RESOLUTION NO. 1633

A RESOLUTION of the Commission of Public Utility District No. 1 of Okanogan County, Washington, Authorizing the Execution of a Power Sales Contract (the "Contract") with Public Utility District No. 1 of Douglas County

WHEREAS, Public Utility District No. 1 of Okanogan County, Washington (the "District") has a Power Sales Contract with Public Utility District No. 1 of Douglas County ("Douglas PUD"), under which the District purchases eight percent (8%) of the output of the Wells Dam Hydroelectric Project; and

WHEREAS, the current Power Sales Contract will expire on August 31, 2018; and

WHEREAS, the District and Douglas PUD entered into a Memorandum of Understanding dated August 5, 1991, under which the District and Douglas PUD would negotiate a Power Sales Contract effective September 1, 2018 for a portion of the output of the Wells Hydroelectric Project in excess of the District's eight percent (8%) allocation; and

WHEREAS, the District and Douglas PUD have concluded negotiations on that Power Sales Contract; and

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

WHEREAS, the District has determined that the Power Sales Contract 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 Power Sales Contract;

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Public Utility District No. 1 of Okanogan County, after careful consideration and analysis, hereby accepts the terms and conditions of the Power Sales Contract attached hereto.

PASSED AND APPROVED by the Commissioners of Public Utility District No. 1 of Okanogan County this 1st day of May, 2017.

Scott Vejraska, President

Steve Houston, Vice President

ATTEST:

Jerry Asmussen, Secretary

APPROVED as to form:

Heidi E. Smith, General Counsel

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OKANOGAN POWER SALES CONTRACT

THIS CONTRACT made and entered into this ____ day of ____________ 2017, between PUBLIC UTILITY DISTRICT NO. 1 OF DOUGLAS COUNTY, WASHINGTON, a municipal corporation of the State of Washington (hereinafter called "Douglas"), and PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY, WASHINGTON, a municipal corporation of the State of Washington (hereinafter called "Okanogan"). Douglas and Okanogan may be referred to herein collectively as the "Parties" and individually as "Party."

RECITALS

1. Douglas has a license ("FERC License"), issued November 9, 2012 by the Federal Energy Regulatory Commission ("FERC"), for Project 2149 ("Wells Hydroelectric Project"), a hydroelectric generating station on the Columbia River in Douglas, Okanogan and Chelan Counties along with the structures, fixtures, property, equipment, and facilities used in the maintenance and operation of the Wells Hydroelectric Project.

2. Pursuant to a Letter of Agreement dated October 20, 1960, the Parties entered into a power sales contract dated September 18, 1963 that was amended February 3, 1965.

3. The Parties entered into a Memorandum of Understanding dated August 5, 1991 that provided, in relevant part, that the Parties would negotiate a power sales contract effective September 1, 2018 and for a term not to exceed fifty (50) years for a portion of the output of the Wells Hydroelectric Project in excess of Okanogan's 8% allocation.

4. This Contract replaces all rights and obligations under any preceding contract, memorandum of understanding, or any written document in regard to the Wells Hydroelectric Project except for the obligation of Douglas to supply Okanogan eight thirty-eights (8/38) of the reserved share power and the obligation of Okanogan to pay for said power until September 1, 2018 pursuant to the power sales contract referred to in Recital 2, above.

Now therefore, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the Parties as follows:

SECTION 1. <u>TERM OF CONTRACT</u>

(a) This Contract shall become effective and be binding upon the Parties as of the signing date. The Term of this Contract, however, shall commence with the first hour of September 1, 2018, and shall continue so long as Douglas holds any FERC License, or its equivalent, for the Wells Hydroelectric Project, subject to Section 1(b) below.

(b) The Parties agree and acknowledge that the respective rights and obligations of the Parties under this Agreement are contingent upon Douglas holding a FERC License, or its equivalent, granting Douglas the entire Wells Project Output. If Douglas does not hold a FERC License, or its equivalent, including a decommissioning order, then this Agreement shall be terminated and the Parties shall have no obligation whatsoever to each other in regard to the Wells Hydroelectric Project, Wells Project Output, or replacement power other than as set forth in Section 18.

SECTION 2. DEFINITIONS AND EXPLANATIONS OF TERMS

(a) "Annual Power Costs" has the meaning defined in Section 4 herein.

(b) "Bond" or "Bonds" means any notes, bonds, leases, interfund loans, or other evidence of indebtedness or obligations authorized by Douglas, or at any time outstanding pursuant to, the Bond Resolution.

(c) "Bond Resolution" means Resolution No. 03-184, dated November 6, 2003, adopted by the commission of Douglas, and any amendments, restatements or supplements thereto, or any other resolution providing for the issuance or incurrence of bonds or other obligations secured by revenues of the Wells Project. References to the Bond Resolution in this Contract are used to determine Annual Power Cost.

(d) "Colville Power Sales Contract" means the power sales contract dated November 1, 2004 between Douglas and the Confederated Tribes of the Colville Reservation and required by the License.

(e) "Contract" means this Okanogan power sales contract.

(f) "Contract Year" is a term used herein to define fiscal periods under this Contract and shall mean a twelve-month period commencing at 12:01 a.m. on January 1 of each year, or as the fiscal period may be revised.

(g) "Debt Service" means, with respect to any period, the aggregate of the amounts required by the Bond Resolution to be paid or accrued during said period into the special fund or funds created by the Bond Resolution for the sole purpose of paying, or securing the payment of, the principal of and premium, if any, and interest on all the Bonds from time to time outstanding as the same shall become due.

(h) "Douglas" has the meaning set forth in the introductory paragraph herein.

(i) "Due Date" has the meaning set forth in Section 5(a)(3).

(j) "FERC" means the Federal Energy Regulatory Commission or any successor agency.

(k) "FERC License" or "License" means the license, as amended, for Project No. 2149 issued by FERC with an expiration date of October 31, 2052 and any renewals thereof or related decommissioning orders.

(l) "Okanogan" has the meaning set forth in the introductory paragraph herein.

(m) "Okanogan's Power Allocation" or "Power Allocation" means the combined percentage of Wells Project Output purchased and sold as set forth in Section 3 below and which Okanogan may use in the same manner as power available to Douglas, and, provided further, that unless mutually agreed by the Parties in writing, Okanogan hereby warrants and certifies to Douglas in connection with the Bonds that all of Okanogan's share of Wells Project Output will be sold and delivered by Okanogan in a manner that shall maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds (to the extent such Bonds are tax-exempt Bonds).

(n) "Parties" or "Party" have the meanings set forth in the introductory paragraph hereto.

(o) "Point(s) of Delivery" has the meaning set forth in Section 7.

(p) "Prior Agreements" means the agreements referred to in Recitals 2 and 3.

(q) "Project No. 2149" is defined by the FERC License No. 2149 for the Wells Hydroelectric Project.

(r) "Prudent Utility Practice" means all applicable standards, guidelines, criteria, practices, methods and acts, including levels of reserves and provisions for contingencies, as may be modified from time to time, that are generally accepted in the utility industry to plan, design, and operate electric systems in a manner that is dependable, reliable, safe, efficient, economical and in accordance with all applicable laws and governmental rules, regulations and orders, including all such applicable and generally followed standards, guidelines, criteria, practices and methods established by the North American Electric Reliability Corporation, the Western Electricity Coordinating Council, the North West Power Pool and successor organizations. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of acceptable practices, methods or acts.

(s) "Reserve and Contingency Fund" means the "Wells Hydroelectric Project Reserve and Contingency Fund" described in, and continued pursuant to, the Bond Resolution.

(t) "Revenue Fund" means the "Wells Project Revenue Fund" described in, and continued pursuant to, the Bond Resolution.

(u) "Term" has the meaning set forth in Section 1 of this Contract.

(v) "Transition Period" means the last four months of 2018.

(w) "Uniform System of Accounts" means the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for Electric Utilities and Licensees.

(x) "Wells Hydroelectric Project" or "Wells Project" means Wells Dam and all the facilities, land, reservoir and transmission facilities associated with the Wells Hydroelectric Project, FERC License No. 2149.

(y) "Wells Project Output" means the amount of power and energy produced by, or received for the account of the Wells Hydroelectric Project during the Term of this Contract under the operating conditions which exist during said Term, including periods when the Wells Hydroelectric Project may not be operable or operating, after corrections for station and project use, depletions for encroachments, the Colville Power Sales Contract and any adjustments resulting from the requirements or conditions of the FERC License or from orders of governmental agencies having authority to make and enforce such orders.

SECTION 3. AMOUNT OF WELLS PROJECT OUTPUT SOLD

(a) Commencing on September 1, 2018 , Douglas agrees to sell to Okanogan and Okanogan agrees to purchase from Douglas eight percent (8.0%) of the Wells Project Output for so long as Douglas holds any FERC License at the Annual Power Cost defined in Section 4. This Contract resolves the issue of conveyance of an undivided 8% interest in and to the Wells Hydroelectric Project as provided by the power sales contract referred to in Recital 2, above, and, provides further, the terms under which Douglas will sell and Okanogan will purchase portions of Wells Project Output as provided in the Memorandum of Understanding referred to in Recital 3, above. This Contract replaces all rights and obligations under any preceding contract, memorandum of understanding, or any written document in regard to the Wells Hydroelectric Project.

(b) Commencing on September 1, 2018, Douglas agrees to sell to Okanogan and Okanogan agrees to purchase, at the Annual Power Cost, an additional percentage of the Wells Project Output as determined annually pursuant to Schedule 1 of this Contract through December 31, 2028, or such time as Douglas no longer holds any FERC License to the Wells Hydroelectric Project.

(c) Commencing on January 1, 2029, the additional percentage of the Wells Project Output will be determined annually pursuant to Schedule 2 of this Contract until the earlier of August 31, 2068, or such time as Douglas no longer holds any FERC License to the Wells Hydroelectric Project.

(d) After August 31, 2068, and for so long as Douglas holds any FERC License to the Wells Hydroelectric Project, Douglas agrees to sell to Okanogan and Okanogan agrees to purchase, at the Annual Power Cost, an additional percentage of the Wells Project Output as determined annually pursuant to Schedule 3 for use within Okanogan County to serve retail system load, if Douglas then has determined, in its sole discretion, it has surplus on a forward basis.

(e) Douglas shall, six (6) months prior to each Contract Year or theTransition Period, provide to Okanogan the Schedule 1, Schedule 2, or Schedule 3 referred to in Section 3(b), 3(c), or 3(d), above. When needed to populate Schedule 2 or Schedule 3, Douglas shall also provide Schedules 4 and 5 to Okanogan for Okanogan to input load and firm resources. Within forty-five calendar days, Okanogan shall input the required values and return the schedules to Douglas, along with any materials reasonably required for Douglas to make the final determinations and complete the schedules. Douglas shall, complete the schedules by four months prior to each Contract Year or the Transition Period. Okanogan shall make any forecast to the best of its ability and consistent with Prudent Utility Practice.

(f) In the event the Wells Project is unable to generate electricity, or in the event Douglas receives, or is in the process of receiving, a decommissioning order for the Wells Project, Okanogan's Power Allocation will be frozen until such time as the Wells Project is able to generate again or decommissioning is complete and paid for.

SECTION 4. ANNUAL POWER COSTS

(a) "Annual Power Costs," is used in this Contract only to determine the price that Okanogan will pay for Wells Project Output. Annual Power Costs means all costs and expenses of Douglas in connection with the Wells Hydroelectric Project (excluding depreciation), whether or not the Wells Hydroelectric Project is inoperable or the operation thereof is interrupted, suspended, interfered with, or decommissioned, in whole or in part, during the Term of this Contract or any portion of said Term, including, but not limited to, the items of cost and expense of Douglas during each Contract Year or the Transition Period in connection with the Wells Project hereinafter mentioned in this Section 4, to wit:

(1) amounts which must be set aside by Douglas for payment of Debt Service as required by the Bond Resolution;

(2) an amount equal to ten percent (10%) of the total Debt Service which must be paid in the applicable Contract Year out of the Revenue Fund into the Reserve and Contingency Fund and to be used only for the purposes therein provided;

(3) amounts which Douglas is required to pay for extraordinary operation and maintenance costs of the Wells Project, including the prevention or correction of any unusual loss or damage (including major repairs) thereto, in order to keep the Wells Project in good operating condition, and for renewals, replacements, additions, betterments and improvements to the Wells Project and extensions thereof, or the cost of decommissioning, to the extent that such amounts exceed the amount in said Reserve and Contingency Fund available to make or provide for such payments, including any insurance proceeds payable in respect of such unusual loss or damage to the property being repaired, renewed or replaced and available to make or provide for such payments; and

(4) all costs of producing and delivering power and energy from the Wells Project to the Points of Delivery specified in Section 7 (including but not limited to ordinary operation, maintenance, and regulatory costs but excluding depreciation) not accounted for by the payments out of funds and reserves specified in the foregoing clauses of this Section 4(a) and properly chargeable to the Wells Project in accordance with the Uniform System of Accounts; and

(b) Any payment of compensation received by Douglas pursuant to the Colville Power Sales Contract or as a result of the taking or depletion of any portion of Wells Hydroelectric Project Output by any state or federal government agency shall be allocated to the payment of Annual Power Costs on an ongoing basis over the term of the Colville Power Sales Contract or such taking. In the event such a taking or depletion is of the whole of Wells Project Output for the remaining Term of this Contract, any payment or compensation to Douglas received by Douglas shall be applied in the manner and to the extent required in the Bond Resolution as though such payment was received for the sale or other disposition of the Wells Hydroelectric Project.

(c) Should any amount remain in any of the funds established in connection with the Wells Hydroelectric Project at the expiration of the Term of this Contract, including working capital and all reserves in excess of outstanding obligations against such funds, there shall be refunded to Okanogan, as excess payment for its share of Okanogan's allocation of Wells Project Output theretofore received, Okanogan's share of such other remainders determined by multiplying the total thereof by the Power Allocation.

(d) Revenue received by each Party for sale of its allocation of Wells Project Output is the separate property of each Party.

SECTION 5. <u>PAYMENT FOR WELLS PROJECT OUTPUT SOLD</u>

(a) Okanogan shall be obligated to pay Douglas according to the following procedure for the Term of this Contract.

(1) Not less than one hundred twenty (120) days prior to September 1, 2018 and prior to the beginning of each following Contract Year, Douglas shall prepare and mail to Okanogan a budget statement showing:

(i) A detailed estimate of the Annual Power Costs of the Wells Project for the following Contract Year, or the Transition Period, accompanied by a copy of the operating and capital budgets upon which such estimate is based;

(ii) An amount obtained by multiplying the estimated Annual Power Costs minus amounts described in Section 4(b) by Okanogan's Power Allocation. This amount (expressed in dollars) is hereinafter referred to as "Okanogan's Estimated Cost"; and

(iii) The amount of the equal monthly payments ("Monthly Payments") to be made by Okanogan to pay Okanogan's Estimated Cost during the following Contract Year, or the Transition Period. Said statement shall be in lieu of the issuance of monthly bills to Okanogan by Douglas.

(2) In the event of extraordinary receipts or payments of unusual costs or other circumstances which substantially affect the Annual Power Costs during any Contract Year, Douglas shall prepare and mail to Okanogan a revised estimate of Annual Power Costs for the estimated balance of such Contract Year which shall supersede the previous estimate of Annual Power Costs as a basis for Okanogan's subsequent Monthly Payments.

(3) Okanogan shall make Monthly Payments electronically as advances on account towards the payment of its share of the Annual Power Costs not later than the twentieth day of each month (hereinafter called "Due Date") whether or not the Wells Hydroelectric Project is then operable or operating.

(4) If payment in full is not made on or before the close of business on the Due Date, a delayed-payment charge of two percent (2%) of the

unpaid amount due will be made. If the Due Date is a Saturday, Sunday or a holiday, the next business day shall be the last day on which payment may be made without the addition of the delayed-payment charge. Except as to any portion of a Monthly Payment which may in good faith be disputed by Okanogan, Douglas may, whenever any amount due remains unpaid subsequent to the thirtieth day after the Due Date and after giving thirty (30) days' advance notice in writing, discontinue deliveries to Okanogan until such bill and any subsequent payments which have become due are paid. No such discontinuance shall relieve Okanogan from any of its obligations under this Contract; provided, that Douglas shall use Prudent Utility Practice to sell the power and energy made available by such discontinuance for the account of Okanogan.

(5) Douglas will submit to Okanogan, based on the audit of the accounts of the Wells Hydroelectric Project provided for in Section 11 hereof, a detailed statement of the actual Annual Power Costs for such Contract Year or Transition Period and a statement of the amount existing in the Revenue Fund as of the close of such Contract Year. If the amount so existing in the Revenue Fund exceeds the required amount of working capital, Douglas shall pay Okanogan an amount equal to such excess minus the excess created by items described in Section 4(b) multiplied by Okanogan's Power Allocation for such Contract Year. If the required amount of working capital exceeds the amount so existing in the Revenue Fund, Douglas shall bill Okanogan for an amount equal to such deficiency multiplied by Okanogan's Power Allocation, and Okanogan agrees to pay such bill promptly. As used in this subsection (5), the "required amount of working capital" shall be $1,500,000, or such lesser amount (but not less than $750,000) or such greater amount as may be determined by Douglas, and the amount existing in the Revenue Fund as of the close of any Contract Year shall be deemed to be the amount of the then excess of the current assets in the Revenue Fund over the current liabilities thereof determined in accordance with the Uniform System of Accounts; provided that such current liabilities shall not include Debt Service for the next following Contract Year.

SECTION 6. SCHEDULING OF DELIVERIES

(a) Deliveries of Okanogan's Power Allocation will be made insofar as possible as requested by Okanogan; provided, that such deliveries will be subject to the coordinated operation of the Wells Hydroelectric Project and any and all requirements thereof, and will not exceed the capability of the Wells Hydroelectric Project or any such lower limit pursuant to Section 6(c). Douglas will determine appropriate operational parameters and establish and maintain business practices to govern the method and means by which Okanogan must schedule and take delivery of Wells Project Output.

(b) Okanogan shall be responsible for scheduling its Power Allocation and may request delivery continuously through the implementation of a pseudo-tie or any other scheduling arrangement as mutually agreed between Parties. In the event Douglas is a party to a hydraulic coordination agreement, Okanogan's Power Allocation will be submitted to the coordination administrator to be dispatched in accordance with the hydraulic coordination agreement as requested by Okanogan. In the event Douglas is not a party to a hydraulic coordination agreement, Douglas shall follow Prudent Utility Practice to meet Okanogan's requested delivery of its Power Allocation within the operational parameters and conditions present at the time of the request and pursuant to Section 6(c).

(c) Okanogan has a right to schedule and take delivery of its Power Allocation, including a portion of the capacity, energy and pondage available at the Wells Project. Okanogan's Power Allocation, including its share of capacity and pondage, may be adjusted or limited by the following:

(1) Douglas may impose minimum and maximum capacity requirements or limits on the Wells Project or on Okanogan for spill avoidance or environmental projection, to meet compliance obligations, to meet flow requirements, to achieve Douglas operating strategies, to ensure Okanogan stays within its respective Wells Project Output rights, to facilitate maintenance or operational constraints, to meet the requirements of any hydraulic coordination agreement, and due to uncontrollable forces. Okanogan may be subject to immediate curtailments.

(2) Douglas shall implement operating and accounting strategies, either through participation in a hydraulic coordination agreement or independent of a hydraulic coordination agreement, to govern the pondage account of Okanogan in an effort to equitably apportion pondage, including the reduction of pondage for those with shares of the Wells Project whose operations are the proximate cause of spill at the Wells Project.

(3) Douglas will not place unloaded units on-line for the sole purpose of meeting Okanogan's spinning reserve obligations.

SECTION 7. <u>POINTS OF DELIVERY</u>

All or any portion of the power and energy to be made available to Okanogan by Douglas pursuant to Section 3(a) shall be delivered at approximately 115 kv at Okanogan's request at the point where Okanogan's transmission facilities interconnect with the 115 kv bus at Douglas's Foster Creek substation located in the vicinity of Bridgeport, WA. All other power and energy to be made available to Okanogan by Douglas hereunder shall be delivered at the Point of Delivery, which is any point where the 230 kV transmission facilities of the Wells Project connect with non-Douglas transmission facilities (e.g. Douglas Switchyard); and/or any other points of delivery as may be agreed upon from time to time by Okanogan and Douglas. Douglas shall implement energy scheduling practices, including tagging protocols.

SECTION 8. VOLTAGE CONTROL AND REACTIVE DELIVERIES

(a) Douglas shall maintain voltage levels at the Wells Hydroelectric Project consistent with Prudent Utility Practice.

(b) Reactive kilovolt-amperes shall be made available up to the capacity of the equipment of the Wells Hydroelectric Project, consistent with the power generation and voltage level schedule for the Wells Hydroelectric Project at the time.

(c) Okanogan is entitled at any time to a share of the reactive output equal to that available at the time of maximum power output from the Wells Hydroelectric Project determined by multiplying the total reactive output by Okanogan's Power Allocation. Okanogan may take additional reactive deliveries when available on a pro rata basis.

SECTION 9. CHARACTER AND CONTINUITY OF SERVICE

(a) Okanogan's Power Allocation delivered hereunder shall be approximately the voltage specified for the Point(s) of Delivery, three-phase alternating current, at approximately sixty cycles per second. Douglas may temporarily interrupt or reduce deliveries of Okanogan's Power Allocation if Douglas determines that such interruption or reduction is necessary in case of emergencies, for reliability, to meet License or regulatory requirements and obligations, or in order to install equipment in, make repairs to, replacements, investigations and inspections of, or perform other maintenance work on the Wells Hydroelectric Project. As soon as is reasonably practicable, Douglas will provide notice to Okanogan regarding any such planned interruption or reduction, giving the reason therefore, and stating the probable duration thereof.

(b) Except if interrupted as indicated in Section 21(j), Force Majeure, or as provided otherwise by this Section, Okanogan's Power Allocation of the Wells Project Output shall be made available in accordance with this Contract at all times during the Term.

SECTION 10. METERING AND TRANSMISSION LOSSES

(a) Douglas shall provide and maintain suitable meters in the generator leads of the power plant of the Wells Hydroelectric Project to determine the Wells Project Output. Douglas shall also arrange for suitable metering at the Points of Delivery. Meters shall be read by Douglas and Okanogan will have the ability to view meter information on a real time basis.

(b) The amounts of Wells Project Output delivered hereunder shall be determined as though they were made at the low voltage side of the power transformers of the Wells Hydroelectric Project. All losses of power and energy from Okanogan's Power Allocation purchased hereunder resulting from transformation and transmission shall be borne by Okanogan.

SECTION 11. ACCOUNTS

(a) Douglas agrees to keep accurate records and accounts of the Wells Hydroelectric Project in accordance with the Uniform System of Accounts and in accordance with the rules and regulations prescribed by the Division of Municipal Corporations of the Washington State Auditor's office, separate and apart from its other accounting records. Said accounts shall be the subject of an annual audit, at Douglas's option as provided in the Bond Resolution, either by the State Auditor's Office or other State department succeeding to such duties of the State Auditor's Office, or by a firm of certified public accountants, experienced in electric utility accounting, to be employed by Douglas and paid from Wells Project accounts. The transactions with respect to each Contract Year shall be subject to such an audit.

(b) A copy of each such audit, including all recommendations of the accountants, shall be furnished by Douglas to Okanogan promptly after the same shall have been prepared.

SECTION 12. INFORMATION TO BE MADE AVAILABLE TO OKANOGAN

(a) All drawings, designs, plans, specifications and terms of contracts relating to the operation and maintenance of the Wells Hydroelectric Project will be made available and open to inspection by Okanogan.

(b) All agreements and data related to financing the Wells Hydroelectric Project may be examined by Okanogan at the office of Douglas.

(c) All operating and financial records and reports related to the Wells Hydroelectric Project may be examined by Okanogan at the office of Douglas.

(d) Policies of insurance carried by Douglas shall be available at the office of Douglas for inspection by Okanogan.

(e) Okanogan's representatives shall be given escorted access to the Wells Hydroelectric Project.

(f) Douglas shall make available a continuous indication of Wells Project generation, as well as timely indication or report of other plant operational data reasonably required by Okanogan to manage Okanogan's Power Allocation pursuant to Sections 6 and 8 of this Contract consistent with Prudent Utility Practice.

(g) Commencing September 1, 2018 there is established a group consisting of two members from each of the Parties. If a need exists, the group will meet quarterly to ensure the effective exchange of information related to the operation and maintenance of the Wells Project and to review and discuss Annual Power Costs as well as any other issues or concerns in connection with this Contract. Douglas, as licensee and owner of the Wells Hydroelectric Project, will chair the group. This group shall not have authority to bind either Party.

SECTION 13. OPERATION AND MAINTENANCE

Douglas covenants and agrees to operate and maintain the Wells Hydroelectric Project consistent with Prudent Utility Practice. Douglas is the licensee and owner of the Wells Project responsible for all decisions related to the operation, maintenance and renewals of the Wells Project.

SECTION 14. LIABILITY OF PARTIES

Each Party assumes full responsibility and liability for the maintenance and operation of its respective properties and shall indemnify and save harmless the other Party, to the extent allowed by Washington law, from all liability and expense on account of any and all damages, claims or actions, including injury to or death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying Party; provided, that any liability which is incurred by Douglas through the operation and maintenance of the Wells Hydroelectric Project and not covered by insurance shall be part of the Annual Power Costs as set forth in Section 4 herein.

SECTION 15. WAIVER OF DEFAULT

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

SECTION 16. NOTICES

(a) Means of Notification. Unless this Contract specifically requires otherwise, any notice, demand or request provided for in this Contract, or served, given or made in connection with it, shall be in writing and shall be deemed properly served, given or made if delivered in person or sent by registered or certified mail, postage prepaid, email or by fax to the person specified below:

To Okanogan:

PUD No. 1 of Okanogan County
General Manager
P.O. Box 912
Okanogan, WA 98840

wellscontract@okpud.org

Fax: (509) 422- 8418

Or such other address that Okanogan directs in writing.

To Douglas:

PUD No. 1 of Douglas County
General Manager
1151 Valley Mall Parkway
East Wenatchee, WA 98802-4497

wellscontract@dcpud.org

Fax: (509) 884-0553

Or such other address that Douglas directs in writing.

SECTION 17. DOUGLAS'S BOND RESOLUTION AND LICENSE

It is recognized by the Parties that Douglas, in its operation of the Wells Hydroelectric Project and in the delivery of the power hereunder to Okanogan, must comply with the requirements of the Bond Resolution and with any FERC License for the Wells Hydroelectric Project; and it is therefore agreed that this Contract is made subject to the terms and provisions of the Bond Resolution and any FERC License. Okanogan agrees to support future Douglas efforts to relicense the Wells Project by providing letters of support as requested by Douglas.

SECTION 18. DISPOSITION OF ASSETS AND LIABILITIES

It is recognized by the Parties that ownership of all or a portion of the properties of the Wells Hydroelectric Project could be transferred from Douglas through operation of law or that Douglas may not obtain a FERC License at time of renewal. In the event that either of these contingencies occur, the entire resulting compensation shall accrue to the benefit of the Parties. If any compensation exceeds the amount(s) Douglas is required to provide for the payment of any obligations of the Wells Hydroelectric Project then outstanding (including the Bonds), Okanogan is entitled to the Power Allocation times the net compensation as of the date of the event and Douglas is entitled to the balance of the net compensation.

In the further event Douglas has or incurs any liability in connection with the Wells Hydroelectric Project on or after the expiration of the Term of this Contract, Okanogan shall hereby be liable for the Power Allocation times the amount of said liability.

SECTION 19. DISPUTE RESOLUTION

(a) Arbitration. In the event a dispute arises on any substantial matter regarding the planning, operation, or maintenance of the Wells Hydroelectric Project, any matter substantially adversely affecting Annual Power Costs, or the forecasts of retail system load pursuant to Section 3, the dispute may be submitted to arbitration. However, this Section 19 shall not require Douglas to submit to arbitration any matter which Douglas cannot lawfully submit to arbitration. In the event Okanogan disagrees as to what may be lawfully submitted to arbitration, Okanogan may seek legal relief in the Superior Court in and for the State of Washington, County of Chelan.

(b) Arbitration, Legal Action, Venue. Within thirty (30) calendar days of delivery to the other Party of a written demand by either Party for arbitration, each Party shall appoint one arbitrator. The arbitrators appointed by the Parties shall, within fifteen (15) calendar days, select a third arbitrator to act as a chairperson of the arbitration. If the Parties cannot agree on a procedure for the arbitration, the arbitrators shall select the method of proceeding. The arbitrators may afford the Parties any and all discovery rights provided for in the Federal Rules of Civil Procedure. The arbitrators shall issue a written decision, no more than five (5) pages in length within fifteen (15) calendar days after closing arguments in the arbitration proceeding. The decision of a majority of the arbitrators shall be final and binding on the Parties subject to the following sentence: "The only legal action permissible under this Contract is one based on the premise that the arbitration award exceeded the scope of the arbitrators' authority under the Bond Resolution, the Federal Power Act, or Title 54 of the Revised Code of Washington." The sole and exclusive jurisdiction and venue of any such legal action shall be in the Superior Court in and for the State of Washington, County of Chelan.

(c) Attorney Fees and Costs. The substantially prevailing Party in the arbitration and/or legal action noted above, as determined by the arbitrators, shall be entitled to all reasonable costs of the arbitration and/or legal action including, but not limited to, reasonable attorney fees, expert witness fees, court reporter fees, copy expenses, and all reasonable travel, meals, and lodging expenses in connection with said proceedings.

(d) Choice of Laws. This Contract shall be governed by, and construed, interpreted and enforced in accordance with, the substantive law of the State of Washington (without reference to any principles of conflicts of laws).

SECTION 20. ASSIGNMENT OF CONTRACT

Neither this Contract nor any right, interest or obligation hereunder may be assigned, sold, transferred or conveyed by either Okanogan or Douglas. Any attempted assignment shall be void.

SECTION 21. MISCELLANEOUS

(a) Further Assurances. Subject to the terms and conditions of this Contract, each Party shall each use commercially reasonable efforts to take, or cause to be taken all actions and to do, or cause to be done, all things necessary, proper and advisable under applicable law to consummate and make effective this Contract, including efforts to obtain all required consents and approvals. Neither Douglas nor Okanogan shall, without the prior written consent of the other, take or fail to take any action that would reasonably be expected to prevent or materially impede, interfere with or delay this Contract. Okanogan agrees to support Douglas's application for any FERC License. From time to time after the date hereof, whether prior to or after the execution and without further consideration, the Parties shall, each at its own expense, execute and deliver such documents and provide such information to the other as such Party may reasonably request in order to accomplish, consummate and perform its respective obligations under this Contract.

(b) No Consequential, Incidental or Punitive Damages. Consistent with the Recitals to this Contract, Okanogan and Douglas desire to minimize to the extent possible the potential for future disagreements between them with respect to Project No. 2149 from matters arising under this Contract. Okanogan and Douglas also recognize the potential magnitude of the potential consequential, incidental or punitive damages that might arise from this Contract and desire to eliminate the risks each might face were such categories of damages not excluded. For these reasons, Okanogan and Douglas agree that for any claim arising from a theory based on contract or tort law, in no event shall either Okanogan or Douglas be liable to each other hereunder for any consequential, punitive, exemplary, incidental or indirect losses or damages under or in respect of this Contract.

(c) Severability. If any provision of this Contract is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of either Party under this Contract will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part thereof, (iii) the remaining provisions of this Contract shall remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, the Parties shall, in good faith, negotiate a mutually acceptable, legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible, and shall promptly take all actions necessary to amend the Contract to include the mutually acceptable, legal, valid and enforceable provision.

(d) Impossibility of Performance. If the performance of any part of this Contract by Douglas or Okanogan is prevented, hindered, or delayed by reason of any cause or causes beyond the control of either Party (such as the failure of the FERC to issue a License to Douglas for the Wells Hydroelectric Project), that cannot be overcome by due diligence, the Party affected will be excused from such performance to the extent that it is necessarily prevented, or delayed, during the continuance or lack of occurrence of such happening or event, and this Contract will be deemed suspended so long as and to the extent that any such cause prevents or delays its performance.

(e) Waivers. Except as otherwise provided herein, no provision of this Contract may be waived except in writing. No failure by any Party to exercise, and no delay in exercising, short of the statutory period, any right, power or remedy under this Contract shall operate as a waiver thereof. Any waiver at any time by a Party of its right with respect to a default under this Contract, or with respect to any other matter arising in connection therewith, shall not be deemed a waiver with respect to any subsequent default or matter.

(f) No Third-Party Beneficiaries. None of the promises, rights or obligations contained in this Contract shall inure to the benefit of any person or entity not a Party to this Contract; and no action may be commenced or prosecuted against any Party by any third party claiming to be a third-party beneficiary of this Contract or the transactions contemplated hereby.

(g) No Reliance. Each Party acknowledges that in entering into this Contract, it has not relied on any statement, representation or promise of the other Party or any other person or entity, except as expressly stated in this Contract.

(h) Assumption of Risk. In entering into this Contract, each of the Parties assumes the risk of any mistake of fact or law, and if either or both of the Parties should subsequently discover that any understanding of the facts or the law was incorrect, none of the Parties shall be entitled to, nor shall attempt to, set aside this Contract or any portion thereof.

(i) Waiver of Defenses. Douglas and Okanogan release each other from any and all claims relating to the formation and negotiation of this Contract, including reformation, rescission, mistake of fact, or mistake of law. The Parties further agree that they waive and will not raise in any court, administrative body, arbitration or other tribunal any Claim in avoidance of or defense to the enforcement of this Contract other than the express conditions set forth in this Contract.

(j) Force Majeure. Except as otherwise provided in Section 5(a)(3), neither Party shall be liable to the other for, or be considered to be in breach of or in default under this Contract because of, any failure or delay in performance by such Party under this Contract to the extent such failure or delay is caused by or results from any cause or condition which is beyond such Party's reasonable control, to the extent which such Party is unable to prevent or overcome such failure or delay by exercise of reasonable diligence (any such cause or condition, a "Force Majeure"), including but not limited to: failure or threat of failure of facilities or equipment; fire, lightning, flood, earthquake, volcanic activity, wind, drought, storm and other natural disasters or acts of the elements; court order and act, or failure to act, of civil, military or governmental authority; change in governmental law or regulation; strike, lockout and other labor dispute; epidemic, riot, insurrection, sabotage, terrorism, war and other civil disturbance or disobedience; labor or material shortage; and electric disturbance originating in, transmitted through, or otherwise affecting Douglas's electric facilities or any electric facilities with which Douglas's facilities are interconnected.

(k) Independent Counsel. The Parties acknowledge that they have been represented by independent counsel in connection with this Contract, they fully understand the terms of this Contract and they voluntarily agree to those terms for the purposes of making a full compromise and settlement of the subject matter of this Contract. The Parties further agree that this Contract shall not be construed against any Party by reason that such Party drafted this Contract.

(l) Headings. The headings used for the sections herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Contract.

(n) Entire Agreement. This Contract and the incorporations by reference herein, constitute the complete and entire expression of agreement between the Parties and supersedes and extinguishes all Prior Agreements in regard to the Wells Hydroelectric Project except for the obligation of Douglas to supply Okanogan eight thirty-eighths (8/38) of the reserved share power that Douglas has withdrawn from the Wells Project through August 31, 2018 pursuant to the power sales contract referred to in Recital 2, above. Contemporaneous offers, promises, representations, negotiations, discussions, and communications, whether written or oral, which may have been made in connection with the subject matter of this Contract are hereby disclaimed. This Contract may be signed in counterparts. This Contract shall inure to the benefit of, and shall be binding upon the respective successors of the Parties to this Contract.

(o) Schedules. The schedules are incorporated into this Contract by this reference as though set forth in the body of this Contract.

IN WITNESS WHEREOF, the Parties have caused this Contract to be executed by their proper officers respectively being thereunto duly authorized, the day and year first above written.

PUBLIC UTILITY DISTRICT NO. 1 of DOUGLAS COUNTY

By: ______________________
Ronald E. Skagen, President

By: ______________________
Aaron J. Viebrock, Vice President

By: ______________________
Molly Simpson, Secretary

PUBLIC UTILITY DISTRICT NO. 1 of OKANOGAN COUNTY

By: Scott Vejraska
Scott Vejraska, President

By: Steve Houston
Steve Houston, Vice President

By: Jerry As
Jerry Asmussen, Secretary

Schedule 1
Determination of Okanogan-Wells Allocation

This Schedule 1 describes the determination of Okanogan's allocation of Wells Project Output for the period September 1, 2018 through December 31, 2028. Determinations will be made no later than August 31st prior to each Contract year.

Year:

1. Planning capability of the Wells Project

1.a. Reference the most recent PNCA Final Regulation. Insert the critical period plant capability value. | | aMW

1.b. Net the Colville obligation from Wells Project capability. Take the value from line 1.a. and multiply by (1-Colville share). | 0.0 | aMW (= line 1.a. multiplied by .945)

2. Okanogan load forecast for Contract Year

Enter the forecasted Okanogan retail load provided to, and approved by, BPA. | | aMW

3. Okanogan's determined firm resources

Enter 69.5 aMW for each Contract year. This is a static value which represents Okanogan's firm resources. | 69.5 | aMW

4. Okanogan's requirement from the Wells Project

This is the number of average megawatts that Okanogan requires to serve its retail customers. | 0.0 | aMW (= greater of line 2 minus line 3, or zero)

5. Okanogan's additional allocation of Wells Project Output

5.a. This is Okanogan's maximum Wells allocation, in addition to its 8% share of Wells Project Output. | 22.0%

5.b. This is the percentage share of Wells Project Output that Okanogan would require, in addition to its 8% share, to serve its retail load based on the value on line 1.b. | #DIV/0! | = line 4 divided by 1.b.

5.c. This is the percentage of Wells Project Output, in addition to Okanogan's 8% share, which Okanogan will be allocated for the upcoming Contract Year. | #DIV/0! | = Lower of 5.a. or 5.b.

6. Okanogan's total allocation of Wells Project Output

This will be Okanogan's total allocation, including its 8% share, of Wells Project Output for the upcoming Contract Year. | **#DIV/0!** | = line 5.c. plus 8% of Wells Project Output

Notes:

1.) In the event the Wells Project is unable to generate electricity, or in the event Douglas receives, or is in the process of receiving, a decommissioning order for the Wells Project, Okanogan's allocation of Wells Project Output will be frozen at its then Power Allocation.

2.) Line 1.a. - Current PNCA Agreement expires in 2024; populate with the average of the last five published Final Regulation values for the remainder of the Term.

3.) Any amount of power purchased by Okanogan above its 8% share shall be deemed to be Tier 2 power for as long as Okanogan is a customer of the Bonneville Power Administration BPA. Tier 2 power means the power required above the amount of firm power made available to Okanogan by BPA at its Tier 1 rates.

Schedule 2
Determination of Okanogan-Wells Allocation

This Schedule 2 describes the determination of Okanogan's allocation of Wells Project Output for the period January 1, 2029 through September 30, 2068. Determinations will be made no later than August 31st prior to each Contract year.

Year:

1. Planning capability of the Wells Project

1.a. Reference the most recent PNCA Final Regulation. Insert the critical period plant capability value. | [ ] aMW

1.b. Net the Colville obligation from Wells Project capability. Take the value from line 1.a. and multiply by (1-Colville share). | 0.0 | aMW (= line 1.a. multiplied by .945)

2. Okanogan load forecast for Contract Year

2.a. Enter the value from Schedule 5, line 5, for the Contract Year. | #DIV/0! | aMW

(Lines 2.b., 2.c., and 2.d. will only be completed in the event Okanogan is supplying power and energy to meet Coop load. Otherwise, a zero will be populated for these lines.)

2.b. Enter starting Coop load as a baseline for calculating growth. | [ ] aMW

2.c. Enter the value from Schedule 5, line 10, for the Contract Year. | #DIV/0! | aMW

2.d. This is the calculated Coop load growth for the Contract Year. | #DIV/0! | aMW (= greater of line 2.c. minus line 2.b., or zero)

2.e. This is the total calculated Okanogan load. | #DIV/0! | aMW (= line 2.d. plus line 2.a.)

3. Okanogan's determined firm resources

Enter the value from Schedule 4, line 5, for the Contract Year. | 0.0 | aMW

4. Okanogan's requirement from the Wells Project

This is the number of average megawatts that Okanogan requires to serve its retail customers. | #DIV/0! | aMW (= greater of line 2.e. minus line 3, or zero)

5. Okanogan's additional allocation of Wells Project Output

5.a. This is Okanogan's maximum Wells allocation, in addition to its 8% share of Wells Project Output. | 22.0%

5.b. This is the percentage share of Wells Project Output that Okanogan would require, in addition to its 8% share, to serve its retail load based on the value on line 1.b. | #DIV/0! | = line 4 divided by 1.b.

5.c. This is the percentage of Wells Project Output, in addition to Okanogan's 8% share, which Okanogan will be allocated for the upcoming Contract Year, subject to line 6.d. | #DIV/0! | = Lower of 5.a. or 5.b.

6. Okanogan's total allocation of Wells Project Output

Enter the three greatest percentages of Wells Project Output allocated to Okanogan during previous Contract Years.

6.a. Year: (__________) [ ]

6.b. Year: (__________) [ ]

6.c. Year: (__________) [ ]

6.d. Calculate the average of the three percentages on line 6. | 0.0% | (line 6.a. plus line 6.b. plus line 6.c.) divided by 3

6.e. This will be Okanogan's total allocation, including its 8% share, of Wells Project Output for the upcoming Contract Year. | **#DIV/0!** | = greater of line 6.d., or line 5.c. plus 8% of Wells Project Output

Notes:

1.) In the event the Wells Project is unable to generate electricity, or in the event Douglas receives, or is in the process of receiving, a decommissioning order for the Wells Project, Okanogan's allocation of Wells Project Output will be frozen at its then Power Allocation.

2.) Line 1.a. - Current PNCA Agreement expires in 2024; populate with the average of the last five published Final Regulation values for the remainder of the Term.

3.) Line 2.b. - This value will be the average Coop load, in aMW, for the years 2026 and 2027. This value will not change for the Term of the Contract.

4.) Any amount of power purchased by Okanogan above its 8% share shall be deemed to be Tier 2 power for as long as Okanogan is a customer of the Bonneville Power Administration BPA. Tier 2 power means the power required above the amount of firm power made available to Okanogan by BPA at its Tier 1 rates.

Schedule 3
Determination of Okanogan-Wells Allocation

This Schedule 3 describes the determination of Okanogan's allocation of Wells Project Output starting on October 1, 2068 and continuing for so long as Douglas PUD holds a FERC License or decommissioning order. In the event the value on line 5.a. of this Schedule 3 equals zero for any Contract year, this Schedule 3 will no longer be performed for subsequent years. Determinations will be made no later than August 31st prior to each Contract year.

Year:

1. Planning capability of the Wells Project

1.a. Reference the most recent PNCA Final Regulation. Insert the critical period plant capability value. [ ] aMW

1.b. Net the Colville obligation from Wells Project capability. Take the value from line 1.a. and multiply by (1-Colville share). 0.0 aMW (= line 1.a. multiplied by .945)

2. Okanogan load forecast for Contract Year

2.a. Enter the value from Schedule 5, line 5, for the Contract Year. #DIV/0! aMW

(Lines 2.b., 2.c., and 2.d. will only be completed in the event Okanogan is supplying power and energy to meet Coop load. Otherwise, a zero will be populated for these lines.)

2.b. Enter starting Coop load as a baseline for calculating growth. 0.0 aMW

2.c. Enter the value from Schedule 5, line 10, for the Contract Year. #DIV/0! aMW

2.d. This is the calculated Coop load growth for the Contract Year. #DIV/0! aMW (= greater of line 2.c. minus line 2.b., or zero)

2.e. This is the total calculated Okanogan Load. #DIV/0! aMW (= line 2.d. plus line 2.a.)

3. Okanogan's determined firm resources

Enter the value from Schedule 4, line 5, for the Contract Year. 0.0 aMW

4. Okanogan requirement from the Wells Project

This is the number of average megawatts that Okanogan requires to serve its retail customer. #DIV/0! aMW (= greater of line 2.e. minus line 3, or zero)

5. Okanogan's additional allocation of Wells Project Output

5.a. This is the percentage of Wells Project Output that Douglas has determined is surplus to its needs. [ ]

5.b. This is the percentage share of Wells Project Output that Okanogan would require, in addition to its 8% share, to serve its retail load based on the value on line 1.b. #DIV/0! = line 4 divided by 1.b.

5.c. This is the percentage of Wells Project Output, in addition to Okanogan's 8% share, which Okanogan will be allocated for the upcoming Contract Year, subject to line 6.d. #DIV/0! = Lower of 5.a. or 5.b.

6. Okanogan's total allocation of Wells Project Output

Enter the three greatest percentages of Wells Project Output allocated to Okanogan during previous Contract Years.

6.a. Year: (__________) [ ]

6.b. Year: (__________) [ ]

6.c. Year: (__________) [ ]

6.d. Calculate the average of the three percentages on line 6. 0.0% (line 6.a. plus line 6.b. plus line 6.c.) divided by 3

6.e. This will be Okanogan's total allocation, including its 8% share, of Wells Project Output for the upcoming Contract Year. **#DIV/0!** = greater of line 6.d., or line 5.c. plus 8% of Wells Project Output, not to exceed line 5.a. plus 8% of Wells Project Output.

Notes:

1.) In the event the Wells Project is unable to generate electricity, or in the event Douglas receives, or is in the process of receiving, a decommissioning order for the Wells Project, Okanogan's allocation of Wells Project Output will be frozen at its then Power Allocation.

2.) Line 1.a. - Current PNCA Agreement expires in 2024; populate with the average of the last five published Final Regulation values for the remainder of the Term.

3.) Line 2.b. - This value will be the average Coop load, in aMW, for the years 2026 and 2027. This value will not change for the Term of the agreement.

Schedule 4

Determination of Okanogan's Firm Resource Value

This Schedule 4 determines the firm resource value used in the completion of Schedules 2 and 3. This Schedule 4 will be performed for the 2029 Contract Year and for every five year period thereafter so long as Douglas PUD holds a FERC License or decommissioning order. Determinations will be made no later than August 31st prior to each Contract Year for which this Schedule 4 needs to be completed.

Five Year Period:

1. Planning capability of the Wells Project

1.a. Reference the most recent PNCA Final Regulation. Insert the critical period plant capability value. [ ] aMW

1.b. Net the Colville obligation from Wells Project capability. Take the value from line 1.a. and multiply by (1-Colville share). [0.0] aMW (= line 1.a. multiplied by .945)

2. Planning capability of the Wells Project

Enter Okanogan's expected 8% Wells resource value. [0.0] aMW (= 8% multiplied by line 1.b.)

3. Okanogan's BPA determination

3.a. Is Okanogan going to be a Bonneville (preference) power and energy customer for the five year period? *(yes or no)* [ ]

3.b. If line 3.a. is answered "yes," enter the expected number of average megawatts to be delivered by BPA to Okanogan. Otherwise, enter a zero. [ ] aMW

4. Firm resource calculation

(For lines 4.a. through 4.c., enter the expected number of average megawatts for each category of resource. If a "yes" is entered on line 3.a., enter a zero for lines 4.a., 4.b. and 4.c.)

4.a. The Enloe Project. [ ] aMW

4.b. Other owned or contracted firm generation [ ] aMW

4.c. Power market purchases on a forward basis. [ ] aMW

5. Okanogan's firm resource value for the five year period

This will be Okanogan's firm resource value, to be input on Schedules 2 and 3, for the five year period. [**0.0**] aMW (= line 2, plus line 3.b., plus line 4.a., plus line 4.b., plus line 4.c.)

Notes:

1.) Line 1.a. - Current PNCA Agreement expires in 2024; populate with the average of the last five published Final Regulation values for the remainder of the Term.

Schedule 5

Determination of Okanogan's Load Forecast Value

This Schedule 5 determines the load forecast values used in the completion of Schedules 2 and 3. This Schedule 5 will be performed for the 2029 Contract Year and every year thereafter so long as Douglas PUD holds a FERC License or decommissioning order. Determinations will be made no later than August 31st prior to each Contract Year.

Year:

1. Okanogan's actual load

Enter the Okanogan retail system load, including losses, for the last three calendar years for which actual load data is available.

1.a.	Year: (__________)		aMW
1.b.	Year: (__________)		aMW
1.c.	Year: (__________)		aMW
1.d. Calculate the average of the three load values on line 1.		0.0	aMW (= (line 1.a. plus line 1.b. plus line 1.c.) divided by 3)

2. Okanogan's load growth

Calculate load growth over the three years identified on lines 1.a., 1.b, and 1.c. Enter the load growth value. — #DIV/0! ((line 1.c. divided by line 1.a.)^(1/(3-1))-1

3. New large loads for the Contract Year

Enter any known large loads in excess of 1.5 aMW for the Contract Year. — ____ aMW

4. Adjusted Okanogan forecasted load for Contract Year

(The growth rate identified on line 2 will be applied to the actual load value identified on line 1.d. a total of two times to arrive at an expected forecasted load for the upcoming Contract Year.

4.a. Apply the growth rate identified on line 2 to the value on line 1.d.	#DIV/0!	aMW (= (line 1.d. times (1 + line 2).
4.b. Apply the growth rate identified on line 2 to the value on line 4.a.	#DIV/0!	aMW (= (line 4.a. times (1 + line 2).

5. Total forecasted Okanogan load for the Contract Year

This will be Okanogan's forecasted load value, to be input on Schedules 2 and 3, for the Contract Year. — **#DIV/0!** aMW (= line 3 plus line 4.b.)

(Lines 6 through 10 will only be completed in the event Okanogan is supplying power and energy to meet Coop load. Otherwise, a zero will be populated for these lines.)

6. Okanogan's actual coop load

Enter the Okanogan Coop Load for the last three calendar years for which actual load data is available.

6.a.	Year: (__________)		aMW
6.b.	Year: (__________)		aMW
6.c.	Year: (__________)		aMW
6.b. Calculate the average of the three load values on line 6.		0.0	aMW (= (line 6.a. plus line 6.b. plus line 6.c.) divided by 3)

7. Okanogan's Coop load growth

Calculate load growth over the three years identified on lines 6.a., 6.b, and 6.c. Enter the load growth value. — #DIV/0! ((line 6.a. divided by line 6.c.)^(1/(3-1))-1

8. New large Coop loads for the Contract Year

Enter any known large Coop loads in excess of 1.5 for the Contract year. — ____ aMW

9. Adjusted Okanogan Coop forecasted load for Contract Year

(The growth rate identified on line 7 will be applied to the actual load value identified on line 6.d. twice to arrive at an expected forecasted load for the upcoming Contract Year.

9.a. Apply the growth rate identified on line 7 to the value on line 6.d.	#DIV/0!	aMW (= (line 6.d. times (1 + line 7).
9.b. Apply the growth rate identified on line 7 to the value on line 9.a.	#DIV/0!	aMW (= (line 9a. times (1 + line 7).

10. Total forecasted Okanogan load for the Contract Year

This will be Okanogan's forecasted Coop load value, to be input on Schedules 2 and 3, for the Contract Year. — **#DIV/0!** aMW (= line 8 plus line 9.b.)