

**A G E N D A**  
**GRANT COUNTY PUBLIC UTILITY DISTRICT**  
**30 C Street SW – Commission Meeting Room**  
**Ephrata, Washington**  
**COMMISSION MEETING**  
**Tuesday, October 24, 2023**

An Executive Session may be called at any time for purposes authorized  
by the Open Public Meetings Act

- 8:30 a.m.** Executive Session
- 9:00 a.m.** Commission Convenes  
Review and Sign Vouchers
- 9:30 a.m.** Reports from staff
- 12:00 Noon** Lunch
- 1:00 p.m.** Safety Briefing  
Pledge of Allegiance  
Attendance  
Public requests to discuss agenda items/non-agenda items  
Correspondence  
Business Meeting

**1. Consent Agenda**

Approval of Vouchers

Meeting minutes of October 10, 2023

**2. Regular Agenda**

9031 – Resolution of the Commission of Public Utility District No. 2 of Grant County, Washington, providing for the Issuance of Electric System Revenue refunding bonds of the District in the Aggregate Principal amount not to exceed \$55,000,000 for the purpose of refunding certain outstanding Electric System Bonds; and delegating authority to approve the final terms of the Bonds.

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 130-12088 for the proposed sale of 20% of the Priest Rapids Project Output (PRPO) for a 3-year term, commencing January 1, 2024 to Portland General Electric. (3456)

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to bind 2023-2024 property and liability policy renewals through Grant PUD’s insurance broker Beecher Carlson. (3457) **For Review and Action**

**3. Review Items For Next Business Meeting**

XXXX – Resolution Adopting a Budget for the Year 2024 and Corresponding Financial Forecast.

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 430-12034 with CDW Government, Inc. for renewal of the Microsoft Enterprise Agreement in an amount not-to-exceed \$4,154,704.60 and with a contract completion date of August 31, 2028. (xxxx)

**4. Calendar**

**5. Reports from Staff (if applicable)**

**Adjournment**

# ***CONSENT AGENDA***

# Draft – Subject to Commission Review

## REGULAR MEETING OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY

October 10, 2023

The Commission of Public Utility District No. 2 of Grant County, Washington, convened at 8:30 a.m. at Grant PUD's Main Headquarters Building, 30 C Street SW, Ephrata, Washington and via Microsoft Teams Meeting / +1 509-703-5291 Conference ID: 596 502 173# with the following Commissioners present: Tom Flint, Vice-President; Terry Pyle, Secretary; Larry Schaapman, Commissioner and Judy Wilson, Commissioner. Nelson Cox attended via Microsoft Teams virtual access.

An executive session was announced at 8:30 a.m. to last until 9:00 a.m. to review performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 9:00 a.m. and the regular session resumed.

The Commission convened to review vouchers and correspondence.

The Commission recessed at 9:09 a.m.

The Commission resumed at 9:30 a.m.

A round table discussion was held regarding the following topics: Commissioner Schaapman requested clarification specific to an approaching deadline noted in Grant PUD Rate Policy Resolution No. 8768; recap from Archeology Days; and Commissioner Cox noted appreciation to staff of Priest Rapids fish hatchery; Power Production Engineering Priest Rapids modernization efforts; recent meeting with Grant County customer offering creative ideas for improving river operations; Energy NW seeking funding from BPA to further explore nuclear development; proposed budget public budget hearing process; insurance renewals; and upcoming bond transaction.

New employees Nancy Mander, Business Analyst, and Brad Fox, Business Analyst, was introduced to the Commission.

Shannon Lowry, Manager of License Compliance and Lands Services, presented the License Compliance and Lands Service Program Report.

Terry McKenzie, Senior Manager of Wholesale Fiber, provided the Wholesale Fiber Business Report.

The Commission recessed at 11:00 a.m.

The Commission resumed at 11:10 a.m.

Rich Flanagan, Senior Manager of Wholesale Marketing and Supply, provided an Overview of the Slice Agreement.

Trade association and committee reports were reviewed.

The Commission calendar was reviewed.

An executive session was announced at 11:45 a.m. to last until 12:55 p.m. to discuss potential litigation with legal counsel present pursuant to RCW 42.30.110(1)(i) and to review performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 12:55 p.m. and the regular session resumed.

Dan Miller, Royal City, Washington, clarified his statement made during the September 26, 2023 business meeting. Mr. Miller reinforced his support of the stability and goal posts identified in Resolution No. 8768; however, he clarified the rates or percentages included in the resolution do not have his endorsement.

Consent agenda motion was made Mrs. Wilson and seconded by Mr. Pyle to approve the following consent agenda items:

Payment Number	135825	through	136301	\$12,547,174.01
Payroll Direct Deposit	224983	through	225792	\$2,448,973.92
Payroll Tax and Garnishments	20231004A	through	20231004B	\$1,035,082.60

Meeting minutes of September 26, 2023.

After consideration, the above consent agenda items were approved by unanimous vote of the Commission.

The Commission recessed at 1:15 p.m.

The Commission resumed at 2:00 p.m.

Motion was made by Mr. Schaapman and seconded by Mr. Pyle authorizing the General Manager/CEO to execute Change Order No. 9 to Contract 430-10632 with CDW Government Inc., increasing the not-to-exceed contract amount by \$200,457.08 for a new contract total of \$2,069,269.95, extending the contract completion date to October 31, 2023, and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 9. After consideration, the motion passed by unanimous vote of the Commission.

The Commissioners reviewed future agenda items.

Commission Vice President Tom Flint opened the public input period for the 2024 Proposed Budget.

The Commission held a Public Budget Hearing to discuss the 2024 proposed budget. Public comment was received.

The Commission recessed at 3:08 p.m.

The Commission resumed at 3:15 p.m.

The Commission opened a rates dialogue discussion with Grant County customers representing both the Grant County Industrial Alliance and AgPower Users Groups.

The Commission recessed at 4:45 p.m.

The Commission resumed at 6:00 p.m.

The Commission held a Public Budget Hearing (via virtual Microsoft Teams) to discuss the 2024 proposed budget. Public comment was received.

There being no further business to discuss, the Commission adjourned at 6:20 p.m. on October 10 and reconvened on Thursday, October 12 at 6:00 p.m. at Grant PUD’s Moses Lake Local Office Auditorium, 312 W Third Ave, Moses Lake, Washington for the purpose of attending a Public Budget Hearing and any other business that may come before the Commission with the following Commissioners present: Nelson Cox, Judy Wilson, Tom Flint, Terry Pyle and Larry Schaapman. A copy of the notice of adjournment was posted to the Grant PUD website.

The Commission held a Public Budget Hearing to discuss the 2024 proposed budget. Public comment was received.

There being no further business to discuss, the Commission adjourned at [redacted] on October 12 and reconvened on Tuesday, October 17 at 8:30 a.m. at Grant PUD’s Main Headquarters Building, 30 C Street SW, Ephrata, Washington for the purpose of holding a workshop and attending a site tour and any other business that may come before the Commission with the following

Commissioners present: Nelson Cox, Judy Wilson, Tom Flint, Terry Pyle and Larry Schaapman. A copy of the notice of adjournment was posted to the Grant PUD website.

There being no further business to discuss, the October 10, 2023 meeting officially adjourned at on October 17, 2023.

\_\_\_\_\_  
Nelson Cox, President

ATTEST:

\_\_\_\_\_  
Terry Pyle, Secretary

\_\_\_\_\_  
Tom Flint, Vice President

\_\_\_\_\_  
Larry Schaapman, Commissioner

\_\_\_\_\_  
Judy Wilson, Commissioner

# **REGULAR AGENDA**

ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES 2023-V  
BOND RESOLUTION

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON

RESOLUTION NO. 9031

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000 FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING ELECTRIC SYSTEM BONDS; AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS.

PASSED OCTOBER 24, 2023

PREPARED BY:

PACIFICA LAW GROUP LLP  
Seattle, Washington



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RESOLUTION NO. 9031

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000 FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING ELECTRIC SYSTEM BONDS; AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS.

WHEREAS, Public Utility District No. 2 of Grant County, Washington (the “District”), owns and operates an electric utility system (as further defined herein, the “Electric System”) for the transmission and distribution of electric energy; and

WHEREAS, the District has issued and has outstanding certain senior parity lien obligations of the Electric System described herein (as defined herein, the “Outstanding Parity Bonds”); and

WHEREAS, the resolutions authorizing the Outstanding Parity Bonds authorize the District to issue Future Parity Bonds (as defined herein) for the purpose of refunding outstanding Electric System obligations if certain conditions are met; and

WHEREAS, the District finds that the obligations of the Electric System listed in Appendix A attached hereto (the “Refunding Candidates”) may be refunded with proceeds of a new series of Future Parity Bonds; and

WHEREAS, the Commission of the District (the “Commission”) deems it in the best interest of the District to issue Electric System revenue refunding bonds in the aggregate principal amount not to exceed \$55,000,000 (the “Bonds”) to be used, with available funds of the District, if any, to redeem the Refunding Candidates (as described herein, the “Refunded Bonds”) and to pay costs of issuing the Bonds; and

WHEREAS, the Commission wishes to delegate authority to the General Manager/Chief Executive Officer, the Chief Financial Officer/Treasurer, and the Senior Manager of Treasury and Financial Planning/Deputy Treasurer of the District (each, a “Designated Representative”) for a limited time, to approve the interest rates, maturity dates, redemption terms, principal maturities and other terms for the Bonds within the parameters set by this resolution; and

WHEREAS, the Bonds shall be sold by negotiated sale as set forth herein;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington:

ARTICLE I  
DEFINITIONS

Section 1.1 Definitions. As used in this resolution, the following terms shall have the following meanings:

**“Annual Debt Service”** for any Fiscal Year means the sum of the amounts required to be paid into the Bond Fund, in such Fiscal Year, to pay:

- (a) the interest due in such Fiscal Year on all Outstanding Parity Bonds, excluding interest to be paid from the proceeds of the sale of Parity Bonds; and
- (b) the principal of all Outstanding Serial Bonds due in such Fiscal Year; and
- (c) the Sinking Fund Requirement, if any, for such Fiscal Year; and
- (d) any regularly scheduled District Payments, adjusted by any regularly scheduled Reciprocal Payments, during such Fiscal Year.

For purposes of computing Annual Debt Service on any Parity Bonds which constitute Balloon Indebtedness, it shall be assumed that the principal of such Balloon Indebtedness, together with interest thereon at the rate applicable to such Balloon Indebtedness, shall be amortized in equal annual installments over a term equal to the least of (1) 25 years or (2) the average weighted useful life (expressed in years and rounded to the next highest integer) of the properties and assets constituting the project (if any) financed out of the proceeds of such Balloon Indebtedness.

In calculating the Annual Debt Service, the District may exclude the direct payment the District is expected to receive in respect of any Future Parity Bonds for which the federal government will provide the District with a direct payment of a portion of the interest from the interest portion of Annual Debt Service.

**“Balloon Indebtedness”** means any series or maturity of Parity Bonds that are specifically designated by the District as “Balloon Indebtedness.” The principal amount maturing on any date shall be the amount of bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date.

**“Beneficial Owner”** means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

**“Bond Counsel”** means Pacifica Law Group LLP or an attorney at law or firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

“**Bond Fund**” means the Electric System Revenue Bond Fund created by Resolution No. 4744 of the District.

“**Bond Purchase Contract**” means the contract for the purchase of the Bonds between the Underwriter and District.

“**Bond Register**” means the records kept by the Registrar on behalf of the District containing the name and mailing address of each Registered Owner of the Bonds or nominee of such Registered Owner, and such other information as the Registrar shall determine.

“**Bondowners’ Trustee**” means a trustee appointed pursuant to this resolution.

“**Bonds**” mean the Electric System Revenue Refunding Bonds, Series 2023-V of the District issued pursuant to this resolution.

“**Call Date**” means the date specified by a Designated Representative for the refunding of the Refunded Bonds.

“**Closing Memorandum**” means the closing memorandum prepared by the Underwriter or the District’s municipal advisor and delivered on the date of issuance of the Bonds.

“**Code**” means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

“**Commission**” means the general legislative authority of the District, as duly constituted from time to time.

“**Continuing Disclosure Certificate**” means a written undertaking for the benefit of the Registered Owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

“**Coverage Requirement**” means rates or charges sufficient to provide Net Revenue, taking into account any transfers to or from the R&C Fund pursuant to this resolution, in any Fiscal Year hereafter in an amount equal to at least 1.25 times the Annual Debt Service in such Fiscal Year, excluding any capitalized interest thereon in said Fiscal Year.

“**Derivative Facility**” means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for the District’s obligations under one or more Derivative Products.

“**Derivative Payment Date**” means any date specified in the Derivative Product on which a District Payment is due and payable under the Derivative Product.

“**Derivative Product**” means a written contract or agreement between the District and the Reciprocal Payor that has (or whose obligations are unconditionally guaranteed by a party that has) as of the date of the Derivative Product at least an investment grade rating from a rating agency, which provides that the District’s obligations thereunder will be conditioned on the performance by the Reciprocal Payor of its obligations under the agreement; and

(a) under which the District is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the District Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the District, on scheduled and specified Derivative Payment Dates, the Reciprocal Payments;

(b) for which the District's obligations to make District Payments may be secured by a pledge of and lien on the Gross Revenue on an equal and ratable basis with the Parity Bonds then Outstanding;

(c) under which Reciprocal Payments are to be made directly into the Bond Fund;

(d) for which the District Payments are either specified to be one or more fixed amounts or are determined as provided by the Derivative Product; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined as set forth in the Derivative Product.

***“Designated Representative”*** means the General Manager/Chief Executive Officer, the Chief Financial Officer/Treasurer, and the Senior Manager of Treasury and Financial Planning/Deputy Treasurer and any successor to the functions of such offices. The signature of one Designated Representative shall be sufficient to bind the District.

***“District”*** means Public Utility District No. 2 of Grant County, Washington, a municipal corporation duly organized and existing under the laws of the State.

***“District Payment”*** means any regularly scheduled payment designated as such by resolution and required to be made by or on behalf of the District under a Derivative Product and which is determined according to a formula set forth in the Derivative Product.

***“DTC”*** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to this resolution.

***“Electric System”*** means the electric utility and telecommunications properties, rights and assets, real and personal, tangible and intangible, now owned and operated by the District and used or useful in the generation, transmission, distribution and sale of electric energy, telecommunication services, and the business incidental thereto, and all properties, rights and assets, real and personal, tangible and intangible, hereafter constructed or acquired by the District as additions, betterments, improvements or extensions to said electric utility and telecommunications properties, rights and assets, including, but not limited to, the contract interest of the District in the P.E.C. Headworks Powerplant Project and in the Quincy Chute Project, but shall not include the Priest Rapids Project or any additions thereto, or any other generating, conservation, transmission, or distribution facilities which have been or hereafter may be acquired or constructed by the District as a utility system that is declared by the Commission, at the time of financing thereof, to be separate from the Electric System, the revenues of which may be pledged to the payment of bonds issued to purchase, construct, or otherwise acquire or expand such separate utility system or are otherwise pledged to the payment of the bonds of another such separate utility

system of the District other than the Electric System. The Electric System does not include any interest of the District in contracts for the sale to other parties of power and energy from the Priest Rapids Project, but does include the right of the District to receive power and energy from the Priest Rapids Project. The Commission may, by resolution, elect to combine with and include as a part of the Electric System any other separate utility system of the District, provided that full provision for the payment of any Outstanding indebtedness of such separate system shall first be made in the manner set forth herein or such indebtedness shall be refunded with bonds issued in accordance with this resolution.

**“Event or Events of Default”** means those events described as Events of Default in this resolution.

**“Fiscal Year”** means the Fiscal Year used by the District at any time. At the time of the adoption of this resolution, the Fiscal Year is the 12-month period beginning January 1 of each year.

**“Future Parity Bonds”** means any note, bonds, or other obligations for borrowed money of the District issued after the date of issuance of the Bonds which will have a lien upon the Gross Revenue of the Electric System for the payment of the principal thereof and interest thereon equal to the lien upon the Gross Revenue of the Electric System for the payment of the principal of and interest on the Bonds and the Outstanding Parity Bonds.

**“Government Obligations”** mean those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of the United States or obligations unconditionally guaranteed by the United States, as such chapter may be hereafter amended or restated.

**“Gross Revenue”** means all income and revenues received by the District from the sale of electric energy through the ownership or operation of the Electric System and all other commodities, services and facilities sold, furnished or supplied by the District through the ownership or operation of the Electric System, together with the proceeds received by the District directly or indirectly from the sale, lease or other disposition of any of the properties, rights or facilities of the Electric System, and together with the investment income earned on money held in any fund or account of the District, including any bond redemption funds and the accounts therein, and federal credit payments for interest on bonds, in connection with the ownership and operation of the Electric System (but exclusive of income derived from investments irrevocably pledged to the payment of any specific revenue bonds of the District, such as bonds previously or hereafter refunded, or any Bonds defeased pursuant to this resolution or other bonds defeased, or the payment of which is provided for, under any similar provision of any other bond resolution of the District, exclusive of investment income earned on money in any arbitrage rebate account, grants for capital purposes, assessments in any local utility district, any Reciprocal Payments, and any ad valorem tax revenues).

**“Letter of Representation”** means a blanket issuer letter of representations from the District to DTC, as amended from time to time.

**“Maximum Interest Rate”** means, with respect to any particular Variable Rate Bond, a numerical rate of interest, which shall be set forth in any Parity Bond resolution authorizing such bond, that shall be the maximum rate of interest such bond, including any bond registered in the name of the liquidity provider, may at any time bear.

**“Minimum Interest Rate”** means, with respect to any particular Variable Rate Bond, a numerical rate of interest, which shall be set forth in any Parity Bond resolution authorizing such bond, that shall be the minimum rate of interest such bond may at any time bear.

**“MSRB”** means the Municipal Securities Rulemaking Board or any successors to its functions.

**“Net Revenue”** means, for any period, the excess of Gross Revenue over Operating Expenses for such period, excluding from the computation of Gross Revenue (a) any profit or loss derived from the sale or other disposition, not in the ordinary course of business, of properties, rights or facilities of the Electric System, or resulting from the early extinguishment of debt and (b) insurance proceeds other than proceeds to replace lost revenue.

**“Official Statement”** means the final official statement delivered in connection with the sale of the Bonds.

**“Operating Expenses”** means the District’s expenses for operation and maintenance of the Electric System and shall include ordinary repairs, renewals, replacements, and reconstruction of the Electric System, all costs of delivering electric power and energy and payments into reasonable reserves in the Revenue Fund for items of Operating Expenses the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, costs of purchased power (including costs of power and energy required by any resolution or contract of the District to be taken by the District from the Priest Rapids Project for the account of the Electric System); costs of transmission and distribution operation and maintenance expenses; rents; administrative and general expenses; engineering expenses; legal and financial advisory expenses; required payments to pension, retirement, health and hospitalization funds; insurance premiums; and any taxes, assessments, payments in lieu of taxes or other lawful governmental charges, all to the extent properly allocable to the Electric System; and the fees and expenses of the Registrar. Operating Expenses shall not include any costs or expenses for new construction, interest, amortization, or any allowance for depreciation and District Payments.

**“Outstanding”** when used with respect to the Parity Bonds means, as of any date, any Parity Bonds issued pursuant to a resolution of the Commission except (a) any Parity Bonds cancelled by the Registrar or paid at or prior to such date, (b) Parity Bonds in lieu of or in substitution for which other Parity Bonds have been delivered, and (c) Parity Bonds deemed no longer outstanding under the resolution authorizing their issuance.

**“Outstanding Parity Bond Resolutions”** mean the resolutions authorizing the Outstanding Parity Bonds, as applicable.

**“Outstanding Parity Bonds”** mean the Outstanding 2017-O Bonds, the 2020-Q Bonds, the 2020-R Bonds, the 2020-S Bonds, and the 2023-U Bonds.



**“Parity Bond Reserve Accounts”** mean the reserve accounts and/or funds created by the District to secure the payment of principal of and interest on one or more series of Parity Bonds. As of the date of this resolution, the District maintains separate Parity Bond Reserve Accounts for the 2017-O Bonds and the 2020-Q Bonds, respectively. There are no Parity Bond Reserve Accounts established for the 2020-R Bonds, the 2020-S Bonds, or the 2023-U Bonds.

**“Parity Bonds”** mean the Outstanding Parity Bonds, the Bonds, and any Future Parity Bonds.

**“Parity Lien Obligations”** means all charges and obligations against Gross Revenue ranking on a parity of lien with the Parity Bonds, including but not limited to reimbursement agreement obligations so designated, any regularly scheduled District Payments, adjusted by any regularly scheduled Reciprocal Payments, and Resource Obligations for any month such Obligations are not eligible for payment as Operating Expenses. Parity Lien Obligations do not include Parity Bonds.

**“Permitted Investments”** mean any investments or investment agreements permitted under the laws of the State as amended from time to time.

**“Preliminary Official Statement”** means the preliminary official statement prepared and delivered in connection with the negotiated sale, issuance, and delivery of the Bonds.

**“Priest Rapids Development”** means the utility system of the District acquired and constructed pursuant to the provisions of Resolution No. 313, adopted by the Commission on June 19, 1956, including a dam at the Priest Rapids Development, all generating and transmission facilities associated therewith, and all additions, betterments, and improvements to and extensions of such system, but shall not include any additional generation, transmission, and distribution facilities hereafter constructed or acquired by the District as a part of the Electric System, or any other utility properties of the District acquired as a separate utility system, the revenues of which may be pledged to the payment of bonds issued to purchase, construct or otherwise acquire such separate utility system.

**“Priest Rapids Project”** means the Priest Rapids Development and the Wanapum Development, which were consolidated pursuant to Resolution No. 8475.

**“Professional Utility Consultant”** means the independent person(s) or firm(s) selected by the District having a favorable reputation for skill and experience with electric systems of comparable size and character to the Electric System in such of the following as are relevant to the purposes for which they are retained: (a) engineering and operations and (b) the design of rates.

**“Qualified Insurance”** means any noncancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest rating categories by Moody’s Investors Service or S&P Global Ratings or their comparably recognized business successors.

**“Qualified Letter of Credit”** means any irrevocable letter of credit issued by a financial institution for the account of the District on behalf of the owners of any Parity Bonds, which institution maintains an office, agency, or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest rating categories by Moody’s Investors Service or S&P Global Ratings or their comparably recognized business successors.

**“R&C Fund”** means the Reserve and Contingency Fund of the District created by Resolution No. 4112.

**“Rate Stabilization Account”** means the account within the R&C Fund.

**“Rebate Amount”** means the amount, if any, determined to be payable with respect to the Tax-Exempt Bonds by the District to the United States of America in accordance with Section 148(f) of the Code.

**“Reciprocal Payment”** means any payment, designated as such by resolution, to be made to, or for the benefit of, the District under a Derivative Product by the Reciprocal Payor.

**“Reciprocal Payor”** means a party to a Derivative Product that is obligated to make one or more Reciprocal Payments thereunder.

**“Record Date”** means the close of business for the Registrar that is 15 days preceding any interest and/or principal payment or redemption date.

**“Refunded Bonds”** mean the Refunding Candidates designated by a Designated Representative for refunding pursuant to this resolution and set forth in the Bond Purchase Contract.

**“Refunding Agent”** means the escrow agent or paying agent, if any, selected by a Designated Representative to perform the duties described herein and under the applicable Refunding Agreement.

**“Refunding Agreement”** means the agreement, if any, between the District and the Refunding Agent and executed pursuant to this resolution to facilitate the refunding of the Refunded Bonds.

**“Refunding Candidates”** mean the obligations of the Electric System listed in Appendix A attached hereto.

**“Registered Owner”** means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC (or its nominee) shall be deemed to be the sole Registered Owner.

**“Registrar”** means the registrar, authenticating agent, paying agent, and transfer agent appointed pursuant to Section 4.1 hereof, its successor or successors and any other entity which may at any time be substituted in its place pursuant to this resolution.

**“Reserve Account”** means the Reserve Account contained in the Bond Fund as provided in this resolution.

**“Reserve Account Requirement”** means, initially with respect to the Bonds, zero (\$0.00).

**“Resource Obligation”** means an obligation of the District to pay the following costs associated with a resource from Gross Revenue as:

(a) Operating Expenses for any month in which any power and energy or other goods and services from such resource were made available to the Electric System during such month (regardless of whether or not the Electric System actually scheduled or received energy from such resource during such month) and

(b) at all other times as an indebtedness of the Electric System payable from Gross Revenue on a parity of lien with Parity Bonds and any Parity Lien Obligation:

(i) costs associated with facilities or resources for the generation of power and energy or for the conservation, transformation, transmission, or distribution of power and energy (including any common undivided interest therein) hereafter acquired, purchased, or constructed by the District and declared by the Commission to be a separate system, which such costs shall include but are not limited to costs of normal operation and maintenance, renewals and replacements, additions and betterments, and debt service on the bonds or other obligations of such separate system but shall exclude costs paid or to be paid from the proceeds of the sale of bonds or other obligations of such separate system, or

(ii) costs associated with the purchase of energy, capacity, capability, reserves, conservation, or services under a contract.

**“Revenue Fund”** means the Electric System Revenue Fund of the District created by Section 6 of Resolution No. 75 of the District.

**“Rule”** means the SEC’s Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

**“SEC”** means the Securities and Exchange Commission.

**“Serial Bonds”** mean Parity Bonds other than Term Bonds.

**“Sinking Fund Requirement”** means, for any Fiscal Year, the principal amount and premium, if any, of Term Bonds required to be purchased, redeemed, or paid at maturity in such Fiscal Year as established by the resolution of the District authorizing the issuance of such Term Bonds.

**“Special Tax Counsel”** means Nixon Peabody LLP, or an attorney at law or firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

**“State”** means the State of Washington.

**“Supplemental Resolution”** means any resolution amending, modifying, or supplementing the provisions of this resolution.

**“Tax Certificate”** means the tax certificate executed by a Designated Representative pertaining to the Tax-Exempt Bonds, as supplemented and amended.

**“Taxable Bonds”** means any Bonds determined to be issued on a taxable basis pursuant to Section 11.1 of this resolution.

**“Tax-Exempt Bonds”** means any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to Section 11.1 of this resolution.

**“Term Bonds”** means Parity Bonds of any principal maturity which are subject to mandatory distribution or redemption or for which mandatory sinking fund payments are required.

**“Treasurer”** means the duly appointed and acting Treasurer of the District or any successor in function.

**“Underwriter”** means KeyBanc Capital Markets Inc. and its successors.

**“Variable Rate”** means a variable interest rate or rates to be borne by a series of Parity Bonds or any one or more maturities within a series of Parity Bonds. The method of computing such variable interest rate shall be specified in the bond resolution authorizing such series of Parity Bonds; provided that such variable interest rate shall be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such resolution. Such resolution shall also specify either (a) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (b) the time or times upon which any change in such variable interest rate shall become effective.

**“Variable Rate Bonds”** means, for any period of time, Parity Bonds that during such period bear a Variable Rate, provided that Parity Bonds the interest rate on which shall have been fixed for the remainder of the term to the maturity thereof shall no longer be Variable Rate Bonds.

**“Wanapum Development”** means the second stage of the Priest Rapids Hydroelectric Project (F.P.C. (or FERC) Project No. 2114), as more fully described in Section 2.2 of Resolution No. 474 adopted by the Commission on June 30, 1959, or as the same may be modified in accordance with Section 2.3 of Resolution No. 474, but shall not include any generation, transmission and distribution facilities hereafter constructed or acquired by the District as a part of the Electric System, or any other utility properties of the District acquired as a separate utility system, the revenues of which may be pledged to the payment of bonds issued to purchase, construct or otherwise acquire such separate utility system.

**“2017-O Bonds”** means the District’s Electric System Revenue Refunding Bonds, Series 2017-0 authorized by Resolution No. 8866.

**“2020-Q Bonds”** means the District’s Electric System Revenue Refunding Bonds, Series 2020-Q (Taxable) authorized by Resolution No. 8933.

“**2020-R Bonds**” means the District’s Electric System Revenue Refunding Bonds, Series 2020-R (Mandatory Put Bonds) authorized by Resolution No. 8947.

“**2020-S Bonds**” means the District’s Electric System Revenue Refunding Bonds, Series 2020-S (Mandatory Put Bonds) authorized by Resolution No. 8947.

“**2023-U Bonds**” mean the District’s Electric System Revenue Refunding Bonds, 2023-U authorized by Resolution No. 9019.

**Rules of Interpretation.** In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision, or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution; and

(b) Words of any gender shall mean and include correlative words of any other genders and words importing the singular number shall mean and include the plural number and vice versa; and

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, and other legal entities, including public bodies, as well as natural persons; and

(d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections,” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions, or clauses hereof; and

(f) Words importing the singular number include the plural number and vice versa.

ARTICLE II  
FINDINGS

**Section 2.1 Compliance with Parity Conditions.** In accordance with the Outstanding Parity Bond Resolutions, which permit the issuance of Future Parity Bonds upon compliance with the conditions set forth therein, the District hereby finds and determines, as follows:

(a) The Bonds are being issued for the purpose of providing funds to refund and restructure certain outstanding obligations of the Electric System;

(b) There is not now and there will not be, at the time of the issuance of the Bonds, any deficiency in the Bond Fund or in any of the accounts therein, and no Event of Default has occurred and is continuing;

(c) This resolution contains the covenants and representations required by the Outstanding Parity Bond Resolutions; and

(d) Prior to the delivery of a series of Bonds, the District shall have on file a certificate meeting the requirements of the Outstanding Parity Bond Resolutions.

As set forth above, the applicable parity conditions required by the Outstanding Parity Bond Resolutions have been or will be satisfied, and the Bonds shall be issued on a parity of lien with the Outstanding Parity Bonds.

The District hereby covenants and agrees that the Bonds will not be issued and delivered to the purchasers thereof as bonds on a parity with the Outstanding Parity Bonds until the certificate required herein, in form, and contents satisfactory to the District and its counsel, has been filed with the District.

Section 2.2 Best Interests of the District. The Commission hereby finds and determines that it is in the best interests of the District and its customers that the District issue the bonds authorized herein for the purpose of refunding the Refunded Bonds.

Section 2.3 Gross Revenue Sufficient. The Commission hereby finds and determines that the Gross Revenue will be sufficient in the judgment of the Commission to meet all Operating Expenses, to make all payments required to pay the Bonds, to make all necessary repairs, replacements and renewals thereof, and to permit the setting aside out of such Gross Revenue and money in the Revenue Fund into the Bond Fund of such amounts as may be required to pay the principal of and interest on the Bonds and the Outstanding Parity Bonds as the same become due and payable.

Section 2.4 Due Regard. The Commission hereby finds and determines that due regard has been given to the Operating Expenses of the Electric System and that it has not obligated the District to set aside into the Bond Fund for the account of the Parity Bonds a greater amount of the revenues and proceeds of the Electric System than in its judgment will be available over and above such Operating Expenses.

### ARTICLE III AUTHORIZATION, ISSUANCE AND REDEMPTION OF BONDS

Section 3.1 Authorization of Issuance and Sale of the Bonds. For the purposes of refunding the Refunded Bonds and paying costs of issuance of the Bonds, the District is hereby authorized to issue and sell its Electric System revenue refunding bonds in the aggregate principal amount not to exceed \$55,000,000 (the “Bonds”).

The Bonds shall be designated as the “Electric System Revenue Refunding Bonds, Series 2023-V,” with additional series designation, designation regarding tax status, or other designation as set forth in the Bond Purchase Contract and approved by a Designated Representative.

The Bonds shall be dated as of the date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof within a maturity, shall be numbered separately in the manner and with any additional

designation as the Registrar deems necessary for purposes of identification and control, and shall bear interest payable on the dates set forth in the Bond Purchase Contract. The Bonds shall bear interest at the rates set forth in the Bond Purchase Contract and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 11.1 of this resolution.

The Bonds shall be special obligations of the District payable only from the Bond Fund and shall be payable and secured as provided herein. The Bonds shall not be general obligations of the District, the State, or any political subdivision thereof.

Section 3.2    Reservation of Right to Purchase. The District reserves the right to use money in the Revenue Fund or any other funds legally available therefor at any time to purchase any of the Bonds in the open market if such purchase shall be found by the District to be economically advantageous and in the best interest of the District. Any purchases of Bonds may be made with or without tenders of Bonds and at either public or private sale in such amount and at such price as the District shall, in its discretion, deem to be in its best interest. Any money which is to be applied to the purchase or redemption of Bonds shall, prior to such purchase or redemption, be transferred to and deposited in the Bond Fund to the credit of the appropriate account therein. Purchases of Term Bonds may be credited against the Sinking Fund Requirement for such Term Bonds. Bonds purchased pursuant to this Section 3.2 shall be cancelled.

Section 3.3    Redemption of Bonds.

(a)    *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 11.1. The Bonds shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 11.1 of this resolution.

(b)    *Selection of Bonds for Redemption.* If the District redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds and maturity to be redeemed shall be selected by lot (or in such manner determined by the Registrar or as set forth in the Bond Purchase Contract) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the District and the Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of Bonds by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized. Notwithstanding the foregoing, as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC.

(c) *Notice of Redemption.*

(1) *Official Notice.* Unless waived by owners of any Outstanding Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Registrar on behalf of the District by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notwithstanding anything herein to the contrary, so long as the Bonds are held in book-entry form, notice of redemption will be given in accordance with the operational arrangements in effect at DTC, and neither the District nor the Registrar will provide any notice of redemption to any Beneficial Owners.

All official notices of redemption shall be dated and shall state:

- (i) the redemption date,
- (ii) the redemption price,
- (iii) if fewer than all Outstanding Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (iv) that unless conditional notice of redemption has been given and such conditions have not been satisfied or waived or such notice has been rescinded, on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and if the Registrar then holds sufficient funds to pay such Bonds at the redemption price, interest thereon shall cease to accrue from and after said date,
- (v) any conditions to redemption, and
- (vi) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the District shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The District retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain Outstanding.

(2) *Effect of Notice; Bonds Due.* If an unconditional notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Bonds or portions of Bonds to be redeemed shall, on the



redemption date, become due and payable at the redemption price therein specified, and, if the Registrar then holds sufficient funds to pay such Bonds at the redemption price, then from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

(3) *Additional Notice.* In addition to the foregoing notice, further notice shall be given by the District as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to a Continuing Disclosure Certificate and with such additional information as the District shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(d) *Amendment of Notice Provisions.* The foregoing notice provisions of this Section 3.3, including, but not limited to, the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions, and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

#### ARTICLE IV REGISTRATION, FORM AND GENERAL TERMS

##### Section 4.1 Registrar; Exchanges and Transfers.

(a) *Registrar/Bond Register.* The District hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a State fiscal agent, and appoints the fiscal agent of the State, U.S. Bank Trust Company, National Association, as the Registrar. The District shall cause a Bond Register to be maintained by the Registrar. So long as any Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal office. The Registrar may be removed at any time at the option of the District upon prior notice to the Registrar and a successor Registrar appointed by the District. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder.

(b) *Registered Ownership.* The District and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as otherwise provided in this resolution or in the Continuing Disclosure Certificate of the District), and neither the District nor the Registrar shall be affected by any notice to the contrary.

Payment of any such Bond shall be made only as described in subsection (h) below, but such Bond may be transferred as herein provided. All such payments made as described in herein shall be valid and shall satisfy and discharge the liability of the District upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in book-entry form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the District has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the District nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the District to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in book-entry form, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds of each series in a denomination corresponding to the total principal therein within a series to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the District pursuant to subsection (2) below or such substitute depository’s successor; or (iii) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the District to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the District may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of subsection (1) above, the Registrar shall, upon receipt of all Outstanding Bonds of a series, issue a single new Bond for each series and maturity then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained,

or (ii) the District determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in book-entry form. The District shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Bonds together with a written request of the District to the Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the District's paying agent for the Bonds and to carry out all of the Registrar's powers and duties under this resolution and resolutions of the District establishing a system of registration for the District's bonds and obligations. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, series, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, series, maturity, and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or to exchange any Bond during the period from the Record Date to the redemption or payment date.

(f) *Registrar's Ownership of Bonds.* The Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The District covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and 12 30-day months. For so long as all Bonds are in book-entry form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer held in book-entry form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of

more than \$1,000,000 of Bonds (received by the Registrar at least 10 days prior to the applicable payment date), such payment shall be made by the Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the District on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

Section 4.2 Form of Bonds. The Bonds shall be in substantially the form set forth in Appendix B, which is incorporated herein by this reference.

Section 4.3 Execution and Authentication of Bonds. The Bonds shall be executed on behalf of the District with the manual or facsimile signature of the President or Vice President of the Commission and attested with the manual or facsimile signature of the Secretary of the Commission and the seal of the District shall be imprinted or impressed on each of the Bonds. The Bonds shall bear thereon a certificate of authentication, executed manually by the Registrar. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Registrar. Such certificate of the Registrar upon any Bond executed on behalf of the District shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this resolution and that the Registered Owner thereof is entitled to the benefits of this resolution.

In case any of the officers who shall have signed, attested, or sealed any of the Bonds shall cease to be such officers before the Bonds so signed, attested, authenticated, registered, or sealed shall have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the District with the same effect as though the persons who had signed, attested, authenticated, registered, or sealed such Bonds had not ceased to be such officers.

## ARTICLE V SPECIAL FUNDS AND DEFEASANCE

Section 5.1 Revenue Fund. The District covenants and agrees that so long as any of the Parity Bonds are Outstanding and unpaid it will continue to pay into the Revenue Fund all Gross Revenue, exclusive of earnings on money on hand in any arbitrage rebate account or any bond fund (including the Bond Fund), the R&C Fund, or the Parity Bond Reserve Accounts, which may be retained in such funds and account or transferred to other funds as required by this resolution or other bond resolution.

(a) The Gross Revenue of the District shall be used only for the following purposes and in the following order of priority:

(1) to pay Operating Expenses and Resource Obligations (to the extent payable as Operating Expenses);

(2) to make all payments required to be made into the Bond Fund for the payment of accrued interest on Parity Bonds on the next interest payment date and to make any District Payments;

(3) to make all payments required to be made into the Bond Fund for the payment of the principal amount of Serial Bonds next coming due, and for the optional or mandatory redemption of Term Bonds;

(4) to make all payments required to be made into the Parity Bond Reserve Accounts, or to meet a reimbursement obligation with respect to any Qualified Insurance or Qualified Letter of Credit or other credit enhancement device, if so required by resolution of the Commission; and

(5) to make all payments required to be made into any special fund or account created to pay or secure the payment of the principal of and interest on any Subordinate Lien Bonds and any other revenue bonds, warrants or other revenue obligations of the District having a lien upon Gross Revenue and money in the Revenue Fund and Bond Fund and accounts therein subordinate to the lien thereon for the payment of the principal of and interest on the Parity Bonds.

(b) Resource Obligations, not payable as Operating Expenses, shall be paid on a parity with Outstanding Parity Bonds as provided in subsections (2) and (3) above.

(c) After all of the above payments and credits have been made, amounts remaining in the Revenue Fund may be used for any other lawful purpose of the District.

Section 5.2 Bond Fund; Reserve Account.

(a) *Bond Fund.* A special fund of the District known as the “Electric System Revenue Bond Fund” (herein referred to as the “Bond Fund”), was created by Resolution No. 4744 of the District, and shall be continued and used for the purpose of paying the principal of, premium, if any, and interest on the Parity Bonds, and for the purpose of retiring such bonds prior to maturity. At the option of the District, separate accounts may be created in the Bond Fund for the purpose of paying or securing the payment of the principal of, premium, if any, and interest on the Bonds and any Future Parity Bonds.

District Payments shall be made from, and Reciprocal Payments shall be made into, the Bond Fund. The District hereby obligates and binds itself irrevocably to set aside and pay into the Bond Fund out of the Gross Revenue certain fixed amounts, without regard to any fixed proportion of such Gross Revenue, sufficient (together with other available funds on hand and paid into the Bond Fund) to pay the principal of, premium, if any, and interest on the Parity Bonds from time to time Outstanding as the same become due and payable. Such fixed amounts shall be as follows:

(1) In the case of all Parity Bonds other than Variable Rate Bonds, on or prior to the date upon which an installment of interest falls due, the District will pay into the Bond Fund an amount (together with such other money as is on hand and available in such Fund) equal to the installment of interest then falling due on all Outstanding Parity Bonds. In the case of Variable Rate Bonds, the District shall make transfers to the Bond Fund at such time and in such amount as shall be specified in the resolution authorizing the issuance of such Variable Rate Bonds.

(2) On or prior to the date upon which an installment of principal of the Parity Bonds falls due, the District shall pay into the Bond Fund an amount (together with such other money as is on hand and available in such account) equal to the installment of principal then falling due on all Parity Bonds then Outstanding.

(3) The Bond Fund shall be used for the purpose of redeeming Term Bonds pursuant to the Sinking Fund Requirement pertaining to such Term Bonds and to otherwise retire the Bonds prior to maturity. On or prior to the due date of each Sinking Fund Requirement, the District shall pay from the Revenue Fund into the Bond Fund an amount (together with such other money as is on hand and available in such account) equal to the Sinking Fund Requirement for such date.

The District shall apply the money paid into the Bond Fund to the redemption of Term Bonds on the next ensuing Sinking Fund Requirement due date (or may so apply such money prior to such Sinking Fund Requirement due date), pursuant to the terms of this resolution or of the resolution authorizing the issuance thereof. The District may also apply the money paid into the Bond Fund for the purpose of retiring Term Bonds by the purchase of such Bonds at a purchase price (including any brokerage charge) not in excess of the principal amount thereof, in which event the principal amount of such Bonds so purchased shall be credited against the next ensuing Sinking Fund Requirement. If as of any January 1 the principal amount of Term Bonds retired by purchase or redemption exceeds the cumulative amount required to have been redeemed by sinking fund installments on or before such January 1, then such excess may be credited against the Sinking Fund Requirement for Term Bonds for the following Fiscal Year, or, if determined by resolution of the Commission, may be credited against the Sinking Fund Requirement for any succeeding Fiscal Year. Any such purchase of Bonds by the District may be made with or without tenders of Bonds in such manner as the District shall, in its discretion, deem to be in its best interest.

(b) *Parity Bond Reserve Accounts.* The District has previously established separate debt service reserve accounts and Reserve Account Requirements in connection with the issuance of certain of its Outstanding Parity Bonds. The District may determine to establish new reserve accounts and new reserve account requirements in connection with the issuance of the Bonds and any Future Parity Bonds. Reserve accounts securing the payment of principal of and interest on one or more series of Parity Bonds are referred to herein as “Parity Bond Reserve Accounts.”

Each Designated Representative is authorized to determine if the Bonds are to be secured by a Parity Bond Reserve Account and the corresponding Reserve Account Requirement, which may be zero. Any such designation and Reserve Account Requirement shall be set forth in the Bond Purchase Contract. The District hereby covenants and agrees that it will establish and fund any such Parity Bond Reserve Account, to the extent such reserve account is required to be funded, to the Reserve Account Requirement as set forth herein and in the applicable Bond Purchase Contract.

The Reserve Account Requirement may, at the District’s option, be recalculated as of the date of the defeasance of any Parity Bonds. Notwithstanding the provisions of this subsection, any resolution providing for the issuance of Parity Bonds may provide (or the Commission may provide by resolution at any other time) for the District to obtain Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the reserve

account. The face amount of any such Qualified Insurance or Qualified Letter of Credit shall be credited against the amounts required to be maintained in the reserve account by this section to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution. Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than five years notice. In the event of any cancellation, the reserve account shall be funded in accordance with the provisions of this section providing for payment to the reserve account in the event of a deficiency therein.

Money in the Bond Fund and any Parity Bond Reserve Account securing the Bonds may, at the option of the District, be invested and reinvested as permitted by law in Permitted Investments maturing, or which are retireable at the option of the Registered Owner, prior to the maturity date of the final installment of principal of the Parity Bonds. For the purpose of determining the amount credited to any Parity Bond Reserve Account securing the Bonds, obligations in which money in such Parity Bond Reserve Account shall have been invested shall be valued at the market value thereof, plus accrued interest to the date of calculation. The term "market value" shall mean, in the case of securities which are not then currently redeemable at the option of the Outstanding, the current bid quotation for such securities, as reported in any nationally circulated financial journal, and the current redemption value in the case of securities that are then redeemable at the option of the Outstanding. For obligations that mature within six months, the market value shall be the par value thereof. The valuation of the amount in the Parity Bond Reserve Account shall be made by the District as of the close of business on each December 31 (or on the next preceding business day if December 31 does not fall on a business day) and may be made on each June 30 (or on the next preceding business day if June 30 does not fall on a business day).

If the valuation of the amount in the Parity Bond Reserve Account shall be less than the Reserve Account Requirement in effect on the date of valuation, the District shall credit to such Parity Bond Reserve Account on or before the 25th day of each of the six succeeding calendar months one-sixth of the amount necessary to make the valuation of the amount in the Parity Bond Reserve Account equal to 100% of the Reserve Account Requirement. If the valuation of the amount in the Parity Bond Reserve Account is greater than 100% of the Reserve Account Requirement, then and only then may the District withdraw at any time prior to the next date of valuation from the Parity Bond Reserve Account (i) the interest earned on the amounts credited to the Parity Bond Reserve Account, and (ii) the difference, if any, between the amount in the Parity Bond Reserve Account and the Reserve Account Requirement.

In calculating the amount required to be on hand in the Parity Bond Reserve Account at any time, the election by the District to make payments therein pursuant to this resolution may be taken into account.

Money in the Bond Fund shall be transmitted to the Registrar for the Parity Bonds in amounts sufficient to meet the next maturing installments of principal, interest, and premiums, if any, at or prior to the time upon which any interest, principal or premium, if any, is to become due. If there is a deficiency in the Bond Fund for such purpose, the District shall make up any such deficiency from the Parity Bond Reserve Account established or maintained for such series of Parity Bonds, by the withdrawal of cash therefrom for that purpose, and, if necessary, by sale or

redemption of any authorized investments in such amount as will provide cash in the respective Parity Bond Reserve Account sufficient to make up any such deficiency.

Any reduction in the Parity Bond Reserve Account by reason of any such withdrawal shall be made up from money in the Revenue Fund first available after making the current specified payments into the Bond Fund and after paying and making necessary provision for the payment of Operating Expenses. If a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the District shall then draw from any Qualified Letter of Credit, Qualified Insurance, or other credit enhancement instrument. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. The District shall pay any reimbursement obligation as a result of a draw under a Qualified Letter of Credit or Qualified Insurance from the Revenue Fund. The District shall deposit Gross Revenue into the Revenue Fund sufficient to meet such reimbursement obligation and all other obligations of the Revenue Fund.

Whenever and so long as the assets of the Bond Fund, the Parity Bond Reserve Account are sufficient to provide money to pay the Parity Bonds then Outstanding, including such interest as may thereafter become due thereon and any premiums upon redemption, no payments need be made into the Bond Fund pursuant to this resolution during any period in which such excess continues.

Money set aside from time to time with the Registrar for the Parity Bonds and the interest thereon shall be held in trust for the owners of such Parity Bonds. Until so set aside for the retirement of principal, payment of sinking fund installments, payment of interest and premium, if any, as aforesaid, money in the Bond Fund shall be held in trust for the benefit of the owners of the Parity Bonds then Outstanding and payable equally and ratably and without preference or distinction as between different installments or maturities.

Section 5.3 Defeasance. In the event that money and/or Government Obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of and interest on the certain Bonds so provided for and such Bonds shall then cease to be entitled to any lien, benefit or security of this resolution, except the right to receive the funds so set aside and pledged, and such Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the District.

Within 10 business days of defeasance of any Bonds, the Registrar shall provide notice of defeasance of Bonds to Registered Owners of the Bonds being defeased in accordance with a Continuing Disclosure Certificate.

Section 5.4 Rate Stabilization Account. In accordance with the priorities set forth in Section 5.1, the District may from time to time deposit Net Revenue into the Rate Stabilization Account in the R&C Fund and may from time to time withdraw amounts therefrom to enhance



rate stability or for other lawful purposes of the District related to the Electric System. Solely for purposes of calculating the Coverage Requirement set forth in Section 7.2, there shall be added to the Net Revenue in any year any amount withdrawn from the Rate Stabilization Account in such calendar year and deposited in the Revenue Fund, and there shall be subtracted from Net Revenue in any year any amount withdrawn from the Revenue Fund and deposited in the Rate Stabilization Account. Money in the R&C Fund may, at the option of the District, be invested and reinvested as permitted by law.

ARTICLE VI  
APPLICATION OF BOND PROCEEDS; PLAN OF REFUNDING

Section 6.1 Application of Bond Proceeds; Plan of Refunding.

(a) *Parity Bond Reserve Account.* If and to the extent a Parity Bond Reserve Account is established to secure payment of the principal of and interest on the Bonds as provided in Section 5.2(b) of this resolution, the District is hereby authorized to deposit available funds of the District and/or a portion of the proceeds of the Bonds, and/or purchase Qualified Insurance or a Qualified Letter of Credit and pay the associated policy premium, to satisfy the Reserve Account Requirement at the time of issuance of the Bonds.

(b) *Refunding Plan.* For the purpose of restructuring the debt service obligation for the Refunded Bonds, the District proposes to refund the Refunded Bonds as set forth herein. If a Designated Representative determines that it is in the best interest of the District to proceed with the refunding authorized herein, a Designated Representative shall designate the Refunding Candidates as Refunded Bonds and such designation shall be set forth in the Bond Purchase Contract.

The District shall deposit a portion of the Bonds, together with other available funds of the District, if any, into the Bond Fund or other authorized fund and use such funds to refund the Refunded Bonds pursuant to the terms of the applicable authorizing bond resolution. Alternatively, the District may direct that the proceeds of the Bonds be deposited with a Refunding Agent pursuant to a Refunding Agreement to be used immediately to refund the Refunded Bonds pursuant to the terms of their authorizing bond resolution. Each Designated Representative is hereby authorized to designate the Refunding Candidates as Refunded Bonds, to establish the Call Date for the Refunded Bonds, to provide or cause to be provided the notices of redemption of the Refunded Bonds in accordance with the provisions of the bond resolution authorizing the Refunded Bonds, to select a Refunding Agent (if any), to execute a Refunding Agreement (if any), and to take any action as determined to be necessary and in the best interest of the District to refund the Refunded Bonds. The District hereby calls the Refunded Bonds for redemption on the Call Date in accordance with the provisions of the bond resolution authorizing the Refunded Bonds.

(c) *Costs of Issuance.* The District may allocate a portion of proceeds of the Bonds, net of any Underwriter's discount, and/or available funds of the District to the payment of costs of issuance of the Bonds, including any costs associated with the refunding of the Refunded Bonds, in the manner as set forth in the Closing Memorandum for the Bonds. The District may pay such costs of issuance directly or contract with the Refunding Agent to pay costs of issuance of the Bonds on its behalf.

ARTICLE VII  
COVENANTS TO SECURE BONDS

Section 7.1 Security for Parity Bonds. All Parity Bonds and Parity Lien Obligations are special limited obligations of the District payable from and secured solely by Gross Revenue, subject to the payment of Operating Expenses and Resource Obligations qualifying for payment as Operating Expenses, and by other money and assets specifically pledged hereunder for the payment thereof. There are hereby pledged as security for the payment of the principal of, premium, if any, and interest on all Parity Bonds and Parity Lien Obligations in accordance with the provisions of this resolution, subject only to the provisions of this resolution restricting or permitting the application thereof for the purposes and on the terms and conditions set forth in this resolution: (a) the Gross Revenue (exclusive of any money credited to a fund or account for the purpose of paying arbitrage rebate to the federal government), and (b) the money and investments, if any, credited to the Revenue Fund, the Bond Fund, and the R&C Fund and the income therefrom. The Gross Revenue and other money and securities hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District regardless of whether such parties have notice thereof.

All Parity Bonds and Parity Lien Obligations now or hereafter Outstanding shall be equally and ratably payable and secured hereunder without priority by reason of date of adoption of the resolution providing for their issuance or by reason of their series, number or date of sale, issuance, execution, or delivery, or by the liens, pledges, charges, trusts, assignments, and covenants made herein, except as otherwise expressly provided or permitted in this resolution and except as to insurance which may be obtained by the District to insure the repayment of one or more series or maturities within a series.

The pledge of the Gross Revenue and of the amounts to be paid into and maintained in the funds and accounts described above in this section to pay and secure the payment of Parity Bonds and Parity Lien Obligations is hereby declared to be a prior lien and charge on the Gross Revenue and the money and investments in such funds and accounts superior to all other liens and charges of any kind or nature, subject to prior application for the payment of Operating Expenses and payments associated with Resource Obligations in any month in which any power and energy or other goods and services from such resources were made available to the Electric System during such month (regardless of whether or not the Electric System actually scheduled or received energy from such resource during such month). At all other times such Resource Obligation shall be an obligation payable from Gross Revenue on a parity of lien with any Parity Bonds or Parity Lien Obligations.

Parity Bonds shall not in any manner or to any extent constitute general obligations of the District or of the State, or any political subdivision of the State, or a charge upon any general fund or upon any money or other property of the District or of the State, or of any political subdivision of the State, not specifically pledged thereto by this resolution.

Section 7.2 General Covenants. The District covenants with the Registered Owners of the Parity Bonds as follows:

(a) *Rate Covenant.* The District shall establish, maintain, and collect rates or charges for electric energy sold through the ownership or operation of the Electric System, and all other commodities, services and facilities sold, furnished, or supplied by the District in connection with the ownership or operation of the Electric System that shall be fair and nondiscriminatory and adequate to provide Gross Revenue, together with other available money, including without limitation transfers from the R&C Fund, sufficient for the payment of the principal of and interest on all Parity Bonds then Outstanding and all payments which the District is obligated to set aside in the Bond Fund, and for the proper operation and maintenance of the Electric System, and all necessary repairs, replacements, and renewals thereof, the working capital necessary for the operation thereof, and for the payment of all amounts that the District may now or hereafter become obligated to pay from Gross Revenue. In the resolutions authorizing the bonds for the Priest Rapids Project, the District has covenanted to pay to the Priest Rapids Project from the Electric System that portion of the annual costs of the Priest Rapids Project for such Fiscal Year, including without limitation for operating expenses and annual debt service, that is not otherwise paid or provided for from payments received by the Priest Rapids Project from the sale of power and energy and related products from the Priest Rapids Project to purchasers other than the District and to establish, maintain and collect rates or charges for electric power and energy and related products sold through the Electric System sufficient to make any such payments to the Priest Rapids Project. Except as provided in the following sentence, the obligation to pay such amounts shall rank as a lien and charge against the revenues of the Electric System subordinate in rank to all other obligations of the Electric System. Payments made by the Electric System for the costs of purchased power and energy shall be an Operating Expense of the Electric System.

(b) Such rates or charges shall be sufficient to provide Net Revenue, taking into account any transfers to or from the R&C Fund pursuant to this resolution, in any Fiscal Year hereafter in an amount equal to at least the Coverage Requirement.

The failure to collect Gross Revenue in any Fiscal Year sufficient to comply with the covenants contained in this section shall not constitute an Event of Default if the District, before the 90th day of the following Fiscal Year, both:

(1) Employs a Professional Utility Consultant to recommend changes in the District's rates which are estimated to produce Gross Revenue sufficient (once the rates recommended by the Professional Utility Consultant have been imposed by the District) to meet the requirements of this section; and

(2) Imposes rates at least as high as those recommended by such Professional Utility Consultant at the time or times so recommended.

The calculation of the Coverage Requirement set forth above, and the calculations set forth in Section 7.3 hereof, and the District's compliance therewith, shall be made solely with reference to this resolution without regard to future changes in generally accepted accounting principles. If the District has changed one or more of the accounting principles used in the preparation of its financial statements, because of a change in generally accepted accounting principles or otherwise,

then an event of default relating to these calculations shall not be considered an Event of Default if the ratios would have been complied with had the District continued to use those accounting principles employed at the date of the most recent audited financial statements prior to the date of this resolution.

(c) *Maintenance and Repair.* The District will maintain, preserve, and keep the Electric System and all additions and betterments thereto and extensions thereof and every part and parcel thereof in good repair, working order and condition, and will from time to time make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto so that at all times the business carried on in connection therewith shall be properly and advantageously conducted, and the District will at all times operate such properties and the business in connection therewith in an efficient manner and at reasonable cost.

(d) *Disposal of Electric System.* The District will not sell, mortgage, lease, or otherwise dispose of or encumber all or any portion of the Electric System properties, or permit the sale, mortgage, lease, or other disposition thereof, except as provided in this subsection (d):

(1) The District may sell, lease, or otherwise dispose of all or substantially all of the Electric System, provided that simultaneously with such sale, lease, or other disposition, the District shall cause all of the Bonds to be, or deemed to be, no longer Outstanding.

(2) Except as provided in the last paragraph of this subsection (2), the District will not sell, mortgage, lease, or otherwise dispose of any part of the Electric System in excess of 5% of the value of the net utility plant of the Electric System in service unless prior to such sale, mortgage, lease, or other disposition:

(i) there shall have been filed with the Secretary of the Commission a certificate of a Professional Utility Consultant stating that such sale, mortgage, lease, or other disposition will not impair the ability of the District to comply with the covenants set forth in Section 7.2(a) and 7.2(b) of this resolution; or

(ii) the proceeds of such disposition are used to acquire new operating properties of the Electric System or provision is made for the payment, redemption, or other retirement of a principal amount of Parity Bonds equal to the greater of the following amounts:

(A) an amount which will be in the same proportion of the net principal amount of Parity Bonds then Outstanding (defined as the total principal amount of such bonds then Outstanding less the amount of cash and investments in the Bond Fund) that the Revenue attributable to the part of the Electric System sold or disposed of for the 12 preceding months bear to the total Revenue for such period; or

(B) an amount which will be in the same proportion to the net principal amount of Parity Bonds then Outstanding that the book value of the part of the Electric System sold or disposed of bears to the book value of the entire Electric System immediately prior to such sale or disposition.

The District may sell or otherwise dispose of any part of the Electric System which shall have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the Electric

System, or no longer necessary, material to or useful in such operation. The proceeds of any such sale or disposition pursuant to this paragraph shall be paid into the Bond Fund for credit to the Parity Bond Reserve Accounts on a pro rata basis to the extent of any deficiency in such reserve accounts, and the balance of such proceeds, if any, shall be deposited in the Revenue Fund.

(e) *Insurance.* The District will keep the works, plants, properties, and facilities comprising the Electric System insured, and will carry such other insurance, with responsible insurers, with policies payable to the District, against risks, accidents, or casualties, at least to the extent that insurance is usually carried by municipal corporations operating like properties; provided, however, that the District may, if deemed necessary and advisable by the Commission, institute or continue a self-insurance program with respect to any or all of the aforementioned risks.

(f) *Books and Records.* The District shall keep proper books of account in accordance with generally accepted accounting principles as applied to governmental entities and with the rules and regulations prescribed by the State Auditor's Office, and if no such rules or regulations are prescribed as aforesaid, then in substantial accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission or other federal agency having jurisdiction over electric public utility companies owning and operating properties similar to the properties of the District, whether or not the District is at the time required by law to use such system of accounts. The District shall cause its books of account to be audited annually by the State Auditor's Office or other State department or agency as may be authorized and directed by law to make such audits, or if such an audit shall not be made for 12 months after the close of any Fiscal Year of the District, by independent certified public accountants. In keeping said books of account, the District shall accrue depreciation monthly thereon on its depreciable properties in accordance with the accounting practice prescribed by the public departments or agencies above mentioned. Any Registered Owner of any Bond may obtain at the office of the District, copies of the balance sheet and statement of revenues, expenses, and changes in net assets showing in reasonable detail the financial condition of the Electric System as of the close of each Fiscal Year, and the income and expenses of such year, including the amounts paid into the Revenue Fund, the Bond Fund, and in any and all special funds created pursuant to the provisions of this resolution, and the amounts expended for maintenance, renewals, replacements, and gross capital additions to the Electric System. All calculations, classifications, and other financial determinations required by this resolution shall be made in accordance with the accounting practices then being observed by the District.

(g) *No Free Service.* Except as required by law or in an amount per year not exceeding 1/10 of 1% of annual Operating Expenses, the District will not furnish or supply or permit the furnishing or supplying of electric energy or any other commodity, service or facility furnished by or in connection with the operation of the Electric System, free of charge to any person, firm, or corporation, public or private, so long as any Bonds are Outstanding and unpaid, and the District will promptly enforce the payment of any and all accounts owing to the District and delinquent, by discontinuing service to the extent then permitted by law, or by legal suits, actions and proceedings, or both; provided, that, to the extent permitted by law, the District may lend money and may provide commodities, services, or facilities free of charge or at a reduced charge in connection with a plan of conservation of electric energy adopted by the Commission.

(h) *Dissolution or Termination.* The District shall not dissolve or terminate its existence without paying or providing for the payment of all Parity Bonds then Outstanding.

(i) *FERC License.* The District will use its best efforts to retain the FERC License for the Priest Rapids Project and to renew the FERC License when it expires.

Section 7.3 Future Parity Bonds and Resource Obligations. The District hereby covenants and agrees that for as long as any Bonds remain Outstanding:

(a) It will not issue any bonds or other obligations on a parity of lien with the Outstanding Parity Bonds and the Bonds, except, upon the conditions provided herein, the District reserves the right to issue Future Parity Bonds and to incur Resource Obligations, obligations under reimbursement agreements and under Derivative Products as provided this resolution. Future Parity Bonds may be issued for any lawful purpose of the District, including but not limited to, acquiring, constructing and installing additions, betterments, and improvements to and extensions of, acquiring necessary equipment for, or making necessary renewals, replacements or repairs, and capital improvements to the Electric System.

The District covenants that Future Parity Bonds shall be issued only upon compliance with the following conditions:

(1) That at the times of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund or in any of the accounts therein and no Event of Default has occurred and is continuing.

(2) That Net Revenue of the Electric System for any 12 consecutive months out of the months next preceding the issuance of the Future Parity Bonds (not including any transfer from the R&C Fund), will equal at least 1.25 times the Annual Debt Service required to be paid in any Fiscal Year thereafter. In calculating Annual Debt Service for the purpose of this subparagraph (2), if the interest rate on any Parity Bonds is other than a fixed rate, the rate used shall be any rate published as the Bond Buyer Revenue Bond Index for municipal revenue bonds within the 30-day period prior to the date of such calculation. If such index is no longer published, a comparable index designated by the District shall be utilized in lieu thereof.

If on the date of such calculation the interest rate on any Variable Rate Bonds is then fixed for a specified period, including pursuant to a Derivative Product, the interest rate used for such specified period for the purpose of such calculation shall be such actual interest rate.

For the purposes of this subparagraph (2), the “Net Revenue of the Electric System” may be adjusted as follows:

(i) To include a full 12 months of Net Revenue from any customers added during the 12-month period being considered.

(ii) To include the annual estimated net revenue to be received as a result of any additions, betterments, and improvements to and extensions of the Electric System to be acquired, constructed, or installed by the District from the proceeds of the Future Parity Bonds to be issued or under construction at the time of such certificate.

(iii) To include the additional Net Revenue which would have been received by the District if any rate change adopted prior to the delivery of the Future Parity Bonds, but subsequent to the beginning of the 12-month period being considered, had been in force during the full 12-month period.

(3) That at or prior to the time of the issuance of such Future Parity Bonds the District shall obtain and have on file a certificate from the Treasurer which shall certify full compliance with conditions (1) and (2) of this subsection (a), or in the alternative the District obtains a certificate from a Professional Utility Consultant stating that the projected annual Net Revenue for the Fiscal Years in which the Parity Bonds, including the Future Parity Bonds being issued, are expected to at least equal 1.25 times the Annual Debt Service required to be paid in any Fiscal Year thereafter. Such certificate shall have attached thereto financial statements of the District for the period upon which the same is based and audits by the Division of Municipal Corporations of the State Auditor's Office or from an independent certified public accountant for as many fiscal years within such period as such audits have been made and completed.

(4) That the resolution authorizing the issuance of the Future Parity Bonds shall contain covenants and provisions substantially the same as Sections 5.1, 5.2 and 5.4, 7.1 through 7.5, 8.1 through 8.8, and 9.1 through 9.7 hereof.

(b) *Refunding Bonds.* In the event that any Future Parity Bonds provided for in this Section 7.3 are issued for the sole purpose of exchanging with or providing funds to purchase or refund or redeem and retire at or prior to their maturity any or all Parity Bonds then Outstanding and the issuance of such refunding Future Parity Bonds and retirement of Outstanding bonds and such refunding Future Parity Bonds will not require a greater amount (except as necessary to round maturities to the nearest \$5,000) to be paid in any Fiscal Year thereafter as Annual Debt Service than would have been required to be paid in the same Fiscal Year for Annual Debt Service on the bonds being refunded, then subsections (2) and (3) of subsection (a) of this Section 7.3 need not be complied with to permit such refunding Future Parity Bonds to be issued, although the provisions of subsections (1) and (4) of subsection (a) of this Section 7.3 must still be complied with.

(c) *Resource Obligations.* The District may enter into or incur a Resource Obligation pursuant to a resolution of the Commission provided that the following requirements shall be met at the time of adoption of such resolution:

(1) No Event of Default with respect to any Parity Bonds or Resource Obligations has occurred and is continuing.

(2) There shall have been filed with the Secretary of the Commission a certificate of the Professional Utility Consultant stating that the additional source of power and energy or conservation from such Resource Obligation is consistent with sound utility power supply planning.

(3) There shall have been filed with the Secretary of the Commission a report of the Professional Utility Consultant stating that estimated annual Net Revenue for the second full Fiscal Year after the date of initial operation of the facilities, costs of which are to be financed

as a Resource Obligation, or after the date of first delivery of energy, capacity, reserves, or services pursuant to a contract, costs of which are declared to be a Resource Obligation, as the case may be, shall be at least equal to 125% of maximum Annual Debt Service in any future Fiscal Year. In estimating Net Revenue, the Professional Utility Consultant shall base such an estimate on factors the Professional Utility Consultant deems to be reasonable and shall treat the costs of the Resource Obligation as Operating Expenses.

(4) In the event that the Resource Obligation is a contract to purchase energy, capacity, reserves, or services, there shall have been filed with the Secretary of the Commission opinions of counsel to all other parties to the contract which opinions state that each such party to such contract has all requisite right, power, and authority to execute and deliver such contract and to perform its obligations thereunder and that such contract constitutes a legally valid and binding obligation of such party thereto.

(5) The Resource Obligations shall not be subject to acceleration if an event of default has occurred.

(d) *Separate System.* Nothing in this resolution shall prevent the District from entering into contracts to purchase energy, capacity, capability, reserves, conservation, or services or from authorizing and issuing bonds, notes, certificates, or other obligations or evidences of indebtedness, other than Bonds, to acquire or construct facilities or resources for the generation of power and energy, or for the conservation, transformation, or transmission of power and energy, and any incidental properties to be constructed or acquired in connection therewith, which facilities or resources shall be a separate system, provided that such contractual obligations, bonds or other obligations or evidences of indebtedness shall be payable solely from the revenues or other income derived from the ownership or operation of such separate system.

(e) *Reimbursement Obligations.*

(1) In the event that the District elects to meet the requirements with respect to a Parity Bond Reserve Account through the use of a Qualified Letter of Credit, Qualified Insurance or other credit enhancement device, the District may contract with the person providing such Qualified Letter of Credit, Qualified Insurance, or other credit enhancement device that the District's reimbursement obligation, if any, to such entity ranks on a parity of lien with payments into the Reserve Account to secure the Bonds.

(2) In the event that the District elects additionally to secure any issue of Variable Rate Bonds through the use of a letter of credit, insurance, or other credit enhancement device, the District may contract with the entity providing such letter of credit, insurance, or other credit enhancement device that the District's reimbursement obligation, if any, to such entity ranks on a parity of lien with the Bonds; provided that the payments due under such reimbursement obligation are such that if such reimbursement obligation were a series of Future Parity Bonds and assuming that such credit enhancement device were to be drawn upon for the full amount available, such Future Parity Bonds could be issued in compliance with the provisions of Section 7.3(a)(2) excluding Annual Debt Service on the Variable Rate Bonds.



Section 7.4    Restrictions on Contracting of Obligations Secured by Revenue.

(a)    The District will not hereafter issue any bonds, warrants, or other obligations or create any additional indebtedness which will have a lien and charge on the Gross Revenue and funds of the Electric System prior to the lien and charge thereon established by this resolution. The District will not issue any Future Parity Bonds except as provided under Section 7.3.

(b)    The District may issue bonds, notes, warrants, or other obligations payable from and secured by a lien on the Gross Revenue and funds of the Electric System that is subordinate to the lien on such Gross Revenue of the Parity Bonds and may create a special fund or funds for payment of such subordinate obligations (provided, however, that such bonds, notes, warrants, or other obligations and the resolutions authorizing the same shall expressly state that the right to receive payment thereon is subordinated to the rights of the Registered Owners of the Parity Bonds to receive payment at the times and in the amounts provided in this resolution and the resolutions authorizing Parity Bonds and that any money received by the owners of such subordinate lien bonds, notes, warrants, or other obligations which should have been paid to the Registered Owners of the Parity Bonds by reason of such subordination provision shall be held in trust for the Registered Owners of such Parity Bonds and shall be forthwith turned over to the Registrar for payment to the Registered Owners of such Parity Bonds). Subordinate lien bonds, notes, warrants, or other obligations shall not be subject to acceleration upon the occurrence of an event of default.

(c)    The District shall not hereafter enter into any agreement, other than a Resource Obligation, obligating the District to pay to another person or corporate entity, from Gross Revenue, for (1) generating or transmission capacity or the use or lease of generating or transmission facilities, which agreement is not conditioned on the availability of such capacity or facility, or (2) the installment purchase or lease of property which, whether or not subject to annual appropriations, otherwise transfers to the District the burdens and benefits of ownership of such property, unless such agreement specifically states that the obligation of the District thereunder is subordinate to the obligation of the District to make payments from the Revenue Fund into the Bond Fund. This paragraph shall not be applicable to, and shall not restrict the District in entering into, any agreement relating to the Priest Rapids Project or any other hydroelectric facility owned and operated by the District.

Section 7.5    Derivative Products. To the extent permitted by State law, the District may enter into Derivative Products on a parity with the Parity Bonds subject to the conditions provided in this section. The following shall be conditions precedent to the use of any Derivative Product on a parity with any Bonds under this resolution:

(a)    *General Parity Tests.* The Derivative Product (and the obligations to which it relates) must satisfy the requirements for Future Parity Bonds described in Section 7.3 of this resolution taking into consideration District Payments and Reciprocal Payments under the Derivative Product. Termination payments owed pursuant to a Derivative Product shall not be on a parity with the Parity Bonds.

(b)    *Opinion of Bond Counsel.* The District shall obtain an opinion of Bond Counsel and/or Special Tax Counsel on the due authorization and execution of such Derivative Product, the validity and enforceability thereof and opining that the action proposed to be taken is

authorized or permitted by this resolution and will not adversely affect the excludability for federal income tax purposes of the interest on any Outstanding tax-exempt Parity Bonds, as applicable.

(c) *Payments.* Each Derivative Product shall set forth the manner in which the District Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(d) *Supplemental Resolutions to Govern Derivative Products.* Prior to entering into a Derivative Product, the District shall adopt a Supplemental Resolution, which shall:

(i) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(ii) set forth such other matters as the District deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this resolution.

Section 7.6 Tax Covenants.

(a) The District hereby covenants to comply with all applicable requirements set forth in the Code and the Tax Certificate to the extent that such compliance shall be necessary to maintain the exclusion from gross income for federal income taxes of the interest on the Tax-Exempt Bonds. The District hereby further covenants to observe all applicable requirements in any future federal tax legislation to the extent that such compliance is determined by the District to be legal and practicable and required for such exemption.

(b) The District will pay the Rebate Amount, if any, to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the exclusion from gross income for federal income tax purposes of interest payments on the Tax-Exempt Bonds, in accordance with the Tax Certificate.

The covenants of this section will survive payment in full or defeasance of the Tax-Exempt Bonds.

ARTICLE VIII  
DEFAULTS AND REMEDIES

Section 8.1 Events of Default. The Commission hereby finds that the continuous operation of the Electric System and the collection, deposit, and disbursement of the Gross Revenue in the manner provided in this resolution are essential to the payment and security of the Bonds, and the failure or refusal of the District to perform the covenants and obligations contained in this resolution will endanger the necessary continuous operation of the Electric System and the application of the Gross Revenue to the purposes set forth in this resolution.

The District hereby covenants and agrees with the Registered Owners from time to time of the Bonds, in order to protect and safeguard the covenants and obligations undertaken by the District securing the Bonds, that the following shall constitute “Events of Default”:

(a) If default shall be made in the due and punctual payment of the principal of and premium, if any, on any of the Parity Bonds when the same shall become due and payable, either at maturity or by proceedings for mandatory distribution or otherwise;

(b) If default shall be made in the due and punctual payment of interest on any Parity Bond when the same shall be due and payable;

(c) If the District shall fail to purchase or redeem Term Bonds in an aggregate principal amount at least equal to the Sinking Fund Requirement for the applicable Fiscal Year;

(d) If the District shall default in the observance and performance of any other of the covenants, conditions, and agreements on the part of the District contained in this resolution and such default or defaults shall have continued for a period of 90 days after the District shall have received from the Bondowners’ Trustee or from the Registered Owners of not less than 20% in principal amount of Parity Bonds then Outstanding, a written notice specifying and demanding the cure of such default;

(e) If the District shall (except as herein permitted) sell, transfer, assign, or convey any properties constituting the Electric System or interests therein, or any part or parts thereof, or shall make any agreement for such sale or transfer (except as expressly authorized by Section 7.2(d) hereof);

(f) If an order, judgment or decree shall be entered by any court of competent jurisdiction: (1) appointing a receiver, trustee, or liquidator for the District or the whole or any substantial part of the Electric System; (2) approving a petition filed against the District seeking the bankruptcy, arrangement, or reorganization of the District under any applicable law of the United States or the State; or (3) assuming custody or control of the District or of the whole or any substantial part of the Electric System under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree shall not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated) within 60 days from the date of the entry of such order, judgment or decree; or

(g) If the District shall: (1) admit in writing its inability to pay its debts generally as they become due; (2) file a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law; (3) make an assignment for the benefit of its creditors; (4) consent to the appointment of a receiver of the whole or any substantial part of the Electric System; or (5) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the District or of the whole or any substantial part of the Electric System.

Section 8.2 Bondowners’ Trustee. If an Event of Default has occurred, is continuing, and has not been remedied, the owners of 25% in principal amount of Parity Bonds then Outstanding may appoint a bondowners’ trustee (the “Bondowners’ Trustee”) by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity

Bonds or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the District. That appointment shall become effective immediately upon acceptance thereof by the Bondowners' Trustee. Any Bondowners' Trustee appointed under the provisions of this section shall be a bank or trust company organized under the laws of the State or the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the Registered Owners of a majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners of the Parity Bonds or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses, and liabilities that may be incurred in the performance of its duties.

The Bondowners' Trustee may resign upon 60 days' notice and a new Bondowners' Trustee appointed by the owners of at least 25% in principal amount of Parity Bonds; provided, however, that no such resignation or removal shall be effective until a successor Bondowners' Trustee shall have been appointed and shall have delivered a written instrument of acceptance of the duties and responsibilities of the Bondowners' Trustee under this resolution to the District and the owners of the Parity Bonds then Outstanding.

In the event that any Event of Default in the sole judgment of the Bondowners' Trustee is cured and the Bondowners' Trustee furnishes to the District a certificate so stating, that Event of Default shall be conclusively deemed to be cured, and the District, the Bondowners' Trustee and the Registered Owners of the Parity Bonds then Outstanding shall be restored to the same rights and position which they would have held if no Event of Default had occurred.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the Registered Owners of all the Parity Bonds then Outstanding and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

Section 8.3 Suits at Law or in Equity. Upon the happening of an Event of Default and during the continuance thereof, the Bondowners' Trustee may, and upon the written request of the Registered Owners of not less than 25% in principal amount of the Parity Bonds then Outstanding shall, take such steps and institute such suits, actions, or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the Registered Owners of the Parity Bonds, to collect any amounts due and owing to or from the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement, or condition contained in this resolution or in any of the Parity Bonds.

Nothing contained in this resolution shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Parity Bonds, and the remedy of acceleration is expressly denied to the Registered Owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

Any action, suit, or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Parity Bonds or the provisions of this resolution may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action, or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all the Registered Owners of those Parity Bonds, subject to the provisions of this resolution. The respective Registered Owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective Registered Owners of those Parity Bonds, with authority to institute any such action, suit, or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the Registered Owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered Owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District is a party.

Section 8.4 Application of Money Collected by Bondowners' Trustee. Any money collected by the Bondowners' Trustee at any time pursuant to this Article shall be applied in the following order of priority:

(a) first, to the payment of the charges, expenses, advances, and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements, and compensation of its agents and attorneys; and

(b) second, to the payment to the persons entitled thereto first of required interest and then of unpaid principal amounts on any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

When the Bondowners' Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization, or other debtor relief.

Section 8.5 Duties and Obligation of Bondowners' Trustee. The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The

Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this resolution, and no implied powers, duties, or obligations of the Bondowners' Trustee shall be read into this resolution.

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

The Bondowners' Trustee shall not be bound to recognize any person as a Registered Owner of any Bond until his or her title thereto, if disputed, has been established to its reasonable satisfaction.

The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

Section 8.6 Suits by Individual Bondowners Restricted. Neither the Registered Owner nor the Beneficial Owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the same unless:

- (a) an Event of Default has happened and is continuing; and
- (b) a Bondowners' Trustee has been appointed; and
- (c) such Outstanding previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and
- (d) the Registered Owners of 25% in principal amount of the Parity Bonds, after the occurrence of such Event of Default, has made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action, or proceeding; and
- (e) there have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby; and
- (f) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No Registered Owner or Beneficial Owner of any Parity Bond shall have any right in any manner whatever by his or her action to affect or impair the obligation of the District to pay from the Net Revenue the principal of and interest on such Parity Bonds to the respective Registered Owner thereof when due.

Section 8.7 Waivers of Default. No delay or omission of the Bondowners' Trustee or of any Outstanding of Parity Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Article to the Bondowners' Trustee or to the Registered Owners of Parity Bonds may be exercised from time to time and as often as may be deemed expedient by the Bondowners' Trustee or by such Registered Owners.

The Bondowners' Trustee or the owners of not less than 50% in principal amount of the Parity Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the owners of all of the Parity Bonds waive any past default under this resolution and any resolution authorizing the issuance of other Parity Bonds and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Parity Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto:

Section 8.8 Remedies Granted in Resolution Not Exclusive. No remedy conferred by this resolution upon or reserved to the Bondowners' Trustee or the owners of the Parity Bonds is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to every other remedy given under this resolution or existing at law or in equity or by statute on or after the date of adoption of this resolution.

## ARTICLE IX AMENDMENTS

Section 9.1 Execution of Instruments by Bondowners. Any request, direction, consent, or other instrument in writing required or permitted by this resolution to be signed or executed by Registered Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this resolution if made in the following manner: (1) the fact and date of the execution by any person of any such instrument may be proved by either (a) an acknowledgment executed by a notary public or other officer empowered to take acknowledgments of deeds to be recorded in the particular jurisdiction, or (b) an affidavit of a witness to such execution sworn to before such a notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association, or partnership, such acknowledgment or affidavit shall also constitute sufficient proof of his authority.

The foregoing shall not be construed as limiting the District to such proof, it being intended that the District may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Registered Owner of any Parity Bond shall bind every future Outstanding of the same Parity Bond in respect of anything done by the District in pursuance of such request, direction or consent.

Section 9.2 Vote Required to Amend Resolution. Any amendment to the provisions of this resolution, may be made by a Supplemental Resolution of the District and with written consent, as provided in Section 9.3, of the Registered Owners of not less than 66-2/3% in principal amount of the Parity Bonds then Outstanding; provided, however, that no such amendment shall

(a) extend the date of payment of the principal of any Parity Bond or of any installment of interest thereon or reduce the principal or redemption price thereof or the rate of interest thereon or advance the date upon which any Parity Bond may first be called for redemption prior to its fixed maturity date; (b) give to any Parity Bond or Bonds any preference over any other Parity Bond or Bonds secured equally and ratably therewith; (c) reduce the aforesaid percentage of Parity Bonds, the Registered Owners of which are required to consent to any such resolution amending the provisions of this resolution; or (d) authorize the creation of any pledge prior to or, except as provided in this resolution for the issuance of Future Parity Bonds, on a parity with the pledge afforded by this resolution, without the consent of the Registered Owner of each such Parity Bond affected thereby.

Section 9.3 Alternate Method of Obtaining Approval of Amendments. The District may at any time adopt a resolution amending the provisions of this resolution, or of any Parity Bonds, to the extent that such amendment is permitted by the provisions of this Article, to take effect when and as provided in this section. Upon adoption of such resolution, the District shall mail a form of consent to the Registered Owners. Such resolution shall not be effective unless and until there shall have been filed with the District the written consents of the percentages of Registered Owners of Parity Bonds then Outstanding specified in Section 9.2 hereof and a notice shall have been published in The Bond Buyer. Each such consent shall be effective only if accompanied by proof of ownership of the Parity Bonds for which such consent is given. A certificate or certificates of the Secretary of the Commission that he or she has examined such proof and that such proof is sufficient shall be conclusive that the consents have been given by the Registered Owners of the Parity Bonds described in such certificate or certificates. Any such consent shall be binding upon the Registered Owner of the Parity Bonds giving such consent and on every subsequent Registered Owner of such Parity Bonds (whether or not such subsequent Registered Owner has notice thereof). A notice stating that the resolution has been consented to by the Registered Owners of the required percentages of Parity Bonds and will be effective as provided in this section, may be given to the Registered Owners by mailing such notice to the Registered Owners by first-class mail, and shall be given by publishing the same at least once in The Bond Buyer. A record, consisting of the papers required by this section to be filed with the District, shall be proof of the matters therein stated, and the resolution shall be deemed conclusively to be binding upon the District and the Registered Owners of all Parity Bonds at the expiration of 30 days after the notice last provided for in this section, except in the event of a final decree of a court of competent jurisdiction setting aside such consent or annulling the action taken thereby in a legal action or equitable proceeding for such purpose commenced within such period.

Section 9.4 Amendment of Resolution In Any Respect by Approval of All Bondowners. Notwithstanding anything contained in the foregoing provisions of this Article, the rights and obligations of the District and of the Registered Owners of the Parity Bonds and the terms and provisions of the Parity Bonds and of this resolution may be amended in any respect with the consent of the District, by the affirmative vote of the Registered Owners of all said Parity Bonds then Outstanding, such consent to be given as provided in Section 9.3, except that no notice to Registered Owners either by mailing or publication shall be required, and the amendment shall be effective immediately upon such unanimous vote or written consent of all of the Registered Owners.



Section 9.5 Parity Bonds Owned by District. Parity Bonds owned or held by or for the account of the District shall not be deemed Outstanding for the purpose of any vote or consent or other action or any calculation of Parity Bonds then Outstanding in this resolution provided for, and shall not be entitled to vote or consent or take any other action in this resolution provided for.

Section 9.6 Endorsement of Amendment on Parity Bonds. Parity Bonds delivered after the effective date of any action amending this resolution taken as hereinabove provided may bear a notation by endorsement or otherwise as to such action, and in that case, upon demand of the Registered Owner of any Parity Bond then Outstanding at such effective date and presentation of his or her Parity Bond for the purpose at the designated office of the Registrar, suitable notation shall be made on such Parity Bond by the Registrar as to any such action. If the District shall so determine, new Parity Bonds so modified as in the opinion of the District and its counsel to conform to such action shall be prepared, delivered and, upon demand of the Registered Owner of any Parity Bond then Outstanding, shall be exchanged without cost to such Outstanding for Parity Bonds then Outstanding hereunder, upon surrender of such Parity Bonds.

Section 9.7 Amendments by District.

(a) Notwithstanding the preceding provisions of this Article IX, or the provisions of Section 7.3(a)(4), the District from time to time and at any time may adopt a Supplemental Resolution or resolutions, which resolution or resolutions thereafter shall become a part of this resolution, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the District contained in this resolution, other covenants and agreements thereafter to be observed, which shall not adversely affect the interest of the Registered Owners of any Parity Bonds or Future Parity Bonds in any material way, or to surrender any right or power herein reserved to or conferred upon the District.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting, or supplementing any defective provisions contained in this resolution or any resolution authorizing Future Parity Bonds in regard to matters or questions arising under such resolutions as the District may deem necessary or desirable and which shall not adversely affect the interest of the owners of such bonds in any material respect.

(3) To modify any of the provisions of this resolution in any other respect, if such modification does not adversely affect any Registered Owner in any material respect.

Any such Supplemental Resolution of the District may be adopted without the consent of the Registered Owners of any Parity Bonds or Parity Lien Obligations at any time Outstanding.

(b) Upon the adoption of any Supplemental Resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations of the District under this resolution and all Registered Owners of Parity Bonds Outstanding hereunder shall thereafter be determined, exercised, and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes.

ARTICLE X  
ONGOING DISCLOSURE

Section 10.1 Undertaking to Provide Ongoing Disclosure. The District covenants to execute and deliver on the date of issuance of the Bonds a Continuing Disclosure Certificate, and hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. The Designated Representatives are each hereby authorized and directed to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery, and sale of the Bonds with such terms and provisions as such officer shall deem appropriate and in the best interests of the District, upon consultation with counsel to the District. Notwithstanding any other provision of this resolution, failure of the District to comply with a Continuing Disclosure Certificate shall not be considered an Event of Default as to the Bonds and shall not be deemed to create any monetary liability on the part of the District to any other persons, including the Registered Owners of the Bonds, or result in acceleration of the Bonds.

ARTICLE XI  
SALE OF THE BONDS

Section 11.1 Sale of the Bonds. The Bonds shall be sold at negotiated sale to the Underwriter pursuant to the terms of the Bond Purchase Contract. The Commission has determined that it would be in the best interest of the District to delegate to the Designated Representatives for a limited time the authority to determine whether to issue the Bonds as Taxable Bonds or Tax-Exempt Bonds, to designate the Refunding Candidates as Refunded Bonds, to establish the Reserve Account Requirement (if any) for the Bonds, and to approve the final interest rates, aggregate principal amount, principal amounts of each maturity, and redemption rights for the Bonds. The final determination of the terms for the Bonds shall be set forth in a Bond Purchase Contract to be signed by a Designated Representative.

The Designated Representatives are each hereby authorized to make such determinations with respect to the Bonds so long as:

- (a) the aggregate principal amount of the Bonds issued under this resolution does not exceed \$55,000,000;
- (b) the final maturity date for the Bonds is no later than January 1, 2044;
- (c) the Bonds are sold (in the aggregate) at a price not less than 90%;
- (d) the true interest cost for the Bonds (in the aggregate) does not exceed 6.0%; and
- (e) the Bonds conform to all other terms of this resolution.

The Bonds shall be sold by negotiated sale to the Underwriter. Subject to the terms and conditions set forth in this Section 11.1, the Designated Representatives are each hereby authorized to execute the Bond Purchase Contract.

Following the sale of the Bonds and the execution of a Bond Purchase Contract, a Designated Representative shall provide a report to the Commission describing the final terms of

the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representatives by this Section 11.1 shall expire September 1, 2024. If the Bonds authorized herein have not been sold by September 1, 2024, and a Bond Purchase Contract has not been executed by such date, the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Commission. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part or may be in the form of an amendatory resolution approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 11.1.

Section 11.2 Preliminary and Final Official Statements.

(a) *Preliminary Official Statement.* The District hereby approves and authorizes the use and distribution of a Preliminary Official Statement by the Underwriter in connection with the offer and sale of the Bonds, including any amendments or supplements thereto. Prior to the distribution of the Preliminary Official Statement, the Designated Representatives are each hereby authorized, empowered, and directed to deem such Preliminary Official Statement final as of its date for purposes of the Rule (except for the omission of certain information as provided in and pursuant to Rule), such action to be conclusively evidenced by delivery of the Preliminary Official Statement to the Underwriter for distribution thereof.

(b) *Official Statement.* The Designated Representatives are each hereby authorized, empowered, and directed to execute and deliver a final Official Statement, including any amendments or supplements thereto, with such changes therein from the Preliminary Official Statement as such officer shall deem appropriate and in the best interests of the District, as conclusively evidenced by execution thereof. The Underwriter for the Bonds is hereby authorized to distribute the Official Statement in connection with the offer and sale of such Bonds.

ARTICLE XII  
MISCELLANEOUS

Section 12.1 Resolution a Contract. This resolution and the provisions of Title 54 RCW shall constitute a contract with the Registered Owners of each of the Bonds, enforceable by any Registered Owner of any Bond by mandamus or any other appropriate suit or action in any court of competent jurisdiction subject to the provisions of limitations on remedies contained in this resolution.

Section 12.2 Benefits of Resolution Limited to District, Bondowners, Registrar, and Bondowners' Trustee. Nothing in this resolution, expressed or implied, is intended or shall be construed to confer upon or give to any person or corporation other than the District, the Registrar, the Bondowners' Trustee, and the Registered Owners from time to time of the Bonds any rights, remedies, or claims under or by reason of this resolution or any covenant, condition, or stipulation thereof; and all the covenants, stipulations, promises, and agreements in this resolution contained by or on behalf of the District shall be for the sole and exclusive benefit of the District, the Registrar, the Bondowners' Trustee and the Registered Owners from time to time of the Bonds.

Section 12.3 Severability. If any one or more of the covenants or agreements provided in this resolution on the part of the District to be performed shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement, or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this resolution or of the Bonds issued hereunder.

Section 12.4 General Authorization. The General Manager/Chief Executive Officer, the Chief Financial Officer/Treasurer, and the Senior Manager of Treasury and Financial Planning/Deputy Treasurer, and the President, Vice President and Secretary of the Commission and each of the other appropriate officers of the District are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments, or instruments as in their judgment may be necessary, appropriate, or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this resolution. Such documents may include, but are not limited to, documents related to Qualified Insurance and/or a municipal bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on all or a portion of the Bonds as provided therein, if such insurance is determined by a Designated Representative to be in the best interest of the District.

Section 12.5 Prior Acts. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.

Section 12.6 Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 24th day of October, 2023.

PUBLIC UTILITY DISTRICT NO. 2 OF  
GRANT COUNTY, WASHINGTON

By \_\_\_\_\_  
President and Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Secretary of the Commission

**APPENDIX A:  
Refunding Candidates**

<b>Series</b>	<b>Final Maturity Date</b>	<b>Outstanding Principal Amount</b>
Electric System Revenue Refunding Bonds, Series 2020-S (Mandatory Put Bonds)	1/1/2044	\$48,045,000

**APPENDIX B:  
Bond Form**

The Bonds shall be in substantially the following form, with additions and deletions as permitted by the Resolution.

NO. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF WASHINGTON

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON  
ELECTRIC SYSTEM REVENUE REFUNDING BOND, SERIES 2023-V

INTEREST RATE: %                      MATURITY DATE:                      CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, a municipal corporation of the state of Washington (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from the date of delivery, or the most recent date to which interest has been paid or duly provided for, until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_, and semiannually thereafter on the first days of each succeeding \_\_\_\_\_ and \_\_\_\_\_. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in book-entry form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations from the District to DTC.

Principal of and interest and premium, if any, on this bond are payable solely out of the special fund of the District known as the "Electric System Revenue Bond Fund" (the "Bond Fund"). This bond is not a general obligation of the District.

This bond is one of a duly authorized series of bonds aggregating \$\_\_\_\_\_ in principal amount and designated as "Electric System Revenue Refunding Bonds, Series 2023-V." This bond and the bonds of the series of which it is a part (the "Bonds") are issued under and pursuant to Resolution No. 9031 of the District adopted on October 24, 2023 (the "Bond Resolution"), and under the authority of and in full compliance with the Constitution and laws of the state of Washington, including Title 54 of the Revised Code of Washington. The Bonds are issued for the purpose of refunding certain outstanding revenue bonds of the District, and paying costs of issuance for the Bonds. Terms not otherwise defined herein shall have the meanings set forth in the Bond Resolution.

The Bonds are being issued on a parity of lien on Gross Revenue of the Electric System with the District's Outstanding Parity Bonds, subject only to the prior payment of Operating Expenses. The District has reserved the right in the Bond Resolution to issue additional bonds ("Future Parity Bonds") and certain Parity Lien Obligations on a parity with the Bonds and the Outstanding Parity Bonds. The Outstanding Parity Bonds, the Bonds and any Future Parity Bonds are referred to herein as the "Parity Bonds."

Under the Bond Resolution, the District is obligated to set aside and pay into the Bond Fund out of the Gross Revenue of the Electric System, certain fixed amounts sufficient to pay the principal of and interest and premium, if any, on all Parity Bonds as the same become due and payable, all as is more fully provided in the Bond Resolution.

Copies of the Bond Resolution are on file at the office of the District, and reference thereto, and to any and all modifications and amendments thereof, is hereby made for a more complete description of the Gross Revenue available for the payment of the principal of, premium, if any, and interest on the Bonds and the rights and remedies of the Registered Owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds have been issued, and the terms and conditions upon which this bond shall no longer be secured by the Bond Resolution or deemed to be Outstanding thereunder if money or certain specified securities sufficient for the payment of this bond shall have been set aside in a special account and held in trust for the payment thereof.

In and by the Bond Resolution, the District covenants to establish, maintain, and collect rates or charges for electric energy sold through the ownership or operation of the Electric System and all other services, facilities and commodities sold, furnished or supplied by the District in connection with the ownership or operation of the Electric System that shall be fair and nondiscriminatory and reasonably anticipated to provide Gross Revenue sufficient for the payment of the Parity Bonds, and any other indebtedness of the Electric System, and all payments that the District is obligated to set aside in the Bond Fund and for the proper operation and maintenance of the Electric System, all necessary repairs thereto and replacements and renewals thereof and all other costs of the Electric System.

This bond is subject to redemption prior to maturity as provided in the Bond Resolution and Bond Purchase Contract.

This bond shall be transferable by the Registered Owner at the designated office of the Registrar upon surrender and cancellation of this bond, and thereupon a new registered Bond of the same principal amount and interest rate and maturity will be issued to the transferee as provided in the Bond Resolution. The District, the Registrar, and any other person may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment hereof and for all purposes.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

It is hereby certified, recited and declared that all acts, conditions and things essential to the validity of this bond and the Bonds of this series, required by the Constitution and statutes of the state of Washington do exist, have happened and have been performed.

IN WITNESS WHEREOF, Public Utility District No. 2 of Grant County, Washington, by its Commission, has caused this bond to be executed in its name with the manual or facsimile signature of the President of its Commission, and attested by the manual or facsimile signature of the Secretary of the Commission and the seal of said District to be impressed or imprinted hereon, all as of the 24<sup>TH</sup> day of October, 2023.

PUBLIC UTILITY DISTRICT NO. 2 OF  
GRANT COUNTY, WASHINGTON

(SEAL)

\_\_\_\_\_  
President of the Commission

Attest:

\_\_\_\_\_  
Secretary of the Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the revenue bonds described in the within mentioned Bond Resolution and is one of the Electric System Revenue Refunding Bonds, Series 2023-V, of Public Utility District No. 2 of Grant County, Washington.

WASHINGTON STATE FISCAL  
AGENCY, Registrar

By \_\_\_\_\_  
Authorized Signer



CERTIFICATE

I, the undersigned, Secretary of the Board of Commissioners of Public Utility District No. 2 of Grant County, Washington, and keeper of the records of said Commission (herein called the "Commission"), DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Resolution No. 9031 (herein called the "Resolution") of the Commission, duly passed at a regular meeting thereof held on the 24th day of October, 2023.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

DATED this 24th day of October, 2023.

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Secretary, Board of Commissioners

MEMORANDUM

September 28, 2023

**TO:** Richard Wallen, General Manager/Chief Executive Officer

**VIA:** Bonnie Overfield, Chief Financial Officer/Treasurer  
Angelina Johnson, Senior Manager of Treasury and FP/Deputy Treasurer *Angelina Johnson*

**FROM:** Amy Thompson, Senior Financial Analyst *Amy Thompson*  
Cesar Castro-Leon, Senior Data Analyst *Cesar Castro-Leon*

**SUBJECT:** Electric System 2020-S Refunding Resolution

**Purpose:** To request Commission review and approval of the bond resolution for the refunding of the Electric System's 2020-S (2020-S) to a long-term fixed-rate debt product.

**Discussion:** The 2020-S's interest rate increases from 2.00% to 8.00% on December 1, 2023, the Mandatory Tender Date. The bond was issued as a 3-year bond as part of the short-term debt program and was structured to be remarketed on the tender date to achieve low cost interest payments. Current interest rates are favorable to refund into a new product and was included in the previously discussed financing plan for 2023.

**Justification:**

Commission review and approval is required for the District to enter into a bond transaction. If the District does not refund the 2020-S, the forward-looking interest rate steps up to 8.00% on the outstanding par of \$48.045M.

Staff analyzed 5, 8, and 20-year debt structures for best savings to the District. Assumptions for the 5-year structure would include refunding prior to the final maturity. Comparisons between refunding the 5-year option (4 times rolling over the debt) to match a 20-year long-term debt structure resulted in the 20-year long-term debt structure offering potential savings of \$6.560M of interest and cost of issuance.

**Financial Considerations:** Staff did not include refunding the 2020-S in July due to the known savings with current higher interest rates compared to the 2.00% coupon in place through the Mandatory Tender Date. This resulted in \$231k of interest savings through delaying refunding from July 25, 2023, to December 1, 2023.

**Recommendation:** Approve the proposed resolution regarding the refunding of the 2020-S to a new long-term fixed-rate series, 2023-V per the terms and conditions detailed in the resolution.

**Legal Review:** See attached TEAMS chat.



Amy Thompson added Mitchell Delabarre and Angelina Johnson to the chat.

8:07 AM

Good morning, Mitch! We are going through the final changes for the Bond Resolution that will go to the Commission. Highlights of changes to the document (from July's bond transaction) are: maintaining the upper threshold at \$55.0M, increasing the true interest cost from 5.0% to 6.0%, adding Angelina's title as a third District Representative, and updating Rich's title to include "CEO." Please let us know if you have concerns with the resolution, or if you are good. Hope you have a great day!

Mitchell Delabarre 10:50 AM



Hi Amy, I reviewed and have no concerns with the updates.

10:56 AM

Thank you! We appreciate your review!

Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 130-12088 for the proposed sale of 20% of the Priest Rapids Project Output (PRPO) for a 3-year term, commencing January 1, 2024 to Portland General Electric.

**MEMORANDUM**

**Date 09/25/2023**

**TO:** Rich Wallen, General Manager

**VIA:** Ty Ehrman, Chief Customer Officer *TE*

**FROM:** Rich Flanigan, Sr. Manager Wholesale Marketing and Supply *RF*

**SUBJECT:** Proposed Sale of a 3-Year 20% Slice Contract with Portland General Electric

**Purpose:** To request Commission approval for the General Manger to execute Contract 130-12088 for the proposed sale, from the Grant PUD's retained share, of 20% of the Priest Rapids Project Output (PRPO) for a 3-year term, commencing on January 1, 2024.

**Discussion:** Grant PUD staff recommends entering into a new transaction with Portland General Electric (PGE) for a 3-year slice of the Priest Rapids Project (PRP). This 20% slice would be from Grant PUD's 63.31% retained share of PRP. PGE won an indicative RFP process conducted by staff this Spring. PGE will be replacing Shell Energy's 20%, 3-year contract for PRPO that will terminate on December 31, 2023.

Slice sales such as this proposed transaction have proven to be a successful strategy to reduce risk while maximizing the value of Grant PUD's hydro system. These sales have several benefits including:

- Elimination of year-to-year water risk
- Shared operational risk
- Stable and predictable revenue
- Increased value for non-carbon attributes and flexibility
- Viewed favorably by the rating agencies

*The Product.* The proposed sale is for a 20% slice of PRPO for a term of 3 years. The contract has terms that are similar to Shell Energy's current 3-year contract. PGE will be entitled to the following attributes associated with their project capacity share: energy, capacity, pondage, ancillary services, and green attributes. The proposed sale will allow them to add to take their project offtake using their existing pseudo-tie or dynamic signal (gives them the ability to change their offtake every four seconds). Along with these benefits, PGE will incur the risk of low water flows into PRP, their share of any capacity outages, project spill, project minimum generation requirements, and any operational limitations on project ponds.

*The Process.* To ensure the PUD received a fair market valuation for the slice product, Wholesale Marketing and Supply staff conducted an indicative Request for Proposal (RFP) process this spring. The indicative RFP process was structured as a 20% slice of PRP with a fixed volume of energy being sold, a fixed volume of returned energy (shaped to meet retail load) sold back to the PUD, and a premium for non-carbon attributes, capacity, and flexibility. This fixed energy buy-back of the 20% slice of PRP represents the expected 80% volume of energy under average water conditions and is shaped to Grant

PUD's retail load. This energy return structure is like the previous slice products sold in years past to Morgan Stanley, Avangrid and Shell.

The final valuation for the proposed slice sale will be like past slice contracts with Grant PUD and PGE agreeing on forward market prices for the agreed to volume of forecasted generation and the returned energy on date of execution.

*Contract Review:* An extensive internal review process was again used to construct the final agreement. There was an internal review by subject matter experts from Finance, Accounting, Dispatch, Control Systems Engineering, Compliance, and Risk. In addition, internal and external legal have reviewed the final contract.

**Justification:** The proposed slice sale ties directly to the Strategic Plan Objectives 1) Maintain a Strong Financial Position and 2) Provide Long Term Low Rates by providing revenue certainty from a volume of MWh sales at average water. This sale insulates Grant PUD from hydro variability associated with this 20% slice for the term of the contract. In addition, staff believes the premium for ancillary products is above what Grant PUD could reasonably expect due to its limited ability to participate in markets where such values could be realized.

**Recommendation:** Commission approve the General Manger to execute Contract 120-11030 for the proposed sale of 20% of the Priest Rapids Project Output (PRPO) for a 3-year term, commencing on January 1, 2024, with PGE Renewables.

**Legal Review:** See attached e-mail(s).

## **CONFIRMATION TO WSPP AGREEMENT**

Counterparty 1. Public Utility District No. 2 of Grant County, Washington (the “District”), a municipal corporation of the State of Washington

Counterparty 2. Portland General Electric Company (“Counterparty”), a limited liability company organized and existing under the laws of Oregon.

Governing Agreement. This Transaction is governed by the WSPP Agreement effective August 26, 2022, or as amended from time to time. The District and Counterparty are referred to as a “Party” and collectively as “Parties.” Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the WSPP Agreement. For any inconsistency between the provisions of this Confirmation and the WSPP Agreement, the provisions of this Confirmation will prevail for purposes of this Transaction.

Transaction. The District agrees to sell to Counterparty, and Counterparty agrees to purchase from the District, Slice Product (described in Section 3) upon the terms and subject to the conditions set forth in this Confirmation. Counterparty agrees to sell to the District, and the District agrees to purchase from Counterparty, Firm Energy Product (described in Section 4) upon the terms and subject to the conditions set forth in this Confirmation.

**Table of Exhibits**

<b>Exhibit</b>	<b>Title</b>
A	[REDACTED]
B	[REDACTED]
C	[REDACTED]
D	[REDACTED]
E	[REDACTED]
F	Spill Allocation Policy and Procedures
G	[REDACTED]
H	No-coal Attestation Form
I	[REDACTED]
J	[REDACTED]
K	[REDACTED]
L	Forecasted WRAP QCC
M	[REDACTED]
N	[REDACTED]
O	[REDACTED]

**SECTION 1. CONFIRMATION TERM AND DELIVERY PERIOD**

Except as otherwise provided herein, this Confirmation shall be in full force and effect upon signature by both Parties. All times referenced in this Confirmation are Pacific Prevailing Time “PPT”, which is Pacific Standard Time or Pacific Daylight Time, as applicable. Unless sooner terminated pursuant to other provisions, this Confirmation shall remain in effect until the end of HE 2400 (midnight), May 31, 2027 (the “Term”). Unless sooner terminated pursuant to other provisions, the delivery period for Slice Product and Firm Energy Product shall be from the first hour of January 1, 2024, through the end of HE 2400 (midnight) on December 31, 2026 (the “Delivery Period”). The Delivery Period for Environmental Attributes will be from January 1, 2024, until such date all Environmental Attribute transfers required under this Agreement are completed. Except as otherwise provided herein, all obligations accruing under this Confirmation are preserved until satisfied.

**SECTION 2. DEFINITIONS**

As used in this Confirmation, the following terms when initially capitalized shall have the meanings given below. Capitalized terms that are not expressly defined herein shall have the meaning given in the WSPP Agreement.

“ACS” means Asset Controlling Supplier which is a specific type of electric power entity approved and registered by the California Air Resources Board.

“Ancillary Services” means any of the services identified by a Transmission Provider in its transmission tariff as ancillary services, or by a balancing authority as required for compliance



with NERC or other reliability standards, including, but not limited to, regulation and frequency response, energy imbalance, operating reserve-spinning and operating reserve-supplemental.

“Bond Resolutions” means each and all of the resolutions adopted by the District authorizing the issuance of outstanding debt for the Priest Rapids Project.

“BPA” means the Bonneville Power Administration.

“BPA ACS Rate” means the emission factor then-assigned for BPA by the California Air Resources Board. As of the effective date of this Confirmation, the emission factor for BPA is 0.0174 Metric Tons of CO2 per megawatt-hour.

“[REDACTED]” [REDACTED]

“Canadian Entitlement” means the amount of energy and capacity that the District is obligated to return to Bonneville Power Administration (BPA) in its capacity as the U.S. Entity for the account of the Canadian government to fulfill obligations under the U.S.-Canadian Columbia River Treaty of 1964, or successor treaty or international agreement, as defined in the Canadian Entitlement Allocation Extension Agreement.

“CCA” means the Climate Commitment Act in RCW 70A.65.

“[REDACTED]” [REDACTED]

“CCA Auction” means those periodic auctions conducted by the Washington State Department of Ecology.

“CCA Compliance Obligation” means a “compliance obligation” as defined in the CCA.

“CETA Energy” means electricity produced by renewable or non-emitting generation facilities that do not emit greenhouse gases as a by-product of energy generation. Examples of CETA compliant electricity resources include nuclear, geothermal, solar, wind, and hydroelectric power facilities. Specified ACS energy sourced from BPA or Tacoma qualify as CETA Energy for this Confirmation.

“CETA” means the Clean Energy Transformation Act in RCW 19.405.

“CETA RECs” are RECs associated with CETA Energy.

“Coal-fired Resource” means a facility that uses coal-fired generating units, or that uses units fired in whole or in part by coal as feedstock, to generate electricity.

“Counterparty’s PRPO Percentage” shall be 20%.

“Daily Fixed Energy Quantity” [REDACTED]

“Daily Index Energy Price” [REDACTED]

“Daily Index Energy Payment” [REDACTED]

“Daily Index Energy Quantity” [REDACTED]

"Delivery Period" has the meaning set forth in Section 1.

“Environmental Attributes” shall mean all environmentally related characteristics, claims exclusive of energy, capacity, reliability, and other electrical power service attributes, that are associated with the generation of electricity from a renewable resource, including but not limited to the facility's fuel type, geographic location, vintage, qualification as an eligible renewable resource, and avoided emissions of pollutants to the air, soil, or water, and avoided emissions of carbon dioxide and other greenhouse gases and all reporting rights applicable to such Environmental Attributes whether bundled or unbundled with energy (e.g., RECs, etc.).

“FERC License” means that license issued by the Federal Energy Regulatory Commission on April 17, 2008 for the operation of Priest Rapids Hydroelectric Project FERC No. 2114. At the date of execution of this document, the FERC License is available at:

<https://www.grantpud.org/templates/galaxy/images/images/Downloads/About/Environment/ShorelineManagement/PriestRapidsProjectLicense1.pdf>

“Firm Energy Product” means WSPP Schedule C energy scheduled from Counterparty to the District in quantities shown in Exhibit D.

“HE” shall mean hour ending.

“Heavy Load Hours” or “HLH” are all hours in the period beginning with the hour ending 7 a.m. through hour ending 10 p.m., Monday through Saturday, except for holidays recognized by NERC.

“I-937” means the Washington Energy Independence Act set forth in RCW 19.285.

“I-937 RECs” means RECs associated with I-937.

“Incremental Hydropower Energy” or “IHE” means energy bundled with Environmental Attributes as defined by I-937 and approved by the Washington State Auditor’s office. IHE quantities that are deemed delivered under this Confirmation are set forth in Exhibit E. The District

shall determine which methods it may propose to the Washington State Auditor's office for determining Incremental Hydropower produced from the Priest Rapids Project. Counterparty's annual obligation to return I-937 qualified energy to the District shall be equal, in each year, to the production of IHE deemed produced by Slice Product.

"Independent Operation Protocols" means any logic, policy, algorithm, strategy and/or implementing systems, programs and protocols used by the District for the operation of the Priest Rapids Project, including coordinated operation of the Priest Rapids and Wanapum Developments. If changes to the Independent Operation Protocols result in consequences to PRPO that Counterparty, in its reasonable estimation, considers material, the Parties shall convene a meeting with their respective senior leadership for the purpose of achieving the original relative value of this Confirmation to each Party.

"Index Energy Quantity" is defined in Exhibit C.

"JCAF" means a Joint Capacity Attestation Form that is developed by the WRAP.

"Legacy Agreements" means that Priest Rapids Project Product Sales Contract, Reasonable Portion Contract, Additional Products Contract, Conversion Amendment contract (all dated circa. 2001), or any other contract or assignment between the Parties that legally changes the Counterparty's percentage allocation of the PRPO.

"Light Load Hours" or "LLH" means all hours that are not Heavy Load Hours.

"Monthly Fixed Energy Quantity" is defined in Exhibit B.

"Monthly Fixed Energy Price" is defined in Exhibit B.

"Monthly Index Energy Payment"



"Operating Agreements" shall mean any agreements to which the District is or may become a party, which provide for operation of the Priest Rapids Project, including but not limited to, the Pacific Northwest Coordination Agreement, Independent Operation Protocols, the Western Electric Coordinating Council Agreement, and the Northwest Power Pool Agreement, as such agreements currently exist or hereafter may be amended.

"Points of Delivery" shall have the meaning as provided in Section 8.

"Priest Rapids Project" shall mean the hydroelectric project on the Columbia River in the State of Washington designated by the Federal Power Commission as Project No. 2114. The Priest Rapids Project consists of the Priest Rapids Development and the Wanapum Development and are currently rated with a gross nameplate capacity of [2,170 MW], [950 MW and 1,220 MW] respectively.

“Priest Rapids Project Output” or “PRPO” is defined in Section 3.

“Pseudo-Tie” shall have the same meaning as defined by NERC.

“Prudent Utility Practice” means those practices, methods and acts which: (i) when engaged in are commonly used in prudent engineering and operations to operate electric equipment and associated mechanical and civil facilities lawfully and with safety, reliability, efficiency and expedition or (ii) in the exercise of reasonable judgment considering the facts known when engaged in, could have been reasonably expected to achieve the desired result consistent with applicable law, safety, reliability, efficiency and expedition. Prudent Utility Practice is not intended to be the optimum practice, method, or act, to the exclusion of all others, but rather to be a spectrum of commonly used practices, methods, or acts.

“QCC” means Qualified Capacity Contribution as defined under the WRAP.

“RECs” means WREGIS Certificates associated with energy from renewable energy resources. The certificate includes all of the Environmental Attributes associated with each one megawatt-hour of electricity.

“[REDACTED]” [REDACTED]

“Slice Product” shall mean Counterparty PRPO Percentage multiplied by PRPO.

“WECC Pre-Schedule Day” means the Western Electricity Coordinating Council Pre-Scheduling Day prior to the delivery day or days(s) as defined by the most recent WECC Pre-Schedule calendar published by the WECC Interchange Scheduling and Energy Accounting Subcommittee.


“WRAP” means Western Resource Adequacy Program.

“WRAP Forward Showing Season” means the seven (7) month period prior to the WRAP binding season.

**SECTION 3. SLICE PRODUCT PURCHASE AND SALE**

(a) Purchase and Sale Obligation. The District shall sell and deliver, or cause to be delivered, and Counterparty shall purchase and receive, or cause to be received, output associated with Slice Product at the Points of Delivery and Counterparty shall pay the District the following three pricing components for Slice Product:

1. [REDACTED]
- [REDACTED]
- [REDACTED]

- (b) 
- (c) Transmission Costs. The District shall be responsible for any costs or charges imposed on or associated with the generation of Slice Product or the transmission of Slice Product to the Points of Delivery. Counterparty shall be responsible for any costs or charges imposed on or associated with the transmission of Slice Product from the Points of Delivery.
- (d) Slice Product Quality. Slice Product quality shall be WSPP Schedule B Capacity and Energy scheduled and delivered pursuant to the terms of the Legacy Agreements, as modified in this Confirmation.
- (e) Priest Rapids Project Output Definition. “Priest Rapids Project Output” or “PRPO” shall mean the total amount of capacity, energy, pondage, Ancillary Services, Environmental Attributes, and any other attributes of the energy produced by the Priest Rapids Project. PRPO shall be reduced for encroachment, Canadian Entitlement, station service, transmission and transformer losses and depletions required by the FERC License or other regulatory requirements and any other Priest Rapids Project output required for the reliable and compliant operation of the Priest Rapids Project on a pro rata or causation basis.
- (f) REC Transfer. RECs associated with Slice Product shall be transferred from the District to Counterparty via WREGIS. Notwithstanding the forgoing, if the same RECs associated with PRPO to be transferred by the District to Counterparty would be transferred back to the District by the Counterparty in satisfaction of its obligations under this Confirmation, then the Parties agree that such off-setting REC transfer obligations may be “booked-out” in order to avoid unnecessary transfer fees.
- (g) PRPO Fluctuations. Counterparty understands and acknowledges that PRPO availability will fluctuate and is subject to and contingent upon many factors including, but not limited to, the following: weather and precipitation levels, regulatory and environmental considerations and requirements, Operating Agreements, and Uncontrollable Forces.
- (h) Restriction of Deliveries of PRPO. The District, as operator of the Priest Rapids Project, may restrict deliveries of PRPO as follows:
- (1) if the District determines that such action is necessary to avoid exceeding the capability of the Priest Rapids Project or subjecting it or its operation to undue hazard or violating the FERC License, any applicable law, regulation, or Operating Agreements.

- (2) in case of emergencies or in order to install equipment in, make repairs to, make betterments, renewals, replacements, and additions to, investigations and inspections of, or perform other maintenance work on the Priest Rapids Project.
- (3) as may be necessary to fulfill any non-power regulatory or other legal requirements, including without limitation the requirement to spill water at the Priest Rapids Project in an amount determined by the District in its sole discretion.

The District shall use commercially reasonable efforts to give advance notice to Counterparty regarding any limit, restriction, interruption, curtailment or reduction of PRPO for which the District has knowledge in advance of the need for such action, giving the reason therefore and stating the probable duration thereof, and shall provide timely updates concerning the same should conditions change. In any instance where advance notice is not commercially reasonable, the District shall promptly notify Counterparty after imposing such limit, restriction, interruption, curtailment or reduction of PRPO and give the reason and probable duration thereof (non-binding), and shall make commercially reasonable efforts to provide timely updates concerning the same should conditions change. Any such restrictions in delivery shall be made pro-rata with all purchasers of PRPO and with the District's share of PRPO.

The District, as operator of the Priest Rapids Project, may restrict deliveries of PRPO subject to the requirements set forth in this section. To the extent restrictions of PRPO attributes or deliveries are due to dispatch or pond management decisions by the District and/or PRPO purchaser(s), the District will make best efforts to contain restrictions to those parties responsible for the resulting restrictions or the potential for restrictions, otherwise any restrictions in delivery of PRPO shall be made pro-rata with all purchasers of PRPO and with the District's share of PRPO.

(i) District Operations. Notwithstanding any other provision of this Confirmation, the District shall at all times have the right to operate the Priest Rapids Project in such manner as it deems necessary to comply with the FERC License, applicable laws and regulations, Prudent Utility Practice and this Confirmation.

(j) QCC Rights. Counterparty shall have rights to the QCC of the PRPO as described in Section 5.

(k) 

(l) Slice Product Pond Management.

(1) The maximum available pondage to Counterparty (the "Counterparty Allocation of Pondage") will be determined by multiplying the total pondage available in the Priest Rapids Project by Counterparty's PRPO Percentage and adding same to the maximum pondage available to Counterparty under the Legacy Agreements. The

pondage available at the Priest Rapids Project shall be determined by the District, as operator of the Priest Rapids Project, from time to time on the basis of the volume of water that can be stored between the then current maximum forebay elevation and the then current minimum forebay elevation.

- (2) The District will maintain for Counterparty its pondage account that will reflect the use of pondage by Counterparty under this Confirmation and the Legacy Agreements. On the last hour of the Delivery Period, Counterparty shall return the pond account balance associated with this Confirmation to at least where the pond account balance associated with this Confirmation was on the first hour of the Delivery Period. Counterparty may schedule more than its share of the Priest Rapids Project inflows if Counterparty has sufficient energy in its pondage account. The amount of the energy scheduled from the pondage account shall not exceed Counterparty Allocation of Pondage determined in accordance with this Confirmation.
- (3) During any hour that spill is occurring at the Priest Rapids Project for any purpose determined necessary or desirable by the District, the spill shall be allocated by the District to reduce the pondage of Counterparty and other PRPO purchasers in accordance with the implementation of the then-prevailing District Spill Allocation Policy and Procedures, the current version of which is set forth in Exhibit F.
- (m) Restrictions on Resale of PRPO Outside of Region by Counterparty. Counterparty represents and warrants that it intends to use the PRPO delivered to it by the District under this Confirmation primarily to serve Counterparty’s retail load located in the Pacific Northwest. Notwithstanding the forgoing, nothing in this Confirmation shall prohibit Counterparty from reselling or otherwise using PRPO within the Pacific Northwest. Counterparty shall ensure that PRPO delivered to it under this Confirmation is not sold, resold, distributed for use, or used outside of the Pacific Northwest in violation of the Bonneville Project Act, Public Law 75-329, the Pacific Northwest Consumer Power Preference Act, Public Law 88-552, or the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501 (the “Regional Act”), or in contravention of any other applicable federal or state law, order, regulation, or policy. For purposes of this Confirmation, the term “Pacific Northwest” shall have the meaning given to such term in the Regional Act. If Counterparty engages in any such resale or use in violation of any of the forgoing, then Counterparty shall indemnify and hold the District harmless from and against any penalties imposed on, or costs incurred by, the District as a consequence of such violation.

**SECTION 4. FIRM ENERGY PRODUCT PURCHASE AND SALE**

- (a) Purchase and Sale Obligation. Counterparty shall sell and deliver, or cause to be delivered, and the District shall purchase and receive, or cause to be received, Firm Energy Product at the Points of Delivery. The District shall pay Counterparty for such Firm Energy Product in accordance with Exhibit G.
- (b) Product Quality. Firm Energy Product quality shall be WSPP Schedule C. The Firm

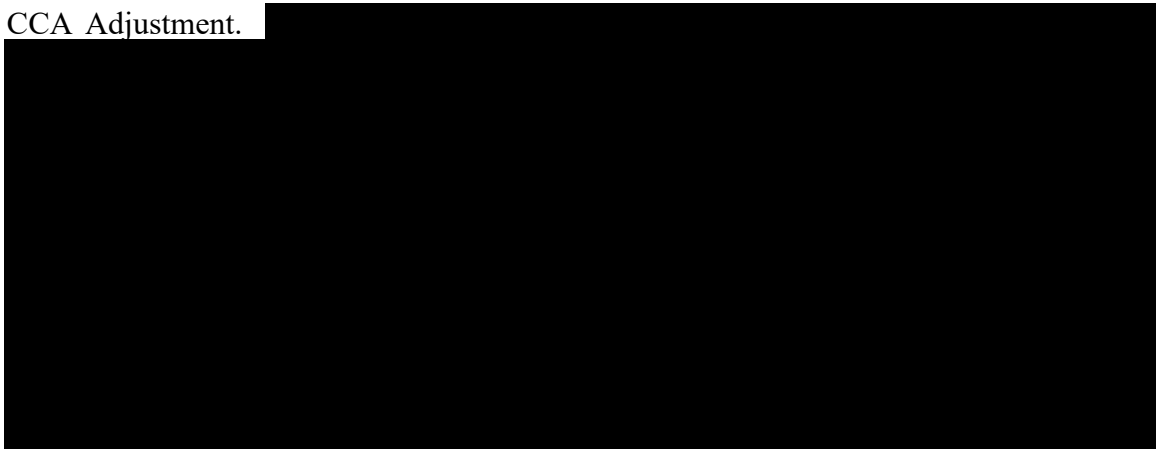
Energy Product shall include all associated and applicable QCC, CETA and I-937 rights described in this Confirmation.

- (c) Counterparty's Delivery Obligation. Counterparty shall schedule Firm Energy Product pursuant to the WECC Pre-Schedule Day scheduling window. Counterparty has the right to manage delivery (e-Tag, source, transmission path, etc.) of Firm Energy Product during any WECC scheduling window, including real-time.
- (d) Coal Delivery Adjustment. For the period starting at (midnight) HE 0100, December 31, 2025 and ending at (midnight) HE 2400, December 31, 2026, Firm Energy Product deliveries may not be sourced from a Coal-fired Resource. Counterparty will provide an attestation, in the form set forth in Exhibit H, to the District no later than March 31, 2027 representing no Firm Energy Product deliveries were sourced from Coal-fired Resources during the applicable period. Counterparty agrees to make commercially reasonable efforts to provide additional information as may be requested by the District in order to comply with the Coal-fired Resources requirement under CETA. The Parties will take the following actions designed to support the efforts of both Parties to ensure that Firm Energy Product was not sourced from a Coal-fired Resource: (1) the Parties will use tags to demonstrate that energy was not sourced from a coal resource, and (2) Counterparty will keep on file records (including commercial agreements) indicating that energy from its coal resources were used for purposes other than supplying Firm Energy Product, and (3) maintain records that demonstrate the absence of coal in Firm Energy Product.

In the event other ways of demonstrating compliance with the no-coal provisions of Washington law are developed during the Term, the Parties will convene a meeting for the purpose of considering adoption of such ways.

If the State of Washington, or any other regulatory body having jurisdiction over the District, definitively determines that any of Firm Energy Product was sourced from a Coal-fired Resource, then Counterparty shall owe the District a Coal Delivery Adjustment payment as set forth in Exhibit I. Counterparty shall also indemnify, reimburse, defend and hold harmless the District from and against any and all additional costs, penalties, fees, or charges incurred by the District resulting or arising from or attributable to such coal sourcing.

- (e) CCA Adjustment.





[REDACTED]

- (f) I-937 Adjustment. As part of Firm Energy Product, the yearly total volume of I-937 eligible renewable energy set forth in Exhibit E shall be delivered by Counterparty to the District. Counterparty may satisfy the I-937 renewable energy requirement with Incremental Hydropower Energy delivered from Slice Product. Should Counterparty satisfy the I-937 Renewable Energy requirement using IHE from Slice Product, such IHE will be deemed delivered, via written notification, and associated I-937 RECs will be held via WREGIS by the District and eventually retired. Counterparty, in its sole discretion, shall have the right to deliver energy, and associated I-937 RECs, from eligible alternative renewable resource(s) to the District. An initial list of eligible I-937 renewable resources and approved I-937 scheduling requirements are set forth in Exhibit E. Approval of additional eligible I-937 resources requires consent by email by the District consistent with Exhibit P. Conveyance of such RECs shall be by attestation. If it is determined that any of Firm Energy Product designated as I-937 compliant is found to be noncompliant with I-937 requirements, Counterparty shall owe the District an I-937 Adjustment payment as described in Exhibit K. Counterparty shall also indemnify, reimburse, defend and hold harmless the District from and against any and all additional costs, losses, expenses and penalties incurred by the District resulting or arising from or attributable to the failure of such I-937 eligible renewable energy to satisfy I-937 requirements to the same extent as the Incremental Hydropower Energy from the Priest Rapids Project.

CETA Energy and CETA RECs. [REDACTED]

[REDACTED]

**SECTION 5. RESOURCE ADEQUACY**

- (a) During the Delivery Period, the District will transfer all QCC associated with Slice Product to Counterparty. The currently forecasted QCC of Slice Product under the WRAP is set forth in Exhibit L. A JCAF recognized under WRAP must be executed by both parties one (1) month in advance of each WRAP Forward Showing Season to transfer the QCC associated with Slice Product for the applicable months.
- (b) During the Delivery Period, Counterparty will transfer the capacity associated with the “HLH” column of Exhibit D Firm Energy Product for each month of the WRAP binding seasons. A JCAF recognized under WRAP must be executed by both parties eight months in advance of each WRAP Forward Showing season to transfer the WRAP eligible capacity for the applicable months.

**SECTION 6. PURCHASE PRICE AND PAYMENTS BY COUNTERPARTY**

- (a) For each month of the Delivery Period, the District shall deliver to Counterparty a net invoice calculated as set forth on Exhibit O. The District shall use best efforts to deliver

the invoice by the tenth (10<sup>th</sup>) calendar day of the month. If the tenth (10<sup>th</sup>) calendar day of the month is not a Business Day, then delivery shall occur on the following Business Day.

- (b) Counterparty shall pay each invoice by electronic funds transfer to the District's account, designated in writing by the District, on the later of: (i) the twentieth (20<sup>th</sup>) calendar day of each month; or (ii) the tenth (10<sup>th</sup>) calendar day after receipt of the invoice. If the payment due date is not a Business Day, then payment shall be due on the following Business Day.
- (c) If any monthly payment amount set forth on an invoice is not paid in full and received by the District when due, a delayed payment charge of [REDACTED] of the unpaid amount due will be added to the invoiced amount. Any invoice that remains unpaid for more than thirty (30) calendar days after the due date shall, in addition to the delayed payment charge, accrue interest at the lesser of: (i) [REDACTED] per month; or (ii) the maximum rate allowed by law. Additionally, if payment due to the District under this Section 6 remains unpaid three (3) Business Days after the due date, the District may thereafter suspend delivery of Slice Product until payment in full of all amounts due and owing (including any interest and delay charges) is received by the District. Counterparty shall not be entitled to any PRPO not delivered during any period of suspension under this Section 6.
- (d) Except as otherwise provided in Sections 3, 4, 6, 7, and Exhibit O of this Confirmation, Counterparty shall not be obligated to pay any other amounts charged to or payable by the District as a result of this Confirmation, including without limitation, any water fees, license fees, penalties, taxes, operating, administration, maintenance or capital costs, damages or any other costs whatsoever, relating to ownership or operation of the Priest Rapids Project.
- (e) In order to dispute an invoice, in whole or in part, Counterparty must provide written notice of the dispute to the District. Such written notice shall specify the amount in dispute and state the basis for the dispute. In case any portion of any invoice is in dispute, the entire invoice shall be paid when due. The dispute shall be resolved according to the process set forth in Section 13. Upon resolution of the dispute, any excess amount of the invoice that, through inadvertent errors or as a result of a dispute, may have been overpaid, shall be returned by the District upon determination of the correct amount, with interest calculated in the manner set forth in Section 6(c). Counterparty shall have the right to dispute the accuracy of any invoice or payment for a period of two (2) years from the date on which the invoice was initially delivered.

## **SECTION 7. DAMAGES**

- (a) To the extent and during the time period that Counterparty fails to deliver Firm Energy Product ("Firm Energy Shortfall"), the District has the option to take the following action, provided the following conditions are met: (i) Counterparty is unable to restore schedules via reserves; and (ii) the District balancing area is in jeopardy of violating FERC, NERC, or WECC compliance obligations; and (iii) the District operators or the District's scheduling agent have notified Counterparty of the need to restore scheduled deliveries and Counterparty has not restored such scheduled deliveries. Provided all of the above

conditions have been met, the District may reduce Counterparty’s PRPO Percentage associated with this Confirmation such that Counterparty’s capacity is reduced by the lesser of: (x) the capacity the District needs to avoid compliance violations; or (y) the Firm Energy Shortfall.

- (b) Any remaining Energy Shortfall not covered by such reduction shall be subject to liquidated damages in accordance with the WSPP Agreement.

**SECTION 8. POINTS OF DELIVERY AND TRANSMISSION**

- (a) Transmission. Counterparty shall be responsible for the procurement, management, and costs associated with transmission service on either BPA or Counterparty’s system necessary for effectuating the Pseudo-Tie and schedules, dynamic or otherwise, necessary for Slice Product or Firm Energy Product delivery. The Parties agree that the District will not charge Counterparty fees associated with required District wheeling (if any) under this Confirmation.

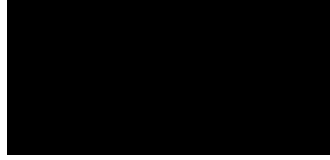
- (b) Points of Delivery.

- (1) Slice Product.

- (i) PRPO energy supplied hereunder shall be approximately 230 kV, three-phase, alternating current, at approximately 60 hertz.
- (ii) Without prior written approval from the District, only Priest Rapids Project Output delivered under this Confirmation shall be transmitted on Priest Rapids Project transmission facilities to the Points of Delivery identified herein.
- (iii) The PRPO energy to be delivered hereunder shall be made available to Counterparty, at its option, exercisable from time to time, at any one or more of the following points:
  - (A) The 230 kV bus of the Bonneville Power Administration’s Midway Substation;
  - (B) The 230 kV bus of the switchyard of the Wanapum Development;
  - (C) The 230 kV bus of the Vantage Substation; or
  - (D) At any other location mutually agreed to in writing by the District and Counterparty.

- (2) Firm Energy Product.

- (i) Acceptable delivery points include:



- (c) Signaling. The District and Counterparty shall make good faith efforts to design, test, and implement the signaling and communications requirements necessary to effectuate transactions contemplated in this Confirmation no later than thirty (30) days prior to the Delivery Period start date, or as otherwise mutually agreed by both the District and Counterparty.

## **SECTION 9. INFORMATION TO BE MADE AVAILABLE TO COUNTERPARTY**

- (a) The District shall provide Counterparty, within a reasonable time after request, source meter data and generation meter data for the Priest Rapid Project. To the extent the California Air Resources Board, California Public Utilities Commission, California Energy Commission, or Washington Department of Ecology changes its regulations and/or its reporting requirements, the District shall make all commercially reasonable efforts to provide such requested information to Counterparty. The District consents to Counterparty of its disclosure of this information to third parties.
- (b) Counterparty, upon at least thirty (30) days advance written notice to the District, shall have the right at its sole cost and expense to examine operating records relating to Counterparty's PRPO Percentage during the District's normal business hours. All reasonable costs incurred by the District associated with such examination of operating records, including, but not limited to, the District's labor, materials and reproduction services shall be promptly reimbursed to the District by Counterparty.
- (c) The District shall exercise commercially reasonable efforts to provide to Counterparty estimates and information reasonably necessary for Counterparty to exercise its rights under this Confirmation.

## **SECTION 10. LIABILITY OF PARTIES**

- (a) Counterparty shall have no claim of any type or right of action against the District: (i) as a result of a FERC or court order or amendment; (ii) as a result of adjustment of PRPO, and Counterparty hereby releases the District and its commissioners, officers, agents and employees from any claim for loss or damage arising out of the events described in this paragraph; provided however, that nothing herein precludes Counterparty from bringing any claim in law or equity, or a court of other body with jurisdiction from awarding any remedies, in the event that the District defaults on deliveries under this Confirmation.
- (b) Counterparty is purchasing Counterparty's PRPO Percentage. Counterparty acquires no interest in or rights to any facilities forming part of the Priest Rapids Project.
- (c) The protections afforded and the provisions of this Section shall survive the termination,

expiration or cancellation of this Confirmation, and shall apply to the fullest extent permitted by law.

(d) Mobile-Sierra Clause.

(1) Absent the agreement of all parties to a proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Confirmation, whether proposed by a Party, a non-party or FERC acting *sua sponte*, shall solely be the "public interest" application of the "just and reasonable" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) and clarified by *Morgan Stanley Capital Group Inc. v. Pub. Util. Dist. No. 1 of Snohomish County*, 128 S. Ct. 2733 (2008) (the "Mobile-Sierra" doctrine).

(2) In addition, and notwithstanding the foregoing subsection (1), to the fullest extent permitted by applicable law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Confirmation specifying the rate, charge, classification, or other term or condition agreed to by the parties, it being the express intent of the parties that, to the fullest extent permitted by applicable law, neither Party shall unilaterally seek to obtain from FERC any relief changing the rate, charge, classification, or other term or condition of this Confirmation, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this subsection (2) shall not apply, provided that, consistent with the foregoing subsection (1), neither Party shall seek any such changes except solely under the "public interest" application of the "just and reasonable" standard of review and otherwise as set forth in the foregoing section (1).

(e) EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, BY STATUTE, IN TORT OR CONTRACT, CONNECTED WITH OR ARISING OR RESULTING FROM THE PERFORMANCE OR NON-PERFORMANCE OF THIS CONFIRMATION OR ANYTHING DONE IN CONNECTION THEREWITH. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATION OF DAMAGES CONTAINED HEREIN AND THE MEASURE OF DAMAGES DESCRIBED HEREIN ARE MATERIAL TERMS OF THIS CONFIRMATION.

**SECTION 11. NOTICES AND COMPUTATION OF TIME**

- (a) Any notice, demand or request provided for in this Confirmation shall be, unless otherwise specified herein, in writing and may be delivered by hand delivery, United States mail, or courier, to the address shown in Exhibit P. Notice by courier or hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a regular Business Day of the District, and otherwise shall be effective on the close of business on the next regular Business Day of the District. All notices by United States mail shall be sent certified, return receipt requested and shall be effective on the date of actual receipt by the recipient.
- (b) In computing any period of time from such notice, such period shall commence at HE 2400 (midnight) PPT on the date of receipt. The designations of the name and address to which any such notice or demand is directed may be changed at any time by either Party giving notice as provided above.

**SECTION 12. DISTRICT'S BOND RESOLUTIONS AND LICENSE**

It is recognized by the Parties that the District, in its operation of the Priest Rapids Project, must comply with the requirements of the Bond Resolution and with the FERC License together with amendments thereof from time to time made, and the District is hereby authorized to take such actions as the District determines are necessary and appropriate to comply with such Bond Resolutions and Covenants and FERC License.

**SECTION 13. DISPUTE RESOLUTION**

If a dispute arises concerning either Party's obligations under this Confirmation, the disputing Party shall provide written notice to the other Party describing in reasonable detail the nature of the dispute. There shall not be an Event of Default with respect to a Party so long as its failure to perform is and remains subject to a *bona fide* dispute under this provision. The Parties will attempt to resolve the dispute within thirty (30) days of written notice of the dispute by holding executive level discussions. The executives must have authority to make binding decisions on behalf of the respective Party. If the Parties are unable to resolve the dispute within thirty (30) days, either Party may resort to any other right or remedy to which it is entitled under this Confirmation, at law, or in equity.

**SECTION 14. GOVERNING LAW**

The laws of the State of Washington shall govern this Confirmation and the WSPP Agreement as applied to this Confirmation.

**SECTION 15. ASSIGNMENT OF CONFIRMATION**

Neither Counterparty nor the District may by contract, operation of law or otherwise, assign this Confirmation or any right or interest in this Confirmation without the prior written consent of the other Party, which shall not be unreasonably withheld. Notwithstanding the forgoing, a Party may, without the consent of the other Party (and without relieving itself from liability hereunder): (i) transfer or assign this Confirmation to an affiliate of the Party, provided that the affiliate's creditworthiness is equal or higher than that of the Party; or (ii) transfer or assign this Confirmation to any person or entity succeeding to all or substantially all of the assets of the Party, provided that such person's creditworthiness is equal or higher than that of the Party; provided however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions in this Confirmation and the person assuming this Confirmation shall deliver any such tax and enforceability assurance as the other Party may reasonably request.

**SECTION 16. EVENTS OF DEFAULT**

- (a) Section 22.1 of the WSPP Agreement, Events of Default, is amended as follows:
  - (i) "two (2) Business Days" in (a) is replaced with "three (3) Business Days;" and
  - (ii) "five (5) Business Days" in (b) is replaced with "three (3) Business Days;"
- (b) If an Event of Default occurs, then the Non-Defaulting Party may, at its option, seek to recover its actual monetary damages, terminate the Confirmation, and seek specific performance of any obligation for which monetary damages would not be an adequate remedy.

**SECTION 17. INFORMATION REQUIRED FOR CREDIT DETERMINATION**

Except to the extent that such information is publicly available, upon reasonable request by the District, Counterparty shall promptly provide the District with any of the following:

- (a) A notarized certificate prepared by Counterparty that affirms Counterparty's senior unsecured credit ratings, if any, as assigned by Standard and Poor's Corp., Fitch Ratings, and/or Moody's Investors Services, to the extent that such ratings have been issued and or updated;
- (b) Counterparty's most recent audited financial statements (including the balance sheet, income statement, statement of cash flows and notes to financial statements), or its most recently filed form 10-Q and 10-K, if applicable ("SEC Forms"). If the required financial statements or SEC Forms can be accessed online, Counterparty shall provide the appropriate website internet link for retrieval of such information. In the event that only unaudited financial statements are available, the District may determine whether it will accept them at its sole discretion.

**SECTION 18. COLLATERAL (CREDITWORTHINESS)**

If Counterparty is [REDACTED]

█ at any time during the Delivery Period of this Confirmation, then the District can demand in writing that Counterparty deliver to the District eligible collateral in an amount equal to █ Counterparty shall transfer such eligible collateral within █ days of receiving such written demand, provided however that if the due date is not a Business Day, then the eligible collateral shall be delivered on the next Business Day. Counterparty shall maintain such collateral until the earlier of: █

For purposes of this Confirmation, eligible collateral shall be an irrevocable, stand-by letter of credit issued from a major U.S. commercial bank or foreign bank with a U.S. branch office with an A- or better, or equivalent by any two of the three rating agencies described above. Counterparty shall provide a replacement letter of credit at least thirty (30) days prior to the expiration of the delivered letter of credit, or if its issuer no longer meets the criteria set forth above. If a letter of credit delivered by Counterparty pursuant to this Confirmation will expire in thirty (30) days or less, then the District may liquidate such letter of credit and hold the cash proceeds as collateral. The District may demand payment on any letter of credit issued on behalf of Counterparty under this Confirmation, or apply the cash proceeds of any such letter of credit held by the District as permitted hereunder, to remedy any non-payment by Counterparty under this Confirmation that is not timely cured by Counterparty according to the terms of this Confirmation.

The District shall not be subject to adequate assurances, posting of collateral, or security pursuant to this Confirmation or Section 27 of the WSPP Agreement.

**SECTION 19. VENUE AND ATTORNEY FEES**

Venue of any action filed to enforce or interpret the provisions of this Confirmation shall be exclusively in the United States District Court for the Eastern District of Washington or the Superior Court of the State of Washington for Grant County and the Parties irrevocably submit to the jurisdiction of any such court. In the event of litigation to enforce the provisions of this Confirmation, the prevailing Party shall be entitled to reasonable attorney’s fees in addition to any other relief allowed.

**SECTION 20. COMPLIANCE WITH LAW**

- (a) The Parties understand and acknowledge that operation of the Priest Rapids Project must conform to and comply with all applicable laws, rules, regulations, license conditions or restrictions promulgated by the FERC, the State of Washington or any other governmental agency or entity having jurisdiction over the Priest Rapids Project. Counterparty shall cooperate and take whatever action is necessary to cooperate fully with the District in meeting such requirements. Obligations of the District contained in this Confirmation are hereby expressly made subordinate and subject to such compliance.
- (b) RCW 54.16.040 contains provisions relating to the District's sale of electric energy. The



Parties understand and acknowledge that the District must comply with RCW 54.16.040 to the extent applicable to this Confirmation and the District's obligations and performance of this Confirmation are hereby expressly made subordinate and subject to such compliance.

- (c) Counterparty shall ensure that PRPO available to Counterparty under this Confirmation is not sold, resold, distributed for use or used in contravention of any applicable state or federal law, order or regulation. Counterparty shall reimburse the District for any penalties or fines imposed on the District as a consequence of such violation.

## **SECTION 21. HEADINGS**

The headings of sections and paragraphs of this Confirmation are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections and paragraphs.

## **SECTION 22. REPRESENTATIONS AND WARRANTIES**

Notwithstanding anything contained to the contrary in the laws of the State of Washington, the District irrevocably agrees that it will not claim immunity on the grounds of sovereignty in any proceeding. The District represents that it is subject to the filing of claims, service of process and suit for damages pursuant to and in accordance with the laws of the State of Washington.

**SECTION 23. EXECUTION**

This Confirmation may be executed by electronic signature and in duplicate originals or electronic copies. The Parties also agree to execute any further documents, and take any further actions, as may be reasonable and necessary in order to carry out the purpose and intent of this Confirmation.

IN WITNESS WHEREOF, the Parties hereto have caused this Confirmation to be executed by their duly authorized officers as of the date first written below.

PUBLIC UTILITY DISTRICT NO. 2  
OF GRANT COUNTY, WASHINGTON

By: \_\_\_\_\_

Title: General Manager

Date: \_\_\_\_\_

PORTLAND GENERAL ELECTRIC

By: \_\_\_\_\_

Title: Authorized Representative

Date: \_\_\_\_\_




+

**Exhibit B**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The image shows a large grid table with approximately 15 columns and 45 rows. The table is almost entirely obscured by large black redaction boxes. Only a few small white rectangular areas are visible, primarily in the upper portion of the grid, suggesting that the data in these specific cells is not redacted. The rest of the grid is completely blacked out.

**Exhibit C**

[REDACTED]

[REDACTED]

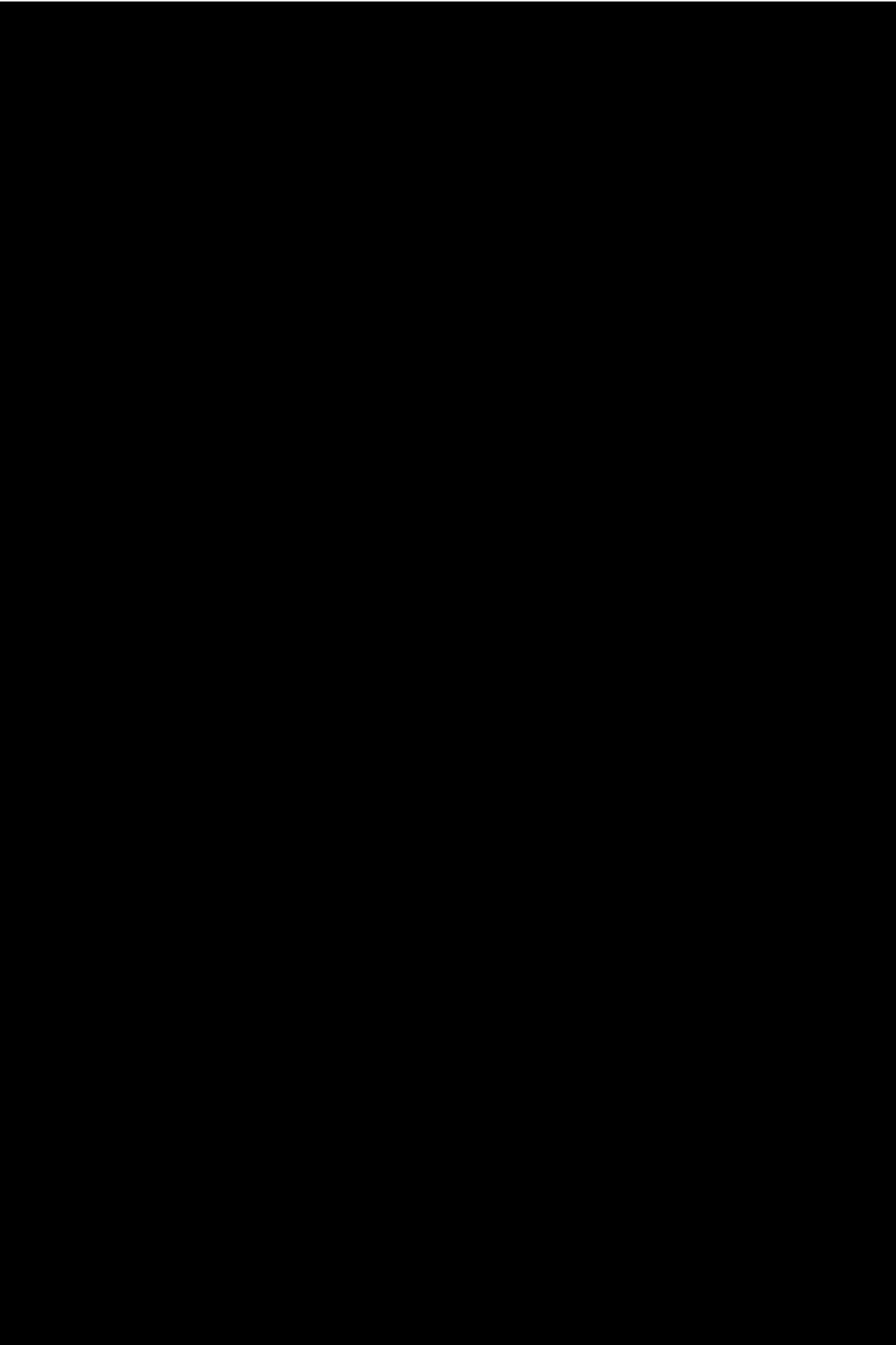
[REDACTED]

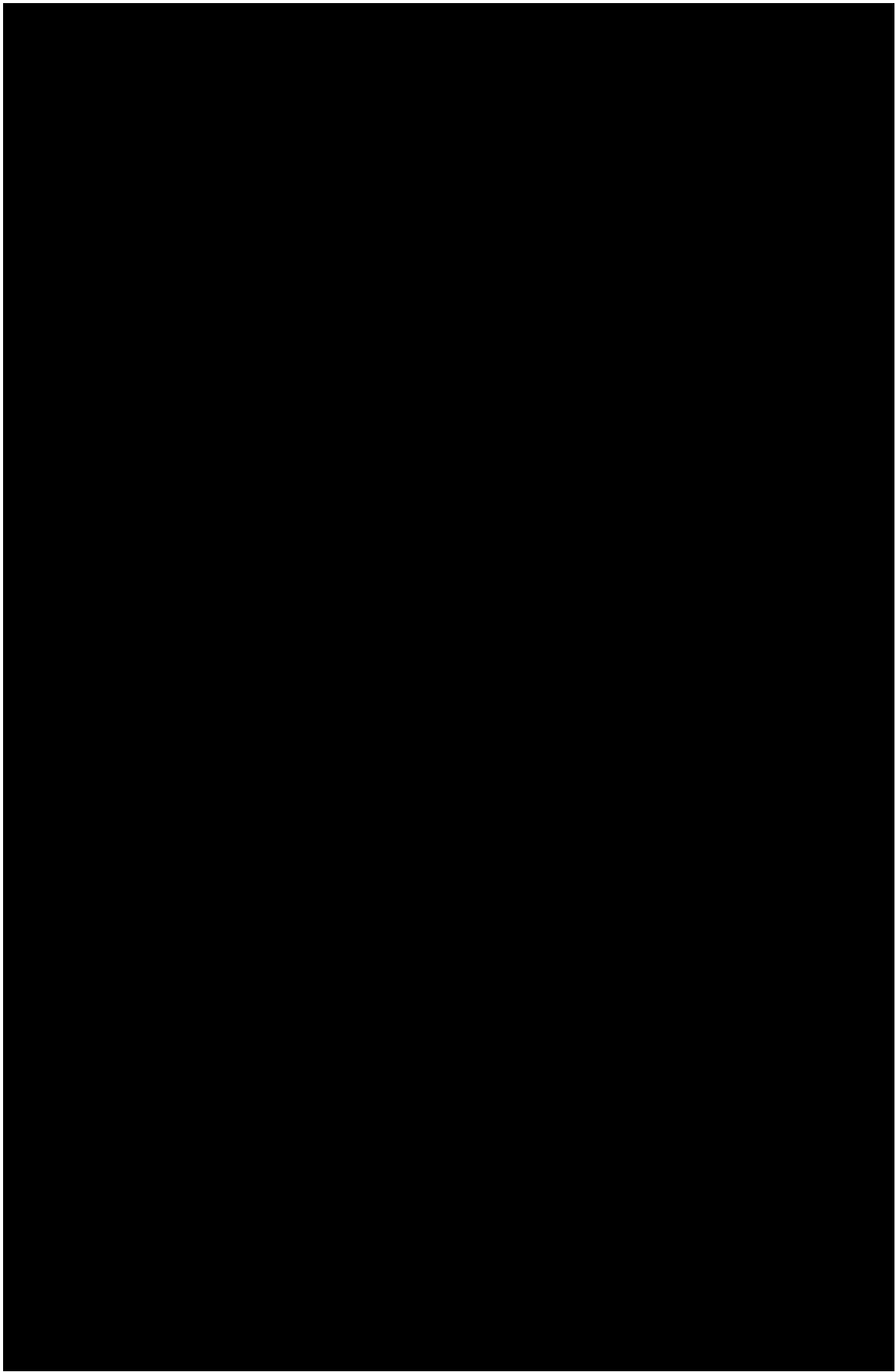
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**Exhibit C  
(cont.)**

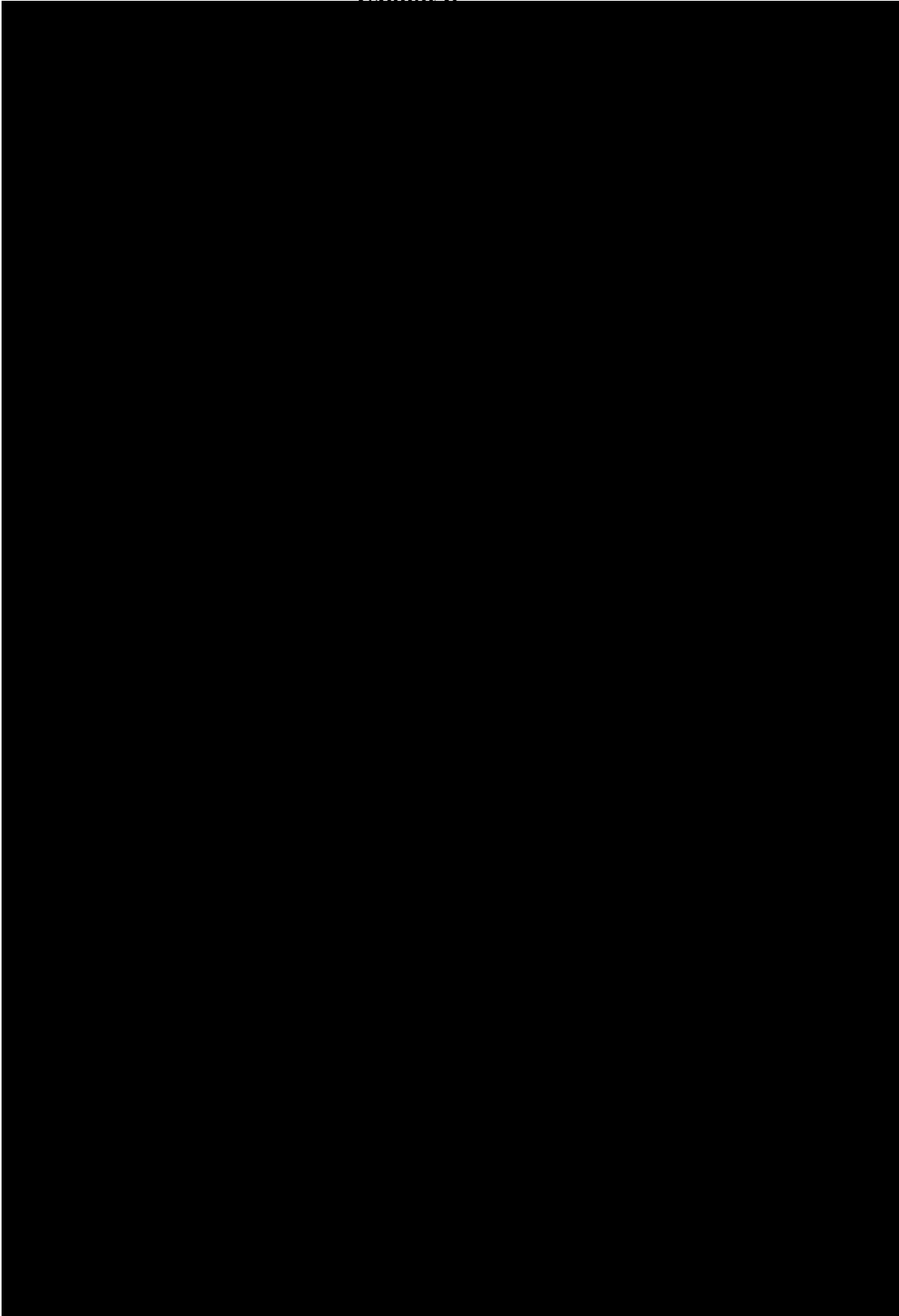




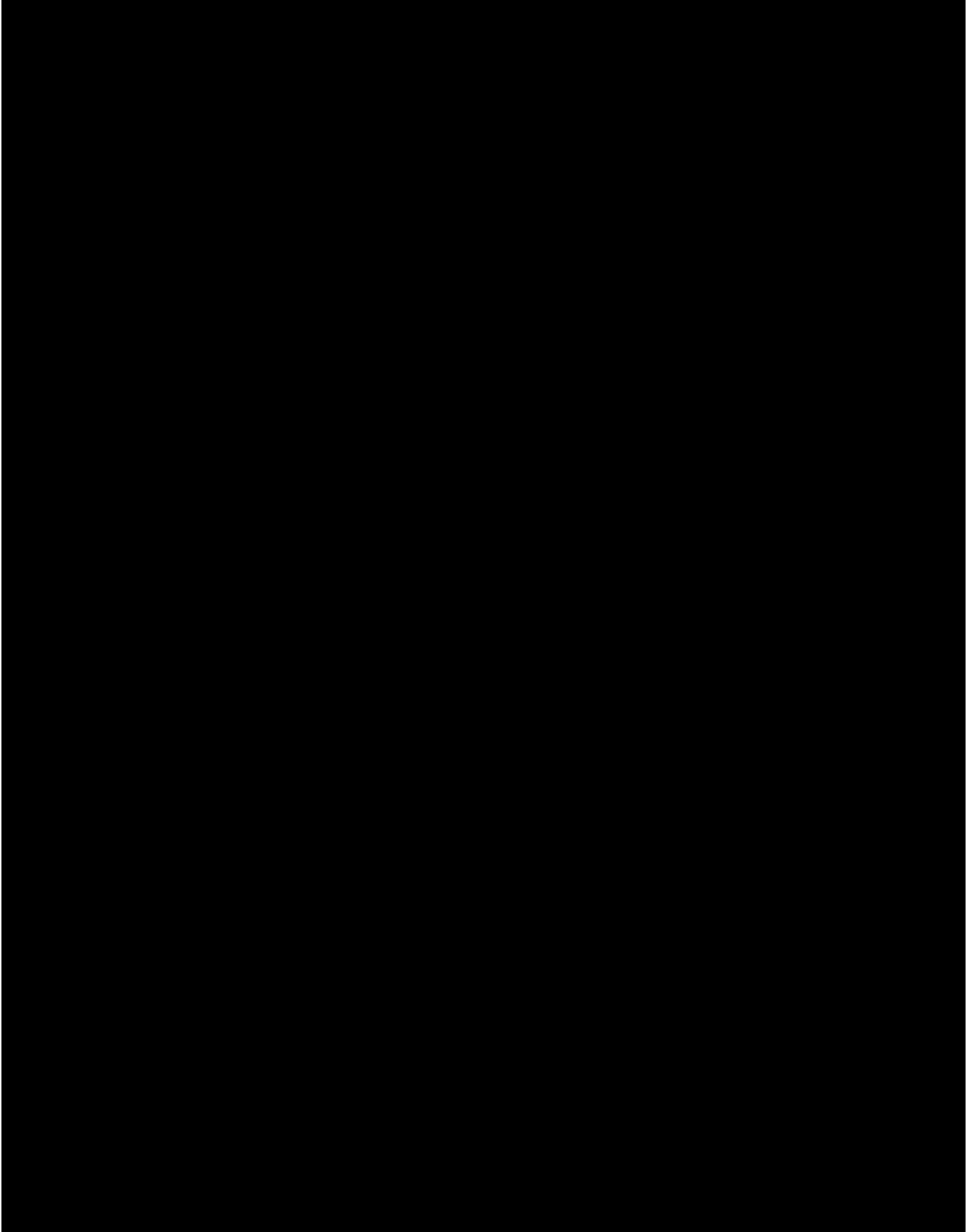




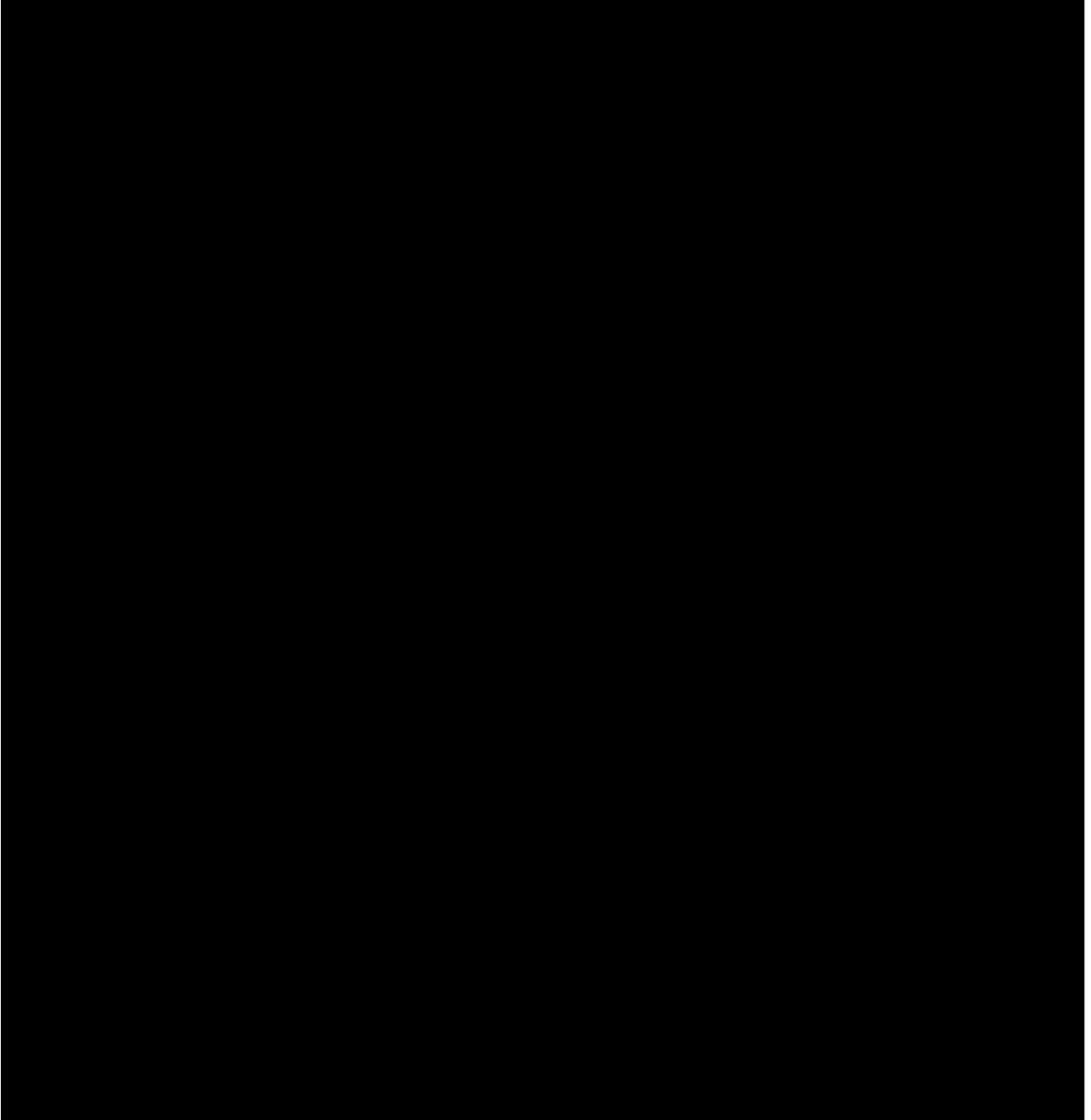
**Exhibit D**



**Exhibit E**



**Exhibit E**  
**(cont.)**



**Exhibit F**  
**SPILL ALLOCATION POLICY AND PROCEDURES**

During any hour that spill is occurring at the Priest Rapids Project in order to control the forebay elevation, the spill shall first reduce the inflow of each of the Purchasers whose pondage account is overfull proportionate to the amount of the overflow, but not exceeding the amount of the overflow. If unallocated spill remains, it shall next be allocated to reduce the inflow of each of the Purchasers whose request for generation is less than its entitlement during the hour, in proportion to the amount by which its request is less than its entitlement. Any remaining unallocated spill shall be allocated to reduce the inflow of all Purchasers in proportion to each purchaser's percentage rights to the Priest Rapids Project.

During any hour that spill is occurring at the Priest Rapids Project for fish or any other non-power purpose determined necessary or desirable by the District, the spill shall be allocated to reduce the inflow of all Purchasers in proportion to each purchaser's percentage rights to the Priest Rapids Project.

**Exhibit G**

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]



**Exhibit H**  
**NO COAL ATTESTATION FORM**

**Exhibit I**  
**COAL DELIVERY ADJUSTMENT**

[REDACTED]

[REDACTED]

[REDACTED]

---

[REDACTED]

**Exhibit J  
CCA ADJUSTMENT**

[REDACTED]

[REDACTED]

---

[REDACTED]

**Exhibit K**  
**I-937 ADJUSTMENT**

[REDACTED]

[REDACTED]

**Exhibit L  
FORCASTED WRAP QCC**







**Exhibit M**









**Exhibit N  
(cont.)**

The table consists of approximately 4 columns and 30 rows. The majority of the content is obscured by black redaction bars. The visible structure is a grid of cells, with some cells containing text that has been completely covered by black ink. The table appears to be a continuation of data from a previous page.

Two large horizontal black redaction bars are positioned at the bottom of the page, covering several lines of text. The bars are solid black and extend across most of the width of the page.

Exhibit O

The table is a complex grid with approximately 8 columns and 30 rows. The header row is shaded light gray and contains the text "Fixed Payments to Grant" in the second column. The rest of the table is almost entirely obscured by black redaction boxes. A small downward-pointing arrow is located above the top-right corner of the table grid.

**Exhibit O  
(cont.)**

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Exhibit P**  
**Contact Information**

All notice, demand or request made by mail shall be mailed postage prepaid and addressed to:

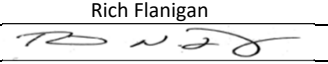
General Manager  
Public Utility District No. 2 of Grant County, Washington  
P.O. Box 878  
30 C St S.W.  
Ephrata, Washington 98823;

All notices made by email shall be emailed to:

<b>Contract Name</b>	<u>3-Year Percentage Sale (Slice) of PRP</u>	<b>Effective Term</b>	<u>Jan 1, 2024 through December 31, 2026</u>
<b>Counterparty</b>	<u>Portland General Electric</u>	<b>Execution Date</b>	<u></u>

For Power Contracts exceeding the limits in the Energy Management and Reporting Policy

## Grant County PUD Contract Approval Sheet

Pre-Execution Requirement	Task	Completed By	Date
<b>Contract Review and Approval</b>	District delegated representative has reviewed and approves the contract for the indicated purpose.		
<b>Financial Impact</b>			
<i>Commercial Rationale</i>	Wholesale Marketing Supply	Rich Flanigan 	25-Sep
<i>Power Supply Impacts</i>	Intentional Power Demand	John Mertlich <i>via email</i>	25-Sep
<i>Valuation, Market and Tail Risks</i>	Risk Management	ROC <i>EROC Minutes</i>	28-Sep
<b>District Ability to Perform</b>			
<i>Transmission</i>	Wholesale Marketing Supply	Susan Manville <i>via email</i>	25-Sep
<i>Balancing Area</i>	Dispatch	Mike Stussy <i>via email</i>	25-Sep
<i>Tagging and Scheduling</i>	Power Systems Control	Renate Rectenwald <i>via email</i>	18-Sep
<i>Daily Execution IT Support</i>	Power Systems Control	Kevin Carley <i>via email</i>	17-Sep
<b>Deal Management Review</b>			
<i>Wholesale Systems and Settlements</i>	Wholesale Marketing Supply	Renate Rectenwald <i>via email</i>	18-Sep
<i>Credit</i>	Risk Management	Paul Dietz <i>via email</i>	25-Sep
<i>Reliability and Compliance</i>	Compliance	Gene Austin <i>via email</i>	21-Sep
<b>Contract Review</b>			
<i>Legal Review</i>	Attorney	Mitch Delabarre <i>via email</i>	25-Sep
<b>Finance and Accounting Review</b>			
<i>Accounting Treatment</i>	Accounting	Jennifer Sager <i>via email</i>	22-Sep
<i>Billing</i>	Treasury	Jennifer Sager <i>via email</i>	22-Sep
<i>Treasury Issues</i>	Treasury	Angelina Johnson <i>via email</i>	22-Sep
<i>Bond Compliance</i>	Finance	Angelina Johnson <i>via email</i>	22-Sep
<b>Management Approval</b>			
<i>CXO Approval</i>	CCO	Ty Ehrman <i>via email</i>	25-Sep
<i>Commission Approval</i>	Attorney	Mitch Delabarre <i>via email</i>	25-Sep

**FOR REVIEW AND ACTION**

Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to bind 2023-2024 property and liability policy renewals through Grant PUD's insurance broker Beecher Carlson.

## MEMORANDUM

10/06/2023

**To:** Rich Wallen, General Manager

**Via:** Bonnie Overfield, CFO  
Paul Dietz, Manager Enterprise Risk Management

**From:** Michael Reimers, Senior Financial Analyst

**Re:** 2023 – 2024 Insurance Renewals

### **Recommendation**

The District should proceed with procuring the insurances outlined below. Further, a motion for the Commission's delegation of authority to the General Manager to execute insurance coverages on or before November 1, 2023. Without this motion of delegation, at least one of the individual policies exceeds the delegation authority of the General Manager and will otherwise require Commission approval. The compressed timeline to approve, bind, and pay premiums in the international insurance market makes Commission approval impractical. This procedure is consistent with past practice and timing.

### **Background**

Grant PUD renews its property and liability insurance coverages annually on November 1st. Its insurance broker, Beecher Carlson, is currently engaged in marketing for Grant PUD's insurance coverage and will provide a proposal detailing quoted premiums for its various insurance policies. Final figures will be available at the end of October. The overall program will be reviewed and approved additionally by Bonnie Overfield, CFO. To the extent final costs fall outside of the range detailed below, the General Manager shall consult the Board prior to executing binding coverages. The Commission will be notified of the final insurance renewal premiums after binding coverage is complete.

### **Discussion**

Accurate estimates of premiums for insurance coverage for 2023 – 2024 insurance renewals are not currently available. Risk staff will be available in person at the October 24<sup>th</sup> Commission meeting to provide updated estimates and answer questions. More accurate estimates of premium costs will be available at that time.

The premiums for insurance coverage for our 2023 - 2024 insurance renewals are estimated to be as much as \$5,043,442 for coverages to replace our 2022 - 2023 coverages. This represents an estimated 28.6% increase over last year's premium total. This total is within the \$5,076,589 budgeted for insurance premiums for 2024. The Risk department is reasonably confident that the final total premium will be between \$4.5M and \$5.1M.

There are several factors impacting our estimated rate increases. Property acquisitions and inflationary pressures increase property replacement values. Fire risk at the Ephrata Service Center has been

recognized by our property insurers. There continues to be premium pressures related to wildfire risks and resulting from multiple large liability claim pay-outs due to natural disasters. Market conditions have tightened in the global power industry due to continued loss in the sector. Premium pressure is lessening as our underwriters are made aware of our Enterprise Risk Management program's activities.

Grant PUD uses replacement value insurance. Our Statement of Values (SOV) must be reviewed, updated, and submitted annually. The value of Grant PUD's property portfolio increased 7.2% from last year's reported values. The most significant changes in this year's property values are from completion of the Right Embankment project at Priest Rapids, the energization of two new substations at Royal City and Baird Springs and the refurbishment of two more units at the Priest Rapids plant. Additionally, values for in place assets have inflated between 4% and 6% depending on asset class.

**Attached:**

Appendix A: 2023 – 2024 Renewal Pricing Summary Table,  
Appendix B: Asset Value Changes Summary.

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## Appendix A:

**2023 – 2024 Renewal Pricing Summary Table**

<b>Policy</b>	<b>Carrier(s)</b>	<b>Deductible</b>	<b>Coverage Limit</b>	<b>2023 Premium</b>	<b>Est. 2024 Premium</b>	<b>Est. Difference</b>	<b>Percent</b>
Property	Multiple	\$ 2,500,000	\$ 200,000,000	\$ 2,094,496	\$ 2,974,184	\$ 879,688	42%
Directors & Officers	AEGIS	\$ 500,000	\$ 10,000,000	\$ 90,000	\$ 99,000	\$ 9,000	10%
Excess Liability	AEGIS	\$ 2,000,000	\$ 70,000,000	\$ 1,149,446	\$ 1,264,391	\$ 114,945	10%
Excess Liability	EIM	\$35,000,000	\$ 25,000,000	\$ 175,615	\$ 219,519	\$ 43,904	25%
Fiduciary Liability	AEGIS	\$ 10,000	\$ 10,000,000	\$ 22,500	\$ 24,750	\$ 2,250	10%
Employment Practices	Intact Specialty Solutions	\$ 100,000	\$ 2,000,000	\$ 27,448	\$ 30,193	\$ 2,745	10%
Crime	Hiscox	\$ 15,000	\$ 3,000,000	\$ 9,688	\$ 10,172	\$ 484	5%
Special Coverage	Hiscox	\$ -	\$ 2,000,000	\$ 3,936	\$ 4,330	\$ 394	10%
Foreign Package	Continental (CAN)	\$ 1,000	\$ 1,000,000	\$ 2,000	\$ 2,500	\$ 500	25%
Non-Owned Aircraft	Allianz	\$ 2,500	\$ 10,000,000	\$ 10,250	\$ 11,275	\$ 1,025	10%
Cyber	AEGIS	\$ 1,000,000	\$ 10,000,000	\$ 335,940	\$ 403,128	\$ 67,188	20%
<b>Total:</b>				<b>\$ 3,921,319</b>	<b>\$ 5,043,442</b>	<b>\$ 1,122,123</b>	<b>29%</b>

Appendix B:  
**Asset Value Changes Summary**

Summary of Values	Summary of Values	2023	2024	Change	Percent
Wanapum Dam	Modeled trend applied, no significant changes.	\$ 1,358,083,102	\$ 1,432,736,253	\$ 74,653,151	5%
Priest Rapids Dam	New right embankment section complete. Two additional units rehabbed.	\$ 1,371,296,068	\$ 1,492,508,528	\$ 121,212,461	9%
Quincy Chute	Modeled trend applied, no significant changes.	\$ 42,842,538	\$ 45,585,884	\$ 2,743,346	6%
PEC Headworks	Modeled trend applied, no significant changes.	\$ 37,097,359	\$ 39,478,033	\$ 2,380,674	6%
Substations	New substations at Royal City and Baird Springs. Improvements at Mountain View.	\$ 418,307,931	\$ 459,874,998	\$ 41,567,067	10%
Service Centers	Modeled trend applied, no significant changes.	\$ 131,704,550	\$ 137,363,950	\$ 5,659,399	4%
Offices	Modeled trend applied, no significant changes.	\$ 44,876,906	\$ 46,777,313	\$ 1,900,407	4%
Residential	Improvements to Wanapum Indian Village and Modeled trend applied.	\$ 7,965,438	\$ 8,540,518	\$ 575,081	7%
Recreation/Cultural	Modeled trend applied, no significant changes.	\$ 50,317,457	\$ 51,740,795	\$ 1,423,338	3%
Hatcheries/Fish Acclimation	Modeled trend applied, no significant changes.	\$ 38,379,041	\$ 40,189,253	\$ 1,810,212	5%
Fiber Huts	Modeled trend applied, no significant changes.	\$ 1,139,627	\$ 1,185,828	\$ 46,201	4%
Switchyards/Radio Sites	Modeled trend applied, no significant changes.	\$ 30,299,331	\$ 31,594,357	\$ 1,295,025	4%
Mobile Equipment - Owned	Fleet acquisitions and modeled trend applied.	\$ 16,173,902	\$ 18,409,721	\$ 2,235,819	14%
Mobile Substations	No change in value	\$ 3,250,000	\$ 3,250,000	\$ -	0%
Fine Arts	No change in value	\$ 5,000,000	\$ 5,000,000	\$ -	0%
<b>Total</b>		<b>\$ 3,556,733,251</b>	<b>\$ 3,814,235,433</b>	<b>\$ 257,502,181</b>	<b>7%</b>

## Randi Hovland

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**From:** Bonnie Overfield  
**Sent:** Friday, October 13, 2023 11:27 AM  
**To:** Randi Hovland  
**Subject:** Fwd: Insurance Renewal Commission Memo  
**Attachments:** Insurance Renewal Memo Template Formating.docx

Randi I approve inserting this into the packet (swapping out for the same memo that was in a different format that was already approved).

Bonnie Overfield  
Grant PUD  
Chief Financial Officer

---

**From:** Michael Reimers <mreime@gcpud.org>  
**Sent:** Friday, October 13, 2023 11:20:27 AM  
**To:** Paul Dietz <Pdietz@gcpud.org>; Bonnie Overfield <Boverfi@gcpud.org>  
**Subject:** RE: Insurance Renewal Commission Memo

Paul and Bonnie, please see attached.

### Michael Reimers

*Senior Financial Analyst*  
509.906.0878  
[mreime@gcpud.org](mailto:mreime@gcpud.org)



[grantpud.org](http://grantpud.org)

---

**From:** Paul Dietz <Pdietz@gcpud.org>  
**Sent:** Friday, October 13, 2023 10:30 AM  
**To:** Michael Reimers <mreime@gcpud.org>; Bonnie Overfield <Boverfi@gcpud.org>  
**Subject:** Re: Insurance Renewal Commission Memo

Thank you, Michael. Your help here is much appreciated. I think it would be helpful for our internal communications folks to provide employees some direction on required formats when they are needed. I'll get with Chuck to see what we can do.

Wishing you a great weekend.

Paul

Sent from my Verizon, Samsung Galaxy smartphone  
Get [Outlook for Android](#)

---

**From:** Michael Reimers <[mreime@gcpud.org](mailto:mreime@gcpud.org)>  
**Sent:** Friday, October 13, 2023 10:42:43 AM

# For Commission Review – 10/24/2023

RESOLUTION NO. XXXX

A RESOLUTION ADOPTING A BUDGET FOR THE YEAR 2024 AND CORRESPONDING FINANCIAL FORECAST

Recitals

- 1. Pursuant to RCW 54.16.080 notice of filing, and date and place of hearing on the proposed budget for the District for the year 2024 was published for at least two consecutive weeks in a newspaper printed and of general circulation in the County;
- 2. The Preliminary Proposed Budget was approved by Commission Resolution No. 9027 on August 22<sup>nd</sup>, 2023;
- 3. Three public information meetings on the proposed budget were held as follows:
  - October 10, 2023 – 2:00 p.m. at GCPUD HQ, Ephrata, WA
  - October 10, 2023 – 6:00 p.m. Virtual Microsoft Teams Meeting
  - October 12, 2023 – 6:00 p.m. GCPUD Moses Lake Auditorium, Moses Lake, WA
- 4. Grant PUD considered public comments and letters relating to the proposed budget; and
- 5. The General Manager / CEO and Grant PUD staff are of the opinion that the revised budget and forecast, attached hereto as Exhibits A and B, are proper for Grant PUD for the year 2024 and recommend its adoption by the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington as follows:

Section 1: The budget, attached as Exhibit A, is hereby adopted by Grant PUD for the year 2024.

Section 2: The Financial Forecast, attached as Exhibit B is hereby adopted to reflect Grant PUD’s net financial position and key financial metrics for year 2024.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 14<sup>th</sup> day of November, 2023.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

## Exhibit A

EXPENSES	2023 BUDGET	2024 BUDGET
Operations & Maintenance (Includes adjustments)	\$188.2 M	\$201.9 M
Taxes	\$21.6 M	\$23.7 M
Electric System Capital	\$80.8 M	\$101.0 M
Priest Rapids Project Capital	\$74.1 M	\$71.9 M
Debt Service	\$72.0 M	\$68.0 M
<b>Total Gross Expenses</b>	<b>\$436.7 M</b>	<b>\$466.5 M</b>
<b>EXPENSE OFFSETS</b>		
Contributions in Aid of Construction	(\$10.7 M)	(\$12.3 M)
Sales to Power Purchasers at Cost	(\$13.8 M)	(\$16.9 M)
Net Power (+ Expense, - Revenue)	(\$95.1 M)	(\$90.2 M)
<b>Total Offsets</b>	<b>(\$119.7 M)</b>	<b>(\$119.3 M)</b>
<b>TOTAL EXPENSES AFTER OFFSETS</b>	<b><u>\$317.0 M</u></b>	<b><u>\$347.2 M</u></b>

All figures rounded to the nearest 100,000th.

## Exhibit B

NET POSITION	2023 BUDGET	2024 BUDGET
<b>CONSOLIDATED OPERATIONAL PERFORMANCE</b>		
<b>REVENUE</b>		
Sales to Power Purchasers at Cost	\$13.8 M	\$16.9 M
Retail Energy Sales	\$272.4 M	\$313.3 M
Net Power (Net Wholesale+Other Power Revenue)	\$95.2 M	\$90.2M
Fiber Optic Network Sales	\$12.3 M	\$13.5 M
Other Revenues	\$2.3 M	\$3.3 M
<b>EXPENSES</b>		
Operating Expenses	(\$188.2 M)	(\$201.9 M)
Taxes	(21.6 M)	(\$23.7 M)
<b>Net Operating Income or Loss Before Depreciation</b>	<b>\$186.3 M</b>	<b>\$211.6 M</b>
Depreciation and amortization	(\$77.8 M)	(\$89.4 M)
<b>NET OPERATING INCOME OR LOSS</b>	<b><u>\$108.5 M</u></b>	<b><u>\$122.3 M</u></b>
<b>OTHER REVENUES OR EXPENSES</b>		
Interest, debt and other income	(\$25.5 M)	(\$15.9 M)
CIAC (Money paid by customers to build infrastructure)	\$10.7 M	\$12.3 M
<b>CHANGE IN NET POSITION (BOTTOM LINE)</b>	<b><u>\$93.7 M</u></b>	<b><u>\$118.6 M</u></b>

All figures rounded to the nearest 100,000th.

KEY METRICS	2023 BUDGET	2024 BUDGET
<b>NET INCOME LIQUIDITY</b> (Measured at year end)		
Elect System Liquidity (Rev + R&C)	\$96,683	\$118,632
Days Cash On Hand	\$111.0 M	\$172.1 M
	273	348
<b>LEVERAGE</b>		
Consolidated Debt Service Coverage	2.6X	3.2X
Consolidated Debt/Plant Ratio	48%	43%
<b>PROFITABILITY</b>		
Cons. Return on Net Assets (chg. in net assets / net plant)	3.8%	4.7%
Retail Op Ratio (assumes baseline capital)	108%	109%

**MEMORANDUM**

**October 9, 2023**

**TO:** Board of Commissioners  
Rich Wallen, General Manager / CEO

**FROM:** Bonnie Overfield, Chief Financial Officer *Bonnie Overfield*

**SUBJECT:** Resolution Adopting 2024 Budget

**Purpose:** Obtain Commission approval of 2024 Budget

**Discussion:** In accordance to RCW 54.16.080, Grant County PUD, annually, is required to file a proposed budget and hold public meetings regarding the proposed budget. On August 22<sup>nd</sup>, 2023, the proposed 2024 Budget and public hearing dates, times, and locations were approved by Commission Resolution 9027. Due to the regularly scheduled Commission meetings taking place on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays of October; the official opening of the budget was October 10<sup>th</sup> (the 2<sup>nd</sup> Tuesday) at the regular scheduled meeting. A total of three public hearings were held October 10<sup>th</sup> and October 12<sup>th</sup>, in which both staff and commissioners were present to receive public comment. With the conclusion of the public meetings, per RCW, the District, by resolution, shall adopt the budget, as finally determined, and fix the final amount of expected expenditures for the ensuing year.

Included in this packet for adoption are the following documents (described as Exhibits A & B):

- A- 2024 Annual District Budget
- B- Net Position and Key Financial Metrics

**Recommendation:** Approve and adopt the 2024 budget.

cc: Mitch Delabarre

# For Commission Review – 10/24/2023

Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 430-12034 with CDW Government, Inc. for renewal of the Microsoft Enterprise Agreement in an amount not-to-exceed \$4,154,704.60 and with a contract completion date of August 31, 2028.

xxxx

## MEMORANDUM

Date: October 9, 2023

**TO:** Richard Wallen, General Manager/Chief Executive Officer

**FROM:** Charles Meyer, Managing Director of Enterprise Technology

**SUBJECT:** New Contract 430-12034 for Microsoft Enterprise Agreement 2023 – 2028

### Purpose:

To request Commission approval to award Contract No. 430-12034 to CDW-G for a five-year renewal of Grant PUD's Microsoft Enterprise Agreement. This reseller agreement covers nearly all Microsoft software products and cloud services used across the Grant PUD enterprise and all business units.

### Discussion:

Businesses and government entities with significant Microsoft product deployment leverage an Enterprise Agreement to lock in software costs over a 3-year period. Grant PUD has maintained Enterprise Agreements with Microsoft on this rolling 3-year basis for some time. With this renewal, Grant PUD has negotiated to enter a 5-year contract to continue to leverage software cost savings which continues that best practice.

This agreement includes costs for subscription-based services, in addition to software deployed through the legacy license/software assurance model. Pricing of the agreement is being offered at a state negotiated agreement with Level "D" pricing under "KCDA Catalog Agreement- Contract# 022-G (022-G)".

For absolute clarity, subscription-based products like Office 365 (e.g., Teams, SharePoint, Email, etc.) will no longer operate if this agreement is not renewed or an alternative contract is not implemented. Grant PUD does not currently have an active enrollment.

### Justification:

Approving this contract and maintaining our Software Assurance benefit provides significant value to business operations and aligns with Grant PUD's Mission Statement to generate and deliver energy to our customers efficiently and reliably. The agreement is emblematic of Grant PUD's value to innovate, delivering outcomes supporting key District objectives to 1) Maintain a Strong Financial Position, 2) Provide Long Term Low Rates, and 3) Provide Outstanding Service to Our Customers.

Grant PUD has spent several months negotiating with Microsoft and third-party vendors to secure the **best prices available** to us for our Microsoft software needs, implementing an effective technology roadmap and life-cycling plan, reducing the labor, and overhead involved in license renewals, project and life-cycle planning, and procurement for current and future software needs.

The Enterprise Agreement approach is the least cost option to acquire and maintain most Microsoft products and subscriptions. The 5-year term minimizes the procurement overhead while allowing us to lock in pricing and control costs with an annual "true up" to realign licensing count to demand changes.



The agreement provides for software licensing and “software assurance” allowing Grant PUD the right to update software as new versions are released and new capabilities are available. Without software assurance, there would be no path to new versions of the software except to repurchase that software at considerable expense.

Software Assurance is a substantial benefit when paired with the technology roadmap and regularly scheduled life cycling of products. Instead of purchasing new product versions as we do in an alternative “Select” model, we can leverage upgrades as they become available without additional purchases or procurement overhead. This results in a more stable enterprise computing environment and lower total-cost-of-ownership over the long term.

Microsoft has a variety of sourcing models<sup>1</sup> available depending upon the size of the enterprise. For organizations larger than 250 users or devices who intend to continue to utilize Microsoft products and services, the Enterprise Agreement offers the best available pricing tiers.

**Financial Considerations:**

The contract pricing will be \$4,154,704.60, to be paid in five annual installments in the amount of \$830,940.92 from September 1, 2023, through August 31, 2028.

The pricing is tied to the state negotiated agreement to achieve reliable savings at the maximum discount rate.

A comparison of the prior Annual Microsoft spend year over year is provided below for comparison:

	Old		
	2020	2021	2022
Annual Spend	\$457,345.84	\$457,345.84 plus \$63,414.92 in true-up costs	\$457,345.84 plus \$633,817.51 in true-up costs

New					
2023	2024	2025	2026	2027	2028
\$ 830,940.92	\$ 830,940.92	\$ 830,940.92	\$ 830,940.92	\$ 830,940.92	\$ 830,940.92

**Key drivers for the cost increases:**

- 8-14% typical pricing uplift for new contract renewal
- 2022 - We added 1,100 user subscriptions to PowerApps benefitting business automation. As part of the current negotiation process this license count was reduced to 900.
- Some previous licensing that was free now has a subscription fee.
- Negotiated best pricing available through Microsoft and awarded contract to least cost reseller.

<sup>1</sup> [http://download.microsoft.com/download/1/F/5/1F5357DD-F7C8-4CC8-8C5F-7F6B1569ECF0/Transactional\\_Licensing\\_Comparison\\_Chart.pdf](http://download.microsoft.com/download/1/F/5/1F5357DD-F7C8-4CC8-8C5F-7F6B1569ECF0/Transactional_Licensing_Comparison_Chart.pdf)

**Intangible benefits:**

- Microsoft Teams allows flexibility to support Grant PUD's hybrid work environment and conferencing.
- Enterprise mobility gives much greater access to business data from anywhere without VPN
- We have reduced on-premises hardware requirements to support Office 365 products.
- Real-time shared document editing helps improve overall efficiency.
- Replaced multiple business workflows with PowerApps.
- Enables single sign-on in cloud partner environments for improved usability and security.
- Enables IT to perform higher order work.

The migration to cloud hosted services continues to be the primary delivery model for Microsoft products. While adding an online services subscription does require a 12-month commitment, those subscriptions are transferable. Further, unneeded subscriptions can be reduced annually as business conditions change.

**Contract Specifics:**

<b>Term:</b>	60 months
<b>Costs:</b>	\$4,154,704.60 total cost paid in five annual installments of \$ 830,940.92
<b>Procurement:</b>	Sole source provider
<b>Contract:</b>	Microsoft standard terms and form

**Recommendation:**

Commission approval to award Contract No. 430-12034 to CDW-G for a five-year renewal of the Microsoft Enterprise Agreement.

**Legal Review:** See attached e-mail(s).

**From:** [Charles Meyer](#)  
**To:** [Zachery Cooper](#)  
**Subject:** RE: Contract 430-12034 Commission Memo  
**Date:** Tuesday, October 10, 2023 11:23:12 AM  
**Attachments:** [image002.png](#)  
[image003.jpg](#)

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Approved.

**Charles Meyer**

*Managing Director of Enterprise Technologies*

**CELL** 760.579.1171

**EMAIL** [cmeyer@gcpud.org](mailto:cmeyer@gcpud.org)



[grantpud.org](http://grantpud.org)

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**From:** Zachery Cooper <[zcooper@gcpud.org](mailto:zcooper@gcpud.org)>  
**Sent:** Tuesday, October 10, 2023 11:22 AM  
**To:** Charles Meyer <[cmeyer@gcpud.org](mailto:cmeyer@gcpud.org)>  
**Subject:** FW: Contract 430-12034 Commission Memo  
**Importance:** High

Good afternoon Charles,

I will need your approval of the commission memo via email to proceed with the commission packet.

Thank you,

**Zachery Cooper**

*Procurement Officer II*

**OFFICE** 509.760.7617

**EMAIL** [zcooper@gcpud.org](mailto:zcooper@gcpud.org)

**ADDRESS** 14352 Hwy 243 S Bldg. 6, Beverly, WA 99321



[grantpud.org](http://grantpud.org)

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**From:** Michele Mesaros <[mmesaros@gcpud.org](mailto:mmesaros@gcpud.org)>  
**Sent:** Monday, October 9, 2023 11:35 AM  
**To:** Zachery Cooper <[zcooper@gcpud.org](mailto:zcooper@gcpud.org)>; Shelli Tompkins <[stompkins@gcpud.org](mailto:stompkins@gcpud.org)>  
**Cc:** Matt Johnson <[mjohnson3@gcpud.org](mailto:mjohnson3@gcpud.org)>; Charles Meyer <[cmeyer@gcpud.org](mailto:cmeyer@gcpud.org)>  
**Subject:** Contract 430-12034 Commission Memo

**Importance:** High

Here is the Commission Memo. Let me know when you sent it to Charles via DocuSign so I can have him initial.

And let me know if you need anything else from us for the packet due this Thursday.

THANK YOU!!!

*Michele Mesaros*

*Administrative Assistant*

*Enterprise Technology*

CELL 714.726.1712

EMAIL [mmesaros@gcpud.org](mailto:mmesaros@gcpud.org)



**grantpud.org**



**PUD No. 2 of Grant County, WA**  
**PO Box 878**  
**30 C ST SW**  
**Ephrata WA 98823**

**Vendor:** CDWC00

CDW GOVERNMENT INC  
 230 N MILWAUKEE AVE  
 VERNON HILLS IL 60061

<b>Purchase Order</b>	<b>**CHANGE ORDER**</b>
<b>Purchase Order No.</b>	PO430-12034
<b>Date</b>	10/4/2023
<b>Revision Number</b>	1

**Ship To:**

154 A ST SE  
 EPHRATA WA 98823

**Contract / Quote No.** NPCK674

Please submit Invoices to [AccountsPayable@gcpud.org](mailto:AccountsPayable@gcpud.org) and reference the Purchase Order number.

^ Changed Since the Previous Revision

		<b>Payment Terms</b>	<b>Confirm With</b>				<b>Page</b>
		NET30	DANNY HIGGINS				1
<b>L/N</b>	<b>Item Number</b>	<b>Bin</b>	<b>Req. Date</b>	<b>U/M</b>	<b>Ordered</b>	<b>Unit Price</b>	<b>Ext. Price</b>
<b>Item Description</b>							<b>Requested by</b>
<b>Shipping Method</b>		<b>Reference Number</b>					
^1	MICROSOFT COMPONENT ENTERPRISE		8/31/2024	Each	830,940.92	\$1.00	\$830,940.92
MICROSOFT COMPONENT ENTERPRISE AGREEMENT. YEAR 1: TERM 9/1/23 - 8/31/24							CHARLES MEYER
NO FREIGHT							
^2	MICROSOFT COMPONENT ENTERPRISE		8/31/2025	Each	830,940.92	\$1.00	\$830,940.92
MICROSOFT COMPONENT ENTERPRISE AGREEMENT. YEAR 2: TERM 9/1/24 - 8/31/25							CHARLES MEYER
NO FREIGHT							
^3	MICROSOFT COMPONENT ENTERPRISE		8/31/2026	Each	830,940.92	\$1.00	\$830,940.92
MICROSOFT COMPONENT ENTERPRISE AGREEMENT. YEAR 3: TERM 9/1/25 - 8/31/26							CHARLES MEYER
NO FREIGHT							
^4	MICROSOFT COMPONENT ENTERPRISE		8/31/2027	Each	830,940.92	\$1.00	\$830,940.92
MICROSOFT COMPONENT ENTERPRISE AGREEMENT. YEAR 4: TERM 9/1/26 - 8/31/27							CHARLES MEYER
NO FREIGHT							
^5	MICROSOFT COMPONENT ENTERPRISE		8/31/2028	Each	830,940.92	\$1.00	\$830,940.92
MICROSOFT COMPONENT ENTERPRISE AGREEMENT. YEAR 5: TERM 9/1/27 - 8/31/28							CHARLES MEYER
NO FREIGHT							

Purchase is being made using KCDA Contract AEPA 022-G.  
 Terms & Conditions Per:  
 KCDA Contract AEPA 022-G (Online Technology Catalog)

All applicable taxes to be applied.

<b>Subtotal</b>	\$4,154,704.60
<b>^Tax</b>	\$348,995.20
<b>Order Total</b>	\$4,503,699.80

**Zachery Cooper** 509-760-7617

**Authorized**

All shipments, shipping papers, invoices and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment. This Purchase Order is subject to Grant PUD's Terms and Conditions.

By fulfilling this order, Seller is agreeing to Grant PUD's Terms and Conditions.

Warehouse Receiving Hours: Monday - Thursday, 6:30 AM - 12:00 PM & 12:30 PM - 3:30 PM.



Thank you for choosing CDW. We have received your quote.

Hardware Software Services IT Solutions Brands Research Hub

# QUOTE CONFIRMATION

**MATT JOHNSON,**

Thank you for considering CDW•G for your technology needs. The details of your quote are below. **If you are an eProcurement or single sign on customer, please log into your system to access the CDW site.** You can search for your quote to retrieve and transfer back into your system for processing.

For all other customers, click below to convert your quote to an order.

**Convert Quote to Order**

QUOTE #	QUOTE DATE	QUOTE REFERENCE	CUSTOMER #	GRAND TOTAL
NPBW208	9/28/2023	5 YEAR RENEWAL	1538067	<b>\$900,739.95</b>

**IMPORTANT - PLEASE READ**

**Special Instructions:** 5 Year Renewal of EA 50161406  
Year 1 of 5  
Terms 9/1/2023 - 8/31/2028

**QUOTE DETAILS**

ITEM	QTY	CDW#	UNIT PRICE	EXT. PRICE
<a href="#">Microsoft SharePoint Online Extra Storage AddOn - subscription license (1 m</a> Mfg. Part#: 6WT-00001-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)	5000	4739621	\$2.17	\$10,850.00
<a href="#">Microsoft 365 E3 - subscription license - 1 user</a> Mfg. Part#: AAD-33200-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)	925	5368733	\$325.74	\$301,309.50
<a href="#">Microsoft PowerApps Plan - subscription license (1 month) - 1 user</a> Mfg. Part#: SEJ-00002-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)	900	5873421	\$212.88	\$191,592.00
<a href="#">MS EA WIN SVR DCCORE SA MVL</a> Mfg. Part#: 9EA-00278-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)	500	4354663	\$125.31	\$62,655.00

**QUOTE DETAILS (CONT.)**

<b><u>MS EA WIN SVR STDCORE SA MVL</u></b>	372	4354666	\$19.22	\$7,149.84
Mfg. Part#: 9EM-00270-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>Microsoft 365 E3 Unified - subscription license (1 month) - 1 user</u></b>	208	5452014	\$383.20	\$79,705.60
Mfg. Part#: AAD-33204-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>Microsoft 365 F3 Full USL - subscription license (1 month) - 1 user</u></b>	105	5368739	\$82.61	\$8,674.05
Mfg. Part#: JFX-00003-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>Windows Enterprise - software assurance - 1 license</u></b>	100	3878003	\$48.53	\$4,853.00
Mfg. Part#: KV3-00368-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>Power BI Pro - subscription license (1 month) - 1 user</u></b>	100	4129853	\$90.35	\$9,035.00
Mfg. Part#: NK4-00002-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>MS EA PROJONLNPROF SS MVL P U</u></b>	95	4448405	\$271.43	\$25,785.85
Mfg. Part#: 7LS-00002-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>Microsoft Visio Standard - software assurance - 1 user</u></b>	92	2026966	\$56.24	\$5,174.08
Mfg. Part#: D86-01253-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>Microsoft Project - software assurance - 1 user</u></b>	78	2026955	\$127.61	\$9,953.58
Mfg. Part#: 076-01912-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				

**QUOTE DETAILS (CONT.)**

<p><b><u>Microsoft Visio Plan 2 - subscription license (1 month) - 1 user</u></b></p> <p>Mfg. Part#: N9U-00002-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	61	3398837	\$135.71	\$8,278.31
<p><b><u>Microsoft Visio Professional - software assurance - 1 user</u></b></p> <p>Mfg. Part#: D87-01159-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	55	2026965	\$109.46	\$6,020.30
<p><b><u>Microsoft Azure DevOps Server - software assurance - 1 user CAL</u></b></p> <p>Mfg. Part#: 126-00196-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	40	2754652	\$72.58	\$2,903.20
<p><b><u>Microsoft Windows Azure - prepayment - 1 license</u></b></p> <p>Mfg. Part#: 6QK-00001-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	30	3049576	\$1,209.60	\$36,288.00
<p><b><u>Microsoft Visual Studio Professional Subscription with GitHub Enterprise -</u></b></p> <p>Mfg. Part#: QEK-00003-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	25	5906027	\$305.79	\$7,644.75
<p><b><u>Microsoft Exchange Online Plan 2 - subscription license - 1 user</u></b></p> <p>Mfg. Part#: TQA-00001-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	23	2731074	\$72.33	\$1,663.59
<p><b><u>Microsoft 365 E5 - subscription license - 1 user</u></b></p> <p>Mfg. Part#: AAD-33177-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	21	5368735	\$554.72	\$11,649.12
<p><b><u>Microsoft Visio Online Plan 1 - subscription license (1 month) - 1 user</u></b></p> <p>Mfg. Part#: HWN-00002-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	15	4951605	\$45.23	\$678.45



**QUOTE DETAILS (CONT.)**

<p><a href="#">Microsoft 365 E5 - subscription license - 1 user</a></p> <p>Mfg. Part#: AAD-33168-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	2	5726002	\$611.33	\$1,222.66
<p><a href="#">Microsoft Visual Studio Enterprise Subscription with GitHub Enterprise - so</a></p> <p>Mfg. Part#: QEJ-00003-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	5	5906026	\$1,067.47	\$5,337.35
<p><a href="#">Microsoft Project Plan 5 - subscription license (1 month) - 1 user</a></p> <p>Mfg. Part#: 7SY-00002-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	4	5489068	\$497.62	\$1,990.48
<p><a href="#">Microsoft Power Automate - subscription license (monthly) - 1 user</a></p> <p>Mfg. Part#: SPU-00002-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	3	5813054	\$159.66	\$478.98
<p><a href="#">Microsoft Power Automate with attended Robotic Process Automation Plan - su</a></p> <p>Mfg. Part#: 1O4-00001-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	2	6117938	\$159.66	\$319.32
<p><a href="#">MS EA PWRAPPSANDPWRATMTCPCY SHRDSVR</a></p> <p>Mfg. Part#: SEW-00001-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	2	6232707	\$532.22	\$1,064.44
<p><a href="#">Microsoft Project Online Professional - subscription license (1 month) - 1</a></p> <p>Mfg. Part#: 7MK-00002-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA                      Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)</p>	2	4967350	\$230.79	\$461.58
<p><a href="#">Microsoft Azure Active Directory Premium P2 - subscription license (1 month)</a></p> <p>Mfg. Part#: 6E6-00003-12-SLG                      5 Year Renewal                      Year 1 of 5                      Terms 9/1/2023 - 8/31/2028                      Electronic distribution - NO MEDIA</p>	1	4903105	\$81.40	\$81.40

**QUOTE DETAILS (CONT.)**

Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)

<b><u>Power BI Premium USL - subscription license - 1 user</u></b>	1	6498676	\$180.96	\$180.96
Mfg. Part#: 68B-00008-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>MS EA PROJONLNESSTLS SS MVL P U</u></b>	1	4448408	\$63.37	\$63.37
Mfg. Part#: 3Q2-00002-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>Microsoft Teams Rooms Pro - subscription license - 1 device</u></b>	24	7202646	\$425.77	\$10,218.48
Mfg. Part#: V9B-00001-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>MS EA AI BUILDER CAP SUB ADD 1M CRED</u></b>	1	6791128	\$5,322.24	\$5,322.24
Mfg. Part#: SDQ-00001-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>MS EA POWERVIRTUALAGENT SUBS 2KSESS</u></b>	1	6087838	\$10,644.48	\$10,644.48
Mfg. Part#: RYT-00001-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>MS EA POWERVIRTUALAGENTUSL P U</u></b>	1	6087839	\$0.00	\$0.00
Mfg. Part#: SYS-00001-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: MARKET				
<b><u>MS EA PROJONLNPREMFROMSA P U</u></b>	4	5510050	\$422.99	\$1,691.96
Mfg. Part#: 7VV-00002-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: KCDA Catalog Agreement- Contract# 022-G (022-G)				
<b><u>MS EA AUDIOCONFPAYPERMIN P U</u></b>	2000	4939735	\$0.00	\$0.00
Mfg. Part#: HUR-00002-12-SLG 5 Year Renewal Year 1 of 5 Terms 9/1/2023 - 8/31/2028 Electronic distribution - NO MEDIA Contract: MARKET				

<b>SUBTOTAL</b>	\$830,940.92
<b>SHIPPING</b>	\$0.00
<b>SALES TAX</b>	\$69,799.03
<b>GRAND TOTAL</b>	<b>\$900,739.95</b>

PURCHASER BILLING INFO	DELIVER TO
<b>Billing Address:</b> PUD NO. 2 OF GRANT COUNTY, WA ACCOUNTS PAYABL PO BOX 878 EPHRATA, WA 98823-0878 <b>Phone:</b> (509) 754-3541 <b>Payment Terms:</b> Net 30 Days-Govt State/Local	<b>Shipping Address:</b> PUD NO. 2 OF GRANT COUNTY, WA PATRICK BISHOP 154 A ST SE EPHRATA, WA 98823-0878 <b>Shipping Method:</b> ELECTRONIC DISTRIBUTION
<b>Please remit payments to:</b>	
CDW Government 75 Remittance Drive Suite 1515 Chicago, IL 60675-1515	



### Sales Contact Info

**Danny Higgins** | (877) 625-7671 | [dannhig@cdwg.com](mailto:dannhig@cdwg.com)

LEASE OPTIONS			
FMV TOTAL	FMV LEASE OPTION	BO TOTAL	BO LEASE OPTION
<b>\$830,940.92</b>	<b>\$22,053.17/Month</b>	<b>\$830,940.92</b>	<b>\$25,534.81/Month</b>

Monthly payment based on 36 month lease. Other terms and options are available. Contact your Account Manager for details. Payment quoted is subject to change.

#### Why finance?

- Lower Upfront Costs. Get the products you need without impacting cash flow. Preserve your working capital and existing credit line.
- Flexible Payment Terms. 100% financing with no money down, payment deferrals and payment schedules that match your company's business cycles.
- Predictable, Low Monthly Payments. Pay over time. Lease payments are fixed and can be tailored to your budget levels or revenue streams.
- Technology Refresh. Keep current technology with minimal financial impact or risk. Add-on or upgrade during the lease term and choose to return or purchase the equipment at end of lease.
- Bundle Costs. You can combine hardware, software, and services into a single transaction and pay for your software licenses over time! We know your challenges and understand the need for flexibility.

#### General Terms and Conditions:

This quote is not legally binding and is for discussion purposes only. The rates are estimate only and are based on a collection of industry data from numerous sources. All rates and financial quotes are subject to final review, approval, and documentation by our leasing partners. Payments above exclude all applicable taxes. Financing is subject to credit approval and review of final equipment and services configuration. Fair Market Value leases are structured with the assumption that the equipment has a residual value at the end of the lease term.

### Need Help?



My Account



Support



Call 800.800.4239

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This order is subject to CDW's Terms and Conditions of Sales and Service Projects at <http://www.cdw.com/content/terms-conditions/product-sales.aspx>

For more information, contact a CDW account manager

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## Program Signature Form

MBA/MBSA number

5-0000010664081

Agreement number

8833856

**Note:** Enter the applicable active numbers associated with the documents below. Microsoft requires the associated active number be indicated here, or listed below as new.

For the purposes of this form, “Customer” can mean the signing entity, Enrolled Affiliate, Government Partner, Institution, or other party entering into a volume licensing program agreement.

This signature form and all contract documents identified in the table below are entered into between the Customer and the Microsoft Affiliate signing, as of the effective date identified below.

Contract Document	Number or Code
Enterprise Enrollment (Indirect)	X20-10635
Enterprise Amendment	M97, M734 (NEW)
Product Selection Form	2512948.007_PSF

By signing below, Customer and the Microsoft Affiliate agree that both parties (1) have received, read and understand the above contract documents, including any websites or documents incorporated by reference and any amendments and (2) agree to be bound by the terms of all such documents.

Customer
<b>Name of Entity (must be legal entity name)*</b> PUD No.2 of Grant County, WA <b>Signature*</b> <b>Printed First and Last Name*</b> <b>Printed Title</b> <b>Signature Date*</b>
<b>Tax ID</b>

\* indicates required field

<b>Microsoft Affiliate</b>
<b>Microsoft Corporation</b>
<b>Signature</b> <b>Printed First and Last Name</b> <b>Printed Title</b> <b>Signature Date</b> (date Microsoft Affiliate countersigns)
<b>Agreement Effective Date</b>  (may be different than Microsoft's signature date)

**Optional 2<sup>nd</sup> Customer signature or Outsourcer signature (if applicable)**

<b>Customer</b>
<b>Name of Entity (must be legal entity name)*</b> <b>Signature*</b> <b>Printed First and Last Name*</b> <b>Printed Title</b> <b>Signature Date*</b>

*\* indicates required field*

<b>Outsourcer</b>
<b>Name of Entity (must be legal entity name)*</b> <b>Signature*</b> _____ <b>Printed First and Last Name*</b> <b>Printed Title</b> <b>Signature Date*</b>

*\* indicates required field*

If Customer requires additional contacts or is reporting multiple previous Enrollments, include the appropriate form(s) with this signature form.

After this signature form is signed by the Customer, send it and the Contract Documents to Customer's channel partner or Microsoft account manager, who must submit them to the following address. When the signature form is fully executed by Microsoft, Customer will receive a confirmation copy.

**Microsoft Corporation**  
 Dept. 551, Volume Licensing  
 6880 Sierra Center Parkway  
 Reno, Nevada 89511  
 USA

## Enterprise Enrollment

## State and Local

Enterprise Enrollment number <i>(Microsoft to complete)</i>	80647847	Framework ID <i>(if applicable)</i>	
Previous Enrollment number <i>(Reseller to complete)</i>	50161406		

**This Enrollment must be attached to a signature form to be valid.**

This Microsoft Enterprise Enrollment is entered into between the entities as identified in the signature form as of the effective date. Enrolled Affiliate represents and warrants it is the same Customer, or an Affiliate of the Customer, that entered into the Enterprise Agreement identified on the program signature form.

This Enrollment consists of: (1) these terms and conditions, (2) the terms of the Enterprise Agreement identified on the signature form, (3) the Product Selection Form, (4) the Product Terms, (5) the Online Services Terms, (6) any Supplemental Contact Information Form, Previous Agreement/Enrollment form, and other forms that may be required, and (7) any order submitted under this Enrollment. This Enrollment may only be entered into under a 2011 or later Enterprise Agreement. By entering into this Enrollment, Enrolled Affiliate agrees to be bound by the terms and conditions of the Enterprise Agreement.

All terms used but not defined are located at <http://www.microsoft.com/licensing/contracts>. In the event of any conflict the terms of this Agreement control.

**Effective date.** If Enrolled Affiliate is renewing Software Assurance or Subscription Licenses from one or more previous Enrollments or agreements, then the effective date will be the day after the first prior Enrollment or agreement expires or terminates. If this Enrollment is renewed, the effective date of the renewal term will be the day after the Expiration Date of the initial term. Otherwise, the effective date will be the date this Enrollment is accepted by Microsoft. Any reference to “anniversary date” refers to the anniversary of the effective date of the applicable initial or renewal term for each year this Enrollment is in effect.

**Term.** The initial term of this Enrollment will expire on the last day of the month, 36 full calendar months from the effective date of the initial term. The renewal term will expire 36 full calendar months after the effective date of the renewal term.

## ***Terms and Conditions***

### ***1. Definitions.***

Terms used but not defined in this Enrollment will have the definition in the Enterprise Agreement. The following definitions are used in this Enrollment:

“Additional Product” means any Product identified as such in the Product Terms and chosen by Enrolled Affiliate under this Enrollment.

“Community” means the community consisting of one or more of the following: (1) a Government, (2) an Enrolled Affiliate using eligible Government Community Cloud Services to provide solutions to a Government or a qualified member of the Community, or (3) a Customer with Customer Data that is subject to Government regulations for which Customer determines and Microsoft agrees that the use of Government Community Cloud Services is appropriate to meet Customer’s regulatory requirements.

Membership in the Community is ultimately at Microsoft's discretion, which may vary by Government Community Cloud Service.

"Enterprise Online Service" means any Online Service designated as an Enterprise Online Service in the Product Terms and chosen by Enrolled Affiliate under this Enrollment. Enterprise Online Services are treated as Online Services, except as noted.

"Enterprise Product" means any Desktop Platform Product that Microsoft designates as an Enterprise Product in the Product Terms and chosen by Enrolled Affiliate under this Enrollment. Enterprise Products must be licensed for all Qualified Devices and Qualified Users on an Enterprise-wide basis under this program.

"Expiration Date" means the date upon which the Enrollment expires.

"Federal Agency" means a bureau, office, agency, department or other entity of the United States Government.

"Government" means a Federal Agency, State/Local Entity, or Tribal Entity acting in its governmental capacity.

"Government Community Cloud Services" means Microsoft Online Services that are provisioned in Microsoft's multi-tenant data centers for exclusive use by or for the Community and offered in accordance with the National Institute of Standards and Technology (NIST) Special Publication 800-145. Microsoft Online Services that are Government Community Cloud Services are designated as such in the Use Rights and Product Terms.

"Industry Device" (also known as line of business device) means any device that: (1) is not useable in its deployed configuration as a general purpose personal computing device (such as a personal computer), a multi-function server, or a commercially viable substitute for one of these systems; and (2) only employs an industry or task-specific software program (e.g. a computer-aided design program used by an architect or a point of sale program) ("Industry Program"). The device may include features and functions derived from Microsoft software or third-party software. If the device performs desktop functions (such as email, word processing, spreadsheets, database, network or Internet browsing, or scheduling, or personal finance), then the desktop functions: (1) may only be used for the purpose of supporting the Industry Program functionality; and (2) must be technically integrated with the Industry Program or employ technically enforced policies or architecture to operate only when used with the Industry Program functionality.

"Managed Device" means any device on which any Affiliate in the Enterprise directly or indirectly controls one or more operating system environments. Examples of Managed Devices can be found in the Product Terms.

"Qualified Device" means any device that is used by or for the benefit of Enrolled Affiliate's Enterprise and is: (1) a personal desktop computer, portable computer, workstation, or similar device capable of running Windows Pro locally (in a physical or virtual operating system environment), or (2) a device used to access a virtual desktop infrastructure ("VDI"). Qualified Devices do not include any device that is: (1) designated as a server and not used as a personal computer, (2) an Industry Device, or (3) not a Managed Device. At its option, the Enrolled Affiliate may designate any device excluded above (e.g., Industry Device) that is used by or for the benefit of the Enrolled Affiliate's Enterprise as a Qualified Device for all or a subset of Enterprise Products or Online Services the Enrolled Affiliate has selected.

"Qualified User" means a person (e.g., employee, consultant, contingent staff) who: (1) is a user of a Qualified Device, or (2) accesses any server software requiring an Enterprise Product Client Access License or any Enterprise Online Service. It does not include a person who accesses server software or an Online Service solely under a License identified in the Qualified User exemptions in the Product Terms.

"Reseller" means an entity authorized by Microsoft to resell Licenses under this program and engaged by an Enrolled Affiliate to provide pre- and post-transaction assistance related to this agreement;

"Reserved License" means for an Online Service identified as eligible for true-ups in the Product Terms, the License reserved by Enrolled Affiliate prior to use and for which Microsoft will make the Online Service available for activation.



"State/Local Entity" means (1) any agency of a state or local government in the United States, or (2) any United States county, borough, commonwealth, city, municipality, town, township, special purpose district, or other similar type of governmental instrumentality established by the laws of Customer's state and located within Customer's state's jurisdiction and geographic boundaries.

"Tribal Entity" means a federally recognized tribal entity performing tribal governmental functions and eligible for funding and services from the U.S. Department of Interior by virtue of its status as an Indian tribe.

"Use Rights" means, with respect to any licensing program, the use rights or terms of service for each Product and version published for that licensing program at the Volume Licensing Site and updated from time to time. The Use Rights include the Product-Specific License Terms, the License Model terms, the Universal License Terms, the Data Protection Terms, and the Other Legal Terms. The Use Rights supersede the terms of any end user license agreement (on-screen or otherwise) that accompanies a Product.

"Volume Licensing Site" means <http://www.microsoft.com/licensing/contracts> or a successor site.

## **2. Order requirements.**

- a. Minimum order requirements.** Enrolled Affiliate's Enterprise must have a minimum of 250 Qualified Users or Qualified Devices. The initial order must include at least 250 Licenses for Enterprise Products or Enterprise Online Services.
  - (i) Enterprise commitment.** Enrolled Affiliate must order enough Licenses to cover all Qualified Users or Qualified Devices, depending on the License Type, with one or more Enterprise Products or a mix of Enterprise Products and the corresponding Enterprise Online Services (as long as all Qualified Devices not covered by a License are only used by users covered with a user License).
  - (ii) Enterprise Online Services only.** If no Enterprise Product is ordered, then Enrolled Affiliate need only maintain at least 250 Subscription Licenses for Enterprise Online Services.
- b. Additional Products.** Upon satisfying the minimum order requirements above, Enrolled Affiliate may order Additional Products.
- c. Use Rights for Enterprise Products.** For Enterprise Products, if a new Product version has more restrictive use rights than the version that is current at the start of the applicable initial or renewal term of the Enrollment, those more restrictive use rights will not apply to Enrolled Affiliate's use of that Product during that term.
- d. Country of usage.** Enrolled Affiliate must specify the countries where Licenses will be used on its initial order and on any additional orders.
- e. Resellers.** Enrolled Affiliate must choose and maintain a Reseller authorized in the United States. Enrolled Affiliate will acquire its Licenses through its chosen Reseller. Orders must be submitted to the Reseller who will transmit the order to Microsoft. The Reseller and Enrolled Affiliate determine pricing and payment terms as between them, and Microsoft will invoice the Reseller based on those terms. Throughout this Agreement the term "price" refers to reference price. Resellers and other third parties do not have authority to bind or impose any obligation or liability on Microsoft.
- f. Adding Products.**
  - (i) Adding new Products not previously ordered.** New Enterprise Products or Enterprise Online Services may be added at any time by contacting a Microsoft Account Manager or Reseller. New Additional Products, other than Online Services, may be used if an order is placed in the month the Product is first used. For Additional Products that are Online Services, an initial order for the Online Service is required prior to use.

- (ii) **Adding Licenses for previously ordered Products.** Additional Licenses for previously ordered Products other than Online Services may be added at any time but must be included in the next true-up order. Additional Licenses for Online Services must be ordered prior to use, unless the Online Services are (1) identified as eligible for true-up in the Product Terms or (2) included as part of other Licenses.
- g. **True-up requirements.** Enrolled Affiliate must submit an annual true-up order that accounts for any changes since the initial order or last order. If there are no changes, then an update statement must be submitted instead of a true-up order.
- (i) **Enterprise Products.** For Enterprise Products, Enrolled Affiliate must determine the number of Qualified Devices and Qualified Users (if ordering user-based Licenses) at the time the true-up order is placed and must order additional Licenses for all Qualified Devices and Qualified Users that are not already covered by existing Licenses, including any Enterprise Online Services.
- (ii) **Additional Products.** For Additional Products that have been previously ordered under this Enrollment, Enrolled Affiliate must determine the maximum number of Additional Products used since the latter of the initial order, the last true-up order, or the prior anniversary date and submit a true-up order that accounts for any increase.
- (iii) **Online Services.** For Online Services identified as eligible for true-up in the Product Terms, Enrolled Affiliate may place a reservation order for the additional Licenses prior to use and payment may be deferred until the next true-up order. Microsoft will provide a report of Reserved Licenses ordered but not yet invoiced to Enrolled Affiliate and its Reseller. Reserved Licenses will be invoiced retrospectively to the month in which they were ordered.
- (iv) **Subscription License reductions.** Enrolled Affiliate may reduce the quantity of Subscription Licenses at the Enrollment anniversary date on a prospective basis if permitted in the Product Terms, as follows:
- 1) For Subscription Licenses that are part of an Enterprise-wide purchase, Licenses may be reduced if the total quantity of Licenses and Software Assurance for an applicable group meets or exceeds the quantity of Qualified Devices and Qualified Users (if ordering user-based Licenses) identified on the Product Selection Form, and includes any additional Qualified Devices and Qualified Users added in any prior true-up orders. Step-up Licenses do not count towards this total count.
  - 2) For Enterprise Online Services that are not a part of an Enterprise-wide purchase, Licenses can be reduced as long as the initial order minimum requirements are maintained.
  - 3) For Additional Products available as Subscription Licenses, Enrolled Affiliate may reduce the Licenses. If the License count is reduced to zero, then Enrolled Affiliate's use of the applicable Subscription License will be cancelled.
- Invoices will be adjusted to reflect any reductions in Subscription Licenses at the true-up order Enrollment anniversary date and effective as of such date.
- (v) **Update statement.** An update statement must be submitted instead of a true-up order if, since the initial order or last true-up order, Enrolled Affiliate's Enterprise: (1) has not changed the number of Qualified Devices and Qualified Users licensed with Enterprise Products or Enterprise Online Services; and (2) has not increased its usage of Additional Products. This update statement must be signed by Enrolled Affiliate's authorized representative.
- (vi) **True-up order period.** The true-up order or update statement must be received by Microsoft between 60 and 30 days prior to each Enrollment anniversary date. The third-year true-up order or update statement is due within 30 days prior to the Expiration Date, and any license reservations within this 30 day period will not be accepted. Enrolled Affiliate

may submit true-up orders more often to account for increases in Product usage, but an annual true-up order or update statement must still be submitted during the annual order period.

- (vii) **Late true-up order.** If the true-up order or update statement is not received when due, Microsoft will invoice Reseller for all Reserved Licenses not previously invoiced and Subscription License reductions cannot be reported until the following Enrollment anniversary date (or at Enrollment renewal, as applicable).
- h. **Step-up Licenses.** For Licenses eligible for a step-up under this Enrollment, Enrolled Affiliate may step-up to a higher edition or suite as follows:
  - (i) For step-up Licenses included on an initial order, Enrolled Affiliate may order according to the true-up process.
  - (ii) If step-up Licenses are not included on an initial order, Enrolled Affiliate may step-up initially by following the process described in the Section titled "Adding new Products not previously ordered," then for additional step-up Licenses, by following the true-up order process.
- i. **Clerical errors.** Microsoft may correct clerical errors in this Enrollment, and any documents submitted with or under this Enrollment, by providing notice by email and a reasonable opportunity for Enrolled Affiliate to object to the correction. Clerical errors include minor mistakes, unintentional additions and omissions. This provision does not apply to material terms, such as the identity, quantity or price of a Product ordered.
- j. **Verifying compliance.** Microsoft may, in its discretion and at its expense, verify compliance with this Enrollment as set forth in the Enterprise Agreement.

### **3. Pricing.**

- a. **Price Levels.** For both the initial and any renewal term Enrolled Affiliate's Price Level for all Products ordered under this Enrollment will be Level "D" throughout the term of the Enrollment.
- b. **Setting Prices.** Enrolled Affiliate's prices for each Product or Service will be established by its Reseller. Except for Online Services designated in the Product Terms as being exempt from fixed pricing, As long as Enrolled Affiliate continues to qualify for the same price level, Microsoft's prices for Resellers for each Product or Service ordered will be fixed throughout the applicable initial or renewal Enrollment term. Microsoft's prices to Resellers are reestablished at the beginning of the renewal term.

### **4. Payment terms.**

For the initial or renewal order, Microsoft will invoice Enrolled Affiliate's Reseller in three equal annual installments. The first installment will be invoiced upon Microsoft's acceptance of this Enrollment and remaining installments will be invoiced on each subsequent Enrollment anniversary date. Subsequent orders are invoiced upon acceptance of the order and Enrolled Affiliate may elect to pay annually or upfront for Online Services and upfront for all other Licenses.

### **5. End of Enrollment term and termination.**

- a. **General.** At the Expiration Date, Enrolled Affiliate must immediately order and pay for Licenses for Products it has used but has not previously submitted an order, except as otherwise provided in this Enrollment.
- b. **Renewal option.** At the Expiration Date of the initial term, Enrolled Affiliate can renew Products by renewing this Enrollment for one additional 36-month term or by signing a new Enrollment. Microsoft must receive a Renewal Form, Product Selection Form, and renewal order prior to or at the Expiration Date. Microsoft will not unreasonably reject any renewal.

Microsoft may make changes to this program that will make it necessary for Customer and its Enrolled Affiliates to enter into new agreements and Enrollments at renewal.

**c. If Enrolled Affiliate elects not to renew.**

(i) **Software Assurance.** If Enrolled Affiliate elects not to renew Software Assurance for any Product under its Enrollment, then Enrolled Affiliate will not be permitted to order Software Assurance later without first acquiring a new License with Software Assurance.

(ii) **Online Services eligible for an Extended Term.** For Online Services identified as eligible for an Extended Term in the Product Terms, the following options are available at the end of the Enrollment initial or renewal term.

1) **Extended Term.** Licenses for Online Services will automatically expire in accordance with the terms of the Enrollment. An extended term feature that allows Online Services to continue month-to-month (“Extended Term”) is available. During the Extended Term, Online Services will be invoiced monthly at the then-current published price as of the Expiration Date plus a 3% administrative fee for up to one year. If Enrolled Affiliate wants an Extended Term, Enrolled Affiliate must submit a request to Microsoft at least 30 days prior to the Expiration Date.

2) **Cancellation during Extended Term.** At any time during the first year of the Extended Term, Enrolled Affiliate may terminate the Extended Term by submitting a notice of cancellation to Microsoft for each Online Service. Thereafter, either party may terminate the Extended Term by providing the other with a notice of cancellation for each Online Service. Cancellation will be effective at the end of the month following 30 days after Microsoft has received or issued the notice.

(iii) **Subscription Licenses and Online Services not eligible for an Extended Term.** If Enrolled Affiliate elects not to renew, the Licenses will be cancelled and will terminate as of the Expiration Date. Any associated media must be uninstalled and destroyed and Enrolled Affiliate’s Enterprise must discontinue use. Microsoft may request written certification to verify compliance.

**d. Termination for cause.** Any termination for cause of this Enrollment will be subject to the “Termination for cause” section of the Agreement. In addition, it shall be a breach of this Enrollment if Enrolled Affiliate or any Affiliate in the Enterprise that uses Government Community Cloud Services fails to meet and maintain the conditions of membership in the definition of Community.

**e. Early termination.** Any early termination of this Enrollment will be subject to the “Early Termination” Section of the Enterprise Agreement.

For Subscription Licenses, in the event of a breach by Microsoft, or if Microsoft terminates an Online Service for regulatory reasons, Microsoft will issue Reseller a credit for any amount paid in advance for the period after termination.

## **6. Government Community Cloud.**

**a. Community requirements.** If Enrolled Affiliate purchases Government Community Cloud Services, Enrolled Affiliate certifies that it is a member of the Community and agrees to use Government Community Cloud Services solely in its capacity as a member of the Community and, for eligible Government Community Cloud Services, for the benefit of end users that are members of the Community. Use of Government Community Cloud Services by an entity that is not a member of the Community or to provide services to non-Community members is strictly prohibited and could result in termination of Enrolled Affiliate’s license(s) for Government Community Cloud Services without notice. Enrolled Affiliate acknowledges that only Community members may use Government Community Cloud Services.

**b.** All terms and conditions applicable to non-Government Community Cloud Services also apply

to their corresponding Government Community Cloud Services, except as otherwise noted in the Use Rights, Product Terms, and this Enrollment.

- c. Enrolled Affiliate may not deploy or use Government Community Cloud Services and corresponding non-Government Community Cloud Services in the same domain.
- d. **Use Rights for Government Community Cloud Services.** For Government Community Cloud Services, notwithstanding anything to the contrary in the Use Rights:
  - (i) Government Community Cloud Services will be offered only within the United States.
  - (ii) Additional European Terms, as set forth in the Use Rights, will not apply.
  - (iii) References to geographic areas in the Use Rights with respect to the location of Customer Data at rest, as set forth in the Use Rights, refer only to the United States.

## **Enrollment Details**

### **1. Enrolled Affiliate's Enterprise.**

- a. Identify which Agency Affiliates are included in the Enterprise. (Required) Enrolled Affiliate's Enterprise must consist of entire offices, bureaus, agencies, departments or other entities of Enrolled Affiliate, not partial offices, bureaus, agencies, or departments, or other partial entities. Check only one box in this section. If no boxes are checked, Microsoft will deem the Enterprise to include the Enrolled Affiliate only. If more than one box is checked, Microsoft will deem the Enterprise to include the largest number of Affiliates:
- Enrolled Affiliate only
  - Enrolled Affiliate and all Affiliates
  - Enrolled Affiliate and the following Affiliate(s) (Only identify specific affiliates to be included if fewer than all Affiliates are to be included in the Enterprise):
  
  - Enrolled Affiliate and all Affiliates, with following Affiliate(s) excluded:
- b. Please indicate whether the Enrolled Affiliate's Enterprise will include all new Affiliates acquired after the start of this Enrollment: Include future Affiliates

### **2. Contact information.**

Each party will notify the other in writing if any of the information in the following contact information page(s) changes. The asterisks (\*) indicate required fields. By providing contact information, Enrolled Affiliate consents to its use for purposes of administering this Enrollment by Microsoft, its Affiliates, and other parties that help administer this Enrollment. The personal information provided in connection with this Enrollment will be used and protected in accordance with the privacy statement available at <https://www.microsoft.com/licensing/servicecenter>.

- a. **Primary contact.** This contact is the primary contact for the Enrollment from within Enrolled Affiliate's Enterprise. This contact is also an Online Administrator for the Volume Licensing Service Center and may grant online access to others. The primary contact will be the default contact for all purposes unless separate contacts are identified for specific purposes

**Name of entity (must be legal entity name)\*** PUD No.2 of Grant County, WA

**Contact name\* First** Matthew **Last** Johnson

**Contact email address\*** mjohnson3@gcpud.org

**Street address\*** 30 C Street SW

**City\*** Ephrata

**State\*** WA

**Postal code\*** 98823-1876-

(Please provide the zip + 4, e.g. xxxxx-xxxx)

**Country\*** United States

**Phone\*** 509-750-9895

**Tax ID**

*\* indicates required fields*

- b. **Notices contact and Online Administrator.** This contact (1) receives the contractual notices, (2) is the Online Administrator for the Volume Licensing Service Center and may grant online access to others, and (3) is authorized to order Reserved Licenses for eligible Online Services, including adding or reassigning Licenses and stepping-up prior to a true-up order.

Same as primary contact (default if no information is provided below, even if the box is not checked).

**Contact name\*** First Matthew Last Johnson  
**Contact email address\*** mjohnson3@gcpud.org  
**Street address\*** 30 C Street SW  
**City\*** Ephrata  
**State\*** WA  
**Postal code\*** 98823-1876-  
(Please provide the zip + 4, e.g. xxxxx-xxxx)  
**Country\*** United States  
**Phone\*** 509-750-9895

**Language preference.** Choose the language for notices. English

This contact is a third party (not the Enrolled Affiliate). Warning: This contact receives personally identifiable information of the Customer and its Affiliates.

*\* indicates required fields*

- c. **Online Services Manager.** This contact is authorized to manage the Online Services ordered under the Enrollment and (for applicable Online Services) to add or reassign Licenses and step-up prior to a true-up order.

Same as notices contact and Online Administrator (default if no information is provided below, even if box is not checked)

**Contact name\*:** First Matthew Last Johnson  
**Contact email address\*** mjohnson3@gcpud.org  
**Phone\*** 509-750-9895

This contact is from a third party organization (not the entity). Warning: This contact receives personally identifiable information of the entity.

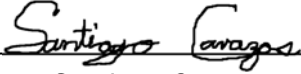
*\* indicates required fields*

- d. **Reseller information.** Reseller contact for this Enrollment is:

**Reseller company name\*** CDW Logistics LLC.  
**Street address (PO boxes will not be accepted)\*** 200 North Milwaukee Ave.  
**City\*** Vernon Hills  
**State\*** IL  
**Postal code\*** 60061  
**Country\*** United States  
**Contact name\*** Lawrence Roberts  
**Phone\*** 312.705.1858  
**Contact email address\*** lawrence.roberts@cdwg.com

*\* indicates required fields*

By signing below, the Reseller identified above confirms that all information provided in this Enrollment is correct.

**Signature\***   
**Printed name\*** Santiago Cavazos  
**Printed title\*** Software Contract Specialist  
**Date\*** 09/29/2023

*\* indicates required fields*

**Changing a Reseller.** If Microsoft or the Reseller chooses to discontinue doing business with each other, Enrolled Affiliate must choose a replacement Reseller. If Enrolled Affiliate or the Reseller intends to terminate their relationship, the initiating party must notify Microsoft and the

other party using a form provided by Microsoft at least 90 days prior to the date on which the change is to take effect.

- e. If Enrolled Affiliate requires a separate contact for any of the following, attach the Supplemental Contact Information form. *Otherwise, the notices contact and Online Administrator remains the default.*
  - (i) Additional notices contact
  - (ii) Software Assurance manager
  - (iii) Subscriptions manager
  - (iv) Customer Support Manager (CSM) contact

### **3. *Financing elections.***

Is a purchase under this Enrollment being financed through MS Financing?  Yes,  No.

If a purchase under this Enrollment is financed through MS Financing, and Enrolled Affiliate chooses not to finance any associated taxes, it must pay these taxes directly to Microsoft.

Physically Submitted



## Previous Enrollment(s)/Agreement(s) Form

**Entity Name:** PUD No.2 of Grant County, WA

**Contract that this form is attached to:** State Local Government

For the purposes of this form, "entity" can mean the signing entity, Customer, Enrolled Affiliate, Government Partner, Institution, or other party entering into a volume licensing program agreement.

Please provide a description of the previous Enrollment(s), Agreement(s), Purchasing Account(s), and/or Affiliate Registration(s) being renewed or consolidated into the new contract identified above.

- a. Entity may select below any previous contract(s) from which to transfer MSDN subscribers to this new contract. Entity shall ensure that each MSDN subscriber transferred is either properly licensed under the new contract or is removed.
- b. Entity may select below only one previous contract from which to transfer the Software Assurance (SA) Benefit contact details, i.e., benefits contact (*not* the SA manager) and the program codes, to this new contract.
- c. An Open License cannot be used to transfer either the SA Benefit details or MSDN subscribers.
- d. The date of the earliest expiring Enrollment/Agreement that contains SA or Online Services will be the effective date of the new contract (or SA coverage period for Select Plus).
- e. Please insert the number of the earliest expiring Enrollment/Agreement with SA or Online Services in the appropriate fields of the new contract.

Enrollment/Agreement/ Purchasing Account/Affiliate Registration Description	Enrollment/Agreement/ Purchasing Account/Affiliate Registration Public Customer Number	Transfer SA Benefit Contact	Transfer MSDN Subscribers
Standard Enrollment	50161406	X	X

## Amendment to Contract Documents

Agreement Number

5-0000010664081

These amendments are entered into between the parties identified on the attached program signature form. They amend the Enrollment or Agreement identified above. All terms used but not defined in these amendments will have the same meanings provided in that Enrollment or Agreement.

## Enterprise Enrollment Invoice for Quoted Price Amendment ID M97

The price quoted to Enrolled Affiliate is a fixed price based on an estimated order submission date. Microsoft will invoice Enrolled Affiliate based on this fixed price quote. If this order is submitted later than the estimated order submission date, Enrolled Affiliate will be charged for net new Monthly Subscriptions (including Online Services) for the period during which these services were not provided. For Indirect models, Pricing to Enrolled Affiliate is agreed between Enrolled Affiliate and Enrolled Affiliate's Reseller.

SKU Number	SKU Description	Existing Quantity	Incremental quantities
AAD-33200	M365 E3 Unified FSA Sub Per User	925	0
AAD-33204	M365 E3 Unified Sub Per User	208	0
AAD-33177	M365 E5 Unified FSA Sub Per User	21	0
AAD-33168	M365 E5 Unified Sub Per User	0	2
HWN-00002	Visio P1 Sub Per User	15	0
N9U-00002	Visio P2 Sub Per User	61	0
SDQ-00001	AI Builder Capacity T1 AO Sub 1M Service Credits	1	0
HUR-00002	Audio Conferencing Pay Per Min Sub Per User	2000	0
6E6-00003	Azure Active Directory Premium P2 Sub Per User	1	0
TQA-00001	Exchange Online P2 Sub Per User	23	0
JFX-00003	M365 F3 FUSL Sub Per User	0	105

SKU Number	SKU Description	Existing Quantity	Incremental quantities
6WT-00001	O365 Extra File Storage Sub Add-on Extra Storage 1 GB	5000	0
SEJ-00002	Power Apps Premium Sub Per User	900	0
1O4-00001	Power Automate Premium Sub Per User	2	0
SPU-00002	Power Automate Sub Per User	3	0
68B-00008	Power BI Premium USL Sub Per User	0	1
NK4-00002	Power BI Pro Sub Per User	100	0
SEW-00001	Power Platform Requests Sub Add-on 50K Daily	2	0
RYT-00001	Power Virtual Agent Sub 2K Sessions	1	0
SYS-00001	Power Virtual Agent USL Sub Per User	1	0
3Q2-00002	Project Online Essentials Sub Per User	1	0
7MK-00002	Project P3 FSA Sub Per User	2	0
7LS-00002	Project P3 Sub Per User	95	0
7VV-00002	Project P5 FSA Sub Per User	4	0
7SY-00002	Project P5 Sub Per User	3	1
V9B-00001	Teams Rooms Pro Sub Per Device	0	24
NYG-00001	Teams AC with Dial Out US/CA Sub Add-on	0	1238

# Enterprise Agreement Custom Term Amendment (Greater than 36 months) Amendment M734

The parties agree that notwithstanding anything to the contrary or in addition to any terms in the Agreement or Enrollment, the Enrollment is amended as follows:

- The definition of "Term" on the first page of the Enrollment is hereby deleted and replaced with the following:

**Term.** The initial term of this Enrollment will expire on the last day of the month, 60 full calendar months from the effective date of the initial term, per the following structure:

Enrollment Term Year	Start Date	End Date
Year 1	September 01, 2023	August 31, 2024
Year 2	September 01, 2024	August 31, 2025
Year 3	September 01, 2025	August 31, 2026
Year 4	September 01, 2026	August 31, 2027
Year 5	September 01, 2027	August 31, 2028

The renewal term will expire 60 full calendar months after the effective date of the renewal term. Any reference in this Enrollment to "day" will be a calendar day.

Except for changes made by these amendments, the Enrollment or Agreement identified above remains unchanged and in full force and effect. If there is any conflict between any provision in these amendments and any provision in the Enrollment or Agreement identified above, these amendments shall control.

**This Amendment must be attached to a signature form to be valid.**

**Microsoft Internal Use Only:**

(M97)EnrAmend(Ind)(InvoiceforQuotedPrice)(WW)(ENG)(Jan2023)v2(IU).docx		M97	B
(M734)EnrAmend(CustomTermAmendment(Greaterthan36months))(WW)(ENG)(Feb2023)v2(IU).docx		M734	TL

Proposal ID

2512948.007

Enrollment Number

Language: English (United States)

Enrolled Affiliate's Enterprise Products and Enterprise Online Services summary for the initial order:				
Profile	Qualified Devices	Qualified Users	Device / User Ratio	CAL Licensing Model
Enterprise	1,156	1,156	1.0	User Licenses
Worker Kiosk Device	100	100	1.0	Device Licenses
Total	1,256	1,256		

Products	Enterprise Quantity	Worker Kiosk Device Quantity
<b>Windows Desktop</b>		
Windows Enterprise OS Upgrade	-	100
<b>Microsoft 365 Enterprise</b>		
M365 E3 USL Unified	208	-
M365 E3 From SA Unified	925	-
M365 E5 USL Unified	2	-
M365 E5 FromSA Unified	21	-

Enrolled Affiliate's Product Quantities:				
Price Group	1	2	3	4
<b>Enterprise Products</b>	Office Professional Plus + M365 Apps for Enterprise + Office 365 (Plans E3 and E5) + Microsoft 365 Enterprise	Client Access License + Office 365 (Plans E1, E3 and E5) + Microsoft 365 Enterprise	Client Access License + Windows Intune + EMS USL + Microsoft 365 Enterprise	Win E3 + Win E5 + Win VDA + Microsoft 365 Enterprise
<b>Quantity</b>	1156	1156	1156	1256

Enrolled Affiliate's Price Level:	
Product Offering / Pool	Price Level
<b>Enterprise Products and Enterprise Online Services USLs:</b> Unless otherwise indicated in associated contract documents, Price level set using the highest quantity from Groups 1 through 4.	D
<b>Additional Product Application Pool:</b> Unless otherwise indicated in associated contract documents, Price level set using quantity from Group 1.	D
<b>Additional Product Server Pool:</b> Unless otherwise indicated in associated contract documents, Price level set using the highest quantity from Group 2 or 3.	D

<b>Additional Product Systems Pool:</b> Unless otherwise indicated in associated contract documents, Price level set using quantity from Group 4.	D
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Notes	
Unless otherwise indicated in the associated contract documents, the price level for each Product offering / pool is set as described above, based upon the quantity to price level mapping below:	
Quantity of Licenses and Software Assurance	Price Level
2,399 and below	A
2,400 to 5,999	B
6,000 to 14,999	C
15,000 and above	D
<b>Note 1:</b> Enterprise Online Services may not be available in all locations. Please see the Product List for a list of locations where these may be purchased.	
<b>Note 2:</b> Enrolled Affiliate acknowledges that in order to use a third party to reimage the Windows Operating System Upgrade, Enrolled Affiliate must certify that it has acquired qualifying operating system licenses. The requirement applies to Windows Enterprise OS Upgrade. See Product Terms for details.	
<b>Note 3:</b> If Enrolled Affiliate does not order an Enterprise Product or Enterprise Online Service associated with an applicable Product pool, the price level for Additional Products in the same pool will be price level "A" throughout the term of the Enrollment. Refer to the Qualifying Government Entity Addendum pricing provision for more details on price leveling.	



Date: August 9<sup>th</sup>, 2023

Alison and Microsoft Team,

With our impending EA renewal rapidly approaching, we are in final preparation to execute our new Enrollment. I am reaching out to the account team as we have business and license concerns that require Microsoft to address.

I want to submit the following requests to Microsoft for your review. As you all know, our timeline is short to meet the August expiration, so the following requests have been determined by my team to be the most important. It's worth noting that GRANT COUNTY P.U.D. is still in the process of identifying an LSP at this time and we have yet to make a decision on who to partner with.

As always, the GRANT COUNTY P.U.D. Team looks forward to arriving at a beneficial and well-balanced contract. Please provide your replies in the spaces provided where necessary.

Thanks in advance and should any questions arise, please feel free to contact me directly.

Charles Meyer

Senior Manager Enterprise Technology

## Enterprise Enrollment

Name:	Enterprise Enrollment Indirect
Number:	LSP TBD and New Execution

### Concession #1 – Indirect Reseller

Concession Type:	Existing
Reference:	M97

#### Request

Grant County P.U.D. believes that the amended known as M97 and entitled Invoice for the indirect LSP quoted for price will be required once again also. Please provide latest amendment for our team to review.

#### Comments

Organization	Date	Comment
Microsoft	8/18/23	Will be on renewal, see blank amendment attached
Grant County P.U.D.	8/24/23	Closed

### Concession #2 – Multi Tenant

Concession Type:	New
Reference:	M130

#### Request

The Grant County P.U.D. Team will require amendment M130 known as the Multi-Tenant Enrollment Amendment. Please provide a copy of the latest version so that Grant County P.U.D. Team can review its contents.

#### Comments

Organization	Date	Comment
Microsoft	8/18/23	Jamie addressed via Teams Meeting on 8/17. The current license configuration that GPUD is reviewing does not require or does it currently have a multi-tenant configuration. If the need for a multi-tenant should arise, then the request would be reviewed at that time.  Other options to consider if for Dev/Test: <ul style="list-style-type: none"><li>• Visual Studios M365 Developer (see link provided)</li><li>• Alternate VL Agreement (CSP, MPSA, etc)</li><li>• Direct purchase via MS Portal</li></ul>
Grant County P.U.D.	8/24/2023	This answer does not address the future needs of GPUD. We are planning for the future, should we have needs for another tenant, how does Microsoft plan to address this? Will Microsoft amend the existing contract? There is no downside for Microsoft to provide us with this amendment.



Microsoft	8/30/2023	If and when the need for a multi-tenant should arise, then the request would be reviewed at that time. From the MS side, this subject is closed.
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Concession #3 -Order Requirements	
Concession Type:	Existing
Reference:	Section 2

### Clarification Request

The GRANT COUNTY P.U.D. Team have read Section 2. Order requirements subsection a. Minimum order requirements. Grant County P.U.D. is unsure as to what is allowed.

Can Microsoft provide clarity on this regarding rights to reduce its user counts if required below the initial order amount in year one. The way the Grant County P.U.D. Team is interpreting this is that the Enrolled Affiliate is entitled to drop below the initial amount of users in year one so long as the program minimum of 500 Users is maintained-please confirm.

### Comments

Organization	Date	Comment
Microsoft	8/18/23	Jamie addressed via Teams Meeting on 8/17.
Grant County P.U.D.	8/24/2023	<b>Closed contingent upon GCPUD always having access to the audio recording/transcript to the meeting</b>

Concession #4 – Cost containment	
Concession Type:	New

### Request

Grant County P.U.D.’s finance department has requested a contract that allows for the forecasting at a minimum of 4-6 years. Accordingly, the Grant County P.U.D. Team requests that the renewal period (years 4-6) be capped at a certain percentage to allow for proper forecasting. Accordingly, the following language is required:

*“Notwithstanding anything to the contrary the optional 36-month term renewal period outlined on the Enrollment shall not see prices on all products and services (ordered in the initial term) increase by more than an 8 percent. “*

*“For further clarity, those products and services initially ordered but not available on the renewal term shall be replaced at the same costs by reasonable facsimiles having the same or greater functionality.”*

**Comments**

<b>Organization</b>	<b>Date</b>	<b>Comment</b>
Microsoft	8/18/23	Jamie addressed via Teams Meeting on 8/17 and Microsoft will not be approving a non-standard EA Term.  The Enterprise enrollment is a 36-month contract term in which a benefit of the Enterprise enrollment is granting price protection for a 3 year period.
Grant County P.U.D.	8/24/23	<b>GCPUD has done further diligence through Google and is interested in exploring a 5-year contract option. Please provide information about that proposal</b>
Microsoft	8/30/23	If you require and it is explicitly mentioned in your tender, Microsoft can consider offering a 5-year term.  If concession #4 is offered the following are true: <ol style="list-style-type: none"> <li>1. PO and signed EA renewal documents are submitted to chosen LSP by Friday 9/22/23</li> <li>2. Microsoft will only additionally support Concessions 1 and 10</li> <li>3. GPUD requires a 5 year term and it is explicitly mentioned in your tender</li> </ol>

<b>Concession #5 – Pricing</b>	
Concession Type:	New

**Request**

The Grant County P.U.D. Team has spent an enormous amount of time reviewing and modeling the near and future financial requirements of Grant County P.U.D. for the next six years. Based on the current pricelists and the quantities that may be required a discount of cost minus 10% will be needed from the existing State of Washington level D contract for all products and services procured under the Enrollments and associate LSP quote.

**Comments**

Organization	Date	Comment
Microsoft	8/18/23	Jamie addressed via Teams Meeting on 8/17. Microsoft will not be approving non-standard EA Pricing at this time.
Grant County P.U.D.	8/24/23	<b>Upon further internal discussion, this is not acceptable for the renewal. As a reminder, GCPUD has been an early adopter of PowerApps. With early adopters it was discovered that Microsoft afforded discounts in the realm of +50%. That was never offered to GCPUD ever. This is becoming a customer satisfaction issue and we need to escalate. GCPUD is expecting a counter offer</b>
Microsoft	8/30/23	As mentioned in the Teams Meeting on 8/17, discounts of that nature are project specific. Without further transparency, we will not be approving this request. From the MS side, this subject is closed.

<b>Concession #6 – True Up Tables</b>	
Concession Type:	New

**Request**

The discount needs to be applied to all true ups of the on-premises products as well as the online service future pricing tables--that being 10%. The Grant County P.U.D. Team has reviewed this with the Grant County P.U.D. Executive, and it was determined that it made no sense to Grant County P.U.D. that the day after the new agreement is signed that purchasing a net new license for any previously ordered product would return to list pricing. From the perspective of Grant County P.U.D., the discount negotiated should apply to any product ordered during the term of the Enrollment(s).

**Comments**

Organization	Date	Comment
Microsoft	8/18/23	Jamie addressed via Teams Meeting on 8/17. Microsoft will not be approving non-standard EA Pricing at this time.
Grant County P.U.D.	8/24/23	<b>See concession 5</b>
Microsoft	8/30/23	See concession 5

<b>Concession #7 – Project Investment</b>	
Concession Type:	New

**Request**

Grant County P.U.D. Team would like to request that Microsoft distribute some investment funds to assist in deployment services it procures on this Enrollment. Please consider an investment of \$200,000 to help facilitate projects related to Cloud and on-premises migrations.

## Comments

Organization	Date	Comment
Microsoft	8/18/23	Jamie addressed via Teams Meeting on 8/17. Microsoft will not be approving investment funds at this time.
Grant County P.U.D.	8/24/23	<b>Upon further review of the meeting transcript, this is NOT what was discussed. What GCPUD heard was that Microsoft is open to project investment funds with a proper Statement of Work (SOW). Please confirm that is the case.</b>
Microsoft	8/30/23	Microsoft is open to considering future investment funds pending a proper SOW and project use case.  Microsoft is NOT approving this \$200,000 investment fund concession.

Concession #8 – High Watermark	
Concession Type:	New

## Request

For true ups, there is no way that any organization could continually review true ups at the high-water mark. This is especially true as GRANT COUNTY P.U.D. is constantly fluctuating our ESX hosted environment through consolidation. Language needs to be provided that alleviates this requirement. Please consider a workaround that negates how True Ups are calculated and reported in the month of install for “Additional” products and end of year for perpetual Enterprise products.

## Comments

Organization	Date	Comment
Microsoft	8/18/23	Jamie addressed via Teams Meeting on 8/17. Microsoft will not be approving non-standard EA Terms at this time.
Grant County P.U.D.	8/24/23	<b>Accepted and closed</b>

Concession #9– Internet of Things and Unattended Devices	
Concession Type:	New

## Request

There has been speculation about Client Access License requirements with Internet Of Things devices and the exclusion of such instances. Compliancy is paramount from the Grant County P.U.D. Team’s perspective and the licensing of software has not been contemplated for unexpected circumstance, especially with this negotiation. As such, the Grant County P.U.D. Team would like the following language to be added as a new subsection for CAL requirement exclusion in Section 2:

*“Notwithstanding anything to the contrary in any Enrollment documents, for the purposes of this Enrollment, both Microsoft and the Enrolled Affiliate agree that the unexpected consequences of the internet of Things (IOT) (i.e. number of CALS for new devices utilizing new technologies), will be discussed in good faith to arrive at a reasonable solution. Such solutions may include but not be limited to the application of external connectors in these instances.”*

## Comments

Organization	Date	Comment
Microsoft	8/18/23	If there is an amendment ID or specific scenario in mind, please elaborate or provide documentation. Microsoft is unaware of this situation and missing context therefore we are unable to advise on this concession at this time.
Grant County P.U.D.	8/24/23	<b>Not sure how much more explicit GCPUD can get with the above request. Upon further examination of the Enrollment, is it Microsoft's understanding that certain IOT devices would fall under the "Industry Device" definition in the Enrollment Section 1. Definitions, and as a result, would be programmatically excluded from being considered a "Qualified Device" requiring CAL licenses?</b>
Microsoft	8/30/23	Belle submitted to our legal team for additional clarity – will update notes upon advisement

Concession #10 – Mixing Components	
Concession Type:	New
Reference:	Mix of E3 an E5

## Request

The issue of E5 surfaced during Grant County P.U.D. negotiation team discussions. Specifically, regarding how pieces of E5 can make the entire organization obligated to those specific pieces regardless of intent. Grant County P.U.D. wants assurances from Microsoft that a mix of E3 and E5 components can be used by Grant County P.U.D. without placing Grant County P.U.D. in a compliance risk. Grant County P.U.D. would like an amendment in place that outlines the ability to have in place a mix within the desktop.

## Comments

Organization	Date	Comment
Microsoft	8/18/23	Jamie addressed via Teams Meeting on 8/17. M506 Amendment will be included if Grant County PUD <u>submits signed renewal paperwork and PO for EA Renewal to chosen LSP by <b>Friday 9/22/23.</b></u>
Grant County P.U.D.	8/24/23	Closed

Concession #11 – Cost Free Tenant	
Concession Type:	New

## Request

Grant County P.U.D. requests that Microsoft consider providing a cost-free tenant structured for Development and Testing

## Comments

Organization	Date	Comment
Microsoft	8/18/23	<p>Jamie addressed via Teams Meeting on 8/17. Microsoft is not able to support this request for free product/ tenant.</p> <p>Other Dev/ Test options to consider:</p> <ul style="list-style-type: none"><li>• Visual Studios M365 Developer (see link provided)</li><li>• Alternate VL Agreement (CSP, MPSA, etc)</li><li>• Direct purchase via MS Portal</li></ul>
Grant County P.U.D.	8/24/23	<p><b>How does Microsoft accommodate other customers with Test Dev? Why would GCPUD consider “paying” for extra licenses/subscriptions for test/dev that would only benefit Microsoft for subsequent purchases. The concession is pending upon further discussion.</b></p>
Microsoft	8/30/23	<p>Microsoft encourages you to use your Visual Studios licenses currently on EA 50161406 (qty 55 Visio Pro licenses expiring tomorrow) to leverage the M365 Developer Program for a dev/test environment. (<a href="#">Join the Microsoft 365 Developer Program with a Visual Studio Professional or Enterprise subscription   Microsoft Learn</a>) or, consider the other options provided:</p> <ul style="list-style-type: none"><li>• Alternate VL Agreement (CSP, MPSA, etc)</li><li>• Direct purchase via MS Portal</li></ul> <p>Microsoft is not able to support this request for free product/ tenant. From the MS side, this subject is closed.</p>