

**REQUEST FOR OFFERS FOR
PREPAYMENT OF ELECTRICITY**

1. **Request for Offers from Preference Customers.** The Bonneville Power Administration (“BPA”) issues this Request for Offers for Prepayment of Electricity (“RFO”) on this date, August 14, 2012, soliciting offers from BPA’s preference customers to prepay for electricity (also referred to herein as “electric power”) purchased from BPA pursuant to their existing power sales agreements (“PSAs”) with BPA. The term “RFO” as used herein includes all Appendices hereto and all amendments to the RFO.

2. **Preference Customers.** Offers may be submitted by any preference customer that has
 - (i) executed a PSA with BPA to purchase electricity through September 30, 2028 and
 - (ii) meets the criteria listed in Paragraph 4(b) of this RFO. Such preference customers that make offers hereunder (“Offerors”) may have a load-following PSA or a slice/block PSA, or in the future could be served under a block-only PSA. The Prepayment(s) (defined below) will be made pursuant to the contract(s) formed by BPA’s acceptance of the related Offer(s) (defined below) and a ‘springing amendment’ to applicable PSAs through a revision to Exhibit D of the existing PSAs (“Revision”). The form of the Revision is attached as Appendix H.
 - (a) **Timeline.** Offers conforming to the requirements of this RFO must be submitted to BPA between Noon, Pacific Time on November 29, 2012, and Noon, Pacific Time on November 30, 2012. Offers received earlier or later than such time period will be deemed to be nonconforming Offers. Offers and the related Appendices necessary therefor must be made by electronic communication (“e-mail”) to the e-mail address provided in Paragraph 2(b)(viii). Prepayments under this RFO shall be made no later than March 29, 2013. This provides approximately four months after BPA accepts Offers for preference customers whose Offers are accepted (“Awarded Customers”) to arrange for the marketing, pricing and closing of Bonds (defined below) or otherwise to obtain the funds necessary to make their Prepayment(s).

 - (b) **Communications.**
 - (i) **General.** Unless otherwise provided herein or as specified by BPA at a later time, communication by and between BPA and preference customers, Offerors, Prepaying Customers, and/or Awarded Customers (each as defined or described herein) for all notices, filings and other statements hereunder, including any exercise of any right under this RFO or the contract formed by acceptance of Offers hereunder by BPA, shall be made first by e-mail to be followed immediately thereafter by the delivery of physical documentation via express mail. Where signed documents are required, they shall be provided by portable document format (“PDF”) followed immediately by physical delivery of originals via express mail. For example, the set of documents required for a conforming Offer requires the submission of several executed

documents. Given the time sensitive nature of the submission of Offers and acceptance thereof by BPA, PDF signatures are required in the submission of Offers. The communication limitations described in this Paragraph 2(b) will no longer be in effect at the time one or more Offers have been accepted or this RFO has been terminated, if earlier.

- (ii) RFO Questions. Preference customers (or preference customer associations) and their representatives (“Interested Parties”) may have questions about the provisions of this RFO in connection with the preparation of Offers or the evaluation of whether to make Offers (“RFO Questions”). BPA prefers that Interested Parties direct RFO Questions to their designated BPA Power Services Account Executives by email. The applicable email address is provided below. BPA will attempt to answer the questions as promptly as possible; however, in view of the competitive character of this RFO, all such e-mailed questions and responses shall be made available to all Interested Parties.

In making RFO Questions available to Interested Parties (and in responding to RFO Questions), BPA will not identify the names of the interested preference customers (or preference customer associations) or their representatives submitting the RFO Questions until after the acceptance of Offers under, or termination of, this RFO.

- (iii) Informational Meetings / Conference Calls. BPA expects to hold one or more webinars, informational meetings or conference calls to help further the understanding of this RFO among Interested Parties. BPA will take reasonable steps to provide telephonic access to such meetings to Interested Parties. BPA will also make recordings of such meetings or conference calls available to Interested Parties.

- (iv) Assistance in Customizing Documents Necessary for Submitting Offers. The documents necessary for a conforming Offer, in particular the Offer form and the Revision form, are provided in this RFO as templates and must be customized to reflect individual features of a preference customer’s PSA and comport with BPA’s contract form requirements for PSAs and PSA-related transactions. In connection with possible Offer(s), at a preference customer’s timely request, BPA will provide assistance so that the Offer(s) and related Appendices are prepared to a degree where the preference customer will have to fill in the relevant blanks relating to the Substance (as defined below) and arrange for the execution of the related documents, including the Revision. In providing this contract customization assistance, BPA will not fill in the Substance (as defined below). Moreover, by requesting BPA’s customization assistance a preference customer agrees that it will not discuss with or seek advice from BPA or its representatives on the Substance of the preference customer’s Offer(s) or possible Offer(s); provided, however, that, at any time a preference customer may inform BPA whether the preference customer will submit or is considering submitting no Offer, or one or more Offer(s) and the number of Offers the preference customer will submit or is considering submitting, and if so informed BPA will keep such information confidential. “Substance” means the Purchase Price

(Prepayment) a preference customer will Offer, is considering offering or may consider offering; whether the preference customer will opt in to the Market Rate Adjustment under Paragraph 5; whether the preference customer will issue Bonds as defined herein; whether the preference customer will opt in to the Offeror Off-Ramp under Paragraph 6(c)(ii)(A); whether the preference customer will submit or is considering submitting no Offer, or one or more Offer(s); and the number of Offers the preference customer will submit or is considering submitting.

- (v) Assistance in Explaining the RFO and the Prepayment Program. At a preference customer's or other Interested Party's request, BPA will also take reasonable steps to be available on a limited basis to engage directly in explaining the RFO and the Prepayment Program and to answer directly RFO Questions ("Direct Discussions"). Before BPA engages in these Direct Discussions, and in the hope of limiting the need for Direct Discussions, BPA encourages Interested Parties to e-mail RFO Questions to their BPA Power Service Account Executives (see Paragraph 2(b)(ii)) and to participate in the informational meetings referred to in Paragraph 2(b)(iii).

BPA may also engage in limited Direct Discussions to apprise Interested Parties of the existence of the RFO, its general character, related information resources, RFO timing and schedule of events, and similar administrative matters.

At no point will BPA or its representatives be free to advise any preference customer or other Interested Party in any way on the Substance. By requesting Direct Discussions with BPA or its representatives, a preference customer or other Interested Party agrees that it will not discuss with or seek advice from BPA or its representatives on the Substance.

- (vi) No Obligation to Respond to RFO Questions. BPA reserves the right not to respond to any or all RFO Questions from Interested Parties. BPA does not intend to respond to RFO Questions, provide assistance in explaining the RFO or the Prepayment Program, or requests for assistance in customizing documents, in each case which are submitted to BPA by Interested Parties after 5:00 PM Pacific Time on November 15, 2012.
- (vii) BPA Point of Contact. Unless otherwise specifically provided herein or as BPA may later provide, communications to BPA in connection with this RFO shall be addressed to:

Drafter's Note: Insert AE's Name and Address

Bonneville Power Administration

«Street Address»

«P.O. Box»

«City, State, Zip»

Attn: «AE Name - Routing»

«Senior »Account Executive

Phone: «###-###-####»

FAX: «###-###-####»

E-Mail: «E-mail address»

Please Note: Offer(s) and the associated Appendices necessary therefor must be e-mailed to the e-mail address provided in Paragraph 2(b)(viii), immediately below.

- (viii) ***Submission of Offers.*** Offer(s) and the associated Appendices necessary therefor must be e-mailed to BPA no later than Noon Pacific Time on November 30, 2012 at: powerprepays@bpa.gov, with hard copy originals to be delivered (by overnight mail or other reasonable means of delivery for receipt no later than 5:00 PM Pacific Time on December 3, 2012) to the address and to the attention of the Account Executive provided in Paragraph 2(b)(vii) immediately above. In submitting the e-mail of Offers and the associated Appendices necessary therefor, please send an electronic carbon copy (cc) of such materials to the e-mail address of the Account Executive as set forth in Paragraph 2(b)(vii).
- (c) ***Value of Electricity the Purchase Price of Which May Be Paid through Prepayments.*** This RFO invites preference customers to offer to prepay for electricity to be delivered by BPA in discrete increments (“Blocks”). Each Block will represent the right to prepay the purchase price for \$50,000 value of electricity from BPA each month during the period commencing on April 1, 2013, and ending September 30, 2028.
- (i) ***Date Prepayment Credits Commence.*** April 1, 2013 is the first day of electricity sales to which Prepayments will relate. Prepayment Credits (defined below) accruing for a month will be available to offset payment obligations otherwise due to BPA with respect to that month under Section 16.2 of the PSA.
- (ii) ***Value of Electricity Offered.*** BPA expects that the maximum value of electricity for which Prepayments will be accepted under this RFO will be between \$2.25 million per month (45 Blocks) and \$6.0 million per month (120 Blocks). The expected aggregate amount of Prepayments accepted by BPA (as of the date accepted by BPA, and without taking into account Market Rate Adjustments, as described herein) will not exceed (A) BPA’s estimated capital expenditures for federally-owned hydroelectric facilities of the Federal Columbia River Power System in Fiscal Years 2014-2015 as set forth in the Integrated Program Review for BPA’s Fiscal Year 2014-2015 Power Rate Case, plus (B) BPA’s actual capital expenditures for such hydroelectric facilities to the extent they

were funded in Fiscal Year 2013 from cash reserves in the Bonneville Power Administration Fund in anticipation of later borrowings from the United States Treasury (BPA frequently refers to this practice as “deferred borrowing”). BPA expects that the aggregate Prepayments (defined below) it would accept could be in the range of \$300 million to \$600 million under this RFO. Not later than November 16, 2012, BPA will announce an estimate of the maximum aggregate dollar amount of Prepayments that BPA will accept under this solicitation.

- (d) **Right to Amend the RFO.** BPA reserves the right to cancel, amend and/or clarify the terms and conditions of this RFO at any time prior to Noon, Pacific Time on November 30, 2012, provided that notice of any such possible amendments or clarifications will be communicated by BPA to all preference customers not later than November 21, 2012, and provided further that the date on which Offers are due may be delayed and the RFO terminated or delayed or suspended without prior notice. BPA may cancel this RFO at any time for any reason. BPA assumes no obligation to reimburse preference customers for any expenses incurred in preparing Offers.
 - (e) **Formation of Contract.** Upon the acceptance by BPA of Offers, as described in Paragraph 4(h)(iii), the terms of this RFO (including Appendices) shall constitute a binding contract by and between BPA and each Offeror with respect to each of its Offers that BPA has accepted.
3. **Schedule of Value of Electricity to Be Delivered by BPA Each Month to Which Prepayments May Apply.** As provided in the Revision (see Appendix H), each Awarded Customer that makes its required payment (“Prepaying Customer”) will be entitled to monthly reductions (“Prepayment Credits”) for the period from April 1, 2013 through September 30, 2028, reflecting the value of electricity attributable to its Prepayment for each such month. Prepayment Credits will be associated with and reflect the right to receive delivery of a specified value of electricity from BPA each month. As provided in the Revision, the Prepayment Credits will be the dollar amounts that the Prepaying Customer would have paid in the related month but for the amount it prepaid, and will be shown on the Prepaying Customer’s monthly power bill as reductions to the amount that otherwise would be payable with respect to the Prepaying Customer’s purchases of electricity from BPA. For its part, the Prepaying Customer shall make a lump sum cash payment to BPA no later than March 29, 2013 with respect to each Offer that BPA has accepted (“Prepayment”). While each Prepaying Customer will aggregate all of its Prepayments into a single payment to BPA, each Offer (and the separate contract formed by the acceptance thereof by BPA) is associated with a separate Prepayment.

Drafter’s Note: Insert appropriate Exhibit D section number below in 3(a), (b) and (c)

- (a) **Prepayments for Electricity.** As provided in the Revision, except in connection with “deemed assignments” of Prepayment Credits by BPA to other purchasers of electricity and possibly in connection with any accumulation of unused Prepayment Credits, each as set forth in Section #.3 of the Revision, Prepayment Credits apply only to payments the Prepaying Customer otherwise would be required to make to BPA for each month as a result of the Prepaying Customer’s purchases of electricity from BPA during that month pursuant to the Prepaying Customer’s PSA. For avoidance of doubt, a Prepayment does not entitle the Prepaying Customer to payment credits for transmission or related services or

any other products, apart from electricity, that it purchases from BPA, or for any other obligation, apart from the purchase of electricity, that the Prepaying Customer owes to BPA.

- (b) ***Fixed Value of Prepaid Electricity.*** A Prepaying Customer's Prepayment is *not* for a fixed quantity of electricity. Rather, a Prepayment is and will be treated as meeting the obligation of the Prepaying Customer (or any deemed assignee of Prepayment Credits under Section #.3 of the Revision) to make payment to BPA for a fixed monthly *value* of electricity. The *quantity* of electricity to which a Prepayment applies shall vary, depending on BPA's rates and rate schedules that apply to electricity purchases by the Prepaying Customer (or BPA's rates and rate schedules that apply to electricity purchases by any deemed assignee of Prepayment Credits under Section #.3 of the Revision). The schedule of the value of electricity to be prepaid each month will be fixed, as provided in the Revision, and will not be subject to change after the associated Prepayment is made and the Revision takes effect (except that Prepayment Credits shall be carried forward as provided in Section #.3.3 of the Revision).
- (c) ***Prepaid Electricity and Prepayment Credits May Not Be Assigned.*** Prepaying Customers may not assign their rights to the prepaid electricity or the related Prepayment Credits to any other person; however, it is possible that certain deemed assignments of Prepayment Credits could be made by BPA under circumstances described in Section #.3 of the Revision. Prepaying Customers may pledge the cash remittances under Section #.3 of the Revision as provided in Paragraph 8(b) hereof and Section #.6 of the Revision.

4. Auction Process/Offers.

- (a) ***Blocks.*** Each offer to purchase a Block shall be made by the Offeror by delivering to BPA two (unless more are required by the Offeror) fully completed and executed Offer forms attached hereto as Appendix A and all other necessary additional Appendices specified in this RFO) (each an "Offer"); provided, that regardless of the number of Offer forms submitted, the Offeror shall provide only two (unless more are required by the Offeror) executed Revision forms, attached hereto as Appendix H, and two (unless more are required by the Offeror) executed certifications, attached hereto as Appendix D. Each Offer shall specify a "Purchase Price," meaning the maximum Prepayment amount the Offeror is willing to pay for a Block (prior to any Market Rate Adjustment, as provided in Paragraph 5 of this RFO). Offerors may submit multiple Offers, each for the purchase of a single Block, although the aggregate number of Offers an Offeror may submit is subject to the limits described in Paragraph 4(b). An Offeror may (but need not) offer a different Purchase Price for each Block offered. ***Please Note:*** An Offeror may submit a number of identical individual Offers through a single set of executed Offer forms so long as the Offers are identical or differentiated only by Purchase Price, as provided in Appendix A.
- (b) ***Offers Limited.***
 - (i) ***Prepayment Limit.*** Each preference customer is limited in the number of Blocks it may offer to purchase. The limit is the lesser of (A) the estimated Prepayment Credits that may be contracted for by BPA and the

preference customer in BPA Fiscal Years 2014 – 2018 in light of the preference customer’s Net Billing Agreement(s), if any, or (B) 50% of the smallest amount expected to be paid to BPA by the preference customer under its PSA for electricity purchased during any BPA Fiscal Year from BPA Fiscal Year 2014 through BPA Fiscal Year 2018. (See Appendix B.)

- (ii) *Confidential Communication of Prepayment Limit to Each Preference Customer.* BPA will determine and provide separately to each requesting preference customer, on a confidential basis, the maximum number of Blocks for which the preference customer may submit Offers consistent with the foregoing limitation in Paragraph 4(b)(i). To receive the foregoing information regarding the maximum number of Blocks a preference customer may offer, it must send BPA an electronic communication requesting the information no later than 5:00 PM Pacific Time on October 15, 2012. Communications under this Paragraph 4(b)(ii) do not constitute Direct Discussions or RFO Questions as defined in Paragraph 2(b).
- (c) ***No Partial Blocks.*** Each Offer shall be for the purchase of a single whole Block; however, this RFO does not preclude a Prepaying Customer from entering into a strictly financial loan type agreement (one not involving the assignment of either electricity from BPA or Prepayment Credits) with another preference customer where it provides a portion of the Prepaying Customer’s Prepayment and receives consideration in return.
- (d) ***Certification of True Interest Cost.*** To establish the Offeror Off-Ramp described in Paragraph 6(c)(ii), an Offeror that expects to issue Bonds to fund the related Prepayment(s) must include in its related Offer(s) (i) a certification of the Offeror’s estimated true interest cost on indebtedness that might be issued to finance the Offeror’s Prepayment(s), assuming the indebtedness were issued on November 30, 2012, computed as set forth in Appendix A (“TIC”), and (ii) a certification of the differential (“Initial Spread”) between (A) the yield on 10-year U.S. Treasury obligations for November 29, 2012, as published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>, and (B) the TIC. Reasonableness of the TIC estimate must be confirmed by a certification of the Offeror’s independent financial advisor (“Advisor”), on the form set forth in Appendix A. The Offeror Off-Ramp described in Paragraph 6(c)(ii) shall be available to an Offeror only if its related Offer(s) met the conditions establishing the Off-Ramp right.
- (e) ***Certification of Authority to Issue Bonds.*** Each Offer must include a certification substantially in the form attached as part of Appendix A to the effect that any bonds, notes or other indebtedness (“Bonds”) proposed to be issued to fund a Prepayment are authorized under applicable federal, state and local law, as well as any applicable resolutions, charters, bylaws or other rules or regulations that apply to the Awarded Customer or to any other entity that is proposed to issue Bonds to fund any Prepayment or portion thereof.

- (f) ***Certification of Independent Offer(s)***. Any collusion among Offerors in establishing the number of Blocks offered or the Purchase Price offered for any Block is prohibited. Each Offer must include a certification of independent offer by the Offeror, substantially in the form attached as Appendix D.
- (g) ***Market Clearing Purchase Price***. In general, BPA will accept Offers for Blocks based on the Offer(s) that provide(s) the highest Purchase Price(s) (*i.e.*, the largest Prepayment) that ‘clears the market’ (“Market Clearing Purchase Price”). The Market Clearing Purchase Price is the highest Purchase Price which, together with all other offered Blocks at that or a greater Purchase Price, provides BPA with an aggregate amount of Prepayments and cost that BPA determines is appropriate. All Awarded Customers shall pay the Market Clearing Purchase Price for each offered Block that BPA accepts (but subject to adjustment for Offers by Awarded Customers who elect the Market Rate Adjustment described in Paragraph 5). Thus, with respect to an offered Block, even without regard to the Market Rate Adjustment described in Paragraph 5, it is possible that an Awarded Customer may become obligated to provide a lower Prepayment (*i.e.*, Purchase Price) than the amount that it submitted in its accepted Offer(s) if the Market Clearing Purchase Price is lower than Purchase Price submitted in the Awarded Customer’s accepted Offer(s).
- (h) ***Evaluation and Acceptance of Offers***.
- (i) ***BPA Evaluation of Offers***. As soon as reasonably practicable following Noon Pacific Time on November 30, 2012, but in no event later than 9:00 AM Pacific Time on December 4, 2012, BPA will complete its initial evaluation of the Offers received to determine (A) which Offers conform to the RFO, and (B) the aggregate amount of conforming Offers (if any) that BPA will accept, up to the maximum aggregate Prepayment amount theretofore specified by BPA. This initial evaluation will be made without regard to how an Offeror proposes to fund its Prepayment, and without regard to whether an Offer has opted into the Market Rate Adjustment under Paragraph 5 or Offeror Off-Ramps under Paragraph 6(c). Communications in this Paragraph 4(h) will be held in confidence and do not constitute RFO Questions or Direct Discussions as defined in Paragraph 2(b).
- (ii) ***Nonconforming Offers***. BPA, in its discretion, may advise any Offeror that has submitted a nonconforming Offer of the manner in which the Offer fails to conform to this RFO, in which case the Offeror may submit a revised Offer. Any such revised Offer must be submitted to BPA no later than 5:00 PM Pacific Time on November 30, 2012. Any revised Offer shall make no change to the offered Purchase Price.

Drafter’s Note: Insert appropriate Exhibit D section number below.

- (iii) ***BPA Acceptance of Offers***. By 5:00 PM Pacific Time on December 4, 2012, BPA will advise all Offerors of (A) the aggregate number of Blocks and the aggregate amount of Prepayments that BPA is accepting (without regard to Market Rate Adjustments described in Paragraph 5), (B) the Adjustment Cap (defined in Paragraph 5(c)), and (C) the Market Clearing Purchase Price applicable to all offered Blocks

that BPA is accepting. BPA will accept Offers by executing and delivering to Awarded Customers the applicable Revision, as provided in Paragraph 7, which shall reflect the number of offered Blocks that BPA has accepted to sell to the related Awarded Customer in the Schedule of Prepayment Credits in Section #.3.1.

(A) Over-Subscription. If conforming Offers are made for more than one Block at the Market Clearing Purchase Price, BPA will accept all such Offers, subject to the limit described in Paragraph 2(c)(ii) or such other lower aggregate amount of Prepayments that BPA determines to accept. If BPA determines to accept fewer than all conforming Offers originally made at the Market Clearing Purchase Price, BPA may accept conforming Offers originally made at the Market Clearing Purchase Price by lottery.

(B) Under-Subscription/Invitations to Re-Offer. If BPA determines that the potentially acceptable Offers will not provide Prepayments in an aggregate amount sufficient to meet BPA's purposes, BPA reserves the right and ability to, and may, not later than 5:00 PM Pacific Time on December 4, 2012, invite Offerors whose originally offered Purchase Prices were lower than the Market Clearing Purchase Price to re-offer at the Market Clearing Purchase Price. BPA will extend the invitations to all Offerors whose original Offers were for Purchase Prices lower than the Market Clearing Purchase Price. No later than Noon Pacific Time on December 5, 2012, any invited Offerors may notify BPA that they accept BPA's invitation to revise their Purchase Price for any Offer to the Market Clearing Price previously announced by BPA. If that invitation results in aggregate Offers for more Prepayments at the Market Clearing Price than BPA determines to accept, BPA will accept revised Offers in order ranked on the basis of the original conforming Offers that were closest to the Market Clearing Purchase Price.

- (i) **Price Paid for Accepted Offers**. The Market Clearing Purchase Price will apply with respect to all accepted Offers.
- (j) **Rejection of All Offers / Reservation Price**. BPA will establish a reservation price. If BPA accepts any Offer(s), it will communicate the reservation price it used to all Offerors by 5:00 PM Pacific Time on December 4, 2012. BPA reserves the right to reject all Offers without regard to its use or establishment of a reservation price.

5. **Market Rate Adjustment**. If and only if an Awarded Customer has so designated in its Offer(s), the Purchase Price to be paid for the related Offer(s) accepted by BPA will be subject to later adjustment ("Market Rate Adjustment") to reflect the change between (Y) the yield on 10-year U.S. Treasury obligations for November 29, 2012, as published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>, and (Z) the yield on 10-year U.S. Treasury obligations, as published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>, (Y) the yield on 10-year U.S. Treasury obligations for

any time prior to 3:00 PM Pacific Time on the date that the Awarded Customer elects to lock in a Market Rate Adjustment for such Offer, as provided in a notice to BPA (“Lock-In Date”), as published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>. The formula for calculating the Market Rate Adjustment is set forth in Appendix E. If an accepted Offer does not specify that the Awarded Customer is electing into the Market Rate Adjustment, the Market Clearing Purchase Price shall be the amount specified in the accepted Offer without adjustment. **Please Note:** The Market Rate Adjustment is subject to a cap, as provided in Paragraph 5(c).

- (a) **Lock-In Date.** The Lock-In Date shall be a business day and shall not be earlier than three (3) business days following the date on which BPA receives written notice of the Lock-In Date; provided, that, such notice may be provided to BPA no earlier than the time of the submission of the related Offer(s) to BPA, and, provided further, that, in no instance shall the Lock-In Date be earlier than December 6, 2012 or later than March 19, 2013, and if the Awarded Customer has not established by notice to BPA a Lock-In Date that is before March 19, 2013, the Lock-In Date shall be March 19, 2013. An Awarded Customer may cancel the Lock-In Date designated in its notice at any time prior to 5:00 PM Pacific Time on the designated Lock-In Date, effective at the time BPA receives notice thereof, at which point the Awarded Customer shall be free to designate a new Lock-In Date by notice to BPA, subject to the limitation in the prior sentence that in no instance shall the Lock-In Date be later than the earlier of (i) three (3) business days following the date of BPA’s receipt of the notice, or (ii) March 19, 2013. An acceptable form for establishing a Lock-In Date is provided in Appendix C.
- (b) **Separate Lock-In Date for Each Offer.** The Lock-In Date applies on an Offer basis, not on an Awarded Customer basis. For example, an Awarded Customer may elect to have a Lock-In Date in connection with a Prepayment for a Block which is expected to be funded with the issuance of Bonds and another Lock-In Date in connection with a Prepayment for a Block which is expected to be funded from cash-on-hand. **Please Note:** There is no requirement that an Offer must establish a Market Rate Adjustment or an associated Lock-In Date.
- (c) **Adjustment Cap.** The Market Rate Adjustment shall not exceed a dollar amount per Block, announced by BPA when it accepts the Offers (“Adjustment Cap”). The Market Rate Adjustment will increase or decrease the applicable Purchase Price (*i.e.*, Prepayment amount) as provided in Appendix E, subject to the Adjustment Cap. **Please Note:** If the Adjustment Cap is in effect on a Lock-In Date for an Awarded Customer, it should carefully weigh using the Adjustment Cap Off-Ramp under Paragraph 6(c)(i) because if it does not take the off-ramp, the Awarded Customer may be exposed to being obligated to make a larger Prepayment (relative to the value of its Blocks in that interest rate environment) than it may or would otherwise be willing to bear.
- (d) **Verification of Market Rate Adjustment.** On or before 5:00 PM Pacific Time on the second business day after a Lock-In Date applicable to an accepted Offer, BPA will notify the Awarded Customer of the amount of the Market Rate Adjustment for the related Offer(s) and the final aggregate amount of Prepayment to be paid to BPA under this RFO by the Awarded Customer, and

the Awarded Customer shall have the opportunity to verify the accuracy thereof prior to March 29, 2013. In the event of a dispute over the Market Rate Adjustment which is not resolved by March 29, 2013, the Awarded Customer shall make its Prepayment(s) on or before March 29, 2013 in the amount determined by reference to the BPA-determined Market Rate Adjustment, subject to final resolution under the dispute resolution provisions of the PSA applicable to disputed bills.

6. Funding Prepayments/Off-Ramps.

- (a) **Timing.** The Prepayment(s) must be made on or before Noon, Pacific Time on March 29, 2013. Awarded Customers may choose to pay BPA before March 29, 2013, but the Prepayment amount(s) will not be adjusted for early payment. **Please Note:** Where an Offer states that the Awarded Customer is not expected to issue Bonds to fund the related Prepayment, BPA may exercise its Off-Ramp under Paragraph 6 of this RFO through March 28, 2013, regardless of whether the Awarded Customer has made its related Prepayment.
- (b) **Source of Funding.** Awarded Customers have flexibility to fund their Prepayments from whatever source(s) they choose (for example, cash-on-hand; proceeds from the issuance of Bonds), so long as the funding is consistent with applicable law, the terms of the PSAs, and the principles described in this RFO.
- (c) **Offeror Off-Ramps.**
 - (i) **Adjustment Cap Off-Ramp.** An Awarded Customer that submits an Offer stating that the Awarded Customer elects to have the Market Rate Adjustment apply to the Offer may elect to terminate the contract formed by BPA's acceptance of the Awarded Customer's Offer (including, without limitation, terminating the Awarded Customer's obligation to make the related Prepayment and the Awarded Customer's related entitlement to Prepayment Credits) if, on the applicable Lock-In Date, the Adjustment Cap is in effect. **(Please Note:** In lieu of terminating the contract formed by BPA's acceptance of the Awarded Customer's Offer, the Awarded Customer may change the Lock-In Date as provided in Paragraph 5(a).)
 - (ii) **Bond-Related Off-Ramps.** An Awarded Customer that submits an Offer stating that the Awarded Customer expects to issue Bonds to fund the Prepayment may elect to terminate the contract formed by BPA's acceptance of the Awarded Customer's Offer if:
 - (A) the estimated differential between the true interest cost on Bonds of the character described in the Awarded Customer's Certification of Expected True Interest Cost and Initial Spread, but sold on the Lock-In Date and issued on March 29, 2013, and the yield on 10-year U.S. Treasury obligations published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield> for the business day before, or at any time on the Lock-in Date prior to 3:00 PM Pacific Time on, the Lock-In Date ("Termination Spread"), has

increased above the Initial Spread by more than 25 basis points (0.25%), determined as provided in Appendix F, Part II; or

(B) on the applicable Lock-In Date for the Offer, or in the twenty-one (21) calendar days thereafter (but in no event later than March 28, 2013), any of the conditions described in Appendix G exists, and such condition has resulted or will result in the failure (i) to achieve an executed bond purchase agreement for the Bonds or a similar agreement, including a credit agreement or similar contract where a note or similar debt instrument is proposed to be issued to a bank or financial institution (“Bond Purchase Agreement”), or (ii) to close the related Bond sale.

(iii) Termination Notices.

(A) To exercise the right under Paragraph 6(c)(i) to terminate a contract formed in respect of an Offer, the Awarded Customer must provide to BPA on the Lock-In Date an irrevocable notice of termination and a good faith estimate that the Adjustment Cap is in effect in connection with that Offer. An acceptable form for exercising the Adjustment Cap Off-Ramp under Paragraph 6(c)(i) is provided in Appendix F, Part I.

(B) To exercise the right under Paragraph 6(c)(ii)(A) to terminate a contract formed in respect of an Offer, the Awarded Customer must provide to BPA on the Lock-In Date an irrevocable notice of termination in connection with that Offer and a good faith estimate (confirmed by a certification from the Advisor which certified the Initial Spread) that the Termination Spread is greater than the Initial Spread by more than 25 basis points (0.25%). Acceptable forms for exercising the termination right under Paragraph 6(c)(ii)(A) and the associated certification of the Advisor, are provided in Appendix F, Part II.

(C) To exercise the right to terminate a contract formed in respect of an Offer under Paragraph 6(c)(ii)(B), the Awarded Customer must provide BPA with an irrevocable notice of termination in connection with that Offer (not later than 5:00 PM Pacific Time on March 29, 2013), together with a certification by it that one or more of the conditions described in Appendix G exists on the date of termination and has or will result in the failure (i) to achieve an executed Bond Purchase Agreement, or (ii) to close the related Bond sale. The form of notice of termination under this Paragraph 6(c)(iii)(C) may be any form that reasonably conveys the information required herein.

(iv) Effect of Termination Notice. The right and obligation of the Awarded Customer to make its Prepayment with respect to an accepted Offer shall terminate upon delivery of a notification to BPA under Paragraph 6(c)(iii) with regard to Paragraphs 6(c)(i), 6(c)(ii)(A) or 6(c)(ii)(B); provided, however, that in lieu of termination under this

Paragraph 6(c), the Awarded Customer may specify a new Lock-In Date by notifying BPA thereof in accordance with Paragraph 5(a).

(v) *Reimbursement of Costs.* If an Awarded Customer exercises a termination election under this Paragraph 6(c) with respect to any accepted Offer, BPA will reimburse the Awarded Customer for up to \$100,000, in aggregate, of reasonable out-of-pocket costs incurred by the Awarded Customer in connection with any proposed issuance of Bonds to fund the Prepayment(s) or the proposed use of other available cash to fund the Prepayment(s), which costs would not have been incurred by the Awarded Customer but for BPA's acceptance of the terminated Offer(s), in each case to the extent those costs were incurred from December 5, 2012, through and including the date of the Awarded Customer's termination. If an Awarded Customer terminates only some of its Prepayment obligations, then BPA shall not be obligated to reimburse any costs that the Awarded Customer would have incurred in any event with respect to the accepted Offers which gave rise to formation of contracts that are not terminated.

(d) ***BPA Off-Ramps.***

- (i) *If Market Rate Adjustment Is Elected.* Where an Offer states that the Awarded Customer or another entity elects to establish the Market Rate Adjustment with respect to the Offer, BPA may for any reason and without cause, at any time before an applicable Lock-In Date for the Offer, terminate the contract formed in respect of that Offer, including without limitation BPA's right to receive the Prepayment and BPA's obligation provide the related Prepayment Credits. Such termination shall be effective upon notice to the Awarded Customer; provided, that, for such notice to be effective it shall be delivered to the Awarded Customer no later than 2:00 PM Pacific Time on the business day before the Lock-In Date.
- (ii) *If Market Rate Adjustment Is Not Elected.* Where an Offer does not state that the Awarded Customer or another entity elects to establish the Market Rate Adjustment with respect to the Offer, BPA may, for any reason and without cause at any time before March 29, 2013, terminate the contract formed in respect of that Offer, including without limitation BPA's right to receive the Prepayment and BPA's obligation to provide the related Prepayment Credits. Such termination shall be effective upon notice to the Awarded Customer; provided, that, for such notice to be effective it shall be delivered to the Awarded Customer no later than 2:00 PM Pacific Time on March 28, 2013. In such an instance, BPA shall immediately return any funds theretofore transferred to BPA by the Awarded Customer in respect of its Prepayment obligation prior to the termination.

If BPA exercises the termination right described in Paragraph 6(d)(i) or Paragraph 6(d)(ii), BPA will reimburse the Awarded Customer for up to \$100,000, in aggregate, of reasonable out-of-pocket costs incurred by the Awarded Customer in connection with any proposed issuance of Bonds to fund

the Prepayment(s) or the proposed use of other available cash to fund the Prepayment(s), in each case to the extent those costs were incurred from December 5, 2012 through and including the date of BPA's termination, but only to the extent those costs would not have been incurred by the Awarded Customer but for BPA's acceptance of the terminated Offer(s). If BPA terminates only some of an Awarded Customer's Prepayment obligations, then BPA shall not be obligated to reimburse any costs that the Awarded Customer would have incurred in any event with respect to the accepted Offers which gave rise to formation of contracts that are not terminated.

(e) ***Survival of Reimbursement Obligations.***

For clarity, BPA's reimbursement obligations under Paragraphs 6(c) and 6(d) shall survive the termination of the contract(s) formed in respect of the related Offer(s).

7. **Revisions to Existing PSAs.** The Revision (two originals, unless more are required by the Offeror) must be executed by each Offeror and delivered to BPA as part of its Offer(s). If the Offer(s) are accepted by BPA, the Revision also will be executed by BPA and delivered to the Offeror. BPA will execute and deliver by e-mail to each Awarded Customer a PDF of the executed Revision by 5:00 PM, Pacific Time, December 5, 2012, to be followed immediately by delivery (via overnight mail) of a BPA-executed original of the Revision. The execution by BPA of a Revision and delivery of a PDF of that fully executed Revision to the Offeror will constitute BPA's acceptance of the related Offer(s), consistent with Paragraph 4 above. Once executed and delivered by BPA, the Revision shall take effect on March 29, 2013, but only if BPA has received the Prepayment on or before March 29, 2013, and no termination under Paragraph 6(c) or 6(d) has occurred. All other provisions of the existing PSAs with Prepaying Customers shall remain unchanged.
8. **Bonds Issued to Fund Prepayment(s) Will Not Be Guaranteed by BPA.** BPA will not provide any guarantee of the payment of principal of or interest on any Bonds issued by or for the benefit of any Awarded Customer to fund its Prepayment(s) or to refund or refinance such Bonds.
- (a) ***Disclosure.*** If Bonds are to be issued to fund a Prepayment, if disclosure materials are prepared with respect to those Bonds, and if the disclosure materials include a description of the Revision, then the disclosure materials also shall include the following statement: "*The [Name or Title of Bonds] are not a debt or other obligation of Bonneville Power Administration, and the [Name or Title of Bonds] are not a charge on the full faith and credit of Bonneville Power Administration or on the Bonneville Fund.*"
- Drafter's Note: Insert appropriate Exhibit D section number below.***
- (b) ***Pledging Remittances.*** The Awarded Customer may pledge or otherwise grant a security interest in (i) BPA's remittances of cash reflecting BPA's deemed assignments of electricity for an Awarded Customer in Section #.3 of the Revision, and (ii) money damages arising from any breach by BPA of its obligations under the Revision. However, any such pledge shall not provide or purport to provide the pledgee with any right to bring any legal action against BPA to enforce rights of the Awarded Customer against BPA. BPA will not agree to make cash remittances to any account other than the customary account designated by Awarded Customer and used by BPA for cash refunds to the Awarded Customer under its PSA.

APPENDIX A

OFFER

PLEASE NOTE: To constitute a conforming Offer, the Offeror must submit more than a single Offer form if the Offeror is offering to purchase more than one Block and the terms (apart from the Purchase Price per Block) are not identical across such Offers. Thus, separate Offer forms must be submitted if (i) the Offeror expects to fund its Prepayment for one or more Blocks through the issuance of Bonds and to fund its Prepayment for one or more Blocks without the issuance of Bonds, (ii) the Offeror elects to have the Market Rate Adjustment under Paragraph 5 of the RFO apply to some but not all of its Offers, or (iii) the Offeror establishes the Bond-Related Off-Ramps under Paragraph 6 of the RFO for some but not all of its Offers. Conversely, an Offeror may bundle a number of Offers using a single Offer form, but all Offers at different Purchase Prices so bundled must otherwise have identical terms in order to be considered conforming Offers.

Part I. Definitions

Unless otherwise provided, capitalized terms in this Offer shall have the meanings assigned to such terms in the Request for Offers of Bonneville Power Administration, dated August 14, 2012, (the "RFO").

Part II. Offer(s)

All Offers presented herein are subject to all terms and conditions specified in the RFO, and each Offer so accepted by Bonneville Power Administration ("BPA"), as provided in the RFO, shall result in a binding contract between the Offeror and BPA with respect to such Offer, as provided in the RFO.

Pursuant to the RFO, [_____] (the "Offeror") hereby offers to purchase Blocks from BPA as follows:

<u>Number of Blocks</u>	<u>Purchase Price per Block</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Part III. Certification of Authority and Intent to Issue Bonds

For all Offer(s) submitted herein, the Offeror must elect one of the following Alternatives:

Alternative #1: The Offeror does not propose to issue Bonds to fund any portion of its Prepayment pursuant to the Offer(s) made herein.

Alternative #2: The Offeror proposes to issue Bonds to fund some or all of its Prepayment pursuant to the Offer(s) made herein. The Offeror has authority under applicable federal, state and local law, as well as under any applicable resolutions, charters, bylaws or other rules or regulations which apply to the Offeror, to issue Bonds to fund its offered Prepayment(s) pursuant to the Offer(s) made herein.

Alternative #3: The Offeror expects [_____] (the “Bond Issuer”) to issue Bonds for the benefit of the Offeror to fund a portion or all of the Offeror’s Prepayment(s) pursuant to the Offer(s) made herein. The Bond Issuer has authority under applicable federal, state and local law, as well as under any applicable resolutions, charters, bylaws or other rules or regulations which apply to the Bond Issuer, to issue Bonds to fund the offered Prepayment(s) pursuant to the Offer(s) made herein.

The Offeror hereby elects Alternative ___ for each Offer submitted herein. Initial here: _____.

Part IV. Estimated TIC and Initial Spread, Applicable Only to Offers to be Financed with Bonds

If the Offeror has selected Alternative # 2 or Alternative # 3 in Part III, the Offeror may establish an Off-Ramp under Paragraph 6(c)(ii)(A) of the RFO by providing the information in (1) – (4) of this Part IV as part of this Offer(s). Failure to provide such information shall mean that the Offeror has irrevocably waived its right to that Off-Ramp.

For purposes of this Part IV:

- “Offer Date Tested Bonds” means Bonds with characteristics described in (1) below that might be sold on November 29, 2012 and issued on November 30, 2012 to finance all or a portion of the Prepayment with respect to this Offer, with level monthly payments of principal and interest (or level monthly deposits to a mandatory debt service sinking fund), commencing February 1, 2013 and ending June 1, 2028.
- “True Interest Cost” or “TIC” means with respect to Offer Date Tested Bonds, the rate of interest, compounded semiannually, that would be required to discount (i) the payments of principal and interest to holders of Offer Date Tested Bonds to maturity to (ii) the purchase price paid by buy-and-hold investors in the Offer Date Tested Bonds. Thus, TIC on Offer Date Tested Bonds is determined without regard to costs of issuing the Offer Date Tested Bonds, funded interest, any amounts deposited to a debt service reserve account, or amounts paid for bond insurance or other credit enhancement with respect to the Offer Date Tested Bonds.

(1) As of November 30, 2012, the Offeror reasonably expects that Bonds with the following general characteristics [*for example, the Offeror’s senior lien electric system revenue bonds, the Offeror’s subordinate lien electric revenue bonds, other*] will be issued to fund a portion or all of the Prepayment(s) required pursuant to the Offer(s) made herein:

[_____]

(2) As published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>, the yield on 10-year U.S. Treasury

obligations on November 29, 2012 was [X.XX] percent per annum (carried out to the second decimal).

- (3) If Offer Date Tested Bonds were sold on November 29, 2012 for delivery on November 30, 2012, the Offeror reasonably expects the TIC on those Offer Date Tested Bonds would be no more than [Y.YY] percent per annum (carried out to the second decimal).
- (4) Consequently, under conditions in the capital markets as of November 29, 2012, the Offeror reasonably expects the TIC on Offer Date Tested Bonds would not exceed the [X.XX] percent per annum (carried out to the second decimal) yield on 10-year U.S. Treasury obligations for November 29, 2012, published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>, by no more than [Z.ZZ] percent per annum (carried out to the second decimal).

Part V. Market Rate Adjustment Election

For all Offer(s) submitted herein, the Offeror must elect one of the following Alternatives:

Alternative #A: The Offeror elects to apply the Market Rate Adjustment to the Purchase Price set forth in Part II.

Alternative #B: The Offeror elects ***not*** to apply the Market Rate Adjustment to the Purchase Price set forth in Part II.

The Offeror hereby elects Alternative #__ for each Offer submitted herein. Initial here: _____.

Part VI. Authority of the Undersigned

The undersigned is an officer of the Offeror and is duly authorized to execute and deliver this Offer on behalf of the Offeror.

[NAME OF OFFEROR]

By _____

Name _____
(Print/Type)

Title _____

Date _____

**FORM OF CERTIFICATION OF EXPECTED
TRUE INTEREST COST AND INITIAL SPREAD**

The undersigned hereby certifies as follows in connection with the offer(s) (the “Offer(s)”) submitted by [_____] (the “Offeror”) in response to the Request for Offers of Bonneville Power Administration, dated August 14, 2012. Unless otherwise provided, capitalized terms in this Certification of Expected True Interest Cost and Initial Spread (“Certification”) shall have the meanings assigned to such terms in the Offer(s) to which this Certification is attached:

1. The undersigned is an officer of [FINANCIAL ADVISOR] (the “Advisor”) and is duly authorized to execute and deliver this Certification on behalf of the Advisor.
2. The Advisor serves as an independent financial advisor to the Offeror in connection with the Offer(s).
3. The undersigned has reviewed the Offer(s).
4. Under conditions in the capital markets on the date of this Certification, the Advisor certifies that it is reasonable for the Offeror to expect:
 - a. the TIC on Offer Date Tested Bonds would be no greater than [X.XX] percent per annum (carried out to the second decimal), as set forth in the Offer; and
 - b. the Initial Spread therefore does not exceed [X.XX] percent per annum (carried out to the second decimal).

[NAME OF ADVISOR]

By _____

Name _____
(Print/Type)

Title _____

Date _____

APPENDIX B

LIMIT ON AMOUNT OF OFFERS

Background - Net Billing Cushion. BPA and most preference customers (“Participants”) have entered into separate Net Billing Agreements to cover the costs of Energy Northwest’s Net Billed Projects. In these agreements, BPA has agreed to provide net billing credits against each Participant’s monthly bills for the purchase of power and related services received from BPA. These net billing credits are to be applied against the Participant’s purchases of electricity or transmission service from BPA. In consideration of these net billing credits, each Participant has agreed to remit an equivalent amount of funds to Energy Northwest. Thus, a preference customer’s capacity to purchase Blocks from BPA could be constrained by the existing Net Billing Agreements. In the Net Billing Agreements, BPA and each Participant have covenanted not to enter into further agreements providing for payments (including credits) by BPA to the Participant unless, as determined by BPA, for each future Contract Year the total expected cash value of purchases of electricity and transmission services by the Participant from BPA will equal at least 115% of the aggregate of all expected billing credits to be provided by BPA to the Participant under the Energy Northwest Net Billing Agreements and any additional agreements providing for net billing.* BPA has entered into certain direct payment arrangements with Energy Northwest which may obviate net billing. Direct payments could cease however, and net billing could be reinstated. For purposes of this calculation, direct payments and the existence of the direct payment arrangements are assumed not to exist.

Prepayment Limit. Offerors may not submit Offers to purchase Blocks representing an aggregate annual value of electricity exceeding the lesser of:

(A) for any Contract Year from 2014 through 2018, the smallest amount of:

$$L + M - N(1.15)$$

where L = amount BPA expects to bill the Offeror for purchases of firm power during the Contract Year, M = amount BPA expects to bill the Offeror for purchases of transmission services during the Contract Year, and N = the Offeror’s expected aggregate net billing obligations (in the absence of BPA direct payment) during the Contract Year; or

(B) 50% of the smallest amount expected to be paid by the Offeror to BPA for firm power purchased during any Contract Year from 2014 through 2018.

* See, for example, the Project 2 (now Columbia Generating Station) Net Billing Agreements, Section 7(d) (“The Administrator and the Participant shall not enter into any agreements providing for payments [this means net billing credit obligations] which the Administrator estimates will cause the aggregate of his billings to the Participant to be less than 115 percent of the Administrator’s net billing obligations to the Participants under all agreements providing for net billing”), and Section 7(g) (“The estimates by the Administrator under this agreement of billing credits and of payments to be made by the Participant and the Administrator giving rise to such billing credits shall be conclusive”).

APPENDIX C

NOTICE OF ESTABLISHMENT OF A LOCK-IN DATE

1. Under [its][certain] Offer(s) submitted to the Bonneville Power Administration (“BPA”) in connection with its Request for Offers, dated August 14, 2012 (“RFO”), the entity on behalf of which this Notice is provided (“Customer”) has designated in its Offer(s), that the Purchase Price to be paid for the related Offer(s) if accepted by BPA will be subject to later adjustment (“Market Rate Adjustment”) and that the contract(s) formed in respect of such Offer(s) may be terminated by [Name of Customer] under the Adjustment Cap Off-Ramp under Paragraph 6(c)(i) of the RFO (“Adjustment Cap Off-Ramp”).
2. As provided in Paragraph 5 of the RFO, the Customer hereby establishes [_____], 201_, as the Lock-In Date with respect to the following Offer(s) or accepted Offer(s):

[Description of Offer(s) or accepted Offer(s) to which this Notice applies.]

This designated Lock-In Date is a business day, is not earlier than three (3) business days following the date of this Notice, is not earlier than December 6, 2012, and is not later than March 19, 2013.

3. Customer may cancel the Lock-In Date designated in this Notice at any time prior to 5:00 PM Pacific Time on the designated Lock-In Date, effective at the time BPA receives notice thereof, at which point the Customer shall be free to designate a new Lock-In Date by notice to BPA, subject to the limitation in Paragraph 2 of this Notice that in no instance shall the new Lock-In Date be later than the earlier of (i) three (3) business days following the date of this Notice, or (ii) March 19, 2013.
4. The undersigned is an officer of Customer and is duly authorized on behalf of the Customer to execute and deliver this Notice of Exercise of Adjustment Cap Off-Ramp on behalf of the Customer.

[NAME OF CUSTOMER]

By _____
Name _____
 (Print/Type)
Title _____
Date _____

APPENDIX D

CERTIFICATION OF INDEPENDENT OFFER(S)

The undersigned hereby certifies as follows in connection with all offer(s) ("Offer(s)") submitted by [_____] ("Offeror") in response to the Request for Offers of Bonneville Power Administration ("BPA"), dated August 14, 2012 (the "RFO"):

1. The undersigned is an officer of the Offeror and is duly authorized to execute and deliver this Certification of Independent Offer(s) on behalf of the Offeror.
2. The undersigned participated actively in the Offeror's preparation of the Offer(s), including the decision as to the price(s) to be included in the Offer(s).
3. In preparing and submitting the Offer(s), except to the extent necessary to submit a consolidated Offer(s) in whole or in part on behalf of other preference customers, neither the Offeror nor any officer or employee of the Offeror directly or indirectly consulted with officers, employees or individual consultants of other preference customer of BPA about the price(s) offered or to be offered by the Offeror or by such other preference customers in response to the RFO.
4. To the best of the knowledge and belief of the undersigned, except to the extent necessary to submit a consolidated Offer(s) in whole or in part on behalf of other preference customers, no individual who has provided consulting services to the Offeror in connection with the Offeror's preparation of the Offer(s) directly or indirectly consulted with officers, employees or individual consultants of other preference customer of BPA about the price(s) offered or to be offered by the Offeror or by such other preference customers in response to the RFO.

[NAME OF OFFEROR]

By _____

Name _____
(Print/Type)

Title _____

Date _____

APPENDIX E

MARKET RATE ADJUSTMENT

Market Rate Adjustment (as defined and explained in Paragraph 5) =

$$P_{t+1} - P_t$$

where:

$$P_{t+1} = \sum_{m=1}^N \frac{C_m}{(1 + r_{t+1}/12)^m}$$

$$P_t = \sum_{m=1}^N \frac{C_m}{(1 + r_t/12)^m}$$

- P_{t+1} = Market Clearing Purchase Price per Block as adjusted by Market Rate Adjustment as of the Lock-In Date
- P_t = Market Clearing Purchase Price per Block (RFO Paragraph 4(g), announced on December 4, 2012 (RFO, Paragraph 4(h)(iii)))
- N = 186 (Total number of months for which power is prepaid -- April 1, 2013 through September 30, 2028)
- C_m = \$50,000 (Prepayment Credit per Block for month m)
- r_{t+1} = $i_{t+1} + \delta$, where i_{t+1} = yield on 10-year Treasury obligations for the Lock-In Date, as published by the U.S. Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>
- δ = Basis as defined by Market Clearing Purchase Price (RFO Paragraph 4(g)) announced on December 4, 2012 (RFO, Paragraph 4(h)(iii))
- r_t = $i_t + \delta$, where i_t = yield on 10-year U.S. Treasury obligations for November 29, 2012, as published by the U.S. Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>

APPENDIX F

EXERCISING THE OFFEROR OFF-RAMPS UNDER PARAGRAPHS 6(c)(i) AND 6(c)(ii)(A) (BOND-RELATED OFF-RAMPS) OF THE RFO

APPENDIX F, PART II – FORM OF NOTICE OF TERMINATION UNDER PARAGRAPH 6(c)(ii)(A) OF THE RFO

A. Estimated TIC and Termination Spread:

[Name of Awarded Customer] has established the Offeror Off-Ramp under Paragraph 6(c)(ii)(A) of the RFO (“Off-Ramp”) under certain Offers submitted to and accepted by the Bonneville Power Administration (“BPA”) in connection with its Request for Offers, dated August 14, 2012 (“RFO”), and therefore may exercise such Off-Ramp with respect to any accepted Offer for which such Off-Ramp has been established, but only if [Name of Awarded Customer] provides to BPA the information as provided in this Part II of this Appendix F to the RFO, together with the attached certification of the financial advisor to the [Name of Awarded Customer].

Unless otherwise provided, capitalized terms in this Notice of Termination under Paragraph 6(c)(ii)(A) (Bond-Related Off-Ramps) of the RFO (“Notice”) shall have the meanings assigned to such terms in the RFO.

B. Definitions:

For purposes of this Appendix F, Part II:

- “Lock-In Date Tested Bonds” means Bonds with characteristics described in (C)(2) below that might be sold on Lock-In Date and issued on or about March 29, 2013 to finance all or a portion of the Prepayment with respect to this Offer, with level monthly payments of principal and interest (or level monthly deposits to a mandatory debt service sinking fund), commencing June 1, 2013 and ending October 1, 2028.
- “True Interest Cost” or “TIC” means with respect to Lock-In Date Tested Bonds, the rate of interest, compounded semiannually, that would be required to discount (i) the payments of principal and interest to holders of Lock-In Date Tested Bonds to maturity to (ii) the purchase price paid by buy-and-hold investors in the Lock-In Date Tested Bonds. Thus, TIC on Lock-In Date Tested Bonds is determined without regard to costs of issuing the Lock-In Date Tested Bonds, funded interest, any amounts deposited to a debt service reserve account, or amounts paid for bond insurance or other credit enhancement with respect to the Lock-In Date Tested Bonds.

C. Information:

1. The Lock-In Date for the Prepayment(s) in connection with the accepted Offers is [INSERT DATE], 201_.
2. In its Offer(s) dated November 30, 2012, the Awarded Customer certified that it reasonably concluded that Bonds with the following general characteristics were planned to be issued to fund the Prepayment(s)

required pursuant to the Offer(s) accepted by BPA under the RFO:
[_____]

3. In Part IV of the Offer, the Offeror estimated that the Initial Spread to be not greater than [Z.ZZ] percent per annum (carried out to the second decimal).
4. Under conditions in the capital markets on the Lock-In Date for the Offer(s), [Name of Awarded Customer] reasonably estimates the TIC on Offer Date Tested Bonds would be no less than [Y.YY] percent per annum (carried out to the second decimal).
5. As published by the United States Department of the Treasury at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>, the yield on 10-year U.S. Treasury obligations was [X.XX] percent per annum (carried out to the second decimal) [insert either “on the business day immediately preceding the Lock-In Date for the Offer(s)” or “not later than 3:00 PM Pacific Time on the Lock-In Date for the Offer(s)”].
6. Consequently, under conditions in the capital markets on [insert either “the business day immediately preceding the Lock-In Date for the Offer(s)” or “the Lock-In Date for the Offer(s)”], [Name of Awarded Customer] reasonably estimates that the TIC on Tested Bonds would exceed [X.XX] percent per annum by at least [Z.ZZ] percent per annum (carried out to the second decimal), and is greater than 0.25 percent per annum.

D. Exercise of Off-Ramp Right:
[Name of Awarded Customer] hereby irrevocably elects to terminate the contract formed in respect of its Offer(s) to which Paragraph 6(c)(ii)(A) of the RFO applies, including without limitation its obligation to make Prepayments with respect to the [Insert Number] Blocks associated with that (those) Offer(s).

E. Certification of Authorized Officer:
The undersigned is an officer of [Name of Awarded Customer] and is duly authorized on behalf of the [Name of Awarded Customer] to execute and deliver this notice of termination under Paragraph 6(c)(ii)(A) of the RFO on behalf of the [Name of Awarded Customer].

[NAME OF AWARDED CUSTOMER] Date _____

By _____

Name _____
(Print/Type)

Title _____

APPENDIX F

**EXERCISING THE OFFEROR OFF-RAMPS UNDER PARAGRAPHS 6(c)(i)
AND 6(c)(ii)(A) OF THE RFO**

**APPENDIX F, PART III – FORM OF NOTICE OF TERMINATION UNDER
PARAGRAPH 6(c)(ii)(A) OF THE RFO, CERTIFICATION BY FINANCIAL
ADVISOR**

The undersigned hereby certifies as follows in connection with the Notice of Termination under Paragraph 6(c)(ii)(A) of the RFO (“Termination Notice”) submitted by [Name of Awarded Customer] dated [INSERT DATE], 201_, in connection with the RFO. Unless otherwise provided, capitalized terms in this Certification of True Interest Cost and Termination Spread (“Certification”) shall have the meanings assigned to such terms in the Termination Notice to which this Certification is attached:

- A. The undersigned is an officer of [NAME OF FINANCIAL ADVISOR] (the “Advisor”) and is duly authorized to execute and deliver this Certification on behalf of the Advisor.
- B. The Advisor serves as an independent financial advisor to the [Name of Awarded Customer] in connection with the Termination Notice.
- C. The undersigned has reviewed the Termination Notice.
- D. Under conditions in the capital markets on the Lock-In Date for the Offer(s), the Advisor certifies that it is reasonable for the [Name of Awarded Customer] to conclude: the TIC on Lock-In Date Tested Bonds would be no less than [Y.YY] percent per annum (carried out to the second decimal), as set forth in the Termination Notice.

[NAME OF FINANCIAL ADVISOR]

By _____

Name _____
(Print/Type)

Title _____

Date _____

APPENDIX G

OFFEROR OFF-RAMPS FOR NON-CLOSING OF FINANCING

As described in Paragraph 6(c)(ii)(B) of the RFO, an Awarded Customer that is proposing to use proceeds of Bonds to fund its Prepayment(s) shall have the right to terminate its obligation to make Prepayments if any of the following conditions exists and such condition has or conditions have resulted in or will result in either (a) a failure to enter into a Bond Purchase Agreement within three (3) business days following the Lock-In Date, or (b) a failure to close the related Bond sale by March 29, 2013:

1. the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any outbreak of hostilities or escalation thereof or other national or international calamity or crisis or a financial crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States of America being such as, in the reasonable opinion of the Bond purchaser or underwriter, would affect materially and adversely the marketability of the Bonds;
2. there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the States of New York or [host state] or a material disruption in commercial banking activities or securities settlement or clearance services shall have occurred;
3. there shall have been any downgrading, suspension or withdrawal, or any official statement as to a possible downgrading, suspension or withdrawal of any rating by Moody's, S&P or Fitch of the Bonds, or debt instruments of a character and credit quality similar to the Bonds, or any other securities issued by the Bond Issuer;
4. as of the Lock-In Date, an event shall have occurred which might or would cause an Official Statement or other offering document for Bonds, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or
5. legislation shall be enacted, or actively considered for enactment, or a decision by a court of competent jurisdiction shall hereafter be rendered, or action shall hereafter be taken or a ruling or regulation shall hereafter be issued by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject, to the effect that the issuance, offering or sale of the Bonds, or obligations of the general character of the Bonds, is in violation of, or that such obligations are not exempt from the registration, qualification under or other similar requirements of, the Securities Act of 1933, amended and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect.

APPENDIX H

FORM OF REVISION TO EXHIBIT D TO PSA

**Revision No. «#», Exhibit D
ADDITIONAL PRODUCTS AND SPECIAL PROVISIONS
Effective on March 29, 2013**

This revision adds section «#» to this Exhibit D to capture the terms and conditions of «Customer Name»'s participation in the prepayment program and renumbers the Revisions section.

#. «CUSTOMER NAME»'S PARTICIPATION IN PREPAYMENT PROGRAM

#.1 General

Drafter's Note: If customer participates in more than one prepay program, repeat (copy and paste) the paragraph below for each year/program the customer participates in; insert additional "«Year» RFO" throughout document as necessary.

«Customer Name» submitted one or more offers under BPA's "Request for Offers for Prepayment of Electricity, Contract No. 13PS-«#####»," («Year» Prepayment RFO) to purchase "Blocks" as defined in the «Year» Prepayment RFO. *Drafter's Note: Include the following sentence for Slice/Block customers:*«The use of the term "Blocks" is not intended to have the same definition as Blocks of power or the Block product as otherwise defined in the body of the Agreement.» BPA has accepted «Customer Name»'s offer(s) under the conditions provided in the «Year» Prepayment RFO. A Prepayment is the dollar amount prepaid by «Customer Name» for a single Block.

By virtue of the offer(s) submitted by «Customer Name» to BPA under the «Year» Prepayment RFO and the acceptance by BPA thereof, «Customer Name» and BPA contracted, among other things, to the following obligations: (1) «Customer Name» has agreed to provide in aggregate \$«BPA to insert \$ amount» with respect to the Prepayment(s) by «Customer Name» (such aggregate amount is referred to herein as the Unadjusted Prepayment Amount) for electric power to be delivered by BPA under this Agreement, as modified by the Market Rate Adjustment pursuant to Paragraph 5(d) of the «Year» Prepayment RFO, if elected by «Customer Name» (the Prepayment Amount); provided, that, to the extent no Market Rate Adjustment pursuant to Paragraph 5(d) of the «Year» Prepayment RFO was elected by «Customer Name», the Prepayment Amount shall be identical to the Unadjusted Prepayment Amount), and (2) conditioned upon receipt by BPA of the Prepayment Amount from «Customer Name», BPA shall provide to «Customer Name»: (a) certain Prepayment Credits, which shall entitle «Customer Name» to reductions to the amount on «Customer Name»'s monthly power bill that would otherwise be owed to BPA for electric power (also referred to herein as "electricity") purchased under this Agreement, and (b) certain cash remittances that may arise if Excess Prepayment Credits are

deemed assigned to other BPA power customers as set forth in section #.3 of this exhibit. The Prepayment Credits are defined to be the dollar amounts that a customer making an electric power Prepayment under a Prepayment RFO (Prepaying Customer) would have paid in the related month but for the amount it prepaid, and are reductions to the amount that otherwise would be payable with respect to the Prepaying Customer's purchases of electricity from BPA. Thus, the *quantity* of electricity (megawatts or megawatt-hours) to which a Prepayment applies shall vary, depending on BPA's rates and rate schedules that apply to electricity purchases by the Prepaying Customer (or BPA's rates and rate schedules that apply to electricity purchases by any deemed assignee of Prepayment Credits under section #.3 of this exhibit). The Prepayment Credits reflect the value of electricity attributable to the Prepayment(s) made by «Customer Name» for each month as set forth in the Prepayment Credit Schedule(s) provided in section #.3.1 of this exhibit. Prepayment Credits are associated with and reflect the right of «Customer Name» to receive delivery of a specified value of electricity from BPA each month.

#.2 Effective Date and Termination of Prepayment Obligations

Drafter's Note: If the customer participates in more than one prepayment program, the revision number and the year of the Prepayment RFO in following paragraph should reflect the most recent year that the customer participated in a prepay program.

This Revision No. «#» to Exhibit D was executed by «Customer Name» in connection with its submission of one or more offers to purchase Blocks under the «Year» Prepayment RFO and was subsequently executed by BPA after inclusion of the Unadjusted Prepayment Amount and Prepayment Credit Schedule derived under the offer(s) and acceptance thereof by BPA under the «Year» Prepayment RFO.

Drafter's Note: If customer participates in more than one prepayment program, insert additional appropriate date and "«Year» Prepayment RFO".

The provisions under section # of this exhibit, shall take effect on March 29, 2013 and shall remain in effect until all obligations hereunder are satisfied; provided, however, that, if (1) BPA for any reason does not receive the Prepayment Amount on or before March 29, 2013, or (2) the obligations of «Customer Name» to provide the Prepayment Amount and the obligations of BPA to provide Prepayment Credits are terminated under the provisions of the «Year» Prepayment RFO and the contract(s) formed thereunder, then the provisions of this section # of this exhibit shall also be terminated and shall have no further force or effect.

#.3 Obligation to Provide Prepayment Credits/Remit Cash Payments

#.3.1 Scheduled Prepayment Credits

Upon receipt by BPA of the Prepayment Amount from «Customer Name», BPA shall provide to «Customer Name» Prepayment Credits

throughout the remaining term of this Agreement as provided under the following Prepayment Credit Schedule:

Drafter's Note: Customer should leave this table blank when submitting an Offer. BPA will fill in the table if and when it accepts the customer's Offer(s).

«Customer Name»'s Prepayment Credit Schedule Under the «Year» Prepayment RFO													
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total Annual
FY 2013	N/A	N/A	N/A	N/A	N/A	N/A							
FY 2014-2028													

Note: The prepayment program offered in 2012 only allowed for equal Prepayment Credits every month from April 2013 through the remaining term of the Agreement.

Drafter's Note: For offer in 2012, the next paragraph and table should be deleted. Include the following for customers that participate in more than one year of Prepay Programs. If the customer participates in a subsequent prepay program, the table below should be filled in to represent the prior Prepayment Credit Schedule(s) that is included in section #.3.1 below.

«Customer Name» previously has made one or more Prepayments to BPA in return for the right to purchase electric power from BPA pursuant to this Agreement, represented by monthly Prepayment Credits for Fiscal Years 2013 through 2028 as follows:

«Customer Name»'s Pre-Existing Prepayment Credit Schedule Under the «Year» Prepayment RFO													
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total Annual
FY 2013	N/A	N/A	N/A	N/A	N/A	N/A							
FY 2014-2028													

Note: «Insert any information needed specific to the subsequent Prepay RFP Prepayment Credit Schedule»

End Option

In certain circumstances BPA shall remit cash to «Customer Name» as provided in section #.3.2 of this exhibit. Prepayment Credits that are not otherwise applied shall carry forward to future months as provided in section #.3.3 of this exhibit.

So long as the amount of «Customer Name»'s monthly bill exceeds the monthly amount of the Prepayment Credit, then «Customer Name» shall pay BPA the net amount due after the Prepayment Credit is applied, consistent with the billing and payment terms and conditions of section 16 of the body of this Agreement.

#.3.2 Deemed Assignments Where Prepayment Credits Are Greater Than Monthly Amount Owed

If the amount of «Customer Name»'s monthly bill for electric power is less than the month's Prepayment Credit (including any Carry Forward Prepayment Credit described in section #.3.3 of this exhibit), which shall be called Excess Prepayment Credit, then BPA shall apply the methodology set forth in section #.3.5 of this exhibit to (1) deem the Excess Prepayment Credit to be assigned to other customers' electric power purchases from BPA in such month and (2) to the extent of such deemed assignments, remit as a cash payment to «Customer Name» an amount equal to the Excess Prepayment Credit.

#.3.3 Carry Forward of Prepayment Credits

- (1) In the event that electric power purchases from BPA by other customers in an applicable month are insufficient to enable deemed assignments of all Excess Prepayment Credits of all Prepaying Customers with respect to that month under section #.3.2 of this exhibit, the excess representing «Customer Name»'s share (Carry Forward Prepayment Credits) shall accumulate. In each succeeding month, after applying the scheduled Prepayment Credit(s) under section #.3.1 of this exhibit, BPA shall either (a) apply «Customer Name»'s Carry Forward Prepayment Credits to «Customer Name»'s purchases of electric power from BPA during that month, or (b) give effect to deemed assignments of «Customer Name»'s Carry Forward Prepayment Credits that become Excess Prepayment Credits with respect to that month to the extent set forth in section #.3.2 of this exhibit.
- (2) The crediting under section #.3.3(1)(a) of this exhibit and the remittance of cash by BPA under sections #.3.3(1)(b) and #.3.4 of this exhibit shall continue until such time as the balance of Carry Forward Prepayment Credits and Excess Prepayment Credits for «Customer Name» is zero; provided, however, that, the application of «Customer Name»'s Carry Forward Prepayment Credits to «Customer Name»'s purchases of electric power from BPA under section #.3.3(1)(a) of this exhibit shall extend past November 30, 2032 but only if and to the extent there is in effect between «Customer Name» and BPA one or more agreements for the sale of electric power by BPA to «Customer Name» after such date. BPA's obligations in this section #.3.3 shall survive the termination or expiration of this Agreement and upon termination or expiration of this Agreement shall continue in effect with respect to future power sales by BPA, including to «Customer Name» and shall constitute a wholly independent obligation of BPA in consideration of its receipt of the Prepayment Amount.

- (3) BPA shall have no obligation to compensate «Customer Name» for any actual or implied cost of funds or the time value of money arising from the occurrence, accumulation, application, deemed assignment or use of Carry Forward Prepayment Credits or Excess Prepayment Credits.
- (4) In no event shall BPA be required to remit cash payments to «Customer Name» if, for any reason, «Customer Name» does not use its Prepayment Credits and BPA is unable to assign resulting Excess Prepayment Credits to other customers as set forth in this section # of this exhibit.

#.3.4 Remittance of Cash by BPA

BPA shall remit cash payments to «Customer Name» under sections #.3.2 and #.3.3(2) of this exhibit via an electronic funds transfer by the Due Date for the month following the month in which the reassignments under sections #.3.2 and #.3.3(2) of this exhibit shall have been deemed to have been made. The term “Due Date” shall have the meaning as defined in section 16.2 of the body of this Agreement (or its equivalent date if this Agreement is no longer in effect). BPA shall transfer the remittances hereunder to «Customer Name»’s specified account to which BPA provides refunds under this Agreement.

#.3.5 Methodology for Deeming Assignments of Excess Prepayment Credits to Other Customers

Applying the principles set forth in this section #.3.5 of this exhibit, BPA shall make deemed assignments of Excess Prepayment Credits to other customers only to the extent that such other customers’ cash payments for electric power purchases from BPA during the applicable month are greater than or equal to the aggregate of all Excess Prepayment Credits attributed by BPA to «Customer Name» and to other Prepaying Customers for the applicable month.

(1) Deemed Allocations Only to Non-Prepaid Purchases of Electric Power

Excess Prepayment Credits shall not be deemed to be assigned to any customer with respect to electric power purchased by that customer from BPA pursuant to any prepay contract.

(2) Deemed Allocations Only to the Extent of Payments Actually Received by BPA

Excess Prepayment Credits shall be deemed to be assigned to other customers only to the extent such other customers in fact have made payment to BPA on or before the last day of the following calendar month.

(3) **Qualified Utilities**

For purposes of this section #.3.5, a Qualified Utility shall be defined as a public body that is served by BPA and that has a retail service area that the public body has served continuously for at least five consecutive years, as of March 29, 2013.

- (a) If «Customer Name» is a Qualified Utility, then subject to sections #.3.5(1) and #.3.5(2) of this exhibit, any Excess Prepayment Credits shall be deemed to be assigned first to other Qualified Utilities, then to other electric power customers that are not Qualified Utilities, in each instance up to the extent of their respective non-prepaid purchases of electric power from BPA for the applicable month. However, such deemed assignments, together with all other deemed assignments arising under all other prepay contracts, shall not exceed the aggregate amount of cash received by BPA for purchases of electric power from BPA from all such customers in the applicable month.
- (b) If «Customer Name» is not a Qualified Utility, then subject to sections #.3.5(1) and #.3.5(2) of this exhibit, any Excess Prepayment Credits shall be deemed to be assigned first to other customers that are not Qualified Utilities, then to Qualified Utilities, in each instance up to the extent of their respective non-prepaid purchases of electric power from BPA for the applicable month. However, such deemed assignments, together with all other deemed assignments arising under all other prepay contracts, shall not exceed the aggregate amount of cash received by BPA for purchases of electric power from BPA from all such customers in the applicable month.

(4) **Allocation of Deemed Assignments Among Prepaying Customers**

If the aggregate amount of Prepayment Credits for a month exceeds the aggregate amount paid by other customers to which those Prepayment Credits might be deemed assigned pursuant to section #.3.2 or section #.3.3 of this exhibit, then:

- (a) purchases by customers that are Qualified Utilities but not Prepaying Customers shall first be allocated pro rata to Excess Prepayment Credits of Qualified Utilities;
- (b) purchases by customers that are not Qualified Utilities and not Prepaying Customers shall first be allocated pro

rata to Excess Prepayment Credits of non-Qualified Utilities; and

- (c) any remaining purchases by customers that are not Prepaying Customers shall be deemed assigned pro rata to the Excess Prepayment Credits remaining after applying section #.3.5(1) and section #.3.5(2) of this exhibit.

#.4 Rights and Remedies

#.4.1 Withholding Performance

No provision in this section # of this exhibit shall allow or shall be interpreted to allow BPA to cease, suspend or withhold: (1) delivering electric power otherwise required to be delivered pursuant to this Agreement; (2) application of Prepayment Credits as described in sections #.3.1 and #.3.3 of this exhibit; (3) deemed assignments as described in sections #.3.2 and #.3.3 of this exhibit; or (4) remitting cash to or for the account of the Prepaying Customer as described in sections #.3.2 and #.3.3 of this exhibit.

#.4.2 No Refunds or Schedule Alterations

«Customer Name» shall have no right to a refund of any amount or balance remaining of its Prepayment Amount if this Agreement is terminated prior to September 30, 2028, pursuant to section 25 of the body of this Agreement. «Customer Name» may not alter the schedule of its Prepayment Credits pursuant to section 25 of the body of this Agreement.

#.4.3 Money Judgments, No Acceleration

As set forth in section 22.4 of the body of this Agreement, money damages are the exclusive remedy available in the event BPA should fail to perform any of its obligations under this Agreement, including any failure by BPA to perform its obligations under this section # of this exhibit. In no event may «Customer Name» cause any of BPA's obligations under this section # of this exhibit to come due prior to the date specified (for example, the customer may not seek, as a remedy, to have BPA give effect to Prepayment Credits prior to the Dates specified herein). BPA's breach or non-performance under the provisions of this section # of this exhibit shall not lead to an acceleration of any kind of the future remaining performance of BPA's cash payment or crediting obligations hereunder. The provisions of this section # of this exhibit shall not be interpreted to affect other obligations under this Agreement except as specifically provided herein.

#.5 No Guarantee by BPA of Any Bonds or Other Debt

Nothing in this Agreement establishes or shall be interpreted to establish a guarantee of the payment of principal of or interest on any bonds or other

debt issued by or for the benefit of «Customer Name» to fund its Prepayment Amount or to refund or refinance such debt. If bonds are issued to fund a Prepayment, disclosure materials are prepared with respect to those bonds, and those disclosure materials include a description of the provisions in this section # of this exhibit, then those disclosure materials also shall include the following statement: *“The [Name of Bonds or related debt instrument(s)] are not a debt or other obligation of Bonneville Power Administration, and the [Name of Bonds or related debt instrument(s)] are not a charge on the full faith and credit of Bonneville Power Administration or on the Bonneville Fund.”*

#.6 No Third Party Beneficiaries, Limited Right to Assign

There are no third party beneficiaries to this section # of this exhibit, provided, however, «Customer Name» may pledge or otherwise grant a security interest in BPA’s remittances of cash reflecting (1) BPA’s deemed sales of electric power for the account of the «Customer Name» described in sections #.3.2, #.3.3 and #.3.4 of this exhibit, and (2) money damages arising from any breach by BPA of its obligations under this Agreement. However, «Customer Name» shall not assign its claims under the provisions of this section # of this exhibit or enter into any agreement that in any manner purports to provide to a third party a right to any electric power purchased from BPA (including under this section # of this exhibit) or to bring any legal action against BPA to enforce the rights of «Customer Name» under the provisions of this section # of this exhibit against BPA. If «Customer Name» purports to make such an assignment or agreement, it shall have no effect.

X. SIGNATURES

The Parties have executed this exhibit revision as of the last date indicated below. Execution of this exhibit revision also constitutes execution of the «Year» Prepayment RFO, Contract No. 13PS-«#####».

«FULL NAME OF CUSTOMER»

UNITED STATES OF AMERICA
 Department of Energy
 Bonneville Power Administration

By _____
 Name _____
 (Print/Type)
 Title _____
 Date _____

By _____
 Name _____
 (Print/Type)
 Title _____
 Date _____