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LARAMIE RIVER STATION
 PARTICIPATION POWER SALES AGREEMENT
 BETWEEN
 CITY OF LINCOLN
 AND
 COUNTY OF LOS ALAMOS

This Laramie River Station Participation Power Sales Agreement ("Agreement") made and entered into this 25th day of June, 1987, by and between the City of Lincoln ("LES"), a Nebraska municipal corporation operating the Lincoln Electric System, and the Department of Public Utilities, Incorporated County of Los Alamos ("County"), a political subdivision of the State of New Mexico, with County or LES being sometimes hereinafter referred to singly as a "Party" and collectively as "Parties".

WHEREAS, LES is a Participant in the Missouri Basin Power Project which operates the Laramie River Station located near Wheatland, Wyoming; and

WHEREAS, the Parties desire to enter into an agreement for the sale by LES and the purchase by County of a portion of LES' entitlement to Capacity and Energy to be produced by the Laramie River Station.

NOW, THEREFORE, in consideration of the mutual covenants and provisions hereinafter contained, the Parties do hereby agree as follows:



SECTION 1. DEFINITIONS

(a) As used herein:

(1) Accredited Capability shall mean the aggregate of the net generating capability of each generating unit of Laramie River Station, using the "MAPP (Mid-Continent Area Power Pool) Procedure for the Uniform Rating of Generation Equipment" dated March 13, 1984, as amended from time to time, or by successor organization procedures.

(2) Commercial Operation as applied to Laramie River Station shall mean that period of time during which a Station Unit can reasonably be expected to operate dependably and continuously as determined in accordance with the MBPP Agreement.

(3) Contract Year shall mean the twelve-month period commencing at 12:01 a.m. on January 1 of each calendar year during the term of this Agreement.

(4) Energy-Related Costs shall mean costs of the Project shared in proportion to generation scheduled and energy produced as outlined in F-2 of Exhibit F to the MBPP Agreement.

(5) Laramie River Station shall mean the three coal-fired steam electric generating units, each having a nameplate rating of 570 MW, and all property, facilities and structures used therewith or related thereto as generally described in A-1 and A-3 of Exhibit A to the MBPP Agreement.

(6) LES Entitlement Share shall mean LES' undivided ownership share of the Project (expressed as a percentage) as may be amended from time to time.

(7) LES Points of Delivery shall mean the point or points at which LES is to receive delivery of Capacity and Energy under normal operating conditions as described in Exhibit C of the MBPP Agreement. At the time of execution of this Agreement, such points include the Stegall (Nebraska) Substation 230 kV; the Sidney (Nebraska) 230, 345 kV; the East 345 kV Bus at the Laramie River Station.

(8) Maximum Generating Capability shall mean for any hour the maximum amount of Capacity and Energy which Laramie River Station is estimated to be able to produce during such hour as determined by the Operating Agent under the operating conditions which are expected to exist during that hour and considering Prudent Utility Practices, after deductions for Capacity and Energy utilized for station service and any applicable transmission losses.

(9) Minimum Net Generating Level shall mean for any hour the minimum amount of Capacity and Energy which the Laramie River Station is estimated to be able to produce during such hour as determined by the Operating Agent under the operating conditions which are expected to exist during that hour and considering Prudent Utility Practices, after deductions for Capacity and Energy utilized for station service and any applicable transmission losses.

(10) MBPP Agreement shall mean the Missouri Basin Power Project - Laramie River Electric Generating Station and Transmission System Participation Agreement with an effective date of May 25, 1977 and all amendments and supplements thereto, whether now in existence or adopted subsequent hereto, by and between the following:

1. Basin Electric Power Cooperative, Bismarck, North Dakota, a North Dakota corporation.
2. Tri-State Generation and Transmission Association, Inc., Thornton, Colorado, a Colorado corporation.
3. Wyoming Municipal Power Agency, Lusk, Wyoming, a joint powers board of the state of Wyoming.
4. Heartland Consumers Power District of Madison, South Dakota, a political subdivision of the state of South Dakota.
5. Western Minnesota Municipal Power Agency of Ortonville, Minnesota, a municipal corporation and political subdivision of the state of Minnesota.
6. City of Lincoln, Nebraska, a Nebraska municipal corporation, operating the Lincoln Electric System.

(11) Month shall mean a calendar month during a Contract Year.

(12) Monthly Power Costs shall mean all of those costs specified in Exhibit A, which is attached hereto and incorporated herein by reference, excluding Energy-Related Costs.

(13) Operating Agent shall mean Basin Electric Power Cooperative ("Basin Electric") or any successor who has been selected by the Participants pursuant to the MBPP Agreement.

(14) Participation Power shall mean the Capacity and Energy which is being purchased by County from LES under the terms of this agreement.

(15) Participation Percentage shall mean for any month the percentage calculated by dividing the Purchase Percentage by the LES Entitlement Share.

(16) Project shall mean the Laramie River Station and its associated transmission system (Project Transmission System) as further defined in the MBPP Agreement.

(17) Project Transmission System shall mean those transmission facilities owned and contracts with others for the delivery of Project Capacity and Energy as further described in A-2 of Exhibit A to the MBPP Agreement.

(18) Prudent Utility Practices shall mean any of the practices, methods and acts at a particular time, which, in the exercise of reasonable judgment in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. In applying the standard of Prudent Utility Practices to any matter under this Agreement, equitable consideration should be given to the circumstances, requirements and obligations of each of the Parties. It is recognized that Prudent Utility Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a

spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

(19) Purchase Percentage shall mean the share of the output of the Project purchased hereunder by County from LES as provided in Section 4 of this Agreement.

(20) Uniform System of Accounts shall mean the Federal Energy Regulatory Commission Uniform System of Accounts prescribed for Public Utilities and Licensees (Class A and Class B), as it may from time to time be revised.

(b) Any other terms used herein which are capitalized but which are not specifically defined shall be construed to have the meanings and definitions as set forth in or pursuant to common usage in the MBPP Agreement.

SECTION 2. TERM OF AGREEMENT

(a) This Agreement is binding upon the Parties on the date first above written; shall become operative on July 1, 1987; and shall remain in effect until December 31 of the calendar year in which either (i) the final maturity occurs on any debt, including refunding debt, incurred by LES to pay the cost of construction, improvements, capital additions, reconstruction, or repair of the facilities comprising Laramie River Station and Project Transmission System or (ii) the Missouri Basin Power Project (MBPP) Participants remove Laramie River Station from Commercial Operation whichever occurs later; provided, however, that County shall have the right to reduce its Purchase Percentage or to terminate this Agreement after having given six (6) months prior notice in writing to LES, which such notice may not be given prior to July 1, 1989 nor later than July 1, 1995.

SECTION 3. FACILITIES

(a) Construction and Interconnection

The Station consists of three generating units in Commercial Operation known as the Laramie River Station located near Wheatland, Wyoming. At the time of execution of this Agreement, Unit No. 1 is connected to the electric system existing in the eastern United States ("Eastern System") and Units No. 2 and No. 3 are connected to the electric system existing in the western United States ("Western System").

(b) Operation and Maintenance

The Operating Agent will, on behalf of LES and the other Participants, operate, maintain and make renewals and replacements to the Laramie River Station pursuant to the MBPP Agreement.

(c) Transmission

The Operating Agent will, on behalf of LES and the other Participants, operate, maintain and make renewals and replacements to the Project Transmission System pursuant to the MBPP Agreement.

SECTION 4. AVAILABILITY OF PARTICIPATION POWER

(a) Commencing July 1, 1987 and continuing for the term of this Agreement, LES shall sell and County shall purchase a Purchase Percentage equal to 0.61% of the Project.

(b) LES shall deliver, less any applicable losses, Participation Power purchased by County under paragraph (a) of this Section 4 at the LES Points of Delivery on the Eastern System. County has entered into a Displacement Contract dated June 29, 1987 with Basin Electric for delivery on the Western System.

SECTION 5. CHARGES

(a) For Participation Power made available to County under this Agreement, LES shall, usually on or before the 8th day of each Month, render to County a monthly billing showing the sum of the following: (i) commencing with July 1987, and continuing each Month thereafter, an amount equal to Item (1) of Monthly Power Costs, as set forth in Exhibit A, for the Month during which such statement is rendered; plus (ii) commencing August 1987 and continuing each Month thereafter, the Participation Percentage of Items (2) through (4) of Monthly Power Costs for the Month preceding that for which such statement is rendered; plus (iii) commencing August 1987, and continuing each Month thereafter, an amount equal to the monthly summation of the Energy-Related Cost for each hour of the preceding Month as determined from the appropriate heat rate curve and the energy scheduled by County under this agreement and calculated in accordance with methods developed by the Operating Agent for the Station; plus (iv) commencing September 1987, and continuing each Month thereafter, an amount equal to the difference between the estimated cost of items (ii) and (iii) for the preceding Month and the actual costs as recorded by the Operating Agent; plus (v) an amount equal to the Participation Percentage of Item (5) of Monthly Power Costs, as set forth in Exhibit A; plus (vi) any amount now or hereafter due under Section 16 of this Agreement. Following the end of each Contract Year, LES may render to County an adjusted billing to reflect costs as recorded by LES and the Operating Agent for such Contract Year.

(b) Any other provision of this Agreement to the contrary notwithstanding, commencing on the operational date of this Agreement as established in Section 2 above, County shall pay to LES each Month an amount equal to the sum of the amounts in Section 5(a), whether or not then or thereafter all or any combination of the three (3) units of Laramie River

Station or the related transmission facilities are then operable or operating and notwithstanding the suspension, interruption, interference, reduction, inability of the Operating Agent to make deliveries, or curtailment of the output of the unit(s) or facilities in whole or in part for any reason whatsoever.

(c) LES agrees to keep accurate records and accounts substantially in accordance with the Uniform System of Accounts so that direct and allocable costs attributable to Laramie River Station may be identified separately from its other costs. Upon request, County shall at all reasonable times be given reasonable access to all operating and financial records and reports relating to the determination of the charges outlined in Section 5(a) herein.

(d) Notwithstanding any other provision of this Agreement, including the termination thereof, County shall be responsible for the Participation Percentage of the LES Entitlement Share of all direct and indirect costs and expenses associated with the decommissioning of Laramie River Station which exceed the salvage value thereof and shall be entitled to receive the Participation Percentage of the LES Entitlement Share of any salvage value in excess of such costs of decommissioning thereof.

SECTION 6. BILLING AND PAYMENT

(a) Bills shall be rendered monthly by LES to County in accordance with Section 5 herein. Bills shall be due and payable by County to LES within fifteen (15) days from the date such bills are rendered, and payment shall be made when due and without deduction. Billing periods shall be from 12:01 a.m. of the first day of the month to 12:01 a.m. of the first day of the succeeding month. Interest on any unpaid amount from the date due until the date upon which payment is received shall accrue at the rate of one percent (1.0%) per

month or pro rata fraction thereof. LES may, whenever any amount due remains unpaid for more than thirty (30) days and after having given notice in writing, cease performance of service under this Agreement and discontinue deliveries to County until such amount and any subsequent amounts which have become due are paid. No such discontinuance shall relieve County from any of its obligations under this Agreement. Whenever any amount due remains unpaid for at least one hundred and fifty (150) days, LES may give thirty (30) days advance notice in writing that if such amount remains unpaid at the end of such thirty (30) day period, LES shall have the option to cancel this Agreement in accordance with the provisions of Section 18. Failure of LES to exercise its rights to cease performance or terminate hereunder or to exercise any other rights or remedies shall in no event be considered a waiver thereof or of any other rights or remedies which LES may have resulting from such nonpayment(s) by County.

(b) In the event County desires to dispute all or any part of the charges in a billing rendered by LES pursuant to this Agreement, County shall nevertheless pay the full amount of the charges within fifteen (15) days from the date such bills are rendered and give a notice in writing to LES within sixty (60) days from the date the billing is rendered which shall set forth a detailed statement of the disputed issue(s) and the relief sought; provided however, that if the basis for such dispute could not have been discovered by reasonable diligence within said sixty (60) days, any such notice shall be given, if at all, within sixty (60) days of the date of such discovery or within eighteen (18) months from the date the billing is rendered, whichever first occurs. County will not be entitled to any adjustment on account of any disputed charges which are not brought to the attention of LES within the time and manner herein specified.

SECTION 7. SCHEDULING OF DELIVERIES

(a) Delivery of Participation Power under this Agreement shall be in accordance with schedules agreed to between the Operating Agent and County, unless otherwise mutually agreed to between the Parties.

(b) Unless otherwise mutually agreed between County and the Operating Agent, County shall schedule Participation Power in amounts not to exceed the Participation Percentage of the LES Entitlement Share of the Maximum Generating Capability of the Laramie River Station. In no event will County schedule in amounts less than the Participation Percentage of the LES Entitlement Share of the Minimum Net Generating Level.

(c) County shall provide LES and the Operating Agent with the schedules of anticipated requirements of Capacity and Energy as required by the MBPP Agreement, except that County shall not be required to provide LES with daily or hourly schedules used by the Operating Agent to deliver such Capacity and Energy.

SECTION 8. POINTS OF DELIVERY TO COUNTY

(a) LES will deliver to County the Participation Power purchased hereunder in accordance with Section 4 of this Agreement.

(b) It will be the responsibility of County to arrange for transmission from any LES Points of Delivery to County.

(c) LES will not voluntarily relinquish any LES Points of Delivery without prior consultation and concurrence of County.

(d) LES will notify County of any additional LES Points of Delivery as they may become available.

SECTION 9. DETERMINATION OF ENERGY PURCHASED

(a) The amount of Energy furnished by LES to County under this Agreement during any Month shall, for billing purposes, be considered to be the amount of Energy scheduled by County under this Agreement during such Month.

SECTION 10. METERING

(a) Suitable meters to indicate and record the output of Laramie River Station shall be read, tested and maintained in accordance with the MBPP Agreement. Should any metering equipment at any time fail to register or should the registration thereof be so erratic as to be meaningless, the Energy produced by Laramie River Station, less utilization for station service, shall be determined in accordance with the MBPP Agreement.

SECTION 11. TRANSMISSION SERVICE

(a) Losses on the MBPP Transmission System for Participation Power delivered from the Laramie River Station to the LES Points of Delivery shall be equal to the losses, if any, borne by LES.

(b) Participation Power delivered to County under this Agreement may flow through other transmission facilities which are not a part of the MBPP Project Transmission System. For purposes of determining transmission services to be provided under this Section 11, Capacity and Energy flowing through such other facilities will be considered to have been delivered over the MBPP Project Transmission System, and such flow through other transmission facilities does not create any rights on the part of County for scheduling Capacity and Energy over such other transmission facilities.

SECTION 12. PRESERVATION OF REMEDIES

(a) Nothing contained in this Agreement shall be construed to constitute a waiver or surrender by either Party of its right to any action, in law or equity, to enforce all provisions of this Agreement and its rights hereunder. Notwithstanding the foregoing, or any provisions of this Agreement, in the event of a referral of a matter to arbitration or a judicial or administrative proceeding on account of any disputed matter, the Parties shall continue to make payments in accordance with this Agreement until the matter has been finally determined, at which time any necessary adjustments shall be made.

SECTION 13. INSURANCE

(a) The Operating Agent has agreed to obtain and maintain in effect during the term of this Agreement certain insurance which is defined in the MBPP Participation Agreement. Each Party, respectively, shall be solely responsible for providing, to the degree considered necessary by such Party, insurance covering power acquisition to cover total or partial loss in the use of the Laramie River Station due to interruption or reduction of generation or transmission of Capacity and Energy caused by physical loss or damage thereto, and the premium for any such insurance shall not be included in the Monthly Power Costs.

SECTION 14. UNCONTROLLABLE FORCES

(a) Neither Party shall be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of uncontrollable forces, provided that the provisions of this Section shall not apply to the obligation for payments to be made under this Agreement. The term "uncontrollable forces" shall be any cause beyond the control of the Party affected, including but not restricted to an act of God,

failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, shortage of railroad cars, sabotage, pestilence, restraint by court order or public authority, and action or non-action by or failure to obtain the necessary authorizations or approvals from any governmental authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved. A Party rendered unable to fulfill any of its obligations under the Agreement by reason of uncontrollable forces shall give prompt written notice of such fact to the other Party and shall exercise due diligence to remove such inability with reasonable dispatch.

SECTION 15. LIABILITY OF PARTIES

(a) LES and County each assume full responsibility and liability for the maintenance and operation of its respective properties and shall indemnify and save harmless the other Party 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 LES through the operation and maintenance of Laramie River Station and not covered by insurance or recovered from third parties resulting in payments by LES shall become part of the Monthly Power Costs.

(b) LES shall have no liability to County in the event that the Laramie River Station or any unit thereof is not operating for any reason whatsoever.

SECTION 16. TAXES

(a) In the event that any tax, federal, state or local, is now or hereafter levied upon the Capacity and Energy to be delivered hereunder or upon the sale to County of such Capacity and Energy, or upon LES measured by the Capacity and Energy sold or measured by the revenue from any sale or delivery hereunder, the amount of such tax shall constitute a liability and shall become a part of the charges covered by Section 5(a) herein.

SECTION 17. RELATIONSHIP TO OTHER AGREEMENTS

(a) This Agreement shall be subject to and subordinate to the provisions of the MBPP Agreement which is incorporated herein by reference. County acknowledges that LES cannot convey or agree to convey more rights or entitlement than it has under the MBPP Agreement.

SECTION 18. DEFAULT

(a) If County should default in any of its payments or other obligations hereunder, including but not limited to making the payments for charges provided under Section 5 herein, and after the failure of County to cure such default after 30 days prior written notice of the same, then LES shall have the option to cancel this Agreement, provided, that in the event of such cancellation, County shall remain obligated to pay all of the charges set forth in Section 5 herein, up to and including the date of such cancellation.

SECTION 19. CUMULATIVE RIGHTS

(a) The several remedies hereby granted to LES in case of default or breach of any of the agreements herein contained to be performed by County, shall be construed to be cumulative, and the exercise of one or more remedies shall not exclude nor prevent LES from at the same time, or at any other time, resorting to or exercising any other right, privilege, or remedy hereby granted to it or to which it might otherwise legally resort.

SECTION 20. WAIVERS

(a) Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other default or matter. Any delay short of the statutory period of limitation in asserting or enforcing any right shall not be deemed a waiver of such right.

SECTION 21. NOTICES

(a) Any notice or demand under or required by this Agreement shall be deemed properly given by County if sent by registered mail and addressed to the Administrator, Lincoln Electric System, P.O. Box 80869, Lincoln, Nebraska 68501, and by LES if sent by registered mail and addressed to the Utilities Manager, Incorporated County of Los Alamos, P.O. Box 30, Los Alamos, New Mexico 87544. The foregoing designations of the name or address to which notices or demands are to be directed may be changed by either Party upon written notice to the other Party.

(b) Any notice or request of a routine character in connection with the delivery of Capacity and Energy, or in connection with the operation of facilities, shall be given in such manner as the authorized representatives of the Parties from time to time shall arrange.

(c) LES shall provide County with copies of minutes of committees which are created in the MBPP Agreement.

SECTION 22. SUCCESSORS AND ASSIGNS

(a) Should County desire to assign or transfer any or all interest in this Agreement to another person or entity, it shall first offer such interest to LES. If LES does not agree to accept such interest within six (6) months of notification by County of such desire, County shall be free to assign or transfer such interest to the other person or entity, but only upon written approval by LES, which approval will not be unreasonably withheld.

(b) All rights and obligations under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the respective Parties hereto but no assignment or transfer hereof shall relieve either Party from any of its obligations hereunder.

SECTION 23. AUTHORITY TO EXECUTE AGREEMENT

(a) LES and County each respectively represents and warrants that it has full power and authority to execute, perform, and carry out this Agreement, and the execution of the Agreement by it has been authorized and exercised in accordance with laws applicable to it.

IN WITNESS WHEREOF, each Party hereto has caused this Laramie River Station Participation Power Sales Agreement to be executed by its duly authorized representative on the dates below each signature, to be effective on the date first above written.

ATTEST

CITY OF LINCOLN

LINCOLN ELECTRIC SYSTEM

By: *Debra L. Kay*

By: *Walter Kinney*

Title: Asst. Secty--LES Board

Title: Administrator

Date: June 10, 1987

ATTEST



DEPARTMENT OF PUBLIC UTILITIES

INCORPORATED COUNTY OF LOS ALAMOS

By: *W. S. Covert*

By: *Jannette Wallace*

Title: County Clerk

Title: Chairman, County Council

Date: 6-25-87

By: *Paul A. Gross*

Title: Chairman, Board of Public Utilities

EXHIBIT A
TO
LARAMIE RIVER STATION
PARTICIPATION POWER SALES AGREEMENT
BETWEEN
CITY OF LINCOLN
AND
COUNTY OF LOS ALAMOS
(MONTHLY POWER COSTS)

Monthly Power Costs shall be an amount equal to the following Items (1) through (4), less any amounts previously billed and excluding Energy-Related Costs:

- (1) a) Commencing with the first monthly billing and continuing until modified under b) below or terminated under c) below, this item of Monthly Power Cost shall be \$110,132.
- b) Effective July 1, 1988 and each July 1 thereafter, this item (1) shall be adjusted upward or downward based on the amount that the Reconciliation of Owner's Investment as of the preceding December 31 as incorporated within the Project audit report is greater or lesser, respectively, than \$1,365,117,739 (Limit), by:

$$\text{Adjustment} = A \times B \times C$$

Where, A = Dollars greater or lesser than Limit.

B = Purchase Percentage as defined in this Agreement.

and C = 1.6 times the amortization rate required to service the remaining bonds outstanding for the most recent LES power supply debt issue multiplied by B1/B2 where B1 is the "Bond Buyer's Revenue Bond Index" published in The Bond Buyer and in effect on the sale date of the bonds and B2 is such Index on the adjustment date;

provided, however, County shall have the option of paying to LES their Participation Percentage share of the excess, in which event this item of Monthly Power cost shall remain \$110,132 or the then existing amount if previously adjusted under the provisions of this Section.

c) This item of Monthly Power Cost shall terminate on August 31, 2016 except as to any future amounts applicable to additional debt required to be issued by LES for the Project.

(2) The LES Entitlement Share of all operation and maintenance costs of the Project shared in proportion to entitlement shares as outlined in F-1 of Exhibit F to the MBPP Agreement.

(3) The LES Entitlement Share of the net cost of renewals and replacements or capital improvements to the Project to the extent not included in Item (1) above.

(4) The LES Entitlement Share of the net of all other costs and assessments resulting from ownership interest in the Project including, but not limited to, the Project Operating Fund, other working capital accounts and Balance Sheet Accounts.

Plus:

(5) The LES Entitlement Share of any costs, not previously included as a part of Monthly Power Costs hereunder, which have been incurred for the prevention or correction of any unusual loss or damage, to the extent such costs have not been reimbursed by the proceeds of insurance covering such loss or damage or have not been recovered from third parties.

It is the strict intent of this Agreement and this Exhibit A that County pay the Participation Percentage of all costs required to be paid to the Project by LES based upon its Entitlement Share.

Costs of Items (2) through (4) may be estimated by LES based on the approved Project budgets for a Contract Year and the monthly billings determined from such estimates to the extent actual costs cannot be determined. Any estimated costs for Items (2) through (4) will be submitted to County in a timely manner. Such estimates may be adjusted from time to time by LES to more nearly reflect actual cost.