



HEBER LIGHT & POWER COMPANY

31 S 100 W
Heber City, UT 84032

BOARD MEETING NOTICE & AGENDA

Title:	Board of Directors Regular Meeting
Location:	<u>Heber City Council Chambers, 75 North Main, Heber City, UT 84032</u>
Date:	Wednesday, January 24, 2018
Time:	4:00 pm

Board Members	
1	Heber City Mayor Kelleen Potter
2	Midway City Mayor Celeste Johnson
3	Charleston Town Mayor Brenda Kozlowski
4	Wasatch County Council Representative Kendall Crittenden
5	Heber City Council Representative Jeff Smith
6	Heber City Council Representative Wayne Hardman

Agenda Items	
1	HLP/RMP Transmission Line Update (Jason Norlen)
2	Approval of: <ul style="list-style-type: none"> a. December 13, 2017 Board Meeting Minutes b. December 2017 Financial Statements c. December 2017 Warrants
3	Approval of 2018 Board meeting monthly schedule (Chairperson Potter)
4	Identification of each Directors' designated interim emergency successor (Chairperson Potter)
5	Discussion of Board orientation process and/or orientation meetings (Jason Norlen)
6	Discussion and approval of Board Committees (Audit Committee, HR Committee, and Facilities/Capital Improvement Committee) and Board Committee assignments (Chairperson Potter)
7	Accounting of street light write-offs for 2017 (Bart Miller)
8	Approval of 2017 4th Quarter Distributions to Members – <i>Resolution 2018-01 Providing for Distributions to Members from Distributable Income</i> (Bart Miller)
9	Discussion of Carbon Free Power Project (Jason Norlen)
10	Discussion and acceptance of franchise granted by Interlaken Town (Adam Long)
11	Discussion/decision to include smart thermostat in Company's rebate program (Jason Norlen)
12	Approval of <i>Resolution 2018-02 Authorizing General Manager to Execute and Deliver Contract Between the Company and WAPA for Firm Electric Power</i> (Jason Norlen)
13	Approval for change in Company's mobile carrier from Verizon to AT&T (Jake Parcell)
14	General Manager's Report <ul style="list-style-type: none"> UAMPS Report Impact Fee Discussion
15	Staff Reports (as needed)
	NOTE: The Board reserves the right to move into Closed Session on any of the above items.



MARK YOUR CALENDARS FOR UPCOMING 2018 EVENTS!

LEGISLATIVE RECEPTION

February 20, 2018
Utah State Capital

MUNICIPAL TOOLKIT WORKSHOP

April 25, 2018
St. George, Utah

(Held in conjunction with the ULCT Mid-Year Conference)

ANNUAL MEMBER CONFERENCE

August 12-15, 2018
Riverwoods Conference Center
Logan, Utah

MUNICIPAL TOOLKIT WORKSHOP

September 11, 2018
Salt Lake City, Utah

(Held in conjunction with the ULCT Annual Convention)

ANNUAL MEETING

December 19, 2018
Marriott Salt Lake City Center
Salt Lake City, Utah

FORMAL INVITATIONS WILL BE SENT PRIOR TO EACH EVENT

Contact Jackie Coombs with any questions at
jackie@uamps.com or 801-214-6402



EVENT INFO	PROGRAM	REGISTRATION	HOTEL	FAQS
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More information

Registration Information:

Phone: 202-467-2941; Fax: 202-495-7505; Email: Registration@PublicPower.org

Hotel Information:

Phone: 202-467-2941; Fax: 202-495-7505; Email: Meetings@PublicPower.org

Program/Content Information:

Phone: 202-467-2919; Email: EducationInfo@PublicPower.org



Heber Light & Power

31 South 100 West
Heber City, Utah 84032
December 13, 2017

Regular Board Meeting 4:00 p.m.

The Board of Directors of Heber Light & Power met on December 13, 2017, in the Heber Light & Power Business Office at 31 South 100 West, Heber City, Utah.

Board Member Attendance: Board Chair - Alan McDonald: Present
Director - Colleen Bonner: Present
Director - Bob Kowallis: Present
Director - Jeff Bradshaw: Present (entered at 4:35)
Director - Jeff Smith: Absent
Director - Kendall Crittenden: Present

Others Present: Jason Norlen, Jake Parcell, Bart Miller, Harold Wilson, Emily Brandt, Karly Schindler, Joe Dunbeck, Adam Long, Rob Tuft, Bengt Jonsson, Celeste Johnson, Brenda Kozlowski, Ginny Tuite, Willie Holdman

Chairman McDonald welcomed those in attendance.

Consent Agenda: Items for Approval – November 15, 2017 Board Meeting Minutes, November 2017 Financial Statements, and November 2017 Warrants.    Chairman McDonald asked for any changes or modifications to the consent agenda items. No changes were suggested.

Motion: Director Kowallis moved to approve the consent agenda as presented. Director Bonner seconded the motion. The motion carried with the following vote:

Board Chair - Alan McDonald: Approve
Director - Colleen Bonner: Approve
Director - Bob Kowallis: Approve
Director - Jeff Bradshaw: Absent
Director - Jeff Smith: Absent
Director - Kendall Crittenden: Approve

Review and approval of facilities study for second point of delivery and approval for General Manager to sign draft construction agreement with RMP for second point of delivery substation pending FERC approval. Jason Norlen asked to combine items two and three on the agenda. Jason then briefly gave some background on the request for transmission line. He stated that in

around 2011 the Company sent a letter requesting a point of delivery from Rocky Mountain Power's (RMP) north transmission feed. Over the course of time, the Company has been working with RMP on how to get the point of delivery. Jason explained that with the construction agreement for the transmission line, RMP will have capacity to give us a second point of delivery that would feed from the north and the south and that the proposed point of delivery would be built at the operations plant. He stated that last week the facilities study with RMP was finalized and it gives us what we need for the point of delivery. The cost exposure for the Company's portion of the interconnect is \$660,000 and PacifiCorp's will be about \$3.8 million. Jason showed the transmission area map and pointed out that the motivation for this project is load growth, but also mentioned that we gain reliability with two points of transmission. Jason went on to explain the increased capacity on the internal system. Jason explained that staff, UAMPS, and the Company's engineer have all reviewed the facilities study and the next step is the resolution approving the facilities study. Chairman McDonald asked if the Board members had any questions. Bob Kowallis thought it was very well thought out. Jason reviewed the history of the request for a second point of interconnect. Jason explained that since RMP has the monopoly on transmission, this transmission tap is necessary for this power project and any future ones. Joe explained that the resolution is for approval of the facilities study with dollar amounts indicated. He stated that PacifiCorp has provided us with their standard construction agreement and explained that UAMPS will sign it and we will enter into an agreement with UAMPS to reimburse UAMPS for its costs. Jason mentioned that since this is a point of interconnect with the western grid, FERC will have to sign off on it.

Ginny Tuite and Willie Hardman questioned the Board and staff regarding alternative routes, cost estimates and current construction. Jason explained that the agenda item being discussed is regarding just the substation. Bart Miller explained that the facilities study needs a reference point to show where the substation will be interconnected to the grid in order to receive FERC approval. Staff and the public continued to discuss the construction of the line and the substation. [Jeff Bradshaw entered the meeting.] Bengt Jonsson stated that he provided Jason with a packet containing a petition from citizens opposed to high power transmission lines and pointed out the growing public opposition. Chairman McDonald stated that he appreciated the input and that it could be an agenda item for the next Board to review.

Motion. Director Crittenden moved to approve Resolution 2017-11 Approving PacifiCorp Load Service Request-Facilities Study Report for the Company's Second Point of Interconnection. Director Kowallis seconded the motion. The motion carried with the following vote:

Board Chair - Alan McDonald: Approve
Director - Colleen Bonner: Approve
Director - Bob Kowallis: Approve
Director - Jeff Bradshaw: Approve
Director - Jeff Smith: Absent
Director - Kendall Crittenden: Approve

Review of transmission line project timeline. Jason Norlen reviewed the transmission line timeline from Jordanelle to Midway including the hearing dates with Wasatch County Planning and Heber City Board of Adjustment, necessary easements, FERC Agreement, design, materials, substation upgrades, Ray Farrell upgrades, north line tap, and Midway tap. He stated that completion is planned for year-end 2019 and that it is a very tight timeline. He explained how it would be completed in segments and how the load would be moved to be able to deenergize sections under construction. He also explained that they are targeting the shoulder months to take advantage of lighter loads. He stated that there are a lot of moving pieces, but that we have good people working on it. Jason explained that if approvals take longer, it pushes the whole timeline. Bart Miller emphasized that the project is growth driven.

Opening of sealed bids for surplus sale items. Robt Tuft provided the Board with the bids for the sale of the surplus items. The Board members opened and tallied the bids. The winning bidders will be notified and have ten days to pay and pick up items.

General Manager's Report:

UAMPS Report. Jason reminded the Board that the UAMPS annual meeting is next week and provided the invitations if anyone would like to attend. He also reported that Emily Brandt was named employee of the year by the entire UAMPS group. Jason reported on the IPA annual meeting. He stated that the dairy lawsuit has been settled and that IPA has done the engineering studies on bringing the gas line to the plant. Jason explained that the plant is getting repowered to gas in the 2025 timeframe, and that the operating agent determined that they will go out to bid on the gas line. He also stated that representatives from Logan, Bountiful and Ephraim were elected to the Board of directors.

HLP/RMP Transmission Line Project: This topic was covered earlier on the agenda.

Staff Reports. Harold Wilson reported that his crews are still as busy now as they were in the summer. Joe Dunbeck mentioned that this was the last Board meeting for several of the members and thanked them for their service. Bart Miller echoed Joe comments and stated that he appreciated the members of the Board taking their fiduciary duty seriously. Bart briefly commented on the upcoming audit by Squire and that the final report might be available by the end of March. Board and staff discussed the benefit of having an advisory committee. Bob Kowallis stated that it was an honor to be a part of the Board and he will miss it. Director Bonner stated that it has been education. Director Crittenden mentioned that an advisory board of professional people would be helpful to assist the Board. Jason also thanked the Board. [Director Bonner exited the meeting]

Director Crittenden asked Jason to explain for the public the engineering and alternative methods looked at for the transmission line. Jason explained that engineering has been done on the sections that are built or under construction. For the section that is the subject of the conditional use permit, only minimal engineering has been done. As far as routing, Jason explained that there were reliability issues on north Highway 40 and a taller line was needed to get the conductors spread farther apart. Jason explained the Company's relationship with RMP as a transmission provider and that RMP is a power provider for areas of Wasatch County. Jason

explained that we have been in discussion with RMP for years about a second point of interconnect. The Board, staff, and members of the public engaged in discussion of the necessity of the transmission line including construction and location options.

6:00 pm Public Hearing on Proposed 2018 Capital and Operating Budgets

Bart Miller gave a presentation on the proposed 2018 Budget. He stated that the key items to approve every year are rates/fees, operating budget, and capital budget. In addition to discussing these items is the requirement to disclose the compensation paid to the Board. Bart explained the billing fees, impact fees, line extension fees, meter related fees, device fees, residential rates, general service rates and renewable energy rate. Bart reviewed the budgeted revenues for 2018. Power sales are projected at \$18.7 million plus other miscellaneous revenues for a total of around \$19.3 million. Bart explained that the budgeted expenses are based on two items: (1) the cost of producing power and selling the product, and (2) the cost of running the company. Most of the utility accounting financial statements are broken into power production and general administrative. Bart explained the expenses relating to power production and power purchases, operation and maintenance, administration and general expenses. Administration includes training and travel, administrative salaries, mailing billing statements, credit card processing fees, professional services, employee pension/benefits, trucks, IT maintenance. The total cost of electric service is \$19.3 million which is about a \$12,000 deficit; however, Bart explained that that is prior to interest income and cost in aid to construction which gives an operating margin of \$1,283,000. Bart also reviewed the capital projects included in capital expenditures including preliminary costs of a new office building, fire suppression system for Plant 2, two line trucks and three service trucks that need to be replaced, and capital tools including a drone to view and manage lines. Bart reviewed the Board compensation which will need to be approved by the individual councils. Chairman McDonald asked if the Board members had any comments or questions. Kowallis stated that the budget had been reviewed carefully in the audit committee meeting.

Chairman McDonald opened the meeting for public comment on the 2018 Capital and Operating Budgets. No comments were made.

Motion. Director Kowallis moved to approve the 2018 Fees/Rates, Capital and Operating Budgets, including Board compensation. Director Bradshaw seconded the motion. Bart stated that the approved version will be updated to reflect the negatives on any expenditure items to keep the format correct. The motion carried with the following vote:

Board Chair - Alan McDonald: Approve
Director - Colleen Bonner: Absent
Director - Bob Kowallis: Approve
Director - Jeff Bradshaw: Approve
Director - Jeff Smith: Absent
Director - Kendall Crittenden: Approve

With no further business to discuss, the Chair called for a motion to adjourn the meeting.

Motion: Director Crittenden moved to adjourn the meeting. Director Bradshaw seconded the motion. The motion carried with the following vote:

Board Chair - Alan McDonald: Approve
Director - Colleen Bonner: Absent
Director - Bob Kowallis: Approve
Director - Jeff Bradshaw: Approve
Director - Jeff Smith: Absent
Director - Kendall Crittenden: Approve

Meeting adjourned.

Karly Schindler
Board Secretary

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General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR DEC 2017

	Last Year	This Year	Variance
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	56,710,960.12	59,045,972.98	2,335,012.86
2. Construction Work in Progress	1,269,242.77	2,631,754.35	1,362,511.58
3. Total Utility Plant (1 + 2)	57,980,202.89	61,677,727.33	3,697,524.44
4. Accum. Provision for Depreciation and Amort.	26,265,110.83	26,148,537.36	-116,573.47
5. Net Utility Plant (3 - 4)	31,715,092.06	35,529,189.97	3,814,097.91
6. Non-Utility Property (Net)	0.00	0.00	0.00
7. Invest. in Subsidiary Companies	0.00	0.00	0.00
8. Invest. in Assoc. Org. - Patronage Capital	0.00	0.00	0.00
9. Invest. in Assoc. Org. - Other - General Funds	0.00	0.00	0.00
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	0.00	0.00
11. Invest. in Economic Development Projects	0.00	0.00	0.00
12. Other Investments	0.00	0.00	0.00
13. Special Funds	0.00	0.00	0.00
14. Total Other Property & Investments (6 thru 13)	0.00	0.00	0.00
15. Cash - General Funds	2,966,852.04	4,107,483.30	1,140,631.26
16. Cash - Construction Funds - Trustee	381,552.04	492,017.39	110,465.35
17. Special Deposits	3,671,463.27	3,707,396.22	35,932.95
18. Temporary Investments	119,742.47	62,838.30	-56,904.17
19. Notes Receivable (Net)	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)	2,590,759.65	2,407,040.35	-183,719.30
21. Accounts Receivable - Other (Net)	0.00	18,665.33	18,665.33
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	1,251,269.93	1,321,456.92	70,186.99
24. Prepayments	133,819.50	110,463.84	-23,355.66
25. Other Current and Accrued Assets	1,175.46	0.00	-1,175.46
26. Total Current and Accrued Assets (15 thru 25)	11,116,634.36	12,227,361.65	1,110,727.29
27. Regulatory Assets	0.00	0.00	0.00
28. Other Deferred Debits	0.00	0.00	0.00
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	42,831,726.42	47,756,551.62	4,924,825.20

General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR DEC 2017

	Last Year	This Year	Variance
LIABILITIES AND OTHER CREDITS			
30. Memberships	0.00	0.00	0.00
31. Patronage Capital	9,051,131.37	8,826,131.37	-225,000.00
32. Operating Margins - Prior Years	13,646,955.03	17,932,755.13	4,285,800.10
33. Operating Margins - Current Year	4,230,799.10	4,615,614.34	384,815.24
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	0.00	0.00	0.00
36. Total Margins & Equities (30 thru 35)	26,928,885.50	31,374,500.84	4,445,615.34
37. Long-Term Debt - RUS (Net)	8,149,767.70	7,760,510.37	-389,257.33
38. Long-Term Debt - FFB - RUS Guaranteed	0.00	0.00	0.00
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	1,162,810.00	1,190,081.00	27,271.00
41. Long-Term Debt - RUS Econ. Devel. (Net)	0.00	0.00	0.00
42. Payments - Unapplied	0.00	0.00	0.00
43. Total Long-Term Debt (37 thru 41 - 42)	9,312,577.70	8,950,591.37	-361,986.33
44. Obligations Under Capital Leases - Noncurrent	1,778,821.19	1,663,394.77	-115,426.42
45. Accumulated Operating Provisions	0.00	0.00	0.00
46. Total Other Noncurrent Liabilities (44 + 45)	1,778,821.19	1,663,394.77	-115,426.42
47. Notes Payable	0.00	0.00	0.00
48. Accounts Payable	694,195.15	1,367,372.83	673,177.68
49. Consumers Deposits	8,270.00	8,270.00	0.00
50. Current Maturities Long-Term Debt	0.00	0.00	0.00
51. Current Maturities Long-Term Debt - Econ. Devel.	0.00	0.00	0.00
52. Current Maturities Capital Leases	0.00	0.00	0.00
53. Other Current and Accrued Liabilities	1,441,379.88	1,652,778.81	211,398.93
54. Total Current & Accrued Liabilities (47 thru 53)	2,143,845.03	3,028,421.64	884,576.61
55. Regulatory Liabilities	2,667,597.00	2,794,644.00	127,047.00
56. Other Deferred Credits	0.00	0.00	0.00
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	42,831,726.42	47,811,552.62	4,979,826.20
Current Assets To Current Liabilities	5.19	4.04	to 1
Margins and Equities To Total Assets	62.87	65.70	%
Long-Term Debt To Total Utility Plant	16.06	14.51	%

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General Ledger

Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR DEC 2017

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	18,421,084.42	18,507,628.11	17,226,000.02	1,696,038.24	1,622,566.23
2. Power Production Expense	886,300.60	919,329.58	1,090,271.00	80,143.46	32,400.00
3. Cost of Purchased Power	8,055,238.85	8,653,100.47	8,008,035.02	716,196.43	643,038.63
4. Transmission Expense	0.00	0.00	0.00	0.00	0.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	466,951.76	309,696.01	265,500.00	123,332.27	22,144.41
7. Distribution Expense - Maintenance	1,940,413.52	1,831,416.24	1,405,700.00	245,152.62	92,541.50
8. Customer Accounts Expense	-49,355.00	505,912.02	20,000.00	505,912.02	20,000.00
9. Customer Service and Informational Expense	14,530.71	14,815.94	20,200.00	3,433.62	500.00
10. Sales Expense	0.00	0.00	0.00	0.00	0.00
11. Administrative and General Expense	3,319,380.06	3,931,120.89	4,188,107.44	594,174.61	330,645.85
12. Total Operation & Maintenance Expense (2 thru 11)	14,633,460.50	16,165,391.15	14,997,813.46	2,268,345.03	1,141,270.39
13. Depreciation & Amortization Expense	1,936,921.39	-68,424.13	1,580,000.00	-1,626,108.26	131,666.63
14. Tax Expense - Property & Gross Receipts	0.00	0.00	0.00	0.00	0.00
15. Tax Expense - Other	0.00	0.00	0.00	0.00	0.00
16. Interest on Long-Term Debt	547,515.09	525,007.52	517,039.00	243,878.50	234,550.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	0.00	0.00	0.00	0.00	0.00
19. Other Deductions	0.00	0.00	0.00	0.00	0.00
20. Total Cost of Electric Service (12 thru 19)	17,117,896.98	16,621,974.54	17,094,852.46	886,115.27	1,507,487.02
21. Patronage Capital & Operating Margins (1 minus 20)	1,303,187.44	1,885,653.57	131,147.56	809,922.97	115,079.21
22. Non Operating Margins - Interest	29,547.91	46,982.45	25,000.00	12,095.96	2,083.26
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00	0.00
25. Non Operating Margins - Other	2,898,063.75	2,682,978.32	1,570,000.00	133,660.74	130,833.26
26. Generation and Transmission Capital Credits	0.00	0.00	0.00	0.00	0.00
27. Other Capital Credits and Patronage Dividends	0.00	0.00	0.00	0.00	0.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	4,230,799.10	4,615,614.34	1,726,147.56	955,679.67	247,995.73
Operating - Margin	4,230,799.10	4,615,614.34	1,726,147.56	955,679.67	247,995.73
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	3.38	4.59			
Times Interest Earned Ratio - Net	8.73	9.79			
Times Interest Earned Ratio - Modified	8.73	9.79			

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General Ledger Directors Report 2 - Detail

DEC 2017

Div	Account	Description	Budget YTD	Current YTD	Budget PTD	Current PTD
0	414.0	OTHER INCOME	140,000.00	292,563.79	3,333.26	29,746.73
0	414.1	POLE ATTACHMENT FEE INCOME	41,000.00	24,031.50	3,416.63	24,031.50
0	414.2	CONNECTION FEE INCOME	35,000.00	41,975.00	2,916.63	4,280.00
0	414.3	PENALTY INCOME	42,000.00	49,187.47	3,500.00	3,375.52
0	440.0	ELECTRIC - RESIDENTIAL INCOME	9,200,000.00	9,359,981.70	920,000.00	882,962.67
0	440.99	UNBILLED REVENUE	0	0	0	0
0	442.0	ELECTRIC - GENERAL SERVICES INCOME	6,150,000.00	6,856,845.45	615,000.00	672,746.55
0	445.0	JORDANELLE POWER SALES	1,500,000.02	1,762,282.27	68,869.80	73,824.02
0	445.1	JORDANELLE O & M	115,000.00	119,730.93	5,280.02	4,921.25
0	451.0	WRITE OFFS COLLECTED	2,000.00	0	166.63	0
0	451.1	METER READING CHARGE	1,000.00	1,030.00	83.26	150.00
Line 1. Operating Revenue and Patronage Capital			17,226,000.02	18,507,628.11	1,622,566.23	1,696,038.24
0	542.0	HYDRO MAINTENANCE	40,800.00	23,981.85	3,400.00	2,436.64
0	547.0	GAS GENERATION - FUEL COSTS	767,471.00	402,836.33	6,500.00	34,194.02
0	548.0	GENERATION EXPENSE	282,000.00	492,511.40	22,500.00	43,512.80
0	548.1	GENERATION EXPENSE - GENERATOR	0	0	0	0
Line 2. Power Production Expense			1,090,271.00	919,329.58	32,400.00	80,143.46
0	555.0	POWER PURCHASES	6,788,226.34	6,996,412.91	584,359.24	608,405.48
0	555.1	JORDANELLE PARTNER ENERGY	1,103,808.68	1,438,487.60	50,679.39	73,824.30
0	555.2	ENERGY REBATES	116,000.00	188,034.13	8,000.00	3,800.82
0	556.0	SYSTEM CONTROL AND LOAD DISPATCHI	0	30,165.83	0	30,165.83
Line 3. Cost of Purchased Power			8,008,035.02	8,653,100.47	643,038.63	716,196.43
Line 4. Transmission Expense			0	0	0	0
Line 5. Regional Market Expense			0	0	0	0
0	401.0	OPERATION EXPENSE	197,000.00	226,999.55	16,436.26	16,741.93
0	402.0	MATERIALS - OPERATIONS	18,000.00	34,193.93	1,499.89	101,065.88
0	402.1	SAFETY MATERIALS	47,500.00	41,711.73	3,958.26	3,092.46
0	402.2	MATERIALS - TOOL EXPENSE	0	0	0	0
0	586.0	METER EXPENSES	3,000.00	6,790.80	250.00	2,432.00
Line 6. Distribution Expense - Operation			265,500.00	309,696.01	22,144.41	123,332.27
0	591.0	MAINTENANCE OF STRUCTURES	899,500.00	1,233,496.70	56,708.26	179,005.45
0	592.0	MAINTENANCE OF STATION EQUIPMENT	501,200.00	547,580.29	35,416.61	47,766.18
0	597.0	METERING MAINTENANCE	5,000.00	50,339.25	416.63	18,380.99

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General Ledger Directors Report 2 - Detail DEC 2017

Div	Account	Description	Budget YTD	Current YTD	Budget PTD	Current PTD
Line 7.		Distribution Expense - Maintenance	1,405,700.00	1,831,416.24	92,541.50	245,152.62
0	904.0	BAD DEBTS	20,000.00	505,912.02	20,000.00	505,912.02
Line 8.		Customer Accounts Expense	20,000.00	505,912.02	20,000.00	505,912.02
0	426.4	COMMUNITY RELATIONS	20,200.00	14,815.94	500.00	3,433.62
Line 9.		Customer Service and Informational Expense	20,200.00	14,815.94	500.00	3,433.62
Line 10.		Sales Expense	0	0	0	0
0	401.1	BUILDING EXPENSES	24,020.00	26,710.25	2,001.63	2,488.68
0	401.2	TRAINING & TRAVEL	156,122.04	87,005.10	12,647.67	13,305.25
0	920.0	SALARIES ADMINISTRATIVE	1,630,000.00	1,020,503.14	123,666.63	203,891.35
0	920.99	PAYROLL ALLOCATION (SICK, COMP, CAL	0	0	0	0
0	921.0	BUSINESS OFFICE SUPPLIES	8,800.00	11,048.24	733.26	2,221.73
0	921.1	OPERATIONS OFFICE SUPPLIES	8,600.00	15,041.94	716.63	228.05
0	921.2	LEGAL OFFICE SUPPLIES	15,500.00	19,207.21	1,291.63	2,582.08
0	921.3	POSTAGE/SHIPPING	80,000.00	89,115.78	6,666.63	3,457.48
0	921.4	BANK & CREDIT CARD FEES	65,000.00	85,769.73	5,416.63	6,940.16
0	921.5	BILLING STATEMENT EXPENSES	0	3,366.21	0	3,366.21
0	923.0	OUTSIDE SERVICES	57,000.00	87,126.49	0	9,407.44
0	926.0	EMPLOYEE PENSION & BENEFITS	967,150.00	807,365.48	80,595.76	60,180.78
0	926.1	POST EMPLOYMENT BENEFITS	47,500.00	172,305.70	3,958.26	134,699.26
0	926.2	FICA - MEDICARE/SOC SECURITY	0	0	0	0
0	926.3	RETIREMENT	614,000.00	627,503.50	51,166.63	55,513.86
0	926.4	ACTUARIAL CALCULATED PENSION EXPE	0	0	0	0
0	930.2	MISCELLANEOUS	32,000.00	264,379.52	2,250.00	50,706.28
0	935.0	MAINTENANCE OF GENERAL PLANT	12,000.00	45,183.01	333.28	3,101.12
0	935.1	COMMUNICATIONS	60,963.00	61,456.20	5,080.25	9,004.71
0	935.2	TRUCKS	245,500.00	250,444.63	20,458.26	-1,962.97
0	935.3	IT MAINT/SUPPORT	163,952.40	257,588.76	13,662.70	35,043.14
0	935.4	GENERAL PLANT EXPENSE	0	0	0	0
Line 11.		Administrative and General Expense	4,188,107.44	3,931,120.89	330,645.85	594,174.61
Line 12.		Total Operation & Maintenance Expense (2 thru 11)	14,997,813.46	16,165,391.15	1,141,270.39	2,268,345.03
0	403.0	DEPRECIATION	1,580,000.00	-68,424.13	131,666.63	-1,626,108.26
Line 13.		Depreciation & Amortization Expense	1,580,000.00	-68,424.13	131,666.63	-1,626,108.26
Line 14.		Tax Expense - Property & Gross Receipts	0	0	0	0

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General Ledger Directors Report 2 - Detail DEC 2017

Div	Account	Description	Budget YTD	Current YTD	Budget PTD	Current PTD
Line 15.		Tax Expense - Other	0	0	0	0
0	427.0	INTEREST EXPENSE	517,039.00	525,007.52	234,550.00	243,878.50
Line 16.		Interest on Long-Term Debt	517,039.00	525,007.52	234,550.00	243,878.50
Line 17.		Interest Charged to Construction - Credit	0	0	0	0
Line 18.		Interest Expense - Other	0	0	0	0
Line 19.		Other Deductions	0	0	0	0
Line 20.		Total Cost of Electric Service (12 thru 19)	17,094,852.46	16,621,974.54	1,507,487.02	886,115.27
Line 21.		Patronage Capital & Operating Margins (1 minus 20)	131,147.56	1,885,653.57	115,079.21	809,922.97
0	419.0	INTEREST INCOME	25,000.00	46,982.45	2,083.26	12,095.96
Line 22.		Non Operating Margins - Interest	25,000.00	46,982.45	2,083.26	12,095.96
Line 23.		Allowance for Funds Used During Construction	0	0	0	0
Line 24.		Income (Loss) from Equity Investments	0	0	0	0
0	415.0	CONSTRUCTION INCOME	850,000.00	1,435,338.14	70,833.26	48,872.63
0	421.0	IMPACT FEE REVENUE	720,000.00	1,235,306.76	60,000.00	47,635.11
0	421.1	GAIN ON SALE OF ASSET	0	12,333.42	0	37,153.00
Line 25.		Non Operating Margins - Other	1,570,000.00	2,682,978.32	130,833.26	133,660.74
Line 26.		Generation and Transmission Capital Credits	0	0	0	0
Line 27.		Other Capital Credits and Patronage Dividends	0	0	0	0
Line 28.		Extraordinary Items	0	0	0	0
Line 29.		Patronage Capital or Margins (21 thru 28)	1,726,147.56	4,615,614.34	247,995.73	955,679.67
		Operating - Margin	1,726,147.56	4,615,614.34	247,995.73	955,679.67
		Non Operating - Margin	0	0	0	0
		Times Interest Earned Ratio - Operating		4.59		
		Times Interest Earned Ratio - Net		9.79		
		Times Interest Earned Ratio - Modified		9.79		

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Accounts Payable Check Register

12/01/2017 To 12/31/2017

Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
496 12/01/2017	WIRE	1486	PLIC - SBD GRAND ISLAND						2,432.26
1057998			DEC LIFE POLICY	0 926.0	1	0		2,432.26	
498 12/05/2017	WIRE	1322	HEALTH EQUITY						30.00
12/17			DECEMBER ADMIN FEE	0 926.0	1	0		30.00	
499 12/07/2017	WIRE	1322	HEALTH EQUITY						669.23
12/17A			CONTRIBUTIONS	0 243.0	0	0		669.23	
500 12/07/2017	WIRE	965	STATE TAX COMMISSION-W/H						12,297.76
12/17			PAYROLL W/H 12/7	0 241.2	0	0		12,297.76	
501 12/07/2017	WIRE	1065	UTAH STATE RETIREMENT						34,370.35
12/17			EMPLOYEE CONTR	0 242.4	0	0		8,713.10	
			EMPLOYER CONTR	0 926.3	1	0		25,403.04	
			EMPLOYEE LOAN REPAYMENT	0 930.2	1	0		254.21	
Total for Check/Tran - 501:									34,370.35
502 12/07/2017	WIRE	558	IRS-PAYROLL W/H						35,129.51
12/17			FEDERAL WH	0 241.1	0	0		16,016.79	
			MEDICARE	0 926.2	1	0		4,028.80	
			SOCIAL SECURITY	0 926.2	1	0		15,083.92	
Total for Check/Tran - 502:									35,129.51
503 12/07/2017	WIRE	276	CIMA ENERGY LTD						1,651.49
1117-774926-326993			NATURAL GAS	0 547.0	0	0		1,651.49	
505 12/19/2017	WIRE	964	STATE TAX COMMISSION-SALES						45,279.29
12/17			NOVEMBER SALES TAX REIMB	0 241.0	0	0		45,279.29	
506 12/14/2017	WIRE	1482	ZIONS BANK - SCHICREDITCARD						445.25
12/17			LUNCH-INS RENEWAL MEETING	0 930.2	1	0		445.25	
507 12/14/2017	WIRE	1175	ZIONS BANK - WRICREDIT CARD						209.23
12/17			WHITE BOARD	0 921.0	1	0		24.23	
			CUTLERS-MOWER REPAIR	0 935.0	1	0		85.00	
			AUTO SPA CREDIT CHARGE	0 935.2	1	0		100.00	
Total for Check/Tran - 507:									209.23

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Accounts Payable Check Register

12/01/2017 To 12/31/2017

Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
508	12/27/2017	WIRE	1344	ZIONS BANK - MILLCREDIT CARD					1,866.59
1218			PLANNER	0 921.0	1	0		56.18	
			REPORT COVERS	0 921.0	1	0		4.19	
			SCANNERS	0 921.0	1	0		1,806.22	
Total for Check/Tran - 508:									1,866.59
509	12/14/2017	WIRE	1170	ZIONS BANK - MIFFCREDIT CARD					612.95
12/17			SIEMENS-FLEX HOSES	0 592.0	3	0		538.00	
			SIMPLE HELIX	0 935.3	6	0		74.95	
Total for Check/Tran - 509:									612.95
510	12/24/2017	WIRE	1322	HEALTH EQUITY					669.23
12/17B			EMPLOYEE HSA CONTR	0 243.0	0	0		669.23	
511	12/19/2017	WIRE	1065	UTAH STATE RETIREMENT					39,081.19
12/17B			EMPLOYEE	0 242.4	0	0		8,716.16	
			EMPLOYER	0 926.3	1	0		30,110.82	
			EMPLOYEE LOAN REPAY	0 930.2	1	0		254.21	
Total for Check/Tran - 511:									39,081.19
512	12/21/2017	WIRE	121	AFLAC					1,194.68
373588			EMPLOYEE CONTR	0 930.2	0	0		1,194.68	
513	12/24/2017	WIRE	558	IRS-PAYROLL W/H					5,407.44
12/17B			FWT	0 241.1	0	0		1,413.04	
			MEDICARE	0 926.2	1	0		819.20	
			SOCIAL SECURITY	0 926.2	1	0		3,175.20	
Total for Check/Tran - 513:									5,407.44
514	12/24/2017	WIRE	558	IRS-PAYROLL W/H					33,193.83
12/17C			FWT	0 241.1	0	0		15,708.39	
			MEDICARE	0 926.2	1	0		3,915.06	
			SOCIAL SECURITY	0 926.2	1	0		13,570.38	
Total for Check/Tran - 514:									33,193.83
515	12/14/2017	WIRE	1172	ZIONS BANK - PARCREDITCARD					427.80
12/17A			CAR CHARGERS	0 935.3	6	0		109.90	
			FIBER OPTIC TRANSCEIVER	0 935.3	6	0		317.90	

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Accounts Payable Check Register

12/01/2017 To 12/31/2017

Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice		GL Reference		Div Account	Dept	Actv			
Total for Check/Tran - 515:								427.80	
516 12/17	12/27/2017 WIRE	96	ZIONS BANK - BRANDT TRAVEL EXP ATL	0 401.2	5	0		1,917.22	1,917.22
518 1217-777136-341341	12/31/2017 WIRE	276	CIMA ENERGY LTD DECEMBER NATURAL GAS	0 547.0	4	0		30,607.76	30,607.76
56449 11/17B	12/05/2017 CHK	105	A T & T AT&T Phone Bill	0 935.1	6	0		64.05	64.05
56450 11/17	12/05/2017 CHK	133	ALL WEST COMMUNICATIONS 1530600 INTERNET/PHONE SERVICES	0 935.3	6	0		1,059.66	1,059.66
56451 452569	12/05/2017 CHK	210	BONNER'S REPAIR SNAKE CREEK POND DIVERTER HDWE	0 542.0	8	0		75.00	75.00
56453 KVL5993	12/05/2017 CHK	256	CDW-G KEYBOARD AND MOUSE	0 935.3	1	0		48.23	48.23
56454 11/17A	12/05/2017 CHK	261	CENTURYLINK Long Distance Backup	0 935.1	6	0		107.94	107.94
56455 11/17	12/05/2017 CHK	267	CHARLESTON TOWN NOVEMBER ENERGY TAX REIMB	0 241.5	0	0		2,555.04	2,555.04
56456 S6200178.003 S6189826.005 S6013108.002	12/05/2017 CHK	287	CODALE ELECTRIC SUPPLY, INC. HOLOPHONE POLE;LIGHT	0 154.0 0 154.0 0 591.0	0 0 2	0 0 0		88.80 1,380.00 2,525.00	3,993.80
Total for Check/Tran - 56456:								3,993.80	
56457 11/17	12/05/2017 CHK	323	DANIEL TOWN NOVEMBER ENERGY TAX REIMB	0 241.6	0	0		927.50	927.50
56458 610031979841	12/05/2017 CHK	340	DEX MEDIA WEST DIRECTORY LISTING	0 935.1	1	0		162.00	162.00

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Accounts Payable Check Register

12/01/2017 To 12/31/2017

Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
56459 12/05/2017	CHK	386	ELECTRICAL WHOLESALE SUPPLY						362.87
914161873			GRAHAM-RINGS;BUTT SPLICE	0 107.0	0	0		121.73	
914210632			FRYER-BATTERIES	0 592.0	3	0		14.49	
914257833			BOND-CABLE STRIPPER W/CUTTERS	0 591.0	2	0		226.65	
Total for Check/Tran - 56459:									362.87
56460 12/05/2017	CHK	406	FASTENAL COMPANY						47.40
UTHEB58403			VENDING MACHINE SUPPLIES	0 591.0	2	0		47.40	
56461 12/05/2017	CHK	428	FREEDOM MAILING						3,485.77
32503			MAILING CYCLE II	0 921.3	1	0		3,485.77	
56462 12/05/2017	CHK	480	HEBER CITY CORPORATION						167.95
11/17B			WATER SEWER	0 401.1	1	0		167.95	
56463 12/05/2017	CHK	503	HICKEN OXYGEN @ PLAZA						153.11
1604			NITROGEN/OXYGEM	0 592.0	3	0		153.11	
56464 12/05/2017	CHK	825	PRAXAIR						28.17
79980661			STARGON-STARGOLD	0 592.0	3	0		28.17	
56465 12/05/2017	CHK	833	BUILDERS FIRSTSOURCE						26.08
1255278			STUD & TIEDOWN	0 591.0	2	0		26.08	
56466 12/05/2017	CHK	908	SECURITY INSTALL SOLUTIONS						190.00
10911			BRIVO EMAIL HOSTING	0 935.3	6	0		190.00	
56467 12/05/2017	CHK	958	STANDARD PLUMBING SUPPLY CO						63.53
GVGC70			GRAHAM-WATER TEST GAUGE;PRESSURE GAUG	0 592.0	3	0		63.53	
56468 12/05/2017	CHK	1014	TIMBERLINE GENERAL STORE						12.80
114752			MOTLEY-ELBOW;CPLG;CLAMPS;VINYL TUBE	0 591.0	2	0		9.51	
114765			CLUFF-COUPLING	0 591.0	2	0		3.29	
Total for Check/Tran - 56468:									12.80
56469 12/05/2017	CHK	1100	WASATCH COUNTY SOLID WASTE						561.00
65085			Waste Removal	0 401.1	1	0		301.00	

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Accounts Payable Check Register

12/01/2017 To 12/31/2017

Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
12/17			93539;90083 - GARBAGE PICKUP	0 401.1	1	0		260.00	
								Total for Check/Tran - 56469:	561.00
56470	12/05/2017	CHK	1131						362.92
PS000584340			WHEELER MACHINERY CO. Bypass flange	0 548.0	0	0		362.92	
56471	12/05/2017	CHK	1138						102.00
12/17			HAROLD WILSON 2 DAYS PER DIEM ST GEORGE IPSA TESTING	0 401.2	2	0		102.00	
56472	12/05/2017	CHK	1256						79.95
34268136-1217			PURE WATER SOLUTIONS BUSINESS OFFICE WATER FILTRATION SYSTEMS	0 401.1	1	0		79.95	
56473	12/05/2017	CHK	1280						102.00
12/17			STEVEN HENNING 2 DAYS PER DIEM ST GEORGE IPSA	0 401.2	2	0		102.00	
56474	12/05/2017	CHK	1428						53.00
41251			CURB IT RECYCLING & WASTE NOVEMBER RECYCLING PICKUP	0 401.1	1	0		53.00	
56475	12/05/2017	CHK	1467						5,915.31
381686			NISC SOFTWARE LICENSE FEES	0 935.3	6	0		5,915.31	
56476	12/06/2017	CHK	60						693.58
12/17			IVORY HOMES REF 50 AMP IMPACT OPAY MRE LOT 400	0 421.0	0	0		693.58	
56477	12/06/2017	CHK	230						500.00
12/17			WILDING ENGINEERING RESISTIVITY TESTING 2ND POI	0 107.0	0	0		500.00	
56478	12/06/2017	CHK	287						37,006.68
S6165870.009			CODALE ELECTRIC SUPPLY, INC.	0 154.0	0	0		102.30	
S6207707.001				0 154.0	0	0		14,520.00	
S6205779.001				0 154.0	0	0		2,815.16	
S6205462.001				0 154.0	0	0		1,702.00	
S6200178,002				0 154.0	0	0		17,867.22	
								Total for Check/Tran - 56478:	37,006.68
56479	12/06/2017	CHK	373						1,281.00
130015			DURA-CRETE INC	0 154.0	0	0		1,041.00	

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Accounts Payable Check Register

12/01/2017 To 12/31/2017

Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice		GL Reference		Div Account	Dept	Actv			
		Delivery		0 402.0	4	0		240.00	
								Total for Check/Tran - 56479:	1,281.00
56480	12/06/2017	CHK	406	FASTENAL COMPANY					34.99
UTHEB58504				0 542.0	8	0		34.99	
56481	12/06/2017	CHK	480	HEBER CITY CORPORATION					36,512.47
12/17				0 920.0	1	0		1,558.56	
12/17A				0 241.3	0	0		34,953.91	
								Total for Check/Tran - 56481:	36,512.47
56482	12/06/2017	CHK	484	HEBER LIGHT & POWER CO					10,000.00
12/17				0 131.2	0	0		10,000.00	
56483	12/06/2017	CHK	637	LATIMER DO IT BEST HARDWARE					47.97
C116219				0 592.0	3	0		47.97	
56484	12/06/2017	CHK	705	MIDWAY CITY OFFICES					14,613.87
12/17				0 241.4	0	0		14,613.87	
56485	12/06/2017	CHK	1095	WASATCH COUNTY					475.32
12/17				0 920.0	1	0		475.32	
56486	12/06/2017	CHK	1131	WHEELER MACHINERY CO.					199,178.12
MS0000012622				0 362.0	0	0		198,166.84	
PS000587074				0 107.0	0	0		1,011.28	
								Total for Check/Tran - 56486:	199,178.12
56487	12/06/2017	CHK	1164	ZIONS 1ST NATIONAL BANK-TRUST					59,534.79
12/17				0 136.0	0	0		19,043.12	
				0 136.1	0	0		10,216.67	
				0 136.2	0	0		30,275.00	
								Total for Check/Tran - 56487:	59,534.79
56488	12/06/2017	CHK	1497	COLLEEN BONNER					475.32
12/17				0 920.0	1	0		475.32	
56489	12/06/2017	CHK	1498	JOHN KOWALLIS					465.32

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Accounts Payable Check Register

12/01/2017 To 12/31/2017

Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
12/17			DECEMBER BOARD STIPEND	0 920.0	1	0		465.32	
56490 12/06/2017	CHK	11	ARAMARK						30.69
452111517			COVERALLS	0 402.1	4	0		30.69	
56491 12/06/2017	CHK	216	JAN-PRO CLEANING SYSTEMS						1,226.00
292048			FACILITY JANITORIAL SERVICES DECEMBER	0 401.1	1	0		1,226.00	
56492 12/06/2017	CHK	234	BUREAU OF RECLAMATION						4,591.20
1802044587			3000019321 94-SLC-0256 PROVO RIVER PROJ	0 548.0	4	0		4,591.20	
56493 12/06/2017	CHK	320	CUWCD						108,268.00
10184			NOVEMBER JORDANELLE	0 555.0	0	0		108,268.00	
56494 12/06/2017	CHK	984	SUMMIT LINE CONSTRUCTION						117,937.54
2380			PROGRESS BILLING 6	0 107.0	0	0		117,937.54	
56495 12/06/2017	CHK	1047	US DEPT OF ENERGY						2,119.80
JJPB1643B1117			1743B-NOVEMBER Provo River	0 555.0	0	0		2,119.80	
56496 12/07/2017	CHK	235	DAN BROWN						2,774.30
12/17			REF OPAY 200 AMPS 3 FARM EST LOT 2	0 421.0	0	0		2,774.30	
56497 12/07/2017	CHK	63	POINT S HEBER CITY						47.89
0112182			212 OIL CHANGE/TIRE ROTATION	0 935.2	0	0		47.89	
56498 12/07/2017	CHK	167	SMITH HARTVIGSEN, PLLC						1,102.50
36204			NOVEMBER ATTY FEES	0 923.0	1	0		1,102.50	
56499 12/07/2017	CHK	386	ELECTRICAL WHOLESALE SUPPLY						299.00
914296500			Milwakee impact driver	0 591.0	0	0		299.00	
56500 12/07/2017	CHK	439	GASCARD, INC.						2,770.02
NP51987921			NOVEMBER GAS/DIESEL	0 935.2	1	0		2,770.02	
56501 12/07/2017	CHK	637	LATIMER DO IT BEST HARDWARE						139.99
B203240			TUFT-SHOP VAC	0 548.0	4	0		139.99	
56502 12/07/2017	CHK	732	MOUNTAIN WEST TRAILERS						13,669.88

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Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
8267			Norstar Deck Over Trailer	0 392.0	0	0		13,669.88	
56503 12/07/2017	CHK	768	CANON SOLUTIONS AMERICA						122.82
4024387016			COPIER MAINT	0 935.3	3	0		55.07	
4024389068			COPIER MAINT - OPERATIONS	0 935.3	3	0		67.75	
Total for Check/Tran - 56503:									122.82
56504 12/07/2017	CHK	892	SAFETY-KLEEN						136.77
R002446128			SELF-RECYCLING PARTS WASHER	0 548.0	4	0		136.77	
56505 12/07/2017	CHK	910	SENSUS USA INC						2,182.00
ZZ17017328			Flexn Net Transceiver	0 586.0	0	0		432.00	
ZZ17017329			NOV FLEXNET SYSTEM SUPPORT	0 935.3	0	0		1,750.00	
Total for Check/Tran - 56505:									2,182.00
56506 12/07/2017	CHK	1001	TECHNOLOGY NET						250.00
3727			COMP SURVEY ANNUAL RENEWAL	0 401.0	1	0		250.00	
56507 12/07/2017	CHK	1007	THE UPS STORE						20.01
30964			SHIPPING COST CHARGER RETURN	0 921.3	2	0		20.01	
56508 12/07/2017	CHK	1014	TIMBERLINE GENERAL STORE						12.37
114783			MOTLEY-ELBOWS;SCRWDRVR	0 591.0	2	0		12.37	
56509 12/07/2017	CHK	1047	US DEPT OF ENERGY						108,777.30
JJPB1643A1117			NOVEMBER ENERGY	0 555.0	0	0		108,777.30	
56510 12/07/2017	CHK	1131	WHEELER MACHINERY CO.						44,472.45
MS0000012623			AIR CLEANER ASSY PLANT II	0 548.0	4	0		9,581.12	
MS0000012624			GEN 7 SYSTEM UPGRADES	0 344.0	0	0		17,164.84	
MS0000012625			GEN 8 SYSTEM UPGRADES	0 344.0	0	0		17,164.84	
SS000157776			PERFORM PM 1	0 548.0	4	0		561.65	
Total for Check/Tran - 56510:									44,472.45
56511 12/07/2017	CHK	1216	NAVEX GLOBAL						937.13
INV-159507			ANNUAL MAINT FEE	0 935.3	1	0		937.13	

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Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
56512	12/07/2017	CHK	1389	SLATE ROCK SAFETY					1,611.28
18243			HENNING - FR CLOTHING	0 402.1	2	0		64.74	
			WILSON - FR CLOTHING	0 402.1	2	0		527.61	
			FRYER - FR CLOTHING	0 402.1	3	0		203.18	
			FORD - FR CLOTHING	0 402.1	4	0		159.38	
			HELLMAN - FR CLOTHING	0 402.1	4	0		656.37	
Total for Check/Tran - 56512:								1,611.28	
56513	12/07/2017	CHK	1450	ON-SITE FLEET MANAGEMENT					714.98
19918			VEH 204-JUMP START & TESTED FOR DRAWS	0 935.2	1	0		92.70	
19919			VEH 255 - BATTERIES	0 935.2	1	0		480.73	
18597			2009 DODGE 5500 BIN REPAIR	0 935.2	1	0		141.55	
Total for Check/Tran - 56513:								714.98	
56514	12/13/2017	CHK	2	PENNY LINFORD					676.93
20171213105450136			Credit Balance Refund	0 142.99	0	0		676.93	
56515	12/13/2017	CHK	61	HONNEN EQUIPMENT CO OF UTAH/IDA					1,033.92
911615			SERVICE BACKHOE	0 935.2	1	0		1,033.92	
56516	12/13/2017	CHK	105	A T & T					42.36
12/17			051 308 7539 001 435.654.3059	0 935.1	6	0		42.36	
56517	12/13/2017	CHK	261	CENTURYLINK					182.01
12/17			435.654.1118 732B	0 935.1	6	0		31.91	
12/17A			435.654.0085 254B	0 935.1	6	0		108.62	
12/17B			435.654.1682 903B	0 935.1	6	0		41.48	
Total for Check/Tran - 56517:								182.01	
56518	12/13/2017	CHK	287	CODALE ELECTRIC SUPPLY, INC.					16,428.56
S6165870.010				0 154.0	0	0		1,583.40	
S6210559.002				0 154.0	0	0		2,322.33	
S6157869.04				0 154.0	0	0		659.75	
S6200178.004				0 154.0	0	0		936.00	
S6210559.003				0 154.0	0	0		83.50	

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Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice		GL Reference		Div Account	Dept	Actv			
S6210559.001				0 154.0	0	0		10,843.58	
								Total for Check/Tran - 56518:	16,428.56
56519 12/13/2017	CHK	386	ELECTRICAL WHOLESALE SUPPLY						233.20
914326062			WARM SPRINGS RD	0 107.0	0	0		174.19	
914323865			GRAHAM-SPLICING TAPE	0 107.0	0	0		59.01	
								Total for Check/Tran - 56519:	233.20
56520 12/13/2017	CHK	406	FASTENAL COMPANY						319.29
UTHEB58558			VENDING MACHINE	0 591.0	2	0		319.29	
56521 12/13/2017	CHK	478	ANIXTER POWER SOLUTIONS LLC						3,885.00
3740581-00			DISTRIBUTION COVER MVCC	0 592.0	0	0		600.00	
			DISTRIBUTION LINE COVER	0 592.0	0	0		505.00	
			FUSION TAPE	0 592.0	0	0		312.00	
			SWITCH COVERS GRAY	0 592.0	0	0		1,820.00	
			TRANSFORMER BUSHING COVERS	0 592.0	0	0		312.00	
			WILDLIFE COVER FOR BSHGRED POLY 15KV-35K	0 592.0	0	0		336.00	
								Total for Check/Tran - 56521:	3,885.00
56522 12/13/2017	CHK	844	PUBLIC EMPLOYEES HEALTH PROG						613.65
12/17			EMPLOYEE FLEX SPENDING CONTR	0 243.0	0	0		613.65	
56523 12/13/2017	CHK	1091	WASATCH AUTO PARTS						702.18
128187			DALEY-RATCHETS 4 PACK	0 591.0	2	0		29.98	
128770			TUFT-ANTIFREEZE	0 935.2	0	0		12.58	
126517			HEAT SHRINK TUBING - PARCELL	0 107.0	0	0		17.98	
126557			RAGS	0 592.0	3	0		17.77	
128231			BRERETON-CHAIN;TIGHTENER	0 542.0	8	0		204.00	
128232			BRERETON -SKIDSTEER TIRE CHAINS;TIGHTENE	0 935.2	0	0		358.31	
128836			BRERETON-CHAIN'S FREIGHT	0 542.0	8	0		61.56	
								Total for Check/Tran - 56523:	702.18
56524 12/13/2017	CHK	1131	WHEELER MACHINERY CO.						80,337.58
SS000157592			unit 8 rebuild	0 107.0	0	0		85,147.91	

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Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
PC000054376			CORE RETURNS	0 548.0	4	0		-2,713.57	
PC000054375			CORE RETURN	0 548.0	4	0		-2,096.76	
Total for Check/Tran - 56524:								80,337.58	
56525 12/13/2017	CHK	1357	ROBERT TUFT						579.13
12/17			PER DIEM;HOTEL EXP REIMB PRO GEN	0 401.2	4	0		579.13	
56526 12/13/2017	CHK	1458	XTELESIS						1,399.65
34545			Extension & Mailbox License for Shore T	0 935.3	0	0		159.00	
			Shore Tel IP Phone IP485g, 10/100/1000	0 935.3	0	0		1,222.65	
			Shore Tel Support	0 935.3	0	0		18.00	
Total for Check/Tran - 56526:								1,399.65	
56527 12/13/2017	CHK	1467	NISC						311.10
382996			BILL PDF CREATION FEE	0 921.3	1	0		86.00	
			CREDIT CARD FEE	0 921.4	1	0		225.10	
Total for Check/Tran - 56527:								311.10	
56528 12/13/2017	CHK	1481	UPPER CASE PRINTING INK						520.30
12600			NEWSLETTER PRINTING	0 426.4	1	0		520.30	
56569 12/15/2017	CHK	172	MONSEN ENGINEERING INC						250.00
574916			METERING SOFTWARE	0 586.0	7	0		250.00	
56570 12/15/2017	CHK	239	BRAD FRYER						413.37
12/17			SUBSTATION SCHOOL TRAVEL REIMB	0 401.2	3	0		413.37	
56571 12/15/2017	CHK	386	ELECTRICAL WHOLESALE SUPPLY						82.17
914325078			GRAHAM-RING TERM;GLOVES	0 107.0	0	0		43.92	
			GLOVES	0 592.0	3	0		9.65	
914342002			GRAHAM-OSRA	0 592.0	3	0		28.60	
Total for Check/Tran - 56571:								82.17	
56572 12/15/2017	CHK	619	KW ROBINSON CONST INC						113,169.37
464			1361 S HWY 40 Boring	0 107.0	0	0		34,478.37	
465			871 PINION CIR Boring	0 107.0	0	0		1,596.20	
466			BORING 3 LOCATIONS	0 107.0	0	0		77,094.80	

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Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice		GL Reference		Div Account	Dept	Actv			
								Total for Check/Tran - 56572:	113,169.37
56573 106674	12/15/2017 CHK	734	MOUNTAINLAND ONE STOP CONGINO-PROPANE	0 591.0	2	0		23.34	23.34
56574 12/17A 12/17	12/15/2017 CHK	845	DOMINION ENERGY 1344060000 SNAKE CREEK CO GEN NATURAL GAS	0 401.1 0 547.0	1 0	0 0		94.86 2,295.86	2,390.72
								Total for Check/Tran - 56574:	2,390.72
56575 84316681	12/15/2017 CHK	928	SIMPLEX GRINNELL ANNUAL FIRE EXTINGUISHER INSPECTIONS	0 402.1	1	0		2,132.10	2,132.10
56576 12/17	12/15/2017 CHK	960	BRIAN STANLEY METER SCHOOL TRAVEL EXP REIMB	0 401.2	7	0		603.09	603.09
56577 2257626	12/15/2017 CHK	983	SUMMIT GROUP LLC 2018 POCKET CALENDARS	0 426.4	1	0		1,983.61	1,983.61
56578 114934	12/15/2017 CHK	1014	TIMBERLINE GENERAL STORE PARCELL-ALCOHOL;SNIPS;CLOTHS	0 107.0	0	0		30.66	30.66
56579 12/17 12/14A	12/15/2017 CHK	1054	ENVIRONMENTAL RESPONSE & REMED ROBERT TUFT RENEWAL OA/OB LIC 59 & 51 ANDREW DEDRICKSON-UST OP TRNNG REG REN	0 548.0 0 548.0	4 4	0 0		50.00 50.00	100.00
								Total for Check/Tran - 56579:	100.00
56580 9797318968	12/15/2017 CHK	1075	VERIZON WIRELESS 965458629-00001 - NOVEMBER	0 935.1	6	0		1,567.91	1,567.91
56581 J80601	12/15/2017 CHK	1115	WAVE PUBLISHING CO. PUBLIC NOTICE BUDGET HEARING	0 426.4	1	0		282.20	282.20
56582 837303790	12/15/2017 CHK	1124	WEST PAYMENT CENTER WEST INFO CHARGES NOV	0 921.2	1	0		1,291.04	1,291.04
56583	12/15/2017 CHK	406	FASTENAL COMPANY						662.66

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Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
UTHEB58732			VENDING MACHINE STOCK	0 591.0	2	0		662.66	
56584 12/15/2017	CHK	557	IPSA						300.00
1968			APP TESTING-HENNING	0 401.2	2	0		150.00	
			APP TESTING-FRYER	0 401.2	3	0		150.00	
Total for Check/Tran - 56584:									300.00
56585 12/15/2017	CHK	619	KW ROBINSON CONST INC						13,324.50
461			BORE 2 3" CONDUITS	0 935.3	3	0		13,324.50	
56586 12/15/2017	CHK	1014	TIMBERLINE GENERAL STORE						60.47
932952			WRIGHT J - EXT CRD;NUTS&BOLTS	0 921.0	1	0		60.47	
56587 12/20/2017	CHK	243	DORI BAIRD						1,040.37
12/17			REFUND 75 AMPS OPAY IMPACT FEE	0 421.0	0	0		1,040.37	
56588 12/20/2017	CHK	287	CODALE ELECTRIC SUPPLY, INC.						3,880.26
S6214065.001			Appleton EDSC175	0 935.0	0	0		217.65	
			Reducer	0 935.0	0	0		6.78	
S6069528.002			60:1 CT & voltage sensor	0 107.0	0	0		2,100.00	
S6187887.003				0 154.0	0	0		939.00	
S6217699.001			Brady ribbon	0 107.0	0	0		27.13	
			cable ties	0 107.0	0	0		165.70	
S6177943.004				0 154.0	0	0		280.00	
S6200178.005				0 154.0	0	0		144.00	
Total for Check/Tran - 56588:									3,880.26
56589 12/20/2017	CHK	406	FASTENAL COMPANY						72.64
UTHEB58780			CONGINO-GLOVES (8)	0 591.0	2	0		72.64	
56590 12/20/2017	CHK	428	FREEDOM MAILING						3,182.79
32650			MAILING CYCLE 1	0 921.3	1	0		3,182.79	
56591 12/20/2017	CHK	478	ANIXTER POWER SOLUTIONS LLC						1,494.00
3740581-01			DISTRIBUTION COVER	0 592.0	0	0		1,494.00	
56592 12/20/2017	CHK	1044	UNUM						208.20

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Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
12/17			LONG TERM CARE PREMIUM	0 926.0	1	0		208.20	
56593 12/20/2017	CHK	1131	WHEELER MACHINERY CO.						818.91
PS000584976			Adapter	0 548.0	0	0		818.91	
56594 12/21/2017	CHK	62	JEREMY MOTLEY						250.00
12/17			CLOTHING ALLOWANCE REIMB	0 402.1	2	0		250.00	
56595 12/21/2017	CHK	105	A T & T						113.56
12/17B			030 055 0933 001 435.654.1581	0 935.1	6	0		113.56	
56596 12/21/2017	CHK	386	ELECTRICAL WHOLESALE SUPPLY						289.38
914373304			MOTLEY-STRAWBERRY STORAGE-ELBOW	0 591.0	2	0		29.09	
914360082			GRAHAM CONDUIT;CHNL;BUTT CONN-GAS PLAN	0 548.0	4	0		84.16	
914360599			FRYER-WIRE-GAS PLANT	0 548.0	4	0		176.13	
Total for Check/Tran - 56596:									289.38
56597 12/21/2017	CHK	478	ANIXTER POWER SOLUTIONS LLC						1,160.00
3759637-00			40 ELBOWS	0 591.0	2	0		1,160.00	
56598 12/21/2017	CHK	844	PUBLIC EMPLOYEES HEALTH PROG						45,940.41
0122289687			RETIREE MEDICAL	0 926.1	1	0		3,910.91	
0122289686			MEDICAL DENTAL VISION	0 926.0	1	0		42,029.50	
Total for Check/Tran - 56598:									45,940.41
56599 12/21/2017	CHK	1075	VERIZON WIRELESS						2,020.04
9797706629			UPGRADE TO 10 GB	0 935.1	6	0		2,020.04	
56600 12/21/2017	CHK	1115	WAVE PUBLISHING CO.						647.51
L15861			PUBLIC NOTICE TO BID	0 426.4	1	0		64.75	
L15864			PUBLIC HEARING NOTICE	0 426.4	1	0		582.76	
Total for Check/Tran - 56600:									647.51
56601 12/21/2017	CHK	1178	ZIPLOCAL						15.00
388478-DEC1517			DIGITAL SUBSCRIPTION	0 935.1	6	0		15.00	
56602 12/27/2017	CHK	2	MICHAEL WONENBERG						55.00

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Bank Account: 1 - ZIONS BANK GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	General Ledger			BU Project	Distr Amount	Amount
Invoice			GL Reference	Div Account	Dept	Actv			
20171221164636858			INACTIVE REFUND	0 142.99	0	0		55.00	
56603 12/27/2017	CHK 2		GLENN GARTUNG						16.51
20171221164636980			INACTIVE REFUND	0 142.99	0	0		16.51	
56604 12/27/2017	CHK 2		DAVID HUFFMYER						23.95
2017122116463773			INACTIVE REFUND	0 142.99	0	0		23.95	
56605 12/27/2017	CHK 406		FASTENAL COMPANY						138.22
UTHEB58880			VENDING MACHINE STOCK	0 591.0	2	0		138.22	
56606 12/27/2017	CHK 961		STAPLES CREDIT PLAN						166.02
1960047621			PAPER	0 921.1	1	0		23.00	
1949940481			BINDERS	0 921.1	1	0		60.12	
1950471901			BINDERS	0 921.1	1	0		82.90	
Total for Check/Tran - 56606:									166.02
56607 12/27/2017	CHK 1192		BISMARCK STATE COLLEGE						3,798.44
133062			JAKE DUKE CLASS TUITION	0 401.2	5	0		3,798.44	
56608 12/27/2017	CHK 825		PRAXAIR						28.35
80493881			STARGOLD/STARGON	0 592.0	3	0		28.35	
56609 12/27/2017	CHK 844		PUBLIC EMPLOYEES HEALTH PROG						596.15
12/17A			EMPLOYEE FLEX SPENDING CONTR	0 243.0	0	0		596.15	
56611 12/27/2017	CHK 1256		PURE WATER SOLUTIONS						359.70
34168542-0118			OPERATIONS WATER PURIFICATION SYSTEMS	0 401.1	1	0		359.70	
56612 12/27/2017	CHK 1433		EXECUTECH						3,424.99
42918			SSL CERT;MONTH MAINT	0 935.3	6	0		3,424.99	
Total for Bank Account - 1 :								(142)	1,358,905.96
Grand Total :								(142)	1,358,905.96

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PARAMETERS ENTERED:

Check Date: 12/01/2017 To 12/31/2017
Bank: 1
Vendor: All
Check:
Journal: All
Format: GL Accounting Distribution
Extended Reference: No
Sort By: Check/Transaction
Voids: None
Payment Type: All
Group By Payment Type: No
Minimum Amount: 0.00
Authorization Listing: No
Authorization Comments: No
Credit Card Charges: No



Heber Light & Power Board of Directors 2018 Meeting Schedule

All meetings unless otherwise noticed will be held at the Heber Light & Power Business Office, 31 S 100 W, Heber City, UT at 4:00 pm on the fourth Wednesday of each month except for the month of December as listed below:

January 24, 2018
February 28, 2018
March 28, 2018
April 25, 2018
May 23, 2018
June 27, 2018
July 25, 2018
August 22, 2018
September 26, 2018
October 24, 2018
November 28, 2018
December 19, 2018

January 24, 2018

To the Mayor and the Town Council of the Town of Interlaken, Utah

Ladies and Gentlemen:

The letter certifies that Heber Light & Power, by action of its Board of Directors on January 24, 2018, accepts the franchise granted by the ordinance of the Town of Interlaken on the 8th day of January, 2018, entitled:

INTERLAKEN ORDINANCE NO. 7 - AN ORDINANCE GRANTING TO HEBER
LIGHT & POWER, AND ITS SUCCESSORS AND ASSIGNS, AN ELECTRIC LIGHT
AND POWER FRANCHISE

Therefore, Heber Light & Power files this letter with the Town as evidence of its acceptance of the franchise in accordance with the requirements of Section 12 of the Ordinance.

Very truly yours,

Heber Light & Power

By: _____
Kelleen Potter
Chair of the Board of Directors

Attest:

Karly Schindler
Board Secretary

INTERLAKEN TOWN ORDINANCE NO. 7

ORDINANCE GRANTING TO HEBER LIGHT & POWER, AND ITS SUCCESSORS AND ASSIGNS, AN ELECTRIC LIGHT AND POWER FRANCHISE

THE LEGISLATIVE BODY OF INTERLAKEN TOWN ORDAINS AS FOLLOWS:

**SECTION 1
FINDINGS AND INTENT**

The Findings and Intent of this Ordinance are:

- a. For more than 100 years. Heber Light & Power (“HL&P”) has provided electrical service to the Heber Valley including areas in and near Interlaken Town (“Town”)
- b. The Town desires to grant a Franchise to Heber Light & Power: (a) to allow it to install facilities in public streets and rights-of-way, (b) to provide electric service within the Town’s boundaries, and (c) to comply with Utah Code Ann. § 11-13-204(7).

**SECTION 2
FRANCHISE GRANTED**

A nonexclusive Franchise for electrical light and power is granted to Heber Light & Power, a Utah interlocal agency, its successors and assigns, to construct, install, operate and maintain electrical facilities over, across, and under the present and future streets, alleys, and public ways of the Town (collectively, “Public Ways”), including facilities to interconnect with HL&P’s generation and other like facilities, for the purpose of furnishing, supplying, transmitting, and distributing electricity to the Town and its inhabitants within the Town’s boundaries and throughout HL&P’s electrical system, upon such terms, conditions, restrictions, and regulations as are contained in this Ordinance. This Franchise does not relieve HL&P of the obligation to comply with Town code provisions and regulations, including but not limited to the requirements to obtain all necessary permits. This Ordinance and the Franchise are hereinafter collectively referred to as the “Franchise.”

In the event of an annexation of additional area into the Town, the area included within the HL&P Franchise shall be expanded to include such area.

**SECTION 3
TERM & RENEWAL**

The Franchise is granted for a term of five (5) years commencing with the date on which this Ordinance becomes effective and shall end on January 7, 2023 unless extended as provided below.

At the expiration of this Franchise, the Franchise will automatically be extended for a period of five (5) years and will continue to be extended for subsequent five (5) year periods unless either the Town or HL&P gives written notice to the other, at least one hundred twenty (120) days prior to the expiration of the Franchise period or any extension period, that the party

giving notice objects to an automatic renewal. Upon such notice, the Town and the HL&P shall agree to either extend the period of this franchise for a mutually acceptable period of time, or the parties shall use good faith efforts to renegotiate a replacement Franchise. During negotiations HL&P shall have the continued right to use the Public Ways of the Town as set forth herein and HL&P will continue to provide, at the prevailing rates, temporary service to the Town and the public, and HL&P will not remove any of its facilities used to provide such service until receiving approval by the Town.

Upon request by either party, HL&P shall meet with representatives of the Town to report HL&P's projected capital improvements in the Public Ways for the next year and to discuss concerns either Party may have.

**SECTION 4
RECORDS ACCESS**

The Town shall have reasonable access during normal business hours to inspect, audit or make copies of all books, records and other information related to HL&P's operations and business at the Town's own expense; provided, however, that the Town must preserve the confidentiality of such information.

**SECTION 5
EQUAL TREATMENT**

In providing service under this Franchise, HL&P shall comply with the following to ensure equal treatment of customers living outside of HL&P's member municipal boundaries to those within:

- a. the rates and conditions of service for customers outside the municipal boundaries of the municipal members of HL&P shall be at least as favorable as the rates and conditions of service for similarly situated customers within the municipal boundaries of the municipal members;
- b. a general rebate, refund or other payment made to customers located within the municipal boundaries of the municipal members shall also be provided to customers located outside the municipal boundaries of the members;
- c. a schedule of rates and conditions of service, or any change to the rates and conditions of service shall be approved by the governing body of HL&P;
- d. prior to implementation of any rate increase, the governing body of HL&P shall first hold a public meeting to take public comment on the proposed increase, after providing at least twenty days and not more than sixty days' advance notice to its customers on the ordinary billing and on the Utah Public Notice Website created by Utah Code Ann. § 63F-1-701.
- e. HL&P shall operate as a single entity providing service both inside and outside of the municipal boundaries of its members.

SECTION 6 OMBUDSMAN

a. HL&P has engaged and shall maintain an ombudsman to resolve complaints from customers not within HL&P's members' boundaries that concern the terms contained in Section 5 above and that are not resolved through HL&P's internal dispute resolution procedure as provided in Section 6.c. below. The ombudsman shall be an individual with knowledge, skill, experience, training, or education in the retail electric industry.

b. Subject to Section 6.c., the ombudsman shall have power to review, investigate, mediate and arbitrate customer complaints. The ombudsman shall then make written recommendations to the governing body of HL&P or its General Manager and to the complaining customer. If the recommendations are rejected by either HL&P or the complaining customer, or if mediation otherwise fails to resolve the dispute, the ombudsman will arbitrate the dispute following the procedures of the Utah Uniform Arbitration Act. Any decision issued by the ombudsman may be confirmed under Utah Code Ann. § 78B-11-123. The ombudsman may not award any attorney fees. However, if judicial enforcement becomes necessary, attorney fees may be awarded to the prevailing party by the court. HL&P shall pay the ombudsman's fees and expenses. HL&P and the complaining customer shall cooperate with, provide information to, and allow inspections, tests, and audits reasonably requested by the ombudsman in furtherance of his or her duties. The ombudsman shall have the same rights of access to HL&P records as those granted to the Town in Section 4, above.

c. Before the ombudsman may review, investigate, mediate or arbitrate a customer complaint, the customer must give HL&P, through any internal dispute resolution procedure adopted by the Board, thirty (30) days to resolve the complaint to the customer's satisfaction.

SECTION 7 INDEMNIFICATION

The Town shall, in no way, be liable or responsible for any loss or damage to property or any injury to, or death, of any person that may occur in the construction operation or maintenance by HL&P of its electrical facilities. HL&P shall indemnify, defend and hold the Town harmless from and against such claims, demands, liens and all liability or damage on account of HL&P's use of the public ways within the Town, and shall pay the costs of defense plus reasonable attorney fees for any claim, demand or lien brought thereunder. The Town shall: (a) within thirty days give written notice to HL&P of any claim, demand or lien with respect to which the Town seeks indemnification hereunder and (b) permit HL&P to assume the defense of such claim, demand, or lien. If HL&P is prejudiced by the Town's failure to give timely notice of a claim and the opportunity to defend, HL&P shall not be required to indemnify the Town from the claim. If HL&P fails, after notice and opportunity, to assume such defense, HL&P shall be subject to liability for any settlement made. If a claim is settled by the Town, without giving HL&P notice and opportunity to assume such defense, HL&P shall not be liable for any settlement made without its consent. Notwithstanding any provision hereof to the contrary, HL&P shall not be obligated to indemnify, defend or hold the Town harmless to the extent any claim, demand or lien arises out of or in connection with any negligent or willful act or failure to act of the Town or any of its officers, employees, or contractors.

**SECTION 8
SUCCESSORS AND ASSIGNS**

This Franchise shall apply to HL&P and its successors and assigns. HL&P shall be subject to all legal right, power and authority now or later possessed by the Town to control and direct by ordinance or resolution the Franchise and the manner in which HL&P shall use and enjoy it.

**SECTION 9
FEES**

Upon the request of the Town, HL&P shall collect on behalf of the Town any fee that the Town is allowed to impose on HL&P customers for the purchase or use of electricity.

**SECTION 10
EFFECT of INVALIDITY**

The Franchise is granted pursuant to the laws of Utah. If any article, section, sentence, clause, or phrase of this Franchise is for any reason held invalid or unconstitutional, the invalidity shall not affect the validity of this Franchise or any of the remaining portions. The invalidity of any portion of this ordinance shall not abate, reduce, or otherwise affect any consideration or other obligation required of HL& P.

**SECTION 11
CUSTOMER'S EXISTING RIGHTS**

This Franchise is not intended nor should it be interpreted as limiting the rights of HL&P's customers under its policies or applicable law.

**SECTION 12
ACCEPTANCE AND EFFECTIVE DATE**

This Franchise shall be effective and shall replace any existing Franchise between HL&P and the Town upon HL&P's acceptance of the Franchise within thirty (30) days of the Town council's adoption of this Ordinance. If the Franchise is not timely accepted, this Franchise is deemed withdrawn.

By accepting this Franchise, HL&P agrees to provide electric service in the Town boundaries and other properties owned by the Town and located within the HL&P's service area during the term of the Franchise and in a manner consistent with this Franchise and HL&P's policies, as the policies may be changed from time to time. The Town boundary is shown on **Exhibit A** and the portion HL&P's service in the area of the Town on **Exhibit B**.

SECTION 13 REMEDIES

If HL&P fails to perform any term of this Agreement, the Town may give HL&P written notice to cure (“Notice to Cure”). The Notice to Cure shall specify the nature of the alleged failure to perform and the manner in which said failure may be cured.

HL&P shall have 30 days following receipt of the Notice to Cure to correct the failure to perform. If the nature of the alleged failure is such that it cannot reasonably be cured within such 30-day period, then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, shall be deemed to be a cure within such 30-day period.

If HL&P does not timely cure the failure to perform, it shall be in default. In the event of HL&P’s default, the Town may terminate the Franchise by giving HL&P written notice of the termination (“Notice of Termination”) of the Franchise. The Franchise shall automatically terminate 120 days after HL&P’s receipt of the Notice of Termination. Termination of the Franchise shall be the Town’s sole remedy in the event of an uncured breach under the terms of the Franchise.

If HL&P cures within the time period provided in this Section 13 or if the Town does not give a Notice of Termination within 120 days of the delivery of the Notice to Cure, then no default shall exist and the Town may take no further action without submitting a new Notice to Cure and complying with the other requirements of this Section 13.

SECTION 14 REASONABLE ACCOMMODATION OF OTHER ELECTRICAL SERVICE PROVIDERS

In order to reduce, as much as possible, the duplication of electrical infrastructure within the Town and surrounding areas, HL&P will reasonably accommodate Rocky Mountain Power or any other electrical service providers’ use of HL&P’s electrical infrastructure where necessary or convenient to the other electrical service provider. This provision is intended to protect the Town from the installation of unnecessary and unsightly transmission lines, and it is not intended to create a third-party beneficiary to this Franchise. HL&P may use electrical infrastructure within the Town to provide electrical service to areas outside of the Town boundaries.

In any event, HL&P shall not place infrastructure in any location where similar infrastructure is already located without written approval by the Town, which approval shall not be unreasonably withheld.

SECTION 15 OTHER FRANCHISES

Should other electric companies request franchises to construct, install or maintain electrical facilities in the Town’s streets, alleys and public grounds, the Town agrees that such franchises shall not include terms or conditions applicable to such other electric companies that are more favorable than those contained in this franchise. This Section 15 shall not apply to Sections 4, 5, and 6 of this Franchise.

**SECTION 16
TOWN REGULATORY AUTHORITY**

In addition to the provision herein contained, the Town reserves the right to adopt such additional ordinances and regulations as may be deemed necessary in the exercise of its police power for the protection of the health, safety and welfare of its citizens and their properties or exercise any other rights, powers, or duties required or authorized, under the Constitution of the State of Utah, the Laws of Utah or Town Ordinance.

**SECTION 17
PLAN, DESIGN, CONSTRUCTION AND INSTALLATION OF HL&P FACILITIES**

HL&P shall install, construct, maintain and replace its electrical facilities located in the Town's Public Ways, in a manner consistent with Prudent Utility Practice including the Town's laws and ordinances, to minimize to the extent reasonably practical, interference with traffic on or use of the Public Ways. "Prudent Utility Practice" means the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, and/or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost, consistent with good business practices for the electric utility industry and reliably, safely and expeditiously. Prudent utility practices are not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to mean practices, methods or acts generally accepted in the geographic region where the parties operate. Prudent Utility Practice includes meeting, at a minimum, the laws and regulations applicable to the facilities or decisions involved and the National Electrical Safety Code, as last revised.

Except in the case of an emergency, HL&P shall, prior to commencing new construction or major reconstruction or excavation in the Public Ways, apply for applicable permit(s) the Town with respect to the construction, maintenance and operations of its facilities. The Town shall not unreasonably withhold, condition, or delay the issuance of such permits. HL&P will abide by all applicable ordinances and all lawful rules, regulations and requirements of the Town, and the Town may inspect the manner of such work and require remedies as may be reasonably necessary to assure compliance. Notwithstanding the foregoing HL&P shall not be obligated to obtain a permit to perform emergency repairs.

All Electrical Facilities shall be located so as to cause minimum interference with the Public Ways of the Town and use by others and all Electrical Facilities shall be constructed, installed, maintained, renovated or replaced in accordance with applicable codes, rules, and regulations.

HL&P shall repair or replace, at its own expense and to as good a condition as existed prior to modification by HL&P, any and all rights of way, pavements, sidewalks, street improvements, excavations, other facilities, landscaping, or other improvements, public or private, that it damages in the Franchise operations.

The Town shall have the right without cost to use all poles and suitable overhead structures owned by HL&P within Public Ways for Town wires used in connection with its fire alarms, police signal systems, or other public safety communication lines as well as decorative or informational Town banners used for governmental purposes; provided, however, any such uses shall be for activities owned, operated or used by the Town for a public purpose and shall not include the provision of CATV, internet, or similar services to the public. Provided further, that HL&P shall assume no liability nor shall it incur, directly or indirectly, any additional expense in connection with the installation or use of said poles, and the use of said poles and structures by the Town shall be in such a manner as to prevent safety hazards or interferences with HL&P's use of same. Nothing herein shall be construed to require HL&P to increase pole size, or alter the manner in which HL&P attaches its equipment to poles, or alter the manner in which it operates and maintains its Electrical Facilities. Town attachments shall be installed and maintained in accordance with the reasonable requirements of HL&P and the current edition of the National Electrical Safety Code pertaining to such construction. Further, Town attachments shall be attached or installed only after written approval by HL&P in conjunction with HL&P's standard pole attachment application process, which process shall be timely and reasonable. HL&P shall have the right to inspect, at its own expense, such attachments to ensure compliance with this Section and to require the Town to remedy any defective attachments.

HL&P shall have the right to excavate the Public Rights of Ways subject to lawful conditions, ordinances and requirements of the Town. Before installing new underground conduits or replacing existing underground conduits, HL&P shall, as early as is practical, notify the Town of such work by written notice and shall allow the Town, at its own expense, to share the trench of HL&P to lay its own conduit therein, provided that such action by the Town will not unreasonably interfere with HL&P's Electrical Facilities or delay project completion.

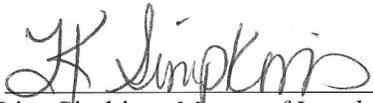
SECTION 18 RELOCATION OF ELECTRICAL FACILITIES

The Town reserves the right to require HL&P to relocate its Electrical Facilities within the Public Ways in the interest of public convenience, necessity, health, safety or welfare at no cost to the Town. Within a reasonable period of time after written notice, HL&P shall promptly commence the relocation of its Electrical Facilities. Before requiring a relocation of Electrical Facilities, the Town shall identify, with the assistance and consent of HL&P, a reasonable alignment for the relocated Electrical Facilities within the Public Ways of the Town.

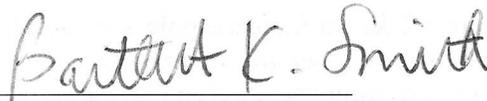
The Town shall assign or otherwise transfer to HL&P all right it may have to recover the cost for the relocation work and shall support the efforts of HL&P to obtain reimbursement.

HL&P shall not be obligated to pay the cost of any relocation that is required or made a condition of a private development. If the removal or relocation of Electrical Facilities is caused directly or otherwise by an identifiable development of property in the area or is made for the convenience of a customer, HL&P may charge the expense of removal or relocation to the developer or customer. For example, HL&P shall not be required to pay relocation costs in connection with a road widening or realignment where the road project is made a condition of or caused by a private development.

Passed by the Town Council of Interlaken Town, Utah this 8th day of January, 2018.

Signed: 
Lisa Simkins, Mayor of Interlaken
Town

Attested:


Bart Smith, Interlaken Town Clerk

(SEAL)



EXHIBIT A
Town Boundary

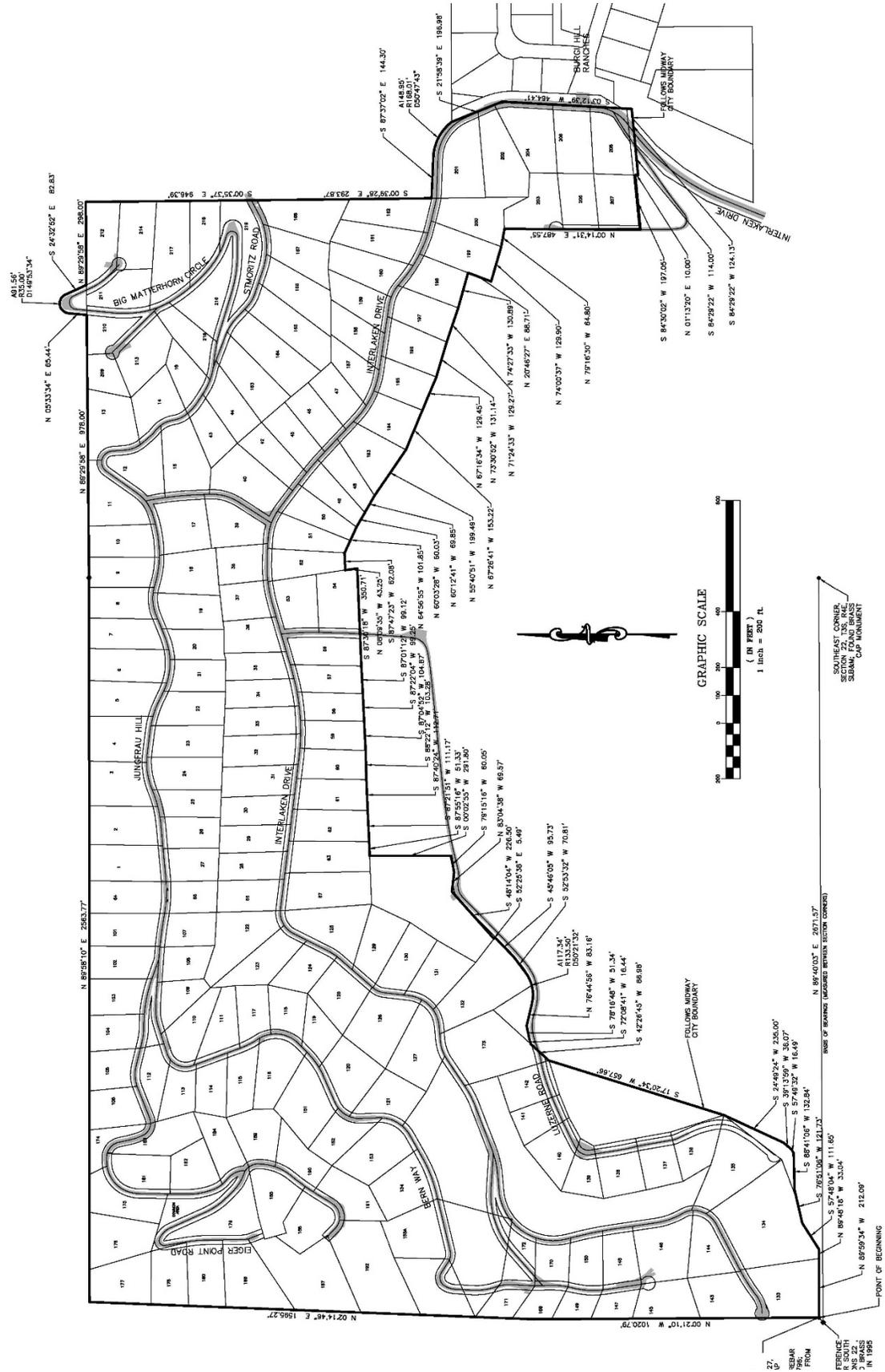


EXHIBIT B
HL&P Service Area



Department of Energy
 Western Area Power Administration
 150 East Social Hall Avenue, Suite 300
 Salt Lake City, UT 84111-1580

OCT 19 2017

Ms. Emily Brandt
 Energy Resource Analyst
 Heber Light and Power
 31 South 100 West
 Heber City, UT 84032

Dear Ms. Brandt:

Enclosed are two executable originals of Salt Lake City Area Integrated Projects (SLCA/IP) Firm Electric Service Contract No. 17-SLC-0922 between the Heber Light and Power and Western Area Power Administration (WAPA) for Firm Electric Service. As noted in the Final 2025 Marketing Plan, published November 29, 2016 (81 FR 85946), WAPA will provide existing Contract Rate of Delivery commitments with associated energy to current SLCA/IP FES customers as set forth in the existing SLCA/IP contracts, which implemented the Post-1989 General Power Marketing Criteria and Post-2004 PMI.

Your existing SLCA/IP Contract No. 07-SLC-0600 will terminate September 30, 2024. Contract No. 17-SLC-0922 will be effective on October 1, 2017 or the date of signature by WAPA, whichever is later, and will remain in effect through September 30, 2057. Delivery of Firm Electric Service under Contract No. 17-SLC-0922 will begin October 1, 2024, and will remain in effect through September 30, 2057. Please sign, date, and return the two executable originals to the address below. Please note the Colorado River Storage Project (CRSP) Management Center will move to a new office location this fall and if the signed contract is returned after October 31, 2017, it should be mailed to the CRSP Management Center's new address as noted below.

	Returning before 10/31/2017	Returning After 10/31/2017
Send to:	Department of Energy Western Area Power Administration 150 East Social Hall Avenue Suite 300 Salt Lake City, UT 84111-1580	Department of Energy Western Area Power Administration 299 S. Main St. Suite 200 Salt Lake City, UT 84111

Upon receipt WAPA will execute both originals, and return one fully executed original for your records. If there are any questions, please telephone Tim Kutz at (801) 524-6365.

Sincerely,

Brent C. Osiek
 Vice President of Power Marketing
 CRSP Management Center

CONTRACT

BETWEEN

HEBER LIGHT AND POWER

AND

UNITED STATES

DEPARTMENT OF ENERGY

WESTERN AREA POWER ADMINISTRATION

SALT LAKE CITY AREA INTEGRATED PROJECTS

FOR

FIRM ELECTRIC SERVICE

CONTRACT
 BETWEEN
 HEBER LIGHT AND POWER
 AND
 UNITED STATES
 DEPARTMENT OF ENERGY
 WESTERN AREA POWER ADMINISTRATION
 SALT LAKE CITY AREA INTEGRATED PROJECTS
 FOR
 FIRM ELECTRIC SERVICE

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CONTRACT
BETWEEN
HEBER LIGHT AND POWER
AND
UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
SALT LAKE CITY AREA INTEGRATED PROJECTS
FOR
FIRM ELECTRIC SERVICE

1. PREAMBLE

This CONTRACT is made this _____ day of _____, 201__, pursuant to the Act of Congress approved June 17, 1902 (32 Stat. 388), the Act of Congress approved February 25, 1905 (33 Stat. 814), the Reclamation Project Act of August 4, 1939 (53 Stat. 1187), the Flood Control Act of December 22, 1944 (58 Stat. 887), the Act of Congress approved July 3, 1952 (66 Stat. 325), the Act of Congress approved April 11, 1956 (70 Stat. 105), the Act of Congress approved August 4, 1977 (91 Stat. 565), and acts amendatory or supplementary to the foregoing Acts, between THE UNITED STATES OF AMERICA, acting by and through the Administrator, Western Area Power Administration, an agency of the Department of Energy, hereinafter called “WAPA,” represented by the officer executing this Contract, a duly appointed successor, or a duly authorized representative, hereinafter called the “Contracting Officer,” and Heber Light and Power, duly organized, created, and existing under and by virtue of the laws of the State of Utah hereinafter referred to as the “Contractor,”

its successors and assigns, each sometimes hereinafter individually called “Party,” and both sometimes hereinafter collectively called the “Parties.”

2. EXPLANATORY RECITALS

2.1 The United States Bureau of Reclamation (Reclamation) operates certain Federal hydroelectric facilities known as the Collbran Project, Rio Grande Project, and the Colorado River Storage Project.

2.2 WAPA refers to the hydroelectric facilities of the Collbran Project, Rio Grande Project, and the Colorado River Storage Project collectively as the Salt Lake City Area Integrated Projects, hereinafter called “SLCA Integrated Projects.”

2.3 WAPA markets and transmits hydroelectric power generated at the SLCA Integrated Projects pursuant to the Act of Congress approved June 17, 1902 (32 Stat. 388), the Act of Congress approved February 25, 1905 (33 Stat. 814), the Reclamation Project Act of August 4, 1939 (53 Stat. 1187), the Flood Control Act of December 22, 1944 (58 Stat. 887), the Act of Congress approved July 3, 1952 (66 Stat. 325), the Act of Congress approved April 11, 1956 (70 Stat. 105), the Act of Congress approved August 4, 1977 (91 Stat. 565), and acts amendatory or supplementary to the foregoing Acts by the United States of America.

- 2.4 To implement the foregoing authorities, WAPA developed and published the Salt Lake City Area Integrated Projects Post-1989 General Power Marketing and Allocation Criteria (hereinafter called the “Criteria” and/or “Post-1989 Marketing Plan”) in the Federal Register on February 7, 1986 (51 FR 4844).
- 2.5 WAPA and Reclamation are under a continuing obligation to ensure the operation of Reclamation’s hydroelectric facilities complies with Federal law. Due to this, WAPA maintains flexibility in its contracts to respond if Reclamation changes the way its facilities are operated.
- 2.6 As published in the Federal Register on April 2, 1987 (52 FR 10620), WAPA’s Administrator approved final allocations of the hydroelectric power generated at the SLCA Integrated Projects, under which the Contractor received Summer and Winter Season capacity and energy allocations. Minor revisions were subsequently made to the allocations on August 24, 1989 (54 FR 35234).
- 2.7 WAPA entered into long-term firm power contracts for the delivery of the SLCA Integrated Projects capacity and energy allocations listed in the April 2, 1987, Federal Register notice (52 FR 10620), as subsequently revised in the August 24, 1989, Federal Register notice (54 FR 35234) and other Federal Register notices explained below. These contracts are referred to as the Firm Electric Service contracts executed with the SLCA Integrated Projects.

- 2.8 Effective November 20, 1995, WAPA published the Energy Planning and Management Program (Program), 10 C.F.R. Part 905, to implement Section 114 of the Energy Policy Act of 1992 (106 Stat. 2776).
- 2.9 The Program consists of two components: a requirement that each long-term firm power customer prepare an integrated resource plan, and a Power Marketing Initiative (PMI) under which WAPA extended a major portion of the Federal resource commitments to its existing long-term firm power customers. Subpart C - Power Marketing Initiative of the Program provides for the establishment of project-specific resource pools and the allocation of power from these pools to new preference customers.
- 2.10 WAPA did not consider applying the PMI to the SLCA Integrated Projects until after completion of the SLCA Integrated Projects Electric Power Marketing Environmental Impact Statement (EIS). The Record of Decision on that EIS was issued on November 1, 1996.
- 2.11 Subsequent to WAPA's proposed application of the PMI to the SLCA Integrated Projects, the public was provided opportunities to comment on WAPA's proposed application of the PMI. Public comment was also invited on how WAPA should market power given recent changes in the electric industry; and, on how much power should be set aside for new customers, particularly Native American Tribal entities. On June 25, 1999, WAPA announced its decision in the Federal Register

(64 FR 34414) that the term of SLCA Integrated Projects contracts would be renewed and extended until September 30, 2024. On September 8, 1999, WAPA established the Power Allocation Procedures and Call for Applications in the Federal Register (64 FR 48825), for SLCA Integrated Projects Post-2004 Resource Pool.

- 2.12 On February 4, 2002, WAPA published final allocations of the Post-2004 Resource Pool in the Federal Register (67 FR 5113) and on July 29, 2002, adjusted final allocations as published in the Federal Register (67 FR 49019).
- 2.13 In the May 20, 2004, Federal Register (69 FR 29135), WAPA published its Notice of Determination of the Post-2004 Marketable Resources which stated that due to drought conditions it was necessary to reduce the energy component of the SLCA Integrated Projects marketable resources. WAPA stated that it would reduce the marketable energy available to its Contractors beginning October 1, 2004, then gradually increase the energy available over a 5-year period, reaching a level in the fifth year (beginning October 1, 2009) that would remain constant through September 30, 2024. WAPA also indicated that additional hydroelectric power could be available to its customers when hydrologic conditions warranted. On October 1, 2004, most entitlements of Contractors to the long-term firm SLCA Integrated Projects capacity and energy available at that time were reduced by seven (7) percent to provide power for new preference customers. WAPA amended the existing contracts with the Contractors to implement this decision.

- 2.14 The existing contracts expire on September 30, 2024. WAPA published its Proposed 2025 Marketing Plan on December 16, 2015 (80 FR 78222), for the marketing of SLCA Integrated Projects' hydroelectric power and energy for a period beginning October 1, 2024.
- 2.15 In the November 29, 2016, Federal Register (81 FR 85946) WAPA announced its Final 2025 Salt Lake City Area Integrated Projects Marketing Plan (hereinafter called the "2025 Marketing Plan"), extending existing capacity and energy allocations to existing Contractors of SLCA Integrated Projects, while recognizing additional project development may occur in future years. It also provided for establishing a new Firm Electric Service contract based upon the existing SLCA Integrated Projects contract.
- 2.16 The Contractor desires to purchase and WAPA is willing to furnish Firm Electric Service from the SLCA Integrated Projects under the terms and conditions stated herein.

3. AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Parties hereto agree as follows.

4. TERM OF CONTRACT

- 4.1 This Contract shall become effective as of the date in Section 1 above or October 1, 2017, whichever is later, and will remain in effect through the end of the calendar day on September 30, 2057, subject to prior adjustments, modifications, or termination as provided herein.
- 4.2 The delivery of Firm Electric Service under this Contract shall commence October 1, 2024.
- 4.3 The delivery of Firm Electric Service from the effective date hereof through the end of the calendar day on September 30, 2024, shall be subject to the terms and conditions of Contract No. 07-SLC-0600, except that sections 7.1.6, 13, 14, and 15 of this Contract shall become effective for all Firm Electric Service deliveries on or after the effective date hereof. Except as provided above, in the event of a conflict between the terms of Contract No. 07-SLC-0600 and the terms of this Contract, the terms of Contract No. 07-SLC-0600 shall control through the end of calendar day September 30, 2024, and the terms of this Contract shall control thereafter.

5. RELATED CONTRACTS

- 5.1 The Contractor's SLCA Integrated Projects Contract No. 07-SLC-0600 with

WAPA expires by its own terms and terminates in its entirety at the end of the calendar day on September 30, 2024.

- 5.2 Termination of Contract No. 07-SLC-0600 and implementation of this Contract shall occur simultaneously, at the end of the calendar day on September 30, 2024, with no disruption in delivery of Firm Electric Service.
- 5.3 In the event that Contract No. 07-SLC-0600 is terminated prior to the end of the calendar day on September 30, 2024, this Contract shall terminate effective with the termination of the Contract No. 07-SLC-0600, unless otherwise provided.
- 5.4 The Contract Rate of Delivery (CROD), as defined in Section 6.2, with associated energy under Contract No. 07-SLC-0600 may be modified prior to October 1, 2024, based upon the terms in Contract No. 07-SLC-0600. If modifications are made to Contract No. 07-SLC-0600, such as reductions, withdrawals, restrictions, limits, penalties, termination, additions, increases, and any other applicable adjustment prior to October 1, 2024, the same modifications shall be made to this Contract and any applicable exhibits and attachments.
- 5.5 If applicable, certain allocation holders identified in Contract No. 07-SLC-0600 have assigned their CROD and associated energy allocations to Contractor, and those assigned allocations are included in this Contract as allowed by the terms of the assignment. If Contract No. 07-SLC-0600 terminates prior to the end of the

calendar day on September 30, 2024, any applicable allocation assignment agreement(s) shall terminate concurrently.

6. DEFINITIONS

For the purposes of this Contract:

6.1 Available Hydro Power (AHP) is the maximum amount of hydroelectric capacity and energy that will be made available to the Contractor monthly as determined by WAPA based on prevailing water release conditions and set forth in Exhibit A; Provided, however, that AHP shall not be less than the Contractor's Sustainable Hydro Power.

6.2 Contract Rate of Delivery (CROD) is the maximum level of long-term capacity that the Contractor is entitled to receive in each Season as set forth in Section 7 and in Exhibit A of this Contract. The CROD is the Contractor's allocated share of the SLCA Integrated Projects marketing commitment level established for each Season through the term of this Contract. CROD is met first with the Contractor's AHP, and then with Customer Displacement Power or Western Replacement Power, or a combination thereof.

- 6.3 Contractor is a preference customer within the marketing area of the SLCA Integrated Projects. Contractors refers to all SLCA Integrated Projects customers.
- 6.4 Contracting Officer is the officer executing this Contract, a duly appointed successor, or a duly authorized representative.
- 6.5 Customer Displacement Power (CDP) is the amount of supplemental power acquired or generated by the Contractor on its own behalf, or by a third party on behalf of Contractor, which if provided by Contractor under Section 7 may be used, as required, as part of the Contractor's CROD and Monthly Energy within a given period.
- 6.6 Designated Points of Delivery are those points described in Exhibit A where Firm Electric Service furnished by the SLCA Integrated Projects is delivered to the Contractor or to a transmission agent for further delivery to the Contractor.
- 6.7 Firm Electric Service is the firm energy and capacity provided by WAPA at Designated Points of Delivery.
- 6.8 Firming Power is power purchased by WAPA from time-to-time which it determines to be required in order to meet its commitments for AHP and Seasonal SHP Energy.

- 6.9 Long Term Western Replacement Power (Long Term WRP) is the amount of Western Replacement Power that WAPA will purchase for the Contractor for a specified period of at least one (1) year pursuant to Section 7.3 which will be used, as required, as part of the Contractor's CROD and Monthly Energy within the given period.
- 6.10 Monthly Capacity is the maximum quantity of firm capacity expressed in kilowatts (kW) that WAPA is committed to deliver and the Contractor is entitled to receive each month, pursuant to Section 7.8.
- 6.11 Monthly Energy is the maximum quantity of total firm energy expressed in kilowatt-hours (kWh) that WAPA is committed to deliver and the Contractor is entitled to receive each month pursuant to Sections 7.1.3 and 7.8, and as set forth in Exhibit A.
- 6.12 Season or Seasonal is Summer or Winter Season.
- 6.13 Seasonal SHP Energy is the minimum quantity of firm energy expressed in kWh the Contractor is entitled to receive each Season as set forth in Section 7.1.2.
- 6.14 Seasonal Western Replacement Power (Seasonal WRP) is the maximum amount of Western Replacement Power WAPA will purchase for the Contractor during a

Season or shorter period of time, pursuant to Section 7.2, which will be used, as required, as part of the Contractor's CROD and Monthly Energy.

- 6.15 Summer Season is the six (6) month period from the first day of the April billing period through the last day of the September billing period of any calendar year.
- 6.16 Sustainable Hydro Power (SHP) is a level of long-term operable SLCA Integrated Projects hydroelectric capacity with energy, projected at an established risk level and supplemented by WAPA power purchases as may be required from time-to-time due to hydrological conditions, which level shall be fixed and made available to the Contractor each Season through a specified contract period. SHP will be established by WAPA in consultation with the Contractors, and set forth in the attached Exhibit A.
- 6.17 Western Replacement Power (WRP) is the amount of supplemental power requested by the Contractor to be acquired by WAPA on behalf of the Contractor as part of the Contractor's CROD and Monthly Energy within a given period and paid for by the Contractor on a pass-through-cost basis. WRP may also be purchased as Seasonal WRP, as provided for in Section 7.2, or as Long Term WRP, as provided for in Section 7.3.

6.18 Winter Season is the six (6) month period from the first day of the October billing period of any calendar year through the last day of the March billing period of the following calendar year.

7. FIRM ELECTRIC SERVICE

7.1 WAPA's Energy and Capacity Obligations: WAPA, under the terms and conditions specified herein and within the available capacity of the substation and transmission facilities to deliver the Firm Electric Service at specific Designated Points of Delivery, will furnish Firm Electric Service to the Contractor, up to the mutually agreed upon Monthly Energy and Monthly Capacity set forth in Exhibit A.

7.1.1 The Seasonal CROD, SHP, AHP, and Monthly Capacity shall be as set forth in Section 3 of Exhibit A.

7.1.2 The Seasonal SHP Energy and Monthly SHP Energy shall be as set forth in Section 4 of Exhibit A.

7.1.3 The Monthly Energy available with the CROD shall be the sum of the Contractor's monthly portion of (1) Seasonal SHP Energy or energy associated with AHP, whichever is greater, plus (2) energy associated with WRP, plus (3) energy associated with the CDP as set forth in Exhibit A.

Monthly Energy available with the CROD shall not exceed 100 percent load factor.

7.1.4 If the Seasonal SHP Energy and the CROD are changed due to exchanges of energy and capacity in accordance with Section 8 of the Contract, any such changes will be reflected prior to the beginning of each Season in a revision to Exhibit A.

7.1.5 Should WAPA determine that hydrology projections, operational or other changes, show AHP energy or capacity in sufficient quantities to be made available above that identified as AHP in Exhibit A, WAPA shall first offer said energy or capacity to its Contractors. Appropriate written notification from WAPA will be given to the Contractor.

7.1.6 WAPA may revise the amount of the Contractor's Seasonal SHP Energy or Seasonal CROD as required to respond to changes in hydrology and river operations, upon five (5) years' notice to the Contractor.

7.2 Seasonal WRP: The procedure for acquiring Seasonal WRP is as follows, and the schedule of dates by which the terms of Seasonal WRP are to be complied with are listed in Attachment No. 2.

- 7.2.1 WAPA will notify the Contractor in writing as to what portion of the CROD in the upcoming season will be supplied from AHP. The notification will also provide WAPA's estimated price of purchasing Seasonal WRP for the upcoming Season and any advancement of funds necessary pursuant to Section 7.5. This notice will be in substantially the same form as Attachment No. 1.
- 7.2.2 The Contractor will provide authorization by returning the form to WAPA indicating the amount of Seasonal WRP that it requests WAPA to purchase for the upcoming Season. Such written notice will constitute a commitment by the Contractor to pay its share of WAPA's cost of the Seasonal WRP pursuant to this Section 7.2, except when power is not available per Section 7.2.3. The amount of Seasonal WRP for which notice is provided by the Contractor for a Season may vary by month. Such monthly amounts must be so indicated in the Contractor's notification.
- 7.2.3 Upon receipt of the authorization from the Contractor, pursuant to Section 7.2.2, WAPA will endeavor to purchase the requested Seasonal WRP. If the power is not available for purchase by WAPA under the authorized terms and conditions, WAPA shall notify the Contractor. If the Contractor then chooses to rescind its request for WRP, it must do so promptly in writing.

- 7.2.4 At the beginning of the billing period for each Season, WAPA will notify the Contractor of any revisions to WAPA's estimated price for Seasonal WRP for each month of the Season.
- 7.2.5 WAPA will include in its regular monthly power bill to the Contractor WAPA's cost of providing Seasonal WRP for that month.
- 7.2.6 The costs associated with Seasonal WRP shall reflect additional costs, if any, incurred by WAPA for energy purchased as Seasonal WRP, as compared with the cost WAPA has determined is necessary to support its monthly energy commitments without Seasonal WRP purchases. Such additional costs shall be limited to the net cost of such energy calculated by subtracting from WAPA's total cost of providing the energy (i) the revenues received by WAPA from the sale of such energy, and (ii) if used by WAPA for Firming Power, the estimated cost for such Firming Power that WAPA otherwise would have incurred.
- 7.2.7 If the Contractor has paid in excess of WAPA's actual cost of the Seasonal WRP provided to the Contractor during the Season, WAPA will credit the amount toward payment of the Contractor's next practicable service month power bill unless otherwise mutually agreed. If the Contractor has paid less than WAPA's actual costs of Seasonal WRP accepted by the

Contractor during the Season, WAPA will bill the Contractor for such amount in its next practicable service month power bill unless otherwise mutually agreed. When advanced funds are needed, pursuant to Section 7.5, the provisions in Subsection 7.2.7 shall not be applicable.

7.3 Long Term WRP: The procedure for acquiring Long Term WRP is as follows, and the schedule of dates by which the terms of Long Term WRP are to be met is listed in Attachment No. 3.

7.3.1 WAPA will notify the Contractor as to what portion of the Contractor's CROD is expected to be supplied from AHP for the remainder of the Contract.

7.3.2 If the Contractor is interested in acquiring Long Term WRP, the Contractor will notify WAPA of the amount of Long Term WRP desired, the period of time for which the Contractor is willing to commit to purchase that amount, and the maximum price that the Contractor would be willing to have WAPA pay to purchase Long Term WRP. These will be used by WAPA in soliciting and evaluating potential power purchase options and will limit any obligation of WAPA to provide Long Term WRP.

- 7.3.3 After receipt of the notice(s) referenced in Section 7.3.2, WAPA shall request proposals from power suppliers for power to supply the request(s) for Long Term WRP.
- 7.3.4 Once WAPA receives and evaluates proposals from suppliers, WAPA shall inform the Contractor of the length of commitment, terms, and conditions, including adequacy of transmission, under which Long Term WRP is available. WAPA will also notify the Contractor of any advancement of funds needed pursuant to Section 7.5.
- 7.3.5 The Contractor shall provide written authorization to WAPA to contract for the Long Term WRP under the specified terms and conditions. Such written authorization will constitute a commitment by the Contractor to pay its share of the cost of the Long Term WRP under the terms and conditions specified.
- 7.3.6 Only upon receipt of written authorization from the Contractor will WAPA pursue purchasing Long Term WRP for the Contractor. If the power is not available for purchase by WAPA under the authorized terms and conditions, WAPA will notify the Contractor of the changes. If the Contractor then chooses to rescind its request for Long Term WRP, it must do so promptly in writing. Service shall normally begin on the first day of the next Season.

- 7.3.7 The Contractor may commit to more than one Long Term WRP arrangement; Provided, That its request for Long Term WRP, when combined with the Contractor's SHP, other WRP commitments and CDP commitments, shall not exceed the Contractor's CROD, or 100 percent load factor of the CROD.
- 7.3.8 WAPA will include in its regular monthly power bill to the Contractor WAPA's cost of Long Term WRP for that month. The cost will be calculated by placing WAPA's total Long Term WRP costs into a cost pool for each term of commitment of Long Term WRP, and then prorating the costs to the Contractor in proportion to its share of Long Term WRP in that pool.
- 7.3.9 Determination of WAPA's actual costs for Long Term WRP and excess or deficient payments by the Contractor for Long Term WRP will be made at the end of WAPA's fiscal year. If the Contractor has paid in excess of WAPA's actual costs of the Long Term WRP, WAPA will reflect such excess amount in a credit to the Contractor's amount of payment to be made in the next practicable service month power bill, unless otherwise mutually agreed. If the Contractor has paid less than WAPA's actual costs of Long Term WRP, WAPA will bill such deficiency to the Contractor in its next practicable service month power bill, unless otherwise mutually

agreed. When advanced funds are needed, pursuant to Section 7.5, these provisions in Subsection 7.3.9 shall not be applicable.

7.3.10 If requested by the Contractor, WAPA shall attempt to sell any energy associated with Long Term WRP that is in excess of the Contractor's needs. If WAPA sells such energy, WAPA shall credit the Contractor's charges for Long Term WRP by any revenues obtained, less WAPA's costs, if any, to provide this service.

7.4 Cost of Providing WRP: WAPA's cost of providing WRP shall not be included in the capacity and energy rates charged to the Contractor under the SLCA Integrated Projects Firm Power Rate Schedule.

7.5 Advancement of Funds

7.5.1 WAPA may make purchases of WRP from the funds it has available. In the event that WAPA does not have sufficient funds to make WRP purchases, the Contractor will provide its pro-rata share of funds in advance for WAPA's use in purchasing WRP on the Contractor's behalf. The notice provided to the Contractor by WAPA pursuant to Sections 7.2.1 and 7.3.4 will notify the Contractor as to its pro-rata share, if an advance is needed. The Contractor shall submit the advanced funds to WAPA with the written authorization pursuant to Sections 7.2.2 or

7.3.5. Advanced funds will be credited to a separate account and will be held by WAPA for the Contractor to be used solely for purchases of WRP. When advanced funds are needed, Sections 7.2.7 and 7.3.9 shall not be applicable. The amounts advanced will be determined according to the following criteria:

7.5.1.1 For Seasonal WRP, the Contractor will advance an amount equal to (i) one third of the estimated cost of Seasonal WRP to be purchased by WAPA on behalf of the Contractor in the upcoming Season, less (ii) the amount, if any, held by WAPA for purchases of Seasonal WRP on behalf of the Contractor for the current Season; Provided, That if the amount held by WAPA for the current Season is greater than the amount required for the upcoming Season, the difference will either be refunded to the Contractor after the current Season or, at the Contractor's option, be reflected as a credit in the Contractor's next power bill.

7.5.1.2 If the Contractor fails to advance WAPA sufficient funds for Seasonal WRP in accordance with the amounts and schedules set forth in Sections 7.5.1.1, WAPA will not purchase Seasonal WRP on the Contractor's behalf for that upcoming Season.

7.5.1.3 For Long Term WRP, the Contractor will advance an amount equal to (i) the next two (2) months of the estimated cost of the Long Term WRP to be purchased by WAPA on behalf of the Contractor, less, (ii) the amount, if any, then held by WAPA for purchases of Long Term WRP on behalf of the Contractor; Provided, That if the amount then held by WAPA is greater than the amount required for the next two (2) months, the difference will either be refunded to the Contractor by WAPA or at the Contractor's option, be reflected as a credit in the Contractor's next power bill.

7.5.1.4 Upon termination of the Contract, any funds advanced by the Contractor that are still held by WAPA and are in excess of amounts owed to WAPA will be refunded to the Contractor.

7.6 Customer Displacement Power: The procedure for acquiring CDP is as follows, and the schedule of dates by which the terms of CDP are to be met are listed in Attachment No. 4.

7.6.1 The Contractor may, individually or in association with other Contractors of the SLCA Integrated Projects, furnish written notice to WAPA that it wishes to provide to WAPA, for delivery to the Contractor, CDP for a portion or all of the power above AHP and WRP up to the CROD and for

which it has not otherwise provided notification for Seasonal WRP or Long Term WRP in accordance with the notification guidelines set forth in Section 7.2 or 7.3. CDP may only be accepted in time periods offered for Seasonal or Long Term WRP.

7.6.2 The Contractor will furnish with its notification to provide CDP pursuant to Section 7.6.1, information regarding the source and point of receipt of power, the amount of power to be provided, the initial month of delivery, the commitment length, the designation of the scheduling entity, and any prescheduling and scheduling requirements and restrictions. WAPA will determine its ability to deliver this CDP in accordance with Section 7.7.3.

7.6.3 The Contractor may request a change or modification to the source(s) or conditions of CDP at any time prior to or during a Season upon written notification to WAPA's appropriate scheduling office. WAPA shall make its best efforts to expedite its determination of its ability to accept this CDP for delivery to the Contractor and shall so notify the Contractor, in writing, of its determination as soon as possible. However, WAPA shall have the sole determination of its ability to accept this CDP under the new conditions.

7.6.4 Any portion of CDP not supplied pursuant to Section 7.6.1 will be deemed to be supplied pursuant to this Section 7.6. WAPA will not be responsible for firming CDP purchases made by the Contractor.

7.7 Transmission Provisions

7.7.1 Reserved Firm Capacity (RFC) in the CRSP transmission system will be maintained by WAPA to deliver the Contractor's CROD, to meet other firm transmission and firm exchange commitments, and to serve loads solely dependent upon transmission service on WAPA's system. The Contractor's AHP, WRP, and CDP, where CDP has been accepted by WAPA pursuant to Section 7.6.2, will be treated as firm deliveries up to the Contractor's CROD. Procedures for management of curtailments shall be contained in Scheduling, Accounting, and Billing Procedures (SABPs), as referenced in Section 10, jointly developed and executed by both Parties.

7.7.2 To the extent that actual AHP, combined with the sum of contractual commitments by the Contractor for purchase of Long Term WRP, Seasonal WRP, and CDP, result in capacity greater than the Contractor's CROD, it is the Contractor's responsibility to arrange for transmission and delivery of any Long Term WRP, Seasonal WRP, and CDP in excess of the Contractor's CROD. Additionally, the Contractor shall independently

arrange for delivery to itself of all CDP over and above CDP accepted by WAPA for delivery to the Contractor pursuant to Section 7.6.

7.7.3 Pursuant to the CRSP Joint Planning Agreement Principles No. 96-SLC-0315, as may be amended, WAPA shall engage in a consultative process with the Contractors for determination of (i) the transmission capacity of the existing CRSP transmission system and any modification or additions thereto, (ii) the capacity in the system needed to meet the RFC requirement of Section 7.7.1, and (iii) any remaining available transmission capacity that could be made available for other firm transmission purposes.

7.7.3.1 Determination of transmission availability among competing new requests for WRP and CDP will be based, among other things, on the length of the commitment, i.e., for the upcoming Season or in increments offered by WAPA for Long Term WRP, with requests of longer commitment lengths being given higher priority. Prior to the beginning of Long Term WRP, as established in Section 7.3 of this Contract, the maximum commitment length for WRP and CDP will be the upcoming Season.

7.7.3.2 For requests of WRP and CDP of equal commitment length, WRP and CDP will share current RFC pro-rata when such concurrent

requests exceed estimated RFC. Prior to the first Long Term WRP commitment date, as established in Section 7.3 of this Contract, requests received through the date of the Contractor's notice for Seasonal WRP will be considered as being received concurrent for the upcoming Season. Subsequent to the first commitment date for Long Term WRP, requests for CDP will be considered as outlined in Attachment No. 4.

7.7.3.3 The commitment length for CDP can be no longer than the Contractor's purchase commitment to the resource designated at WAPA's point of receipt.

- 7.8 Monthly Commitments: At least sixty (60) days before the beginning of each Season, the Contractor and the Contracting Officer shall establish the Monthly Energy and Monthly Capacity for the upcoming Season at each Designated Point of Delivery; Provided, however, that Monthly Capacity in any month may not exceed the Contractor's CROD as set forth in Section 7.1.1. The Monthly Energy and Monthly Capacity will be set forth in Exhibit A. Energy or capacity may not be transferred from month to month without revision to Exhibit A.
- 7.9 Minimum Hourly Delivery: The Minimum Hourly Delivery shall be 35 percent of the total of the Contractor's CROD, or the Contractor's total load, whichever is less, or as otherwise set forth in Exhibit A. Upon request of the Contractor, the

requirement for a Minimum Hourly Delivery may be waived by WAPA, if operating conditions permit. At no greater than 2-year intervals, WAPA, in consultation with its Contractors, shall reevaluate, and may revise, the minimum hourly delivery. Such revision will be reflected in a revised Exhibit A.

- 7.10 Operating Reserves: WAPA is able to provide operating reserves for the Contractor for AHP. To the extent that the Contractor's CDP or WRP from a third-party purchase includes the provision of operating reserves, WAPA shall allow the Contractor to claim such reserves from any unscheduled portion of CDP or WRP.
- 7.11 Designated Point(s) of Delivery and Voltages: Firm Electric Service furnished by WAPA to the Contractor will be delivered at the point(s) and voltage(s) set forth in Exhibit A, subject to revision as set forth in Section 7.13. Charges and losses will be established as follows: (i) any transmission costs and associated losses incurred in the delivery of AHP to the Designated Point(s) of Delivery described in Exhibit A shall be the responsibility of WAPA, (ii) losses in the delivery of WRP and/or CDP shall be the responsibility of the Contractor, and (iii) any transmission costs and associated losses in the delivery of Firm Electric Service beyond the Designated Point(s) of Delivery shall be the responsibility of the Contractor.
- 7.12 Metering: The point(s) of measurement, metering voltage(s), and ownership of

metering equipment shall be set forth in the SABPs entered into pursuant to Section 10 hereof. Insofar as the Firm Electric Service delivered hereunder may be measured at point(s) and/or voltage(s) other than the Designated Point(s) of Delivery, the measured amount(s) may be adjusted for losses between the Designated Point(s) of Delivery and the point(s) of measurement as set forth in said SABPs.

7.13 Transmission Agent: Electric service provided to the Contractor at the Designated Point(s) of Delivery listed in Exhibit A may be supplied over the facilities of PacifiCorp under the terms and conditions provided in Contract No. 14-06-400-2436 as it may be amended or extended from time-to-time, or under the terms and conditions of any contract that may supersede or succeed said contract. Upon termination of Contract No. 14-06-400-2436, the Designated Point(s) of Delivery will be Vernal 138-kV and/or Glen Canyon 230-kV, or another CRSP-owned Point(s) of Delivery as determined by the Contracting Officer in consultation with the Contractor, unless alternative arrangements are made between WAPA and the Contractor.

7.14 Firming Power

7.14.1 In the event that actual power produced by SLCA Integrated Projects generation is inadequate to meet AHP or Seasonal SHP Energy as set forth in Exhibit A, WAPA will purchase Firming Power required to meet any

shortfall. The cost of such Firming Power purchases, as well as revenues from any associated short term power sales, shall be included in the capacity and energy rates charged to the Contractor under the then-current SLCA Integrated Projects Firm Power Rate Schedule.

7.14.2 Any expenses deemed non-reimbursable pursuant to Section 1807 of the Grand Canyon Protection Act of 1992, Pub. L. 102-575, shall be treated as non-reimbursable expenses.

8. EXCHANGE OF ENERGY AND CAPACITY

In order to optimize use of SLCA Integrated Projects' resources, WAPA will consider, subject to the conditions set forth herein, an exchange of energy and/or capacity between Contractors. If the Contractor desires an exchange of energy and/or capacity, it must submit a request sixty (60) days prior to the anticipated effective date of the exchange of energy and/or capacity. WAPA will then review requests on the basis of its operational requirements. If operational requirements permit, requesting Contractors will be offered a letter agreement, for an exchange of energy and/or capacity. The Contractor will return the signed letter agreement accepting the proposed exchange. The Seasonal Energy and the Contract Rates of Delivery will then be increased or decreased, as necessary, in a revision to Exhibit A. Any exchange of energy and/or capacity is at the discretion of WAPA, and WAPA may elect to not facilitate an exchange. In the event WAPA does facilitate an exchange, the exchange is for the approved period only, and at the end of that

approved period the Contractor's Seasonal Energy and Contract Rates of Delivery will revert to those amounts set forth in Section 7.1.

9. SCHEDULE OF RATES

The Contractor shall pay WAPA for the Firm Electric Service furnished hereunder in accordance with rates, charges, and conditions set forth in the General Power Contract Provisions (GPCPs) dated as of September 1, 2007, and in applicable Rate Schedule, both attached hereto and made a part hereof, or any superseding rate schedules.

10. SCHEDULING, ACCOUNTING, AND BILLING PROCEDURES

10.1 Written SABPs, shall be developed and agreed upon by the authorized representatives of the Parties before the date of initial service under this Contract. The SABPs are intended to implement the terms of this Contract but not to modify or amend it and are, therefore, subordinate to this Contract. Revisions to the SABPs may be needed to meet operational requirements and such revisions shall be made in accordance with Section 10.3. Any revisions to the SABPs shall be developed in consultation with the Contractor.

10.2 Deliveries of Firm Electric Service hereunder may be scheduled in advance as determined by the Contracting Officer, on an hourly basis, emergencies excepted, and accounted for on the basis of such advance schedules, all in accordance with SABPs agreed upon in advance between the authorized representatives. Said SABPs will specify the conditions under which inadvertent deliveries, which are greater or less than scheduled deliveries, shall be corrected in later deliveries. If operating conditions warrant and WAPA so notifies the Contractor, WAPA may,

at its option, revise the Contractor's schedule or request the Contractor to schedule its resources from the SLCA Integrated Projects to approximate normal hourly and/or daily load patterns to avoid abrupt changes in water releases and generation levels or other undesirable results. The Contractor will initiate hourly scheduling within ninety (90) days of a request by WAPA.

- 10.3 In the event the Contractor fails or refuses to execute the initial SABPs or any revised SABPs which WAPA determines to be necessary due to changes in this Contract or the power system of either Party, WAPA will temporarily implement essential procedures as determined by WAPA until mutually acceptable SABPs have been developed and executed by the authorized representatives.

11. POWER FACTOR

- 11.1 The Contractor will be expected to maintain the power factor specified in the attached rate schedule or the GPCPs. If the power factor requirements under applicable rate schedule(s) and the GPCPs are not the same, the more stringent requirement will apply.
- 11.2 If the applicable power factor standard is not complied with, WAPA may, after giving the Contractor ninety (90) days' written notice to correct the condition or such additional time as warranted by circumstances, make delivery system improvements associated with power factor correction at the Contractor's expense

to WAPA's system or to the system used by the Contractor with the agreement of the Contractor and/or Third Party Service Provider. If WAPA is required to pay for delivery system improvements associated with power factor correction on the systems of its transmission agents, which are attributable to conditions on the system used by the Contractor, the Contractor shall pay for the cost of such improvements.

12. INTEGRATED RESOURCE PLANS AND SMALL CUSTOMER PLANS

12.1 The Contractor shall comply with the Integrated Resource Plan (IRP) or Small Customer Plan requirements, as applicable, in accordance with the Program. If the Contractor submits an IRP with a State or Tribal regulatory body, that same plan may be submitted to WAPA for approval in meeting the IRP or Small Customer Plan requirements.

12.2 WAPA shall administer the IRP or Small Customer Plan requirements, as applicable, in accordance with the Program.

12.3 Failure to comply with the IRP or Small Customer Plan requirements, after exhaustion of all appeals, will result in the application of penalties as specified in the Program.

12.4 In the event that WAPA, or any successor agency, shall promulgate changes to the IRP portion of the Program following its initial adoption as published in the Federal Register at 60 FR 54151 (October 20, 1995), the Contractor, by written notice to the Contracting Officer within ninety (90) days after the effective date of a Program change, may elect to terminate this Contract. The termination shall be effective one (1) year from the date of receipt of the notice by WAPA.

13. ENVIRONMENTAL ATTRIBUTES

WAPA shall allocate to the Contractor available environmental attributes, such as renewable energy credits/certificates (RECs), that exist from SLCA Integrated Projects hydroelectric generation. Environmental attributes are considered bundled with the energy (kWh) allocation, and the Contractor has the right, but not the obligation, to take title and ownership to its proportionate share based upon its energy allocation set forth in Section 7.1.

14. GENERAL POWER CONTRACT PROVISIONS

The GPCPs effective September 1, 2007, attached hereto, are hereby made a part of this Contract the same as if they had been expressly set forth herein; Provided, That Articles 1.2 and 20 through 30, shall not apply or be incorporated herein; Provided, That Contractor transactions utilizing capacity and/or energy under this Contract with an entity or entities that coordinate, control, monitor, or support operation of the bulk electric system, or act as a marketplace operator of wholesale power, or procure products or service on behalf of any such entity, including but not limited to independent system

operators, regional system operators, transmission organizations, balancing authorities, or successor organizations associated with the Contractor's load shall not be considered a sale for resale.

15. CREDITWORTHINESS

The WAPA Creditworthiness Procedures effective September 1, 2017, attached hereto, are hereby made a part of this Contract the same as if they had been expressly set forth herein.

16. REVIEW OF FINANCIAL AND WORK PROGRAM DATA

Letter Agreement No. 92-SLC-0208 dated September 24, 1992, as supplemented, or any superseding agreement, among the Salt Lake City Area Office of WAPA, the Upper Colorado Region of the Bureau of Reclamation, and Colorado River Energy Distributors Association provides for implementation of the Statement of Principles and Joint Procedures for Contractor review of financial and work program data relating to rates of the SLCA Integrated Projects. This Letter Agreement and supplement are attached hereto as Attachment No. 5, and incorporated into this Contract and implemented as provided for therein.

17. EXHIBITS AND AMENDMENTS

Inasmuch as certain provisions of this Contract may change during the term hereof, they will be set forth in exhibits from time-to-time agreed upon by the authorized representatives of the Parties. The initial Exhibit A, and all future exhibits shall be

attached hereto and made a part hereof, and each shall be in force and effect in accordance with its terms unless superseded by a subsequent exhibit. This Contract may be amended or modified only by an amendment or modification duly executed by the Parties.

18. AUTHORIZED REPRESENTATIVES OF THE PARTIES

Each Party shall, by written notice to the other, designate the representative(s) who is (are) authorized to act on its behalf with respect to those matters contained herein which are the functions and responsibilities of its authorized representative(s). Either Party may change the designation of its authorized representative(s) upon written notice.

19. AUTHORITY TO EXECUTE

The Preamble and Explanatory Recitals of this Contract are incorporated by reference herein. Each individual signing this Contract certifies that the Party represented has duly authorized such individual to execute this Contract that binds and obligates the Party.

IN WITNESS WHEREOF, The Parties hereto have caused this Contract to be duly executed the day and year first written above.

U.S. DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

By: _____

Title: _____

Address: CRSP Management Center

299 South Main Street, Suite 200

Salt Lake City, UT 84111

HEBER LIGHT AND POWER

By: _____

Title: _____

Address: _____

EXHIBIT A

POINTS OF DELIVERY, VOLTAGES, AND DELIVERY OBLIGATIONS

1. This Exhibit A is made this ____ day of _____, 2017, to be effective October 1, 2024, under and as part of Contract No. 17-SLC-0922, dated _____, hereinafter called the “Contract,” and shall remain in effect until superseded by another Exhibit A in accordance with the provisions of the Contract; Provided, That this Exhibit A or any superseding Exhibit A shall be terminated by the expiration of the Contract.

2. Point(s) of Delivery and Voltages: SLCA Integrated Projects firm energy and capacity will be delivered pursuant to the Contract at the point(s) of delivery and voltages listed below.

<u>Point(s) of Delivery</u> ¹	<u>Nominal Voltage (kV)</u>
Midway/Silver Creek	138-kV

3. Contract Rate of Delivery (CROD), Sustainable Hydro Power (SHP), Available Hydro Power (AHP), and Monthly Capacity

3.1 SLCA Integrated Projects Monthly Capacity, in kilowatts (kW), will be delivered pursuant to the Contract in the quantities listed in the Attachment to Exhibit A,

¹ Upon termination of Contract No. 14-06-400-2436 the point of delivery indicated in this Exhibit A may change in accordance with Section 7.13.

Capacity and Energy Table below. Capacity available to the Contractor from hydro power shall be the greater of SHP or AHP. Total Monthly Capacity shall be the sum of: (1) the greater of SHP or AHP; and (2) WRP and CDP.

3.2 Except as modified by Section 7.1.4 and/or 7.1.6 of the Contract, the Seasonal CROD shall be as follows:

Winter Season	5,325 kW
Summer Season	2,485 kW

4. Seasonal SHP Energy and Monthly SHP Energy

4.1 SLCA Integrated Projects firm energy, in kilowatt-hours (kWh) will be delivered pursuant to the Contract in the quantities listed in the Attachment to Exhibit A, Monthly Capacity and Energy Table below, at the monthly energy amount applicable to that billing period. Energy may not be transferred from month to month without revision to the Attachment to this Exhibit A.

4.2 Except as modified by Section 7.1.4 and/or 7.1.6 of the Contract, the Seasonal SHP Energy shall be as follows:

Winter Season	9,121,725 kWh
Summer Season	4,395,581 kWh

5. Attachment to Exhibit A, Monthly Capacity and Energy Table (Attachment): The Attachment may be revised from time-to-time by mutual agreement of the Parties as evidenced by signed concurrence to the revision.

IN WITNESS WHEREOF, the Parties hereto have caused this Exhibit A to be duly executed the day and year first written above.

U.S. DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

By: _____

Title: _____

Address: CRSP Management Center

299 South Main Street, Suite 200

Salt Lake City, UT 84111

HEBER LIGHT AND POWER

By: _____

Title: _____

Address: _____

Salt Lake City Area Integrated Projects Power Sales Rate History

Rate Schedule	Effective Dates	Energy (Mills/kWh)	Capacity (\$/kW-mo.)	Combined (Mills/kWh) 1/	Composite (Mills/kWh) 2/
SLIP-F1	10/87-9/90	5	\$2.09	9.92	-
SLIP-F2	10/90-11/91	7.25	\$3.08	14.5	-
SLIP-F3	12/91-9/92	8.1	\$3.44	16.2	-
SLIP-F4	10/92-9/94	8.4	\$3.54	16.72	-
SLIP-F5	12/94-4/98	8.9	\$3.83	-	20.17
SLIP-F6	4/98-9/02	8.1	\$3.44	-	17.57
SLIP-F7	10/02-9/06	9.5	\$4.04	-	20.72
SLIP-F8	10/06-9/08	10.43	\$4.43	-	25.28
SLIP-F9 (1st Step)	10/08-9/09	11.06	\$4.70	-	26.8
SLIP-F9 (2nd Step)	10/09-9/15	12.19	\$5.18	-	29.62
SLIP-F10	10/15-Present	12.19	\$5.18	-	29.42

The Salt Lake City Area Integrated Projects is a combination of resources from the Collbran, CRSP, and Rio Grande Projects.

1/ Combined rates are calculated with a load factor which is assumed to be constant over a given period. In the SLCA/IP, the load factor is considered to be 58.2 percent.

2/ Composite Rates are calculated by dividing the required revenue by the amount of energy sold. This methodology works independently of the load factor of the sales.

Updated: 4/1/2016

Rate Schedule SLIP-F10
(Supersedes Schedule SLIP-F9)

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
SALT LAKE CITY AREA INTEGRATED PROJECTS**

SCHEDULE OF RATES FOR FIRM POWER SERVICE
(Approved Under Rate Order No. WAPA-169)

Effective:

Rate Schedule SLIP-F10 will be placed into effect on an interim basis on the first day of the first full-billing period beginning on or after October 1, 2015, and will remain in effect until FERC confirms, approves, and places the rate schedules in effect on a final basis through September 30, 2020, or until the rate schedules are superseded.

Available:

In the area served by the Salt Lake City Area Integrated Projects.

Applicable:

To the wholesale power customer for firm power service supplied through one meter at one point of delivery or as otherwise established by contract.

Character:

Alternating current, 60 hertz, three-phase, delivered and metered at the voltages and points established by contract.

Monthly Rate:

DEMAND CHARGE: \$5.18 per kilowatt of billing demand.

ENERGY CHARGE: 12.19 mills per kilowatthour of use.

COST RECOVERY CHARGE:

To adequately recover and maintain a sufficient balance in the Basin Fund, Western uses a cost recovery mechanism, called a Cost Recovery Charge (CRC). The CRC is a charge on all SHP energy.

This charge will be recalculated before May 1 of each year, and Western will provide notification to the customers. The charge, if needed, will be placed into effect on the first day of the first full-billing period beginning on or after October 1, 2015, through September 30, 2020. If a Shortage Criteria is necessary, the CRC will be re-calculated at that time. (See Shortage Criteria Trigger explanation below.) The CRC will be calculated as follows:

**WESTERN HAS THE DISCRETION TO IMPLEMENT A CRC BASED ON
THE TIERS BELOW.**

TABLE: CRC Tiers

Tier	Criteria, If the BFBB is:	Review
i	Greater than \$150 million, with an expected decrease to below \$75 million	Annually
ii	Less than \$150 million but greater than \$120 million, with an expected 50-percent decrease in the next FY	
iii	Less than \$120 million but greater than \$90 million, with an expected 40-percent decrease in the next FY	
iv	Less than \$90 million but greater than \$60 million, with an expected 25-percent decrease in the next FY	Semi-Annual (May / November)
v	Less than \$60 million but greater than \$40 million with an expected decrease to below \$40 million in the next FY	Monthly

TABLE: SAMPLE CRC CALCULATION

		Description	Example	Formula
STEP ONE	Determine the Net Balance available in the Basin Fund.			
	BFBB	Basin Fund Beginning Balance (\$)	\$ 85,860,265	Financial forecast
	BFTB	Basin Fund Target Balance (\$)	\$ 64,395,199	BFBB – (Tier % *BFBB), or BFTB for Tier i and Tier v ¹
	PAR	Projected Annual Revenue (\$) w/o CRC	\$ 232,780,000	Financial forecast
	PAE	Projected Annual Expenses (\$)	\$ 226,649,066	Financial forecast
	NR	Net Revenue (\$)	\$ 6,130,934	PAR - PAE
	NB	Net Balance (\$)	\$ 91,991,199	BFBB + NR
STEP TWO	Determine the Forecasted Energy Purchase Expenses.			
	EA	SHP Energy Allocation (GWh)	4,952	Customer contracts
	HE	Forecasted Hydro Energy (GWh)	4,924	Hydrologic & generation forecast
	FE	Forecasted Energy Purchase (GWh)	504	EA – HE or anticipated
	FFC	Forecasted Average Energy Price per MWh (\$)	\$ 34.23	From commercially available price indices
	FX	Forecasted Energy Purchase Expense (\$)	\$ 17,262,512	FE * FFC *1000
STEP THREE	Determine the amount of Funds Available for firming energy purchases, and then determine additional revenue to be recovered. The following two formulas will be used to determine FA; the lesser of the two will be used.			
	FA1	Basin Fund Balance Factor (\$)	\$ 17,262,512	If (NB>BFBB,FX,FX -(BFTB - NB))
	FA2	Revenue Factor (\$)	\$ 17,262,512	If (NR>-(BFBB-BFTB), FX, FX+NR +(BFBB-BFTB))
	FA	Funds Available (\$)	\$ 17,262,512	Lesser of FA1 or FA2 (not less than \$0)
	FARR	Additional Revenue to be Recovered (\$)	\$ 0	FX - FA
STEP FOUR	Once the FA for purchases have been determined, the CRC can be calculated, and the WL can be determined.			
	WL	Waiver Level (GWh)	5428	If (EA<HE,EA,HE+(FE*(FA/FX))), but not less than HE
	WLP	Waiver Level Percentage of Full SHP	110%	WL/EA*100
	CRCE	CRC Energy (GWh)	0	EA - WL
	CRCEP	CRC Energy Percentage of Full SHP	0%	CRCE/EA*100
	CRC	Cost Recovery Charge (mills/kWh)	0	FARR/(EA*1,000)

Notes: 1- Use CRC Tiers Table to calculate applicable value

Narrative CRC Example**STEP ONE: Determine the net balance available in the Basin Fund.**

BFBB – Western will forecast the Basin Fund Beginning Balance for the next FY.

$$\mathbf{BFBB = \$85,860,265}$$

BFTB – The Basin Fund Target Balance is based on the applicable tiered percentage, or minimum value, of the Basin Fund Beginning Balance derived from the **CRC Tiers** table with a minimum BFTB set at \$40 million.

$$\mathbf{BFTB = BFBB \text{ less } 25 \text{ percent, see Tier iv (BFBB < 90 million, BFBB > 60 million)}}$$

$$= \$85,860,265 - \$21,464,066$$

$$= \mathbf{\$64,395,199}$$

PAR – Projected Annual Revenue is Western’s estimate of revenue for the next FY.

$$\mathbf{PAR = \$232,780,000}$$

PAE – Projected Annual Expenses is Western’s estimate of expenses for the next FY. The PAE includes all expenses plus non-reimbursable expenses, which are capped at \$27 million per year plus an inflation factor. **This limitation is for CRC formula calculation purposes only, and is not a cap on actual non-reimbursable expenses.**

$$\mathbf{PAE = \$226,649,066}$$

NR – Net Revenue equals revenues minus expenses.

$$\mathbf{NR = PAR - PAE}$$

$$= \$232,780,000 - \$226,649,066$$

$$= \mathbf{\$6,130,934}$$

NB – Net Balance is the Basin Fund Beginning Balance plus net revenue.

$$\begin{aligned}\mathbf{NB} &= \mathbf{BFBB+NR} \\ &= \$85,860,265 + \$6,130,934 \\ &= \mathbf{\$91,991,199}\end{aligned}$$

STEP TWO: Determine the forecasted energy purchases expenses.

EA – The Sustainable Hydro Power Energy Allocation (from Customer contracts). This does not include Project Use customers.

$$\mathbf{EA = 4,952 (GWh)}$$

HE – Western’s forecast of Hydro Energy available during the next FY developed from Reclamation’s April, 24-month study.

$$\mathbf{HE = 4,924 (GWh)}$$

FE – Forecasted Energy purchases are the difference between the Sustainable Hydro Power allocation and the forecasted hydro energy available for the next FY or the anticipated firming purchases for the next year.

$$\mathbf{FE= EA-HE \text{ or anticipated purchases}}$$

$$\mathbf{= 504.33 (GWh, anticipated)}$$

FFC - The forecasted energy price for the next FY per MWh.

$$\mathbf{FFC = \$34.23 \text{ per MWh}}$$

FX – Forecasted energy purchase power expenses based on the current year’s, April, 24-month study, representing an estimate of the total costs of firming purchases for the coming FY.

$$\begin{aligned} \mathbf{FX} &= \mathbf{FE*FFC*1000} \\ &= 504.33 * \$34.23*1000 \\ &= \mathbf{\$17,263,215.90} \end{aligned}$$

STEP THREE: Determine the amount of Funds Available (FA) to expend on firming energy purchases and then determine additional revenue to be recovered (FARR). The following two formulas will be used to determine FA; the lesser of the two will be used. Funds available shall not be less than zero.

A. Basin Fund Balance Factor (FA1)

If the Net Balance is greater than the Basin Fund Target Balance, use the value for forecasted energy purchase power expenses (FX). If the net balance is less than the Basin Fund Target Balance, reduce the value of the Forecasted Energy Purchase Power Expenses by the difference between the Basin Fund Target Balance and the Net Balance.

$$\begin{aligned} \mathbf{FA1} &= \text{If } (\mathbf{NB} > \mathbf{BFTB}, \mathbf{FX}, \mathbf{FX} - (\mathbf{BFTB} - \mathbf{NB})) \\ &= \mathbf{\$91,991,199} \text{ (NB) is greater than } \mathbf{\$64,395,199} \text{ (BFTB) then:} \\ &= \mathbf{\$17,263,215.90} \text{ (FX)} \end{aligned}$$

If the Net Balance is greater than the Basin Fund Target Balance, then **FA1=FX**.

If the Net Balance is less than the Basin Fund Target Balance, then **FA1=FX-(BFTB-NB)**.

B. Basin Fund Revenue Factor (FA2)

The second factor ensures that Western collects sufficient funds to meet the Basin Fund Target Balance so long as the amount needed does not exceed the forecasted purchase expense (FX):

In the situation when there is no projected revenue:

$$\mathbf{FA2} = \text{If } (NR > -(BFBB - BFTB)), \mathbf{FX}, \mathbf{FX} + \mathbf{NR} + (\mathbf{BFBB} - \mathbf{BFTB})$$

$$= \mathbf{\$6,130,934} (\mathbf{NR}) \text{ is greater than } (\mathbf{\$21,464,066}) \text{ then:}$$

$$= \mathbf{\$17,263,215.90} (\mathbf{FX})$$

If the Net Revenue (loss) value does not result in a loss that exceeds the allowable decrease value of the Basin Fund Beginning Balance $(-(BFBB - BFTB))$, then $\mathbf{FA2 = FX}$.

If the Net Revenue (loss) results in a loss that exceeds the allowable decrease value of the Basin Fund Beginning Balance $(-(BFBB - BFTB))$, then $\mathbf{FX + NR + (BFBB - BFTB)}$.

FA – Determine the funds available for purchasing firming energy by using the lesser of FA1 and FA2.

FA1 and FA2 are equal, so:

$$\mathbf{FA} = \mathbf{\$17,263,215.90} (\mathbf{FX})$$

FARR – Calculate the additional revenue to be recovered by subtracting the Funds Available from the forecasted energy purchase power expenses.

$$\mathbf{FARR} = \mathbf{FX} - \mathbf{FA}$$

$$= \mathbf{\$17,263,215.90} (\mathbf{FX}) - \mathbf{\$17,263,215.90} (\mathbf{FA})$$

$$= \mathbf{\$ 0.00}$$

STEP FOUR: Once the funds available for purchases have been determined, the CRC can be calculated and the Waiver Level (WL) can be determined.

A. Cost Recovery Charge: The CRC will be a charge to recover the additional revenue required as calculated in Step 3. The CRC will apply to all customers who choose not to request a

waiver of the CRC, as discussed below. The CRC equals the additional revenue to be recovered divided by the total energy allocation to all customers for the FY.

$$\text{CRC} = \text{FARR} / (\text{EA} * 1,000)$$

$$= \$ 0.00 \text{ charge}$$

- B. Waiver Level (WL): Western will establish an energy WL that provides Western the ability to reduce purchase power expenses by scheduling less energy than what is contractually required. Therefore, for those customers who voluntarily schedule no more energy than their proportionate share of the WL, Western will waive the CRC for that year.

After the Funds Available has been determined, the WL will be set at the sum of the energy that can be provided through hydro generation and purchased with Funds Available. The WL will not be less than the forecasted Hydro Energy.

$$\text{WL} = \text{If } (\text{EA} < \text{HE}, \text{EA}, \text{HE} + (\text{FE} * (\text{FA} / \text{FX})))$$

$$= 4,952 \text{ (EA) is not less than } 4,924 \text{ (HE) then:}$$

$$= 4,924 \text{ (HE)} + (504.33 \text{ (FE)} * (\$17,263,215.90 \text{ (FA)} / \$17,263,215.90 \text{ (FX)}))$$

$$= \mathbf{5,428 \text{ (GWh) is the Waiver Level}}$$

If SHP Energy Allocation is less than forecasted Hydro Energy available, then **WL=EA**

If SHP Energy Allocation is greater than the forecasted Hydro Energy available, then

$$\mathbf{WL=HE+(FE *(FA/FX))}$$

PRIOR YEAR ADJUSTMENT:

The CRC PYA for subsequent years will be determined by comparing the prior year's estimated firming-energy cost to the prior year's actual firming-energy cost for the energy provided above the WL. The PYA will result in an increase or decrease to a customer's firm energy costs over the course of the following year. The table below is the calculation of a PYA.

PYA CALCULATION			
		Description	Formula
STEP ONE	Determine actual expenses and purchases for previous year's firming. This data will be obtained from Western's financial statements at the end of the FY.		
	PFX	Prior Year Actual Firming Expenses (\$)	Financial Statements
	PFE	Prior Year Actual Firming Energy (GWh)	Financial Statements
STEP TWO	Determine the actual firming cost for the CRC portion.		
	EAC	Sum of the energy allocations of customers subject to the PYA (GWh)	
	FFC	Forecasted Firming Energy Cost – (\$/MWh)	From CRC Calculation
	AFC	Actual Firming Energy Cost – (\$/MWh)	PFX/PFE
	CRCEP	CRC Energy Percentage	From CRC Calculation
	CRCE	Purchased Energy for the CRC (GWh)	EAC*CRCEP
STEP THREE	Determine Revenue Adjustment (RA) and PYA.		
	RA	Revenue Adjustment (\$)	(AFC-FFC)*CRCE*1,000
	PYA	Prior Year Adjustment (mills/kWh)	(RA/EAC)/1,000

Narrative PYA Calculation

STEP ONE: Determine actual expenses and purchases for previous year's firming. This data will be obtained from Western's financial statements at end of FY.

PFX - Prior year actual firming expense

PFE - Prior year actual firming energy

STEP TWO: Determine the actual firming cost for the CRC portion.

EAC - Sum of the energy allocations of customers subject to the PYA

CRCE - The amount of CRC Energy needed

AFC - The Actual Firming Energy Cost are the PFX divided by the PFE

$$\text{AFC} = (\text{PFX}/\text{PFE})/1,000$$

STEP THREE: Determine Revenue Adjustment (RA) and Prior Year Adjustment (PYA).

RA - The Revenue Adjustment is AFC less FFC times CRCE

$$\text{RA} = (\text{AFC}-\text{FFC})*\text{CRCE}*1,000$$

PYA = The PYA is the RA divided by the EAC for the CRC customers only.

$$\text{PYA} = (\text{RA}/\text{EAC})/1,000$$

The customer's PYA will be based on its prior year's energy multiplied by the resulting mills/kWh to determine the dollar amount that will be assessed. The customers will be charged or credited for this dollar amount equally in the remaining months of the next year's billing cycle. Western will attempt to complete this calculation by December of each year. Therefore, if the PYA is calculated in December, the charge/credit will be spread over the remaining 9 months of the FY (January through September).

Shortage Criteria Trigger:

In the event that Reclamation's 24-month study projects that Glen Canyon Dam water releases will drop below 8.23 MAF in a water year (October through September), Western will recalculate the CRC to include those lower estimates of hydropower generation and the estimated costs for the additional purchase power necessary. Western, as in the yearly projection for the CRC, will give the customers a 45-day notice to request a waiver of the CRC, if they do not want to have the CRC charge added to their energy bill. This recalculation will remain in effect for the remainder of the current FY.

In the event that hydropower generation returns to an 8.23 MAF or higher during the trigger implementation, a new CRC will be calculated for the next month, and the customers will be notified.

CRC Schedule for customers

Consistent with the procedures at 10 CFR 903, Western will provide its customers with information concerning the anticipated CRC for the upcoming FY in May. The established CRC will be in effect for the entire FY. The table below displays the time frame for determining the amount of purchases needed, developing customers' load schedules, and making purchases.

CRC Schedule

Task	Respective Dates Under Table CRC Tiers¹		
	i, ii, and iii	iv²	v³
24-Month Study (Forecast to Model Projections)	April 1	April 1 October 1	Monthly Study
CRC Notice to Customers	May 1	May 1 November 1	Monthly
Waiver Request Submitted by Customers	June 15	Within 45 days	Within 30 days
CRC Effective	October 1	August 1 February 1	Updated Monthly

Notes:

¹ This schedule does not apply if the CRC is triggered by the Glen Canyon Dam annual releases dropping below 8.23 MAF.

² If it is determined during the additional reviews, under tier **iv**, that a CRC is necessary, customers will be notified that a CRC will be implemented in 90 days. Western will provide its customers with information concerning the anticipated CRC and give them 45 days to request a waiver or accept the CRC. The established CRC will be in effect for 12 months from the date implemented unless superseded by another CRC.

³ If it is determined during the additional reviews, under tier **v**, that a CRC is necessary, customers will be notified that a CRC will be implemented in 60 days. Western will provide its customers with information concerning the anticipated CRC and give them 30 days to request a waiver or accept the CRC. The established CRC will be in effect for 12 months from the date implemented unless superseded by another CRC.

Billing Demand:

The billing demand will be the greater of:

1. The highest 30-minute integrated demand measured during the month up to, but not more than, the delivery obligation under the power sales contract, or
2. The Contract Rate of Delivery.

Billing Energy:

The billing energy will be the energy measured during the month up to, but not more than, the delivery obligation under the power sales contract.

Adjustment for Waiver:

Customers can choose not to take the full SHP energy supplied as determined in the attached formulas for CRC and will be billed the Energy and Capacity rates listed above, but not the CRC.

Adjustment for Transformer Losses:

If delivery is made at transmission voltage but metered on the low-voltage side of the substation, the meter readings will be increased to compensate for transformer losses as provided in the contract.

Adjustment for Power Factor:

The customer will be required to maintain a power factor at all points of measurement between 95 percent lagging and 95 percent leading.

Adjustment for Western Replacement Power:

Pursuant to the contractor's Firm Electric Service Contract, as amended, Western will bill the contractor for its proportionate share of the costs of Western Replacement Power (WRP) within a given time period. Western will include in the contractor's monthly power bill the cost of the WRP and the incremental administrative costs associated with WRP.

Adjustment for Customer Displacement Power Administrative Charges:

Western will include in the contractor's regular monthly power bill the incremental administrative costs associated with Customer Displacement Power.

WESTERN AREA POWER ADMINISTRATION
GENERAL POWER CONTRACT PROVISIONS

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*Legal Citation Revised September 1, 2007

WESTERN AREA POWER ADMINISTRATION
GENERAL POWER CONTRACT PROVISIONS

I. APPLICABILITY.

1. Applicability.

1.1 These General Power Contract Provisions (Provisions) shall be a part of the contract to which they are attached. In the event these Provisions differ from requirements of the contract, specific terms set forth in the contract shall prevail.

1.2 If the Contractor has member utilities which are either directly or indirectly receiving benefits from the contract, then the Contractor shall require such members to comply with Provisions 10, 17, 18, 19, 29, 30, 36, 43, 44, and 45 of these General Power Contract Provisions.

II. DELIVERY OF SERVICE PROVISIONS.

2. Character of Service.

Electric energy supplied or transmitted under the contract will be three-phase, alternating current, at a nominal frequency of sixty (60) hertz (cycles per second).

3. Use of Capacity or Energy in Excess of Contract Obligation.

The Contractor is not entitled to use Federal power, energy, or capacity in amounts greater than the Western contract delivery obligation in effect for each type of service provided for in the contract except with the approval of Western. Unauthorized overruns of contract delivery obligations shall be subject to charges specified in the contract or the applicable rate schedules. Overruns shall not establish any continuing right thereto and the Contractor shall cease any overruns when requested by Western, or in the case of authorized overruns, when the approval expires, whichever occurs first. Nothing in the contract shall obligate Western to increase any delivery obligation. If additional power, energy, or capacity is not available from Western, the responsibility for securing additional power, energy, or capacity shall rest wholly with the Contractor.

4. Continuity of Service.

Electric service will be supplied or transmitted continuously except for: (1) fluctuations, interruptions, or reductions due to uncontrollable forces, as defined in Provision 34 (Uncontrollable Forces) herein, (2) fluctuations, interruptions, or reductions due to operation of devices installed for power system protection; and (3) temporary fluctuations, interruptions, or reductions, which, in the opinion of the party supplying the service, are necessary or desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. The party supplying service, except in case of emergency, will give the party to whom service is being provided reasonable advance notice of such temporary interruptions or reductions and will remove the cause thereof with diligence.

5. Multiple Points of Delivery.

When electric service is supplied at or transmitted to two or more points of delivery under the same rate schedule, said rate schedule shall apply separately to the service supplied at or transmitted to each point of delivery; Provided, That where the meter readings are considered separately, and during abnormal conditions, the Contractor's system is interconnected between points of delivery such that duplication of metered power is possible, the meter readings at each affected point of delivery will be adjusted to compensate for duplication of power demand recorded by meters at alternate points of delivery due to abnormal conditions which are beyond the Contractor's control or temporary conditions caused by scheduled outages.

6. Metering.

6.1 The total electric power and energy supplied or transmitted under the contract will be measured by metering equipment to be furnished and maintained by Western, a designated representative of Western, or where situations deem it appropriate as determined by Western, by the Contractor or its agent(s). In the event metering equipment is furnished and maintained by the Contractor or its agent(s) and the equipment is used for billing and other accounting purposes by Western, the Contractor shall ensure that the metering equipment complies with applicable metering policies established by Western.

6.2 Meters shall be secured by appropriate security measures and meters shall not be accessed except when the meters are to be inspected, tested, adjusted, or repaired. Representatives of affected parties shall be afforded reasonable opportunity to be present upon such occasions. Metering equipment shall be inspected and tested each year by the party responsible for meter maintenance, unless a different test interval is determined in accordance with good utility practices by an applicable regional metering policy, or as agreed upon by the parties. Meters shall also be tested at any reasonable time upon request by a party hereto, or by an affected supplemental power supplier, transmission agent, or control area operator. Any metering equipment found to be damaged, defective, or inaccurate shall be repaired and readjusted or replaced by the party responsible for meter maintenance as soon as practicable. Meters found with security breaches shall be tested for tampering and, if appropriate, meter readings shall be adjusted by Western pursuant to Provision 6.3 below.

6.3 Except as otherwise provided in Provision 6.4 hereof, should any meter that is used by Western for billing or other accounting purposes fail to register accurately, the electric power and energy supplied or transmitted during the period of failure to register accurately, shall, for billing purposes, be estimated by Western from the best available information.

6.4 If inspections and tests of a meter used by Western for billing or other accounting purposes disclose an error exceeding 2 percent, or a lesser range in error as agreed upon by the parties, then a correction based upon the inaccuracy found shall be made to the service records for the period of inaccuracy as determined by Western. If the period of inaccuracy cannot be determined, the inaccuracy shall be assumed to have existed during the entire monthly billing period immediately preceding the billing period in which the inspection or test was made and the resulting correction shall be made accordingly.

6.5 Any correction in billing or other accounting information that results from a correction in meter records shall be made in a subsequent monthly bill rendered by Western to the Contractor. Payment of such bill shall constitute full adjustment of any claim between the parties arising out of inaccurate metering equipment.

7. Existence of Transmission Service Contract.

If the contract provides for Western to furnish services using the facilities of a third party, the obligation of Western shall be subject to and contingent upon the existence of a transmission service contract granting Western rights to use such facilities. If Western acquires or constructs facilities which would enable it to furnish direct service to the Contractor, Western, at its option, may furnish service over its own facilities.

8. Conditions of Transmission Service.

8.1 When the electric service under the contract is furnished by Western over the facilities of others by virtue of a transmission service arrangement, the power and energy will be furnished at the voltage available and under the conditions which exist from time to time on the transmission system over which the service is supplied.

8.2 Unless otherwise provided in the contract or applicable rate schedule, the Contractor shall maintain a power factor at each point of delivery from Western's transmission agent as required by the transmission agent.

8.3 Western will endeavor to inform the Contractor from time to time of any changes planned or proposed on the system over which the service is supplied, but the costs of any changes made necessary in the Contractor's system, because of changes or conditions on the system over which the service is supplied, shall not be a charge against or a liability of Western.

8.4 If the Contractor, because of changes or conditions on the system over which service under the contract is supplied, is required to make changes on its system at its own expense in order to continue receiving service under the contract, then the Contractor may terminate service under the contract upon not less than sixty (60) days written notice given to Western prior to making such changes, but not thereafter.

8.5 If Western notifies the Contractor that electric service provided for under the contract cannot be delivered to the Contractor because of an insufficiency of capacity available to Western in the facilities of others over which service under the contract is supplied, then the Contractor may terminate service under the contract upon not less than sixty (60) days written notice given to Western prior to the date on which said capacity ceases to be available to Western, but not thereafter.

9. Multiple Points of Delivery Involving Direct and Indirect Deliveries.

When Western has provided line and substation capacity under the contract for the purpose of delivering electric service directly to the Contractor at specified direct points of delivery and also has agreed to absorb transmission service allowance or discounts for deliveries of energy over other system(s) to indirect points of delivery and the Contractor shifts any of its load served under the contract from direct delivery to indirect delivery, Western will not absorb the transmission service costs on such shifted load until the unused capacity, as determined solely by Western, available at the direct delivery points affected is fully utilized.

10. Construction, Operation, and Maintenance of Contractor's Power System.

The Contractor shall, and, if applicable, shall require each of its members or transmission agents to construct, operate, and maintain its power system in a manner which, as determined by Western, will not interfere with the operation of the system of Western or its transmission agents over which electric services are furnished to the Contractor under the contract, and in a manner which will coordinate with the protective relaying and other protective arrangements of the system(s) of Western or Western's transmission agents. Western may reduce or

discontinue furnishing services to the Contractor if, after notice by Western, the Contractor fails or refuses to make such changes as may be necessary to eliminate an unsatisfactory condition on the Contractor's power system which is determined by Western to interfere significantly under current or probable conditions with any service supplied from the power system of Western or from the power system of a transmission agent of Western. Such a reduction or discontinuance of service will not relieve the Contractor of liability for any minimum charges provided for in the contract during the time said services are reduced or discontinued. Nothing in this Provision shall be construed to render Western liable in any manner for any claims, demands, costs, losses, causes of action, damages, or liability of any kind or nature arising out of or resulting from the construction, operation, or maintenance of the Contractor's power system.

III. RATES, BILLING, AND PAYMENT PROVISIONS.

11. Change of Rates.

Rates applicable under the contract shall be subject to change by Western in accordance with appropriate rate adjustment procedures. If at any time the United States promulgates a rate changing a rate then in effect under the contract, it will promptly notify the Contractor thereof. Rates shall become effective as to the contract as of the effective date of such rate. The Contractor, by written notice to Western within ninety (90) days after the effective date of a rate change, may elect to terminate the service billed by Western under the new rate. Said termination shall be effective on the last day of the billing period requested by the Contractor not later than two (2) years after the effective date of the new rate. Service provided by Western shall be paid for at the new rate regardless of whether the Contractor exercises the option to terminate service.

12. Minimum Seasonal or Annual Capacity Charge.

When the rate in effect under the contract provides for a minimum seasonal or annual capacity charge, a statement of the minimum capacity charge due, if any, shall be included in the bill rendered for service for the last billing period of the service season or contract year as appropriate, adjusted for increases or decreases in the contract rate of delivery and for the number of billing periods during the year or season in which service is not provided. Where multiple points of delivery are involved and the contract rate of delivery is stated to be a maximum aggregate rate of delivery for all points, in determining the minimum seasonal or annual capacity charge due, if any, the monthly capacity charges at the individual points of delivery shall be added together.

13. Billing and Payment.

13.1 Western will normally issue bills to the Contractor for services furnished during the preceding month within ten (10) days after the end of the billing period.

13.2 If Western is unable to issue timely monthly bill(s), Western may elect to render estimated bill(s). Such estimated bill(s) shall be subject to the same payment provisions as final bill(s), and any applicable adjustments will be shown on a subsequent monthly bill.

13.3 Payments of bills issued by Western are due and payable by the Contractor before the close of business on the twentieth (20th) calendar day after the date of issuance of each bill or the next business day thereafter if said day is a Saturday, Sunday, or Federal holiday. Bills shall be considered paid when payment is received by Western. Bills will be paid electronically or via the Automated Clearing House method of payment unless a written request to make payments by mail is submitted by the Contractor and approved by Western. Should Western agree to accept payments by mail, these payments will be accepted as timely and without assessment of the charge provided for in Provision 14 (Nonpayment of Bills in Full When Due) if a United States

Post Office first class mail postmark indicates the payment was mailed at least three (3) calendar days before the due date.

13.4 The parties agree that net billing procedures will be used for payments due Western by the Contractor and for payments due the Contractor by Western for the sale or exchange of electric power and energy, use of transmission facilities, operation and maintenance of electric facilities, and other services. Payments due one party in any month shall be offset against payments due the other party in such month, and the resulting net balance shall be paid to the party in whose favor such balance exists. The parties shall exchange such reports and information that either party requires for billing purposes. Net billing shall not be used for any amounts due which are in dispute.

14. Nonpayment of Bills in Full When Due.

14.1 Bills not paid in full by the Contractor by the due date specified in Provision 13 (Billing and Payment) hereof shall bear a charge of five hundredths percent (0.05%) of the principal sum unpaid for each day payment is delinquent, to be added until the amount due is paid in full. Western will also assess a fee of twenty-five dollars (\$25.00) for processing a late payment. Payments received will first be applied to the charges for late payment assessed on the principal and then to payment of the principal.

14.2 Western shall have the right, upon not less than fifteen (15) days advance written notice, to discontinue furnishing the services specified in the contract for nonpayment of bills in full when due, and to refuse to resume such services so long as any part of the amount due remains unpaid. Such a discontinuance of service will not relieve the Contractor of liability for minimum charges during the time service is so discontinued. The rights reserved to Western herein shall be in addition to all other remedies available to Western either by law or in equity, for the breach of any of the terms hereof.

15. Adjustments for Fractional Billing Period.

The demand or capacity charge and minimum charges shall each be proportionately adjusted when fractional billing periods are applicable under this contract. A fractional billing period can occur: 1) at the beginning or end of electric service; 2) at the beginning or end of irrigation pumping service each year; 3) for a fractional billing period under a new rate schedule; or 4) for fractional periods due to withdrawals of electric services. The adjustment will be made based on the ratio of the number of hours that electric service is available to the Contractor in such fractional billing period, to the total number of hours in the billing period involved. Energy billing shall not be affected by fractional billing periods.

16. Adjustments for Curtailments to Firm Service.

16.1 Billing adjustments will be made if firm electric service is interrupted or reduced because of conditions on the power system of the United States for periods of one (1) hour or longer in duration each. Billing adjustments will not be made when such curtailment of electric service is due to a request by the Contractor or a discontinuance of electric service by Western pursuant to Provision 14 (Nonpayment of Bills In Full When Due). For purposes of billing adjustments under this Provision, the term power system of the United States shall include transmission facilities used under contract but not owned by the United States.

16.2 The total number of hours of curtailed firm electric service in any billing period shall be determined by adding: (1) the sum of the number of hours of interrupted electric service to (2) the product, of each reduction, of: the number of hours reduced electric service and the percentage by which electric service was reduced below the delivery obligation of Western at the time of each said reduction of electric service. The demand or capacity charge and applicable minimum charges shall each be proportionately adjusted in the ratio that

the total number of hours of electric service determined to have been curtailed bears to the total number of hours in the billing period involved.

16.3 The Contractor shall make written claim within thirty (30) days after receiving the monthly bill, for adjustment on account of any curtailment of firm electric service, for periods of one (1) hour or longer in duration each, alleged to have occurred that is not reflected in said bill. Failure to make such written claim, within said thirty-day (30-day) period, shall constitute a waiver of said claim. All curtailments of electric service, which are due to conditions on the power system of the United States, shall be subject to the terms of this Provision; Provided, That withdrawal of power and energy under the contract shall not be considered a curtailment of electric service.

IV. POWER SALES PROVISIONS.

17. Resale of Firm Electric Service (Wholesale Sales for Resale).

The Contractor shall not sell any firm electric power or energy supplied under the contract to any electric utility customer of the Contractor for resale by that utility customer; Provided, That the Contractor may sell the electric power and energy supplied under the contract to its members on condition that said members not sell any of said power and energy to any customer of the member for resale by that customer.

18. Distribution Principles.

The Contractor agrees that the benefits of firm electric power or energy supplied under the contract shall be made available to its consumers at rates that are established at the lowest possible level consistent with sound business principles, and that these rates will be established in an open and public manner. The Contractor further agrees that it will identify the costs of firm electric power or energy supplied under the contract and power from other sources to its consumers upon request. The Contractor will demonstrate compliance with the requirements of this Provision to Western upon request.

19. Contract Subject to Colorado River Compact.

Where the energy sold under the contract is generated from waters of the Colorado River system, the contract is made upon the express condition and with the express covenant that all rights under the contract shall be subject to and controlled by the Colorado River Compact approved by Section 13 (a) of the Boulder Canyon Project Act of December 21, 1928, 43 U.S.C. §§ 617a-e, and the parties to the contract shall observe and be subject to and controlled by said Colorado River Compact in the construction, management, and operation of the dams, reservoirs, and powerplants from which electrical energy is to be furnished by Western to the Contractor under the contract, and in the storage, diversion, delivery, and use of water for the generation of electrical energy to be delivered by Western to the Contractor under the contract.

V. FACILITIES PROVISIONS.

20. Design Approval.

All facilities, construction, and installation by the Contractor pursuant to the contract shall be subject to the approval of Western. Facilities interconnections shall normally conform to Western's current "General Requirements for Interconnection," in effect upon the signing of the contract document providing for each interconnection, copies of which are available from Western. At least ninety (90) days, unless otherwise agreed,

prior to the date the Contractor proposes to commence construction or to incur an obligation to purchase facilities to be installed pursuant to the contract, whichever date is the earlier, the Contractor shall submit, for the approval of Western, detailed designs, drawings, and specifications of the facilities the Contractor proposes to purchase, construct, and install. The Contractor assumes all risks for construction commenced or obligations to purchase facilities incurred prior to receipt of approval from Western. Western review and approval of designs and construction work in no way implies that Western is certifying that the designs meet the Contractor's needs.

21. Inspection and Acceptance.

Western shall have the right to inspect the materials and work furnished by the Contractor, its agents, employees, and subcontractors pursuant to the contract. Such inspections shall be at reasonable times at the work site. Any materials or work that Western determines is defective or not in accordance with designs, drawings, and specifications, as approved by Western, shall be replaced or modified, as directed by Western, at the sole expense of the Contractor before the new facilities are energized.

22. As-Built Drawings.

Within a reasonable time, as determined by Western, after the completion of construction and installation of facilities pursuant to the contract, the Contractor shall submit to Western marked as-built prints of all Western drawings affected by changes made pursuant to the contract and reproducible drawings the Contractor has prepared showing facilities of Western. The Contractor's drawings of Western facilities shall use drawing title blocks, drawing numbers, and shall be prepared in accordance with drafting standards all as approved by Western. Western may prepare, revise, or complete said drawings and bill the Contractor if the Contractor fails to provide such drawings to Western within a reasonable time as determined by Western.

23. Equipment Ownership Markers.

23.1 The Contractor shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on the United States right-of-way or in Western substations pursuant to the contract which are owned by the Contractor, by permanently affixing thereto suitable markers clearly identifying the Contractor as the owner of said equipment and facilities.

23.2 If requested by the Contractor, Western shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on the Contractor's right-of-way or in the Contractor's substations pursuant to the contract which are owned by the United States, by permanently affixing thereto suitable markers clearly identifying the United States as the owner of said equipment and facilities.

24. Third-Party Use of Facilities.

The Contractor shall notify Western of any proposed system change relating to the facilities governed by the contract or allowing third-party use of the facilities governed by the contract. If Western notifies the Contractor that said system change will, as solely determined by Western, adversely affect the operation of Western's system the Contractor shall, at no cost to Western, provide a solution to said adverse effect acceptable to Western.

25. Changes to Western Control Facilities.

If at any time during the term of the contract, Western determines that changes or additions to control, relay, or communications facilities are necessary to maintain the reliability or control of Western's transmission

system, and said changes or additions are entirely or partially required because of the Contractor's equipment installed under the contract, such changes or additions shall, after consultation with the Contractor, be made by Western with all costs or a proportionate share of all costs, as determined by Western, to be paid by the Contractor. Western shall notify the Contractor in writing of the necessary changes or additions and the estimated costs to be paid by the Contractor. If the Contractor fails to pay its share of said estimated costs, Western shall have the right, after giving sixty (60) days' written notice to the Contractor, to terminate the applicable facility installation provisions to the contract and require the removal of the Contractor's facilities.

26. Modification of Western Facilities.

Western reserves the right, at any time, to modify its facilities. Western shall keep the Contractor informed of all planned modifications to Western facilities which impact the facilities installation pursuant to the contract. Western shall permit the Contractor to change or modify its facilities, in a manner satisfactory to and at no cost or expense to Western, to retain the facilities interconnection pursuant to the contract. At the Contractor's option, Western shall cooperate with the Contractor in planning alternate arrangements for service which shall be implemented at no cost or expense to Western. The Contractor and Western shall modify the contract, as necessary, to conform to the new facilities arrangements.

27. Transmission Rights.

If the contract involves an installation which sectionalizes a Western transmission line, the Contractor hereby agrees to provide a transmission path to Western across such sectionalizing facilities at no cost or expense to Western. Said transmission path shall be at least equal, in terms of capacity and reliability, to the path in the Western transmission line prior to the installation pursuant to the contract.

28. Construction and Safety Procedures.

28.1 The Contractor hereby acknowledges that it is aware of the hazards inherent in high-voltage electric lines and substations, and hereby assumes full responsibility at all times for the adoption and use of necessary safety measures required to prevent accidental harm to personnel engaged in the construction, inspection, testing, operation, maintenance, replacement, or removal activities of the Contractor pursuant to the contract. The Contractor and the authorized employees, agents, and subcontractors of the Contractor shall comply with all applicable safety laws and building and construction codes, including the provisions of Chapter 1 of the Power System Operations Manual, entitled Power System Switching Procedure, and the Occupational Safety and Health Administration regulations, Title 29 C.F.R. §§ 1910 and 1926, as amended or supplemented. In addition to the safety program required herein, upon request of the United States, the Contractor shall provide sufficient information to demonstrate that the Contractor's safety program is satisfactory to the United States.

28.2 The Contractor and its authorized employees, agents, and subcontractors shall familiarize themselves with the location and character of all the transmission facilities of Western and interconnections of others relating to the work performed by the Contractor under the contract. Prior to starting any construction, installation, or removal work, the Contractor shall submit a plan of procedure to Western which shall indicate the sequence and method of performing the work in a safe manner. No work shall be performed by the Contractor, its employees, agents, or subcontractors until written authorization to proceed is obtained from Western.

28.3 At all times when the Contractor, its employees, agents, or subcontractors are performing activities of any type pursuant to the contract, such activities shall be under supervision of a qualified employee, agent, or subcontractor of the Contractor who shall be authorized to represent the Contractor in all matters pertaining to the activity being performed. The Contractor and Western will keep each other informed of the names of their designated representatives at the site.

28.4 Upon completion of its work, the Contractor shall remove from the vicinity of the right-of-way of the United States all buildings, rubbish, used materials, concrete forms, and other like material belonging to the Contractor or used under the Contractor's direction, and in the event of failure to do so the same may be removed by Western at the expense of the Contractor.

28.5 In the event the Contractor, its employees, agents, or subcontractors fail to comply with any requirement of this Provision, or Provision 21 (Inspection and Acceptance) herein, Western or an authorized representative may issue an order to stop all or any part of the work until such time as the Contractor demonstrates compliance with the provision at issue. The Contractor, its employees, agents, or subcontractors shall make no claim for compensation or damages resulting from such work stoppage.

29. Environmental Compliance.

Facilities installed under the contract by any party shall be constructed, operated, maintained, replaced, transported, and removed subject to compliance with all applicable laws, including but not limited to the National Historic Preservation Act of 1966, 16 U.S.C. §§ 470x-6, the National Environmental Policy Act of 1969, 42 U.S.C. §§ 4321-4347, the Endangered Species Act of 1973, 16 U.S.C. §§ 1531-1544, and the Archaeological Resources Protection Act of 1979, 16 U.S.C. §§ 470aa-470mm, and the regulations and executive orders implementing these laws, as they may be amended or supplemented, as well as any other existing or subsequent applicable laws, regulations, and executive orders.

30. Responsibility for Regulated Materials.

When either party owns equipment containing regulated material located on the other party's substation, switchyard, right-of-way, or other property, the equipment owner shall be responsible for all activities related to regulated materials in such equipment that are necessary to meet the requirements of the Toxic Substances Control Act, 15 U.S.C. §§ 2601-2692, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901-6992k, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601-9675, the Oil Pollution Act of 1990, 33 U.S.C. §§ 2702-2761, the Clean Water Act, 33 U.S.C. §§ 1251-1387, the Safe Drinking Water Act, 42 U.S.C. §§ 300f-j26, and the regulations and executive orders implementing these laws, as they may be amended or supplemented, and any other existing or subsequent applicable laws, regulations, and executive orders. Each party shall label its equipment containing regulated material in accordance with appropriate laws and regulations. If the party owning the equipment does not perform activities required under appropriate laws and regulations within the time frame specified therein, the other party may perform or cause to be performed the required activities after notice to and at the sole expense of the party owning the equipment.

VI. **OTHER PROVISIONS.**

31. Authorized Representatives of the Parties.

Each party to the contract, by written notice to the other, shall designate the representative(s) who is (are) authorized to act in its behalf with respect to those matters contained in the contract which are the functions and responsibilities of the authorized representatives of the parties. Each party may change the designation of its authorized representative(s) upon oral notice given to the other, confirmed promptly by written notice.

32. Effect of Section Headings.

Section headings or Provision titles appearing in the contract or these General Power Contract Provisions are inserted for convenience only and shall not be construed as interpretations of text.

33. Operating Guidelines and Procedures.

The parties to the contract may agree upon and put into effect from time to time, such other written guidelines and procedures as may be required in order to establish the methods of operation of the power system to be followed in the performance of the contract.

34. Uncontrollable Forces.

Neither party to the contract shall be considered to be in default in performance of any of its obligations under the contract, except to make payment as specified in Provision 13 (Billing and Payment) herein, when a failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" means any cause beyond the control of the party affected, including but not restricted to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority and action or nonaction by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require a party to settle any strike or labor dispute in which it may be involved. Either party rendered unable to fulfill any of its obligations under the contract by reason of an uncontrollable force shall give prompt written notice of such fact to the other party and shall exercise due diligence to remove such inability with all reasonable dispatch.

35. Liability.

35.1 The Contractor hereby agrees to indemnify and hold harmless the United States, its employees, agents, or contractors from any loss or damage and from any liability on account of personal injury, death, or property damage, or claims for personal injury, death, or property damage of any nature whatsoever and by whomsoever made arising out of the Contractors', its employees', agents', or subcontractors' construction, operation, maintenance, or replacement activities under the contract.

35.2 The United States is liable only for negligence on the part of its officers and employees in accordance with the Federal Tort Claims Act, 28 U.S.C. §§ 1346(b), 1346(c), 2401(b), 2402, 2671, 2672, 2674-2680, as amended or supplemented.

36. Cooperation of Contracting Parties.

If, in the operation and maintenance of their respective power systems or electrical equipment and the utilization thereof for the purposes of the contract, it becomes necessary by reason of any emergency or extraordinary condition for either party to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the party so requested shall cooperate with the other and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance, including administrative and general expenses, such costs to be determined on the basis of current charges or rates used in its own operations by the party rendering assistance. Issuance and payment of bills for services provided by Western shall be in accordance with Provisions 13 (Billing

and Payment) and 14 (Nonpayment of Bills in Full When Due) herein. Western shall pay bills issued by the Contractor for services provided as soon as the necessary vouchers can be prepared which shall normally be within twenty (20) days.

37. Transfer of Interest in Contract or Change in Preference Status.

37.1 No voluntary transfer of the contract or of the rights of the Contractor under the contract shall be made without the prior written approval of the Administrator of Western. Any voluntary transfer of the contract or of the rights of the Contractor under the contract made without the prior written approval of the Administrator of Western may result in the termination of the contract; Provided, That the written approval of the Administrator shall not be unreasonably withheld; Provided further, That if the Contractor operates a project financed in whole or in part by the Rural Utilities Service, the Contractor may transfer or assign its interest in the contract to the Rural Utilities Service or any other department or agency of the Federal Government without such prior written approval; Provided further, That any successor to or assignee of the rights of the Contractor, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of the contract to the same extent as though such successor or assignee were the original Contractor under the contract; and, Provided further, That the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed voluntary transfers within the meaning of this Provision.

37.2 The Contractor shall maintain its status as an entity eligible for preference in Western's sale of Federal power pursuant to Reclamation law, as amended and supplemented.

37.3 Western shall give the Contractor written notice of Western's proposed determination that the Contractor has violated Provision 37.1 and Western's proposed action in response to the violation.

37.4 The Contractor shall have 120 days after receipt of Western's notice provided under Provision 37.3 to submit a written response to Western. The Contractor may also make an oral presentation to the Administrator during this 120-day period.

37.5 At any time during this process, the Contractor and Western may agree upon corrective action to resolve Western's proposed determination that the Contractor is in violation of Provision 37.1.

37.6 Within 30 days of receipt of the Contractor's written response provided under Provision 37.4, Western will notify the Contractor in writing of its final decision. The Administrator's written notice will include the intended action, the effective date thereof, and the reasons for taking the intended action. Implementation of the Administrator's action shall take place no earlier than 60 days from the Contractor's receipt of such notice.

37.7 Any successor to Western shall be subject to all the provisions and conditions of the contract to the same extent as though such successor were an original signatory to the contract.

37.8 Nothing in this Provision shall preclude any right to judicial review available to the Contractor under Federal law.

38. Choice of Law and Forum.

Federal law shall control the obligations and procedures established by this contract and the performance and enforcement thereof. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, unless the parties agree to pursue alternative dispute resolution.

39. Waivers.

Any waivers at any time by either party to the contract of its rights with respect to a default or any other matter arising under or in connection with the contract shall not be deemed a waiver with respect to any subsequent default or matter.

40. Notices.

Any notice, demand, or request specifically required by the contract or these Provisions to be in writing shall be considered properly given when delivered in person or sent by postage prepaid registered or certified mail, commercial delivery service, facsimile, electronic, prepaid telegram, or by other means with prior agreement of the parties, to each party's authorized representative at the principal offices of the party. The designation of the person to be notified may be changed at any time by similar notice. Where facsimile or electronic means are utilized for any communication covered by this Provision, the sending party shall keep a contemporaneous record of such communications and shall verify receipt by the other party.

41. Contingent Upon Appropriations and Authorization.

41.1 Where activities provided for in the contract extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the United States' obligations under the contract. In case such appropriation is not made, the Contractor hereby releases the United States from its contractual obligations and from all liability due to the failure of Congress to make such appropriation.

41.2 In order to receive and expend funds advanced from the Contractor necessary for the continued performance of the obligations of the United States under the contract, additional authorization may be required. In case such authorization is not received, the Contractor hereby releases the United States from those contractual obligations and from all liability due to the lack of such authorization.

42. Covenant Against Contingent Fees.

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, Western shall have the right to annul the contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

43. Contract Work Hours and Safety Standards.

The contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act (Act), 40 U.S.C. § 3701, as amended or supplemented, is subject to the provisions of the Act, 40 U.S.C. §§ 3701-3708, as amended or supplemented, and to regulations promulgated by the Secretary of Labor pursuant to the Act.

44. Equal Opportunity Employment Practices.

Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by Executive Order No. 12086, 43 Fed. Reg. 46501 (1978), as amended or supplemented, which provides, among other things, that the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated herein by reference the same as if the specific language had been written into the contract, except that Indian Tribes and tribal organizations may apply Indian preference to the extent permitted by Federal law.

45. Use of Convict Labor.

The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing the contract except as provided by 18 U.S.C. § 3622(c), as amended or supplemented, and Executive Order No. 11755, 39 Fed. Reg. 779 (1973), as amended or supplemented.

CREDITWORTHINESS PROCEDURES FOR WAPA FEDERAL POWER CUSTOMERS

1. APPLICABILITY

- a) These Creditworthiness Procedures apply to all WAPA Federal power customers (Customer) who are billed for power. These procedures do not apply to Federal Agencies or Tribes that have entered into a bill or benefit crediting arrangement.
- b) Certain power systems provide WAPA and/or the generating agency with working capital to mitigate risk associated with a non-payment of a bill by a Customer. Sufficient working capital may negate the application of these Creditworthiness Procedures. Working capital deposit requirements will be established on a project by project basis. Working capital deposits do not offset firm power bills.

2. EVALUATION OF INFORMATION

- a) Creditworthiness evaluations shall be conducted by WAPA's Chief Financial Officer (CFO) in consultation and coordination with the appropriate Regional Manager or CRSP Management Center Manager.
- b) Customers not in default of their financial commitments to WAPA under an existing contract within the last 12 months of the date of these procedures shall be deemed creditworthy. Customers determined to be creditworthy are not subject to an initial creditworthiness evaluation as set forth in Section 2.c below.
- c) New Customers and existing Customers that have defaulted on their financial commitments to WAPA under an existing contract within the last 12 months of the date of these procedures, shall be subject to a creditworthiness evaluation.

WAPA will evaluate the following criteria when conducting a creditworthiness evaluation:

- i. Is the Customer on WAPA's subscribed rating service watch list, currently at or below "BB" on Standard & Poor's ratings (for example); or
 - ii. Is the Customer currently in bankruptcy proceedings, or, based on objective and reliable financial reporting, expected to seek bankruptcy protection in the near future; or
 - iii. Is the Customer experiencing significant financial hardship or distress that a reasonable examiner of creditworthiness, applying reasonable creditworthiness standards, would find material to decisions concerning credit?
- d) If WAPA determines, based on any of the criteria above, that a Customer's ability to make payments under a Federal power contract is in substantial doubt, the Customer will be deemed non-creditworthy. Upon deeming a Customer non-creditworthy, WAPA will promptly provide written notice of such determination and the basis for its determination to the Customer. Customers may contest WAPA's creditworthiness determination as set forth in Section 3 below.

3. CONTESTING CREDITWORTHINESS DETERMINATION

- a) Within five (5) business days of receiving written notice of a non-creditworthiness determination, the Customer may contest WAPA's creditworthiness determination by submitting a written notice to WAPA explaining its reasons for contesting the determination. The notice must include the name of a designated senior representative authorized to represent the Customer. The written notice contesting WAPA's creditworthiness determination shall be referred to WAPA's CFO who will issue a written decision to the designated senior representative of the Customer within three (3) business days of receiving the Customer's notice.
- b) Should the Customer disagree with the CFO's decision, the Customer may appeal the decision by submitting a written notice to WAPA's Administrator within three (3) business days of receiving the CFO's decision. WAPA's Administrator will issue a written decision within three (3) business days of receiving the Customer's notice.
- c) The requirement to provide collateral security shall be stayed during the process of contesting a creditworthiness determination. Any such stay of the requirement to provide collateral security shall expire upon Customer's receipt of the CFO's written decision or, as applicable, the Administrator's written decision upholding a non-creditworthiness determination.

4. ADVERSE MATERIAL ISSUE/CHANGE

- a) An adverse material issue or change is an occurrence or event that results in a Customer experiencing significant financial hardship or distress such that a reasonable examiner of creditworthiness, applying reasonable creditworthiness standards, would find material to decisions concerning credit. Examples of an adverse material issue/change that would be reviewed by WAPA include, but are not limited to, a bankruptcy filing, being placed on a credit watch list, and a criminal indictment of a corporation or corporate officers.

WAPA's CFO will initially review the issue/change to determine if a creditworthiness evaluation is necessary. If so, WAPA will apply the criteria set forth in section 2.c to evaluate the impact of the issue/change. If WAPA determines that, based on an adverse material change, a Customer's ability to make payments under a Federal power contract is in substantial doubt, it will determine the Customer non-creditworthy and document the decision. A Customer deemed non-creditworthy will be required to provide collateral in accordance with the Section 5 of these procedures.

- b) The Customer will provide WAPA a notice of adverse material changes in its financial condition (and, as applicable, the financial condition of its guarantor) within ten (10) calendar days from the time the Customer learns of an adverse material change. In addition, WAPA may, through its own efforts, learn of occurrences or events that it may consider an adverse material change.
- c) In the case of a failure by a Customer to report an event or occurrence that results in a Customer experiencing significant financial hardship or distress, but who is otherwise current on its contractual payments, WAPA will consult with the Customer and consider the circumstances surrounding the failure to report before making any decision on creditworthiness.

5. COLLATERAL SECURITY

- a) In the event WAPA determines a Customer is non-creditworthy in accordance with Section 2.d., WAPA will notify the Customer in writing of its determination as well as the basis for its determination. The Customer must provide collateral within thirty (30) calendar days of receipt of the initial written notice provided by WAPA under Section 2.d (or as otherwise agreed in writing between the Customer and WAPA's CFO).
- b) The required amount of security will be based on the maximum total estimated service charge for outstanding service provided by WAPA under its Federal power contract, but not yet paid by the Customer, plus an advance of sixty (60) calendar days of estimated service under its Federal power contract as collateral. WAPA shall have the right to liquidate or draw upon all or a portion of the Customer's collateral provided in order to satisfy the Customer's total net obligation to WAPA. The Customer shall within five (5) business days, or as agreed in writing between WAPA and the Customer, replace any liquidated or drawn-upon collateral. Upon the completion of twelve consecutive months of timely payments under the FES contract, WAPA shall credit the Customer the advanced collateral. If a Customer provides collateral consisting of advance payments for service, WAPA will not collect nor credit interest on such collateral.
- c) Acceptable collateral includes:
 - Payment in advance for service; or
 - An unconditional and irrevocable standby letter of credit as security to meet the Customer's responsibilities and obligations. If this form of collateral is used, it will comply with the requirements as stated in the Uniform Customs and Practice for Documentary Credits; or
 - An irrevocable and unconditional corporate guaranty from an entity that satisfies the creditworthiness requirements.

6. SUSPENSION OF SERVICE

- a) If a Customer fails to provide collateral as set forth above, WAPA may suspend electric service to the Customer no sooner than fifteen (15) business days after WAPA notifies the Customer of the suspension of electric service. The suspension of service shall continue until the Customer provides collateral.
- b) Such a suspension of service will not relieve the Customer of liability for minimum charges, if applicable, during the time service is so suspended.
- c) The rights reserved to WAPA herein shall be in addition to all other remedies available to WAPA, either by law or in equity, for the breach of any of the terms hereof.

7. NOTICE REQUIREMENTS

Any notice, demand, or request specifically required by these Creditworthiness Provisions to be in writing shall be considered properly given when delivered in person or sent by postage prepaid registered or certified mail, commercial delivery service, facsimile, electronic, prepaid telegram, or by other means with prior agreement of the parties, to each party's authorized representative at the principal offices of the party. The designation of the person to be notified may be changed at any time by similar notice. Where facsimile or electronic means are utilized for any communication covered by this Provision, the sending party shall keep a contemporaneous record of such communications and shall verify receipt by the other party.

ATTACHMENT 1

In accordance with Section 7, the Western Area Power Administration (WAPA) will notify the Contractor of estimated changes in the contractor’s AHP due to SLCA Integrated Projects hydroelectric generation capability and the estimated costs of purchases of Western Replacement Power. Such authorization will be given to the Contractor in approximately the following form:

Contractor Name:
Season:

Available Hydro Power and Estimated Cost for Western Replacement Power

In accordance with Section 7.2.1 of the Contract, WAPA has reviewed the capacity it will have available from the SLCA Integrated Projects for the upcoming season.

Table No. 1

Month	AHP (kW)	Estimated Cost For WRP (\$)	Monthly Capacity Up To CROD (kW)	WRP Purchase (kW)	WRP Energy Purchase (kWh)	CDP Purchase (kWh)	CDP Energy Purchase (kW)
Total							

Advancement of Funds
(Notice if Required)

WAPA has determined that it does not have sufficient purchase power funds to purchase Western Replacement Power and that an advance of funds is needed at this time. If the Contractor determines that it wishes WAPA to purchase Western Replacement Power on its behalf, please remit the required advance along with the authorization of the amount of Western Replacement Power purchases requested. The required advance is calculated as follows:

Required Advance (\$) = [Sum of Estimated Cost (\$) from Table No. 1/ Sum of Estimated Replacement Purchases (kWh) from Table No. 1] * [Western Replacement Power (kWh) requested].

Where: Western Replacement Power requested (kWh) = The maximum sum of Western Replacement Power for any two (2) months

ATTACHMENT 2

Milestones of Notices and Requests

SEASONAL WESTERN REPLACEMENT POWER

Contract Article	Notice/Request	No Sooner Than	No Later Than	Duration	Elapsed Time Since Initial Notice
–	Seasonal AHP Analysis and Market Survey by WAPA	Winter: Mar. 1	Winter: May 30	90 days	–
		Summer: Oct. 15	Summer: Jan. 14		
7.2.1	Notice to Contractors (AHP Availability) by WAPA	–	Winter: Jun. 1	–	–
			Summer: Jan. 15		
–	Individual Contractor Analysis	Winter: Jun. 1	Winter: Jun. 30	30 days	1 month ¹
		Summer: Jan. 16	Summer: Jan. 31	15 days	0.5 month ¹
7.2.2	Contractor Written Notice of Need and Authority to Purchase	–	Winter: Jul. 1	–	–
			Summer: Feb. 1*		
–	WAPA Aggregates Contractor Need by Period	Winter: Jun. 1	Winter: Jul. 15	15 days	0.5 month ²
		Summer: Jan. 16	Summer: Feb. 15		0.5 month ²
7.2.3	Seasonal WRP Acquisition by WAPA (if required)	Winter: Jul. 1	Winter: Oct. 1	90 days	3 months ²
		Summer: Feb. 1	Summer: Apr. 1		2 months ²
7.2.3	“Problem” Notice to Contractors (if required)	–	Winter: Sep. 1	–	2 months ²
			Summer: Mar. 1		1 months ²
7.2.4	“Revised Cost” Notice to Contractors (if required)	–	Winter: Oct. 1	–	3 months ²
			Summer: Apr. 1		2 months ²

* February 1, or 15 calendar-days following the Notice to Contractor, whichever is later.

¹ Measure from “Contractors (AHP Availability) by WAPA.” Example: Jan. 31 is 0.5 month from Jan. 15.

² Measure from “Contractor Written Notice of Need and Authority to Purchase.” Example: Oct. 1 is 4 months from Jul. 1.

ATTACHMENT 3

Timeline of Notices and Requests

LONG TERM WESTERN REPLACEMENT POWER

Contract Article	Notice/Request	No Sooner Than	No Later Than	Duration	Elapsed Time Since Initial Notice
–	Multi-year AHP Analysis	Jun. 1	Sep. 1	90 days	–
7.3.1	Notice of AHP Availability to Contractors	–	Sep. 1	–	–
7.3.2	Contractor Response (Amount and Timing) to WAPA	Sep. 1	Nov. 1	60 days	2 months ³
7.3.3	RFP issued by WAPA	–	Dec. 1	–	3 months ³
–	Analysis of Supplier Proposals by WAPA; Shot-listing	Dec. 1	Mar. 1	90 days	6 months ³
7.3.4	Notice of Purchase Terms & Conditions to Contractors	–	Apr. 1	–	7 months ³
7.3.5	Contractor Written Authorization (Commitment) to Purchase to WAPA	–	May 1	–	8 months ³
7.3.6	WAPA Negotiates Long Term WRP Contracts with Potential Suppliers	May 1	Sep. 1	–	12 months ³

³ Measure from “Notice of AHP Availability to Contractors.” Example: Nov. 1 is 2 months from Sep. 1.

ATTACHMENT 4

Milestones of Notices and Requests

CUSTOMER DISPLACEMENT POWER

Contract Article	Notice/Request	No Sooner Than	No Later Than	Duration	Elapsed Time Since Initial Notice
–	Seasonal AHP Analysis & Market Survey by WAPA	Winter: Mar. 1	Winter: May 30	90 days	–
		Summer: Oct. 15	Summer: Jan. 14		
7.2.1	Notice to Contractors (AHP Availability) by WAPA	–	Winter: Jun. 1	–	–
			Summer: Jan. 15		
–	Individual Contractor Analysis	Winter: Jun. 1	Winter: Jun. 30	30 days	1 month ⁴
		Summer: Jan. 16	Summer: Jan. 31	15 days	0.5 month ⁴
7.6.1	Contractor Written Request for CDP	–	Winter: Jul. 1	–	–
			Summer: Oct. 15		
–	WAPA Determines if CDP can be Accepted	–	Winter: Jul. 1	–	–
			Summer: Feb. 1		
7.6.2	WAPA Notifies Contractor of Ability to Accept CDP	–	Winter: Aug. 1	–	1 month ⁵
			Summer: Mar. 1		1 month ⁵
–	Multi-year AHP Analysis	Jun. 1	Sep. 1	–	–
7.3.1	Notice of AHP Availability to Contractors	–	Sep. 1	–	–
7.6.1	Contractor Written Request for CDP	Sep. 1	Nov. 1	60 days	2 months ⁶
7.6.2	WAPA Determines if CDP can be Accepted	–	May 1	–	8 months ⁶
7.6.2	WAPA Notifies Contractor of Ability to Accept CDP	May 1	–	–	8 months ⁶

* February 1, or 15 calendar-days following the Notice to Contractor, whichever is later.

⁴ Measure from “Notice to Contractors (AHP Availability) by WAPA.” Example: Jun. 30 is 1 month from Jun. 1.

⁵ Measure from “Contractor Written Request for CDP.” Example: Aug. 1 is 1 month from Jul. 1.

⁶ Measure from “Notice of AHP Availability to Contractors.” Example: Nov. 1 is 2 months from Sep. 1.



Department of Energy

Western Area Power Administration
P.O. Box 11606
Salt Lake City, UT 84147-0606

OCT 2 2002

Ms. Leslie James
Executive Director
Colorado River Energy Distributors Association
4625 South Wendler Drive, Suite 111
Tempe, AZ 85282

Dear Ms. James:

Western Area Power Administration (Western) and the Colorado River Energy Distributors Association (CREDA) are parties to Letter Agreement No. 92-SLC-0208, September 24, 1992 (1992 Agreement), which affirms a Statement of Principles regarding "review of financial and work program data related to the SLCA/IP."

Western and the CREDA Operations Committee want to work together to create operational efficiencies and cost-saving measures. Therefore, Western and CREDA have developed the following procedures to further implement the provisions of the 1992 Agreement. Consistent with the provisions of the 1992 Agreement, the following process is implemented:

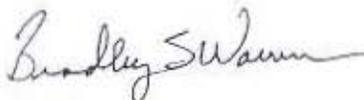
- I. The CREDA Operations Committee and Western agree to meet a minimum of two times each year and at mutually agreed upon dates and locations.
- II. Information to be provided by Western for discussion at CREDA Operations Committee meetings shall, to the extent possible, be made available to the CREDA Operations Committee in advance of a scheduled meeting and shall include, but not be limited to, the following:
 - A. Detailed monthly and seasonal information (dollars and MWH) on wholesale sales, purchases, and Basin Fund balances for the most recent 3 months. The information should include breakout detail showing purchases for firming, Western Replacement Power (WRP), and any other purchases.
 - B. Detailed monthly and seasonal information (dollars and MWH) on projected wholesale sales, purchases, and Basin Fund balances for the upcoming 3 months. The information should include breakout detail showing anticipated purchases for firming, WRP, and any other purchases.
 - C. Costs associated with environmental programs, including firming or replacement purchases, as well as program costs and accounting treatment (reimbursable v. non-reimbursable).
 - D. Hydrologic forecasts reflecting most recent information available.
 - E. Planned/scheduled outage information.

F. Reports from the Aspinall Working Group and other processes relating to Colorado River Storage Project (CRSP) facility planning and operations.

III. The above procedures and process are coterminous with Letter Agreement No. 92-SLC-0208.

Dated as of this 14th day of October, 2002.

Sincerely,



Bradley S. Warren
CRSP Manager

Agreed:



Leslie James, Executive Director
Colorado River Energy Distributors Association



CREDA

COLORADO RIVER ENERGY DISTRIBUTORS ASSOCIATION

September 29, 1992

ARIZONA
Arizona Municipal Power
Users Association
Arizona Power Authority
Arizona Power Pooling Association
Irrigation and Electrical
Districts Association
Navajo Tribal Utility Authority
(also New Mexico, Utah)
Salt River Project

COLORADO
City of Colorado Springs
Plate River Power Authority
Tri-State Generation &
Transmission Cooperative
(also Nebraska, Wyoming)

NEVADA
Colorado River Commission
of Nevada
Silver State Power Association

NEW MEXICO
Farmington Electric Utility System
Malas Electric Generation &
Transmission Cooperative
(also Arizona)
City of Truth or Consequences

UTAH
Intermountain Consumer Power
Association (also Arizona, Nevada)
City of Provo
Strawberry Electric Service District
Utah Municipal Power Agency

WYOMING
Wyoming Municipal Power Agency

MEMORANDUM

RE: Cost Review Procedures for CRSP Rates

On September 24, 1992, representatives of the Salt Lake City Area Office of the Western Area Power Administration, the Upper Colorado Regional Office of the Bureau of Reclamation and the Colorado River Energy Distributors Association executed a letter agreement implementing procedures for customer review of CRSP costs. Customers will be provided detailed cost information on a semi-annual basis and may challenge costs with which they disagree. Disputes will be settled by negotiation in the first instance but can be resolved under the Administrative Dispute Resolution Act of 1990 which includes arbitration. Western and Reclamation will use their best efforts to convert the procedures into regulations and will also cooperate with CREDA to implement alternative dispute resolution procedures for handling any unresolved CRSP rate issues before FERC.

The following outline describes the agreement which is set forth in Western's Letter Agreement No. 92-SLC-0208 dated September 24, 1992, a March, 1992 Statement of Principles and the Joint Procedures. A copy of each document is attached.

COST REVIEW LETTER AGREEMENT AND JOINT PROCEDURES

I. Overview

- A. Western, Reclamation and CREDA reaffirm their March, 1992 Statement of Principles in which they commit to share and discuss with Colorado River Storage Project ("CRSP") customers information relating to the costs of Salt Lake City Area Integrated Projects ("SLC/IP") and to resolve disputes over such costs, including using arbitration under the Administrative Dispute Resolution Act of 1990 (Pub. L. No. 101-552, 104 Stat. 2736) (the "ADR Act") (Letter Agreement ¶1).

CLIFFORD BARRETT
Executive Director
One Utah Center, Suite 900
201 South Main St.
Salt Lake City, Utah 84111
Phone 801-350-9050
Fax 801-350-9051

- 2 -

- B. Western and Reclamation will utilize certain agreed upon procedures (the "Joint Procedures") to implement the Statement of Principles and to establish the manner in which the CRSP customers will be able to review cost information (referred to as "Work Program Information") for setting CRSP power rates (Letter Agreement ¶5).
- C. Western and Reclamation will use their best efforts to expeditiously implement the Joint Procedures in the form of regulations (Letter Agreement ¶2).

II. Work Program Information To Be Supplied To Customers

- A. Definition: Specified cost information and back-up material (Section 2 (h) and (k)) for the most recent completed fiscal year, the current fiscal year and the next five fiscal years, broken down by program element (O&M, construction, replacements, environmental studies, overheads, etc.) (Section 2 (g) and (j)), whether reimbursable or non-reimbursable.
- B. Work Program Information will be made available semi-annually (Section 3 (a) and (b)).
- C. Customers, Western and the Reclamation will confer about Work Program Information and customers may review documentation and records underlying Work Program Information (Section 3 (c)).
- D. Customers may challenge costs and Western and the Reclamation must respond in writing (Section 3 (c), (d) and (e)).

III. Use of Work Program Information In Power Repayment Studies

- A. Western will use the Work Program Information to prepare power repayment studies for long term firm power rates (Section 4(a)).
- B. Customers are bound by any resolution of a dispute that they reach with Western under the Joint Procedures relating to Western Work Program Information (Section 4(b)) but otherwise may challenge rates at FERC. Customers may challenge Reclamation Work Program Information later in court provided they first avail themselves of the remedies under the Joint Procedures (Section 4(c)).

IV. Dispute Resolution Prior to FERC Rate Filing

- A. Disputes include "disputes or disagreements regarding the Work Program Information, including...how such information should be utilized in the ratemaking process" (Section 5(a)).
- B. Disputes must first be presented to the Administrator of Western or the Commissioner of the Bureau of Reclamation, as the case may be (Section 5(a)).
- C. Disputes over Work Program Information will be resolved by discussion among the parties (Section 5(a) and (b)) and ultimately, if requested by the customer and agreed by the government, through arbitration under the ADR Act (Section 5(a) and (c)).

V. Dispute Resolution After FERC Rate Filing.

- A. Customers preserve their rights to challenge Western and the Reclamation in FERC and elsewhere within the terms of the Joint Procedures (Sections 4 (b), (c) and 5(b)).
- B. Customers and Western will cooperate to implement Western's commitment in Section IV of the Statement of Principles to pursue dispute resolution techniques authorized by the ADR Act, including arbitration under the ADR Act if requested by a customer, while a rate case is pending at FERC (Letter Agreement ¶4). (The FERC has pending before it a rulemaking in which it will implement the ADR Act. See "Administrative Dispute Resolution Notice of Inquiry," FERC Docket No. RM91-12-000.)

**Department of Energy**

Western Area Power Administration
P.O. Box 11606
Salt Lake City, UT 84147-0606

SEP 24 1992

Letter Agreement No. 92-SLC-0208

Mr. Roland Robison
Regional Director
Bureau of Reclamation
Upper Colorado Region
P.O. Box 11568
Salt Lake City, UT 84147

Dear Mr. Robison:

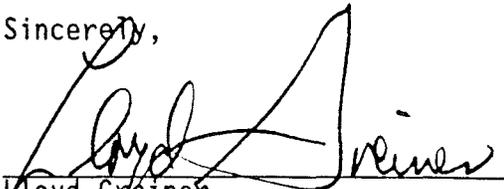
The Salt Lake City Area Office of Western Area Power Administration ("Western"), the Upper Colorado Regional Office of the Bureau of Reclamation ("Reclamation"), and the Colorado River Energy Distributors Association ("CREDA") recently exchanged letters stating their concurrences with a Statement of Principles aimed at working toward implementing procedures for customer review of financial and work program data relating to power rates of the Salt Lake City Area Integrated Projects (SLCA/IP). The purpose of this letter agreement is to implement the Statement of Principles by adoption of Joint Procedures on an interim basis pending development of regulations to generally apply the procedures envisioned in the Statement of Principles. To this end, Western, Reclamation, and CREDA on behalf of its members (collectively the "Parties") agree as follows:

1. The Parties hereby reaffirm the attached Statement of Principles to govern customer review of financial and work program data relating to SLCA/IP;
2. Western and Reclamation shall use their best efforts to expeditiously implement the attached Joint Procedures, as may be amended, for the review of work program information by customers of the SLCA/IP in the form of regulations adopted pursuant to the Administrative Procedures Act;
3. Western recognizes that the attached Joint Procedures do not yet contain a provision to implement Western's commitment in Section IV of the Statement of Principles to utilize alternative dispute resolution procedures before the Federal Energy Regulatory Commission ("FERC"), including arbitration if requested by a customer, but Western will cooperate with CREDA to implement this commitment once the FERC issues its anticipated rulemaking implementing the Alternative Dispute Resolution Act of 1990;
4. Western, Reclamation, and CREDA recognize that the attached Joint Procedures are being implemented on an initial basis and will cooperate with each other to identify and resolve problems which arise under operation of the Joint Procedures; and

5. The Parties shall utilize from the date of this agreement the attached Joint Procedures, as may be amended, on an interim basis until regulations envisioned in paragraph 2 above are adopted.

Dated as of this 24th day of September, 1992.

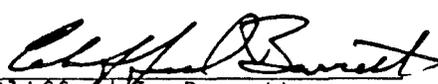
Sincerely,


Lloyd Greiner
Area Manager
Western Area Power Administration

Agreed:


Roland Robison
Regional Director
U.S. Bureau of Reclamation

Agreed:


Clifford I. Barrett
Executive Director
Colorado River Energy
Distributors Association

cc:
Mr. Don Allen
Duncan and Allen
1575 Eye Street, NW
Washington, DC 20005-1175

August 14, 1992

JOINT PROCEDURES FOR REVIEW OF
WORK PROGRAM INFORMATION BY CUSTOMERS OF THE
SALT LAKE CITY AREA INTEGRATED PROJECTS

1 Section 1 Preamble

2 (a) The Secretary of Energy, acting by and through the
3 Administrator of the Western Area Power Administration
4 (Western), pursuant to § 302 of the Department of Energy
5 Organization Act, 42 U.S.C. § 7152, and acts amendatory
6 thereof or supplementary thereto, and the Secretary of the
7 Interior, acting by and through the Commissioner of the Bureau
8 of Reclamation (Reclamation), pursuant to § 10 of the
9 Reclamation Act of 1902, 43 U.S.C. § 373, and acts amendatory
10 thereof or supplementary thereto, are authorized to adopt
11 procedures affecting the Colorado River Storage Project
12 (CRSP), the Collbran Project, the Provo River Project, the Rio
13 Grande Project, and the Colorado River Basin Salinity Control
14 activities. Western administratively defines the
15 consolidation of the CRSP, Collbran Project and Rio Grande
16 Project for power marketing and ratemaking purposes as the
17 Salt Lake City Area Integrated Projects (SLCAIP).

18 (b) In accordance with the authorities cited in
19 subsection (a), Western and Reclamation adopt these Joint
20 Procedures to afford power Customers of the SLCAIP an

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1 opportunity to review and comment on Western's and
2 Reclamation's Work Program Information.

3 (c) Nothing in these Joint Procedures shall be deemed to
4 diminish Western's or Reclamation's administrative
5 responsibilities and authorities.

6 Section 2 Definitions

7 The following terms, when used in these Joint
8 Procedures, shall have the following meanings.

9 (a) Completed Year shall mean the fiscal year
10 immediately preceding the Past Year.

11 (b) Current Year shall mean the fiscal year preceding
12 the Planning Year.

13 (c) Customer shall mean any entity with whom Western
14 contracts to sell long-term firm electric power and energy
15 from the SLCAIP.

16 (d) Out Year shall mean any fiscal year following the
17 Planning Year.

18 (e) Past Year shall mean the fiscal year immediately
19 preceding the Current Year.

20 (f) Planning Year shall mean the fiscal year which ends
21 in the calendar year two years after the current calendar year
22 and is the year of the Work Program Information being reviewed
23 by the Customers.

- 3 -

1 (g) Reclamation Program Elements shall mean:

- 2 (1) Operation and maintenance;
- 3 (2) Replacements (both capitalized and
- 4 expensed);
- 5 (3) Capital additions (both capitalized
- 6 and expensed);
- 7 (4) Extraordinary maintenance (both
- 8 capitalized and expensed);
- 9 (5) Environmental studies;
- 10 (6) Construction; and
- 11 (7) Overheads, to the extent such
- 12 information is separately available.

13 (h) Reclamation Preliminary Work Program Information

14 shall mean:

- 15 (1) Work Program Information for the Planning
- 16 Year.1/ This should include information pertaining to the
- 17 Completed Year,2/ Past Year,3/ the Current Year,4/ the
- 18 Planning Year and forecasts for the first, second and third
- 19 Out Years5/ immediately following the Planning Year.

20 1/ Presently this would be FY 1994.

21 2/ Presently this would be FY 1991.

22 3/ Presently this would be FY 1992.

23 4/ Presently this would be FY 1993.

24 5/ Presently these would be FY 1995, 1996 and 1997.

- 4 -

1 (2) Reclamation's narrative description of the
2 changes and reasons for changes between the Current Year and
3 the Planning Year.

4 (3) The documents and analyses for the Planning
5 Year relating to major O&M work and new construction work
6 which are used by Reclamation officials to evaluate or justify
7 such work, to calculate benefit/cost ratios or to compare
8 alternative means which would accomplish the same purpose.

9 "Major" or "new construction" work for purposes of this
10 subsection shall mean any work estimated to cost in excess of
11 \$1,000,000 per individual project, or CRSP Initial Units in
12 the aggregate, or individual participating project of CRSP.
13 If such documents or analyses contain an estimate of cost or
14 other details which, if made available to prospective bidders
15 would compromise the integrity of Reclamation's public bidding
16 process, such detailed estimate of cost may be deleted from
17 the document.

18 (4) Reports or updates to reports of annual costs
19 (historical and forecast) and any changes in study plans for
20 environmental studies by contract or function.

21 (i) Reclamation Final Work Program Information shall
22 mean the documents and analyses available to Reclamation
23 officials to show changes to the most recently available
24 Reclamation Preliminary Work Program Information including,
25 but not limited to, updated versions of documents and analyses

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1 comprising the most recently available Reclamation Preliminary
2 Work Program Information.

3 (j) Western Program Elements shall mean:

4 (1) For operation and maintenance:

5 A. Power Marketing (including
6 generation, load and purchases);

7 B. Operation and maintenance;

8 C. Extraordinary maintenance;

9 D. Moveable equipment;

10 E. Replacements;

11 F. Capital additions;

12 G. Environmental study costs;

13 H. Cash management and cash
14 requirements (including interest
15 and principal repayment);

16 I. General Western Allocation;

17 J. Administrative and general
18 expenses, to the extent such
19 information is available; and

20 K. Associated direct expenses, to
21 the extent such information is
22 available.

23 (2) For construction:

24 A. Transmission lines;

25 B. Substations;

- 6 -

- 1 C. Other facilities;
2 D. Administrative and general
3 expenses, to the extent such
4 information is available; and
5 E. Associated direct expenses, to
6 the extent such information is
7 available.

8 (k) Western Preliminary Work Program Information shall
9 mean:

- 10 (1) Information derived from Western's:
11 A. Program Schedule Activity
12 Reports or the equivalent for
13 the Planning Year^{6/} relating
14 to SLCAIP including information
15 pertaining to the Completed
16 Year^{7/} Past Year,^{8/} the
17 Current Year,^{9/} and
18 projections for the first,

19 ^{6/} Presently this would be FY 1994.

20 ^{7/} Presently this would be FY 1991.

21 ^{8/} Presently this would be FY 1992.

22 ^{9/} Presently this would be FY 1993.

- 7 -

1 second and third Out
2 Years;10/ and
3 B. Facility Data Sheets prepared
4 for SLCAIP construction
5 activities in excess of
6 \$1,000,000 that are planned or
7 under construction as of the
8 date when Western's Preliminary
9 Work Program Information becomes
10 available.

11 Such information shall be in sufficient detail for
12 Western officials to evaluate or justify the activities
13 envisioned to be undertaken, to calculate their benefit/cost
14 ratios or to compare them to alternative activities which
15 would accomplish the same purpose; Provided, however, the
16 information shall not be in such detail that it would
17 compromise the integrity of Western's public bidding process.

18 (2) The most current Salt Lake City Area
19 Construction and Rehabilitation Program Ten Year Plan and
20 equivalent documents for the Loveland and Phoenix areas to the
21 extent that they contain information pertaining to the SLCAIP.

22 10/ Presently these would be FY 1995, 1996 and 1997.

- 8 -

1 (3) The most current monthly "Status of Programs"
2 document for CRSP Construction, CRSP O&M, and Small Programs
3 (as available).

4 (4) The most current CRSP cash flow tracking
5 documents including, but not limited to, the document labeled
6 "CRSP Revenues and Expenses" which summarizes the data on a
7 monthly basis.

8 (1) Western Final Work Program Information shall mean
9 the documents and analyses available to Western officials to
10 show changes to the most recently available Western
11 Preliminary Work Program Information including, but not
12 limited to, updated versions of documents and analyses
13 comprising the most recently available Western Preliminary
14 Work Program Information.

15 (m) Work Program Information shall mean the information
16 for the CRSP, Collbran Project, Rio Grande Project, Provo
17 River Project and any other projects or activities which is
18 utilized to plan and schedule project work and which is the
19 basis for formulation of rates for the sale of firm electric
20 power and energy from the SLCAIP. In the case of the Provo
21 River Project, generation is purchased by SLCAIP.

22 (n) Work Program Information Review Period shall mean
23 the 45 days immediately following the date upon which Western
24 or Reclamation supplies its respective Work Program
25 Information in accordance with these Joint Procedures.

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1 Section 3 Supply of Work Program Information

2 (a) Western shall make available to Reclamation and the
3 Customers upon request a report on or before March 1st and on
4 or before July 15th of each year. The report supplied in
5 March shall contain Western Preliminary Program Information
6 categorized by Western Program Elements and the report
7 supplied in July shall contain Western Final Work Program
8 Information categorized by Western Program Elements.

9 (b) Reclamation shall make available to Western and the
10 Customers upon request a report on or before April 15th and on
11 or before October 20th of each year. The report supplied in
12 April shall contain Reclamation Preliminary Work Program
13 Information categorized by Reclamation Program Elements and
14 the report supplied in October shall contain Reclamation
15 Final Work Program Information categorized by Reclamation
16 Program elements.

17 (c) During any Work Program Information Review Period
18 following the receipt of Work Program Information, Western,
19 Reclamation and the Customers may confer with one another and,
20 upon request, shall meet for the purpose of reviewing and
21 understanding the Work Program Information supplied and how it
22 will be used to establish rates for the sale of electric power
23 and energy to the Customers. Upon 5 days prior written notice
24 during the Work Program Information Review Period to either
25 Western or Reclamation, a Customer shall have the right,

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1 subject to applicable Federal laws and regulations, to review
2 at Western or Reclamation offices during regular business
3 hours relevant records, if any, as determined by Western or
4 Reclamation in accordance with these Joint Procedures, upon
5 which such Work Program Information is based. Western and
6 Reclamation reserve the right to reject duplicative or
7 unnecessarily burdensome requests. Customers shall have the
8 opportunity to present written views on the Work Program
9 Information supplied and how it should be used to establish
10 rates for the sale of electric power and energy to the
11 Customers to Western or Reclamation within 15 days of the
12 close of a Work Program Information Review Period on the Work
13 Program Information presented during such period. Western or
14 Reclamation, as the case may be, shall respond to the
15 Customers regarding the views they express within 30 days from
16 receipt of such views and shall make responses available to
17 all Customers who so request.

18 (d) Any dispute not resolved between Reclamation's
19 Regional Director or Western's Area Manager and a Customer
20 concerning Work Program Information provided by Western or
21 Reclamation shall be resolved in accordance with Section 5 of
22 these Joint Procedures.

23 (e) Communications and notices contemplated to be
24 delivered by a sending party in these Joint Procedures shall
25 be deemed received by the receiving party (a) on the date

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1 delivered via facsimile during the receiving party's normal
2 business hours, provided the receiving party orally confirms
3 receipt thereof to the sending party; or (b) on the date
4 actually received during the recipient's normal business
5 hours. The parties agree to use messenger or overnight
6 delivery service to deliver bulky or lengthy documents.

7 Section 4 Utilization or Challenge of Work
8 Program Information in Power
9 Repayment Studies

10 (a) Western shall prepare Power Repayment Studies in
11 accordance with Department of Energy Order RA 6120.2, the
12 principles of the March 26, 1980 Agreement between Western and
13 Reclamation and such other existing or future agreements
14 between Western and Reclamation which affect the long term
15 firm rate for SLCAIP power, as they may be amended. Western
16 shall utilize the Work Program Information made available to
17 its Customers by Western and Reclamation (including
18 adjustments thereof which may result from reviews, from
19 internal corrections or the dispute resolution process
20 provided for in these Joint Procedures but excluding the costs
21 of future transmission system additions in a Planning Year or
22 Out Year which are conceptual in nature), to prepare the power
23 repayment studies upon which it relies to promulgate any
24 interim or final rates proposed or adopted for SLCAIP firm
25 power or transmission services; Provided, however, that prior

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1 to the adoption of any rate change the Work Program
2 Information utilized to develop such rates shall have been
3 provided to the Customers; Provided further, that initiation
4 of a rate adjustment process or adoption of an interim rate or
5 seeking confirmation and approval of a final rate is not
6 contingent upon resolution of disputes hereunder.

7 (b) A Customer may not challenge a Western Power
8 Repayment Study, a rate promulgated by Western based on a
9 Power Repayment Study or Western's Work Program Information
10 underlying such rate or Power Repayment Study, in any
11 administrative or judicial forum to the extent such Customer
12 has sought and received or reasonably could have sought
13 resolution of such challenge under these Joint Procedures.

14 (c) A Customer may not challenge any Reclamation Work
15 Program Information or any other data or information furnished
16 by Reclamation or any conclusion arrived at or decision made
17 by Reclamation hereunder in any judicial forum, unless such
18 Customer has sought resolution by or from Reclamation as
19 provided under these Joint Procedures.

20 Section 5 Dispute Resolution

21 (a) Any disputes or disagreements regarding the Work
22 Program Information, including but not limited to how such
23 information should be utilized in the ratemaking process,
24 shall first be presented to the Administrator of Western with

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1 regard to Western Work Program Information or the Commissioner
2 of Reclamation with regard to Reclamation Work Program
3 Information within 15 days after receipt of Western's or
4 Reclamation's response to a Customer's views provided for in
5 Section 3. The Customer shall include in its presentation a
6 statement whether the Customer wishes to resolve the dispute
7 or disagreement through arbitration. The Administrator or the
8 Commissioner shall respond to the Customer's presentation
9 within 15 days after receipt of such presentation; Provided,
10 however, the Administrator or the Commissioner shall be deemed
11 to have decided the dispute or disagreement unfavorably to the
12 Customer and to have denied any request to submit the matter
13 to arbitration if the Administrator or Commissioner has not
14 acted upon within 15 days of receipt of the Customer's
15 presentation.

16 (b) In the event of a denial of a request for
17 arbitration, the decision of the Administrator or the
18 Commissioner shall be deemed their final action. Any remedy
19 shall lie with FERC and subsequently the appropriate Federal
20 court in the case of Western, or the appropriate Federal court
21 in the case of Reclamation; Provided, however, such final
22 action by the Administrator shall not impair a party's right
23 to pursue its lawful remedies vis-a-vis Western before FERC.

24 (c) Arbitration shall take place in accordance with the
25 provisions of the Administrative Dispute Resolution Act, Act

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1 of November 15, 1990, Pub. L. No. 101-552, 104 Stat. 2736, as
2 it may be amended and in accordance with such rules or
3 regulations thereunder as may be promulgated by the Department
4 of Energy or the Department of the Interior. Upon
5 establishment of acceptable principles of conduct and
6 procedures and with the agreement of the affected parties,
7 mediation or other forms of alternative dispute resolution may
8 be used as a means of resolving any dispute between the
9 parties in lieu of arbitration.

10 (d) Should the legal authority provided in the
11 Administrative Dispute Resolution Act, supra, lapse, Western,
12 Reclamation, and the Customers agree to utilize their best
13 efforts to find another legally acceptable means of alternate
14 dispute resolution.

15 (e) Nothing in these Joint Procedures shall be deemed to
16 subject Reclamation to the jurisdiction of the Federal Energy
17 Regulatory Commission.

STATEMENT OF PRINCIPLES
CUSTOMER REVIEW OF FINANCIAL AND WORK PROGRAM DATA

1 I. The Western Area Power Administration's (Western) Salt Lake City Area
2 Integrated Projects (SLCAIP) customers desire, on a regular basis, to review financial and
3 work program data from both Western and the Upper Colorado Region of the Bureau of
4 Reclamation (Reclamation) that affect the electric power rate for the SLCAIP.

5 II. Western and Reclamation each are committed to providing such information to
6 the SLCAIP customers on a timely basis.

7 III. Several Federal laws and regulations control actions of Western and
8 Reclamation in providing financial and work program data. Western and Reclamation will
9 comply with the provisions of these laws and regulations in providing financial and work
10 program data to the SLCAIP customers.

11 IV. It is in the best business interests of Western, Reclamation, and the SLCAIP
12 power customers to resolve disputes over financial and work program data in a timely and
13 cost-efficient manner. To this end, Western, Reclamation, and the SLCAIP power
14 customers agree to utilize dispute resolution techniques in accordance with the
15 Administrative Dispute Resolution Act ("ADR Act"), Act of November 15, 1990, Pub. L.
16 No. 101-552, 104 Stat. 2736, to resolve such disputes at the administrative level before
17 Western or Reclamation. In addition, Western and the SLCAIP power customers agree to
18 utilize ADR Act dispute resolution techniques before the Federal Energy Regulatory
19 Commission, including arbitration if requested by a customer, provided FERC approves the
20 use of such techniques. The dispute resolution process will be conducted in an open manner
21 with full records kept of the proceedings.

1 V. Neither Western nor Reclamation, as the case may be, are able to accept a
2 decision arising out of a dispute resolution process that contravenes or infringes upon the
3 authority of the Executive Branch of the Federal government.

4 VI. Western, Reclamation, and the SLCAIP power customers recognize that these
5 principles provide a framework for further discussions. All agree to enter into such
6 discussions on a good faith basis to refine and define further actions each party would take
7 under these principles.

8 VII. Western and Reclamation believe that it is sound public policy to adopt these
9 principles, as may be refined and defined. Accordingly, Western and Reclamation will
10 initiate in a timely fashion an informal notice and comment rulemaking action under the
11 Administrative Procedures Act to adopt these principles.

12 VIII. Recognizing that an informal notice and comment rulemaking can be a time-
13 consuming process, Western and Reclamation agree to enter into a letter agreement with
14 the SLCAIP power customers to adopt these principles, as may be refined and defined, in
15 advance of the rulemaking referred to in principle VII. A draft version of the proposed rule
16 will be attached to the letter agreement, but the letter agreement will be subject to the
17 provisions of the rulemaking as adopted on a final basis.

18 IX. These principles, as may be refined and defined, will not in any way diminish
19 Western's and Reclamation's rights and obligations to provide information to members of
20 the public or any regulatory or public bodies.