

DRAFT AMENDMENT TO RD RPSA INCORPORATING AGREED-UPON PROCEDURES (08/26/10)

Amendment No. 2
Contract No. 09PB-«#####»

DRAFT 8/26/2010 9:59 AM

Deleted: 8/25/2010 1:45 PM

AMENDMENT
executed by the
BONNEVILLE POWER ADMINISTRATION
and
«FULL NAME OF CUSTOMER»

This Amendment to the Residential Purchase and Sale Agreement Contract No. 09PB-«#####» (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»).

This Amendment No. 2 (Amendment) modifies the Agreement to incorporate the terms and conditions regarding the Agreed-Upon Procedures, as they relate to: (1) BPA's review and inspection of accounts and records pertaining to monies paid out under this Agreement; (2) the analysis performed by «Customer Name's third party audit firm and all associated reports; and (3) the payment(s) for such.

BPA and «Customer Name» agree:

1. EFFECTIVE DATE

This Amendment shall take effect on the date executed by the Parties (Effective Date).

2. AMENDMENTS TO BODY OF AGREEMENT

(a) Table of Contents

The following exhibits shall be added to the Table of Contents:

“Exhibit E Terms and Conditions of Final Agreed-Upon Procedures Report”

“Exhibit F Agreed-Upon Procedures”

(b) Section 2, Definitions

(1) Section 2.10 shall be deleted and replaced by the following:

“2.10 “Due Date” shall have the meaning as described in section 8.3.”

(2) Section 2.18 shall be deleted and replaced by the following:

“2.18 “Issue Date” shall have the meaning as described in section 8.3.”

(3) Section 2.33 shall be added as follows:

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

(c) **Section 8, Invoicing, Billing, and Payment**

(1) The following new section 8.2 shall be added and the Billing and Payment for In-Lieu PF Power section shall be renumbered to section 8.3:

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. «Customer Name» shall e-mail such invoices to BPA at bpaaveragesystemcost@bpa.gov. For reimbursement, «Customer Name» shall create and submit to BPA a separate invoice with a copy of its CPA’s final accounting invoice attached. 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.”

(2) Sections 8.2.1, 8.2.2, 8.2.3, 8.2.4, 8.2.4.1, 8.2.4.2 and 8.2.4.3 shall be renumbered to sections 8.3.1, 8.3.2, 8.3.3, 8.3.4, 8.3.4.1, 8.3.4.2, and 8.3.4.3.

(3) The last sentence in the renumbered section 8.3.4.1 shall be deleted and replaced by the following:

“This section 8.3.4.1 does not allow «Customer Name» to challenge the validity of any BPA rate.”

(d) **Section 9, Accounting, Review, and Budgeting**

- (1) The second paragraph of section 9 shall be deleted and replaced by the following:

“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 19, 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.”

- (2) The last sentence of section 9 shall be deleted and replaced by the following:

“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 8.3.4 above.”

3. EXHIBITS

- (a) **Exhibit E, Terms and Conditions of Final Agreed-Upon Procedures Report**

The attached Exhibit E shall be added in its entirety to include the terms and conditions associated with the review and inspection of «Customer Name»’s accounts and financial records concerning its participation in the Residential Exchange Program, consistent with the Agreed-Upon Procedures.

- (b) **Exhibit F, Agreed-Upon Procedures**

The attached Exhibit F shall be added in its entirety to include the Agreed-Upon Procedures required by section 9 and Exhibit E.

4. **SIGNATURES**

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

«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 _____

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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.

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

«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.

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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 F.

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

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