

**08.26.10 DRAFT Amendment No. 1 to Bridge RPSA
Template to Incorporate Agreed-Upon Procedures**

RESIDENTIAL PURCHASE AND SALE AGREEMENT
executed by the
BONNEVILLE POWER ADMINISTRATION
and
«FULL NAME OF CUSTOMER»

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This RESIDENTIAL PURCHASE AND SALE AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), and «FULL NAME OF CUSTOMER» («Customer Name»), hereinafter individually referred to as “Party” and collectively referred to as the “Parties”. «Customer Name» is a «_____» organized under the laws of the State of «_____» to purchase and distribute electric power to serve retail consumers from its distribution system within its service area.

RECITALS

Section 5(c) of the Northwest Power Act provides that a Pacific Northwest Regional electric utility may offer to sell electric power to BPA and BPA shall purchase such electric power at the Average System Cost of that utility’s resources, and in exchange BPA shall offer to sell in return an equivalent amount of electric power to such utility and such utility shall purchase such electric power at the PF Exchange rate. The cost benefits of such purchase and exchange sale attributable to a utility’s residential load within a State shall be passed directly through to that utility’s residential load within such State.

The Parties agree:

1. TERM

This Agreement shall take effect on the latter of (1) the date signed by the Parties, or (2) if required, upon acceptance for filing of this Agreement by the Federal Energy Regulatory Commission without change or condition unacceptable to either Party, and it shall terminate on September 30, 2011, unless terminated earlier pursuant to section 11 below. Performance by the Parties of their obligations under this Agreement shall commence on October 1, 2008. Upon termination of this Agreement, all obligations incurred hereunder shall be preserved until satisfied.

2. DEFINITIONS

Capitalized terms below shall have the meaning stated. Capitalized terms that are not listed below are either defined within the section or exhibit in which the term is used or, if not so defined, shall have the meaning stated in BPA’s applicable Wholesale Power Rate Schedules, including the General Rate Schedule Provisions (GRSPs), or the ASC Methodology.

2.1 “Appendix 1” means the electronic form on which «Customer Name» reports its Contract System Costs and other necessary data to BPA for the calculation of «Customer Name»’s Base Period ASC pursuant to the ASC Methodology.

2.2 “Average System Cost,” or “ASC” means the rate charged by «Customer Name» to BPA for BPA’s purchase of power from «Customer Name» under section 5(c) of the Northwest Power Act for each Exchange Period and is the

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quotient obtained by dividing Contract System Costs by Contract System Load, all in accordance with the ASC Methodology.

- 2.3 “ASC Methodology” means a methodology, as may be amended or superseded, used to determine ASC, as developed by BPA pursuant to section 5(c)(7) of the Northwest Power Act and attached to this Agreement for ease of reference purposes only as Exhibit C, 2008 Average System Cost Methodology. This Agreement is subject to the ASC Methodology but such ASC Methodology is not incorporated as part of this Agreement.
- 2.4 “Balancing Account,” or “BA,” means an account maintained by BPA comprised of amounts, if any, carried over from Contract No. _____, by and between «Customer Name» and BPA, (“1981 RPSA”), plus any additional amounts accrued pursuant to section 12 of this Agreement.
- 2.5 “Base Period” means the calendar year of the most recent FERC Form 1 data at the commencement of the ASC review period.
- 2.6 “Base Period ASC” means the ASC determined in the Review Period using «Customer Name»’s Base Period data, all in accordance with the ASC Methodology.
- 2.7 “Business Day(s)” means every Monday through Friday except Federal holidays.
- 2.8 “Contract System Costs” means «Customer Name»’s costs for production and transmission resources, including power purchases and conservation measures, which costs are includable in and subject to the provisions of Appendix 1, all in accordance with the ASC Methodology. Under no circumstances shall Contract System Costs include costs excluded from ASC by section 5(c)(7) of the Northwest Power Act.
- 2.9 “Contract System Load” means (1) the total Regional retail load included in the Form 1, or (2) for a consumer-owned utility (preference customer), the total Regional retail load from the most recent annual independently audited financial statement, as either may be adjusted pursuant to the ASC Methodology, all in accordance with the ASC Methodology.
- 2.10 “Diurnal” or “Diurnally” means the distribution of hours of months between Heavy Load Hours (HLH) and Light Load Hours (LLH).
- 2.11 “Due Date” shall have the meaning as described in section 8.3.2. Deleted: 2
- 2.12 “Effective Date” means the effective date of this Agreement, as determined pursuant to section 1 above.
- 2.13 “Exchange Period” means the period during which «Customer Name»’s ASC is effective for the calculation of «Customer Name»’s benefits under this

Agreement. Each Exchange Period shall be the period of time concurrent with the duration of each BPA wholesale power rate period.

- 2.14 “Fiscal Year” or “FY” means the period beginning each October 1 and ending the following September 30.
- 2.15 “Form 1” means the annual filing submitted to the Federal Energy Regulatory Commission required by 18 CFR §141.1, as specified in the ASC Methodology.
- 2.16 “In-Lieu PF Power” means firm power that is sold by BPA to «Customer Name» in an in-lieu transaction at the applicable Priority Firm Power Exchange Rate, or its successor.
- 2.17 “In-Lieu Power” means firm power acquired by BPA from a source(s) other than «Customer Name» at a cost less than «Customer Name»’s ASC, as provided in section 5(c)(5) of the Northwest Power Act. The provisions for acquisition and delivery of In-Lieu Power shall be provided in a policy developed by BPA after this Agreement is executed.
- 2.18 “In-Lieu Power Policy” means a policy to be developed by BPA that will contain provisions for (1) the acquisition and purchase of In-Lieu Power by BPA, and (2) the delivery and sale of In-Lieu PF Power to «Customer Name».
- 2.19 “Jurisdiction” means the service territory of «Customer Name» within which a particular Regulatory Body has authority to approve «Customer Name»’s retail rates. Jurisdictions must be within the Region.
- 2.20 “New Large Single Load” or “NLSL” has the meaning specified in section 3(13) of the Northwest Power Act and in BPA’s NLSL Policy.
- 2.21 “Northwest Power Act” means the Pacific Northwest Electric Power Planning and Conservation Act, 16 U.S.C. §839, Public Law No. 96-501.
- 2.22 “Region” means the Pacific Northwest as defined in section 3(14) of the Northwest Power Act.
- 2.23 “Regulatory Body” means a state commission or consumer-owned utility governing body, or other entity authorized to establish retail electric rates in a Jurisdiction.
- 2.24 “Residential Exchange Program” means the program implemented under this Agreement and established by section 5(c) of the Northwest Power Act.
- 2.25 “Residential Load” means the Regional residential load to which «Customer Name» sells power, as that residential load is defined in the Northwest Power Act and as further defined in Exhibit A, Residential Load Definition.

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- 2.26 “Residential Load Eligible for Monetary Benefits” means the monthly amounts of Residential Load determined pursuant to Exhibit A, Residential Load Definition, less:
- (a) any amounts of Residential Load with respect to which BPA has issued a notice of the election, pursuant to section 7.3 below, to acquire In-Lieu Power and «Customer Name» has elected to either take physical delivery of In-Lieu PF Power or forego exchange benefits corresponding to the amount of In Lieu Power; or
 - (b) any amounts of Residential Load with respect to which BPA has issued a notice of the election, pursuant to section 7.3 below, to acquire In-Lieu Power and «Customer Name» has elected to suspend its sale and purchase under sections 5 and 6 of this Agreement, for the duration of the time specified in the in-lieu notice.
- 2.27 “Review Period” means the period of time during which «Customer Name»’s Appendix 1 is under review by BPA. The Review Period begins on June 1 and ends on or about November 15 of the Fiscal Year prior to the Fiscal Year BPA implements a change in wholesale power rates.
- 2.28 “Uncontrollable Force” shall have the meaning specified in section 15.

2.29 “Agreed-Upon Procedures” means the specific tests and procedures outlined in Exhibit F to be performed by «Customer Name»’s certified public accountant.

3. APPLICABLE PF EXCHANGE RATE

Purchases by «Customer Name» under this Agreement are pursuant to the applicable Priority Firm Power Exchange (PF Exchange) rate and applicable GRSPs, or their successors, established by BPA in a proceeding pursuant to section 7(i) of the Northwest Power Act, or its successor. Sections 5 and 6 below establish purchases subject to the applicable PF Exchange rate schedule.

4. ESTABLISHMENT OF ASC TO ACTIVATE PARTICIPATION

The first Exchange Period during which «Customer Name» may activate its participation under this Agreement shall commence on October 1, 2008. «Customer Name» may activate its participation under this Agreement by filing an initial Appendix 1 for the initial Exchange Period that it has selected. Once «Customer Name» files an initial Appendix 1, «Customer Name» shall continue to file a new Appendix 1 for each subsequent Exchange Period, unless and until «Customer Name» elects to terminate or suspend this Agreement pursuant to section 11 below. Upon filing an Appendix 1 for an Exchange Period, «Customer Name» shall commence invoicing for Residential Load Eligible for Monetary Benefits, pursuant to section 8.1 below, in the month following the first full month of such Exchange Period.

5. OFFER BY «CUSTOMER NAME» AND PURCHASE BY BPA

Beginning with the first month of the initial Exchange Period established under section 4 above, «Customer Name» shall offer and BPA shall purchase each month an amount of electric power up to or equal to the Residential Load Eligible for Monetary Benefits.

The rate for such power sale to BPA shall be equal to «Customer Name»'s ASC, as determined by BPA using the ASC Methodology. «Customer Name» may only sell an amount of electric power under this section 5 that is up to or equivalent to the Residential Load Eligible For Monetary Benefits that «Customer Name» is authorized under State law or by order of the applicable State regulatory authority to serve.

6. OFFER BY BPA AND PURCHASE BY «CUSTOMER NAME»

Simultaneous with the offer by «Customer Name» and purchase by BPA pursuant to section 5 above, BPA shall offer and «Customer Name» shall purchase each month an amount of electric power equal to the Residential Load Eligible for Monetary Benefits that «Customer Name» offers and BPA purchases each month pursuant to section 5.

The rate for such power sale to «Customer Name» shall be equal to BPA's applicable PF Exchange rate, as established pursuant to section 3 above.

7. IN-LIEU TRANSACTIONS

7.1 BPA's Right to In-Lieu

In lieu of purchasing all or a portion of the electric power offered to BPA pursuant to section 5 by «Customer Name» at a rate equal to its ASC, BPA may upon prior written notice acquire or make arrangements to acquire In-Lieu Power if the expected cost of such power is less than «Customer Name»'s ASC(s).

If the expected cost of In-Lieu Power is less than the applicable PF Exchange Rate, then «Customer Name» may upon prior written notice suspend its sale and purchase under sections 5 and 6 of this agreement for all or a portion of the amount of Residential Load Eligible for Monetary Benefits that BPA proposes to serve with In-Lieu PF Power, for the duration of time specified in the in-lieu notice. «Customer Name»'s election under this section shall be based on all or a percentage portion of «Customer Name»'s Residential Load Eligible for Monetary Benefits that BPA has specified in its in-lieu notice. Amounts suspended under this section 7.1 shall not be added to «Customer Name»'s balancing account under section 12.

7.2 In-Lieu Power Policy

The terms and conditions of an in-lieu transaction, including the above referenced notice provisions, the source(s) of In-Lieu Power, the amount of In-Lieu Power, the shape of In-Lieu Power, the expected cost of such In-Lieu Power, and the term of the In-Lieu PF Power sale, shall be subject to BPA's then effective In-Lieu Power Policy; *provided, however*, that each In-Lieu

Power Policy shall conform to this section 7. BPA may not initiate an in-lieu transaction until it has adopted an In-Lieu Power Policy following notice and comment and the issuance of a final record of decision.

The Parties agree to work in good faith to amend this Agreement if, when, and as necessary to implement the then effective In-Lieu Power Policy. «Customer Name» acknowledges that in-lieu transactions are intended to lower the cost of the Residential Exchange Program to BPA, and agrees that it will not unreasonably withhold its consent to any amendment to this Agreement proposed by BPA.

7.3 In-Lieu Notice(s)

BPA shall, in each written notice of an in-lieu transaction, provide the following information, which shall include, but is not limited to (i) the source(s) of In-Lieu Power, (ii) the amount of In-Lieu Power, (iii) the shape of In-Lieu Power, (iv) the expected cost of such In-Lieu Power, and (v) the term of the In-Lieu PF Power sale. BPA shall keep «Customer Name» advised insofar as is practicable of BPA's plans to provide notice to «Customer Name» of BPA's election to acquire In-Lieu Power.

7.4 In-Lieu Transaction Implementation Mechanisms

The mechanisms by which in-lieu transactions are implemented, whether by the physical delivery of In-Lieu PF Power, the monetization of the value of such deliveries, some combination thereof, or some other mechanism, and all issues related thereto, shall be developed by and subject to the then effective In-Lieu Power Policy.

8. INVOICING, BILLING, AND PAYMENT

8.1 Invoicing for Residential Load Eligible for Monetary Benefits

(Drafter's Note: For Publics, delete (iv) in section 8.1.1 below and change (v) to (iv).)

8.1.1 «Customer Name» shall submit to BPA each month an accounting invoice that documents (i) the amount of Residential Load Eligible for Monetary Benefits that «Customer Name» has elected to exchange pursuant to sections 5 and 6 above, (ii) «Customer Name»'s ASC, (iii) «Customer Name»'s applicable PF Exchange rate, (iv) any adjustment pursuant to section 20, and (v) any adjustment pursuant to section 12. Such documentation shall include, but is not limited to, the kilowatt-hours of energy which «Customer Name» billed to the Residential Load Eligible for Monetary Benefits during the previous month. Each such invoice shall be subject to adjustment pursuant to section 9 below.

8.1.2 Within 30 days following the receipt of each monthly invoice from «Customer Name», and subject to section 9 below, BPA shall verify the invoice and pay such invoice electronically in accordance with instructions on each such invoice.

8.2 Reimbursement of Fees for Final Agreed-Upon Procedures Report

Once the final Agreed-Upon Procedures Report has been provided to the Parties pursuant to section 9, Exhibit E, and Exhibit F, and the final accounting invoice has been supplied to «Customer Name» by its independent certified public accountant (CPA), then «Customer Name» shall be responsible for paying such invoice. For reimbursement, «Customer Name» shall create and submit to BPA a separate invoice with a copy of its CPA's final accounting invoice attached. «Customer Name» shall e-mail such invoices to BPA at bpaaveragesystemcost@bpa.gov. BPA shall verify the final accounting invoice and reimburse «Customer Name» electronically by the 30th day following the receipt of such, subject to the reimbursement cap established in Exhibit E. Under no circumstances shall BPA reimburse «Customer Name» an amount higher than the final accounting invoice amount. If the 30th day is a Saturday, Sunday, or federal holiday, then BPA shall electronically reimburse «Customer Name» the next Business Day.

8.3 Billing and Payment for In-Lieu PF Power

In the event monthly amounts of In-Lieu PF Power are physically delivered to «Customer Name», amounts billed under this Agreement shall be the monthly amounts specified in the in-lieu notice that are delivered by BPA to «Customer Name» pursuant to section 7 above.

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8.3.1 Billing

PBL shall bill «Customer Name» monthly, consistent with applicable BPA rates, including the GRSPs and the provisions of this Agreement. PBL may send «Customer Name» an estimated bill followed by a final bill. PBL shall send all bills on the bill's issue date either electronically or by mail, at «Customer Name»'s option. If electronic transmittal of the entire bill is not practical, PBL shall transmit a summary electronically, and send the entire bill by mail.

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8.3.2 Payment

Payment of all bills, whether estimated or final, must be received by the 20th day after the issue date of the bill (Due Date). If the 20th day is a Saturday, Sunday, or Federal holiday, the Due Date is the next business day. If payment has been made on an estimated bill before receipt of a final bill for the same month, «Customer Name» shall pay only the amount by which the final bill exceeds the payment made for the estimated bill. PBL shall provide «Customer Name» the amounts by which an estimated bill exceeds a final bill through either a check or as a credit on the subsequent month's bill. After the Due Date, a late payment charge shall be applied each day to any unpaid balance. The late payment charge is calculated by dividing the Prime Rate for Large Banks as reported in the Wall Street Journal, plus 4 percent; by 365. The applicable Prime Rate for Large Banks shall be the rate reported on the first day of the month in which payment is received. «Customer Name» shall pay by electronic funds transfer using BPA's established procedures.

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8.3.3 **Disputed Bills**

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In case of a billing dispute, «Customer Name» shall note the disputed amount and pay its bill in full by the Due Date. Unpaid bills (including both disputed and undisputed amounts) are subject to late payment charges provided above. If «Customer Name» is entitled to a refund of any portion of the disputed amount, then BPA shall make such refund with simple interest computed from the date of receipt of the disputed payment to the date the refund is made. The daily interest rate used to determine the interest is calculated by dividing the Prime Rate for Large Banks as reported in the Wall Street Journal; by 365. The applicable Prime Rate for Large Banks shall be the rate reported on the first day of the month in which payment is received by BPA.

9. **ACCOUNTING, REVIEW, AND BUDGETING**

«Customer Name» shall keep up-to-date records, accounts, and related documents that pertain to this Agreement. These records, accounts, and documents shall contain information that supports:

- (1) «Customer Name»’s ASC as determined pursuant to the ASC Methodology;
- (2) identification of the consumers that comprise «Customer Name»’s Residential Load;
- (3) the amount of Residential Load Eligible for Monetary Benefits invoiced to BPA; and
- (4) evidence that the benefits received by «Customer Name» have been passed through to consumers that comprise «Customer Name»’s Residential Load Eligible for Monetary Benefits, as provided for in section 10 below.

At BPA’s expense, BPA, ~~its agent, or, upon BPA’s consent, «Customer Name»’s agent~~ may, from time-to-time, review or inspect, consistent with the provisions of section 18.3, Exhibit E, and Exhibit F of this Agreement, «Customer Name»’s records, accounts, and related documents pertaining to this Agreement. BPA’s ~~or «Customer Name»’s agent, as applicable,~~ shall be subject to approval by the other Party. ~~Such approval shall not be unreasonably withheld. For purposes of meeting the Agreed-Upon Procedures, pursuant to Exhibit E and Exhibit F, «Customer Name» agrees to contract with the CPA that also prepares its financial accounts and audits. Additional reviews or inspections that BPA shall require include, but are not limited to, «Customer Name»’s Annual REP Accounting Report.~~ «Customer Name» shall fully cooperate in good faith with any such reviews or inspections. BPA retains the right to take action consistent with the results of such reviews or inspections to require the pass-through of such benefits to Residential Load Eligible for Monetary Benefits.

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BPA’s right to review or inspect «Customer Name»’s records, accounts, and related documents pertaining to this Agreement for any Fiscal Year shall expire 60 months

after the end of such Fiscal Year. As long as BPA has such right to review or inspect, «Customer Name» agrees to maintain such records, accounts, and related documents.

If BPA determines that «Customer Name» has received monetary benefits for ineligible load, including an NLSL, or that other errors have occurred in implementing this Agreement that result in an overpayment, then any such overpayment shall be returned to BPA within 30 days of BPA's determination, or BPA may adjust future monetary benefit payments to «Customer Name». If BPA determines that «Customer Name» has not received monetary benefits due to errors in implementing this Agreement that result in an underpayment, then BPA shall pay «Customer Name» such monetary benefits within 30 days of BPA's determination that such benefits were not received. In the event «Customer Name» disputes BPA's determination regarding any overpayment or underpayment, such dispute shall be subject to resolution in the same manner as a disputed bill under section 8.3.3 above.

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10. PASS-THROUGH OF BENEFITS

- 10.1 Except as otherwise provided in this Agreement, all benefit amounts received by «Customer Name» from BPA under this Agreement shall be passed through to residential and small farm customers as either: (1) a separately stated credit to applicable retail rates; (2) monetary payments; or (3) as otherwise directed by the applicable Regulatory Body(ies).
- 10.2 Benefits shall be passed through by «Customer Name» in a timely manner, as set forth in this section 10.2 provided, that, it is specifically acknowledged and agreed that distributions of benefits for the Residential Load may be made by «Customer Name» in advance of its receipt of any such benefits from BPA and that such benefits may be used to set off distributions to the Residential Load made by «Customer Name» before or after October 1, 2011. The amount of benefits held as described in section 10.3 below at any time shall not exceed the greater of (i) the expected receipt of monetary payments from BPA under this Agreement over the next 180 days, and (ii) monetary payments received from BPA under this Agreement over the preceding 180 days; provided, however, that if the amount of benefits held in the account is less than \$1,000,000, then «Customer Name» may distribute benefits on a less frequent basis, provided that distributions are made at least once each Fiscal Year; provided, further, that any remaining benefits held shall be distributed to Residential Load no later than one year following the earlier of (x) the end of the term of this Agreement; or (y) termination or suspension of this Agreement.
- 10.3 Benefits shall be passed through consistent with any procedures developed by «Customer Name»'s Regulatory Body(ies) that are not otherwise inconsistent with this Agreement, the Northwest Power Act, or other applicable federal law. Until «Customer Name» has passed through such benefits pursuant to section 10.1 above, benefits received by «Customer Name» shall be identified

on «Customer Name»'s books of account and shall accrue interest at the rate(s) established by «Customer Name»'s Regulatory Body(ies).

- 10.4 Nothing in this Agreement shall require that any In Lieu PF Power delivered to «Customer Name» pursuant to section 7 be delivered on an unbundled basis to residential and small farm customers of «Customer Name» or that «Customer Name» provide retail wheeling for such In Lieu PF Power.

11. TERMINATION AND SUSPENSION OF AGREEMENT

11.1 Termination of Agreement

11.1.1 «Customer Name» may terminate this Agreement by providing BPA with written notice within 30 days following the date of approval by the Federal Energy Regulatory Commission of new BPA rates (on the earlier of such approval on an interim basis, or if interim approval is not granted, on a final basis) in which the supplemental rate charge provided for in section 7(b)(3) of the Northwest Power Act is applied and causes the PF Exchange rate charged «Customer Name» to exceed «Customer Name»'s ASC. Such termination shall become effective as of the date of the notice.

11.1.2 Upon termination of this Agreement pursuant to section 11.1.1, «Customer Name» shall not participate in the Residential Exchange Program established in section 5(c) of the Northwest Power Act until «Customer Name» offers to sell electric power to BPA pursuant to a new Residential Purchase and Sale Agreement (RPSA) that has been executed by the Parties. Such RPSA shall become effective no earlier than the start of the first Exchange Period following such request.

11.2 Suspension of Agreement

11.2.1 «Customer Name» may suspend performance under this Agreement for any reason upon 30 days advance written notice to BPA. Such suspension shall become effective as of the date specified in the notice, and shall suspend the rights and obligations of both Parties as of such date, and such suspension shall continue through September 30, 2011.

11.2.2 Upon suspension of this Agreement pursuant to section 11.2.1, «Customer Name» shall not seek and shall not be entitled to receive a new RPSA until the expiration of this Agreement on September 30, 2011.

11.3 Remedies

If the Federal Energy Regulatory Commission (FERC) or a court of competent jurisdiction remands, reverses, or otherwise finds unlawful a BPA final decision or decisions that affect an exchanging utility's receipt, or failure to receive, Residential Exchange Program benefits, BPA will review and

determine the rights and obligations of the Parties through additional administrative actions(s) as necessary to respond to such regulatory or court decisions.

12. BALANCING ACCOUNT

12.1 Balancing Account

Drafter's Note: First sentence of this section for the Bridge RPSA will have one of two possible versions. Version 1 will be used for a utility with a deemer carry over from the 1981 RPSA, Version 2 for a utility with no carry over.

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Version 1 Bridge: The BA balance attributable to carry over amounts under the 1981 RPSA shall be determined by BPA, subject to the resolution of any disputes regarding such determination; provided, however, that the effect of section 12.3 below shall not be stayed pending resolution of any such dispute.

Version 2 Bridge: The BA balance is zero as of the Effective Date, subject to any adjustment provided for in section 20.

The BA balance includes an adjustment for changes in the Western Region Consumer Price Index (all items) (CPI) applied to such balance beginning on October 1, 2008, and continuing until such time as the BA balance is reduced to zero, based on the methodology described below. BPA shall adjust such balance monthly effective October 1, 2008, to reflect actual monthly changes in the CPI. This BA balance (BA_B), if any, comprises the beginning balance for a balancing account described in this section.

As long as the BA_B is greater than zero, such balance shall be adjusted monthly by the change in the Consumer Price Index value for that month relative to the CPI value for the previous month as follows. For the current month (m).

$$\text{BA adjustment}_{m+1} = \{CPI_m / CPI_{m-1} - 1\} * BA_B_m$$

Where

CPI_m = current month's CPI Index value as determined below

CPI_{m-1} = Previous month's CPI Index value

BA_B_m = Current month's ending BA balance

BA_B_{m+1} = Next month's beginning BA balance

The CPI index value shall be the end of month Consumer Price Index – All Urban Consumers (West Region, All Items), as published on the Bureau of Labor Statistics web site: address: <http://data.bls.gov/cgi-bin/surveymost?cu>, (select “West Region, all items” and then select the applicable range of months and years).

The adjusted BA balance for the next month (m+1) shall then be:

$$BA_B_{m+1} = BA_B_m + BA \text{ adjustment} - P$$

Where P is the amount by which the BA increases or decreases as determined by multiplying the difference of the «Customer Name»'s current ASC minus the applicable PF Exchange rate by the utility's Residential Load Eligible for Monetary Benefits. If the ASC is less than the applicable PF Exchange rate, P will be negative and add to the BA balance; otherwise P will be positive and reduce the BA balance.

12.2 Additions to the Beginning Balancing Account

Whenever the ASC is less than BPA's then-current applicable PF Exchange rate during the period that this Agreement is in effect but not in suspension, pursuant to section 11.2, the payment that would otherwise be owed BPA will be tracked by BPA and added to the balancing account.

12.3 Resumption of Monetary Benefits

If there is a balance in the balancing account and the ASC is greater than the applicable PF Exchange rate, BPA will make no cash payments but will apply the amount that would have been paid in order to reduce the balance in the BA account. «Customer Name» will resume the receipt of exchange payments from BPA under this Agreement if and at such time that there is no longer a balance in the BA, or «Customer Name» makes payments to BPA to bring the balance in the BA to zero. «Customer Name» may elect to make cash payments to BPA in order to eliminate all or a portion of «Customer Name»'s balance in the BA at any time.

12.4 BA Balance Carry Over

Any balance in the BA, upon termination of this Agreement, shall not be a cash obligation of «Customer Name» but will carry over as a non-cash liability of «Customer Name» to the BA of a successor RPSA or other agreement implementing the Residential Exchange Program.

13. NOTICES

Any notice required under this Agreement shall be in writing and shall be delivered (a) in person; (b) by a nationally recognized delivery service; or (c) by United States Certified Mail. Notices are effective when received. Either Party may change its address for notices by giving notice of such change consistent with this section.

If to «Customer Name»:

« _____ »
« _____ »
« _____ »
Attn: « _____ »
« _____ »
Phone: « ____ - ____ - ____ »
FAX: « ____ - ____ - ____ »
E-Mail: « _____ »

If to BPA:

Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621
Attn: « _____ - ____ »
Account Executive
Phone: 503-230-« ____ »
FAX: « ____ - ____ - ____ »
E-Mail: « _____ »

14. COST RECOVERY

- 14.1 Nothing included in or omitted from this Agreement creates or extinguishes any right or obligation, if any, of BPA to assess against «Customer Name» and «Customer Name» to pay to BPA at any time a cost under-recovery charge pursuant to an applicable transmission rate schedule or otherwise applicable law.
- 14.2 BPA may adjust the PF Exchange rate set forth in the applicable power rate schedule during the term of this Agreement pursuant to the Cost Recovery Adjustment Clause in the 2009 GRSPs, or successor GRSPs.

15. UNCONTROLLABLE FORCES

PBL shall not be in breach of its obligation to provide In-Lieu PF Power and «Customer Name» shall not be in breach of its obligation to purchase In-Lieu PF Power to the extent the failure to fulfill that obligation is due to an Uncontrollable Force. “Uncontrollable Force” means an event beyond the reasonable control of, and without the fault or negligence of, the Party claiming the Uncontrollable Force that impairs that Party’s ability to perform its contractual obligations under this Agreement and which, by exercise of that Party’s reasonable diligence and foresight, such Party could not be expected to avoid and was unable to avoid. Uncontrollable Forces include, but are not limited to:

- 15.1 any unplanned curtailment or interruption for any reason of firm transmission used to deliver In-Lieu PF Power to «Customer Name»’s facilities or distribution system, including but not limited to unplanned maintenance outages;
- 15.2 any unplanned curtailment or interruption, failure or imminent failure of «Customer Name»’s distribution facilities, including but not limited to unplanned maintenance outages;
- 15.3 any planned transmission or distribution outage that affects either «Customer Name» or PBL which was provided by a third-party transmission or distribution owner, or by a transmission provider, including TBL and «Customer Name», that is functionally separated from the generation provider in conformance with FERC Orders 888 and 889 or their successors;

- 15.4 strikes or work stoppage, including the threat of imminent strikes or work stoppage;
- 15.5 floods, earthquakes, or other natural disasters; and
- 15.6 orders or injunctions issued by any court having competent subject matter jurisdiction, or any order of an administrative officer which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

The Party claiming the Uncontrollable Force shall notify the other Party as soon as practicable of that Party's inability to meet its obligations under this Agreement due to an Uncontrollable Force. The Party claiming the Uncontrollable Force also agrees to notify any control area involved in the scheduling of a transaction which may be curtailed due to an Uncontrollable Force.

Both Parties shall be excused from their respective obligations, other than from payment obligations incurred prior to the Uncontrollable Force, without liability to the other, for the duration of the Uncontrollable Force and the period reasonably required for the Party claiming the Uncontrollable Force, using due diligence, to restore its operations to conditions existing prior to the occurrence of the Uncontrollable Force.

16. GOVERNING LAW AND DISPUTE RESOLUTION

(Drafter's Note: The reference below to "CPR" means "Center for Policy Resolution." CPR is a proper name and should not be spelled out.)

[OPTIONS for section 16.

Option 1-Include the following if customer prefers to litigate (not arbitrate) disputes.

This Agreement shall be interpreted in accordance with and governed by Federal law. The Parties shall make a good faith effort to negotiate a resolution of disputes before initiating litigation. During a contract dispute or contract issue between the Parties arising out of this Agreement, the Parties shall continue performance under this Agreement pending resolution of the dispute, unless to do so would be impossible or impracticable. «Customer Name» reserves the right to seek judicial resolution of any dispute arising under this Agreement.

Option 2-Include the following if customer prefers to arbitrate (not litigate) disputes.

16.1 This Agreement shall be interpreted consistent with and governed by Federal law. Final actions subject to section 9(e) of the Northwest Power Act are not subject to binding arbitration and shall remain within the exclusive jurisdiction of the United States Ninth Circuit Court of Appeals. Any dispute regarding any rights of the Parties under any BPA policy, including the

implementation of such policy, shall not be subject to arbitration under this Agreement. «Customer Name» reserves the right to seek judicial resolution of any dispute arising under this Agreement that is not subject to arbitration under this section 16. For purposes of this section 16 BPA policy means any written document adopted by BPA as a final action in a decision record or record of decision that establishes a policy of general application, or makes a determination under an applicable statute. If either Party asserts that a dispute is excluded from arbitration under this section 16, either Party may apply to the Federal court having jurisdiction for an order determining whether such dispute is subject to arbitration under this section 16.

- 16.2 Any contract dispute or contract issue between the Parties arising out of this Agreement, except for disputes that are excluded through section 16(a) above, shall be subject to binding arbitration. The Parties shall make a good faith effort to resolve such disputes before initiating arbitration proceedings. During arbitration, the Parties shall continue performance under this Agreement pending resolution of the dispute, unless to do so would be impossible or impracticable.
- 16.3 Any arbitration shall take place in Portland, Oregon, unless the Parties agree otherwise. The CPR Institute for Dispute Resolution's arbitration procedures for commercial arbitration, Non-Administered Arbitration Rules (CPR Rules), shall be used for each dispute; provided, however, that: (1) the Parties shall have the discovery rights provided in the Federal Rules of Civil Procedure unless the Parties agree otherwise; and (2) for claims of \$1 million or more, each arbitration shall be conducted by a panel of three neutral arbitrators. The Parties shall select the arbitrators from a list containing the names of 15 qualified individuals supplied by the CPR Institute for Dispute Resolution. If the Parties cannot agree upon three arbitrators on the list within 20 business days, they shall take turns striking names from the list of proposed arbitrators. The Party initiating the arbitration shall take the first strike. This process shall be repeated until three arbitrators remain on the list, and those individuals shall be designated as the arbitrators. For disputes involving less than \$1 million, a single neutral arbitrator shall be selected consistent with section 6 of the CPR Rules.
- 16.4 Except for arbitration awards which declare the rights and duties of the Parties under the Agreement, the payment of monies shall be the exclusive remedy available in any arbitration proceeding. Under no circumstances shall specific performance be an available remedy against BPA. The arbitration award shall be final and binding on both Parties, except that either Party may seek judicial review based upon any of the grounds referred to in the Federal Arbitration Act, 9 U.S.C. §1-16 (1988). Judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof.
- 16.5 Each Party shall be responsible for its own costs of arbitration, including legal fees. The arbitrator(s) may apportion all other costs of arbitration between the Parties in such manner as they deem reasonable taking into

account the circumstances of the case, the conduct of the Parties during the proceeding, and the result of the arbitration.

End of OPTIONS for section 16.]

17. STATUTORY PROVISIONS

17.1 Annual Financial Report and Retail Rate Schedules

«Customer Name» shall provide PBL with a current copy of its annual financial report and its retail rate schedules, as required by Section 5(a) of the Bonneville Project Act, P.L. 75-329.

17.2 New Large Single Loads*(09/05/00 Version for Block)*

17.2.1 General

All existing NLSLs are listed in section 1 of Exhibit B. «Customer Name» shall provide reasonable notice to PBL of any expected increase in load that is likely to qualify as a new NLSL. «Customer Name» may either serve a NLSL with Contracted Power or with power from another source. For purposes of this section 15(e), “Consumer” means an end-user of electric power or energy. *(Drafter’s Note: List existing NLSLs in the Rate Commitments Exhibit)*

17.2.2 Determination of a Facility

PBL, in consultation with «Customer Name», shall make a reasonable determination of what constitutes a single facility, for the purpose of identifying a NLSL, based upon the following criteria:

- (A) whether the load is operated by a single Consumer;
- (B) whether the load is in a single location;
- (C) whether the load serves a manufacturing process which produces a single product or type of product;
- (D) whether separable portions of the load are interdependent;
- (E) whether the load is contracted for, served or billed as a single load under «Customer Name»’s customary billing and service policy;
- (F) consistent application of the foregoing criteria in similar fact situations; and
- (G) any other factors the Parties determine to be relevant.

PBL shall show an increase in load associated with a Consumer’s facility which has been determined to be a NLSL in section 1 of Exhibit B. PBL shall have the unilateral right to amend Exhibit B to reflect such determinations when made.

17.2.3 Determination of Ten Average Megawatt Increase

An increase in load shall be considered a NLSL if the energy consumption of the Consumer's load associated with a new facility, an existing facility, or expansion of an existing facility during the immediately past 12-month period exceeds by 10 average megawatts or more the Consumer's energy consumption for such new facility, existing facility or expansion of an existing facility for the consecutive 12-month period one year earlier, or the amount of the contracted for, or committed to load of the Consumer as of September 1, 1979, whichever is greater.

[OPTIONS for section 17(b)(4).

Option 1-Include the following if customer has no CF/CT loads.

17.2.4 CF/CT Loads

«Customer Name» has no loads that were contracted for, or committed to, as of September 1, 1979, as defined in section 3(13)(A) of the Northwest Power Act.

Option 2-Include the following if customer has CF/CT loads.

17.2.4 CF/CT Loads

The following loads were determined by the Administrator to be contracted for, or committed to, as of September 1, 1979, as defined in section 3(13)(A) of the Northwest Power Act, and are subject to the applicable rate for the rest (non-NLSL) of «Customer Name»'s load:

Retail electric power consumer's name:

Amount of firm energy contracted for, or committed to, as of September 1, 1979:

Facility description:

End of OPTIONS for section 17(b)(4).]

17.3 Priority of Pacific Northwest Customers

The provisions of sections 9(c) and (d) of P.L. 96-501 and the provisions of P.L. 88-552 as amended by section 8(e) of P.L. 96-501 are incorporated into this Agreement by reference. BPA agrees that «Customer Name», together with other customers in the Region, shall have priority to BPA power, consistent with these provisions.

17.4 BPA Appropriations Refinancing Act

Section 3201(i) of P.L. 104-134 is incorporated by reference. *(Drafter's Note: BPA is legally obligated to offer to make section 3201(i) of P.L. 104-134 a part of this Agreement. Customer may exclude this provision at their option.)*

18. STANDARD PROVISIONS

18.1 Amendments

No oral or written amendment, rescission, waiver, modification or other change of this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

18.2 Assignment

This Agreement is binding on any successors and assigns of the Parties. BPA may assign this Agreement to another Federal agency to which BPA's statutory duties have been transferred. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. BPA shall consider any request for assignment consistent with applicable BPA statutes. Such consent shall not be unreasonably withheld. «Customer Name» may not transfer or assign this Agreement to any of its retail customers.

18.3 Information Exchange and Confidentiality

The Parties shall provide each other with any information that is reasonably required and requested in writing by either Party, to operate under and administer this Agreement, including load forecasts for planning purposes, information needed to resolve billing disputes, scheduling and metering information reasonably necessary to prepare power bills that is not otherwise available to the requesting Party, including metering data for each load that qualifies as an NLSL. Such information shall be provided in a timely manner. Information may be exchanged by any means agreed to by the Parties. If such information is subject to a privilege of confidentiality, a confidentiality agreement or statutory restriction under state or Federal law on its disclosure by a Party to this Agreement, then that Party shall endeavor to obtain whatever consents, releases or agreements are necessary from the person holding the privilege to provide such information while asserting the confidentiality over the information. Information provided to BPA which is subject to a privilege of confidentiality or nondisclosure shall be clearly marked as such and BPA shall not disclose such information without obtaining the consent of the person or Party asserting the privilege, consistent with BPA's obligation under the Freedom of Information Act. BPA may use such information as necessary to provide service or timely bill for service under this Agreement. BPA shall only disclose information received under this provision to BPA employees who need the information for purposes of this Agreement.

18.4 Entire Agreement

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

18.5 **Exhibits**

The exhibits listed in the table of contents are incorporated into this Agreement by reference. The exhibits may only be revised upon mutual agreement between the Parties unless otherwise specified in the exhibits. The body of this Agreement shall prevail over the exhibits to this Agreement in the event of a conflict.

18.6 **Liability of Delivery**

«Customer Name» waives any claims against BPA under this Agreement for non-delivery of power to any points beyond the applicable point(s) of delivery under section 7. In no event will either Party be liable under this Agreement to the other Party for damage that results from an Electrical Disturbance caused by or occurring on an electric system owned or operated by such other Party or a third-party. Electrical Disturbance means any sudden, unexpected, changed, or abnormal electrical condition occurring in or on an electric system which causes damage.

18.7 **No Third-Party Beneficiaries**

This Agreement is made and entered into for the sole protection and legal benefit of the Parties, and no other person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with this Agreement.

18.8 **Waivers**

Any waiver at any time by either Party to this Agreement of its rights with respect to any default or any other matter arising in connection with this Agreement shall not be considered a waiver with respect to any subsequent default or matter.

18.9 **BPA Policies**

Any reference in this Agreement to BPA policies, including without limitation BPA's NLSL Policy, In-Lieu Power Policy, and the 5(b)/9(c) Policy, and any revisions thereto, does not constitute agreement by «Customer Name» to such policy, nor shall it be construed to be a waiver of the right of «Customer Name» to seek judicial review of any such policy.

[OPTION for section 18(j).

This provision is optional at customer's discretion.

18.10 **Hold Harmless**

Each Party assumes all liability for injury or damage to persons or property arising from the act or negligence of its own employees, agents, members of governing bodies or contractors. Each Party shall indemnify and hold the other Party harmless from any liability arising from such act or negligence.

End of OPTION for section 18(j).]

19. NOTICE PROVIDED TO RESIDENTIAL AND SMALL FARM CONSUMERS

«Customer Name» will ensure that any entity that issues customer bills to «Customer Name»'s residential and small farm consumers shall provide written

notice on such customer bills that the benefits of this Agreement are “Federal Columbia River Benefits supplied by BPA.”

Drafter’s Note: Include the following section 20 ONLY for IOUs

20. ADJUSTMENTS TO MONETARY BENEFITS

The monetary benefits provided to under this Agreement shall be subject to adjustment by BPA to account for the overpayment of benefits, if any, for the period October 1, 2001, through September 30, 2008. Any such adjustments shall be limited to those formally established by BPA in its wholesale power rate adjustment proceedings or other forums established by BPA for the determination of the amount of overpayment to be recovered and the associated recovery period; provided however, that any such adjustment is subject to the resolution of all administrative or judicial review thereof.

Drafter’s Note: For Puget and PAC, insert the Contract No. for the Load Reduction Agreement in this paragraph. For the other IOUs, delete (iii).

Notwithstanding anything in this Agreement to the contrary, it is hereby agreed that neither Party has waived or is waiving, either by virtue of entering into this Agreement, by making or accepting payments under this Agreement, or otherwise, any arguments or claims it has made or may make, or any rights or obligations it has or may have, regarding (i) the above referenced payments, if any, to «Customer Name», (ii) the calculation implementation or settlement of Residential Exchange Program benefits for any period of time, or (iii) implementation or settlement of rights under Contract No. _____ (Load Reduction Agreement), as amended, and each Party hereby expressly reserves all such arguments and rights. This section 20 shall survive the termination or the expiration of this Agreement and shall survive even if any other provision(s) of this Agreement is held to be not consistent with law, or void or otherwise unenforceable.

End section 20 for IOUs only

Drafter Note: For publics, change section number below from 21 to 20.

21. SIGNATURES

Each signatory represents that he or she is authorized to enter into this Agreement on behalf of the Party for whom he or she signs.

«FULL NAME OF CUSTOMER»

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____

By _____

Name _____
(Print/Type)

Name _____
(Print/Type)

Title _____

Title _____

Date _____

Date _____

Exhibit A
RESIDENTIAL LOAD DEFINITION

1. «Customer Name»'s Residential Load means the sum of the loads within the Region eligible for the Residential Exchange Program under the tariff schedules described below, adjusted for distribution losses as determined pursuant to Exhibit C, 2008 Average System Cost Methodology, as revised, supplemented, or superseded. If BPA determines that any action changes «Customer Name»'s general tariffs or service schedules in a manner which would allow loads other than Residential Loads, as defined in the Northwest Power Act, to be included under these tariff schedules, or that the original general tariffs or service schedules include loads other than Residential Loads, such nonresidential loads shall be excluded from this Agreement.

Such tariff schedules as presently effective include:

- (1) for all schedules listed below, include the amount, expressed in kilowatt-hours, of Residential Load supplied by «Customer Name» under:
- (A) «schedule»
 - (B) «schedule»
 - (C) «schedule», and
- (2) a portion of the Residential Load supplied by «Customer Name» as determined pursuant to section 2 of this exhibit.

2. Any farm's monthly irrigation and pumping load qualifying under this Agreement for each billing period shall not exceed the amount of the energy determined by the following formula:

$$\text{Irrigation/Pumping Load} = 400 \times 0.746 \times \text{days in billing period} \times 24$$

provided, however, that this amount shall not exceed that farm's measured energy for the same billing period.

where:

400 is equal to the horsepower limit defined in the Northwest Power Act,
0.746 is the factor for converting horsepower to kW,
days in billing period is determined in accordance with prudent and normal utility business practices, and
24 is the number of hours in a day.

3. When more than one farm is supplied from a common pumping installation, the irrigation and pumping load of the installation shall be allocated among the farms using the installation, based on the method (e.g., water shares, acreage) that the farms use to allocate the power costs among themselves. These allocated loads shall then be combined with any other irrigation and pumping loads attributed to the

farms under section 2 of this exhibit. In no instance shall any farm's total qualifying irrigation loads for any billing month exceed 222,000 kWh.

4. A farm is defined as a parcel or parcels of land owned or leased by one or more persons (person includes partnerships, corporations, or any legal entity capable of owning farm land) that is used primarily for agriculture. Agriculture is defined to include the raising and incidental primary processing of crops, pasturage, or livestock. Incidental primary processing means those activities necessarily undertaken to prepare agricultural products for safe and efficient storage or shipment. All electrical loads ordinarily associated with agriculture as defined above shall be considered as usual farm use.

Contiguous parcels of land under single-ownership or leasehold shall be considered to be one farm. Noncontiguous parcels of land under single-ownership or leasehold shall be considered as one farm unit unless demonstrated otherwise by the owner or lessee of the parcels as determined by BPA.

Parcels of land may not be subdivided into a larger number of parcels in order to attempt to increase the number of farms. Ownership or leasehold interests in farms may not be changed in order to attempt to increase the number of farms, for example, by leases to family members or establishment of partnerships, corporations or similar devices. Acquisition of a parcel which was previously a separate farm becomes part of the single farm that acquired the parcel. In order for a noncontiguous parcel to constitute a separate farm, the farm must not share any equipment or labor with any other parcel and must maintain separate financial statements, accounting records, and tax returns as of May 1, 2000. Any new farms created after May 1, 2000, with irrigation loads, must submit an application for exchange benefits for such irrigation loads to «Customer Name» which shall then submit such application to BPA and such application must be reviewed and approved by BPA before the new farm is eligible to receive benefits for such irrigation loads. A number of additional factors may be used by BPA to determine whether noncontiguous parcels constitute one or more farms. These factors include but are not limited to:

- (1) use,
- (2) ownership,
- (3) control,
- (4) operating practices, and
- (5) distance between parcels.

5. Unused irrigation allocations may not be reallocated to other farms or to another billing period.
6. The operator of a farm is required to certify to «Customer Name» all irrigation accounts, including horsepower rating for that farm, including all irrigation accounts

commonly shared. The operator of a farm is required to provide «Customer Name» and BPA all documentation requested to assist in the farm determination.

7. This exhibit shall be revised to incorporate additional qualifying tariff schedules, subject to BPA's determination that the loads served under these schedules are qualified under the Northwest Power Act.

Exhibit B
NEW LARGE SINGLE LOADS

(Drafter's Note: For each NLSL in this section include the following: the retail electric power consumer name, the facility location, the date the load became a NLSL, a description of the NLSL, and how the NLSL shall be served. If BPA serves the NLSL, Contracted Power will be provided under the NR rate schedule unless the Parties agree to service under a surplus rate schedule, and establishes rates and billing factors in Exhibit D, Additional Products and Special Provisions.)

[OPTIONS for section (a).

Option 1-Include the following if customer has no existing NLSL.

1. **«CUSTOMER NAME» HAS NO EXISTING NLSL.**

Option 2-Include the following if customer has an existing NLSL. The load listed may no longer be considered to be a NLSL if BPA establishes a new NLSL policy (i.e., Klickitat, Goldendale). This should be noted and the right to change the determination should be established.

1. **«CUSTOMER NAME» HAS AN EXISTING NLSL. THE NLSL IS LISTED BELOW.**

End of OPTIONS for section (a).]

2. When «Customer Name» has a NLSL this exhibit shall be revised to include estimated monthly HLH and LLH MWs in a table below.

Exhibit C
2008 AVERAGE SYSTEM COST METHODOLOGY

EXHIBIT D SCHEDULING

1. PURPOSE OF THIS EXHIBIT

The purpose of this exhibit is to identify power scheduling requirements and coordination procedures necessary for the delivery of electric power and energy sold under this Agreement. All provisions apply to Purchasing-Selling Entities (PSEs), including their authorized scheduling agent. Transmission scheduling arrangements are handled under separate agreements/provisions with the designated transmission provider. Nothing in this exhibit is intended to relieve the Parties of any obligation they may have under North American Electric Reliability Council (NERC) or Western Systems Coordinating Council (WSCC) policy, procedure, or guideline.

2. COORDINATION: GENERAL, PRESCHEDULE, REAL-TIME, AND AFTER-THE-FACT REQUIREMENTS

2.1 General Requirements

- 2.1.1 The Parties may revise and replace this exhibit by mutual agreement. BPA shall also have the right to revise and replace this exhibit under the following circumstances after providing an opportunity for all affected Parties to discuss and comment on any proposed changes:
 - (1) to comply with rules or orders issued by FERC, NERC, or WSCC or
 - (2) to implement changes reasonably consistent with standard industry practice, but necessary for BPA to administer its power scheduling function.
- 2.1.2 PSEs shall have staff available 24 hours a day for each day an active transaction or preschedule is in effect. PSEs must be prepared to verify transactions on an hourly basis if necessary.
- 2.1.3 PSEs shall complete the prescheduling and check out processes, and to verify Transactions and associated totals, per NERC tag, and BPA contract.
- 2.1.4 Inability to verify Transactions may result in schedule rejection or curtailment.
- 2.1.5 PSEs shall verify Transactions and totals after-the-fact (ATF) per both parties' ATF processes.
- 2.1.6 BPA is not obligated to accept Transactions that do not comply with the scheduling requirements in this exhibit or the contract.
- 2.1.7 Should a PSE attempt to preschedule a Transaction for power for which that PSE has an obligation to provide transmission and fails to properly reserve the transmission necessary to complete the

Transaction, the PSE will not be excused from its payment obligation, if any, under this Agreement.

- 2.1.8 All Transactions shall be stated in WSCC time zone and “hour ending” format.
- 2.1.9 All Schedules, except Dynamic Schedules, will be implemented on an hourly basis using the standard ramp as specified by WSCC procedures.
- 2.1.10 [Intentionally Omitted]
- 2.1.11 Changes to telephone or fax numbers of key personnel (for Prescheduling, Real-Time, Control Area, or Scheduling Agents, etc.) must be submitted to BPA.

2.2. Prescheduling Requirements

2.2.1 Information Required For Any Preschedule

- 2.2.1.1 Unless otherwise mutually agreed, all Transactions will be submitted according to NERC instructions for E-tagging, as modified by WSCC.
- 2.2.1.2 When completing the NERC E-Tag insert the applicable BPA Contract number(s) in the “reference” column of the miscellaneous section of the tag.
- 2.2.1.3 Transactions going to or from COB (California-Oregon Border) must be identified as using Malin or Captain Jack, or COB Hub.

2.2.2 Preschedule Coordination

- 2.2.2.1 Final hourly preschedules (verbal submission of E-tag information) must be submitted for the next day(s) by 1000 of each Workday, unless otherwise agreed.
- 2.2.2.2 Typically, preschedules are for one to three days. By mutual agreement of the parties, final preschedules may be requested for longer time periods to accommodate special scheduling requirements.
- 2.2.2.3 Under certain operating conditions, either party may require submission of estimated daily preschedules for an ensuing period up to ten days in length, prior to the final preschedule.

2.3 Real-Time Requirements

- 2.3.1 PSEs may not make Real-Time changes to the scheduled amounts, including transmission arrangements unless such changes are allowed under individual contract provisions or by mutual agreement.
- 2.3.2 If Real-Time changes to the Schedule become necessary, and are allowable as described in section 2(c)(1) above, PSEs must submit such request no later than 30 minutes prior to the hour for which the Schedule change becomes effective.
- 2.3.3 Multi-hour changes to the Schedule shall specify each hour to be changed and shall not be stated as “until further notice.”
- 2.3.4 Emergency scheduling and notification procedures (including mid-hour changes) will be handled in accordance with NERC and WSCC procedures.

2.4 After-the-Fact Reconciliation Requirements

PSEs agree to reconcile all Transactions, Schedules and accounts at the end of each month (as early as possible within the first ten calendar days of the next month). The parties will verify all Transactions per BPA contract, as to product or type of service, hourly amounts, daily, and monthly totals, and related charges.

3. DEFINITIONS AND ACRONYMS

Capitalized terms in this Exhibit shall have the meanings defined below, in context, or as used elsewhere in this Agreement.

- 3.1 **Control Area:** An electrical system bounded by interconnection (tie-line) metering and telemetry. It controls generation directly to maintain its interchange schedule with other control areas and contributes to frequency regulation of the interconnection.
- 3.2 **Hour Ending:** Designation for one hour periods of time based upon the time which the period ends. For example: the one hour period between 1300 and 1400 is referred to as Hour Ending 1400.
- 3.3 **Prescheduling:** The process (electronic, oral, and written) of establishing and verifying with all scheduling parties, advance hourly Transactions through the following Workday(s). Preschedules apply to the following day or days (if the following day or days are not Workday(s)).
- 3.4 **Purchasing-Selling Entity (PSE):** (NERC defined term) An entity that is eligible to purchase or sell energy or capacity and reserve transmission services.

- 3.5 **Real-Time:** The hourly or minute-to-minute operation and scheduling of a power system as opposed to those operations which are prescheduled a day or more in advance.
- 3.6 **Schedule:** The planned Transaction approved and accepted by all PSEs and Control Areas involved in the Transaction.
- 3.7 **Transaction:** An agreement arranged by a PSE to transfer energy from a seller to a buyer.
- 3.8 **Workday:** Any day BPA, other regional utilities, and PSEs observe as a working day.

Exhibit E

TERMS AND CONDITIONS OF FINAL AGREED-UPON PROCEDURES REPORT
(MM/DD/YY Version)

1. FINAL REPORT TERMS AND CONDITIONS

Pursuant to section 9 of the body of the Agreement, «Customer Name» agrees to cooperate with a biennial review or inspection of its accounts and financial records concerning its participation in the Residential Exchange Program and this Agreement.

Prior to «Customer Name»'s CPA initiating each final Agreed-Upon Procedures report, «Customer Name» shall (1) obtain an engagement letter between «Customer Name» and its CPA and (2) ensure the CPA simultaneously provides BPA a copy of such engagement letter. The engagement letter should provide the Parties a detailed statement of the work to be performed to meet the Agreed-Upon Procedures included in Exhibit F, the hours, and the fees associated with each task.

By each final Agreed-Upon Procedures report due date, «Customer Name» shall submit to BPA a copy of the final Agreed-Upon Procedures report completed by «Customer Name»'s CPA that complies with the Agreed-Upon Procedures in Exhibit F and encompasses the corresponding reporting period listed in the table below.

<u>Final Agreed-Upon Procedures Report Due Dates</u>		<u>Reporting Periods</u>
<u>December 30, 2010</u>	<u>For</u>	<u>FY 2008 & FY 2009</u>
<u>June 30, 2012</u>	<u>For</u>	<u>FY 2010 & FY 2011</u>
<u>Every other June 30th thereafter</u>	<u>For</u>	<u>The previous two Fiscal Years</u>

«Customer Name» shall be responsible for ensuring that each CPA's report:

- (1) provides all information requested by BPA in the Agreed-Upon Procedures included in Exhibit F; and
- (2) is conducted in accordance with the applicable auditing standards, e.g., General, Field Work, and Reporting Standards for Attestation Engagements as contained in the Government Auditing Standards (the Yellow Book) by the Comptroller General of the United States of America; the Public Company Accounting Oversight Board (PCAOB) Statements of Standards for Attestation Engagements; or, the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Attestation Engagements.

2. BPA'S REIMBURSEMENT CAP AND REIMBURSEMENT OF INVOICED CPA FEES TO «CUSTOMER NAME»

2.1 BPA's Reimbursement Cap

By September 30, 2010; February 28, 2012; and by every other February 28th thereafter, BPA shall provide «Customer Name» with a letter that includes

the maximum amount BPA shall reimburse «Customer Name» for the upcoming final Agreed-Upon Procedures report. «Customer Name» shall obtain an engagement letter from its CPA for the final Agreed-Upon Procedures report as soon as practicable after receiving notice of its reimbursement cap from BPA. «Customer Name»'s reimbursement cap shall be determined solely by BPA and shall be based on BPA's overall reporting budget for all parties participating in the Residential Exchange Program. If the estimate in «Customer Name»'s CPA engagement letter exceeds «Customer Name»'s reimbursement cap and BPA determines a change to be appropriate, then BPA shall promptly notify «Customer Name» and the Parties shall adjust «Customer Name»'s Agreed-Upon Procedures and revise Exhibit F accordingly.

2.2 Reimbursement of Fees

BPA shall reimburse «Customer Name» for its CPA fees for completing the Agreed-Upon Procedures pursuant to section 8.2 of the body of this Agreement.

3. REVISIONS

BPA may unilaterally revise this exhibit to implement changes that BPA determines are necessary to allow it to conduct reviews of the accounts and financial records concerning BPA customers' participation in the Residential Exchange Program.

BPA shall provide a draft of any material revisions of this exhibit to «Customer Name», with reasonable time for comment, prior to BPA's written notice of the revision.

(PS«X/LOC»- «File Name with Path».DOC) «mm/dd/yy» {Drafter's Note: Insert date of finalized contract here}

Exhibit F
AGREED-UPON PROCEDURES(MM/DD/YY Version)

«Customer Name» shall ensure that its CPA completes the following Agreed-Upon Procedures, sections 1 through section 6, pursuant to the terms and conditions included in Exhibit E.

1. RESIDENTIAL EXCHANGE PROGRAM (REP) INVOICE SUPPORTED BY LOAD DATA

- 1.1 Obtain from «Customer Name» a reconciliation of monthly REP load billed to BPA to billing system load data for the Fiscal Year «10/01/#### - 09/30/####».
- 1.2 Agree load data to «Customer Name»'s internal reports.
- 1.3 If such reconciliation does not exist, agree the total monthly load amount invoiced by the «Customer Name» to BPA with «Customer Name»'s billing system load data and internal reports. (BPA shall provide the CPA firm with copies of «Customer Name»'s monthly invoices submitted to BPA.)
- 1.4 Follow up with «Customer Name» personnel for explanations of any monthly differences and document such explanations and differences.

2. RESIDENTIAL BILLS CONTAIN CORRECT REP CREDITS

- 2.1 Obtain from «Customer Name» copies of all REP credit tariffs along with a description of the applicable eligible loads that qualify for residential rate credit treatment.
- 2.2 Select a random sample of 100 residential «Customer Name» bills for performing procedures, ensuring that all months of the Fiscal Year «10/01/#### - 09/30/####» are sampled, and that bills with small invoiced amounts (less than \$50/ month), average invoiced amounts (between \$50 and \$150/month), and large invoiced amounts (greater than \$150/month) are selected.
- 2.3 Verify that the approved tariff is applied to the appropriate load to calculate the credit for each of the sampled items. Note any exceptions.
- 2.4 Follow up with «Customer Name» personnel for explanations of any differences and document such explanations and differences.

3. SMALL FARM AND IRRIGATION BILLS CONTAIN CORRECT REP CREDITS

- 3.1 Obtain from «Customer Name» a copy of the REP irrigation credit tariff amount and a description of applicable loads that qualify for small farm and irrigation rate credit treatment for the Fiscal Year «10/01/#### - 09/30/####».

- 3.2 Obtain from «Customer Name» which months of the Fiscal Year «10/01/#### - 09/30/####» were the high irrigation season, if this information was not obtained during the Agreed-Upon Procedures in section 1 of this exhibit.
- 3.3 Obtain from «Customer Name» a list of farms with multiple metered pumping loads for the Fiscal Year «10/01/#### - 09/30/####».
- 3.4 Randomly select a sample of 25 «Customer Name» bills for the farms with multiple metered pumping loads, ensuring that all bills occurred during the irrigation season months.
- 3.5 For a sampled farm, ensure that the aggregation of multiple separately metered irrigation pumping loads, together with any allocated pumping loads served by common pumping stations attributable to individual farms, do not exceed the (combined/aggregated) monthly irrigation/pumping loads eligible to receive the REP credit up to the cap of 222,000 kWh/month per individual farm. Note any exceptions.
- 3.6 Ensure that the approved tariff is applied to the appropriate load to calculate the credit for each of the sampled items. Note any exceptions.
- 3.7 Follow up with «Customer Name» personnel for explanations of any differences and document such explanations and differences.

4. «CUSTOMER NAME»'S ANNUAL ACCOUNTING REPORT SUPPORTED BY BOOKS AND RECORDS

- 4.1 Agree the total amount of REP monies/credits distributed as reported in «Customer Name»'s Annual REP Accounting Report submitted to BPA with «Customer Name»'s general ledger accounts or subsidiary accounting records for the same time period. Note any exceptions.
- 4.2 Document the method used to compute interest credit/expense on the monthly Pass-through account.
- 4.3 Obtain from «Customer Name» copies of «Customer Name»'s monthly interest credit/expense calculation associated with the Pass-through account for the Fiscal Year «10/01/#### - 09/30/####».
- 4.4 Agree that interest is credited/expensed on the monthly Pass-through account balance as described above in section 4.2 for the Fiscal Year «10/01/#### - 09/30/####». Note any differences.
- 4.5 Agree the interest credit/expense associated with undistributed monthly Pass-through account balances as reported in «Customer Name»'s Annual REP Accounting Report with «Customer Name»'s general ledger accounts or subsidiary accounting records for the same time period. Note any exceptions.

4.6 Agree the ending balance of the Pass-through account for the Fiscal Year-end date in the Annual REP Accounting Report with the balance contained in «Customer Name»'s books and records associated with that date.

4.7 If the Pass-through account monies are on deposit with a bank/financial institution, confirm the ending balance at Fiscal Year-end (09/30/XX) with the institution. Note any differences between the confirmation and the recorded amount.

4.8 Follow up with «Customer Name» personnel for explanations of any differences and document such explanations and differences.

5. FEDERAL COLUMBIA RIVER BENEFIT BILL NOTICE

Confirm that the statement or footnote "Federal Columbia River Benefits supplied by BPA," is included in all of the sampled residential and small farm «Customer Name» bills.

6. DEVIATIONS FROM STANDARDS

In the final Agreed-Upon Procedures report, disclose any deviations from the applicable standards listed in section 1 of Exhibit E.

7. REVISIONS

Biennially, the Parties shall review the Agreed-Upon Procedures and, if necessary, revise this exhibit accordingly by February 28th of the even years of the final Agreed-Upon Procedures report due dates included in section 1 of this Exhibit E.

The Parties may also revise this exhibit consistent with section 2.1 of Exhibit E.

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