

**RESOLUTION NO. 1471**

**A RESOLUTION of the Commission of Public Utility District No. 1 of Okanogan County, Washington, Authorizing the Execution of the Slice/Block power sales agreement and the creditworthiness agreement with the Bonneville Power Administration (BPA).**

**WHEREAS**, Public Utility District No. 1 of Okanogan County, Washington (the "District") has been offered a Slice/Block Power Sales Agreement (the "Slice Agreement") by BPA (BPA Contract No. 09PB-13084); and

**WHEREAS**, the Slice Agreement requires the District to enter into Creditworthiness Agreement (BPA Contract No. 09PB-13260) with BPA prior to or coincident with execution of the Slice Agreement; and

**WHEREAS**, the Slice Agreement takes effect on the date signed by BPA and the District and expires on September 30, 2028; and

**WHEREAS**, commencing on October 1, 2011, and continuing for the duration of the Slice Agreement, BPA shall sell to the District and the District shall purchase from BPA, the Slice/Block Product, which includes: a planned amount of Firm Requirements Power under the Block Product and Slice Output under the Slice Product; and

**WHEREAS**, the Slice Product is a system sale of power that includes requirements power, surplus power, and hourly scheduling rights, all of which are indexed to the variable output capability of the Federal Columbia River Power System resources that comprise the BPA's Tier 1 System; and

**WHEREAS**, the Slice Agreement requires the District to pay rates as established by BPA from time-to-time and the District agrees to pay such rates regardless of whether or not the District takes delivery of power sold under the Slice Agreement; and

**WHEREAS**, in addition to the Slice Agreement, the District's staff has examined BPA's Block and Load Following power sales agreements offerings; and

**WHEREAS**, the District's staff has determined that the Slice Agreement is more advantageous than either BPA's Block or Load Following offerings; and

**WHEREAS**, the District has determined that its obligations under the Slice Agreement are necessary to enable the District to gain the advantages of purchasing cost based Tier 1 power from BPA; and

**WHEREAS**, the District is authorized pursuant to RCW 54.16.040 and RCW 54.16.090 to enter into the Slice Agreement for the purchase of electric power; and

**WHEREAS**, the District is relying upon BPA's act of offering the Slice Agreement as evidence that BPA has authority to offer such power sales agreement and that the terms and conditions of the Slice Agreement are proper and legal; and

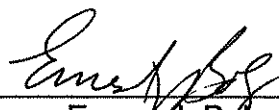
**WHEREAS**, the District has determined that the Slice Agreement will result in the lowest cost power reasonably and practicably available on a long-term basis for the District's loads; and

**WHEREAS**, it is in the best interest of the District, and the persons it serves, for the District to execute the Slice Agreement and Creditworthiness Agreement.

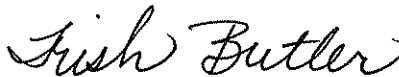
**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY that:**

1. The General Manager is hereby authorized to execute and deliver the Slice Agreement and Creditworthiness Agreement in substantially the form presented to the Board of Commissioners; and
2. The General Manager and/or his designees are hereby authorized to take any and all actions necessary or appropriate to implement the Slice Agreement and Creditworthiness Agreement.

**PASSED AND APPROVED** by the Commissioners of Public Utility District No. 1 of Okanogan County this 25<sup>th</sup> day of November, 2008.



Ernest J. Bolz, President

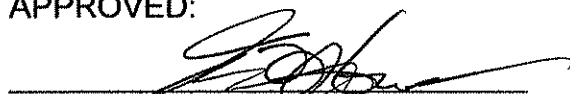


Trish Butler, Vice President

ATTEST:

  
David A. Womack, Secretary

APPROVED:

  
Michael D. Howe, Legal Counsel