

DRAFT November 30, 2005

Draft Prototype

BLOCK POWER SALES AGREEMENT
executed by the
BONNEVILLE POWER ADMINISTRATION
and
«FULL NAME OF DSI»
and
«FULL NAME OF UTILITY»

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This BLOCK POWER SALES AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), «FULL NAME OF DSI» («D»), and «FULL NAME OF UTILITY» («U»). «D» is a corporation organized under the laws of the State of «_____». «U» is a «_____» organized under the laws of the State of «_____». BPA, «D», and «U» are sometimes referred to in the singular as “Party” or in the plural as “Parties.”

RECITALS

On June 30, 2005, BPA signed a record of decision titled “Bonneville Power Administration’s Service to Direct Service Industrial (DSI) Customers for Fiscal Years 2007-2011” (Administrator’s Record of Decision).

This Agreement implements the decisions contained in the Administrator’s Record of Decision.

BPA has administratively divided its organization into two business lines in order to functionally separate the administration and decision making activities of BPA’s power business from the administrative and decision making activities of its transmission business. References in this Agreement to the Power Business Line (PBL) are solely for the purpose of establishing which BPA business line is responsible for the administration of this Agreement.

BPA, «D » and «U» agree:

1. TERM

This Agreement, when signed by the Parties, shall become effective on October 1, 2006, and shall continue in effect through September 30, 2011, unless terminated earlier pursuant to section 16 below. All obligations incurred hereunder shall be preserved until satisfied.

2. DEFINITIONS

Capitalized terms in this Agreement shall have the meanings defined below, in the exhibits or in context. All other capitalized terms and acronyms are defined in BPA’s applicable Wholesale Power Rate Schedule(s), including the General Rate Schedule Provisions (GRSPs).

- (a) “Contract Year” or “CY” means the period that begins each October 1 and which ends the following September 30. For instance, Contract Year 2007 begins October 1, 2006, and continues through September 30, 2007.
- (b) “Demand Entitlement” means, during periods when this Agreement operates as a physical Surplus Firm Power sale, the megawatt (MW) amount each hour that «U» shall purchase from PBL, and that «D» shall purchase from «U», as specified in Exhibit E.

- (c) “Equivalent PF” means the applicable average annual Priority Firm Rate at 100 percent load factor for each CY, as determined pursuant to Exhibit F, and as may be modified for any adjustments or subsequent true-ups.
- (d) “Forecast Market Price” means the annual forecast market price for power at 100 percent load factor, as determined pursuant to the procedures in Exhibit F.
- (e) “FY 07-09 Rate Period” means the wholesale power rate period that begins on October 1, 2006, and continues through September 30, 2009.
- (f) “FY 10-11 Rate Period” means the wholesale power rate period that begins on October 1, 2009, and continues through September 30, 2011.
- (g) “MB Monthly Payment” means the monthly Monetary Benefit payment that is available during each CY, as calculated in section 6(c)(4) below.
- (h) “MB Rate” means the rate in dollars per megawatt-hour (\$/MWh) used to calculate Monetary Benefit amounts pursuant to section 6(c) below. The MB Rate is determined by subtracting Equivalent PF from Forecast Market Price, and shall not exceed \$24/MWh.
- (i) “Maximum Allocation” means, for the purpose of determining Monetary Benefit, the maximum average megawatt (aMW) amount that may be used to determine a monthly Monetary Benefit payment. The Maximum Allocation is shown in Exhibit E.
- (j) “Maximum MB Monthly Payment” means the largest monthly Monetary Benefit payment that is available during each CY, as calculated in section 6(c)(3) below.
- (k) “Minimum Allocation” means, for the purpose of determining Monetary Benefit, the minimum aMW amount that may be used to determine a monthly Monetary Benefit payment. The Minimum Allocation is equal to one-half of the Maximum Allocation.
- (l) “Monetary Benefit” or “MB” means monthly monetary payments made by BPA to «U» for the account of «D» under this Agreement, as determined pursuant to the provisions in section 6 below.
- (m) “Monthly Plant Load” means a monthly aMW amount equal to the Total Plant Load for each month divided by the number of hours in each such month.
- (n) “Monthly Purchase Deficiency” means the monthly amount(s) of Surplus Firm Power not purchased due to a curtailment, as such amount(s) may be adjusted pursuant to section 4(e)(1) below.

- (o) “Northwest Power Act” means the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501.
- (p) “Other DSIs” means aluminum smelters other than «D» that have executed an agreement substantially in the form of this Agreement.
- (q) “Points of Measurement” means the interconnection points between BPA, «D», and other control areas, as applicable. Electric power amounts are established at these points based on metered amounts or scheduled amounts, as appropriate.
- (r) "Point of Receipt" means the points of interconnection on the transmission provider's transmission system where Surplus Firm Power shall be made available by PBL to «U», and where Surplus Firm Power shall be made available by «U» to «D»’s transmission provider.
- (s) “Power Business Line” or “PBL” means that portion of the BPA organization or its successor that is responsible for the management and sale of BPA’s Federal power.
- (t) “Region” means the definition established for “Region” in the Northwest Power Act.
- (u) “Surplus Firm Power” means electric power that PBL shall make continuously available to «U», and which «U» shall make continuously available to «D», under this Agreement.
- (v) “Total Plant Load” means the amount of electric energy in megawatt-hours (MWh) consumed during each month at «D»’s production facilities. A detailed description of «D»’s production facilities, including station service requirements and metering equipment, is described in Exhibit B.
- (w) “Transmission Business Line” or “TBL” means that portion of the BPA organization or its successor that is responsible for the management and sale of transmission service on the Federal Columbia River Transmission System (FCRTS).
- (x) “Unused Benefit Amount” or “UBA” means either (1) an aMW amount determined pursuant to section 7(a) when Monetary Benefit is provided, or (2) a MW amount determined pursuant to section 7(b) when this Agreement operates as a physical Surplus Firm Power sale.

3. APPLICABLE RATES

- (a) **Applicable Rate for Purchases by «U»**
Purchases by «U» under this Agreement are subject to the Firm Power Products and Services (FPS) rate schedule or its successor, and the General Rate Schedule Provisions. Purchases under the FPS rate schedule are established as follows:

If this Agreement operates as a physically delivered Surplus Firm Power sale pursuant to section 4 below, then section 4(a) below and Exhibit A, Surplus Firm Power Rate, identify Surplus Firm Power amounts, rates, and billing entitlements subject to the FPS rate schedule. If the Surplus Firm Power sale is monetized, then the provisions of section 6 below establish the applicable FPS rate.

- (b) **Applicable Rate for Purchases by «D»**
Purchases by «D» under this Agreement are subject to the applicable rate schedule developed by «U» for such purchases. The rates and billing entitlements specified in such rate schedule shall be equal to those rates billed to «U» by BPA, as specified in Exhibit A.

4. **POWER SALE PROVISIONS**

This section 4 only applies when this Agreement operates as a physically delivered Surplus Firm Power sale. In this event, the Monetary Benefit provisions in section 6 shall not apply. All physically delivered Surplus Firm Power provided by PBL under this section 4 is solely for service to Total Plant Load.

(a) **Power Sale by PBL to «U»**

(1) **Hourly Amounts**

PBL shall make available and «U» shall purchase the Demand Entitlement each hour. The Demand Entitlement is specified in Exhibit E.

(2) **HLH and LLH Energy Entitlements and Demand Entitlement**

The Demand Entitlement multiplied by: (A) the number of HLH; and (B) the number of LLH in the applicable month establishes «U»'s HLH and LLH Energy Entitlements with respect to this Agreement.

(b) **Power Sale by «U» to «D»**

(1) **Hourly Amounts**

«U» shall make available and «D» shall purchase the Demand Entitlement each hour. The Demand Entitlement is specified in Exhibit E.

(2) **HLH and LLH Energy Entitlements and Demand Entitlement**

The Demand Entitlement multiplied by: (A) the number of HLH; and (B) the number of LLH in the applicable month establishes «D»'s HLH and LLH Energy Entitlements.

(c) **Unauthorized Increase Charge**

«D» shall not intentionally schedule in excess of the amount specified in section 4(b)(1) above. However, in the event that an excess amount is scheduled due to error, then such amounts taken by «D» from «U» at the Points of Receipt in excess of the amounts specified in section 4(b)(2) above

shall be subject to the Unauthorized Increase Charge for demand and energy consistent with the applicable BPA Wholesale Power Rate Schedules and GRSPs, unless such power is provided under another contract with PBL. Power that has been provided for energy imbalance service pursuant to an agreement between TBL and «D» shall not be subject to an Unauthorized Increase Charge for Demand and Energy under this Agreement. Any Unauthorized Increase Charge shall be billed by BPA in accordance with the billing procedures described in section 9(a) below. Any Surplus Firm Power used by «U» or «D» for any other purpose shall be subject to the Unauthorized Increase Charge.

(d) **Curtailement**

If «D» curtails Total Plant Load in whole or in part, then «D» may request take-or-pay mitigation for purchases under section 4(b) above pursuant to section 4(e) below.

(e) **Take-or-Pay Mitigation for Curtailements**

If «D» chooses to curtail its purchase obligation, then the following terms and conditions shall apply:

(1) **Notice of Curtailement**

«D» shall provide written notice to PBL and «U» at least three (3) business days in advance of a curtailment. Such notice shall specify the monthly amounts of power to be curtailed and the duration of the curtailment. The election to curtail such power, and the amount and duration of such curtailment, may not be changed without PBL's consent. PBL's sale to «U» shall be reduced by the amount of power curtailed, and «U» shall not be assessed any damages or incur any liability as a result of any such reduction. The Monthly Purchase Deficiency will be reduced by any reduction to the Demand Entitlement pursuant to section 7(b)(2) below.

(2) **Calculation of Damages**

«D» shall pay BPA damages for each Monthly Purchase Deficiency equal to the amount by which the reasonable market value of such Monthly Purchase Deficiency is less than the price of the applicable rate specified in Exhibit A. For purposes of calculating damages under this section 4(e)(2), the Monthly Purchase Deficiency(s) shall be reduced by any reduction of Demand Entitlement under section 7(b)(3), effective on the date any such reduction becomes effective. No later than 60 days following the end of each Contract Year, PBL shall, for each month of the previous Contract Year, calculate the reasonable market value for each Monthly Purchase Deficiency during such Contract Year. Reasonable market value and calculation of damages shall be determined as follows.

(A) No later than 3 business days prior to the commencement of a curtailment under this section 4(e), «D» may obtain one or more transactable quotes for all or a portion of such power from a

third party. The transactable quote may be for any length of time and curtailment amount. Each quote shall be deemed equal to the reasonable market value of such power to which the quote applies for the purpose of calculating damages under this section 4(e)(2). BPA may, but shall not be obligated to, resell the curtailed power to the third party, retain the power, or dispose of the power as it chooses. «D» shall allow PBL at least 4 hours during normal business hours to decide whether or not to transact under such quote.

- (B) BPA shall determine, by any reasonable method, the reasonable market value of the portion of each Monthly Purchase Deficiency for which «D» has not obtained a transactable quote. The reasonable market value shall be adjusted to reflect volume and BPA transmission costs associated with remarketing each such portion of the Monthly Purchase Deficiency, regardless of whether each such portion is actually remarketed.
- (C) BPA shall bill «D» and «D» shall directly pay BPA damages for such Contract Year equal to the amount by which the sum of the product of (1) each Monthly Purchase Deficiency and (2) the applicable rate specified in Exhibit A that BPA would have charged each month if the power had been taken under this Agreement, exceeds the sum of the product of (1) each Monthly Purchase Deficiency and (2) the reasonable market value in each month. Amounts for damages under section 4(e)(2)(A) and section 4(e)(2)(B) may only be netted within a Contract Year. If a transactable quote for a curtailment or portion of a curtailment extends into a future Contract Year, then the total amounts associated with such quote will be netted in the Contract Year in which the curtailment or portion of curtailment associated with such quote begins. BPA is not obligated to pay «D» the difference when the reasonable market value exceeds the applicable rate in Exhibit A.

It is expressly agreed to by the Parties that BPA shall not be obligated to enter into replacement transactions to determine or collect damages under this section 4(e)(2).

It is also expressly agreed that BPA will apply its then-current applicable credit policies if damages are due under this section 4(e)(2), and such policies may include an obligation to prepay for damages.

(f) **Scheduling**

All Surplus Firm Power transactions under this Agreement shall be scheduled and implemented consistent with Exhibit C, BPA Power Business Line Scheduling Provisions. The procedures for scheduling described in Exhibit C are the standard utility procedures followed by BPA for power

transactions between PBL and other utilities or entities in the Region that require scheduling.

(g) **Delivery**

(1) **Transmission Service for Surplus Firm Power**

This Agreement does not provide transmission services for, or include the delivery of, Surplus Firm Power by BPA to «U», or by «U» to «D». «D» shall be responsible for executing one or more wheeling agreements with a transmission supplier for the delivery of Surplus Firm Power (Wheeling Agreement). PBL and «D» agree to take such actions as may be necessary to facilitate the delivery of Surplus Firm Power to «D», consistent with the terms, notice, and the time limits contained in the Wheeling Agreement.

(2) **Liability for Delivery**

«D» waives any claims against PBL arising under this Agreement for nondelivery of power to any points beyond the applicable Points of Receipt. PBL shall not be liable for any third-party claims related to the delivery of power after it leaves the Points of Receipt. In no event shall any Party be liable under this Agreement to any other Party for damage that results from any sudden, unexpected, changed, or abnormal electrical condition occurring in or on any electric system, regardless of ownership. These limitations on liability apply regardless of whether or not this Agreement provides for transfer service.

(3) **Points of Receipt**

PBL shall make Surplus Firm Power available to «U», and «U» shall make Surplus Firm Power available to «D» under this Agreement at Points of Receipt solely for the purpose of «D» scheduling transmission to points of delivery for service to «D»'s Total Plant Load. «D» shall schedule, if scheduling is necessary, such Surplus Firm Power solely for use by its Total Plant Load. PBL, for purposes of scheduling transmission for delivery under this Agreement, shall specify Points of Receipt in a written notice to «U» and «D» no later than October 1, 2008.

If required by the Wheeling Agreement, when PBL designates such Points of Receipt, PBL shall provide capacity amounts for transmission under the Wheeling Agreement associated with the initial Points of Receipt that can be accepted as firm Points of Receipt under «D»'s Wheeling Agreement (except in the event that all Points of Receipt on the Federal Columbia River Power System (FCRPS) would be considered nonfirm). The sum of capacity amounts requested by PBL shall not exceed the amount of Surplus Firm Power specified in sections 4(a) and 4(b) above. Such Points of Receipt and their capacity amounts may only be changed through mutual agreement. However, at any time PBL may request the use of a nonfirm Point of Receipt to

provide Surplus Firm Power to «U» for the account of «D», but not withstanding section 4(g)(2) above, PBL shall reimburse «D» for any additional costs or production losses incurred by «D» due to its compliance with such request.

(4) **Transmission Losses**

PBL shall provide «D» the transmission losses between the Points of Receipt and «D»'s points of delivery for Surplus Firm Power, at no additional charge. Such losses shall be provided at Points of Receipt as established under section 4(g)(3) above, and under the terms and conditions as defined in the transmission provider's tariff.

(h) **Measurement**

- (1) Amounts of Surplus Firm Power taken are deemed equal to the amount scheduled by «D» under section 4(f) above or an amount of power as measured at Points of Measurement, as appropriate.
- (2) «D» shall provide reasonable notice to PBL prior to changing control areas.

(i) **Interruption Rights**

PBL shall have a one-time right during the term of this Agreement to interrupt deliveries of a portion of the Surplus Firm Power hereunder pursuant to the following provisions. PBL may interrupt a portion of Surplus Firm Power deliveries if PBL anticipates, in its sole and exclusive discretion, that average forward market prices for a flat block of power will exceed \$125/MWh during an interruption period to be specified by PBL in a written notice. In this event, PBL shall consult with «D» prior to providing such written notice. If PBL decides to interrupt, then it will provide 90 days advance written notice to «D» and «U» that specifies the amount of Surplus Firm Power to be interrupted and the associated interruption period; *provided, however*, that a minimum of 6 aMW will not be subject to any such interruption. Unless the Parties mutually agree otherwise, such interruption period shall extend for a minimum of 6 months and for a maximum of 12 months, regardless of the level of actual market prices during an interruption period. In the event of an interruption, BPA shall pay «U», and «U» shall in turn pay «D», \$24/MWh for amounts interrupted. Payments shall be made pursuant to section 9(b) below. Payments to «D» under this section 4(i) shall be used first to compensate «D»'s employees employed at the time of an interruption under this section 4(i) by providing each such employee, at the election of «D», either (1) the opportunity to work a regular work week (40 hours) at regular wage and benefit rates, or (2) special supplemental benefits such that the employee's effective after-tax income (including any available unemployment income) will be equal to what the employee's income would have been working a regular work week, plus all benefits the employee would have received, had the employee been working a regular 40-hour work week. BPA shall have the right to conduct an audit to verify compliance with this section 4(i). If there is an interruption under this section 4(i), then the

portion of Demand Entitlement interrupted shall be treated as if taken for purposes of section 7(b)(1)(A) and shall not be subject to the take-or-pay provisions in sections 4(a) and 4(b).

5. BPA OPTIONS FOR THE FY 07-09 AND FY 10-11 RATE PERIODS

(a) **Monetary Benefit for the FY 07-09 Rate Period**

BPA has determined that, during the FY07-09 Rate Period, in order to meet the cost caps described in the Administrator's Record of Decision with certainty, it will monetize the physically delivered Surplus Firm Power sale obligation. As such, BPA will make Monetary Benefit payments during the FY 07-09 Rate Period, subject to the provisions of section 6 below.

(b) **BPA Option for the FY 10-11 Rate Period**

PBL shall have the option to discontinue the Monetary Benefit payments that occurred during the FY07-09 Rate Period and convert such Monetary Benefit payments to a physically delivered Surplus Firm Power sale for the FY10-11 Rate Period. If PBL chooses to exercise this option, then BPA shall provide written notice to «D» and «U» no later than October 1, 2008. In this event, the provisions of section 6 below shall not apply during the FY10-11 Rate Period, and this Agreement will operate as a physically delivered Surplus Firm Power sale, subject to the provisions of section 4 above, unless «D» elects to terminate this Agreement pursuant to section 16(b) below. In addition, in the event of a physical power sale, BPA will require «D» to provide performance assurances, consistent with BPA's then-current applicable credit policies.

6. MONETARY BENEFIT PROVISIONS

This section 6 only applies when the physically delivered Surplus Firm Power sale is monetized. In this event, the provisions in section 4 shall not apply.

(a) **Determination of Forecast Market Price and Equivalent PF for each FY**

PBL shall determine the Forecast Market Price and Equivalent PF for each such FY, using the procedures described in Exhibit F.

(b) **Determination of Monthly Plant Load**

No later than five (5) business days following the end of each month, PBL shall determine the Monthly Plant Load for each such month.

(c) **Determination of Monthly MB Amounts**

Except as provided for in section 6(c)(5) below, the following procedure, as described in sections 6(c)(1) through 6(c)(4), shall be used to determine the MB payment amount for each month.

- (1) If the Monthly Plant Load is less than the Minimum Allocation during any month (Deficient Month), then the MB payment for that month is \$0; *provided, however*, that if the average Monthly Plant Load during the immediately preceding 3 months is equal to or greater than the

Minimum Allocation minus 2 aMW, then the Monthly Plant Load for the Deficient Month shall be used to calculate the MB Monthly Payment.

- (2) If the Monthly Plant Load is equal to or greater than the Maximum Allocation during any month, then the Monthly Plant Load shall be deemed equal to the Maximum Allocation for that month.
- (3) The Maximum MB Monthly Payment amount for each month of each CY is determined by the following equation:

$$\text{Maximum MB Monthly Payment} = ((\text{Maximum Allocation}) \times (\text{number of hours in month})) \times (\text{lesser of } \$12/\text{MWh} \text{ or MB Rate})$$

- (4) The MB Monthly Payment amount for each month shall be the lesser of the Maximum MB Monthly Payment determined pursuant to section 6(c)(3) above or the amount determined by the following equation:

$$\text{MB Monthly Payment} = ((\text{Monthly Plant Load}) \times (\text{number of hours in the month})) \times (\text{MB Rate})$$

- (5) «D» may exercise the following one-time option. If «D» desires to exercise its one-time option pursuant to this section 6(c)(5), then «D» shall provide written notice to PBL and «U» that it will increase smelting load as of a date specified by «D» in such notice (Start Date). Then, for the remainder of the month that includes the Start Date and the following 2 months, the MB Monthly Payment shall be determined by the following equation:

$$\text{MB Monthly Payment} = (\text{Total Plant Load}) \times \text{MB Rate}$$

Each MB Monthly Payment determined under this section 6(c)(5) shall not exceed the Maximum MB Monthly Payment.

«D» is not entitled to total Monetary Benefits for any Contract Year (CY) in excess of the amount by which the cost of power it purchases in amounts sufficient to serve the sum of the twelve monthly Total Plant Loads in such CY exceeds the Equivalent PF multiplied by such total amount of power. If at any time during a Contract Year «D» knows it has procured power at a cost that will result in less than the full Monetary Benefits to reach the Equivalent PF, then «D» shall notify BPA of such cost and BPA shall reduce its payments accordingly for the remainder of the Contract Year.

Within 90 days following the end of each CY, BPA shall have a right to request access to contracts, invoices or other documentation sufficient to demonstrate purchases by «D» of power equal to the sum of «D»'s Total Plant Loads for such CY and the cost of such purchases. «D» shall provide BPA access to such contracts and documentation for such power purchases, subject

to reasonable conditions to maintain the confidentiality of such information. If the difference between the cost of such purchases and their cost calculated as if they had been priced at the Equivalent PF is less than the sum of the Monetary Benefits that were paid to «D» for such CY, then «D» shall owe BPA such difference (Overpayment). BPA shall notify «D» of any such Overpayment and will reduce the Monetary Benefits in the CY following the CY in which the Overpayment occurred by the amount of such Overpayment. If the Overpayment exceeds Monetary Benefits available during that following CY, then any unrecovered Overpayment will carryover to reduce Monetary Benefits in subsequent years until fully recovered.

If, upon termination of this Agreement, an Overpayment occurred for the CY prior to such termination, then within 90 days following the end of such CY, BPA shall invoice «D» and «D» shall pay BPA such Overpayment within 20 days of receipt of such invoice.

(d) **Examples**

Section 1 of Exhibit D contains several illustrative examples of the calculation of MB Monthly Payments, using a variety of assumptions.

7. **DETERMINATION OF UNUSED BENEFIT AMOUNTS**

The following procedures shall be used to determine UBA.

(a) **Determination of Unused Benefit Amounts During Periods When Surplus Firm Power Sale is Monetized**

This section 7(a) only applies when the physically delivered Surplus Firm Power sale is monetized.

- (1) Beginning in October 2007, and following each month thereafter, PBL shall track the amount of Monetary Benefit that «D» has taken during each of the preceding 12 months.
- (2) In order to retain its Maximum Allocation, «D» must, for at least one month during the preceding 12 months, have received the Maximum Monthly Benefit Payment. If this condition has not been satisfied, then the Maximum Allocation shall be reduced.
- (3) «D» shall retain the highest monthly percentage of the available benefits that it accessed during the previous 12 months. As such, «D»'s Maximum Allocation shall be reduced by the percentage of the available benefits, rounded to the nearest aMW, that were not accessed during the month that set the highest monthly percentage. The amount of aMW from this calculation becomes an Unused Benefit Amount or UBA.
- (4) In the event of an UBA, PBL shall provide written notice to «D» and «U» that «D»'s Maximum Allocation shall be reduced by the UBA. Such reductions shall become effective at 2400 hours on the last day of the month in the month the notice is provided (Date of Maximum

Allocation Reduction). «D» understands and agrees that it will not have an option to re-acquire UBA that it has lost for one month following the Date of Maximum Allocation Reduction and that Other DSIs may acquire the UBA. BPA shall unilaterally revise Exhibit E, effective on the Date of Maximum Allocation Reduction, to reflect the reduced Maximum Allocation. BPA shall also provide notice of the availability of the UBA to the Other DSIs.

(b) **Determination of Unused Benefit Amounts During Periods When the Surplus Firm Power Sale Is Physically Delivered**

This section 7(b) only applies when the Surplus Firm Power sale is physically delivered.

- (1) In order to assure its right to retain its Demand Entitlement, as specified in Exhibit E, «D» must, for at least one month during the preceding 12 months, have either (A) taken Surplus Firm Power equal to its Demand Entitlement during all hours of such month, or (B) taken the maximum Monetary Benefit available to it during such month. If this condition has not been satisfied, then the Demand Entitlement may be reduced.
- (2) If the condition in section 7(b)(1) has not been satisfied, then BPA shall calculate the following for each of the previous 12 months: (A) the percentage of the available Monetary Benefit received by «D», and (B) the percentage of the Demand Entitlement taken by «D». BPA may reduce the Demand Entitlement to the highest of such percentages multiplied by the Demand Entitlement, and rounded to the nearest MW. The MW amount of such reduction becomes an UBA.
- (3) In the event of an UBA resulting from section 7(b)(2), PBL shall provide written notice to «D» and «U» that the Demand Entitlement may be reduced by the UBA. If all or a portion of such UBA is acquired by the Other DSIs pursuant to section 8(b) below, then the Demand Entitlement shall be reduced by the amount of UBA so acquired. Any such reduction shall become effective at 2400 hours on the last day of the month prior to the month that UBA has been acquired by the Other DSIs (Date of Demand Entitlement Reduction). BPA shall unilaterally revise Exhibit E, effective on the Date of Demand Entitlement Reduction, to reflect the reduced Demand Entitlement. If UBA made available under this section 7(b)(3) is not acquired by «D» or the Other DSIs within 6 months following the date such UBA became available, then BPA may, but shall not be obligated to, revise Exhibit E unilaterally to reduce the Demand Entitlement by the UBA not acquired.
- (4) If an UBA results from a termination of this Agreement pursuant to section 16(b), then the entire Demand Entitlement becomes an UBA as of 2400 hours on September 30, 2009. BPA shall provide notice of the availability of any UBA that becomes available under this section

7(b)(4) to the Other DSIs pursuant to the notice provisions in section 7(b)(3) above. The Other DSIs may acquire this UBA pursuant to section 8(b) below.

- (5) If «D» provides PBL and «U» written notice of curtailment under section 4(e)(1) and UBA will result during the term of such curtailment by operation of sections 7(b)(1) and 7(b)(2), then for purposes of sections 7(b)(2) and 7(b)(3), the UBA that would result during the term of the curtailment shall become UBA upon commencement of the curtailment.

(c) **Examples**

Section 2 of Exhibit D contains several illustrative examples of the determination of UBA, using a variety of assumptions.

8. OPTION TO ACQUIRE UNUSED BENEFIT AMOUNTS

The following procedures shall be used to acquire UBA.

(a) **Option to Acquire Unused Benefit Amounts During Periods When the Physically Delivered Surplus Firm Power Sale is Monetized**

This section 8(a) only applies when the physically delivered Surplus Firm Power sale is monetized.

- (1) Unless «D» provides written notice to PBL and «U» that it has chosen not to acquire UBA, available UBA amounts will be added to «D»'s Maximum Allocation, to the extent that doing so will increase the MB Monthly Payment it will receive for each month.
- (2) During months when increases in Monthly Plant Load by «D» and Other DSIs exceed the amount of UBA available, UBA will be allocated pro rata to «D» and other DSIs, based on Maximum Allocation.
- (3) BPA shall unilaterally revise Exhibit E to reflect this addition of acquired UBA in «D»'s Maximum Allocation.
- (4) UBA amounts that remain available and unused for 6 months following the Date of Reduction shall be zeroed out and will no longer be available to «D» or the Other DSIs during the term of this Agreement.

(b) **Option to Acquire Unused Benefit Amounts During Periods When the Surplus Firm Power is Physically Delivered**

This section 8(b) only applies when the Surplus Firm Power sale is physically delivered.

- (1) Following receipt of a notice provided under section 7(b)(3) above, «D» shall provide written notice to PBL and «U» of the amount of UBA it wishes to purchase, if any.

- (2) UBA amounts requested pursuant to section 8(b)(1) above will be added to the Demand Entitlement, effective on the first day of the month following receipt of the notice provided under section 8(b)(1) above.
 - (3) When requests for UBA by «D» and Other DSIs exceed the amount of UBA available, UBA will be allocated pro rata to «D» and other DSIs, based on Demand Entitlement.
 - (4) BPA shall unilaterally revise Exhibit E, effective on the date determined in 8(b)(2), to reflect an increase to the Demand Entitlement by the amount of acquired UBA.
 - (5) Any UBA acquired pursuant to this section 8(b) that remains unused after 6 months following the date specified in 8(b)(2) above will no longer be available to «D» or the Other DSIs. Amounts of Total Plant Load during such 6-month period that are less than the increased Demand Entitlement shall become an unused UBA. Such unused UBA shall be considered a Monthly Purchase Deficiency for each month of the remaining term of this Agreement, and shall be subject to damages pursuant to section 4(e)(2) above.
- (c) Any increased: (1) Maximum Allocation under section 8(a) above; or (2) Demand Entitlement under section 8(b) above shall not exceed « » MW.
- (d) Section 3 of Exhibit D contains several illustrative examples of the acquisition of UBA, using a variety of assumptions.

9. BILLING AND PAYMENT

(a) **Billing and Payment Provisions During Power Sale**

If, pursuant to section 5(b) above, BPA provides written notice that this Agreement will operate as a physically delivered Surplus Firm Power sale during the FY10-11 Rate Period, then no later than March 1, 2009, the Parties shall amend this section 9(a) to include billing and payment provisions for: (1) the physically delivered Surplus Firm Power sale by PBL to «U»; and (2) the power sale by «U» to «D».

(b) **Billing and Payment When Monetary Benefits Provided**

(1) **Escrow Account**

BPA and «U» shall establish an escrow account, in accordance with the laws governing «U», for MB Monthly Payments and any interruption payments pursuant to section 4(i). BPA shall make payments into the account, but only «U» shall have the ability to effect withdrawals from the account for payment to «D».

(2) **Payments into the Escrow Account**

Within three business days after the end of each month, BPA will review «D»'s metered load measurements to determine if the Monthly Plant Load for the month is equal to or exceeds the Minimum Allocation.

Within 6 business days following the end of the month, BPA shall transfer an amount equal to the MB Monthly Payment, and any interruption payments pursuant to section 4(i) above, into the escrow account.

(3) **Payments from the Escrow Account**

Within 10 business days following the end of the month, «U» shall effect the transfer of all BPA monthly payment amounts received into escrow pursuant to this Agreement to «D».

10. NOTICES

Any notice required under this Agreement shall be in writing and shall be delivered: (a) in person; (b) by a nationally recognized delivery service; or (c) by United States Certified Mail. Notices are effective when received. Any Party may change its address for notices by giving notice of such change consistent with this section 10.

If to «D»:

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

If to PBL:

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

If to «U»:

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

11. UNCONTROLLABLE FORCES

- (a) **Uncontrollable Forces Provisions During Surplus Firm Power Sale**
If, during the FY10-11 Rate Period, this Agreement operates as a physical Surplus Firm Power Sale, then the following provisions shall apply; *provided however*, that UBA determinations pursuant to section 7 and acquisitions of UBA pursuant to section 8 shall not be subject to Uncontrollable Forces under this section 11(a).

PBL shall not be in breach of its obligation to provide Surplus Firm Power to «U» and «U» shall not be in breach of its obligation to purchase Surplus Firm Power to the extent the failure to fulfill that obligation is due to an Uncontrollable Force. Similarly, «U» shall not be in breach of its obligation to provide Surplus Firm Power to «D» and «D» shall not be in breach of its obligation to purchase Surplus Firm Power to the extent the failure to fulfill that obligation is due to an Uncontrollable Force. “Uncontrollable Force” means an event beyond the reasonable control of, and without the fault or negligence of, the Party claiming the Uncontrollable Force that prevents that Party from performing its obligations under this Agreement and which, by exercise of that Party’s reasonable diligence and foresight, such Party could not be expected to avoid and was unable to avoid. Uncontrollable Forces include, but are not limited to:

- (1) any unplanned curtailment or interruption for any reason of firm transmission used to deliver Surplus Firm Power to «D»’s facilities, including but not limited to unplanned maintenance outages;
- (2) any unplanned curtailment or interruption, failure or imminent failure of «D»’s production or transmission facilities, including but not limited to unplanned maintenance outages;
- (3) any planned transmission or distribution outage that affects either «D» or PBL which was provided by a third-party transmission or distribution owner, or by a transmission provider, including TBL, that is functionally separated from the generation provider in conformance with Federal Energy Regulatory Commission (FERC) Orders 888 and 889 or its successors;
- (4) strikes or work stoppage, including the threat of imminent strikes or work stoppage; *provided, however*, that nothing contained in this provision shall be construed to require any Party to settle any strike or labor dispute in which it may be involved.
- (5) floods, earthquakes, or other natural disasters; and
- (6) orders or injunctions issued by any court having competent subject matter jurisdiction, or any order of an administrative officer which the Party claiming the Uncontrollable Force, after diligent efforts, was

unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of any Party shall not constitute an Uncontrollable Force. The Party claiming the Uncontrollable Force shall notify the other Parties as soon as practicable of that Party's inability to meet its obligations under this Agreement due to an Uncontrollable Force. The Party claiming the Uncontrollable Force shall notify any control area involved in the scheduling of a transaction which may be curtailed due to an Uncontrollable Force.

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

(b) **Uncontrollable Forces Provisions During Periods When Monetary Benefit is Provided**

During periods when the Surplus Firm Power sale is monetized, «D» understands and agrees that there are no events that will be considered Uncontrollable Forces under this Agreement.

12. GOVERNING LAW AND DISPUTE RESOLUTION

- (a) This Agreement shall be interpreted consistent with and governed by Federal law. Disputes arising out of this Agreement that are not otherwise subject to the exclusive jurisdiction of the United States Court of Appeals for the Ninth Circuit are subject to the Contract Disputes Act, 41 USC 601, et seq.
- (b) If a dispute arises under any provision of this Agreement, the Parties shall, within 14 business days following the initiation of a dispute, make a good faith effort to negotiate a resolution of such dispute before initiating the mediation provisions in section 12(c) below.
- (c) If the Parties are unable to agree following negotiation pursuant to section 12(b) above, then either Party may request, in writing, to mediate the dispute. The Parties shall seek to reach agreement upon a mediator. In the event that they are unable to agree, then a mediator shall be selected by U.S. Arbitration and Mediation of Oregon. The Parties shall have 30 days from the date a Party initiated mediation to reach agreement before initiating litigation. BPA and «D» shall each pay one half of the expenses of any mediation between or among the Parties.
- (d) During a contract dispute or contract issue between or among Parties arising out of this Agreement, the Parties shall continue performance under this Agreement pending resolution of the dispute, unless to do so would be

impossible or impractical. The Parties reserve the right to seek judicial resolution of any dispute arising out of this Agreement.

13. STATUTORY PROVISIONS

- (a) **Priority of Pacific Northwest Customers**

The provisions of sections 9(c) and (d) of the Northwest Power Act and the provisions of P.L. 88-552 as amended by the Northwest Power Act are incorporated into this Agreement by reference. «U», together with other customers in the Region, shall have priority to BPA power, consistent with such provisions.
- (b) **Limitation on Resale**

«U» shall not resell Surplus Firm Power, as defined in this Agreement, to any entity except «D».
- (c) **BPA Appropriations Refinancing Act**

The BPA Refinancing Section of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (The BPA Refinancing Act), P.L. No. 104-134, 110 Stat. 1321, 1350, is incorporated by reference and is a material term of this Agreement.

14. STANDARD PROVISIONS

- (a) **Amendments**

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

This Agreement may not be assigned by a Party without the written consent of the other Parties. Such consent shall not be unreasonably withheld.
- (c) **Information Exchange and Confidentiality**

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

obtaining the consent of the person or Party asserting the privilege, consistent with BPA's obligation under the Freedom of Information Act. BPA may use such information as necessary to provide service or timely bill for service under this Agreement. BPA shall only disclose information received under this provision to BPA employees who need the information for purposes of this Agreement.

(d) **Entire Agreement**

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

(e) **Exhibits**

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

(f) **No Third-Party Beneficiaries**

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

(g) **Waivers**

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

(h) **BPA Policies**

Any reference in this Agreement to BPA policies, including without limitation BPA's New Large Single Load Policy and the 5(b)/9(c) Policy, and any revisions thereto, does not constitute agreement by «D» or «U» to such policy, nor shall it be construed to be a waiver of the right of «D» or «U» to seek judicial review of any such policy.

(i) **Severability**

If any term of this Agreement is found to be invalid by a court of competent jurisdiction then such term shall remain in force to the maximum extent permitted by law. All other terms shall remain in force unless that term is determined not to be severable from all other provisions of this Agreement by such court.

(j) **Hold Harmless**

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

15. LIMITATION OF LIABILITY OF «U» AND HOLD HARMLESS

«U»'s liability to make any payment required hereunder to BPA or to «D» shall be expressly limited to actual amounts provided to «U» by BPA when payments are due hereunder to «D» and actual amounts provided by «D» to «U» when payments are due hereunder to BPA. Furthermore, BPA and «D» agree to share equally any payment necessary to indemnify and hold harmless «U» for damages and/or any reasonable costs (that exceed «U»'s implementation and administrative costs under this Agreement), including reasonable attorney fees, incurred by «U» as a direct or indirect result of its participation in this Agreement.

16. TERMINATION

- (a) BPA may terminate this Agreement on 30 days written notice to the other Parties in the event the Ninth Circuit Court of Appeals or other court of competent jurisdiction issues a final, unappealable order preventing or prohibiting BPA from recovering under the Slice Agreements or its Slice rate schedules that portion of BPA's cost of service associated with this Agreement allocated by BPA to such Slice Agreements or Slice rate schedules. BPA shall diligently litigate any action challenging its ability to assess such costs. Neither «D» nor «U» shall be entitled to any damages for such termination and hereby expressly waives any right to seek such damages.
- (b) If, pursuant to section 5(b) above, BPA provides written notice to convert the payment of Monetary Benefit to a physical Surplus Firm Power Sale during the FY10-11 Rate Period, then «D» may terminate this Agreement by providing written notice to «U» and BPA no later than November 1, 2008. The effective date of any such termination shall be 2400 hours on September 30, 2009. In this event, the Demand Entitlement becomes an UBA as of 2400 hours on September 30, 2009, and shall be offered to Other DSIs pursuant to section 7(b)(4) above.

17. SIGNATURES

The signatories represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign.

«FULL NAME OF DSI»

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____

By _____
Account Executive

Name _____
(Print/Type)

Name _____
(Print/Type)

Title _____

Date _____

Date _____

«FULL NAME OF UTILITY»

By _____

Name _____
(Print/Type)

Title _____

Date _____

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Exhibit A
SURPLUS FIRM POWER RATE

If BPA chooses to exercise its option, pursuant to section 5(b) of the body of this Agreement, to sell physically delivered Surplus Firm Power under this Agreement during the FY10-11 Rate Period, then BPA shall unilaterally revise this Exhibit A, effective on October 1, 2009, to include the specific rates that will apply to the physically delivered Surplus Firm Power sale. The cost to BPA to provide such physically delivered Surplus Firm Power will not exceed the cost caps as described in the Administrator's Record of Decision.

Exhibit B
ADDITIONAL PRODUCTS, SERVICES, AND SPECIAL PROVISIONS

1. DESCRIPTION OF «D»'s PRODUCTION FACILITIES, STATION SERVICE REQUIREMENTS, AND METERING EQUIPMENT

[To be completed for each DSI. This section 1 will include company-specific detailed information describing production facilities, station service requirements, and metering equipment used to measure power usage for smelting facilities that are eligible for Monetary Benefit and/or Surplus Firm Power under this Agreement.]

The Alcoa contract will specify that the portion of Alcoa's Wenatchee smelter load that has been traditionally served with purchases from Chelan PUD will be excluded from Alcoa's Total Plant Load and the cost of these purchases will be excluded from the calculation of Monetary Benefits under this Agreement.]

2. REVISIONS

This Exhibit B shall be revised upon mutual agreement of the Parties to reflect any new products, services, and special provisions that may be added during the term of this Agreement.

Exhibit C
BPA POWER BUSINESS LINE SCHEDULING PROVISIONS

1. PURPOSE OF THIS EXHIBIT

Unless otherwise specified in this Exhibit C, all transactions shall be scheduled in accordance with the Western Electricity Coordinating Council (WECC) and the North American Electric Reliability Council (NERC). The purpose of this exhibit is to identify power scheduling requirements and coordination procedures necessary for the delivery of electric power products bought or sold under this Agreement. All provisions apply equally to all BPAP Counter Parties (as defined in section 2 below) and their authorized scheduling agents. Transmission scheduling arrangements are provided under separate agreements/provisions with the designated transmission provider.

2. DEFINITIONS

- (a) **After the Fact:** The process of reconciling all transactions, Schedules, and accounts after they have occurred.
- (b) **APOD:** Alternate Point Of Delivery. Any point other than the POD specified in a Confirmation Agreement or other contract to which this Exhibit C applies.
- (c) **BPAP:** Bonneville Power Administration Power Business Line.
- (d) **BPAP Counter Party:** A PSE (Purchasing Selling Entity, as defined by NERC) that has contracted to purchase from BPAP or sell to BPAP electric power products.
- (e) **COB:** California-Oregon Border or COI (California-Oregon Intertie). Consists of the Pacific AC Intertie (PACI or Malin) and 3rd AC Intertie (3A or Captain Jack) transmission lines to California. N to S indicates that the energy is flowing on the transmission path North to South. S to N indicates energy is flowing on the transmission path South to North.
- (f) **NOB:** Nevada-Oregon Border. Consists of the Pacific DC Intertie (PDCI or Celilo) transmission line to California. N to S indicates that the energy is flowing on the transmission path North to South. S to N indicates energy is flowing on the transmission path South to North.
- (g) **POD:** Point of Delivery, as defined by NERC.
- (h) **Preschedule Day:** Preschedule Day is in accordance with WECC practice and variations are identified in the WECC calendar to allow for Holidays, WECC meetings, etc.

- (i) **Prescheduling:** The process (verbally and in writing) of establishing and balancing (checking out) schedules on the Preschedule Day.
- (j) **Real-Time Scheduling:** Any new or modified Transaction that occurs after prescheduling is completed.
- (k) **Schedule:** The planned Transaction approved and accepted by all counterparties and Control Areas involved in the Transaction.

3. COORDINATION: GENERAL, CONTROL AREA, PRESCHEDULE, REAL-TIME, AND AFTER-THE-FACT REQUIREMENTS

(a) General Requirements

- (1) BPAP shall have the right to revise and replace this Exhibit C: (1) in the event that scheduling procedures are changed due to agreement among scheduling parties in the WECC; (2) to comply with rules or orders issued by the Federal Energy Regulatory Commission (FERC) or NERC, or (3) to implement changes reasonably necessary for BPAP to administer its power scheduling function in a more efficient manner.
- (2) BPAP and each BPAP Counter Party must have necessary staff available during both parties' Prescheduling, Real-Time Scheduling, and After the Fact check out processes, including the completion of the NERC Etag.
- (3) All transactions shall be stated in the Pacific Prevailing Time (PT), beginning with the 0100 hour ending.
- (4) BPAP and each BPAP Counter Party shall notify each other of changes to telephone or fax numbers of key personnel (for Prescheduling, Real-Time Scheduling, After the Fact, or scheduling agents, etc.).

(b) Prescheduling Requirements

(1) Information Required For Any Preschedule

- (A) When the NERC Tag is prepared, the BPAP Counter Party purchasing from BPAP shall use commercially reasonable efforts to ensure the BPAP Confirmation Agreement contract number is included within the generation/load segment, in the XML "Contract Number" element of the Etag.
- (B) Transactions to or from COB must identify the use of either Malin or Captain Jack.

- (2) **Preschedule Coordination**
Final hourly Schedules must be submitted by each BPAP Counter Party to BPAP for the next day(s) transactions by 1100 PT of each Preschedule Day, unless otherwise agreed. After 1100 PT Preschedules can be accepted if mutually agreed to by BPAP and the BPAP Counter Party, and the Preschedules are accepted by the transmission provider(s).

(c) **Real-Time Scheduling Requirements**

- (1) BPAP Counter Parties may not make real-time changes to the schedules unless such changes are allowed under specific Confirmation Agreements or other contracts to which this Exhibit C applies, and by mutual agreement.
- (2) If real-time changes to the schedule become necessary and are allowable as described in section 3(c)(1) above, the requesting BPAP Counter Party must submit requests for such changes no later than specified in the contract or BPAP Confirmation Agreement. Emergency schedule changes (including mid-hour changes) will be handled in accordance with WECC procedures.
- (3) Multi-hour changes to the schedule shall specify an “hour beginning” and an “hour ending” and shall not be stated as “until further notice.”

(d) **After the Fact Reconciliation Requirements**

Each BPAP Counter Party agrees to reconcile all transactions, Schedules, and accounts following the end of each month (within the first 10 calendar days of the next month).

**Exhibit D
EXAMPLES**

I. EXAMPLES OF THE CALCULATION OF MONETARY BENEFIT PAYMENTS

Following are examples of the calculation of Monetary Benefit payments pursuant to section 6 of the body of this Agreement.

Example No. 1: Calculation of MB Rate, Maximum MB Monthly Payment, and MB Monthly Payment.

Demand Entitlement 250 aMW
Hours in the Month Equals 744

Difference Between Market Price Forecast and Equivalent PF	MB Rate	Maximum MB Payment	Minimum Load (aMW) to Receive Maximum MB Monthly Payment
\$26.00	\$24.00	\$2,232,000	125
\$25.00	\$24.00	\$2,232,000	125
\$24.00	\$24.00	\$2,232,000	125
\$23.00	\$23.00	\$2,232,000	130
\$22.00	\$22.00	\$2,232,000	136
\$21.00	\$21.00	\$2,232,000	143
\$20.00	\$20.00	\$2,232,000	150
\$19.00	\$19.00	\$2,232,000	158
\$18.00	\$18.00	\$2,232,000	167
\$17.00	\$17.00	\$2,232,000	176
\$16.00	\$16.00	\$2,232,000	188
\$15.00	\$15.00	\$2,232,000	200
\$14.00	\$14.00	\$2,232,000	214
\$13.00	\$13.00	\$2,232,000	231
\$12.00	\$12.00	\$2,232,000	250
\$11.00	\$11.00	\$2,046,000	250
\$10.00	\$10.00	\$1,860,000	250
\$9.00	\$9.00	\$1,674,000	250
\$8.00	\$8.00	\$1,488,000	250
\$7.00	\$7.00	\$1,302,000	250
\$6.00	\$6.00	\$1,116,000	250
\$5.00	\$5.00	\$930,000	250
\$4.00	\$4.00	\$744,000	250
\$3.00	\$3.00	\$558,000	250
\$2.00	\$2.00	\$372,000	250
\$1.00	\$1.00	\$186,000	250
\$0.00	\$0.00	\$0	0

Example No. 2: Difference between Forecast Market Price and Equivalent PF exceeds \$24/MWh and the DSI's operation varies from less than its Minimum Allocation to its Maximum Allocation.

Forecast of Maximum MB Monthly Payment

	October	November	December	January	February	March
Hours in the Month	745	720	744	744	672	744
Market Forecast (FBPF)	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
Equivalent PF	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00
Maximum MB Rate	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00
Demand Entitlement - MW	250	250	250	250	250	250
Maximum MB Monthly Pmt	\$2,235,000	\$2,160,000	\$2,232,000	\$2,232,000	\$2,016,000	\$2,232,000

	April	May	June	July	August	September
Hours in the Month	719	744	720	744	744	720
Market Forecast (FBPF)	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
Equivalent PF	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00
Maximum MB Rate	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00
Demand Entitlement - MW	250	250	250	250	250	250
Maximum MB Monthly Pmt	\$2,157,000	\$2,232,000	\$2,160,000	\$2,232,000	\$2,232,000	\$2,160,000

Equivalent PF subject to same adjustments established for the PF rate.

MB Monthly Payments, Demand Entitlement Equals 250 MW

	Minimum Load Requirement Minus 2 MW/hour	Maximum MB Monthly Payment	Actual Monthly Load (MWh)	Monthly Plant Load (aMW)	Meets Minimum Load Requirement?	Meets 3 Month Average Check?	MB Monthly Payment
October	91,635	\$ 2,235,000	126,000	169.1	Yes		\$ 2,235,000
November	88,560	\$ 2,160,000	122,000	169.4	Yes		\$ 2,160,000
December	91,512	\$ 2,232,000	120,000	161.3	Yes		\$ 2,232,000
January	91,512	\$ 2,232,000	89,000	119.6	No	Yes	\$ 2,136,000
February	82,656	\$ 2,016,000	81,000	120.5	No	Yes	\$ 1,944,000
March	91,512	\$ 2,232,000	90,000	121.0	No	Yes	\$ 2,160,000
April	88,437	\$ 2,157,000	88,000	122.4	No	No	\$ -
May	91,512	\$ 2,232,000	92,000	123.7	Yes		\$ 2,208,000
June	88,560	\$ 2,160,000	120,000	166.7	Yes		\$ 2,160,000
July	91,512	\$ 2,232,000	160,000	215.1	Yes		\$ 2,232,000
August	91,512	\$ 2,232,000	180,000	241.9	Yes		\$ 2,232,000
September	88,560	\$ 2,160,000	195,000	270.8	Yes		\$ 2,160,000
		26,280,000	1,463,000				\$ 23,859,000

In this example the DSI is entitled to the Maximum MB Monthly Payment each month that the actual monthly load equals or exceeds the Minimum Allocation. In months that load was less than the Minimum Allocation but the average of the previous three months meet the Minimum Allocation Requirement (minus 2 MW) the MB Monthly Payment equaled an amount less than the Maximum MB Monthly Payment (actual monthly load X MB Rate [\$24.00/MWh]). In April the MB Monthly Payment equals zero because the DSI failed to meet both the Minimum Allocation and 3-month average requirement.

Example No. 3: Difference between Forecast Market Price and Equivalent PF equals \$18/MWh and the DSI's operation varies from less than its Minimum Allocation to its Maximum Allocation

Forecast of Maximum MB Monthly Payment

	October	November	December	January	February	March
Hours in the Month	745	720	744	744	672	744
Market Forecast (FBPF)	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
Equivalent PF	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00
Maximum MB Rate	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00
Demand Entitlement - MW	250	250	250	250	250	250
Maximum MB Monthly Pmt	\$ 2,235,000	\$ 2,160,000	\$ 2,232,000	\$ 2,232,000	\$ 2,016,000	\$ 2,232,000

	April	May	June	July	August	September
Hours in the Month	719	744	720	744	744	720
Market Forecast (FBPF)	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
Equivalent PF	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00
Maximum MB Rate	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00
Demand Entitlement - MW	250	250	250	250	250	250
Maximum MB Monthly Pmt	\$ 2,157,000	\$ 2,232,000	\$ 2,160,000	\$ 2,232,000	\$ 2,232,000	\$ 2,160,000

Equivalent PF subject to same adjustments established for the PF rate.

MB Monthly Payments, Demand Entitlement Equals 250 MW

	Minimum Load Requirement Minus 2 MW/hour	Maximum MB Payment	Monthly Plant Load (MWh)	Actual Monthly Load (aMW)	Meets Minimum Load Requirement?	Meets 3 Month Average Check?	MB Monthly Payment
October	91,635	\$ 2,235,000	126,000	169.1	Yes		\$ 2,235,000
November	88,560	\$ 2,160,000	122,000	169.4	Yes		\$ 2,160,000
December	91,512	\$ 2,232,000	120,000	161.3	Yes		\$ 2,160,000
January	91,512	\$ 2,232,000	89,000	119.6	No	Yes	\$ 1,602,000
February	82,656	\$ 2,016,000	81,000	120.5	No	Yes	\$ 1,458,000
March	91,512	\$ 2,232,000	90,000	121.0	No	Yes	\$ 1,620,000
April	88,437	\$ 2,157,000	88,000	122.4	No	No	\$ -
May	91,512	\$ 2,232,000	92,000	123.7	Yes		\$ 1,656,000
June	88,560	\$ 2,160,000	120,000	166.7	Yes		\$ 2,160,000
July	91,512	\$ 2,232,000	160,000	215.1	Yes		\$ 2,232,000
August	91,512	\$ 2,232,000	180,000	241.9	Yes		\$ 2,232,000
September	88,560	\$ 2,160,000	195,000	270.8	Yes		\$ 2,160,000
		26,280,000	1,463,000				\$ 21,675,000

In this example the DSI is entitled to the Maximum MB Monthly Payment each month that the actual monthly load is sufficient to justify such payment. An MB Monthly Payment equal to the actual monthly load multiplied by the MB Rate (\$18.00/MWh) is paid, provided the Minimum Allocation and 3-month average requirements are met. In April, the MB Monthly Payment equals zero because the DSI failed to meet both the Minimum Allocation and 3-month average requirement.

Example No. 4: Difference between Forecast Market Price and Equivalent PF equals \$8/MWh and the DSI's operation varies from less than its Minimum Allocation to its Maximum Allocation.

Forecast of Maximum MB Monthly Payment

	October	November	December	January	February	March
Hours in the Month	745	720	744	744	672	744
Market Forecast (FBPF)	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
Equivalent PF	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00
Maximum MB Rate	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
Demand Entitlement - MW	250	250	250	250	250	250
Maximum MB Monthly Pmt	\$ 1,490,000	\$ 1,440,000	\$ 1,488,000	\$ 1,488,000	\$ 1,344,000	\$ 1,488,000

	April	May	June	July	August	September
Hours in the Month	719	744	720	744	744	720
Market Forecast (FBPF)	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
Equivalent PF	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00
Maximum MB Rate	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
Demand Entitlement - MW	250	250	250	250	250	250
Maximum MB Monthly Pmt	\$ 1,438,000	\$ 1,488,000	\$ 1,440,000	\$ 1,488,000	\$ 1,488,000	\$ 1,440,000

Equivalent PF subject to same adjustments established for the PF rate.

MB Monthly Payments, Demand Entitlement Equals 250 MW

	Minimum Load Requirement Minus 2 MW/hour	Maximum MB Monthly Payment	Actual Monthly Load (MWh)	Monthly Plant Load (aMW)	Meets Minimum Load Requirement?	Meets 3 Month Average Check?	MB Monthly Payment
October	91,635	\$ 1,490,000	126,000	169.1	Yes		\$ 1,008,000
November	88,560	\$ 1,440,000	122,000	169.4	Yes		\$ 976,000
December	91,512	\$ 1,488,000	120,000	161.3	Yes		\$ 960,000
January	91,512	\$ 1,488,000	89,000	119.6	No	Yes	\$ 712,000
February	82,656	\$ 1,344,000	81,000	120.5	No	Yes	\$ 648,000
March	91,512	\$ 1,488,000	90,000	121.0	No	Yes	\$ 720,000
April	88,437	\$ 1,438,000	88,000	122.4	No	No	\$ -
May	91,512	\$ 1,488,000	92,000	123.7	Yes		\$ 736,000
June	88,560	\$ 1,440,000	120,000	166.7	Yes		\$ 960,000
July	91,512	\$ 1,488,000	160,000	215.1	Yes		\$ 1,280,000
August	91,512	\$ 1,488,000	180,000	241.9	Yes		\$ 1,440,000
September	88,560	\$ 1,440,000	195,000	270.8	Yes		\$ 1,440,000
		17,520,000	1,463,000				\$ 10,880,000

In this example the DSI is entitled to the Maximum MB Monthly Payment for September when its actual monthly load exceeded its Maximum Allocation. In all other months, except April, its MB Monthly Payment equals actual monthly load multiplied by the MB Rate (\$8.00/MWh). In April, the MB Monthly Payment equals zero because the DSI failed to meet both the Minimum Allocation and 3-month average requirement.

Example No. 5: Equivalent PF is greater than the Forecast Market Price and the DSI's operation varies from less than its Minimum Allocation to its Maximum Allocation

Forecast of Maximum MB Monthly Payment

	October	November	December	January	February	March
Hours in the Month	745	720	744	744	672	744
Market Forecast (FBPF)	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Equivalent PF	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00
Maximum MB Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Entitlement - MW	250	250	250	250	250	250
Maximum MB Monthly Pmt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	April	May	June	July	August	September
Hours in the Month	719	744	720	744	744	720
Market Forecast (FBPF)	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Equivalent PF	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 32.00
Maximum MB Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Entitlement - MW	250	250	250	250	250	250
Maximum MB Monthly Pmt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Equivalent PF subject to same adjustments established for the PF rate.

MB Monthly Payments, Demand Entitlement Equals 250 MW

	Minimum Load Requirement Minus 2 MW/hour	Maximum MB Monthly Payment	Actual Monthly Load (MWh)	Monthly Plant Load (aMW)	Meets Minimum Load Requirement?	Meets 3 Month Average Check?	MB Monthly Payment
October	91,635	\$ -	126,000	169.1	Yes		\$ -
November	88,560	\$ -	122,000	169.4	Yes		\$ -
December	91,512	\$ -	120,000	161.3	Yes		\$ -
January	91,512	\$ -	89,000	119.6	No	Yes	\$ -
February	82,656	\$ -	81,000	120.5	No	Yes	\$ -
March	91,512	\$ -	90,000	121.0	No	Yes	\$ -
April	88,437	\$ -	88,000	122.4	No	No	\$ -
May	91,512	\$ -	92,000	123.7	Yes		\$ -
June	88,560	\$ -	120,000	166.7	Yes		\$ -
July	91,512	\$ -	160,000	215.1	Yes		\$ -
August	91,512	\$ -	180,000	241.9	Yes		\$ -
September	88,560	\$ -	195,000	270.8	Yes		\$ -
		-	1,463,000				\$ -

In this example the Forecast Market Price is less than the Equivalent PF so there are no Monetary Benefit payments made to the DSI.

II. EXAMPLES OF THE DETERMINATION OF UNUSED BENEFIT AMOUNTS

Following are examples of the determination of Unused Benefit Amounts pursuant to section 7 of the body of this Agreement.

Example No. 1: DSI's operation without any UBA made available at the end of the 12 month period. Maximum Allocation equals 250 aMW and the MB Rate equals \$18/MWh.

	Minimum Load Requirement Minus 2 MW/hour	Maximum MB Monthly Payment	Actual Monthly Load (MWh)	Monthly Plant Load (aMW)	MB Monthly Payment	Maximun MB Monthly Payment Paid?	Percentage MB Payment Accessed
April	89,156	\$ 2,157,000	130,000	180.8	\$ 2,157,000	Yes	100.00%
May	92,256	\$ 2,232,000	100,000	134.4	\$ 1,800,000	-- No --	80.65%
June	89,280	\$ 2,160,000	100,000	138.9	\$ 1,800,000	-- No --	83.33%
July	92,256	\$ 2,232,000	89,000	119.6	\$ 1,602,000	-- No --	71.77%
August	92,256	\$ 2,232,000	81,000	108.9	\$ 1,458,000	-- No --	65.32%
September	89,280	\$ 2,160,000	90,000	125.0	\$ 1,620,000	-- No --	75.00%
October	92,380	\$ 2,235,000	88,000	118.1	\$ -	-- No --	0.00%
November	89,280	\$ 2,160,000	92,000	127.8	\$ 1,656,000	-- No --	76.67%
December	92,256	\$ 2,232,000	115,000	154.6	\$ 2,070,000	-- No --	92.74%
January	92,256	\$ 2,232,000	115,000	154.6	\$ 2,070,000	-- No --	92.74%
February	83,328	\$ 2,016,000	105,000	156.3	\$ 1,890,000	-- No --	93.75%
March	92,256	\$ 2,232,000	116,000	155.9	\$ 2,088,000	-- No --	93.55%
		26,280,000.0	1,221,000		20,211,000		

No UBA is made available at the end of this 12 month period because the DSI received a Maximum MB Monthly Payment in April but one more month without accessing the Maximum MB Monthly Payment will result in UBA; up to 6% of this DSI Maximum Allocation may be made available to the Other DSIs.

Example No. 2: DSI's operation with UBA resulting at the end of the 12 month period. Maximum Allocation/Demand Entitlement equals 250 aMW and the MB Rate equals \$18/MWh.

	Minimum Load Requirement Minus 2 MW/hour	Maximum MB Monthly Payment	Actual Monthly Load (MWh)	Monthly Plant Load (aMW)	MB Monthly Payment	Maximum MB Monthly Payment Paid?	Percentage MB Payment Accessed
April	89,156	\$ 2,157,000	100,000	139.1	\$ 1,800,000	-- No --	83.45%
May	92,256	\$ 2,232,000	100,000	134.4	\$ 1,800,000	-- No --	80.65%
June	89,280	\$ 2,160,000	100,000	138.9	\$ 1,800,000	-- No --	83.33%
July	92,256	\$ 2,232,000	89,000	119.6	\$ 1,602,000	-- No --	71.77%
August	92,256	\$ 2,232,000	81,000	108.9	\$ 1,458,000	-- No --	65.32%
September	89,280	\$ 2,160,000	90,000	125.0	\$ 1,620,000	-- No --	75.00%
October	92,380	\$ 2,235,000	88,000	118.1	\$ -	-- No --	0.00%
November	89,280	\$ 2,160,000	92,000	127.8	\$ 1,656,000	-- No --	76.67%
December	92,256	\$ 2,232,000	115,000	154.6	\$ 2,070,000	-- No --	92.74%
January	92,256	\$ 2,232,000	115,000	154.6	\$ 2,070,000	-- No --	92.74%
February	83,328	\$ 2,016,000	105,000	156.3	\$ 1,890,000	-- No --	93.75%
March	92,256	\$ 2,232,000	116,000	155.9	\$ 2,088,000	-- No --	93.55%
		26,280,000.0	1,191,000		19,854,000		

In this example, the Maximum MB Monthly Payment was not accessed any month over the past 12 months. The DSI's Maximum Allocation times the highest percentage accessed (93.75%) over the past 12 months rounded to the nearest aMW establishes its new Maximum Allocation ($250 \text{ aMW} * 0.9375 = 234.375$ rounded to **234 aMW**). UBA that will be made available to the Other DSIs is 250 aMW minus 234 aMW, **16 aMW**.

Example No. 3: DSI's operation with UBA resulting at the end of the 12 month period. Maximum Allocation/Demand Entitlement equals 250 aMW and the MB Rate equals \$12/MWh.

	Minimum Load Requirement Minus 2 MW/hour	Maximum MB Monthly Payment	Actual Monthly Load (MWh)	Monthly Plant Load (aMW)	MB Monthly Payment	Maximum MB Monthly Payment Paid?	Percentage MB Payment Accessed
April	89,156	\$ 2,157,000	100,000	139.1	\$ 1,200,000	-- No --	55.63%
May	92,256	\$ 2,232,000	100,000	134.4	\$ 1,200,000	-- No --	53.76%
June	89,280	\$ 2,160,000	100,000	138.9	\$ 1,200,000	-- No --	55.56%
July	92,256	\$ 2,232,000	89,000	119.6	\$ 1,068,000	-- No --	47.85%
August	92,256	\$ 2,232,000	81,000	108.9	\$ 972,000	-- No --	43.55%
September	89,280	\$ 2,160,000	90,000	125.0	\$ 1,080,000	-- No --	50.00%
October	92,380	\$ 2,235,000	88,000	118.1	\$ -	-- No --	0.00%
November	89,280	\$ 2,160,000	92,000	127.8	\$ 1,104,000	-- No --	51.11%
December	92,256	\$ 2,232,000	115,000	154.6	\$ 1,380,000	-- No --	61.83%
January	92,256	\$ 2,232,000	115,000	154.6	\$ 1,380,000	-- No --	61.83%
February	83,328	\$ 2,016,000	105,000	156.3	\$ 1,260,000	-- No --	62.50%
March	92,256	\$ 2,232,000	116,000	155.9	\$ 1,392,000	-- No --	62.37%

In this example, the Maximum MB Monthly Payment was not accessed any month over the past 12 months. The DSI's Maximum Allocation times the highest percentage accessed (62.50%) over the past 12 months rounded to the nearest aMW establishes its new Maximum Allocation ($250 \text{ aMW} * 0.62.50 = 156.25$ rounded to **156 aMW**). UBA that will now be made available to the Other DSIs is 250 aMW minus 156 aMW, **94 aMW**.

III. EXAMPLES OF THE ACQUISITION OF UNUSED BENEFIT AMOUNTS

Following are examples of the acquisition of Unused Benefit Amounts pursuant to section 8 of the body of this Agreement.

Example No. 1: Maximum Allocation increases of two DSI who both increased operation to acquire nearly all available UBA (94 aMW).

	DSI-A Maximum Allocation	DSI-B Maximum Allocation	UBA Available aMW	UBA Acquired by DSI-A	UBA Acquired by DSI-B
April	140	100	94	50	39
May	190	139	5	0	0
June	190	139	5	0	0
July	190	139	5	0	0
August	190	139	5	0	0
September	190	139	5	0	0
October	190	139	0	0	0
November	190	139	0	0	0
December	190	139	0	0	0
January	190	139	0	0	0
February	190	139	0	0	0
March	190	139	0	0	0

In this example DSI-A was allocated 50 aMW and DSI-B was allocated 39 aMW. The new Demand Entitlement for DSI-A is 190 aMW and 139 aMW for DSI-B. The remaining 5 aMW of UBA was never acquired and after September was not available to any DSIs.

Example No. 2: Same as Example #1 except DSI-A has a contractually limited Maximum Allocation of 171 aMW.

	DSI-A Maximum Allocation	DSI-B Maximum Allocation	UBA Available aMW	UBA Acquired by DSI-A	UBA Acquired by DSI-B
April	140	100	94	31	39
May	171	139	24	0	0
June	171	139	24	0	0
July	171	139	24	0	0
August	171	139	24	0	0
September	171	139	24	0	0
October	171	139	0	0	0
November	171	139	0	0	0
December	171	139	0	0	0
January	171	139	0	0	0
February	171	139	0	0	0
March	171	139	0	0	0

In this example DSI-A’s Demand Entitlement was limited to 171 aMW. DSI-A was allocated 31 aMW and DSI-B was allocated its 39 aMW of UBA. Available UBA was 24 aMW through September but because none was acquired during this period it was no longer available to any DSIs afterward.

Example No. 3: Maximum Allocation of two DSIs increased over two-month period with full amount of UBA (94 aMW) allocated.

	DSI-A Maximum Allocation	DSI-B Maximum Allocation	UBA Available aMW	UBA Acquired by DSI-A	UBA Acquired by DSI-B
April	140	100	94	0	45
May	140	145	49	24	25
June	164	170	0	0	0
July	164	170	0	0	0
August	164	170	0	0	0
September	164	170	0	0	0
October	164	170	0	0	0
November	164	170	0	0	0
December	164	170	0	0	0
January	164	170	0	0	0
February	164	170	0	0	0
March	164	170	0	0	0

In this example DSI-B increased its load in April sufficient to acquire 45 aMW of the available UBA, resulting in its Maximum Allocation increasing from 100 aMW to 145 aMW beginning with May. Both DSIs increased load sufficiently for the remaining UBA to be allocated during May, increasing DSI-A's Maximum Allocation to 164 aMW and DSI-B's Maximum Allocation to 170 aMW.

Exhibit E
MAXIMUM ALLOCATION, MINIMUM ALLOCATION, AND DEMAND ENTITLEMENT

1. MAXIMUM AND MINIMUM ALLOCATIONS

During periods when Monetary Benefit payments are provided pursuant to section 6 of the body of this Agreement, the Maximum and Minimum Allocation amounts are as follows:

Maximum Allocation: « _____ » aMW

Minimum Allocation: « _____ » aMW

2. DEMAND ENTITLEMENT

During periods when this Agreement operates as a physical Surplus Firm Power sale pursuant to section 4 of the body of this Agreement, the Demand Entitlement shall be as follows:

Demand Entitlement: « _____ » MW

3. REVISIONS

BPA shall unilaterally revise this Exhibit E to reflect changes to Maximum Allocation, Minimum Allocation, and/or Demand Entitlement.

Exhibit F
DETERMINATION OF FORECAST MARKET PRICE AND EQUIVALENT PF

1. DETERMINATION OF FORECAST MARKET PRICE

Prior to the beginning of each Contract Year, the following provisions shall be used to determine the Forecast Market Price.

(a) **Definitions**

- (1) **“2007-2011 Agreements”** means the agreements between BPA and each PNW IOU that provide for among other things, the determination of the Forward Flat-Block Price Forecast for each year, 2007 through 2011.
- (2) **“FBPF Exhibit”** means the exhibit titled “Determination of Forward Flat-Block Price Forecast For Contract Years 2007 through 2011, which is attached to each of the 2007-2011 Agreements.
- (3) **“Forward Flat-Block Price Forecast” or “FBPF”** means the Forward Flat-Block Price Forecast developed from time to time under the 2007-2011 Agreements.
- (4) **“Forward Price Data Agreement”** means BPA Contract No. 04PB-11534 among BPA and the PNW IOUs.
- (5) **“PNW Investor-Owned Utility” or “PNW IOU”** means each of the following investor-owned utilities (and its investor-owned utility successors and assigns) that serves residential and small farm customers in the Pacific Northwest: Puget Sound Energy, Inc., PacifiCorp, Portland General Electric Company, Avista Corporation, Idaho Power Company, and NorthWestern Energy Division of NorthWestern Corporation.

(b) **Determination of Forecast Market Price**

- (1) BPA has contracted with a qualified third party (QTP) pursuant to the FBPF Exhibit to determine the Forward Flat-Block Price Forecast for each Contract Year, 2007 through 2011.
- (2) During four consecutive quarters prior to the beginning of each Contract Year, 2007 through 2011, the QTP surveys certain eligible data providers (EDPs) that have signed contracts in the form of Exhibit A to the Forward Price Data Agreement.
- (3) The first quarterly survey for CY 2007 is conducted during Q1 of calendar year 2005 (January 2005-March 2005). The last quarterly survey for CY 2007 is conducted during Q4 of calendar year 2005 (October 2005-December 2005). The same procedure is followed for CY 2008 through 2011 but the quarters surveyed change to calendar

years 2006 through 2009, respectively. Each quarterly survey results in an FBPF for the upcoming CY. The average of the four quarterly FBPFs is the FBPF that is used to calculate benefits under the 2007-2011 Agreements.

(4) For the purpose of determining Monetary Benefit pursuant to section 6 of the body of this Agreement, the Forecast Market Price shall be equal to the FBPF established for Q4 of each calendar year for the upcoming CY. For example, the FBPF for Q4 of calendar year 2005 shall be the Forecast Market Price for CY 2007.

(5) The Forecast Market Price for CY 2007 is \$«_____»/MWh.

2. DETERMINATION OF EQUIVALENT PF

Prior to the beginning of each CY, BPA will calculate the Equivalent PF for each such CY. The Equivalent PF shall be equal to the cost, in \$/MWh, to purchase 1 MW during every hour of the CY at the PF Rate (including any CRAC or adjustments). Each time during a CY that the PF Rate is adjusted by either a CRAC or true-up, BPA will adjust the MB Rate for the remaining months of such CY. Such adjustment will take into consideration the Monetary Benefit provided to date and the PF Rate adjustment needed in order to provide an end-of-CY total Monetary Benefit to which «D» is entitled. If any CRACs and rate adjustments are established after the CY ends, then BPA will calculate the final Equivalent PF rate for each such CY, and adjustments to Monetary Benefit will be applied in the following CY.

If, upon termination of this Agreement, a true-up or other adjustment following the end of the final CY results in a payment owed by «D» to BPA, then BPA shall invoice «D» for such payment within 90 days following the end of such final CY. Such payment shall be made by «D» within 20 days following the receipt of such invoice. If, upon termination of this Agreement, a true-up or other adjustment following the end of the final CY results in a payment owed by BPA to «D», then BPA shall pay «D» no later than 90 days following the end of such final CY.

3. REVISIONS

BPA shall have the unilateral right to revise this Exhibit F to reflect changes to Forecast Market Price and Equivalent PF. Any changes to the procedure used to determine Forecast Market Price may only be made upon mutual agreement of the Parties.