

2004 Power Marketing Plan

Base Resource Contract Overview

The following summarizes the main provisions of the Base Resource Contract:

Section 4 (Termination of amendment for right to purchase after 2004):

- Terminates the existing contract amendments that provide for a customer's right to purchase power from Western after 2004. Execution of the Base Resource contract sustains a customer's right to purchase after 2004.

Section 5 (Effective date and term of contract):

Provides for:

- Base Resource contracts to be effective upon execution by Western.
- Base Resource contracts to remain in effect until December 31, 2024, subject to prior termination.
- Service to begin under the Base Resource contract on January 1, 2005.

Section 7 (Base Resource estimates and availability forecast):

Sets forth the materials that Western will provide for planning and forecasting purposes.

- Green Book: a report that describes the projects and provides levels of generation that may be expected under various hydrologic conditions;
- Annual Base Resource forecast;
- Monthly Base Resource forecast;
- Weekly Base Resource forecast.

Section 8 (Electric service furnished by Western):

Provides for Western to furnish the following:

- A percentage of the Base Resource to each customer;
- Minimum amounts of energy that customers will have to schedule;
- Maximum amounts of energy that customers can schedule;
- The benefit of available regulation and operating reserves from the CVP in proportion to each customer's Base Resource percentage;
- Custom products under a separate contractual arrangement.

Specifies that Western shall not be obligated to replace any Base Resource that is unavailable due to scheduled maintenance, system emergencies, forced outages, or other constraints.

Section 9 (Delivery arrangements):

Specifies that:

- Each customer must make arrangements for delivery of its Western power.
- Each customer must provide written notification to Western by July 1, 2004, demonstrating that it has arranged for transmission service.

Section 10 (Scheduling procedures and protocols):

- Stipulates that all power will be provided on a scheduled basis.

Section 11 (Exchange program):

- Provides that power in excess of a customer's load will be made available to Western, for provision to other customers, through a Western-managed exchange program. The program will consist of seasonal and hourly exchange programs.

Section 12 (Independent System Operator or regional transmission organization):

- Allows for changes to the contract, upon mutual consent between Western and its customers, in the event Western either joins or is required to conform to the protocols of an ISO or RTO. If a customer does not abide by the protocols made effective by FERC and applicable to Western, and Western incurs costs as a result, that customer will pay for all such costs.

Section 13 (Western rates):

- Specifies that the Base Resource is provided on a take-or-pay basis.

Section 14 (Integrated resource plan):

- States that customers must fulfill the requirements of Western's Energy Planning and Management Program. This involves the submission of an integrated resource plan or alternative report.

Section 15 (Adjustment of Base Resource percentage):

- Stipulates that Western has the ability to adjust a customer's Base Resource percentage, under certain conditions.

Section 16 (2015 resource pool):

- Provides that Western will reduce all customers' Base Resource percentages to establish the 2015 Resource Pool.

Section 17 (Metering and power measurement responsibilities):

- Specifies that a customer is responsible for the metering equipment requirements and power measurement data associated with the use of Western power.

Section 18 (Changes in organizational status):

- Allows for Western to adjust its obligation under the contract if a customer makes an organizational change or otherwise changes its obligation to supply electric power to preference loads.

Section 19 (Business protocols):

- Provides for Western to make process or procedural improvements in the efficient and effective administration of the Base Resource contract.

Exhibit A:

- Sets forth customer's percentage of the Base Resource and point(s) of delivery. The percentages currently set forth in each customer's Exhibit A to their Base Resource contract are subject to change, and the point(s) of delivery are still to be determined. Western may revise this exhibit unilaterally.

Exhibit B:

- Sets forth the general principles of the Exchange Program. The current "procedures" will change and, therefore, Western will revise Exhibit B accordingly. If a customer does not agree with the procedures, it will have a one-time option to terminate its Base Resource contract. Western may revise this exhibit unilaterally.

Exhibit C:

- Sets forth the scheduling procedures and protocols. The current procedures may change and, therefore, Western will revise Exhibit C accordingly, as mutually agreed to by Western and the customers.

Exhibit D:

- Will set forth procedures that Western will follow to maximize and provide the benefits of the operating reserves and regulation capabilities of the CVP. Western will work with the customers to develop the procedures and will revise Exhibit D accordingly. If a customer does not agree with the procedures, it will have a one-time option to terminate its Base Resource contract. Western may revise this exhibit unilaterally.