

11-16-72

WASHINGTON PUBLIC POWER SUPPLY SYSTEM

NUCLEAR PROJECT NO. 1

AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF THE INTERIOR

acting by and through the

BONNEVILLE POWER ADMINISTRATOR

and

WASHINGTON PUBLIC POWER SUPPLY SYSTEM

and

CITY OF RICHLAND, WASHINGTON

(Net Billing Agreement)

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This AGREEMENT, executed February 1, 1973, ~~1972~~, by the UNITED STATES OF AMERICA (hereinafter called "the Government"), Department of the Interior, acting by and through the BONNEVILLE POWER ADMINISTRATOR (hereinafter called "the Administrator"), and WASHINGTON PUBLIC POWER SUPPLY SYSTEM (hereinafter called "Supply System"), a municipal corporation of the State of Washington, and the CITY OF RICHLAND, WASHINGTON, a municipal corporation of the State of Washington (Participant),

W I T N E S S E T H:

WHEREAS Supply System has constructed the Hanford Project which includes Generating Facilities with an electrical capability of 360 megawatts

that are operated in conjunction with byproduct steam from the New Production Reactor (NPR) of the Atomic Energy Commission (AEC) on the Hanford Reservation; and

WHEREAS the AEC has notified Supply System of its intention to discontinue dual purpose operation of the NPR and Supply System, the Administrator and the Participants, being all the parties to the Hanford Exchange Agreements, have agreed that Supply System shall construct a nuclear steam supply facility and additional generating facilities which can be used in conjunction with the Generating Facilities; and

WHEREAS Supply System, the Administrator and 76 utility participants have executed Hanford Exchange Agreements which provide for the purchase of Project Output from the Hanford Project by the Participants and the exchange of such Project Output with the Administrator for firm electric power and energy; and

WHEREAS Supply System proposes to design, finance, construct, operate and maintain the Project; and

WHEREAS the Participant proposes to purchase the Participant's Share from Supply System for assignment to the Administrator hereunder, and the Administrator proposes to acquire such Participant's Share; and

WHEREAS Supply System and the Participant have each determined that the sale by Supply System to the Participant of the Participant's Share and assignment thereof to the Administrator as herein provided will be beneficial to it by reducing the cost of and increasing the amounts of firm power and energy which will be available to serve its members or customers in the future; and

WHEREAS the Administrator has determined that the acquisition of the Participant's Share as herein provided will assist in attaining the objectives

of the Bonneville Project Act and other statutes which pertain to the disposition of electric power and energy from Government projects in the Pacific Northwest by enabling the Government to make optimum use of the Federal Columbia River Power System, and that the integration of the capability of the Project with the generating resources of the Federal Columbia River Power System as provided herein will enable the Administrator to make available additional firm power and energy to meet the needs of his customers; and

WHEREAS the construction of the Project is a part of the Hydro Thermal Power Program for the Pacific Northwest and this agreement is one of a series of agreements implementing such program; and

WHEREAS the Administrator will pool electric power and energy acquired hereunder with other electric power and energy available to the Administrator from the Federal Columbia River Power System so that any costs or losses associated with acquiring such electric power and energy will be borne by the Administrator's ratepayers through rate adjustments if necessary; and

WHEREAS the Administrator and the Participant are parties to agreements which require payments by the Participant to the Administrator which may be used to offset payments by the Administrator to the Participant hereunder under a net billing procedure; and

WHEREAS Supply System and the Administrator propose to enter into the Project Agreement simultaneously with this agreement which will provide among other things for relationships between Supply System and the Administrator with respect to Project construction, operation, maintenance and budgets; and

WHEREAS the Administrator and Supply System propose to enter into agreements with the other Participants containing terms and conditions substantially identical to those specified herein; and



WHEREAS the Administrator, Supply System, The Montana Power Company, Pacific Power & Light Company, Portland General Electric Company, Puget Sound Power & Light Company, and The Washington Water Power Company expect to enter into Project Exchange Agreements simultaneously with this agreement, which among other things provide for the purchase of Project Capability from the Project and the exchange of such Project Capability for firm power from the Administrator; and

WHEREAS Supply System is organized under the laws of the State of Washington (Rev. Code of Washington, Ch. 43.52) and is authorized by law to construct, acquire and operate works, plants, and facilities for the generation and/or transmission of electric power and energy and to enter into contracts with the Administrator and public and private organizations for the disposition and distribution of electric power and energy produced thereby; and

WHEREAS the Administrator is authorized pursuant to law to dispose of electric power and energy generated at various Federal hydroelectric projects in the Pacific Northwest and to enter into related agreements;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Definition and Explanation of Terms.

(a) "Annual Budget" means the budget adopted by Supply System not less than 45 days prior to the beginning of each Contract Year which itemizes the projected costs of the Project applicable to such Contract Year, or, in the case of an amended Annual Budget, applicable to the remainder of such Contract Year. The Annual Budget, as amended from time to time, shall make provision for all such Supply System's costs, including (1) all obligations of Supply System incurred with respect to the Hanford Project, including its obligations under Supply System Resolution No. 178 and the Bond Resolution, and (2) accruals

and amortizations, resulting from the ownership, operation (including cost of fuel) and maintenance of the Project and repairs, renewals, replacements, and additions to the Project, including but not limited to, the amounts which Supply System is required under the Bond Resolution to pay in each Contract Year into the various funds provided for in the Bond Resolution for debt service and all other purposes and shall include the source of funds proposed to be used; provided, however, that the Annual Budget for any portion of a Contract Year prior to the Date of Commercial Operation or September 1, 1980, whichever occurs first, shall include only such amounts as may be agreed upon by Supply System and the Administrator.

All taxes imposed and required by law to be paid, and which are due and payable in a Contract Year, shall be included in the Annual Budget for that Contract Year as a Project Cost. To the extent Supply System is permitted by law to negotiate for payments in lieu of taxes or other negotiated payments to state or local taxing entities, the Annual Budget shall also include the amounts of such negotiated payments; provided, however, that Supply System shall not agree to such a negotiated payment if in any Contract Year the sum of such negotiated payments to such taxing entities and taxes imposed by law by such taxing entities would exceed the total amount of ad valorem taxes that Supply System would have paid in that year to such taxing entities if the Project or portion thereof, within the boundaries of each such taxing entity, were subject to ad valorem taxes and its valuation for tax purposes were added to the valuation of the property subject to ad valorem taxes by such taxing entity, but with its millage rate reduced so that the amount of ad valorem taxes raised would be unchanged.

(b) "Billing Statement" means the written statement prepared by Supply System that shows the amount to be paid to Supply System by the Participant for the Participant's Share for a Contract Year or, in the case of an amended Billing Statement, for the remainder of such Contract Year. Such amount shall be determined as to the Participant by multiplying the amount of the Annual Budget or the amended Annual Budget, as the case may be, less any other funds (including but not limited to amounts payable under the Project Exchange Agreements) which shall be specified in the Annual Budget as being payable from sources other than the payments to be made under the Net Billing Agreements, by the Participant's Percentage. At the end of each Contract Year any amount over or under billed during such year will be reflected in the Billing Statement for the following Contract Year.

(c) "Bonds" means any bond, bonds or other evidences of indebtedness issued in connection with the Project pursuant to the Bond Resolution (1) to finance or refinance Supply System's costs associated with planning, designing, financing, acquiring and constructing the Project pursuant to the Bond Resolution, and (2) for any other purpose related to the Project authorized thereby.

(d) "Bond Resolution" means the resolution or resolutions adopted or supplemented by Supply System, as the same may be amended or supplemented, to authorize the Bonds.

(e) "Contract Year" (1) means the period commencing on the Date of Commercial Operation, or on January 1, 1980, whichever occurs first, and ending at 12 p.m. on the following June 30, and (2) thereafter means the 12-month period commencing each year at 12 p.m. on June 30, except that the last Contract Year shall end on the date of termination of this agreement.

(f) "Date of Commercial Operation" means the date fixed pursuant to section 1(f) of the Project Agreement.

(g) "Generating Facilities" means the Hanford Project powerhouse with two turbine generator units with a combined nameplate rating of 860 megawatts, related auxiliary equipment, transformation and transmission facilities.

(h) "Hanford Exchange Agreements" means the Exchange Agreements (Contracts No. 14-03-35345 through 14-03-35363 and 14-03-35569 through 14-03-35625, inclusively) executed by 76 utility participants, Supply System and the Administrator providing for the purchase of Project Output from the Hanford Project by the Participants and the exchange of such Project Output with the Administrator for firm power and energy.

(i) "Hanford Project" means the works, plant and facilities constructed by Supply System for the generation and transmission of electric power and energy in conjunction with the Atomic Energy Commission's New Production Reactor pursuant to Supply System's Resolution No. 178.

(j) "Net Billing Agreements" means this agreement and all other agreements for the Project similar to this agreement entered into by Supply System, the Administrator, and each of the Participants (Contracts No. 14-03-39217 through 14-03-39320, inclusive).

(k) "Participants" means those entities which are specified in Exhibit A or which become assignees of all or part of a Participant's Share pursuant to sections 7(b) or 16.

(l) "Participant's Percentage" means the decimal fraction for the Participant specified in Exhibit A adjusted prorata for increases or decreases in the Participant's Share under the proviso in subsection (m) below.

(m) "Participant's Share" means the decimal fraction share of Project Capability purchased by the Participant hereunder determined as follows:



(1) During the period beginning on the date of execution of this agreement and ending at 12 p.m. on June 30, 1996, such fraction shall be the Participant's Percentage specified in Exhibit A multiplied by 0.67530.

(2) During the period beginning at 12 p.m. on June 30, 1996, and continuing for the remainder of the term hereof, the Participant's Share shall be the Participant's Percentage specified in Exhibit A; provided, however, that the decimal fractions determined in (1) or (2) above shall (1) during any period in which a decimal fraction share is assigned to the Participant pursuant to sections 7(b), 7(f), or 12 hereof or pursuant to section 7(b) in the other Net Billing Agreements, be increased by the decimal fraction share or shares so assigned, and (2) be decreased by any reductions under section 12 hereof or under an assignment by the Participant under section 7(b) hereof during any period in which such reductions or assignments are in effect.

(n) "Project" means the nuclear generating plant and related property as described in Exhibit B. Exhibit B may be revised from time to time by mutual agreement of Supply System and the Administrator, after consultation with the Participant, but in any event shall conform to the description of the Project in the Bond Resolution which authorizes the issuance of Bonds in an amount sufficient to pay the costs of acquiring and constructing the Project.

(o) "Project Agreement" means the agreement for the financing, construction, ownership and operation of the Project, as the same may be amended, executed by Supply System and the Administrator (Contract No. 14-05-59211).

(p) "Project Capability" means the actual electrical generating capability, if any, of the Project at any particular time (including times when the Project is not operable or operating or the operation thereof is suspended).



interrupted, interfered with, reduced or curtailed, in each case in whole or in part), less Project station use and losses.

(q) "Project Consultant" means an individual or firm, of national reputation having demonstrated expertise in the field of the matter or item referred to it, appointed among other things, for the resolution of a difference regarding a matter or item referred by Supply System. A different Project Consultant may be appointed for each matter or item referred.

(r) "Project Exchange Agreements" means the agreements entered into by Supply System, the Administrator and each of The Montana Power Company, Pacific Power & Light Company, Portland General Electric Company, Puget Sound Power & Light Company, and The Washington Water Power Company (Contracts No. 14-03-39212 through No. 14-03-39216, inclusive).

(s) "Prudent Utility Practice" at a particular time means any of the practices, methods and acts, which, in the exercise of reasonable judgment in light of the facts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Utility Practice shall apply not only to functional parts of the Project but also to appropriate structures, landscaping, painting, signs, lighting, other facilities and public relations programs reasonably designed to promote public enjoyment, understanding and acceptance of the Project. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts. In evaluating whether any matter conforms to Prudent Utility

Practice, the parties and any Project Consultant shall take into account (1) the fact that Supply System is a municipal corporation and operating agency under the laws of the State of Washington with the statutory duties and responsibilities thereof and (2) the objective to integrate the entire Project Capability with the generating resources of the Federal Columbia River Power System to achieve optimum utilization of the resources of that system taken as a whole, and to achieve efficient and economical operation of that system. Any practice, method or act which pursuant to the Project Agreement is determined to be Prudent Utility Practice shall be deemed to be Prudent Utility Practice hereunder.

2. Exhibits. Exhibits A through C are by this reference incorporated herein and made a part of this agreement. Supply System and the Participant shall each be the "Contractor" as that term is used in Exhibit C.

3. Term of Agreement. This agreement shall be effective upon execution and delivery and, except as provided in section 10(c) and except as to accrued obligations and liabilities, shall terminate on the date the Project Agreement terminates.

4. Financing, Design, Construction, Operation and Maintenance of the Project. Supply System, in good faith and in accordance with the Project Agreement and Prudent Utility Practice, shall use its best efforts to arrange for financing, design, construction, operation and maintenance of the Project.

5. Sale, Purchase and Assignment of Participant's Share.

(a) Sale of Participant's Share. Supply System hereby sells, and the Participant hereby purchases, the Participant's Share. The purchase price to be paid for each Contract Year by the Participant to Supply System for the Participant's Share shall be the amount specified in the Billing Statement.

The Participant shall make the payments to be made to Supply System under sections 5, 6, and 10, whether or not the Project is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the Project output, and such payments shall not be subject to any reduction whether by offset or otherwise, and shall not be conditioned upon the performance or nonperformance by Supply System or the Administrator or any other Participant under this or any other agreement or instrument.

(b) Assignment of Participant's Share to the Administrator. The Participant hereby assigns, and the Administrator hereby accepts the assignment of, the Participant's Share. In consideration of such assignment, the Administrator shall provide to the Participant the payments, offsets and credits specified in section 7 and section 10 in the manner provided therein, whether or not the Project is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the Project output. Such payments, offsets or credits to be made by the Administrator under this agreement shall not be reduced by offset or otherwise, except as specifically provided in section 7, and shall not be conditioned upon the performance or nonperformance by Supply System, the Participant or any Participant under this or any other agreement or instrument.

6. Payment by the Participant.

(a) Not less than 45 days prior to each Contract Year, or whenever the Annual Budget for such Contract Year is amended, Supply System shall prepare and deliver to the Participant and the Administrator a Billing Statement showing the amount to be paid by the Participant for such Contract Year.

Whenever during a Contract Year the Participant's Percentage changes from that used in preparing the Billing Statement for that Contract Year, an amended Billing Statement shall be prepared for the remainder of that Contract Year reflecting such change and shall be submitted to the Participant and the Administrator.

(b) The Participant shall pay to Supply System each Contract Year the amount specified in the Billing Statement submitted under subsection (a) above. Such payments shall be made as specified below.

The Participant shall pay to Supply System each month in a Contract Year the amount by which the net billing credits and cash payments theretofore received from the Administrator by the Participant for that Contract Year under section 7 exceed the sum of the Participant's previous payments to Supply System for that Contract Year until the amount of the Billing Statement has been paid; provided, however, that in any event the Participant shall pay by the end of the last month in that Contract Year the amount by which the amount in the Billing Statement exceeds the total of the monthly amounts previously paid to Supply System by the Participant in such Contract Year.

Each such payment shall be made on or before the thirtieth day after (1) the date on each of the Administrator's bills to the Participant which reflects a credit to the Participant for such Contract Year pursuant to section 7(a) or (2) the date that payment is received from the Administrator pursuant to section 7(c). Amounts due and not paid by the Participant on or before the close of business of such thirtieth day shall bear an additional charge of two percent of the unpaid amount. Thereafter, a further



charge of one half percent of the initial amount remaining unpaid shall be added on the last day of each succeeding 30 day period until the amount due is paid in full. Remittances received by mail will be accepted without assessment of the delayed payment charges referred to above provided the postmark indicates the payment was mailed on or before the thirtieth day after the date of the bill. If the thirtieth day after the date of the bill is a Sunday or other nonbusiness day of the Participant, the next following business day shall be the last day on which payment may be mailed without addition of the delayed payment charge.

(c) In the event that Supply System bears any cost under section 10(e) of the Project Agreement the Participant will pay to Supply System an amount equal to the amount of such cost multiplied by the Participant's Percentage, in addition to the payments specified in section 6(b) hereof. Payments under this section 6(c) shall be made within 30 days from the date of mailing of the statement stating the amount of the payments.

7. Payment by the Administrator.

(a) For each Contract Year, the Administrator shall pay to the Participant an amount equal to that set forth in the Billing Statement for that Contract Year. The Administrator's payments shall be effected by means of credits against the Administrator's monthly billings to the Participant under the Participant's Bonneville Contracts, as follows:

(1) For Contract Years in which this is the only agreement requiring the Administrator to make payments to the Participant: In the month preceding each such Contract Year the Administrator shall allow a billing credit in the form of an offset to the Participant



in the full amount of the Administrator's billings in that month under the Participant's Bonneville Contracts. A billing credit computed in the same manner shall be allowed in each of the succeeding months (except the last) in that Contract Year until the full amount owed by the Administrator for that Contract Year has been offset against the Administrator's billings to the Participant.

(2) For Contract Years in which there are two or more agreements requiring the Administrator to make payments to the Participant: In the month preceding each such Contract Year and in each of the succeeding months (except the last) in that Contract Year the Participant's billing credits under this agreement shall be offset in the manner specified in (1) above against the payments due from the Administrator under all agreements of the Participant requiring the Administrator to make payments to the Participant, in the proportion that the amount specified in the Billing Statement bears to the sum of the amounts to be paid by the Administrator under all such agreements for that Contract Year.

The total offsets allowed to the Participant hereunder for a Contract Year shall not exceed the sum of (1) the amount specified in the Billing Statement for that year and (2) any amount paid by the Participant for a prior Contract Year which remains unpaid by the Administrator to the Participant under this agreement.

"Participant's Bonneville Contracts" as used in this section means all contracts or agreements between the Participant and the Administrator which require payments by the Participant to the Administrator for sale and exchange of electric power and energy, operation and maintenance of facilities, use of transmission facilities, and emergency and standby power.

(b) If for any Contract Year, the Administrator determines that the dollar obligations due the Administrator from the Participant, referred to in subsection (a) above, are or are expected to be insufficient to offset the Administrator's dollar obligations to such Participant under subsection (a) above, and, in the opinion of the Administrator and the Participant, are expected to remain insufficient for a significant period, the Administrator shall use his best efforts to arrange for assignment of all or a portion of the Participant's Share and the associated benefits and obligations (subject to the prior assignment of the Participant's Share to the Administrator hereunder) to another customer or customers of the Administrator for all or a portion of the remaining term of this agreement to the extent required to eliminate the insufficiency, and the Participant shall make the assignment so arranged. The other Participants shall have first right to accept such assignment, pro rata among those exercising such right, before an assignment is made to a customer who is not one of the Participants. If the Administrator is unable to arrange for such assignment, the Participant shall make such assignment to other Participants pro rata pursuant to the counterparts of subsection (f) of this section in the other Net Billing Agreements.

(c) If (1) assignments under subsection (b) above cannot be made in amounts sufficient to bring into balance the respective dollar obligations of the Administrator and (2) an accumulated balance in favor of the Participant from a previous Contract Year is expected by the Administrator to be carried for an additional Contract Year, such balance and any subsequent monthly

net balances that cannot be net billed shall be paid in cash to the Participant by the Administrator, subject to the availability of appropriations for such purposes.

(d) The Administrator and the Participant shall not enter into any agreements providing for payments to the Participant 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 Participant under all agreements providing for net billing.

(e) If all or a portion of the Participant's Share is assigned under this section 7, the Participant shall nevertheless remain liable to Supply System to pay the purchase price for the Participant's Share in accordance with section 5(a) as if such assignment had not been made, and such liability of the Participant shall be discharged only to the extent that the assignee of the portion of the Participant's Share so assigned shall pay to Supply System the purchase price for the portion of the Participant's Share so assigned in accordance with the provisions of this agreement. Supply System may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance, as may be necessary or appropriate to enforce the obligations of the Participant with respect to such liability.

(f) If assignments pursuant to section 7(b) of the other Net Billing Agreements cannot be made in amounts sufficient to balance dollar obligations of the Administrator and any other Participant, the Participant shall accept on a pro rata basis with other Participants assignment of a portion of such other Participant's Share, to the extent required to eliminate such insufficiency; provided, however, that the sum of such assignments to the Participant under

this subsection shall not without the consent of the Participant exceed an accumulated maximum of 25 percent of the Participant's Share specified in section 1(m)(2), nor shall any such assignment under this subsection cause the estimate of the payments to be made by the Participant to Supply System under this agreement to exceed the estimate of the Administrator's billings to the Participant for each Contract Year during the period of such assignment, both such estimates to be made by the Administrator.

(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.

8. Scheduling. Prior to 4 p.m. on each work day beginning on the day preceding the Date of Commercial Operation (work day meaning a day which the Administrator and Supply System observe as a regular work day) the Administrator shall notify Supply System of the amounts of energy from the Participant's Share he will require for each hour of the following day or days; provided, however, that the Administrator may during any hour request delivery of other amounts of such energy. Supply System's dispatcher, within the capability of the Participant's Share and in accordance with Prudent Utility Practice, shall schedule for delivery to the Administrator at the point of delivery specified in section 11 for each hour in the term hereof the amounts of energy so requested by the Administrator.

9. Participant's Right to Use Project Capability.

(a) If the Administrator is unable to satisfy his obligation to the Participant by net billing, assignment or cash payment under section 7, and determines, in consultation with the Participant, that this inability will continue for a significant period, the Participant may direct that all or a portion of the energy associated with the Participant's Share be delivered



by Supply System for the Participant's account at the point of delivery specified in section 11, for either the expected period of such inability or the remainder of the term hereof, whichever is specified by the Participant when it elects to have such energy delivered to it. The amount of such delivery shall be limited to the amount of the Participant's Share for which payment cannot be made, at the time the Participant elects to have such delivery made to it, by net billing with the Participant or assignees or by direct payment by the Administrator hereunder. The Participant's obligations to assign its Participant's Share to the Administrator and the Administrator's obligations to acquire such share and make payments to the Participant under this agreement shall then be appropriately modified. The Administrator's prior obligations to the Participant not previously liquidated pursuant to the terms of section 7 shall be preserved until satisfied.

(b) If the Participant elects to withdraw all or a portion of its Participant's Share as provided in this section, the Administrator will transmit such share to any point(s) of delivery on the Federal Columbia River Power System designated by the Participant where the Administrator determines such share can be made available, will supply station service and losses related to such share during shutdown of the Project, and will provide forced-outage reserves for such share, under the same terms and conditions as provided in contracts for similar service then being offered to other utilities in the Pacific Northwest owning interests in large thermal projects.

(c) Upon withdrawal of any portion of the Participant's Share under this section, the Participant shall schedule such portion in the same manner as provided for the Administrator in section 8, and the Administrator's rights under section 8 shall be correspondingly reduced.



Whenever the Participant schedules any portion of its Participant's Share, the Participant and the Administrator shall (1) schedule at least their respective proportionate shares of the minimum capability of the Project as determined by Supply System unless all Participants with similar obligations to schedule and the Administrator agree to a shutdown of the Project; provided, however, that the Administrator may, at his election, require shutdown of the Project if he supplies through exchange arrangements the power and energy the Participant otherwise would schedule from the Project during such period of shutdown, and (2) supply to the Supply System all necessary forecasts of their generation requirements from the Project for ensuing periods as necessary to enable Supply System to prepare the fuel management plan pursuant to section 8 of the Project Agreement.

10. Termination Settlements.

(a) If the Project is ended pursuant to section 15 of the Project Agreement, Supply System shall give notice of termination of this agreement effective upon the date of termination of the Project Agreement. Supply System shall terminate all activities related to construction and operation of the Project, and shall undertake the salvage, discontinuance, decommissioning, and disposition or sale of the Project, as provided in the Project Agreement. After such termination, Supply System shall provide monthly accounting statements to the Administrator and the Participant of all costs associated therewith. Such monthly accounting statements shall continue until all Bonds have been paid or funds set aside for the payment or retirement thereof in accordance with the Bond Resolution or the final disposition of the Project, whichever is later, at which time a final accounting statement

shall be prepared by Supply System at the earliest reasonable time. Such costs of salvage, discontinuance, decommissioning, and disposition or sale shall include, but shall not be limited to, all of Supply System's accrued costs and liabilities resulting from Supply System's ownership, construction, operation (including cost of fuel) and maintenance of and renewals and replacements to the Project, all other Supply System costs resulting from its ownership of the Project and the salvage, discontinuance, decommissioning, and disposition or sale thereof, and all amounts which Supply System is required under the Bond Resolution to pay in each year into the various funds provided in the Bond Resolution for debt service and all other purposes until the date that all of the Bonds have been paid or funds set aside for the payment or retirement thereof in accordance with the Bond Resolution.

The monthly accounting statements shall credit against such costs all amounts received by Supply System from the disposition of Project assets, including but not limited to amounts payable under the Project Exchange Agreements. The final accounting statement shall credit the fair market value of any assets related to the Project then retained by Supply System. If the monthly or final accounting statements show that such costs exceed such credits, the Participant shall pay Supply System at times reasonably agreed upon the sum determined by multiplying the amounts shown to be due in the monthly and final accounting statements by the decimal fraction then used in expressing the Participant's Percentage. In any case such payments shall be made at times and in amounts sufficient to cover on a current basis the Participant's Percentage of the amount which Supply System is required under the Bond Resolution to pay in each year into the various funds provided in

the Bond Resolution for debt service and all other purposes. If the final accounting statement shows that such credits exceed such costs, Supply System shall pay at times reasonably agreed upon an amount determined by multiplying such excess by the Participant's Percentage, such amounts to be divided between the Administrator and the Participant as their interests may appear. Such excess credits shall bear interest from the date of such final accounting statement to the date of payment, at the average of the annual interest rates for each month during such time for three-to-five year issues, United States Government securities (taxable), Money Market Rates, as published by the Board of Governors of the Federal Reserve System in the "Federal Reserve Bulletin" or equivalent publication or the maximum rate lawfully payable by Supply System, whichever is less.

(b) To the extent of the Participant's Share then assigned to the Administrator, the Administrator shall pay the Participant the amounts, if any, paid by the Participant to the Supply System pursuant to this section. Such amounts shall be paid in the manner specified in section 7 and at such times as the parties agree upon.

(c) The provisions of this section 10 and the provisions of sections 5(a) and 5(b) describing the circumstances under which payments are to be made in this section 10 and the provisions of section 13 shall remain in effect notwithstanding termination of this agreement pursuant to section 3.

11. Provisions Relating to Delivery. Deliveries of electric power and energy to the Administrator shall be made at the point of delivery and at the approximate voltage described below. Such electric power and energy shall be in the form of three-phase current, alternating at a frequency of

approximately 60 hertz. Amounts so delivered at such point during each month shall be determined from measurements made by the Government's meters, adjusted for losses as agreed upon by the parties hereto, installed to record such deliveries at the place and in the circuits hereinafter specified:

PROJECT POINT OF DELIVERY:

Location: the point in the Vantage substation where the 500 kv facilities of the Government and the Project are connected;

Voltage: 500 kv;

Metering: in the 500 kv circuits at the Project over which such electric power and energy will flow;

Adjustment: for losses between the point of metering and point of delivery.

12. Obligations in the Event of Default. The Participant's Share purchased by the Participant from Supply System and assigned by the Participant to the Administrator under this agreement shall be automatically increased for the remaining term of this agreement pro rata with that of other nondefaulting Participants if, and to the extent that, one or more of the Participants is unable, or fails or refuses for any reason, to perform its obligations under its Net Billing Agreement, and the Participant's Share of the defaulting Participant shall be reduced correspondingly; provided, however, that the sum of such increases for the Participant pursuant to this subsection shall not, without consent of the Participant, exceed an accumulated maximum of 25 percent of the Participant's Share specified in section 1(m)(2), nor shall any such increase under this subsection cause the estimate of the payments to be made by the Participant to Supply System under this agreement to exceed the estimate of the Administrator's billings to the Participant during the period of such increase, which estimates shall be made by the Administrator and shall be conclusive.



If the Participant shall fail or refuse to pay any amounts due to Supply System hereunder, the fact that the other Participants have assumed the obligation to make such payments shall not relieve the Participant of its liability for such payments, and the Participants assuming such obligation, either individually or as a member of a group, shall have a right of recovery from the Participant. Supply System or any Participant as their interests may appear, jointly or severally, may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance, as may be necessary or appropriate to enforce the obligations of this agreement against the Participant under this subsection.

13. Sources of Participant's Payments. The Participant shall not be required to make the payments to Supply System under this agreement except from the revenues derived by the Participant from the ownership and operation of its electric utility properties and from payments by the Administrator under this agreement.

The Participant covenants and agrees that it will establish, maintain and collect rates or charges for power and energy and other services, facilities and commodities sold, furnished or supplied by it through any of its electric utility properties which shall be adequate to provide revenues sufficient to enable the Participant to make the payments to be made by it to Supply System under this agreement and to pay all other charges and obligations payable from or constituting a charge and lien upon such revenues.

14. Modification and Uniformity of Agreement.

(a) This agreement shall not be binding upon any of the parties hereto if it is not binding upon all of the parties hereto, but this agreement shall



not be subject to termination by any party under any circumstances, whether based upon the default of any other party under this agreement, or any other instrument, or otherwise, except as specifically provided in this agreement.

(b) This agreement shall not be amended, modified, or otherwise changed by agreement of the parties in any manner that will impair or adversely affect the security afforded by the provisions of this agreement for the payment of the principal, interest, and premium, if any, on the Bonds as they respectively become payable so long as any of the Bonds are outstanding and unpaid or funds are not set aside for the payment or retirement thereof in accordance with the Bond Resolution.

(c) If any Net Billing Agreement is amended or replaced so that it contains terms and conditions different from those contained in this agreement, the Administrator shall notify the Participant and upon timely request by the Participant shall amend this agreement to include similar terms and conditions.

15. Hanford Exchange Agreement.

(a) If the Participant is a party to a Hanford Exchange Agreement, the parties hereto agree (i) to the use and employment of the Generating Facilities by Supply System for the purposes and in the manner prescribed in the Bond Resolution, (ii) that the electric power and energy to be produced by the Project, including the electric power and energy to be produced by the Generating Facilities, shall be disposed of to the parties, in the quantities, for the periods and under the terms and conditions prescribed in the Net Billing Agreements and the Project Exchange Agreements, and (iii) that the execution and delivery of this agreement does not affect, limit, modify, alter, release, or discharge their respective rights and obligations under such Hanford

Exchange Agreements, or reduce the Participant's obligations to make payments thereunder in the event that sufficient moneys to make such payments are not otherwise available in accordance with the Net Billing Agreements and the Project Exchange Agreements.

(b) Supply System shall transfer to the appropriate funds and accounts under Supply System Resolution No. 178 from the revenues received from the sale of Project Capability amounts sufficient so that no payments by the Participants under the Hanford Exchange Agreements are due under section 5(e) of such Agreements.

16. Assignment of Agreement. This agreement shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this agreement; provided, however, that except as provided in sections 7, 9 and 12 hereof, neither this agreement nor any interest therein shall be transferred or assigned by any one of the parties hereto except with the mutual consent in writing of the other two parties hereto, to any other entity except the United States or an agency thereof. Such consent will not be unreasonably withheld. No assignment or transfer of this agreement shall relieve the parties of any obligation hereunder.

17. Approval by Rural Electrification Administrator. If the Participant is a party to an agreement or other instrument pursuant to which approval of this agreement by the Administrator of the Rural Electrification Administration is required as listed in Exhibit A, this agreement shall not be binding upon any of the parties until it shall have been approved by him or his delegate.

18. Participants' Review Board.

(a) Composition; election. Not more than 30 days after the execution of this agreement, and thereafter not less than 60 days prior to the commencement of each Contract Year and at such other times prior to June 30, 1980, as the Participants Review Board may determine, the Participants shall elect a Participant's Review Board consisting of nine members. Supply System shall give each Participant not less than 15 days' written notice stating the time and place at which a meeting of representatives of the Participants shall be held for the purpose of holding such election. Each Participant shall designate the person and an alternate (to serve in the absence or disability of such person), to cast its vote(s) for Board members by written notice filed with Supply System. The vote cast in behalf of each Participant shall be proportional to its Participant's Share. Any vacancy on the Board shall be filled by vote of the remaining Board members pending the next Board election.

(b) Board meetings; voting; and rules. Meetings of the Participants' Review Board shall be held at least quarterly during the construction of the Project and at least semi-annually thereafter. Timely written notice of the time and place of such meeting shall be given to the parties. Each member of the Board shall be entitled to one vote, to be cast in person and not by proxy. A majority of the Board shall constitute a quorum, and the majority of those present shall be necessary and sufficient for the adoption of any motion or resolution except as otherwise provided in subsection (e) below. All meetings of the Board shall be open to attendance by any person authorized by any of the Participants. Except as herein provided, the calling and holding of meetings of the Board, and all of its other proceedings, shall be governed by rules adopted from time to time by two-thirds of the entire

membership of the Board which rules may provide that the Board shall have the right to appoint persons of technical, legal, auditing or other special qualifications to committees to carry out reviews and investigations.

(c) Except in the event of an emergency requiring immediate action, copies of all proposed Construction and Annual Budgets and fuel management plans, including amendments thereto, and plans for refinancing the Project shall be submitted by Supply System to the Participants' Review Board within a reasonable time, prior to the time such proposed budgets and plans are to be adopted by Supply System. Such copies shall be submitted to the Participant upon its request.

(d) Except in the event of an emergency requiring immediate action, all bids, bid evaluations and proposed contract awards for amounts in excess of \$500,000 shall be submitted to the Participants' Review Board at least seven days prior to award.

(e) Supply System will consider the recommendations of the Participants' Review Board, giving due regard to utilizing the Project consistent with Prudent Utility Practice and the Supply System's statutory duties. Written recommendation may be made to Supply System whenever such recommendation is approved by the majority of the members of the Participants' Review Board. Such written recommendations shall be forwarded to Supply System within a reasonable time along with supporting data, which time shall not exceed the comparable time, if any, prescribed in the Project Agreement. Supply System shall take action on such recommendations within a reasonable time for adoption, modification or rejection. Supply System, upon taking action, shall notify the Participants' Review Board promptly of such action, and if it modifies or rejects a recommendation, shall give the reason therefor.



(f) If Supply System modifies or rejects a written recommendation of the Participants' Review Board concerning a matter submitted for review under subsections (c) or (d) above, the Participants' Review Board may refer the matter to the Project Consultant in the manner described in Section 10 of the Project Agreement for his written decision and his decision shall be binding upon the parties. Pending any decision by the Project Consultant under this subsection, Supply System shall proceed in accordance with the Project Agreement. Nothing in this subsection shall affect the procedure for the settlement of any dispute between the Administrator and the Supply System under this agreement or the Project Agreement.

(g) Except as specifically provided in section 10(e) of the Project Agreement, Supply System shall not proceed with any item as proposed by it and not concurred in by the Administrator without approval of the Participants' Review Board.

(h) Supply System shall not, without the consent of the Administrator and the Participants' Review Board, cause the insurance on the Project to be extended to any additional units or generating projects or to lapse to permit the extension of such coverage.

19. Applicability of Other Instruments. It is recognized by the parties hereto that Supply System in the ownership, construction and operation of the Project must comply with the requirements of the Bond Resolution and all licenses, permits, and regulatory approvals necessary for such ownership, construction and operation, and it is, therefore, agreed that this agreement is made, and referrals to the Project Consultant hereunder shall be, subject to the terms and provisions of the Bond Resolution and all such licenses, permits, and regulatory approvals.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in several counterparts.

UNITED STATES OF AMERICA  
Department of the Interior

(SEAL)

By *Ronald Paul Zobel*  
Bonneville Power Administrator

WASHINGTON PUBLIC POWER SUPPLY SYSTEM

(SEAL)

By *J. J. Steini*  
Title MANAGING DIRECTOR

ATTEST:

By *E. D. Fischer*  
Title CHAIRMAN  
EXECUTIVE BOARD

CITY OF RICHLAND, WASHINGTON

(SEAL)

By *Larry R. Coon*  
Title City Manager

ATTEST:

By \_\_\_\_\_  
Title City Clerk

TABLE OF PARTICIPANTS AND PARTICIPANT'S PERCENTAGE

<u>Participant</u>	<u>Reference</u>
City of Albion, Idaho.....	Albion
City of Bandon, Oregon.....	Bandon
Public Utility District No. 1 of Benton County, Washington.....	Benton PUD
*Benton Rural Electric Association.....	Benton REA
*Big Bend Electric Cooperative, Inc.....	Jig Bend
*Blachly-Lane County Cooperative Electric Association.....	Blachly-Lane
The City of Blaine, Washington.....	Blaine
The City of Bonners Ferry, Washington.....	Bonners Ferry
City of Burley, Idaho.....	Burley
The City of Canby, Oregon.....	Canby
City of Cascade Locks, Oregon.....	Cascade Locks
*Central Electric Cooperative, Inc.....	Central Elec.
The City of Centralia, Washington.....	Centralia
The Central Lincoln Peoples' Utility District.....	Central Linc.
Public Utility District No. 1 of Chelan County, Washington.....	Chelan
The City of Cheney, Washington.....	Cheney
Public Utility District No. 1 of Clallam County, Washington.....	Clallam
Public Utility District No. 1 of Clark County, Washington.....	Clark
Clatskanie Peoples' Utility District.....	Clatskanie
*Clearwater Power Company.....	Clearwater
*Columbia Basin Electric Cooperative, Inc.....	Columbia Basin
*Columbia Power Cooperative Association, Inc.....	Columbia Power
*Columbia Rural Electric Association, Inc.....	Columbia Rural
Consolidated Irrigation District No. 19.....	Cons. Irrig.
*Consumers Power, Inc.....	Consumers
*Coos-Curry Electric Cooperative, Inc.....	Coos-Curry
City of Coulee Dam, Washington.....	Coulee Dam
Public Utility District No. 1 of Cowlitz County, Washington.....	Cowlitz
The City of Declo, Idaho.....	Declo
Public Utility District No. 1 of Douglas County, Washington.....	Douglas PUD
*Douglas Electric Cooperative, Inc.....	Douglas Elec.
The City of Drain, Oregon.....	Drain
East End Mutual Electric Co., Ltd.....	East End
The City of Ellensburg, Washington.....	Ellensburg
The City of Eugene, Oregon.....	Eugene
*Fall River Rural Electric Cooperative, Inc.....	Fall River
Farmers Electric Co., Ltd.....	Farmers
*Public Utility District No. 1 of Ferry County, Washington.....	Ferry
*Flathead Electric Cooperative, Inc.....	Flathead
The City of Forest Grove, Oregon.....	Forest Grove

<u>Participant (Cont.)</u>	<u>Reference</u>
Public Utility District No. 1 of Franklin County, Washington.....	Franklin
Public Utility District No. 2 of Grant County, Washington.....	Grant
Public Utility District No. 1 of Grays Harbor County, Washington.	Grays Harbor
*Harney Electric Cooperative, Inc.....	Harney
City of Heyburn, Idaho.....	Heyburn
Hood River Electric Cooperative of Hood River County, Oregon.....	Hood River
*Idaho County Light & Power Cooperative Association, Inc.....	Idaho Co.
City of Idaho Falls, Idaho.....	Idaho Falls
*Inland Power & Light Company.....	Inland
*Public Utility District No. 1 of Kittitas County, Washington.....	Kittitas
*Public Utility District No. 1 of Klickitat County, Washington....	Klickitat
*Kootenai Electric Cooperative, Inc.....	Kootenai
*Lane County Electric Cooperative, Inc.....	Lane
Public Utility District No. 1 of Lewis County, Washington.....	Lewis
*Lincoln Electric Cooperative, Inc. (Montana).....	Lincoln (M)
*Lincoln Electric Cooperative, Inc. (Washington).....	Lincoln (W)
*Lost River Electric Cooperative, Inc.....	Lost River
*Lower Valley Power & Light, Inc.....	Lower Valley
*Public Utility District No. 1 of Mason County, Washington.....	Mason 1
Public Utility District No. 3 of Mason County, Washington.....	Mason 3
Town of McCleary, Washington.....	McCleary
City of McMinnville, Oregon.....	McMinnville
*Midstate Electric Cooperative, Inc.....	Midstate
City of Milton-Freewater, Oregon.....	Milton-F.
City of Minidoka, Idaho.....	Minidoka
*Missoula Electric Cooperative, Inc.....	Missoula
City of Monmouth, Oregon.....	Monmouth
*Nespelem Valley Electric Cooperative, Inc.....	Nespelem
*Northern Lights, Inc.....	Northern Lts.
Northern Wasco County People's Utility District.....	Northern Wasco
*Okanogan County Electric Cooperative, Inc.....	Okanogan Elec.
Public Utility District No. 1 of Okanogan County, Washington.....	Okanogan PUD
*Orcas Power and Light Company.....	Orcas
Public Utility District No. 2 of Pacific County, Washington.....	Pacific
Public Utility District No. 1 of Pend Oreille County, Washington.	Pend Oreille
City of Port Angeles, Washington.....	Port Angeles
*Prairie Power Cooperative, Inc.....	Prairie
*Raft River Rural Electric Cooperative, Inc.....	Raft River
*Ravalli County Electric Cooperative, Inc.....	Ravalli
City of Richland, Washington.....	Richland



<u>Participant (Cont.)</u>	<u>Reference</u>
Riverside Electric Company, Ltd.....	Riverside
City of Rupert, Idaho.....	Rupert
Rural Electric Company.....	Rural
Salem Electric.....	Salem
*Salmon River Electric Cooperative, Inc.....	Salmon
City of Seattle, Washington.....	Seattle
Public Utility District No. 1 of Skamania County, Washington.....	Skamania
Public Utility District No. 1 of Snohomish County, Washington.....	Snohomish
South Side Electric Lines, Inc.....	South Side
The City of Springfield, Oregon.....	Springfield
The Town of Sumas, Washington.....	Sumas
*Surprise Valley Electrification Corporation.....	Surprise V.
City of Tacoma, Washington.....	Tacoma
*Tanner Electric.....	Tanner
*Tillamook Peoples' Utility District.....	Tillamook
*Umatilla Electric Cooperative Association.....	Umatilla
Unity Light and Power Company.....	Unity
Vera Irrigation District No. 15.....	Vera
*Vigilante Electric Cooperative, Inc.....	Vigilante
Public Utility District No. 1 of Wahkiakum County, Washington.....	Wahkiakum
*Wasco Electric Cooperative, Inc.....	Wasco
*Wells Rural Electric Company.....	Wells
*West Oregon Electric Cooperative, Inc.....	West Oregon
Public Utility District No. 1 of Whatcom County, Washington.....	Whatcom
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*Approval of Agreement by Rural Electrification Administration required.	

Upon prior written notice to Supply System, the Administrator and all of the other Participants, this Exhibit A may be amended from time to time upon mutual agreement of two or more Participants so as to provide revised Participants' Percentages for such Participants so long as the aggregate of the increases in Participants' Percentages is equal to the aggregate of the decreases in Participants' Percentages; provided, however, that the sum of any such decreases for any Participant pursuant to this paragraph shall not exceed an accumulated maximum of 25 percent of the Participant's Percentage specified in this Exhibit on the date of execution of this agreement nor shall any such increase under this paragraph cause the estimate of the payments to be made by a Participant to Supply System under this agreement to exceed 86.95 percent of the estimate of the Administrator's billings to such Participant during the period of such increase, which estimates shall be made by the Administrator and shall be conclusive; provided, further, that any such increase or decrease shall not affect or impair the tax exempt status of the Bonds. The Administrator shall then prepare a revised Exhibit A which shall be substituted for this Exhibit A and become a part of this agreement.

PARTICIPANT	EXHIBIT A (MPPSS NO. 1) 1/									
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87		
Albion	0.00004	0.00004	0.00005	0.00007	0.00006	0.00006	0.00005	0.00004		
Bandon	0.00089	0.00089	0.00105	0.00152	0.00162	0.00165	0.00170	0.00166		
Benton MID	0.03529	0.03529	0.04034	0.04808	0.04979	0.04816	0.04806	0.04965		
Benton REA	0.00427	0.00427	0.00401	0.00374	0.00354	0.00336	0.00322	0.00308		
Big Bend	0.00006	0.00006	0.00039	0.00252	0.00242	0.00232	0.00225	0.00179		
Blachly-Lane	0.00197	0.00197	0.00208	0.00198	0.00208	0.00217	0.00225	0.00234		
Blaine	0.00087	0.00087	0.00104	0.00134	0.00124	0.00119	0.00118	0.00109		
Bonners Ferry	0.00080	0.00080	0.00094	0.00125	0.00126	0.00121	0.00120	0.00115		
Burley	0.00069	0.00069	0.00091	0.00228	0.00228	0.00217	0.00212	0.00179		
Canby	0.00111	0.00111	0.00156	0.00189	0.00223	0.00244	0.00267	0.00296		
Cascade Locks	0.00039	0.00039	0.00047	0.00057	0.00063	0.00067	0.00071	0.00074		
Central Elec.	0.00697	0.00697	0.00667	0.00566	0.00553	0.00519	0.00483	0.00462		
Centralia	0.00125	0.00125	0.00166	0.00318	0.00328	0.00320	0.00321	0.00298		
Central Linc.	0.02654	0.02654	0.03093	0.03740	0.03967	0.04010	0.04125	0.04169		
Chelan	0.00826	0.00826	0.00836	0.00701	0.00650	0.00573	0.00521	0.00501		
Cheney	0.00426	0.00426	0.00483	0.00554	0.00556	0.00530	0.00522	0.00511		
Clallam	0.00676	0.00676	0.00827	0.01163	0.01202	0.01177	0.01185	0.01157		
Clark	0.14704	0.14704	0.16152	0.15907	0.15855	0.14940	0.14583	0.14635		
Clatskanie	0.00383	0.00383	0.00551	0.00882	0.00945	0.00773	0.00726	0.00613		
Clearwater	0.00339	0.00339	0.00324	0.00336	0.00319	0.00303	0.00291	0.00274		
Columbia Basin	0.00106	0.00106	0.00116	0.00183	0.00180	0.00177	0.00175	0.00161		
Columbia Power	0.00041	0.00041	0.00041	0.00048	0.00047	0.00046	0.00045	0.00042		
Columbia Rural	0.00717	0.00717	0.00713	0.00633	0.00622	0.00612	0.00607	0.00621		
Cons. Irrig.	0.00009	0.00009	0.00009	0.00008	0.00007	0.00006	0.00006	0.00005		
Consumers	0.00918	0.00918	0.00939	0.00791	0.00858	0.00925	0.00980	0.01068		
Coos-Curry	0.00238	0.00238	0.00258	0.00420	0.00415	0.00410	0.00406	0.00373		
Cowlitz	0.00029	0.00029	0.00036	0.00061	0.00060	0.00056	0.00054	0.00048		
Declo	0.08027	0.08027	0.08339	0.08218	0.08196	0.07692	0.07507	0.07379		
Douglas MID	0.00011	0.00011	0.00015	0.00020	0.00022	0.00023	0.00024	0.00026		
Douglas Elec.	0.00057	0.00057	0.00051	0.00051	0.00051	0.00051	0.00044	0.00044		
	0.00358	0.00358	0.00342	0.00295	0.00303	0.00314	0.00322	0.00331		

1/ Participant's Percentages will remain the same as 1986-87 for remaining Contract Years in the term hereof.

PARTICIPANT	PARTICIPANT'S PERCENTAGE										EXHIBIT A (MPSS NO. 1) 1/	
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Bain	0.00046	0.00046	0.00057	0.00099	0.00103	0.00102	0.00103	0.00103	0.00103	0.00103	0.00103	0.00096
East End	0.00017	0.00017	0.00015	0.00015	0.00014	0.00013	0.00012	0.00012	0.00012	0.00012	0.00012	0.00011
Ellensburg	0.00557	0.00557	0.00653	0.00823	0.00836	0.00806	0.00801	0.00801	0.00801	0.00801	0.00801	0.00780
Eugene	0.00054	0.00054	0.00068	0.00073	0.00075	0.00071	0.00060	0.00060	0.00060	0.00060	0.00060	0.00061
Fall River	0.00012	0.00012	0.00053	0.00119	0.00137	0.00154	0.00171	0.00171	0.00171	0.00171	0.00171	0.00188
Farmers	0.00008	0.00008	0.00007	0.00010	0.00009	0.00008	0.00007	0.00007	0.00007	0.00007	0.00007	0.00005
Ferry	0.00103	0.00103	0.00112	0.00134	0.00130	0.00120	0.00114	0.00114	0.00114	0.00114	0.00114	0.00105
Flathead	0.00172	0.00172	0.00175	0.00170	0.00156	0.00144	0.00135	0.00135	0.00135	0.00135	0.00135	0.00123
Forest Grove	0.00019	0.00019	0.00018	0.00082	0.00211	0.00360	0.00416	0.00416	0.00416	0.00416	0.00416	0.00470
Franklin	0.00846	0.00846	0.01005	0.01446	0.01468	0.01413	0.01401	0.01401	0.01401	0.01401	0.01401	0.01330
Grant	0.00802	0.00802	0.00812	0.00681	0.00630	0.00556	0.00506	0.00506	0.00506	0.00506	0.00506	0.00486
Grays Harbor	0.04776	0.04776	0.03460	0.02358	0.02553	0.02597	0.02696	0.02696	0.02696	0.02696	0.02696	0.02758
Harney	0.00007	0.00007	0.00029	0.00125	0.00124	0.00123	0.00122	0.00122	0.00122	0.00122	0.00122	0.00105
Helyburn	0.00081	0.00081	0.00101	0.00200	0.00201	0.00192	0.00189	0.00189	0.00189	0.00189	0.00189	0.00167
Hook River	0.00175	0.00175	0.00182	0.00208	0.00214	0.00219	0.00224	0.00224	0.00224	0.00224	0.00224	0.00224
Idaho Co.	0.00032	0.00032	0.00036	0.00053	0.00052	0.00051	0.00050	0.00050	0.00050	0.00050	0.00050	0.00047
Idaho Falls	0.00258	0.00258	0.00406	0.00922	0.00967	0.00958	0.00974	0.00974	0.00974	0.00974	0.00974	0.00908
Inland	0.01181	0.01181	0.01114	0.00970	0.00931	0.00893	0.00866	0.00866	0.00866	0.00866	0.00866	0.00860
Kittitas	0.00173	0.00173	0.00202	0.00237	0.00243	0.00236	0.00237	0.00237	0.00237	0.00237	0.00237	0.00238
Klickitat	0.00442	0.00442	0.00495	0.00653	0.00617	0.00580	0.00562	0.00562	0.00562	0.00562	0.00562	0.00517
Kootenai	0.00285	0.00285	0.00269	0.00246	0.00235	0.00225	0.00217	0.00217	0.00217	0.00217	0.00217	0.00212
Lane	0.00433	0.00433	0.00446	0.00533	0.00538	0.00545	0.00550	0.00550	0.00550	0.00550	0.00550	0.00537
Lewis	0.00913	0.00913	0.01056	0.01443	0.01449	0.01381	0.01356	0.01356	0.01356	0.01356	0.01356	0.01276
Lincoln (M)	0.00107	0.00107	0.00103	0.00107	0.00102	0.00097	0.00093	0.00093	0.00093	0.00093	0.00093	0.00087
Lincoln (W)	0.00077	0.00077	0.00077	0.00056	0.00055	0.00054	0.00053	0.00053	0.00053	0.00053	0.00053	0.00056
Lost River	0.00030	0.00030	0.00037	0.00057	0.00058	0.00058	0.00058	0.00058	0.00058	0.00058	0.00058	0.00056
Lower Valley	0.00297	0.00297	0.00290	0.00321	0.00307	0.00294	0.00284	0.00284	0.00284	0.00284	0.00284	0.00266
Mason 1	0.00140	0.00140	0.00162	0.00198	0.00200	0.00192	0.00190	0.00190	0.00190	0.00190	0.00190	0.00186
Mason 3	0.01337	0.01337	0.01485	0.01641	0.01630	0.01541	0.01501	0.01501	0.01501	0.01501	0.01501	0.01462
McCleary	0.00033	0.00033	0.00041	0.00086	0.00086	0.00081	0.00080	0.00080	0.00080	0.00080	0.00080	0.00069
McMinnville	0.00148	0.00148	0.00464	0.00742	0.00816	0.00845	0.00887	0.00887	0.00887	0.00887	0.00887	0.00900
Midstate	0.00272	0.00272	0.00281	0.00282	0.00296	0.00311	0.00324	0.00324	0.00324	0.00324	0.00324	0.00336
Milton-F.	0.00031	0.00031	0.00168	0.00183	0.00221	0.00263	0.00263	0.00263	0.00263	0.00263	0.00263	0.00238
Minidoka	0.00002	0.00002	0.00001	0.00002	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001

1/ Participant's Percentages will remain the same as 1986-87 for remaining Contract Years in the term hereof.



EXHIBIT A (MPPSS NO. 1) 1/ 1986-87

PARTICIPANT'S PERCENTAGE

PARTICIPANT	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Missoula	0.00229	0.00229	0.00220	0.00197	0.00187	0.00179	0.00172	0.00168
Monmouth	0.00230	0.00230	0.00327	0.00407	0.00489	0.00546	0.00607	0.00679
Nespelem	0.00071	0.00071	0.00069	0.00070	0.00067	0.00064	0.00062	0.00059
Northern Bts.	0.00282	0.00282	0.00275	0.00262	0.00253	0.00245	0.00238	0.00234
Northern Wasco	0.00145	0.00145	0.00165	0.00164	0.00190	0.00210	0.00228	0.00246
Northern Waco	0.00011	0.00011	0.00017	0.00044	0.00041	0.00041	0.00041	0.00038
Okanogan NW	0.00280	0.00280	0.00284	0.00440	0.00408	0.00360	0.00327	0.00257
Orcas	0.00309	0.00309	0.00324	0.00348	0.00348	0.00347	0.00349	0.00351
Pacific	0.00713	0.00713	0.00835	0.01088	0.01101	0.01057	0.01046	0.01006
Penit Oreille	0.00087	0.00087	0.00087	0.00074	0.00069	0.00062	0.00057	0.00055
Port Angeles	0.00339	0.00339	0.00410	0.00872	0.00862	0.00810	0.00784	0.00665
Prairie	0.00016	0.00016	0.00015	0.00012	0.00011	0.00009	0.00008	0.00007
Raft River	0.00169	0.00169	0.00183	0.00255	0.00249	0.00244	0.00240	0.00224
Ravalli	0.00252	0.00252	0.00244	0.00217	0.00209	0.00202	0.00197	0.00195
Richland	0.00874	0.00874	0.01127	0.01710	0.01801	0.01796	0.01837	0.01821
Riverside	0.00016	0.00016	0.00015	0.00012	0.00010	0.00009	0.00008	0.00007
Rupert	0.00054	0.00054	0.00070	0.00140	0.00142	0.00137	0.00136	0.00123
Rural	0.00241	0.00241	0.00237	0.00212	0.00208	0.00205	0.00204	0.00208
Salem	0.00483	0.00483	0.00530	0.00490	0.00535	0.00577	0.00612	0.00662
Salmon	0.00030	0.00030	0.00034	0.00050	0.00049	0.00049	0.00049	0.00046
Seattle	0.13782	0.13782	0.13242	0.11291	0.09887	0.09232	0.08835	0.08605
Skamania	0.00191	0.00191	0.00231	0.00337	0.00345	0.00335	0.00335	0.00321
Snodwush	0.20845	0.20845	0.19939	0.18996	0.18591	0.19445	0.19711	0.19584
South Side	0.00047	0.00047	0.00043	0.00041	0.00038	0.00036	0.00034	0.00032
Springfield	0.00013	0.00013	0.00045	0.00168	0.00208	0.00233	0.00258	0.00275
Sumas	0.00009	0.00009	0.00012	0.00021	0.00022	0.00022	0.00022	0.00021
Surprise V.	0.00056	0.00056	0.00052	0.00078	0.00071	0.00065	0.00060	0.00049
Tacoma	0.07356	0.07356	0.04655	0.01912	0.02684	0.04477	0.05078	0.05971
Tanner	0.00043	0.00043	0.00045	0.00052	0.00051	0.00051	0.00050	0.00050
Tillamook	0.00414	0.00414	0.00519	0.00862	0.00929	0.00954	0.00990	0.00963
Umatilla	0.00918	0.00918	0.00919	0.00711	0.00789	0.00863	0.00913	0.00997
Unity	0.00157	0.00157	0.00147	0.00133	0.00126	0.00120	0.00115	0.00112
Vera	0.00226	0.00226	0.00290	0.00438	0.00460	0.00458	0.00468	0.00464
Vigilante	0.00037	0.00037	0.00035	0.00065	0.00060	0.00055	0.00051	0.00042
Wahkiakum	0.00145	0.00145	0.00175	0.00234	0.00241	0.00234	0.00235	0.00229
Wasco	0.00125	0.00125	0.00120	0.00129	0.00126	0.00125	0.00123	0.00116
Wells	0.00214	0.00214	0.00188	0.00129	0.00118	0.00109	0.00102	0.00102
West Oregon	0.00127	0.00127	0.00123	0.00114	0.00115	0.00118	0.00119	0.00121
Whitcomb	0.00619	0.00619	0.00630	0.00531	0.00494	0.00438	0.00401	0.00387

1/ Participant's Percentages will remain the same as 1986-87 for remaining Contract Years in the term hereof.



EXHIBIT 3

PROJECT CHARACTERISTICS

WASHINGTON PUBLIC POWER SUPPLY SYSTEM

NUCLEAR PROJECT NO. 1

The Washington Public Power Supply System's Nuclear Project No. 1 is expected to have a net electrical plant capability of approximately 1250 MW.

A new pressurized water reactor nuclear steam supply system similar to other reactors now under construction will replace the NPR as a steam source. It will include, but not be limited to, a nuclear reactor, fuel, control systems, primary coolant loops with steam generators, engineered safeguard systems, radwaste system, service systems, containment building and other auxiliary facilities.

Steam will be fed from this new reactor to a new topping turbine and generator with a nameplate rating of approximately 400 MW housed in an extension of the existing turbine-generator building of the Generating Facilities. New piping will transmit low pressure exhaust steam from the new topping turbine to the existing low pressure turbine complex which is a part of the Generating Facilities. The existing turbines may be modified, including the addition of extra stages of blades; and such modifications, additions and alterations to the condensers, cooling system, feedwater heaters, feedwater pumps, instrumentation, control systems, auxiliary startup power facilities and other components of the Generating Facilities will be made as shall be required to operate the topping turbine and to utilize exhaust steam from the topping turbine.

(12-3-69)

PROVISIONS REQUIRED BY STATUTE OR EXECUTIVE ORDER1. Contract Work Hours and Safety Standards.

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (Public Law 87-581, 76 Stat. 357-360, as amended) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Contract Work Hours and Safety Standards Act.

(a) No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which he is employed on such work, to work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of forty hours in such workweek, whichever is the greater number of overtime hours.

(b) In the event of any violation of the provisions of subsection (a), the Contractor and any subcontractor responsible for such violation shall be liable to any affected employee for his unpaid wages. In addition, such Contractor or subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the provisions of subsection (a), in the sum of \$10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of forty hours in a workweek without payment of the required overtime wages.

(c) The Administrator may withhold, or cause to be withheld, from any moneys payable on account of work performed by the Contractor or subcontractor, the full amount of wages required by this contract and such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for liquidated damages as provided in subsection (b).

(d) No contractor or subcontractor contracting for any part of the contract work shall require any laborer or mechanic employed in the performance of the contract to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health or safety, as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation based on proceedings pursuant to section 553 of title 5, United States Code, provided that such proceedings include a hearing of the nature authorized by said section.

(e) The Contractor shall require the foregoing subsections (a), (b), (c), (d) and this subsection (e) to be inserted in all subcontracts.

(f) The Contractor shall keep and maintain for a period of three (3) years from the completion of this contract the information required by 29 CFR § 516.2(a). Such material shall be made available for inspection by authorized representatives of the Government, upon their request, at reasonable times during the normal work day.

2. Convict Labor. The Contractor shall not employ any person undergoing sentence of imprisonment at hard labor.
3. Equal Opportunity. Unless exempted pursuant to the provisions of Executive Order 11246 of September 24, 1965 and the rules, regulations and relevant orders of the Secretary of Labor thereunder, during the performance of this contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Administrator setting forth the provisions of this equal opportunity clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Administrator, advising the labor union or worker's representative of the Contractor's commitments under this equal opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor,



or pursuant thereto, and will permit access to his books, records, and accounts by the Administrator and the Secretary of Labor for purposes of investigations to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Contractor's noncompliance with the equal opportunity clause of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Administrator may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Administrator, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

4. Interest of Member of Congress. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom. Nothing, however, herein contained shall be construed to extend to such contract if made with a corporation for its general benefit.