agreement re Short Distance Dicscount matter

All:

Here is a final draft (I hope) of the escrow agreement by and between Grant, BPA and US Bank. Please review, revise or comment. There is some information that US Bank needs to complete regarding costs, etc. There are also a couple of places where Grant needs to fill in or verify information.

If you have any questions, please do not hesitate to communicate with me. It would be great to get this ready for execution this week if possible so we can focus on the underlying matter.

Take care,

Tom Davis
Office of General Counsel
Bonneville Power Administration
P.O. Box 3621, LT-7
Portland, OR 97208-3621
Phone: (503) 230-3968
Cell: (b) (6)
Email: tedavis@bpa.gov

[attachment "image001.jpg" deleted by Linda A Mcconkey/OR/USB] [attachment "160119 Grant Escrow Agreement.docx" deleted by Linda A Mcconkey/OR/USB]

U.S. BANCORP made the following annotations

Electronic Privacy Notice. This e-mail, and any attachments, contains information that is, or may be, covered by electronic communications privacy laws, and is also confidential and proprietary in nature. If you are not the intended recipient, please be advised that you are legally prohibited from retaining, using, copying, distributing, or otherwise disclosing this information in any manner. Instead, please reply to the sender that you have received this communication in error, and then

immediately delete it. Thank you in advance for your cooperation.

<Grant Escrow Agreement 012016.docx>

From: [Davis,Thomas E \(BPA\) - LT-7](#)
To: ["Cary West"](#)
Cc: ["linda.mcconkey@usbank.com" \(linda.mcconkey@usbank.com\)](#); [Smith,Jessica L \(CONTR\) - FTT-2](#); [Rios,Matt \(BPA\) - TSE-TPP-2](#); [Banks,David G \(BPA\) - TOI-DITT-2](#)
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter
Date: Monday, February 01, 2016 10:47:49 AM

I asked staff on Friday. Hopefully, we can get this out mid-week.

Tom

From: Cary West [<mailto:Cwest@gcpud.org>]
Sent: Monday, February 01, 2016 9:57 AM
To: Davis,Thomas E (BPA) - LT-7
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2; Rios,Matt (BPA) - TSE-TPP-2
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

Hi Tom –

Any updates? We'll want to make sure it has a Feb. execution date after all.

Thank you,

Cary

From: Davis,Thomas E (BPA) - LT-7 [<mailto:tedavis@bpa.gov>]
Sent: Tuesday, January 26, 2016 2:39 PM
To: Cary West
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2; Rios,Matt (BPA) - TSE-TPP-2
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

Let me check and see where things are.

Tom

From: Cary West [<mailto:Cwest@gcpud.org>]
Sent: Tuesday, January 26, 2016 2:38 PM
To: Davis,Thomas E (BPA) - LT-7
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2; Rios,Matt (BPA) - TSE-TPP-2
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

Hi Tom –

We haven't seen the finalized agreement yet. Just thought we'd check in with you.

Thank you,

Cary

From: Davis,Thomas E (BPA) - LT-7 [<mailto:tedavis@bpa.gov>]
Sent: Thursday, January 21, 2016 9:57 AM
To: Cary West
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2;
Rios,Matt (BPA) - TSE-TPP-2
Subject: RE: Final Draft of Escrow Agreement re Short Distance Discount matter

Ok. BPA will finalize the agreement and send it out for execution.

Thanks!

Tom

From: Cary West [<mailto:Cwest@gcpud.org>]
Sent: Thursday, January 21, 2016 9:51 AM
To: Davis,Thomas E (BPA) - LT-7
Cc: 'linda.mcconkey@usbank.com' (linda.mcconkey@usbank.com); Powell,Jessica L (CONTR) - FTT-2;
Rios,Matt (BPA) - TSE-TPP-2
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555 SW Oak Street, PD-OR-P7TD | Portland, OR 97204 | www.usbank.com

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Cc: Mike McClenahan <Mmcclenahan@gcpud.org>, Patti Dietmeyer <Pdietmeyer@gcpud.org>, "Schaeffer, Virginia K (BPA) - LG-7" <vkschaeffer@bpa.gov>, "Powell, Jessica L (CONTR) - FTT-2" <jlpowell@bpa.gov>, Rodney Noteboom <Rnotebo@gcpud.org>, Bonnie Overfield <Boverfi@gcpud.org>, Mitchell Delabarre <Mdelaba@gcpud.org>, "Rios, Matt (BPA) - TSE-TPP-2" <mrrios@bpa.gov>
Date: 01/20/2016 10:08 AM
Subject: RE: Final Draft of Escrow Agreement re Short Distance Dicscount matter

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Thanks again,

Cary

<[ATT00001.jpg](#)> Cary West, CPA
Grant County Public Utility District
Treasury Operations Manager | Deputy Treasurer
desk: (509) 793-1451 | fax: (509) 754-5012

From: Davis, Thomas E (BPA) - LT-7 [<mailto:tedavis@bpa.gov>]

Sent: Tuesday, January 19, 2016 4:09 PM

To: Cary West; 'linda.mcconkey@usbank.com'

Cc: Mike McClenahan; Patti Dietmeyer; Schaeffer, Virginia K (BPA) - LG-7; Powell, Jessica L (CONTR) - FTT-2; Rodney Noteboom; Bonnie Overfield; Mitchell Delabarre; Rios, Matt (BPA) - TSE-TPP-2

Subject: Final Draft of Escrow Agreement re Short Distance Dicscount matter

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Take care,

Tom Davis
Office of General Counsel
Bonneville Power Administration
P.O. Box 3621, LT-7
Portland, OR 97208-3621
Phone: (503) 230-3968
Cell: (b) (6)

Email: tedavis@bpa.gov

[attachment "image001.jpg" deleted by Linda A Mcconkey/OR/USB] [attachment "160119 Grant Escrow Agreement.docx" deleted by Linda A Mcconkey/OR/USB]

U.S. BANCORP made the following annotations

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<Grant Escrow Agreement 012016.docx>

From: [Manary,Michelle L \(BPA\) - TS-DITT-2](#)
To: [Fitzsimmons,David A \(BPA\) - TSE-TPP-2](#)
Cc: [Rios,Matt \(BPA\) - TSE-TPP-2](#)
Subject: FW: Short Distance Discount Counter Proposal
Date: Thursday, September 08, 2016 9:10:00 AM

My bad for not adding you Dave.

From: Stephen Fisher [mailto:Sfisher@gcpud.org]
Sent: Thursday, September 8, 2016 7:43 AM
To: Manary,Michelle L (BPA) - TS-DITT-2 <mlmanary@bpa.gov>
Cc: Davis,Thomas E (BPA) - LT-7 <tedavis@bpa.gov>; Rodney Noteboom <Rnotebo@gcpud.org>
Subject: RE: Short Distance Discount Counter Proposal

Michelle - Thanks for the speedy response. Rod Noteboom and I will discuss your proposal with District management and get back to you shortly.

SVF

From: Manary,Michelle L (BPA) - TS-DITT-2 <mlmanary@bpa.gov>
Sent: Tuesday, September 6, 2016 5:34 PM
To: Stephen Fisher
Cc: Davis,Thomas E (BPA) - LT-7; Rios,Matt (BPA) - TSE-TPP-2
Subject: Short Distance Discount Counter Proposal

Steve:

This email follows up our August 18th conference call regarding the short-distance discount matter. I appreciate your willingness to meet with me and discuss the basis for your written settlement offer, dated July 25, 2016.

I want to reiterate how sorry I am that this error occurred. I know it impacts your utility, and I assure you we have taken steps to ensure that this won't happen again.

I acknowledge that Grant did provide BPA notice of the error and offer to work with BPA to address it. Because I believe it appropriate to incent customers to proactively inform BPA of billing errors and mistakes instead of remaining silent, I am offering you a discount that I have not offered to other customers that received the SDD by mistake. Therefore, BPA is willing to reduce its original claim of \$2,290,251 by 15 percent. This would reduce BPA's claim by \$343,538 for a total amount owed of \$1,946,713. BPA believes this proposal represents a fair and reasonable settlement of the issue. You laid out some reasons to discount BPA's claim further that I am not in alignment with so instead I propose the 15% as a counter.

Please let me know if this offer is acceptable to you, and I will have a settlement agreement drafted. I look forward to further discussions on this issue when we meet this week.

Sincerely,

Michelle Manary

From: [Rodney Noteboom](#)
To: ["Rios,Matt \(BPA\) - TSE-TPP-2"](#)
Subject: RE: Short Distance Discount Counter Proposal
Date: Thursday, September 08, 2016 10:49:30 AM

Thanks Matt

Rod Noteboom
Grant County PUD
(509) 766-2523

From: Rios,Matt (BPA) - TSE-TPP-2 [mailto:mrrios@bpa.gov]
Sent: Wednesday, September 07, 2016 7:31 AM
To: Rodney Noteboom <Rnotebo@gcpud.org>
Subject: Fwd: Short Distance Discount Counter Proposal

FYI

Sent from my Verizon 4G LTE smartphone

----- Original message -----

From: "Manary,Michelle L (BPA) - TS-DITT-2" <mlmanary@bpa.gov>
Date: 9/6/16 5:34 PM (GMT-08:00)
To: "'Sfisher@gcpud.org'" <Sfisher@gcpud.org>
Cc: "Davis,Thomas E (BPA) - LT-7" <tedavis@bpa.gov>, "Rios,Matt (BPA) - TSE-TPP-2" <mrrios@bpa.gov>
Subject: Short Distance Discount Counter Proposal

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Sincerely,

Michelle Manary

From: [Hansen, Mary A \(BPA\) - KSBP-4](#)
To: [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Subject: RE: SDD Dispute Follow up
Date: Monday, September 19, 2016 9:25:20 AM

(b) (5)

From: Rios, Matt (BPA) - TSE-TPP-2
Sent: Monday, September 19, 2016 7:58 AM
To: Hansen, Mary A (BPA) - KSBP-4
Subject: FW: SDD Dispute Follow up

(b)

(5)

From: Fitzsimmons, David A (BPA) - TSE-TPP-2
Sent: Friday, September 16, 2016 4:36 PM
To: Davis, Thomas E (BPA) - LT-7; Rios, Matt (BPA) - TSE-TPP-2
Subject: RE: SDD Dispute Follow up

(b) (5)

From: Davis, Thomas E (BPA) - LT-7
Sent: Friday, September 16, 2016 8:28 AM
To: Rios, Matt (BPA) - TSE-TPP-2; Fitzsimmons, David A (BPA) - TSE-TPP-2
Subject: RE: SDD Dispute Follow up

(b) (5)

From: Rios, Matt (BPA) - TSE-TPP-2
Sent: Wednesday, September 14, 2016 9:54 AM
To: Fitzsimmons, David A (BPA) - TSE-TPP-2; Davis, Thomas E (BPA) - LT-7
Subject: RE: SDD Dispute Follow up

(b) (5)

[Redacted]

[Redacted]

[Redacted]

From: Hansen, Mary A (BPA) - KSBP-4
Sent: Wednesday, September 14, 2016 9:42 AM
To: Rios, Matt (BPA) - TSE-TPP-2
Subject: FW: SDD Dispute Follow up

(b) (5)

[Redacted]

[Redacted]

From: Green, Laura E (BPA) - KSBV-TPP-1
Sent: Tuesday, September 13, 2016 10:35 PM
To: Hansen, Mary A (BPA) - KSBP-4
Subject: RE: SDD Dispute Follow up

(b) (5)

[Redacted]

From: Hansen, Mary A (BPA) - KSBP-4
Sent: Tuesday, September 13, 2016 9:30 AM
To: Green, Laura E (BPA) - KSBV-TPP-1
Subject: RE: SDD Dispute Follow up

(b) (5)

[Redacted]

| [Redacted]

From: Green,Laura E (BPA) - KSBV-TPP-1
Sent: Tuesday, September 13, 2016 7:10 AM
To: Boen,Jason M (BPA) - KSBP-4; Hansen,Mary A (BPA) - KSBP-4
Subject: FW: SDD Dispute Follow up

(b) (5) [Redacted]

From: Green,Laura E (BPA) - KSBV-TPP-1
Sent: Monday, September 12, 2016 1:18 PM
To: Boen,Jason M (BPA) - KSBP-4; Hansen,Mary A (BPA) - KSB-6 (mahansen@bpa.gov); Nguyen,Peter T (BPA) - KSBV-4
Subject: RE: SDD Dispute Follow up

(b) (5) [Redacted]

From: O'Leary-Brattebo,Jane L (CONTR) - TSPP-TPP-2
Sent: Monday, September 12, 2016 12:36 PM
To: Powell,Jessica L (CONTR) - FTT-2; Green,Laura E (BPA) - KSBV-TPP-1; Speropulos,Harry N (BPA) - TSP-TPP-2
Subject: SDD Dispute Follow up

(b) (5) [Redacted]

- [Redacted]

- [Redacted]
 - [Redacted]

- [Redacted]
 - [Redacted]

- [Redacted]
 - [Redacted]

From: [Davis, Thomas E \(BPA\) - LT-7](#)
To: [Powell, Jessica L \(CONTR\) - FTT-2](#); [Shier, Robert P \(BPA\) - FRG-2](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#); [Green, Laura E \(BPA\) - KSBV-TPP-1](#)
Subject: ROUGH DRAFT Grant Settlement Agreement
Date: Wednesday, September 28, 2016 11:43:22 AM
Attachments: [160928 Grant Settlement Agreement.docx](#)
Importance: High

(b)
(5)

[Redacted]

[Redacted]

[Redacted]

From: [Boehle, Jennifer M \(BPA\) - TSES-TPP-2](#)
To: [Adams, Nicole A \(CONTR\) - TSES-TPP-2](#); [Boehle, Jennifer M \(BPA\) - TSES-TPP-2](#); [Caines, Sandra L \(CONTR\) - TSE-TPP-2](#); [Carter, Eric H \(BPA\) - TSE-TPP-2](#); [Chargualaf, Diana M \(CONTR\) - TSES-TPP-2](#); [DeClerck, Angela \(BPA\) - TSE-TPP-2](#); [Fitzsimmons, David A \(BPA\) - TSE-TPP-2](#); [Gibson, Margaret A \(CONTR\) - TSES-TPP-2](#); [Gibson, Paula L \(BPA\) - TSES-TPP-2](#); [Gilliland, Kimberly D \(BPA\) - TSE-TPP-2](#); [Green, Mindy M \(CONTR\) - TSE-TPP-2](#); [Hardin, Craig A \(BPA\) - TSE-TPP-2](#); [Harris, Adelle L \(BPA\) - TSES-TPP-2](#); [Hockett, Stan M \(BPA\) - TSES-TPP-2](#); [Holst, Michele R \(CONTR\) - TSES-TPP-2](#); [Jackson, Melanie M \(BPA\) - TSE-TPP-2](#); [Johnson, G Douglas \(BPA\) - TSE-TPP-2](#); [Linn, Young S \(BPA\) - TSE-TPP-2](#); [Martinez, Geneva C \(CONTR\) - TSES-TPP-2](#); [McDaniel, Mary J \(BPA\) - TSES-TPP-2](#); [Miller, Jennifer R \(BPA\) - TSES-TPP-2](#); [Mussen, Tobin T \(BPA\) - TSES-TPP-2](#); [Normington, Dylan M \(BPA\) - TSES-TPP-2](#); [Poyner, Tami J \(BPA\) - TSES-TPP-2](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#); [Robertson, Angela D \(BPA\) - TSES-TPP-2](#); [Simons, Aaron \(BPA\) - TSES-TPP-2](#); [Stuwe, Karen Y \(BPA\) - TSES-TPP-2](#); [Sweeney, Charles R \(BPA\) - TSE-TPP-2](#); [Taylor, Eric K \(BPA\) - TSE-TPP-2](#); [Van Cleave, Tonya M \(BPA\) - TSES-TPP-2](#)
Subject: FW: Ancillary Services Sep 21, 2016
Date: Thursday, October 06, 2016 12:04:07 PM
Attachments: [ANCILLARY SERICES MEETING SEPTEMBER 21.docx](#)

FYI...

Jen

From: Speropulos, Harry N (BPA) - TSP-TPP-2
Sent: Thursday, October 06, 2016 10:51 AM
To: Gilman, David L (CONTR) - TSPQ-TPP-2; Chen, Danny L (BPA) - TSPQ-TPP-2; Messinger, Ron E (BPA) - TPP-OPP-3; Stewart, Scott M (BPA) - KSBV-TPP-1; Stone, Richard L (BPA) - TSRS-DITT-1; Fredrickson, Rebecca E (BPA) - TSPQ-TPP-2; Arison, Sarah K (BPA) - TSP-TPP-2; Schulze, Valerie L (BPA) - KSM-4; Gilbert, Christopher J (CONTR) - TSPP-TPP-2; Rueda, Kevin F (BPA) - TSRF-DITT-1; Kirsch, David J (BPA) - TOOC-DITT-2; Lawrentz, Bonnie (BPA) - KSBV-TPP-1; Nunn, Trent E (BPA) - KSM-4; Contreras, Araceli C (BPA) - TSPQ-TPP-2; Coatney, Tom (BPA) - TSPQ-TPP-2; Bergstrom, Laura (BPA) - TSRF-DITT-1; Idowu, Ayodele O (BPA) - TOSD-DITT-2; Boehle, Jennifer M (BPA) - TSES-TPP-2; O'Leary-Brattebo, Jane L (CONTR) - TSPP-TPP-2; Meyer, Misty N (BPA) - KSBV-TPP-1
Cc: Sackett, Rian R (BPA) - TOOC-DITT-2
Subject: Ancillary Services Sep 21, 2016

Here's a brief summary of the topics discussed on Sep 21th.

See attachment for details.

Harry

ANCILLARY SERVICES MEETING SEPTEMBER 21, 2016

(b) (5)

[REDACTED]

[REDACTED]

[REDACTED]

(b) (5) [Redacted text block]

Grant CO PUD: The PUD was disputed the amount of almost \$2.3 million, related to the recovery of Short Distance Discount charges. BPA made an offer to which Grant had accepted, where BPA would provide the PUD with a 15% discount of the total charges. The remaining amount of almost \$2 million, would settle this dispute.

5. (b) (5) [Redacted text block]

[Redacted text block]

[Redacted text block]

(b) (5) [Redacted text block]

[Redacted text block]

From: [Davis, Thomas E \(BPA\) - LT-7](#)
To: [Rios, Matt \(BPA\) - TSE-TPP-2](#); [Fitzsimmons, David A \(BPA\) - TSE-TPP-2](#)
Subject: FW: DRAFT SDD Settlement Agreement
Date: Wednesday, October 12, 2016 8:55:06 AM
Attachments: [161005 Grant Settlement Agreement.docx](#)

Forgot to include you on this email last week.

Tom

From: Davis, Thomas E (BPA) - LT-7
Sent: Wednesday, October 05, 2016 1:02 PM
To: 'Sfisher@gcpud.org'
Cc: Manary, Michelle L (BPA) - TS-DITT-2; Kutil, Sarah M (BPA) - LT-7
Subject: DRAFT SDD Settlement Agreement

CONFIDENTIAL SETTLEMENT COMMUNICATION

Steve:

Attached, please find a draft of a settlement agreement between Bonneville and Grant regarding the SDD issue. It incorporates the 15% discount that you and Michelle Manary have agreed to in principle. It provides that Bonneville and Grant will provide a "Joint Written Direction" to U.S. Bank, as the escrow agent, releasing 85% of the funds held in escrow to Bonneville and the remainder (including interest) to Grant.

I'm not sure who your legal counsel is on this issue so please forward this on to him or her. Once I know who your legal counsel is, I will follow up and work with them directly.

If possible, I would like to wrap this up by the end of October if that works within Grant's process and schedule.

Sincerely,

Tom Davis
BPA Office of General Counsel
503-230-3968 (Office)
(b) (6) (Mobile)

SHORT DISTANCE DISCOUNT SETTLEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON

This SHORT DISTANCE DISCOUNT SETTLEMENT (Agreement) is made and entered into between the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville) and the PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON (Customer), hereinafter individually referred to as "Party" and collectively as "Parties."

RECITALS

- A. Bonneville and Customer executed a Point-to-Point Transmission Service Agreement, Contract No. 01TX-10679 (Service Agreement), whereby Customer may reserve and schedule Point-to-Point transmission service on Bonneville's transmission system;
- B. Under Bonneville's Point-to-Point rate schedule, Bonneville provides a Short-Distance Discount (SDD) to Point-to-Point customers when the points of receipt and delivery of their long-term firm reservations are less than 75 circuit miles as designated in the Service Agreement;
- C. Under Bonneville's Point-to-Point rate schedule and Redirect Business Practice, the SDD should not apply to a customer's monthly bill if the customer redirected all or a portion of a reservation during that month;
- D. Customer redirected all or a portion of its reservations under the Service Agreement between February 2010 and June 2015;
- E. Bonneville applied the SDD to Customer's transmission bill for certain months between February 2010 and June 2015;
- F. On November 6, 2015, Bonneville issued a transmission bill to Customer seeking recovery of \$2,290,251.00 related to the SDD provided between February 2010 and June 2015;

- G. On December 22, 2015, Customer informed Bonneville by written letter that it was disputing Bonneville's recovery of the SDD;
- H. On February 23, 2016, Bonneville, Customer and U.S. Bank entered into an Escrow Agreement (Escrow Agreement) whereby Customer deposited the full amount of the disputed funds (\$2,290,251.00) with U.S. Bank, as the Escrow Agent; and
- I. Bonneville and Customer have been in negotiations and wish to settle the dispute.

NOW, THEREFORE, the Parties agree:

1. DEFINITIONS

When used in this Agreement, the following terms have the meaning shown below:

- (a) "Claim" means the amount of funds, as determined by Bonneville, owed to Bonneville by Customer.
- (b) "Escrow Agent" means U.S. Bank pursuant to the Escrow Agreement, dated February 23, 2016.
- (c) "Joint Written Direction" means a written instruction from both Bonneville and Customer to the Escrow Agent regarding the disposition of disputed funds held by the Escrow Agent pursuant to the Escrow Agreement.
- (c) "Settlement Amount" means the amount for which the Parties agreed to settle Bonneville's Claim.

2. EFFECTIVE DATE

This Agreement will become effective upon execution by both Parties.

3. SETTLEMENT & RELEASE

Pursuant to section 4 below, Customer shall pay Bonneville \$1,946,713.00 (Settlement Amount). Each Party releases the other Party from any and all claims, known or unknown, related to Bonneville's application of SDDs to Customer's transmission bills between February 2010 and June 2015.

This Agreement represents a settlement between the Parties and does not constitute any Party's admission or concession with respect to the merits of any issues or claims of the other Party. By entering into this Agreement, no Party shall be deemed to have approved, admitted, or consented to any fact, principle, method, or theory employed by the other Party in arriving at the terms of this Agreement. Accordingly, the Parties will not submit as evidence, in any proceeding, the conduct, statements, and documents disclosed in the negotiation of this Agreement. Further, this Agreement does not establish a precedent for any other past, present, or future action of either Party.

4. JOINT WRITTEN DIRECTION TO ESCROW AGENT

Within 30 business days after execution of this Agreement, the Parties will issue a Joint Written Direction to Escrow Agent instructing the Escrow Agent to release \$1,946,713.00 to Bonneville and the remaining amount of funds (including any interest earned) to Customer.

5. AMENDMENTS

No amendment of this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

6. ASSIGNMENT

This Agreement is binding on any successors and assigns of the Parties. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld.

7. ENTIRE AGREEMENT

This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

8. NO THIRD PARTY BENEFICIARIES

This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement.

9. GOVERNING LAW

This Agreement shall be interpreted, construed, and enforced consistent with and governed by Federal law.

10. WAIVERS

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.

11. SIGNATURES

The Parties have caused this Agreement to be executed as of the date both Parties have signed this Agreement.

PUBLIC UTILITY DISTRICT NO. 2
OF GRANT COUNTY, WASHINGTON

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: _____
(Print/Type)

Name: _____
(Print/Type)

Title: _____

Title: _____

Date: _____

Date: _____

DRAFT

From: [Van Cleave, Tonya M \(BPA\) - TSES-TPP-2](#)
To: [Davis, Thomas E \(BPA\) - LT-7](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Cc: [Holst, Michele R \(CONTR\) - TSES-TPP-2](#)
Subject: URGENT: Agreement 17TX-16430_Grant (SDD Settlement)
Date: Wednesday, October 19, 2016 1:33:38 PM
Attachments: [16430 Ltr.docx](#)
[16430.docx](#)
Importance: High

(b) (5) [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: Davis, Thomas E (BPA) - LT-7
Sent: Monday, October 17, 2016 9:49 AM
To: Van Cleave, Tonya M (BPA) - TSES-TPP-2; Adams, Nicole A (CONTR) - TSES-TPP-2
Cc: Rios, Matt (BPA) - TSE-TPP-2
Subject: URGENT Grant SDD Settlement and Cover Letter
Importance: High

(b) (5) [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

(b) (5)

[Redacted]

[Redacted]

[Redacted]

From: CCM_Support@BPASite1.bpa.gov
To: mrrios@bpa.gov
Subject: Assigned Review and Approve for contract: 17TX-16430 (In Review)
Date: Monday, October 24, 2016 12:12:56 PM

Do not reply to this message. If you have questions about this message please contact the Originator or Owner listed below.

You have been assigned to review the following contract:

17TX-16430 (In Review)
Contract Number: **17TX-16430**
Customer Name: **Public Utility District No. 2 of Grant County, Washington**
Summary: **SHORT DISTANCE DISCOUNT SETTLEMENT AGREEMENT**
Review Step: **AE**
Review Item(s):

System Number	Identifier	Revision	Exhibit Table #	AREF(s)	Summary
44658	17TX-16430 (In Review)				SHORT DISTANCE DISCOUNT SETTLEMENT AGREEMENT
94748	Cover Letter				AGREEMENT SENT FOR CUSTOMER SIGNATURE (SHORT DISTANCE DISCOUNT SETTLEMENT)

Instructions: **Please provide an expedited review of this Short Distance Discount Settlement Agreement. Thanks!**
Due on: **Tuesday, October 25, 2016**

Please click on the link below to complete the review:
[Click Here](#)

Originator and Owner Information:
Name: **Van Cleave, Tonya M**
Email: tmvanceleave@bpa.gov
Phone # **360-619-6050**

From: [Davis,Thomas E \(BPA\) - LT-7](#)
To: [Van Cleave,Tonya M \(BPA\) - TSES-TPP-2](#); [Hannigan IV,Benjamin R \(BPA\) - A-7](#)
Cc: [Bowers,Rebecca S \(BPA\) - A-7](#); [Rios,Matt \(BPA\) - TSE-TPP-2](#)
Subject: RE: FOR SIGNATURE: Agreement No. 17TX-16430_Grant (SDD Settlement)
Date: Tuesday, October 25, 2016 2:07:05 PM

Thank you for the quick turnaround on this! Much appreciated!

From: Van Cleave,Tonya M (BPA) - TSES-TPP-2
Sent: Tuesday, October 25, 2016 12:53 PM
To: Hannigan IV,Benjamin R (BPA) - A-7
Cc: Bowers,Rebecca S (BPA) - A-7; Rios,Matt (BPA) - TSE-TPP-2; Davis,Thomas E (BPA) - LT-7
Subject: FOR SIGNATURE: Agreement No. 17TX-16430_Grant (SDD Settlement)

Ben, please prep this Short Distance Discount Settlement Agreement package for John Hairston's signature.

- Print out 1 copy of the Cover Letter (single sided)
- Print out 2 copies of the Settlement Agreement (single sided) – to be signed on Page 4 of both copies
- Date stamp on the top of the Cover Letter (in the blank space above the “in reply refer to” section)
- Once signed, inter-office back to me for processing

Please call me at the number below if you have any Q's.

Thanks!

Tonya M. Van Cleave
Account Specialist, TSES
BONNEVILLE POWER ADMINISTRATION
tmvanleave@bpa.gov | P 360-619-6050
Please consider the environment before printing this email.

From: [Van Cleave, Tonya M \(BPA\) - TSES-TPP-2](#)
To: [Davis, Thomas E \(BPA\) - LT-7](#); [Hannigan IV, Benjamin R \(BPA\) - A-7](#)
Cc: [Bowers, Rebecca S \(BPA\) - A-7](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Subject: RE: FOR SIGNATURE: Agreement No. 17TX-16430_Grant (SDD Settlement)
Date: Wednesday, October 26, 2016 9:40:21 AM

Yes, as soon as I receive it, it'll go out!!! 😊

Nice work team!

Tonya M. Van Cleave
Account Specialist, TSES
BONNEVILLE POWER ADMINISTRATION
tmvanceleave@bpa.gov | P 360-619-6050
Please consider the environment before printing this email.

From: Davis, Thomas E (BPA) - LT-7
Sent: Wednesday, October 26, 2016 9:31 AM
To: Hannigan IV, Benjamin R (BPA) - A-7; Van Cleave, Tonya M (BPA) - TSES-TPP-2
Cc: Bowers, Rebecca S (BPA) - A-7; Rios, Matt (BPA) - TSE-TPP-2
Subject: RE: FOR SIGNATURE: Agreement No. 17TX-16430_Grant (SDD Settlement)

Thanks Ben and Rebecca for the quick turnaround. Sounds like this should go out today or tomorrow to Grant correct?

Excellent work!

Take care,

Tom

From: Hannigan IV, Benjamin R (BPA) - A-7
Sent: Wednesday, October 26, 2016 9:13 AM
To: Van Cleave, Tonya M (BPA) - TSES-TPP-2
Cc: Bowers, Rebecca S (BPA) - A-7; Rios, Matt (BPA) - TSE-TPP-2; Davis, Thomas E (BPA) - LT-7
Subject: RE: FOR SIGNATURE: Agreement No. 17TX-16430_Grant (SDD Settlement)

I put it in the interoffice mail. It may not have made the morning run so you will have it this afternoon.

Ben

From: Van Cleave, Tonya M (BPA) - TSES-TPP-2
Sent: Tuesday, October 25, 2016 12:53 PM
To: Hannigan IV, Benjamin R (BPA) - A-7 <brhannigan@bpa.gov>
Cc: Bowers, Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Rios, Matt (BPA) - TSE-TPP-2 <mrrios@bpa.gov>; Davis, Thomas E (BPA) - LT-7 <tedavis@bpa.gov>
Subject: FOR SIGNATURE: Agreement No. 17TX-16430_Grant (SDD Settlement)

Ben, please prep this Short Distance Discount Settlement Agreement package for John Hairston's signature.

- Print out 1 copy of the Cover Letter (single sided)
- Print out 2 copies of the Settlement Agreement (single sided) – to be signed on Page 4 of both copies
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- Once signed, inter-office back to me for processing

Please call me at the number below if you have any Q's.

Thanks!

Tonya M. Van Cleave

Account Specialist, TSES

BONNEVILLE POWER ADMINISTRATION

tmvancleave@bpa.gov | P 360-619-6050

Please consider the environment before printing this email.



Department of Energy

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

EXECUTIVE OFFICE

In reply refer to: TSE/TPP-2

Mr. Rod Noteboom, Manager of Transmission Services
Public Utility District No. 2 of Grant County, Washington
30 C Street SW
Ephrata, WA 98823

Dear Mr. Noteboom:

Enclosed for signature are two originals of the Short Distance Discount Settlement, Contract No. 17TX-16430 (Agreement).

Please sign both originals of the Agreement, retain one executed original for your files and return the other executed original to one of the following addresses listed below.

First Class Mail

Bonneville Power Administration
ATTN: Matt Rios - TSE/TPP-2
P.O. Box 61409
Vancouver, WA 98666-1409

Overnight Delivery Service

Bonneville Power Administration
ATTN: Matt Rios - TSE/TPP-2
905 NE 11th Avenue
Portland, OR 97232

If you have any questions regarding this letter, please contact Matt Rios, Transmission Account Executive, at (360) 619-6002.

Sincerely,

John L. Hairston
Acting Chief Operating Officer

2 Enclosures

bcc:

J. Fernandez – F-2

R. Shier – FRG-2

J. Hairston – K-7

J. Boen – KSBP-4

T. Davis – LT-7

M. Manary – TS/DITT-2

M. Rios – TSE/TPP-2

M. Holst – TSES/TPP-2

T. Van Cleave – TSES/TPP-2

CCM_Support

Official File – CCM (Public Utility District No. 2 of Grant County, Washington, 17TX-16430)

SHORT DISTANCE DISCOUNT SETTLEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON

This SHORT DISTANCE DISCOUNT SETTLEMENT (Agreement) is made and entered into between the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA) and the PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON (Customer), hereinafter individually referred to as “Party” and collectively as “Parties.”

RECITALS

WHEREAS, BPA and Customer executed a Point-to-Point Transmission Service Agreement, Contract No. 01TX-10679 (Service Agreement), whereby Customer may reserve and schedule Point-to-Point transmission service on BPA’s transmission system;

WHEREAS, pursuant to BPA’s Point-to-Point Rate Schedule, BPA provides a Short-Distance Discount (SDD) to Point-to-Point customers when the points of receipt and delivery of their long-term firm reservations are less than 75 circuit miles as designated in the Service Agreement;

WHEREAS, pursuant to BPA’s Point-to-Point Rate Schedule and Redirect Business Practice, the SDD should not apply to a customer’s monthly bill if the customer redirected all or a portion of a reservation during that month;

WHEREAS, Customer redirected all or a portion of its reservations under the Service Agreement between February 2010 and June 2015;

WHEREAS, BPA applied the SDD to Customer’s transmission bill for certain months between February 2010 and June 2015;

WHEREAS, on November 6, 2015, BPA issued a transmission bill to Customer seeking recovery of \$2,290,251.00 related to the non-eligible SDD provided between February 2010 and June 2015;

WHEREAS, on December 22, 2015, Customer informed BPA by written letter that it was disputing BPA's recovery of the SDD;

WHEREAS, on February 23, 2016, BPA, Customer and U.S. Bank entered into an Escrow Agreement (Escrow Agreement) whereby Customer deposited the full amount of the disputed funds (\$2,290,251.00) with U.S. Bank, as the Escrow Agent; and

WHEREAS, BPA and Customer have been in negotiations and wish to settle the dispute.

NOW, THEREFORE, and in consideration of the mutual promises, terms and conditions stated herein, the Parties hereby agree as follows:

1. DEFINITIONS

When used in this Agreement, the following terms have the meaning shown below:

- (a) "Claim" means the amount of funds, as determined by BPA, owed to BPA by Customer.
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Pursuant to Section 4 below, Customer shall pay BPA \$1,946,713.00 (Settlement Amount). Each Party releases the other Party from any and all claims, known or unknown, related to BPA's application of SDDs to Customer's transmission bills between February 2010 and June 2015.

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4. JOINT WRITTEN DIRECTION TO ESCROW AGENT

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PUBLIC UTILITY DISTRICT NO. 2
OF GRANT COUNTY, WASHINGTON

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: _____
(Print/Type)

Name: _____
(Print/Type)

Title: _____

Title: _____

Date: _____

Date: _____

From: [Davis, Thomas E \(BPA\) - LT-7](#)
To: [Kutil, Sarah M \(BPA\) - LT-7](#); [Chong, Tim, Marcus H \(BPA\) - LT-7](#); [Jensen, Mary K \(BPA\) - L-7](#); [Hairston, John L \(BPA\) - K-7](#); [Fitzsimmons, David A \(BPA\) - TSE-TPP-2](#); [Rios, Matt \(BPA\) - TSE-TPP-2](#)
Cc: [Smith, Jessica L \(CONTR\) - FTT-2](#); [Shier, Robert P \(BPA\) - FRG-2](#); [Bleiler, Damen C \(BPA\) - FTT-2](#); [Schaeffer, Virginia K \(BPA\) - LG-7](#); [Sigurdson, Ryan M \(BPA\) - LT-7](#)
Date: Monday, November 07, 2016 8:55:57 AM
Attachments: [17TX-16430_CT_Image.pdf](#)

The settlement with Grant is fully executed. Thanks to all who worked on this.

For those in Finance/Treasury, I assume you are working with Grant and U.S. Bank to execute the joint written direction to release the funds out of escrow. Please send me an email once that process is complete.

Again, thank you!

Tom

Contract No. 17TX-16430

SHORT DISTANCE DISCOUNT SETTLEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

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PUBLIC UTILITY DISTRICT NO. 2
OF GRANT COUNTY, WASHINGTON

UNITED STATES OF AMERICA
Department of Energy



By:

Name: Stephen V. Fisher
(Print/Type)
Title: Director of Power Mgmt.
Date: October 28, 2016

Name: John L. Hairston
(Print/Type)
Title: Chief Operating Officer, Acting
Date: 10/26/2016