



# County of Los Alamos

Los Alamos, NM 87544  
www.losalamosnm.us

## Agenda - Final County Council - Special Session

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Tuesday, April 10, 2018

6:00 PM

Council Chambers - 1000 Central Avenue

TELEVISED

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### JOINT SPECIAL SESSION WITH THE BOARD OF PUBLIC UTILITIES

1. CALL TO ORDER--BOARD OF PUBLIC UTILITIES
  2. PLEDGE OF ALLEGIANCE
  3. PUBLIC COMMENT
  4. APPROVAL OF BPU AGENDA
  5. BPU BUSINESS
    - A. [10640-18](#) Recommendations and Possible Action on Carbon Free Power Project (CFPP) Licensing Period Phase 1 Participation
      - Presenters:** Steve Cummins, Deputy Utilities Manager - Power Supply
      - Attachments:** [A - CFPP Resource Option Presentation 04-10-18](#)  
[B - Power Sales Contract and Budget and Plan of Finance](#)  
[C - Resolution No. 18-09](#)  
[D - Accounting Treatment of CFPP Power Sales Contract](#)
  6. PUBLIC COMMENT
  7. ADJOURNMENT--BOARD OF PUBLIC UTILITIES
- Council Special Session will begin immediately after Adjournment of BPU
8. COUNCIL OPENING/ROLL CALL
  9. PUBLIC COMMENT
  10. APPROVAL OF COUNCIL AGENDA

**11. BUSINESS**

- A.**     [10678-18](#)     Incorporated County of Los Alamos Resolution No. 18-09; A Resolution Authorizing and Approving the Carbon Free Power Project Power Sales Contract with Utah Associated Municipal Power Systems; Approving the Amended and Restated Initial Budget and Plan of Finance for the Project; and Related Matters.

**Presenters:**     Steve Cummins, Deputy Utilities Manager - Power Supply

**Attachments:**    [A - Resolution No. 18-09 Including the Power Sales Contract and Budget and Plan of Finance](#)  
                          [B - Publication Notice for Resolution No. 18-09](#)

**12. PUBLIC COMMENT****13. ADJOURNMENT--COUNCIL**

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the County Human Resources Division at 662-8040 at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes can be provided in various accessible formats. Please contact the personnel in the Office of the County Manager at 663-1750 if a summary or other type of accessible format is needed.



# County of Los Alamos

## Staff Report

April 10, 2018

Los Alamos, NM 87544  
www.losalamosnm.us

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**Agenda No.:** A.

**Index (Council Goals):** \* 2018 Council Goal – Quality Governance – Intergovernmental Relations – Strengthen Coordination and Cooperation Between County Government, LANL, and Regional and National Partners

**Presenters:** Steve Cummins, Deputy Utilities Manager - Power Supply

**Legislative File:** 10640-18

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### Title

Recommendations and Possible Action on Carbon Free Power Project (CFPP) Licensing Period Phase 1 Participation

### Recommended Action

**I move that the Board of Public Utilities approve the Carbon Free Power Project Power Sales Contract with the Budget and Plan of Finance between the Utah Associated Municipal Power Systems and the Incorporated County of Los Alamos, New Mexico and forward to the Los Alamos County Council with a recommendation to approve Resolution No. 18-09.**

### Staff Recommendation

Staff recommends that the Board approve the Power Sales Contract and the Amended Budget and Plan of Finance as presented and forward to the County Council.

### Body

**BACKGROUND:** At the recommendation of a citizen *ad hoc* committee and the direction of the BPU, the Department of Public Utilities (DPU) was tasked to continue participating in the Carbon Free Power Project (CFPP) as an option for meeting the County's power demands. The CFPP is being considered as a potential resource for replacing the County's coal generation assets and to meet a Board-approved goal for the DPU to be a carbon-neutral electrical energy provider by 2040.

Through DPU's membership with the Utah Associated Municipal Power Systems (UAMPS), staff has been following the development of the CFPP, which is a projected 600MW nuclear generating station to be built in Idaho using small modular reactor (SMR) technology. As it is being designed, the facility would house up to twelve SMRs developed by NuScale Power, each capable of generating up to fifty megawatts of electric power for a total plant capacity of 600MW. The County's share would be 8MW.

The following has been accomplished thus far:

- The County participated in the CFPP Project Study Phase and Siting Agreement (also referred to as the fatal flaw analysis). Findings - No fatal flaws were discovered in this phase, clearing the path for continued development.

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- DPU surveyed its customers on how strongly they agreed or disagreed with Los Alamos County pursuing nuclear generation. Findings - 73% of residential and 60% of commercial customers agree or strongly agree that Los Alamos should pursue nuclear generation.
  - DPU hired a third-party independent contractor to conduct an Integrated Resource Plan (IRP) to compare and weigh all of the options to serve the County's Electric Demand on a Levelized Cost of Energy (LCOE) basis, while meeting our carbon neutral goal. Findings - Solar with storage was determined to have the lowest LCOE among the options considered. The CFPP came in second at approximately 3.5% higher cost based on the \$65/MWh cap the participants have determined to be the maximum they are willing to pay. DPU is looking at a combination of these resources for a diverse portfolio.
  - Several public meetings specific to the technology, project commitments, and IRP findings have been held.
  - Board and Council members are having one-on-one meetings with our legal representative, Richard Virtue and the county attorney's office to review the terms and conditions of the Power Sales Contract.

For more background information on the project please refer to the DPU's website:  
<https://rebrand.ly/DPU-CFPP>

## RECOMMENDATION

As stated previously, DPU **staff recommends that the BPU approve the Carbon Free Power Project Power Sales Contract (PSC).**

1. **Commitment:** Should the County enter into the PSC, as DPU recommends, it is important to point out that the BPU and Council are not committing the County to participate through the construction of the CFPP; rather, the decision gives the County the ability to preserve the option to participate in this project if further development demonstrates the prudence of doing so.
2. **Reimbursement:** In the immediate development term, during the first \$6 million of additional development costs for the project, the amount expended by UAMPS (approximately \$1.5 million after DOE and NuScale cost sharing) will be subject to 100% reimbursement if the UAMPS Project Management Committee (PMC) votes to terminate the project. (Note, DPU has a voting representative on the PMC.) The \$6 million cap is expected to be reached in the first quarter of 2019.

Upon the effective date as per Article II of the PSC, UAMPS will focus its efforts over the next year to subscribe 100% of the project capacity and to secure additional cost sharing from DOE for the completion of the combined construction and operating license application.

Based on the level of subscription and any additional cost sharing secured during this period, the PMC through a majority vote of the participating members will decide whether

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to proceed with the development of the project or terminate and seek reimbursement.

If Los Alamos County makes a unilateral decision to exit the project when the \$6 million cap is reached and the PMC, through a majority vote, decides to continue on with the project without Los Alamos, then the County's out-of-pocket cost ranges from \$0 to a maximum of \$80,000.

If the PSC is approved, staff will provide updates to the Board and Council periodically over the next year as we approach the \$6 million spending cap to ensure there is sufficient time for discussion prior to the next decision point.

### **Alternatives**

DPU will continue to look at the alternatives to meet the County's electrical energy demands.

### **Fiscal and Staff Impact**

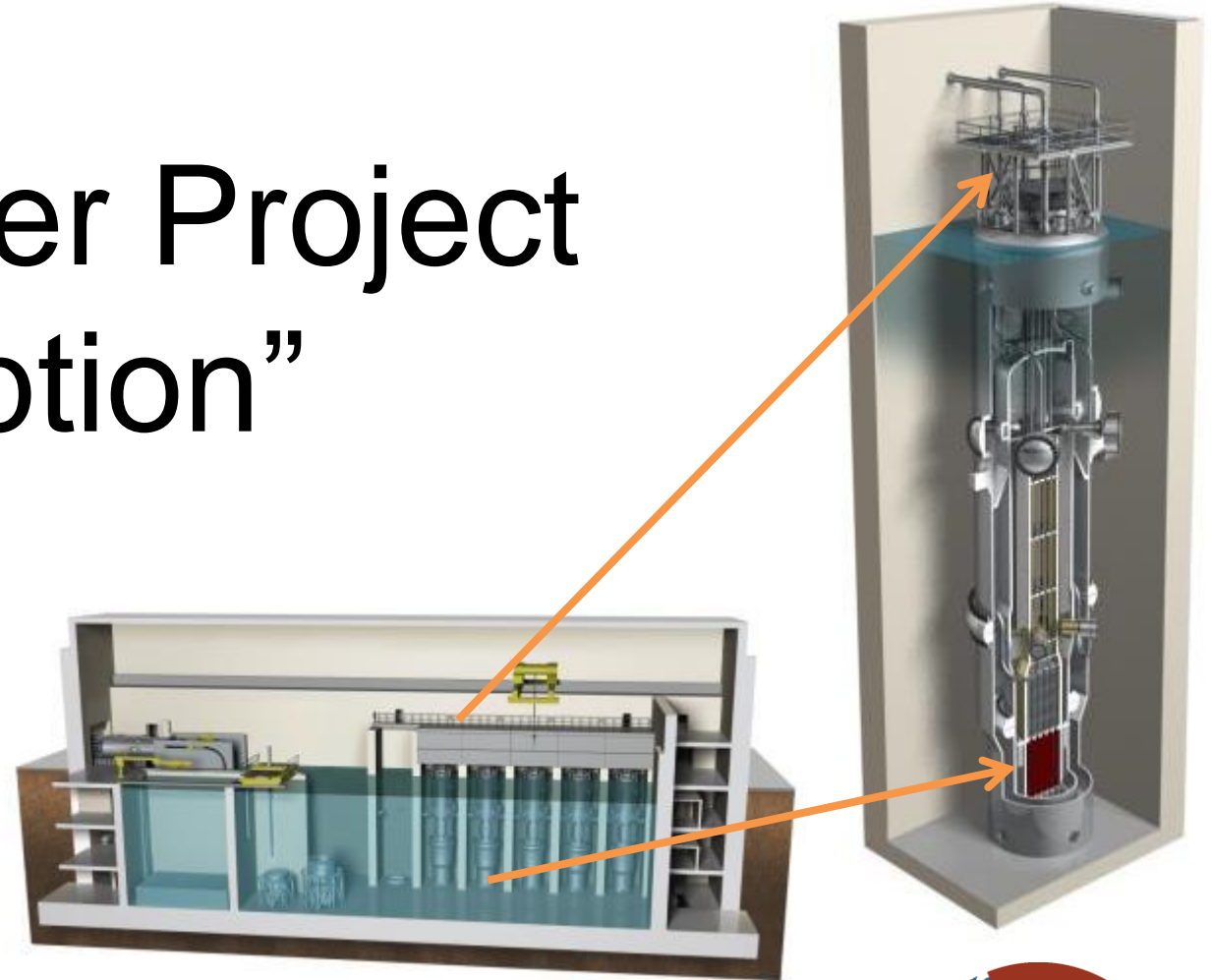
The maximum cost exposure for the County, if we choose to exit the project at the next decision point, is \$80,000. If the County chooses to participate further into the project, the fiscal impact increases as described in the attachments. The total County share is currently estimated to be approximately \$56 million if we stay in the project through construction completion. That cost would be financed by the project and the County would be repaying it as part of the purchase price of the power. The obligation to pay using electric system revenue may be viewed by bond rating agency and underwriters as a debt equivalency that could have some impact on future potential debt issues and related rating as described in the Accounting Treatment memo. Researching new or replacement generation resources is part of staffs' normal duties.

### **Attachments**

- A - CFPP Resource Option Presentation 04-10-18
- B - Power Sales Contract and Budget and Plan of Finance
- C - Resolution No. 18-09
- D - Accounting Treatment of CFPP Power Sales Contract

# Carbon Free Power Project Resource “Option”

April 10, 2018  
Joint Board of Public Utilities  
and County Council



# High-Level Overview

- UAMPS
- Who Are the Stakeholders
- PMC
- What we want to Accomplish this next year
- First-Of-A-Kind Risk Mitigation
- Take or Pay Contracts
- CFPP Benefits
- Decision points & dollars



46 municipal-owned utilities

- Join together through UAMPS to leverage capital, resources to be competitive (stronger by number).

Resource  
Projects

## Carbon Free Power Project

- 32 project participants / Owners
- Have control of the CFPP (voting)

Transmission

Government  
& Public Affairs

Generation  
Projects

Member  
Services

Power  
Scheduling



# Who are the Stakeholders?



Utah Associated Municipal Power Systems



- Project developer / owner of the CFPP
- 46 municipal-owned utilities
- Join together through UAMPS to leverage capital, resources to be competitive (stronger by number).

## FLUOR

Global Engineering and Construction Company  
UAMPS to contract with Fluor to construct the CFPP facility

Fluor is parent company of NuScale  
One of the largest, publicly-traded companies



- Developer of new SMR technology



## Energy Northwest

- Energy Northwest to operate the facility
- Joint operating agency, similar to UAMPS
- Owns and operates the Columbia Generating Station (Nuclear facility in Washington State)



## Department of Energy



## Project Management Committee (PMC)

CFPP participants make up the PMC

- PMC members are just like DPU
  - Small municipal-owned utilities
  - Similar values and goals
  - Risk averse – e.g. the PMC voted to create the new “off-ramp” in March 2019 at the \$6 million cap – mitigate unknowns.
- PMC members have one vote and a weighted vote based on shares for super majority decisions.

# What We Want to Accomplish This Next Year



- will continue to mitigate the risks
- will continue to seek cost sharing and plant subscription
- will pursue federal facility participation (LANL, SNL, INL.....)



April 2018

- will have more clarity on a post 2025 Electric Coordination Agreement

March 2019



- will have more clarity on how LANL can participate in the CFPP
- DOE-WAPA will have more clarity on how DOE/DOD facilities can participate in the CFPP

The participants expect to gain more information to make a more informed decision on continuing Licensing Phase 1



# First-Of-A-Kind Risk Mitigation

- Comprehensive Testing of FOAK components
- Phased approach with off ramps
- DOE and NuScale cost share (existing and “New”)
- NuScale relationships with DOE & NRC
- DOE/UAMPS negotiating lease of first two modules “JUMP”
- LAC/UAMPS working with DOE/LANL and Western Area Power Administration on Power Purchase Agreements



RISK

# First-Of-A-Kind

1/3 Scale Prototype and full scale critical component testing



NuScale Integral System Test (NIST-1) facility located at Oregon State University in Corvallis, Oregon



Critical Heat Flux testing at Stern Laboratories in Hamilton, Ontario Canada



Helical Coil Steam Generator testing at SIET SpA in Piacenza, Italy



# Take or Pay Contracts

Take or Pay provisions are typical with all are existing resources

- San Juan Generating Station
- Abiquiu and El Vado Hydroelectric Plants
- Laramie River Station

DPU portfolio mix is diversified (San Juan, Laramie, Hydros, PV, Market).

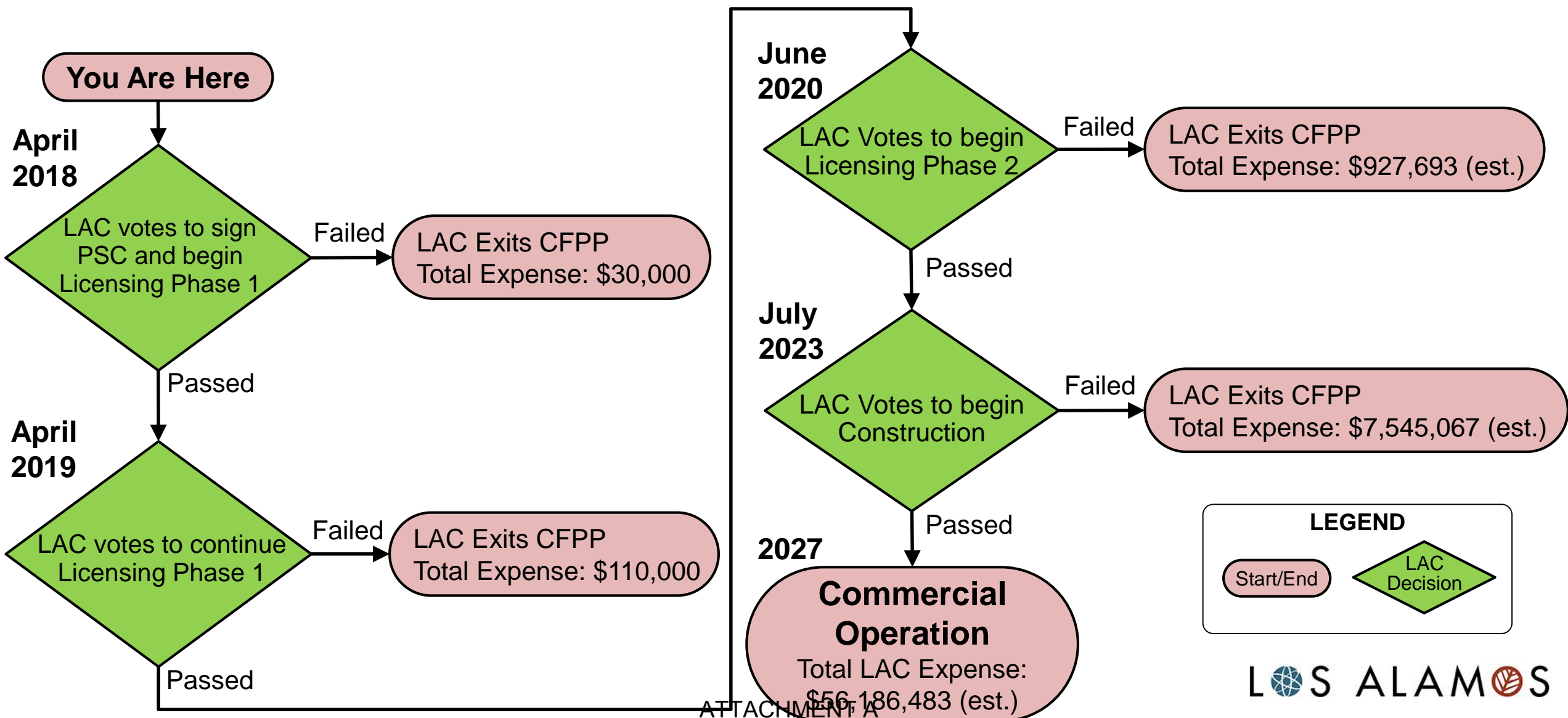
- Stability thru blended costs of diverse portfolio
- DPU has always kept retail electric rates competitive (per charter)

# CFPP Benefits

- County in control of its resource (owner/participant through UAMPS)
- Meets community desires for clean energy
- Meets carbon neutral goal for 2040
- Allows County to replace power lost when San Juan shuts down
- Is base load power – will compliment additional renewable energy DPU plans to add to the portfolio mix
- When debt service is paid off, County enjoys low-cost, reliable, clean energy

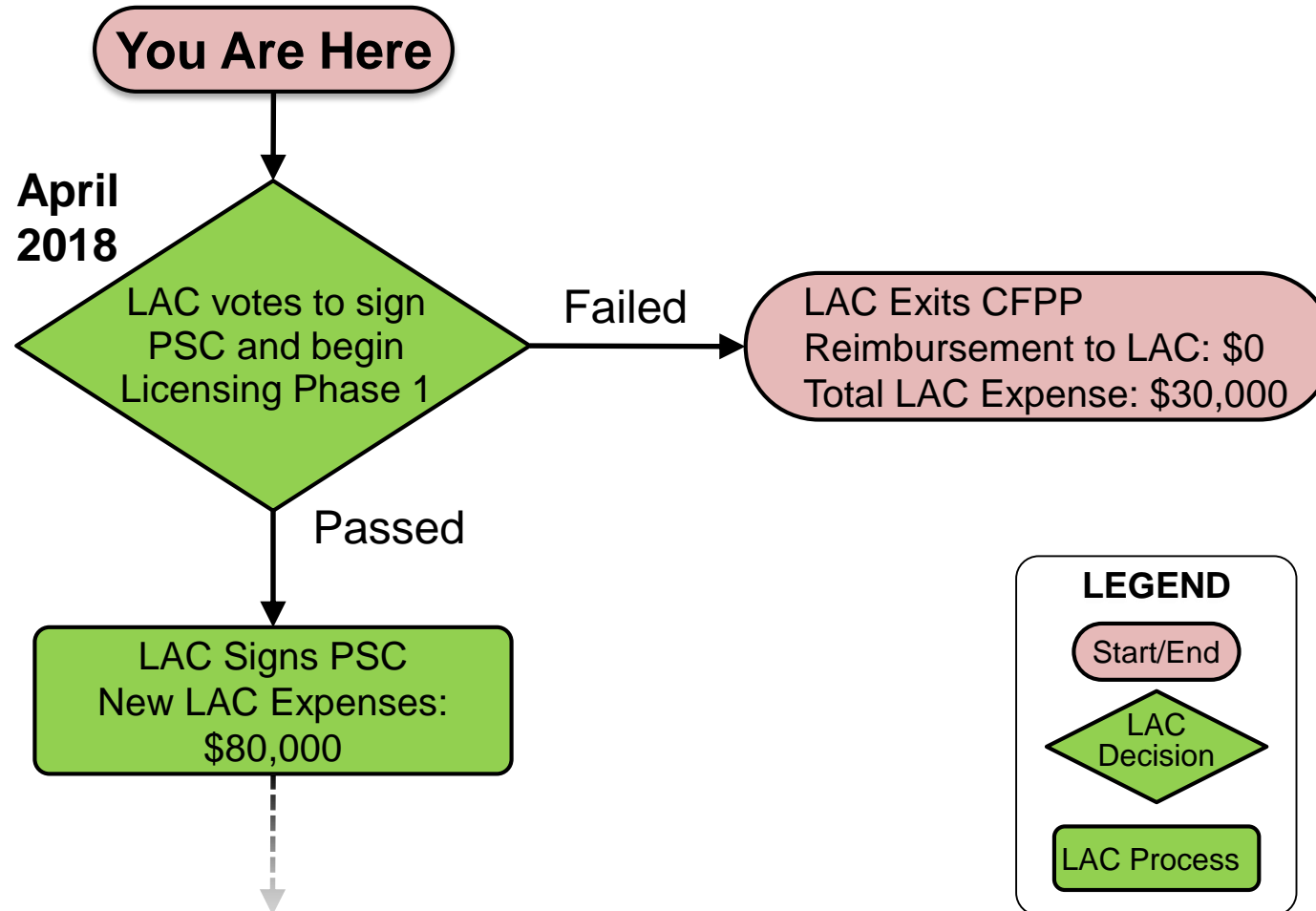


# LAC Decision Points





# Licensing – Phase 1

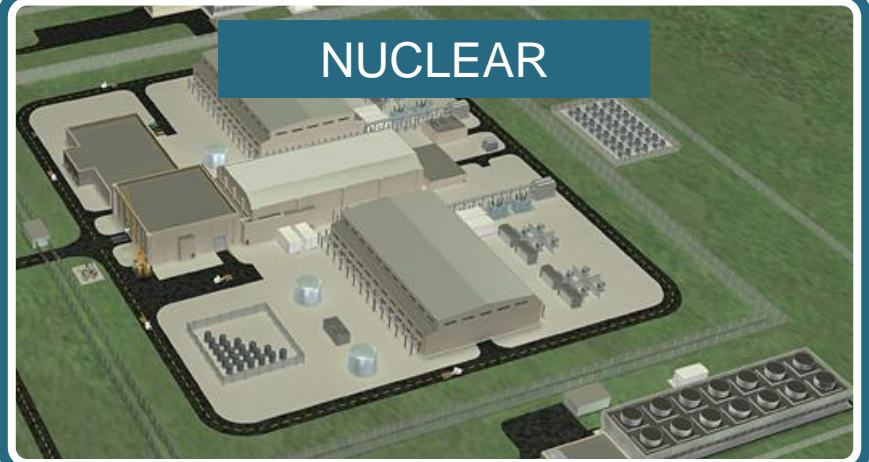


# Carbon Free Power Diversity

WIND & SOLAR



NUCLEAR



STORAGE



HYDROELECTRIC



# Questions ?



**FLUOR**



LOS ALAMOS



LOS ALAMOS NATIONAL LABORATORY



Energy Northwest



Department of Energy

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**CARBON FREE POWER PROJECT  
POWER SALES CONTRACT**

BETWEEN

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

AND

**INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO**

DATED AS OF APRIL 1, 2018

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Incorporated County of Los Alamos Resolution No. 18-09

ANNEX A

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**CARBON FREE POWER PROJECT  
POWER SALES CONTRACT**

This CARBON FREE POWER PROJECT POWER SALES CONTRACT made and entered into as of April 1, 2018, is by and between UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS, a political subdivision of the State of Utah ("*UAMPS*") and the Incorporated County of Los Alamos, a political subdivision organized under the laws of the State of New Mexico (the "*Participant*").

**RECITALS:\***

WHEREAS, UAMPS was organized by the Members under the Act and the Joint Action Agreement as a separate legal entity to accomplish the Members' joint and cooperative action, including securing power supply and transmission resources for the Members' present and future needs;

WHEREAS, UAMPS is organized as an energy services interlocal entity under the Act with the power, among other things, to (i) acquire supplies of electric power and energy by the acquisition or construction of electric generation and transmission facilities or by contracting for the purchase of electric power and energy and (ii) enter into contracts for the sale of the output, services and other benefits provided by such facilities or contracts to public agencies and others inside or outside the State of Utah;

WHEREAS, in order to develop a long-term source of reliable, cost-effective electricity with low or zero-carbon emissions for the benefit of its participating Members and other purchasers, UAMPS has examined and is continuing to examine the feasibility of an electric generating project to be known as the "Carbon Free Power Project," a small modular reactor generating facility to be located at the site determined under the Site Use Permit;

WHEREAS, UAMPS will continue with its examination of the feasibility and development of the Project and, if the Project Management Committee determines the Project to be feasible, UAMPS will proceed to acquire, construct, operate, retire and decommission the Project and sell Electric Energy from the Project to the Participant pursuant to this Contract and to the other Participants pursuant to other Power Sales Contracts substantially similar to this Contract;

WHEREAS, in order to finance the Cost of Acquisition and Construction, UAMPS will issue Bonds that are special and limited obligations of UAMPS, payable solely from a pledge of the revenues derived by UAMPS from the payments to be made by the Participants under the Power Sales Contracts and other amounts pledged pursuant to the Financing Documents;

WHEREAS, the Participant desires to enter into this Contract in order to participate in the development of the Project and to obtain a long-term, cost-based supply of carbon-free Electric Power, Electric Energy and any associated Environmental Attributes by the acquisition of an Entitlement Share pursuant to the terms and conditions of this Contract; and

\* Capitalized terms used and not defined in the recitals have the meanings assigned to them in Section 1.



WHEREAS, UAMPS and the Participant are duly authorized under applicable provisions of law, to execute, deliver and perform this Contract and their respective governing bodies have taken all necessary actions and all Required Approvals have been obtained in order to constitute this Contract as the legal, valid and binding obligation of the parties.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties to this Contract as follows:

## ARTICLE I

### DEFINITIONS AND RULES OF CONSTRUCTION

*Section 101. Definitions.* As used in this Contract and in the recitals set out above:

*“Act”* means the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended, and other applicable provisions of law.

*“Additional Bonds”* means additional Bonds from time to time issued by UAMPS pursuant to the Financing Documents and in accordance with Section 607.

*“Additional Facilities”* means capital additions, betterments and replacements and other capital facilities directly and functionally related to the Project, whether located at the Project site or another site, all as approved by the Project Management Committee. Additional generating units that are not undertaken as Additional Facilities may be undertaken as a separate phase or phases of the Project as provided in Section 508.

*“Annual Budget”* means the budget adopted by UAMPS for each Contract Year pursuant to the provisions of Section 801.

*“Authorized Officer of UAMPS”* means the Chairman or Vice-Chairman of the Board, or the Secretary, Treasurer, General Manager, or other officer or employee of UAMPS authorized or having delegated authority to perform specific acts or duties under the Power Sales Contracts by resolution duly adopted by the Board.

*“Billing Period”* means such period of time as shall be established from time to time by UAMPS for the preparation, calculation and billing of the amounts payable by the Participant hereunder.

*“Board”* means the Board of Directors of UAMPS or such other governing body of UAMPS as may be established from time to time pursuant to the Joint Action Agreement and the Act. All actions or determinations by the Board with respect to the Project shall be taken or made upon the recommendation of the Project Management Committee as and to the extent provided in the Joint Action Agreement.

## ATTACHMENT B

Incorporated County of Los Alamos Resolution No. 18-09

ANNEX A

*“Bond Counsel”* means a firm of attorneys of recognized standing in matters relating to the tax status of municipal bonds, experienced in matters relating to public power systems and selected by UAMPS.

*“Bond Fund”* means, collectively, the funds and accounts created by the Financing Documents for the payment of and reserves for debt service on Bonds.

*“Bonds”* means (i) bonds, notes, commercial paper, repayment obligations under loan agreements and lines of credit, and other debt obligations issued or incurred from time to time by UAMPS pursuant to the Financing Documents to finance the Cost of Acquisition and Construction, regardless of whether such bonds, notes and other obligations are senior or subordinated obligations, (ii) the repayment obligations of UAMPS or a Special Purpose Entity under any DOE-Guaranteed Loan, and (iii) Additional Bonds and Refunding Bonds.

*“Budget and Plan of Finance”* means the comprehensive budget and plan of finance for the Development Costs, the Construction Costs and other items of the Cost of Acquisition and Construction approved from time to time by the Project Management Committee, together with proposed financing arrangements for Development Costs during the Licensing Period and Construction Costs during the Construction Period, all as more fully described in Section 601.

*“Capital Contribution”* means (i) a capital contribution in respect of the Development Costs of, or the Cost of Acquisition and Construction of, the Initial Facilities that is paid to UAMPS by the Participant pursuant to Section 603 and (ii) a capital contribution paid to UAMPS in connection with the issuance of Additional Bonds or Refunding Bonds as authorized by the Project Management Committee pursuant to Section 603(g).

*“Capital Contribution Percentage”* means with respect to each series of Bonds, a percentage calculated by UAMPS obtained by dividing (i) the dollar amount of the Capital Contribution made by the Participant, by (ii) the Reference Project Costs, all as more fully provided in Section 603.

*“Code”* means the Internal Revenue Code of 1986, as amended. References herein to the Code include all corresponding and applicable U.S. Treasury Regulations.

*“Commercial Operation”* means, with respect to the Initial Facilities, the date on which the Initial Facilities (i) have been substantially completed pursuant to the EPC Contract and any other Construction Agreements, including the satisfaction of all required performance tests thereunder, (ii) are capable of continuous firm operation, (iii) are interconnected and synchronized with, and capable of delivering Electric Energy to, the transmission grid, (iv) have received all Permits and Approvals required for their operation, and (v) meet such additional requirements as may be established by the Project Management Committee; *provided that* the Project Management Committee may make Commercial Operation determinations with respect to individual generating units as provided in Section 301(f). The criteria and standards for the Commercial Operation of any Additional Facilities shall be developed by UAMPS and submitted to the Project Management Committee for its review and approval.

*“Commercial Operation Date”* means, with respect to the Initial Facilities and any Additional Facilities, the date on which all of the Initial Facilities and any Additional Facilities achieve Commercial Operation, as determined by the Project Management Committee.

*“Commercially Reasonable”* or *“Commercially Reasonable Efforts”* means, with respect to any action required to be made, attempted or taken by a party under this Contract or one of the Project Agreements, such efforts as a reasonably prudent business would undertake, consistent with Prudent Utility Practice and the past practices of such party, for the protection of its own interest under the conditions affecting such action, including the amount of notice of the need to take such action, the duration and type of the action, the competitive environment in which such action occurs, the terms and provisions of the Project Agreements and the Financing Documents, the contractual and legal obligations of, and the risk to, such party in connection with such action; *provided, however*, an obligation to act in a “Commercially Reasonable” manner or to exercise “Commercially Reasonable Efforts” does not include taking actions that would, individually or in the aggregate, cause the party subject to such obligation to incur costs, or suffer any other detriment, that is out of reasonable proportion to the benefits to the other party under this Contract or the Project Agreements.

*“Completion of Development”* means, with respect to the Initial Facilities (i) the completion of all Development Work, (ii) the receipt of the COL and all other Permits and Approvals necessary for the construction and operation of the Project, (iii) the completion of definitive forms of the principal Construction Agreements for the Initial Facilities, (iv) the completion of the definitive Budget and Plan of Finance for the Cost of Acquisition and Construction of the Initial Facilities, and (v) a determination by the Project Management Committee that the Project is feasible and that the construction of the Initial Facilities should proceed, all as more fully described in Section 505.

*“Construction Agreement”* means the EPC Contract and each other contract or agreement providing for the acquisition or construction of any part of the Initial Facilities and any Additional Facilities, including all design, engineering, procurement and construction agreements.

*“Construction and Operating License”* or *“COL”* means a combined construction and operating license issued with respect to the Project by the NRC.

*“Construction and Operating License Application”* or *“COLA”* means the application for the COL submitted to the NRC by or on behalf of UAMPS.

*“Construction Costs”* means all of the Cost of Acquisition and Construction of the Initial Facilities incurred during the Construction Period.

*“Construction Period”* means the period beginning on the date that the Project Management Committee determines that the Completion of Development has occurred and ending on the Commercial Operation Date.

*“Contract”* means this Carbon Free Power Project Power Sales Contract dated as of April 1, 2018, between UAMPS and the Participant and any amendments permitted pursuant to Section 1104.

*“Contract Resolution”* means the resolution of the Participant’s governing body approving and authorizing the execution of this Contract and approving the initial Budget and Plan of Finance, in substantially the form attached to EXHIBIT III.

*“Contract Year”* means the Fiscal Year, except that the first Contract Year shall begin on the Effective Date and shall end on the last day of the then-current Fiscal Year. In the event that UAMPS changes its Fiscal Year for accounting purposes, the Contract Year shall, without further action, be amended to conform to such Fiscal Year.

*“Contractor”* means, collectively, NuScale and Fluor Enterprises.

*“Cost of Acquisition and Construction”* means all costs and expenses paid or incurred by UAMPS in connection with the acquisition and construction of the Initial Facilities and any Additional Facilities, whether paid or incurred prior or subsequent to the Effective Date, including all Development Costs incurred by UAMPS. *“Cost of Acquisition and Construction”* includes all costs incurred by UAMPS in connection with the planning, designing, acquisition, construction and placing in operation the Initial Facilities, any Additional Facilities and amounts paid or payable under the Construction Agreements. As and to the extent properly allocable to the Project at any time, but without duplication of any item, *“Cost of Acquisition and Construction”* also includes:

- (i) payments to UAMPS or any Participant to reimburse advances and payments made or incurred for costs preliminary or incidental to the development, acquisition or construction of the Initial Facilities or any Additional Facilities;

- (ii) planning and development costs; engineering and contractors’ fees; fiduciaries’, auditors’ and accountants’ fees; costs of obtaining all Permits and Approvals; the cost of real property, labor, materials, equipment, supplies, training and testing costs; insurance premiums and other costs of insuring the Project; legal, financial advisory, financing and Bond issuance costs; amounts payable under the Project Agreements during or in connection with the acquisition or construction of the Initial Facilities or any Additional Facilities; administrative and general costs; costs relating to the interconnection of the Project; and all other costs properly allocable to the acquisition or construction of the Initial Facilities or any Additional Facilities or placing the same in operation;

- (iii) interest on Bonds for such period as may be reasonably necessary for placing the Initial Facilities or any Additional Facilities in operation in accordance with the provisions of the Financing Documents;

- (iv) the payment of principal or redemption price of and interest on any Bonds issued as bond anticipation notes;

(v) working capital and reserve requirements of the Project, including amounts for deposit into the Reserve and Contingency Fund, and reserves for Operation and Maintenance Costs and Decommissioning Costs, in each case as may be required by the Financing Documents or otherwise approved by the Project Management Committee;

(vi) deposits into the Bond Fund and any other fund or account required to be funded by the Financing Documents;

(vii) all costs relating to litigation, claims or judgments not otherwise covered by insurance and arising out of the acquisition, construction or operation of the Project or otherwise related to the Project, the Project Agreements, the Power Sales Contracts or the transactions contemplated thereby;

(viii) federal, state and local taxes or payments in lieu of such taxes relating to the Project and incurred during the period of the acquisition or construction thereof; and

(ix) all other costs incurred by UAMPS, and properly allocable to the acquisition and construction of the Project, including all costs financed by the issuance of Additional Bonds.

*“Debt Service Costs”* means, for each Billing Period of each Contract Year, an amount calculated or estimated in accordance with the Financing Documents equal to the sum of:

(i) the interest accruing on Bonds, except to the extent that amounts are on deposit under the Financing Documents to pay such interest, together with any other amounts required by the Financing Documents to be deposited into the Bond Fund in respect of the interest payments on the Bonds;

(ii) the portion of the next due principal installment accruing on Bonds, together with any other amounts required by the Financing Documents to be deposited into the Bond Fund in respect of the principal payments on the Bonds; *provided, however*, that the amount included in Debt Service Costs pursuant to this clause (ii) shall not include the principal of Bonds becoming due and payable solely as a result of the acceleration of the maturity thereof;

(iii) the amounts payable during such Billing Period under any Interest Rate Contract, including amounts payable as a result of the termination of an Interest Rate Contract;

(iv) any amounts required by the Financing Documents to be deposited into the Bond Fund to meet or replenish debt service reserve requirements for Bonds;

(v) Trustee, paying agent, escrow agent and other fiduciaries’ fees and expenses payable under the Financing Documents; fees and expenses of remarketing agents, broker-dealers, auction agents and others providing services with respect to Bonds; and

(vi) the amounts required to be paid to maintain any credit or liquidity facilities for and ratings on the Bonds, including maintenance fees and other amounts payable under any DOE-Guaranteed Loan and other costs payable by UAMPS from time to time in connection with the Bonds;

*provided, however*, that the additional interest expense on or in respect of any Bonds that are subject to federal income taxation (and not eligible for tax credits or interest subsidy payments) may, as determined by the Project Management Committee pursuant to Section 602(d), be allocated to those Participants whose legal status or use of the Project Capability or the Project Output adversely affects the Tax Status of such Bonds. In the event of such allocation, the Debt Service Costs payable by such Participants shall be increased to include amounts sufficient to pay any such additional interest expense.

*“Debt Service Percentage”* means, with respect to each Participant and as of any date of determination, the percentage obtained by subtracting the Participant’s Capital Contribution Percentage from the Participant’s Entitlement Share. The Participant’s initial Debt Service Percentage is set forth on SCHEDULE I. The Debt Service Percentages for the Participants may be calculated separately for each separate series of Bonds.

*“Debt Service Share”* means, with respect to each Participant and as of any date of determination, the percentage of Debt Service Costs payable by the Participant, determined by dividing the Participant’s Debt Service Percentage (expressed as a decimal) by the sum (expressed as a decimal) of the Debt Service Percentages of all Participants, including the Participant whose Debt Service Share is being determined. The Participant’s initial Debt Service Share is set forth on SCHEDULE I. The Debt Service Shares for the Participants may be calculated separately for each separate series of Bonds.

*“Decommission”* means all actions necessary to safely retire and remove the Project from service, restore the Project Site and comply with the requirements of the Site Use Permit, satisfy the decommissioning requirements of the Permits and Approvals and satisfy all regulatory requirements of the NRC and other regulatory agencies having jurisdiction over the decommissioning of the Project.

*“Decommissioning Costs”* means the costs and expenses of Decommissioning the Project.

*“Decommissioning Fund”* means the fund or funds established by UAMPS for the payment of Decommissioning Costs as provided in Section 711.

*“Decommissioning Period”* means the period beginning at the end of the Operating Period and continuing to the date on which the Project has been Decommissioned and all Decommissioning Costs have been paid.

*“Development Agreement”* means the Development Agreement to be entered into by UAMPS and the Contractor which shall, among other things, provide for:

(i) the provision by the Contractor of estimating, design and engineering services with respect to the Initial Facilities to the point in time when the EPC Contract is finalized and executed pursuant to task orders mutually agreed to by UAMPS and the Contractor;

(ii) the performance of an economic competitiveness test at certain milestones with respect to the projected levelized cost of energy from the Initial Facilities;

(iii) the ability of each of UAMPS and the Contractor to terminate the Development Agreement upon certain circumstances set forth therein, including the ability of UAMPS to terminate the Development Agreement upon a failure of the economic competitiveness test;

(iv) the obligation of the Contractor to reimburse some or all of the Development Costs incurred by UAMPS in the event that (A) UAMPS elects to terminate the Project upon a failure of the economic competitiveness test or for cause or (B) the Contractor elects to terminate the Development Agreement for its convenience, such reimbursement being in the amounts and paid at the times provided for in the Development Agreement; and

(v) upon a termination of the Development Agreement by UAMPS upon a failure of the economic competitiveness test or for its convenience, the right of the Contractor to acquire the Development Work and all assets comprising the Project from UAMPS and to develop a small modular reactor project at the Project site for the consideration set forth in the Development Agreement.

*“Development Cost Share”* means, with respect to each Participant and as of any date of determination, the percentage of Development Costs payable by the Participant during the Licensing Period, determined by dividing the Participant’s Entitlement Share (expressed as a decimal) by the sum (expressed as a decimal) of the Entitlement Shares of all Participants, including the Participant whose Development Cost Share is being determined. The Participant’s initial Development Cost Share is set forth on SCHEDULE I, and shall be adjusted from time to time to account for (i) increases or reductions in the Participant’s Entitlement Share elected by the Participant, (ii) increases or reductions in the Entitlement Shares of, and as elected by, other Participants, (iii) withdrawals by other Participants pursuant to Section 204 of the Power Sales Contracts, (iv) the Entitlement Shares of power purchasers that execute Power Sales Contracts and become Participants after the Effective Date of this Contract, and (v) transfers of Entitlement Shares pursuant to Section 1003.

*“Development Costs”* means all costs, fees and expenses incurred by UAMPS in performing the Development Work, including (i) costs, fees and expenses previously incurred by UAMPS pursuant to the Study Phase Siting Agreement, (ii) the amounts payable to the Contractor under the Development Agreement (other than amounts financed with the proceeds of Special Obligations), and (iii) pre-construction costs approved by the Project Management Committee, including deposits, advance payments and prepayments for items of the Cost of Acquisition and Construction of the Initial Facilities.

*“Development Work”* means the development work and services described in Section 502.

*“DOE Cost Share Agreement”* means, collectively, (i) the Assistance Agreement, Award No. DE-NE0008369, effective August 11, 2015, from the U.S. Department of Energy, Office of Nuclear Energy to NuScale, (ii) the Subaward Agreement dated December 21, 2015 between UAMPS and NuScale, and (iii) the Agreement for a Cost Sharing Option associated with the Siting and Licensing of a Small Modular Reactor dated December 21, 2015 between UAMPS and NuScale.

*“DOE-Guaranteed Loan”* means, collectively, (i) any loan made to or for the benefit of UAMPS to finance some or all of the Cost of Acquisition and Construction the repayment of which is guaranteed by the U.S. Department of Energy pursuant to Title XVII of the Energy Policy Act of 2005, and (ii) the guaranty, the security agreements and other instruments relating to the DOE-Guaranteed Loan.

*“Effective Date”* means the date on which (i) this Contract has been executed and delivered to UAMPS by the Participant, (ii) all Required Approvals have been obtained, and (iii) this Contract has been executed by UAMPS (A) upon the declaration of the Effective Date by the Project Management Committee as provided in Section 201 or (B) in the event this Contract is executed by the Participant subsequent to such declaration, upon the approval of this Contract by the Project Management Committee.

*“Electric Power”* means electric power expressed in kilowatts (kW).

*“Electric Energy”* means electric energy expressed in kilowatt-hours (kWh).

*“Entitlement Share”* means the Participant’s entitlement (expressed as a percentage) to a portion of Project Capability and any Environmental Attributes as set forth on SCHEDULE I, as the same may be increased or reduced pursuant to Section 301 or increased pursuant to Section 1003.

*“Environmental Attributes”* means all environmental and carbon free energy allowances, benefits, certificates, credits, offsets or reductions resulting from the generation of renewable or carbon free energy and the resulting displacement of conventional energy generation. Environmental Attributes include avoided emissions of carbon dioxide, methane, sulfur oxides, nitrogen oxides, carbon monoxide, particulate matter or any other gas recognized as a greenhouse gas or gas, solid or liquid recognized as a source of air, water or soil pollution. Units of Environmental Attributes shall be allocated to the Participants under standards and procedures approved by the Project Management Committee or otherwise utilized as provided in Section 707.

*“EPC Contract”* means the contract or agreement between UAMPS and the Contractor with respect to the engineering, procurement and construction of the Initial Facilities.

*“Excess Power Sales Agreement”* means a power sales agreement between UAMPS and a power purchaser for the sale of Project Capability that has not been sold to the Participants under the Power Sales Contracts. The power purchaser under an Excess Power Sales Agreement shall not be considered to be a Participant for any purpose under the Power Sales Contracts.



*“Financing Documents”* means (i) the bond resolution, indenture, trust agreement or other instrument or instruments providing for the issuance of and the security for Bonds and all amendments thereof and supplements thereto, and (ii) the loan agreement, guaranty agreement, security agreement, and other instruments relating to any DOE-Guaranteed Loan.

*“Fiscal Year”* means the annual accounting period of UAMPS as from time to time in effect, initially a period commencing on April 1, of each calendar year and ending on March 31 of the next succeeding calendar year.

*“Fluor Enterprises”* means Fluor Enterprises, Inc., a wholly-owned subsidiary of Fluor Corporation, and its permitted successors and assigns.

*“Fuel Supply Agreement”* means each contract for the acquisition, processing, design, fabrication, transportation, delivery, reprocessing, storage and disposal of nuclear material required as fuel for the operation of the Project, including any prepayment and hedging transactions relating to such fuel.

*“Initial Facilities”* means the complete modular reactor generating station, generating units, transmission facilities, fuel and water handling and storage facilities and related facilities comprising the initial Project, together with all real and personal property, facilities, structures, improvements and equipment to be acquired and constructed in connection therewith, all as approved by the Project Management Committee. A description of the Initial Facilities shall be attached as EXHIBIT I to this Contract.

*“Interconnection Agreement”* means each agreement providing for the interconnection of the Project with the facilities of a transmission provider and all supplements and amendments thereto, together with any successor or replacement agreement providing for the interconnection of the Project with the transmission grid.

*“Interest Rate Contract”* means an International Swap Dealers Association, Inc. (ISDA) Master Agreement, together with the schedules and confirmations thereto, or any comparable agreement entered into by UAMPS with respect to Bonds pursuant to the provisions of the State Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

*“Joint Action Agreement”* means the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action dated March 20, 2009, as amended and supplemented from time to time.

*“Joint Ownership Agreement”* means (i) an agreement under which UAMPS and another entity own the Project or a portion thereof as tenants in common, (ii) agreements between UAMPS and another person or persons for the organization and operation of a Special Purpose Entity, and (iii) any other form of joint ownership arrangement approved by the Project Management Committee.

*“Lay-Off Power Sales Agreement”* means a power sales agreement between UAMPS and a power purchaser for the sale of Project Capability that has been sold to one or more Participants

under the Power Sales Contracts. The power purchaser under a Lay-Off Power Sales Agreement shall not be considered to be a Participant for any purpose under the Power Sales Contracts.

*“Licensing Period”* means the period beginning on the Effective Date and ending on the date that the Project Management Committee determines that the Completion of Development has occurred, all as more fully described in Section 502.

*“Members”* means, collectively, the parties to the Joint Action Agreement.

*“Month”* means a calendar month.

*“Notice of Reduction”* means a notice delivered to UAMPS by the Participant of its election to reduce its Entitlement Share as provided in Section 301(d), such notice to be in the form attached hereto as EXHIBIT VIII.

*“Notice of Withdrawal”* means a notice delivered to UAMPS by the Participant of its election to withdraw from the Project as provided in Section 204(a), such notice to be in the form attached hereto as EXHIBIT VII.

*“NPM Prepayment Agreement”* means an agreement under which UAMPS makes a prepayment or an advance payment for the cost of acquisition of one or more of the nuclear power modules to be included in the Project.

*“NRC”* means the U.S. Nuclear Regulatory Commission and any successor federal agency having regulatory jurisdiction over the construction and operation of the Project.

*“NuScale”* means NuScale Power, LLC and its permitted successors and assigns.

*“Operating Agreement”* means any agreement providing for the operation and maintenance of all or any portion of the Project.

*“Operating Period”* means the period beginning on the Commercial Operation Date and continuing to the date on which the Project is retired and removed from service.

*“Operation and Maintenance Costs”* means, with respect to each Billing Period, all costs and expenses (other than Transmission Costs and Debt Service Costs) attributable to the Project that are paid, payable, incurred or accrued by UAMPS during each Billing Period resulting from the ownership, operation, maintenance, Decommissioning and termination of, and repairs, renewals, replacements, additions, improvements, and betterments and modifications to, the Project, including amounts payable by UAMPS under the Project Agreements.

Without limiting the generality of the foregoing (it being the intention and understanding of UAMPS and the Participants that “Operation and Maintenance Costs” shall include all of UAMPS costs with respect to the Project other than Transmission Costs, Debt Service Costs and the Cost of Acquisition and Construction financed with Bond proceeds), but without duplication of any item of cost, Operation and Maintenance Costs include:

(i) the costs of operating and maintaining the Initial Facilities and any Additional Facilities and of producing and delivering Electric Power and Electric Energy to the Point of Delivery during such Billing Period, including the operation and maintenance expenses of the Project and fees, expenses, incentives and other amounts payable under the Operating Agreement and the other Project Agreements and relating to the operation and maintenance of the Project;

(ii) any amount which UAMPS may be required during such Billing Period to pay for the prevention or correction of any unusual loss or damage or for renewals, replacements, repairs, additions, improvements, modifications and betterments which arise out of or are required by the Project Agreements for which UAMPS shall be obligated, and amounts necessary to fund or replenish reserves therefor, but only to the extent not funded by Bonds or Capital Contributions;

(iii) legally required federal, state and local taxes, including gross receipts taxes and ad valorem taxes or payments in lieu of ad valorem taxes, in each case related to the Project;

(iv) the Cost of Acquisition and Construction of Additional Facilities, but only to the extent (A) not paid or financed with Bond proceeds and (B) approved to be paid by the Project Management Committee as an item of Operation and Maintenance Costs;

(v) Decommissioning Costs and amounts for deposit into the Decommissioning Fund;

(vi) the portion of UAMPS' administrative and general expenses allocable or directly charged to the Project, working capital and reserves for the payment of operation and maintenance expenses, and all other costs and expenses (but excluding depreciation) not included in the costs specified in the other items of this definition and properly chargeable to the Project;

(vii) amounts to be deposited into the Reserve and Contingency Fund established pursuant to Section 708;

(viii) legal, engineering and accounting fees and expenses, the cost of any litigation related to the Project, the Project Agreements, the Power Sales Contracts and the interests and transactions contemplated by the Project Agreements and the Power Sales Contracts, and the costs of technical and advisory services, of all Permits and Approvals and of certifying, qualifying or registering Environmental Attributes associated with the Project, all to the extent allocable to the Project;

(ix) the costs of insuring the Project, including all insurance required by the Permits and Approvals, and any deferred premiums payable pursuant to the Price-Anderson Nuclear Industries Indemnity Act, 42 U.S.C. §2210, and the NRC regulations thereunder;

(x) costs imposed upon the Project by a balancing authority, independent system operator, regional transmission organization or similar entity, costs of ancillary services and other operational costs necessary to comply with reliability and related requirements; and

(xi) any other amount not specified in the other items of this definition which must be paid by UAMPS during such Billing Period under the Project Agreements or otherwise.

*“Participant”* means the second party named in the preamble of this Contract and its permitted successors and assigns hereunder.

*“Participants”* means the Participant and the other entities named on SCHEDULE I, as the same may be amended or supplemented from time to time as provided herein.

*“Participant’s Representative”* means (i) the officer, employee or other agent of the Participant designated from time to time by the Participant as the Representative of the Participant for purposes of the Joint Action Agreement, to whom all notices and other communications to be given by UAMPS to the Participant hereunder shall be sent or (ii) in the event that the individual appointed as the Participant’s Representative is unavailable to act on behalf of the Participant, the individual duly appointed or designated by the Participant as its alternate Representative pursuant to the Joint Action Agreement.

*“Performance Tests”* means all start-up and shakedown procedures and performance tests to be conducted under the Construction Contracts prior to the Commercial Operation Date.

*“Permits and Approvals”* means Construction and Operating License and all other certificates, permits, licenses, approvals, rulings, orders or other authorizations from any federal, state or local governmental body, board or agency having jurisdiction over UAMPS, the Project or both that are required to be obtained or maintained in connection with the acquisition, construction, operation, maintenance or repair of the Project or any component thereof.

*“Permitted Contract”* means (i) a contract with a term (including all renewal options) not longer than three years and (ii) requirements-type contracts, other than requirements contracts providing for electricity sales at wholesale, with retail consumers or other end users of electricity.

*“Point of Delivery”* means the point or points of physical interconnection of the Initial Facilities or Additional Facilities, as applicable, with the electric transmission grid, as determined pursuant to the Interconnection Agreement.

*“Pooling Agreement”* means, collectively, the Power Pooling Agreements between UAMPS and the Members and certain other entities providing for the establishment and operation of the UAMPS Pool and related matters, including all supplements and appendices thereto.

*“Power Sales Contracts”* means all of the Carbon Free Power Project Power Sales Contracts dated as of April 1, 2018, between UAMPS and the Participants (including this Contract

between UAMPS and the Participant), all of which are uniform in all material respects in their term, conditions and provisions, with the exception of the Entitlement Share, the Capital Contribution Percentage, the Debt Service Percentage and the Debt Service Share for each of the Participants and the other matters set forth in the Exhibits attached hereto.

*“Project”* means the Carbon Free Power Project undertaken by UAMPS for the use and benefit of the Participants as provided in the Power Sales Contracts, consisting of the acquisition, construction, ownership, improvement, equipping, operation, and retirement and decommissioning of the Initial Facilities and any Additional Facilities, and the rights, interests, obligations and liabilities of UAMPS under the Project Agreements and the Permits and Approvals.

*“Project Agreements”* means the Development Agreement, each Construction Agreement, Operating Agreement, Fuel Supply Agreement, Water Supply Agreement, Interconnection Agreement, Transmission Agreement and Right-of-Way, the DOE Cost Share Agreement, the Site Use Permit and all other agreements relating to the development, acquisition, construction, operation and Decommissioning of the Project. All references herein to the Project Agreements or any of them refer to the Project Agreements as they may be amended or supplemented from time to time in accordance with their respective provisions and the provisions of Section 1101.

*“Project Capability”* means the Electric Power and associated Electric Energy that the Initial Facilities, any Additional Facilities and, for purposes of Section 301(f), the individual generating units included in the Initial Facilities are capable of producing. The Project Capability available to UAMPS from (i) the Initial Facilities will be the aggregate nameplate rating of the generating units included in the Initial Facilities, and (ii) an individual generating unit will be the nameplate rating of such unit.

*“Project Management Committee”* means the committee of the Participants previously established and confirmed in Section 401. All references in this Contract to decisions, approvals, determinations and other actions of the Project Management Committee include the approval of, or delegation of authority with respect to, such decision, approval, determination or action by the Board required by the Joint Action Agreement and the bylaws of UAMPS.

*“Project Output”* means the amount of Electric Power and Electric Energy, if any, which is generated by the Project in any particular hour.

*“Prudent Utility Practice”* means, as of any particular time, any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry which, in the exercise of reasonable judgment in light of facts known at such time, could have been expected to accomplish the desired results at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others or to be limited to the lowest-cost practice, method or act, but rather to be a spectrum of possible practices, methods and acts, having due regard for manufacturers’ warranties and the jurisdiction.

*“Qualified Use”* means the sale of electricity to retail customers pursuant to (i) generally applicable and uniformly applied rate schedules or tariffs or (ii) a Permitted Contract; *provided* that Qualified Use shall not include any sale of electricity that gives rise to “private business use” or a “private loan” within the meaning of Section 141 of the Code; and *provided further* that “Qualified Use” shall include such additional uses of electricity as may be approved by UAMPS with a favorable opinion of Bond Counsel.

*“Rating Agency”* has the meaning assigned to such term in the Indenture.

*“Reference Project Costs”* means, for purposes of calculating the amount of a Capital Contribution to be made by the Participant as provided in Section 603, (i) in the case of a Capital Contribution to be made with respect to Development Costs, the estimated Development Costs determined by UAMPS and approved by the Project Management Committee prior to the first issuance of Bonds to finance Development Costs, and (ii) in the case of a Capital Contribution to be made with respect to the Cost of Acquisition and Construction of the Initial Facilities or any Additional Facilities, the estimated Cost of Acquisition and Construction determined by UAMPS and approved by the Project Management Committee prior to the first issuance of long-term Bonds to finance the Cost of Acquisition and Construction of the Initial Facilities or any Additional Facilities. Reference Project Costs shall not include amounts for (iii) the costs of issuance of, debt service reserves for and capitalized interest on Bonds and (iv) any other items in the definitions of “Development Costs” or “Cost of Acquisition and Construction” not properly allocable to Reference Project Costs, as determined by the Project Management Committee.

*“Refunding Bonds”* means refunding Bonds from time to time issued by UAMPS pursuant to the Financing Documents and in accordance with Section 607.

*“Required Approvals”* means all governmental, regulatory and lender approvals, consents and authorizations required or necessary for (i) the execution, delivery and performance of this Contract (or any amendment hereto) by the Participant and (ii) this Contract (or any amendment hereto) to be the legal, valid and binding obligation of the Participant; *provided, however*, that “Required Approvals” does not include the approval of this Contract by the Participant’s governing board or body pursuant to the Contract Resolution.

*“Reserve and Contingency Fund”* means the fund, if any, established pursuant to Section 708.

*“Right-of-Way”* means each right-of-way, lease, grant or similar instrument for the use of the land necessary for the operation or interconnection of the Project.

*“Site Use Permit”* means Use Permit No. DE-NE700065, effective February 17, 2016, from the United States of America, acting by and through the U.S. Department of Energy to UAMPS.

*“Special Obligations”* means debt obligations issued or incurred from time to time by UAMPS pursuant to the Financing Documents (i) to finance Development Costs, the Cost of Acquisition and Construction or to refund or refinance Special Obligations, and (ii) which shall

not (a) constitute Bonds for any purpose under the Power Sales Contracts or the Financing Documents and (b) be secured by a pledge of or payable from the payments made by the Participants under the Power Sales Contracts, all as more fully described in Section 606.

*“Special Purpose Entity”* means (i) a limited liability company, (ii) a segment established by UAMPS pursuant to the Act, or (iii) any other special purpose legal entity organized to own all or a portion of the Project.

*“Study Phase Siting Agreement”* means the Carbon Free Power Project Study Phase Siting Agreement dated September 1, 2015, between UAMPS and the participants named therein.

*“Super-Majority Vote”* means the affirmative vote of Participants’ Representatives that represent 75% of (i) the number (per capita) of Participants’ Representatives serving on the Project Management Committee, and (ii) the Entitlement Shares of all Participants. For the avoidance of doubt, in the event that a Super-Majority Vote is required when a Participant’s Representative is not entitled to vote on matters before the Project Management Committee pursuant to Section 402(a)(i), such Participant’s Representative and such Participant’s Entitlement Share shall be disregarded in computing the percentages of Participants’ Representatives and Entitlement Shares that have voted on the matter requiring a Super-Majority Vote.

*“System Point of Receipt”* means (i) the point(s) of interconnection between the Participant’s electric utility system and the transmission facilities of the applicable balancing authority or authorities, or (ii) such other point(s) for the receipt by the Participant of Electric Energy from the Project as may be agreed to by the parties.

*“Tax Credits”* means any production tax credits, investment tax credits or other federal or state tax credits that may be received by UAMPS or credited to UAMPS pursuant to the Project Agreements.

*“Tax Credit Agreement”* means a contract or agreement under which UAMPS (i) sells, assigns or transfers Tax Credits to a third party or (ii) receives consideration from a third party in respect of Tax Credits.

*“Tax Status”* means (i) the exclusion from gross income for federal income tax purposes of the interest on any Bonds issued as tax-exempt obligations, or (ii) the right of a bondowner (or other investor) to receive tax credits or the right of UAMPS to receive interest subsidy payments on any Bonds issued as tax credit bonds or interest subsidy bonds, respectively, in each case pursuant to the provisions of the Code.

*“Transmission Agreements”* means each transmission contract, agreement or tariff entered into by UAMPS or the Participant that is used or necessary for the delivery of Electric Power and Electric Energy from the Point of Delivery to the Participant’s System Point of Receipt, whether by direct transmission, displacement, exchange or otherwise.

*“Transmission Costs”* means, for each Billing Period of each Contract Year, all capital, operating and other costs and expenses paid, payable, incurred or accrued by UAMPS during such

Billing Period for the transmission of Electric Energy from the Point of Delivery to the Participant's System Point of Receipt pursuant to the Transmission Agreements or otherwise. The Participant shall be responsible for the payment of Transmission Costs to UAMPS hereunder only to the extent that UAMPS has, at the request of the Participant, entered into or utilized Transmission Agreements for the transmission of Electric Energy from the Point of Delivery to the Participant's System Point of Receipt.

*"Trustee"* means the bank or trust company acting as the trustee under the Financing Documents.

*"UAMPS"* means the first party named in the preamble of this Contract. All references to UAMPS in this Contract shall include Authorized Officers of UAMPS acting pursuant to specific authorization by the Project Management Committee.

*"UAMPS Pool"* means that certain electric power pool established pursuant to the Pooling Agreement under which UAMPS provides certain services with respect to the scheduling, dispatch and the sale of Electric Power and Electric Energy and other matters provided for in the Pooling Agreement.

*"Uncontrollable Force"* means any cause, event or force beyond the control of the party affected, including, but not restricted to failure, or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, terrorism, acts of a public enemy, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, and restraint by court or public authority and action or non-action by, or inability to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. "Uncontrollable Force" includes any cause, event or force constituting "force majeure," "uncontrollable force" or similar term as defined in any Project Agreement.

*"Uniform System of Accounts"* means the Federal Energy Regulatory Commission Uniform Systems of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act, 18 C.F.R. Part 101, as the same may be modified, amended or supplemented from time to time or such other system of accounting as may be applicable by law to UAMPS.

*"Water Supply Agreement"* means each agreement providing for the purchase of water, water rights or shares or other interests in water necessary for the operation of the Project.

*Section 102. Rules of Construction.* (a) References to Articles, Sections, Schedules and Exhibits are to the Articles and Sections of and Schedules and Exhibits to this Contract, unless otherwise provided. Article and Section headings are included herein for convenience of reference only and shall not constitute a part of this Contract for any other purpose or be given any substantive effect. Any of the defined terms may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use of the word "include" or its derivations shall not be construed as language of limitation.



(b) Any representation, warranty, certificate or legal opinion with respect to the enforceability of this Contract or any other contract or agreement made in or provided pursuant to this Contract shall be deemed to be qualified by reference to the effect of applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting creditor's rights generally and by the application of equitable principles, regardless of whether such qualification is expressly stated herein or therein.

## ARTICLE II

### CONTRACT EFFECTIVE DATE, TERM AND TERMINATION; PARTICIPANT WITHDRAWAL

*Section 201. Effective Date.* (a) Promptly upon the approval of this Contract by its governing body's adoption of the Contract Resolution, the Participant shall (i) cause this Contract to be executed by its Authorized Officers, and (ii) deliver to UAMPS an executed counterpart of this Contract together with its completed certificate and the exhibits to it (in substantially the form attached hereto as EXHIBIT III) and an opinion of counsel to the Participant in the form attached hereto as EXHIBIT V.

(b) UAMPS shall give notice to the Project Management Committee upon its receipt of executed Power Sales Contracts and certificates and opinions from Participants that have requested Entitlement Shares totaling not less than 150,000 kW of Electric Power. Upon its receipt of such notice, the Project Management Committee may declare that the Effective Date of the Power Sales Contracts has occurred or may defer such declaration to a later date in its discretion. Upon the Project Management Committee's declaration of the Effective Date, UAMPS shall cause all such Power Sales Contracts to be executed by its authorized officers and shall give notice to the Participants that the Effective Date has occurred. Power Sales Contracts subsequently received by UAMPS shall become effective as provided in the definition of Effective Date.

(c) UAMPS shall give notice to the Participant of the occurrence of the Effective Date and shall prepare and deliver to each Participant a completed SCHEDULE I that shows the Entitlement Shares of all Participants. The Study Phase Siting Agreement shall terminate on the Effective Date of the Power Sales Contracts, provided that (i) the Participants that are parties to the Study Phase Siting Agreement shall remain responsible for all costs, expenses and other amounts payable by them thereunder, and (ii) all costs previously incurred by UAMPS under the Study Phase Siting Agreement shall be included as an item of Development Costs.

*Section 202. Contract Term.* This Contract shall become effective on and as of the Effective Date and will, unless this Contract is terminated pursuant to Section 203, continue in effect until the last to occur of: (i) the date on which all of the Project Agreements have terminated or expired in accordance with their respective terms and all obligations of UAMPS thereunder have been fully paid, satisfied or discharged; (ii) the date on which all Bonds have been paid in full as to principal, premium and interest, or sufficient funds shall have been irrevocably set aside for the full defeasance thereof and all other obligations of UAMPS under the Financing Documents have been paid or satisfied; and (iii) the date on which the Initial Facilities and any Additional Facilities shall be permanently removed from service and Decommissioned and all Decommissioning Costs shall have been paid or fully funded.

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*Section 203. Contract Termination.* (a) This Contract shall not be terminated by either party under any circumstances, whether based upon the default of the other party under this Contract or any other instrument or otherwise, except as specifically provided in this Section.

(b) The Project Management Committee may establish a date for the termination of the Power Sales Contracts upon its determination to terminate the Project at any time during the Licensing Period as provided in Section 504; *provided, however*, that any such termination date shall not occur until the later of: (i) the date on which all Project Agreements have been terminated or have expired in accordance with their respective terms, and all obligations of UAMPS thereunder have been fully paid, satisfied or discharged; (ii) the date on which all Bonds have been paid in full as to principal, premium and interest, or sufficient funds shall have been irrevocably set aside for the full defeasance thereof and all other obligations of UAMPS under the Financing Documents have been paid or satisfied; and (iii) the date on which UAMPS shall have made a final accounting for, and shall have recovered from the Participants, all Development Costs previously incurred.

*Section 204. Participant Withdrawal* (a) During the Licensing Period, the Participant shall have the right to withdraw from its participation in the Project as provided in this Section. The Participant may exercise its right to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS upon the occurrence of any of the following events:

(i) its receipt of notice from UAMPS pursuant to Section 601(e)(i) that the Project Management Committee has approved the updated Budget and Plan of Finance for the second phase of the Licensing Period, which updated Budget and Plan of Finance will be submitted to and approved by the Project Management Committee no later than March 31, 2019;

(ii) its receipt of notice from UAMPS pursuant to Section 601(f) that the Project Management Committee has approved an amendment to the Budget and Plan of Finance that increases the maximum amount of Development Costs that may be incurred for the then-current phase of the Licensing Period;

(iii) its receipt of notice from UAMPS pursuant to Section 204(b) that withdrawals or Entitlement Share reductions elected by other Participants would result in an increase in its Development Cost Share;

(iv) the determination of its governing body not to approve the definitive Budget and Plan of Finance at the end of the Licensing Period; or

(v) its determination to withdraw from the Project at the end of the then-current phase of the Licensing Period.

A withdrawal pursuant to clause (i), (iv) or (v) above shall be effective at and as of the last day of the then-current phase of the Licensing Period. A withdrawal pursuant to clause (ii) above shall be effective immediately prior to the effective date of an amendment to the Budget and Plan of Finance that increases the maximum amount of Development Costs. A withdrawal pursuant to clause (iii) above shall be effective immediately prior to the effective date of the increase in the Participants' Development Cost Shares.

(b) UAMPS shall give prompt notice to the Project Management Committee of its receipt of Notices of Withdrawal pursuant to paragraph (a) above and Notices of Reduction pursuant to Section 301(d). The Project Management Committee shall then determine the effect of such withdrawals or reductions on the development of the Project and whether to proceed with the development of the Project or to suspend or terminate the Project pursuant to Section 504(a). If the Project Management Committee determines to proceed with the Project and if such withdrawals or reductions would result in an increase in the Development Cost Share of any Participant, it shall direct UAMPS to give notice of such withdrawals and reductions and its determination to proceed with the Project to the Participants. Such notice shall include an updated SCHEDULE I reflecting all withdrawals and reductions elected by the Participants, and shall state that a Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS. A Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Shares by delivering a Notice of Reduction to UAMPS, in either case within such reasonable period of time as shall be approved by the Project Management Committee and specified in UAMPS' notice.

(c) A Participant that elects to withdraw from the Project shall (i) except as provided in paragraph (d) below, waive any right to receive any reimbursement for Development Costs previously paid by it, and (ii) remain responsible for the payment of an amount equal to its Development Cost Share of all Development Costs incurred, including its Development Cost Share of the amounts necessary to repay all Bonds issued and outstanding, in each case up to the effective date of the Participant's withdrawal from the Project.

(d) In the event that the Project is terminated during the Licensing Period and UAMPS receives third-party reimbursement for Development Costs paid prior to the date of termination (other than reimbursement received pursuant to the DOE Cost Share Agreement), UAMPS shall pay to each person that has withdrawn as a Participant its share, *pro rata* based on the amounts of Development Costs paid by all Participants and persons that have withdrawn as Participants, of the third-party reimbursement received by UAMPS, up to but not exceeding the amount of Development Costs paid by such person that has withdrawn as a Participant.

(e) A Participant that elects to withdraw from the Project shall, within twelve months of the effective date of its withdrawal or within such longer period as may be permitted pursuant to the Financing Documents, repay the amounts described in paragraph (c)(ii) above together with any interest expense on such amounts and any other charges incurred by UAMPS under the Financing Documents.

(f) From and after the effective date of its withdrawal (i) the Participant's Entitlement Share shall be terminated, (ii) the Participant's Representative shall have no right to participate in or vote at meetings of the Project Management Committee or meetings of the Board with respect to the Project, and (iii) this Contract will remain in effect only with respect to the Participant's repayment obligations described in paragraph (d) above. The Participant shall have no responsibility for the payment of Development Costs incurred or Bonds issued after the effective date of its withdrawal.

## ARTICLE III

### ENTITLEMENT SHARE

*Section 301. Entitlement Share.* (a) From and after the Effective Date, UAMPS shall sell to the Participant, and the Participant shall purchase from UAMPS, the Participant's Entitlement Share.

(b) As of the Effective Date of its Power Sales Contract, a Participant's Entitlement Share (expressed as a percentage of all Entitlement Shares then in effect) shall not exceed 20 percent, unless otherwise approved by the Project Management Committee.

(c) During the Licensing Period and for so long as less than all of the Project Capability has been sold pursuant to the Power Sales Contracts and any Excess Power Sales Agreements, the Participant may, by notice to UAMPS and upon the approval of the Project Management Committee, elect to increase its Entitlement Share by any amount, subject to (i) the limitation set forth in subsection (b) above, and (ii) such standards and procedures as may be established by the Project Management Committee. Any such increase in the Participant's Entitlement Share shall be effective at the beginning of the second phase of the Licensing Period or the Construction Period, as applicable.

(d) At the times at which the Participant may deliver a Notice of Withdrawal to UAMPS pursuant to Section 204 and in lieu of delivering a Notice of Withdrawal, the Participant may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS. Any Notice of Reduction shall be delivered at the same time and in the same manner as a Notice of Withdrawal. The effective date of an Entitlement Share reduction shall be the same as the corresponding effective date of a withdrawal pursuant to Section 203(a).

(e) Upon a recommendation of UAMPS pursuant to Section 503(d), and at any time up to the time of its determinations under Section 505(b), the Project Management Committee may determine to round the Participant's Entitlement Shares up or down so that the total Project Capability covered by all Entitlement Shares matches a whole number of the modular generating units included in the Project. The determination of the Project Management Committee shall be made in compliance with Section 503(d). Upon such determination of the Project Management Committee, UAMPS shall give notice to all Participants of the rounded Entitlement Shares.

(f) In the event that the construction of the Initial Facilities provides for sequential Commercial Operation of individual generating units prior to the Commercial Operation Date of all of the Initial Facilities, the Project Management Committee may establish procedures and standards for (i) the Participants to make elections regarding the amounts of and dates on which they will receive Electric Power and Electric Energy from such generating units and (ii) the allocation of the costs and benefits of such generating units among the electing Participants. Such elections shall remain in effect until the Commercial Operation Date of all of the Initial Facilities. If the Project Management Committee determines not to establish such procedures and standards or if the Participant determines not to make an election under them, the Participant will purchase

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and pay for its Entitlement Share (expressed as a percentage) of the Project Capability of each individual generating unit from and after the date that it achieves Commercial Operation.

*Section 302. Participant Surplus; Lay-Off Power Sales Agreements.* (a) If the Participant has or projects that it will have, as of or following the Commercial Operation Date (or the date of Commercial Operation of individual generating units), Electric Power and Electric Energy that is surplus to its needs, it may request that UAMPS sell and deliver any or all of the Electric Power and Electric Energy attributable to the Participant's Entitlement Share pursuant to one or more Lay-Off Power Sales Agreements.

(b) UAMPS shall use Commercially Reasonable Efforts in consultation with the Participant to attempt to sell such surplus at not less than a minimum price approved by the Participant:

*first*, pro rata to any other Participants that indicate interest in purchasing any such surplus;

*second*, pro rata, to any Members that are not Participants that indicate interest in purchasing any such surplus; and

*third*, to any other power purchaser, on such terms and for such period as UAMPS determines to be appropriate and not adverse to the Tax Status of the Bonds or the interests of UAMPS or the other Participants.

(c) If two or more Participants have made requests for surplus sales pursuant to this Section of the Power Sales Contracts, UAMPS (i) may aggregate the surplus amounts of Electric Power and Electric Energy for sale under one or more Lay-Off Power Sales Agreements, and (ii) shall allocate the credits for such sale *pro rata* to the requesting Participants.

(d) UAMPS shall make recommendations to the Project Management Committee regarding (i) the terms and provisions of each Lay-Off Power Sales Agreement or a standard form of Lay-Off Power Sales Agreement, and (ii) the identity, operating experience and financial capability of each power purchaser under a Lay-Off Power Sales Agreement and its ability to meet its obligations thereunder, each of which shall be subject to the approval of the Project Management Committee.

(e) The revenues (net of any expenses incurred by UAMPS in connection with the sale) received by UAMPS from sales pursuant to a Lay-Off Power Sales Agreement shall be credited to the Participant on its billing statements pursuant to Section 804, *provided that* the sale of surplus power and energy pursuant to a Lay-Off Power Sales Agreement shall not relieve such Participant from its primary obligation and liability under this Contract, unless and only to the extent that UAMPS shall receive payments from the purchaser under the Lay-Off Power Sales Agreement.

*Section 303. Assignment of Entitlement Share to Other Participants.* (a) The Participant may assign this Contract and its rights hereunder, in whole or in part, to another Participant upon 60 day's prior notice to UAMPS and satisfaction of all of the following conditions:

(i) during the Licensing Period, UAMPS, by action of the Project Management Committee, consents in writing to such assignment, which consent shall not be unreasonably withheld;

(ii) after the Licensing Period, UAMPS, by action of the Project Management Committee, (i) consents in writing to such assignment, which consent shall not be unreasonably withheld, and (ii) reasonably determines that such assignment is not expected to result in any increase in the rates and charges payable by any other Participants under the Power Sales Contracts.

(b) The Participant acknowledges and agrees that the ability of UAMPS to consent to such an assignment may be subject to additional requirements and limitations imposed under the Financing Documents. UAMPS and the Participant each agree to exercise Commercially Reasonable Efforts and to cooperate with one another to meet any such limitations and requirements.

*Section 304. Assignment of Entitlement Share to Non-Participants.* (a) The Participant may assign this Contract and its rights hereunder, in whole or in respect of part of the Participant's Entitlement Share, to any power purchaser upon not less than 180 days' prior notice to UAMPS and satisfaction of each of the following conditions:

(i) the Participant's notice to UAMPS shall include the name of any proposed assignee, the amount of the Participant's interests under this Contract proposed to be assigned, the consideration (if any) for the proposed assignment, and the material terms of the proposed assignment, including, copies of all written proposals, term sheets, letters of intent and assignment documents.

(ii) UAMPS, by action of the Project Management Committee, consents in writing to such assignment, which consent shall not be unreasonably withheld;

(iii) the assignment shall be evidenced by a written instrument pursuant to which the assignee shall assume all obligations (except to the extent theretofore accrued) of the Participant under this Contract or the Participant shall post an acceptable bond or other reasonably acceptable security to assure its obligations hereunder are fulfilled;

(iv) if and to the extent necessary to reflect such assignment and assumption, UAMPS and such assignee shall enter into an agreement supplemental to this Contract to clarify the terms on which power and energy are to be sold hereunder by UAMPS to such assignee;

(v) if the Entitlement Share to be assigned (expressed as percentage of all Entitlement Shares) equals or exceeds five percent, the senior debt of the assignee shall be rated in one of the four highest whole rating categories (without regard to gradations within such categories) by at least one nationally-recognized bond rating agency;

(vi) UAMPS shall have received an opinion or opinions of counsel of recognized standing selected by UAMPS to the effect that such assignment (A) will not adversely affect the pledge and assignment of this Contract or the revenues derived by UAMPS hereunder as security for payment of the Bonds, (B) is lawfully permitted under the law of the Participant's domicile state, and (C) will not adversely affect the Tax Status of any Bonds; and

(vii) the Participant shall pay all fees and expenses incurred by UAMPS, including rating agency, financial advisor and counsel fees, in connection with the proposed assignment.

(b) UAMPS shall not consent to the assignment of this Contract pursuant to this Section unless the Project Management Committee reasonably determines that such assignment is not expected to result in any increase in the rates and charges payable by any other Participants under the Power Sales Contracts.

(c) The Participant acknowledges and agrees that the ability of UAMPS to consent to such an assignment may be subject to additional requirements and limitations imposed under the Financing Documents. UAMPS and the Participant each agree to exercise Commercially Reasonable Efforts and to cooperate with one another to meet any such limitations and requirements.

(d) The Participant agrees that UAMPS shall have a right of first refusal for a period of not less than 180 days to match any bona fide offer for such assignment, in each case for re-assignment to one or more of the other Participants.

## **ARTICLE IV**

### **PROJECT MANAGEMENT COMMITTEE**

*Section 401. Confirmation of Project Management Committee* (a) The Participants hereby establish and confirm the Project Management Committee, which shall consist of one voting representative from each Participant (who shall be the Participant's Representative) and shall be chaired by a Participant's Representative elected by the Project Management Committee. Pursuant to the Contract Resolution, the Participant has delegated full and complete authority to its Participant's Representative to act on all matters and decisions that come before the Project Management Committee.

(b) Each Representative appointed by the Participant shall serve on the Project Management Committee until the Participant appoints a successor.

(c) An Authorized Officer of UAMPS shall attend all meetings of the Project Management Committee and shall cause minutes to be kept of all such meetings.

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*Section 402. Procedures and Voting Rights.* (a) The Joint Action Agreement and the bylaws of UAMPS shall govern the procedures for and the voting rights on the Project Management Committee, *provided that*:

(i) The Participant's Representative of any Participant that is in default hereunder (A) shall not be entitled to vote on any matter during the period of such default, and the consent or approval of such Participant or such Participant's Representative shall not be required hereunder during the existence of such default and (B) shall be disregarded for purposes of determining whether a quorum of the Project Management Committee is present at any meeting;

(ii) A Super-Majority Vote of all Project Management Committee Representatives shall be required on all decisions which would result in the termination of the Project; and

(iii) All decisions made by the Project Management Committee shall be made by resolution, order or other appropriate action of the Project Management Committee and, before such resolution, order or action of the Project Management Committee shall take effect, the same shall be ratified and approved by resolution, order or action of the Board, acting in accordance with the Joint Action Agreement and the bylaws of UAMPS.

(b) The Participants acknowledge that the Joint Action Agreement provides, among other things, that decisions of the Board with respect to the Project shall be made only upon the recommendation of the Project Management Committee and that weighted votes may be called for on any recommendation or decision to be made by the Project Management Committee or the Board, respectively, all as more fully provided in the Joint Action Agreement.

*Section 403. Duties of Project Management Committee.* (a) In addition to its other responsibilities under the Power Sales Contracts, the Project Management Committee shall:

(i) review, provide advice and direction to and consult with UAMPS regarding the Project;

(ii) supervise, review and approve the Development Work performed by or at the direction of UAMPS, including all task orders to be entered into with the Contractor pursuant to the Development Agreement, and the Development Costs;

(iii) review and approve the final terms and provisions of the Development Agreement, review the results of each run of the economic competitiveness test performed pursuant to the Development Agreement and the projected levelized cost of energy from the Initial Facilities, and review and approve all directions, actions and notices to be given or made by UAMPS under the Development Agreement;

(iv) review, approve and provide advice and direction to UAMPS on the Project Agreements and any modifications or amendments thereto, appoint all representatives of UAMPS serving under the Project Agreements and provide such direction to UAMPS as



shall be necessary to enable UAMPS to meet timely its obligations and responsibilities under the Project Agreements;

(v) review, approve and revise from to time the Budget and Plan of Finance for the Initial Facilities;

(vi) review, approve and provide advice and direction to UAMPS with respect to the issuance of Bonds, Additional Bonds and Refunding Bonds;

(vii) review, approve and provide advice and direction to UAMPS with respect to each Excess Power Sales Agreement, Joint Ownership Agreement and Lay-Off Power Sales Agreement and any modifications or amendments thereto;

(viii) supervise and provide direction to UAMPS with respect to the construction of the Project, including approving the construction budget for the Project and the notices to proceed and notices to construct given under the Construction Agreements;

(ix) review, modify, and approve or otherwise act on the quarterly estimates of the Cost of Acquisition and Construction by the first day of the month prior to the beginning of each quarter;

(x) review, approve and provide advice and direction to UAMPS regarding the Performance Tests for and the declaration of the Commercial Operation Date of the Project under the applicable Project Agreements;

(xi) determine and declare the Project Capability upon the Commercial Operation Date of the Project and from time to time thereafter as its deems necessary to reflect the actual capability of the Project;

(xii) review and approve the form of the appendix to the Pooling Agreement described in Section 702 and any operating and scheduling procedures and procedures or standards for the allocation of Environmental Attributes that may be deemed necessary or desirable in connection with the Project;

(xiii) review, modify and recommend the Annual Budget and any amendments thereto to the Board;

(xiv) review, approve and recommend to the Board any Additional Facilities and the budget and plan of finance therefor; and

(xv) review and consult with UAMPS regarding any actions or remedies to be taken by UAMPS under Sections 1002 and 1003.

## ARTICLE V

### DEVELOPMENT, ACQUISITION AND CONSTRUCTION OF THE PROJECT

*Section 501. The Initial Facilities.* (a) The Project shall consist of the Initial Facilities until such time as the Project Management Committee determines to undertake any Additional Facilities. A preliminary and general description of the Initial Facilities approved by the Project Management Committee is attached as EXHIBIT I to this Contract.

(b) As the development of the Project proceeds through the Licensing Period and the Construction Period and as the components of the Initial Facilities are designed, engineered, constructed, installed and tested, UAMPS shall from time to time recommend revisions to EXHIBIT I to the Project Management Committee for approval in order that the description therein reasonably corresponds to the Initial Facilities being developed and constructed. Following the Commercial Operation Date, UAMPS shall prepare and submit to the Project Management Committee for its review and approval a final description of the Initial Facilities. UAMPS and the Participant agree that in no event will any revisions to EXHIBIT I alter or affect their respective rights and obligations under this Contract.

*Section 502. Licensing Period and Development Work.* (a) During the Licensing Period, UAMPS shall use Commercially Reasonable Efforts to cause the development of the Project and the Development Work to proceed in an expeditious and economical manner. Without limiting the generality of the term, "Development Work," shall include all work and services necessary or desirable in connection with:

(i) the estimating, design and engineering work to be performed pursuant to the Development Agreement and otherwise with respect to the Project;

(ii) the development and negotiation of definitive Project Agreements, including each Construction Agreement, Operating Agreement, Fuel Supply Agreement, Water Supply Agreement, Transmission Agreement and any other contracts and agreements necessary in connection with the Project;

(iii) the preparation and submission of the Construction and Operating License Application to the NRC and pursuing such Application to the receipt of the Construction and Operating License;

(iv) obtaining all other Permits and Approvals necessary for the construction or operation of the Project;

(v) the continued development of and updates to the Budget and Plan of Finance as provided in Section 601; and

(vi) such other work and services as shall be approved by the Project Management Committee.

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(b) During the Licensing Period, UAMPS shall (i) report not less frequently than monthly to the Project Management Committee (unless otherwise approved by the Project Management Committee) with respect to the progress of the Development Work and the Development Costs incurred or expended, (ii) recommend from time to time revisions and updates to the Budget and Plan of Finance to the Project Management Committee, and (iii) act consistently with and in furtherance of the directions given to it by the Project Management Committee.

(c) As provided in Section 601, the Licensing Period shall include two separate phases for budgeting, planning and financing purposes, and the initial Budget and Plan of Finance shall be updated and subject to the approval of the Project Management Committee prior to the commencement of the second phase of the Licensing Period (submission of the COLA and associated and additional Development Work). UAMPS shall perform the Development Work as authorized by and within the limitations of the Budget and Plan of Finance in effect for each phase of the Licensing Period.

(d) UAMPS shall take all actions on its part required or permitted by the Development Agreement under the supervision and direction of the Project Management Committee, and shall monitor the performance, and enforce the obligations, of the Contractor thereunder. UAMPS shall report to the Project Management Committee with respect to each run of the economic competitiveness test provided for in the Development Agreement. The Participants acknowledge and agree that the Development Agreement is subject to early termination by UAMPS or the Contractor under the circumstances set forth therein and that the obligation of the Contractor to reimburse UAMPS for Development Costs incurred (i) applies only to certain early termination events, (ii) excludes certain Development Costs, and (iii) is limited to certain percentages and dollar amounts set forth in the Development Agreement.

(e) The submission, timing and terms of the COLA shall be subject to the approval of the Project Management Committee. If the COLA is submitted, UAMPS shall take all actions necessary on its part to advance the processing and review of the COLA by the NRC. If the COL is received, UAMPS shall review and analyze its terms, conditions and requirements and shall prepare and submit to the Project Management Committee the definitive Budget and Plan of Finance for the Initial Facilities, including updated estimates of Development Costs, Construction Costs and the Commercial Operation Date, together with a report on any remaining items of Development Work and whether and when the Completion of Development can occur, all as provided in Section 505 and Section 601.

(f) Following the conclusion of each phase of the Licensing Period, UAMPS shall deliver a report to the Participants with respect to the status of the development of the Project, expenditures for Development Costs, any changes to SCHEDULE I, together with such other information as may be required by the Project Management Committee.

*Section 503. Excess Power Sales Agreements, Joint Ownership Agreements and Adjustments to Entitlement Shares.* (a) The parties acknowledge and agree that it is in the mutual interest of UAMPS and the Participants to develop the Initial Facilities with an amount of Project Capability that balances the efficiencies and economies of scale that can be achieved by the development of up to 600 MW of Project Capability against the amount of Project Capability that

has been subscribed for under the Power Sales Contracts. Accordingly, as a part of the Development Work, UAMPS shall continue to solicit and seek subscriptions for Project Capability under Power Sales Contracts with Members that are not Participants and other power purchasers. Any additional Power Sales Contracts with new Participants shall be subject to the approval of the Project Management Committee, which may condition its approval on such requirements as it deems necessary or desirable.

(b) As a part of the Development Work, UAMPS may also solicit and seek other power purchasers interested in purchasing Electric Power and Electric Energy from the Project under Excess Power Sales Agreements. UAMPS shall make recommendations to the Project Management Committee regarding (i) the terms and provisions of each Excess Power Sales Agreement or a standard form of Excess Power Sales Agreement, and (ii) the identity, operating experience and financial capability of each power purchaser under an Excess Power Sales Agreement and its ability to meet its obligations thereunder, each of which shall be subject to the approval of the Project Management Committee. The revenues (net of any expenses incurred by UAMPS in connection with the sale) received by UAMPS from sales pursuant to each Excess Power Sales Agreement (iii) may be pledged by UAMPS to secure Special Obligations issued to finance the Cost of Acquisition and Construction, and (iv) to the extent not so pledged, shall be credited to all of the Participants on the billing statements under Section 804. In addition to the other purposes for which a Special Purpose Entity may be organized pursuant to the Power Sales Contracts, UAMPS may organize a Special Purpose Entity to own a portion of the Project and sell the output of such portion pursuant to one or more Excess Power Sales Agreements.

(c) As a part of the Development Work, UAMPS may also receive indications of interest from other entities regarding the sale of a portion of UAMPS' ownership interest in the Initial Facilities. Subject to the negotiation of a definitive Joint Ownership Agreement, UAMPS may sell a portion of its ownership interest in the Initial Facilities to another entity. UAMPS shall make recommendations to the Project Management Committee regarding (i) the terms and provisions of any Joint Ownership Agreement, and (ii) the identity, operating experience and financial capability of the joint owner under a Joint Ownership Agreement and its ability to meet its obligations thereunder, each of which shall be subject to the approval of the Project Management Committee.

(d) UAMPS shall exercise Commercially Reasonable Efforts to negotiate the amount of Electric Power and Electric Energy that is sold under Excess Power Sales Agreements and the amount of Initial Facilities ownership that is sold under any Joint Ownership Agreement to avoid any interference with the amount of Project Capability that has been sold under the Power Sales Contracts. As and to the extent necessary, UAMPS may recommend to the Project Management Committee increases or decreases to the Entitlement Shares sold under the Power Sales Contracts. Any increases or decreases to Entitlement Shares shall require approval by a Super-Majority Vote of the Project Management Committee and no Participant's Entitlement Share shall be increased or decreased without the affirmative vote of its Representative.

*Section 504. Suspension or Termination of the Project During the Licensing Period.* (a) As provided in Section 203 and with the effect provided in that Section, by a Super-Majority Vote, the Project Management Committee may determine to suspend or terminate the Project at any time during the Licensing Period upon its determination:

- (i) not to approve the updated Budget and Plan of Finance for the second phase of the Licensing Period;
- (ii) that the economic competitiveness test provided for in the Development Agreement has failed on any run date or that any price target contained in the Budget and Plan of Finance is not reasonably expected to be achieved;
- (iii) not to submit the COLA for any reason;
- (iv) that the COL will not be received or that the terms and conditions of the COL cause the Project to be not feasible;
- (v) that defaults, withdrawals or Entitlement Share reductions by Participants under the Power Sales Contracts make it not feasible to proceed with the Project; or
- (vi) that the Project is not feasible for any reason.

UAMPS shall give prompt written notice to all Participants of any determination of the Project Management Committee to suspend or terminate the Project during the Licensing Period.

(b) In the event of a determination to suspend the Project, the Project Management Committee shall give such directions to UAMPS as it deems necessary to address the cause or causes of its determination to suspend. In the event of a determination to terminate the Project, UAMPS shall take such actions as are necessary to give effect to such determination and wind-up and recover any value from the Project. A determination of the Project Management Committee to suspend or terminate the Project shall not eliminate, reduce or affect the payment obligations of the Participants under the Power Sales Contracts with respect to the amounts necessary to repay any outstanding Bonds and satisfy the obligations of UAMPS under the Project Agreements.

*Section 505. Completion of Development.* (a) Upon receipt of the terms and conditions of the Construction and Operating License (or an indication of such terms and conditions), UAMPS will conduct a review and analysis and report to and consult with the Project Management Committee regarding the terms and requirements of the COL, the actions necessary to complete the Development Work, and the definitive Budget and Plan of Finance for the Initial Facilities, and will make recommendations to the Project Management Committee as to whether the Project should proceed to the Construction Period.

(b) Following its review of the report and recommendations of UAMPS, the Project Management Committee will:

- (i) determine whether or when Completion of Development has occurred;
- (ii) review and approve definitive engineering and feasibility studies for the Initial Facilities, and such other materials as it deems necessary in order to determine that construction and operation of the Initial Facilities is feasible and should proceed;

(iii) review and approve the definitive Budget and Plan of Finance for the Initial Facilities; and

(iv) make a preliminary determination as to whether construction of the Project is feasible and whether the Project should proceed to the Construction Period.

The determination required by (b)(iv) above shall be made by a Super-Majority Vote of the Project Management Committee.

(c) A determination by the Project Management Committee that construction of the Initial Facilities is not feasible and should not proceed to the Construction Period will result in termination of the Project with the effect provided in Section 203(b).

(d) Upon a preliminary determination by the Project Management Committee that construction of the Initial Facilities is feasible and should proceed to the Construction Period, UAMPS shall give notice to each of the Participants of the Project Management Committee's preliminary determination, together with:

(i) a copy of the definitive Budget and Plan of Finance approved by the Project Management Committee;

(ii) a request for approval of the definitive Budget and Plan of Finance by their governing bodies;

(iii) the form of the approving resolution for consideration by the Participants' governing bodies,

(iv) the date by which the Participant shall deliver a copy of its adopted approving resolution to UAMPS (which date shall be not earlier than the 90th day after the date of such notice);

(v) a statement that a Participant may elect to reduce its Entitlement Share by the delivery of a Notice of Reduction to UAMPS;

(vi) a statement that a Participant may elect to withdraw from the Project by the delivery of a Notice of Withdrawal to UAMPS;

(vii) a statement that a Participant that does not deliver a copy of an adopted authorizing resolution to UAMPS on or before the date specified pursuant to clause (iv) above will be deemed to have elected to withdraw from the Project with effect provided in Section 204; and

(viii) such other information that may be necessary or desirable in connection with the foregoing, all as approved by the Project Management Committee.

(e) Upon its receipt of adopted approving resolutions of the Participants' governing bodies and any Notices of Withdrawal and Notices of Reduction from the Participants, UAMPS shall, subject to any additional notice required to be delivered to the Participants pursuant to Section 204(b), deliver to the Project Management Committee an updated report with respect to the Initial Facilities and any revisions to the definitive Budget and Plan of Finance, and shall provide such assistance as the Project Management Committee may require in order to make a final determination that construction of the Initial Facilities is feasible and should proceed to the Construction Period. The Project Management Committee shall then consider whether and when to make its final determination that construction of the Initial Facilities is feasible and should proceed to the Construction Period.

(f) Upon the final determination by the Project Management Committee that construction of the Initial Facilities is feasible and should proceed to the Construction Period, (i) UAMPS will give notice to each of the Participants of the Project Management Committee's determination, and the proposed effective date of the Construction Period, and (ii) UAMPS will then proceed to execute the principal Construction Contracts for the Initial Facilities and finance the Cost of Acquisition and Construction of the Initial Facilities through the issuance of Bonds and Special Obligations, if any.

*Section 506. Construction Period.* (a) The Construction Period shall commence upon the determination of the Project Management Committee that Completion of Development has occurred. During the Construction Period, UAMPS shall (i) cause the construction of the Project to proceed in an expeditious and economical manner pursuant to the Construction Agreements and other Project Agreements, (ii) monitor the performance of the contractors under the Construction Agreements, and (iii) report not less frequently than monthly (unless otherwise approved by the Project Management Committee) to the Project Management Committee with respect to the progress of the acquisition and construction of the Project, the Construction Costs incurred and estimated to the Commercial Operation Date, and any changes to the estimated Commercial Operation Date.

(b) UAMPS shall perform its obligations under the Construction Agreements and shall:

(i) use Commercially Reasonable Efforts consistent with and subject to the terms and provisions of the Project Agreements to cause the Project to be expeditiously and economically acquired and constructed pursuant to the Construction Agreements;

(ii) diligently defend and protect the rights of UAMPS and the Project under the Construction Agreements and enforce the contractors' obligations thereunder;

(iii) monitor the performance of the contractors under the Construction Agreements and report promptly to the Project Management Committee with respect to any default or event of default under the Construction Agreements;

(iv) report not less frequently than monthly to the Project Management Committee (unless otherwise approved by the Project Management Committee) regarding

the current status of construction, and any changes to the estimated Commercial Operation Date and the estimated Cost of Acquisition and Construction; and

(v) give prompt notice to the Project Management Committee and the Participant of the occurrence of the Commercial Operation Date of the Initial Facilities and any Additional Facilities.

(c) As soon as practicable after the Commercial Operation Date of the Initial Facilities and any Additional Facilities, UAMPS shall prepare a complete statement and reconciliation of the final (or substantially final) Cost of Acquisition and Construction of the Initial Facilities or Additional Facilities and submit the same to the Project Management Committee for its review and acceptance. In the event that a substantially final statement of the cost of construction of the Initial Facilities or Additional Facilities is submitted to and accepted by the Project Management Committee, UAMPS shall provide periodic reports to the Project Management Committee regarding the remaining items of the Cost of Acquisition and Construction of the Initial Facilities or Additional Facilities until a final statement is available for its review and approval.

*Section 507. Additional Facilities.* (a) UAMPS may from time to time recommend the acquisition or construction of Additional Facilities to improve or add to the Initial Facilities. Any Additional Facilities, including any additional generating units to be installed at the Project Site, shall be subject to the approval of the Project Management Committee. The Participant acknowledges and agrees that (i) additional generating units not constituting Additional Facilities may be developed, constructed, operated and financed as a separate phase of the Project as provided in Section 508 and (ii) any such separate phase of the Project may use common facilities at the Project Site upon such terms and consideration as shall be determined by the Project Management Committee. Upon the approval of the Project Management Committee, UAMPS may enter into or approve such amendments and supplements to the Project Agreements as it deems necessary or desirable in connection with such separate phase.

(b) Any additional generating units that are undertaken and designated as Additional Facilities shall become a part of the Project for all purposes of this Contract. UAMPS may revise the “KW AMOUNT” column in SCHEDULE I as necessary in the event there are additional generation facilities constituting Additional Facilities.

*Section 508. Separate Phases of the Project.* (a) UAMPS may from time to time recommend the acquisition and construction of additional generating units not as Additional Facilities but as a separate phase of the Project. Any such separate phase, and any amendments and supplements to the Project Agreements in connection therewith, shall require approval by a Super-Majority Vote of the Project Management Committee. If so approved, UAMPS shall offer the Participants the opportunity to participate in such separate phase under a supplement to this Contract or under a separate agreement, as determined by the Project Management Committee. Each Participant may elect to participate in such separate phase with an entitlement share (expressed as percentage) up to its then-current Entitlement Share. In the event that any Participant elects not to participate in the separate phase or elects a reduced entitlement share, the available entitlement shares shall first be offered by UAMPS to the other Participants, second to Members that are not Participants and third to other power purchasers, all as directed by the Project



Management Committee. Any supplement to this Contract for any separate phase of the Project shall constitute a separate agreement between the parties for all purposes.

(b) UAMPS may issue and incur indebtedness to finance the cost of acquisition and construction of a separate phase of the Project, provided that any such indebtedness shall not constitute Bonds under the Power Sales Contracts or the Financing Documents.

## ARTICLE VI

### FINANCING OF THE PROJECT

*Section 601. Budget and Plan of Finance.* (a) The Budget and Plan of Finance for the Initial Facilities shall include the following information:

(i) the amount of Development Costs incurred to the date of the Budget and Plan of Finance and the estimated total Development Costs to the Completion of Development;

(ii) the estimated total Cost of Acquisition and Construction;

(iii) the estimated timeline for the development and construction of the Initial Facilities to the Commercial Operation Date;

(iv) the estimated target price (\$/MWh) for Project output sold to the Participants under the Power Sales Contracts (which may be a range of prices);

(v) the proposed funding and financing arrangements for all Development Costs during the Licensing Period, including amounts available under the DOE Cost Share agreement and any other cost-sharing agreements, grants and funding sources, and Bonds;

(vi) the proposed funding and financing arrangements for the Cost of Acquisition and Construction, including Bonds, DOE-Guaranteed Loans, Special Obligations, Tax Credit Agreements and other funding and financing arrangements; and

(vii) such other information as may be required to be included in the Budget and Plan of Finance by the Project Management Committee.

(b) For budgeting and planning purposes, the Budget and Plan of Finance shall separate the Licensing Period into two separate and sequential phases as follows:

(i) a first phase beginning on the Effective Date of the Power Sales Contracts and extending to the completion of the Construction and Operating License Application; and

(ii) a second phase beginning at the end of the first phase and extending to the estimated date of the Completion of Development.

## ATTACHMENT B

Incorporated County of Los Alamos Resolution No. 18-09

ANNEX A

(c) The initial Budget and Plan of Finance shall (i) set forth the maximum amount of Development Costs that may be incurred by UAMPS during the first phase of the Licensing Period, (ii) be subject to the approval of the Project Management Committee, and (iii) be submitted to the Participants for approval by their governing bodies as set forth in the Contract Resolution. UAMPS and the Participant acknowledge and agree that as of the Effective Date, (iv) UAMPS has not obtained the Permits and Approvals necessary for the construction and operation of the Project, including particularly the COL, (v) the overall development of the Project is at a preliminary stage, and (vi) a definitive estimate of the Cost of Acquisition and Construction will not be available until the Completion of Development. Accordingly, the parties acknowledge and agree that the information contained in the initial Budget and Plan of Finance is necessarily preliminary and is subject to change based on, among other things, additional information that becomes available to UAMPS during the Licensing Period, the negotiation of the terms and provisions of the Project Agreements, the terms and conditions of the Permits and Approvals, and the development and negotiation of funding sources and financing arrangements for Development Costs and the Cost of Acquisition and Construction.

(d) The Budget and Plan of Finance shall be updated by UAMPS prior to the beginning of the second phase of the Licensing Period. Such update of the Budget and Plan of Finance shall (i) be subject to the approval of the Project Management Committee, (ii) include revisions and updates, as applicable, to the information described in Section 601(a) and (iii) set forth the maximum amount of Development Costs that may be incurred by UAMPS during the second phase of the Licensing Period. As a part of the Development Work, UAMPS will review, revise and supplement the information in the Budget and Plan of Finance from time to time, and may submit updates to the Budget and Plan of Finance in addition to the update required by the first sentence of this paragraph, provided that, except as provided in paragraph (f) of this Section, no such update may include an increase in the maximum amount of Development Costs that may be incurred during the then-current phase of the Licensing Period.

(e) Upon the approval of the Project Management Committee of the updated Budget and Plan of Finance for the second phase of the Licensing Period, UAMPS shall deliver notice of such approval to each of the Participants, together with a copy of the updated Budget and Plan of Finance. Such notice shall state that a Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS, in either case within 60 days of the date of UAMPS' notice (or such longer period as may be approved by the Project Management Committee).

(f) During each phase of the Licensing Period, UAMPS shall monitor and report regularly to the Project Management Committee with respect to expenditures and commitments of Development Costs. At any time that such expenditures and commitments equal ninety percent or more of the maximum amount of Development Costs that may be incurred during the then-current phase of the Licensing Period as set forth in the Budget and Plan of Finance as then in effect, UAMPS shall advise the Project Management Committee of such fact and whether (i) the Development Work during the then-current phase of the Licensing Period can be completed within such maximum amount or (ii) an increase in the maximum amount of Development Costs is necessary and the recommended amount of any such increase. Any increase in such maximum amount of Development Costs shall be set forth in an amendment to the Budget and Plan of

Finance then in effect. If the Project Management Committee does not approve such amendment, it shall direct UAMPS to suspend or delay some or all of the Development Work and shall give such further instructions as may be necessary to ensure that the maximum amount of Development Costs that may be incurred during the then-current phase of the Licensing Period is not exceeded. If the Project Management Committee approves such amendment, it shall direct UAMPS to give notice to the Participants of the amendment of the Budget and Plan of Finance, together with a copy of the amendment. Such notice shall state that a Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS, in either case within 60 days of the date of UAMPS' notice.

(g) As provided in Section 505, upon its receipt of the COL (or information regarding the terms and conditions thereof), UAMPS shall prepare the proposed definitive Budget and Plan of Finance setting forth its final estimates of the information required by paragraph (a) above and shall submit the same to the Project Management Committee for its review and approval. Upon the Project Management Committee's approval of the definitive Budget and Plan of Finance and at the direction of the Project Management Committee, UAMPS shall deliver to the Participants the notice and request for approval of the definitive Budget and Plan of Finance as provided in Section 505(d).

*Section 602. Financing of the Project.* (a) UAMPS shall finance the portion of the Cost of Acquisition and Construction of the Initial Facilities that is not paid from Capital Contributions made by the Participants through the issuance of one or more series of Bonds and Special Obligations, if any, pursuant to the Budget and Plan of Finance approved by the Project Management Committee; *provided that*, during the Licensing Period UAMPS will not issue Bonds to finance Development Costs in excess of the maximum amount thereof set forth in the current Budget and Plan of Finance.

(b) Unless otherwise approved by the Project Management Committee, the Budget and Plan of Finance shall provide for the financing of all Development Costs, Construction Costs and other Costs of the Initial Facilities to a date not earlier than the estimated Commercial Operation Date of the Initial Facilities with the objective that the Participant will not be required to make any payments to UAMPS in respect of Debt Service Costs until a date that is after the estimated Commercial Operation Date. UAMPS shall use Commercially Reasonable Efforts to structure and implement the financings for the Development Costs and Construction Costs of the Initial Facilities to achieve this result. The Participant acknowledges and agrees that UAMPS cannot guarantee that it will be able to achieve this result, and under certain circumstances it may be necessary for UAMPS to submit billings to the Participant pursuant to Section 804 to enable it to pay Development Costs.

(c) UAMPS and the Participant acknowledge and agree that:

(i) as of the Effective Date, (A) UAMPS has not yet obtained the Permits and Approvals necessary for the construction and operation of the Project, including particularly the COL, and (B) the overall development of the Project is at a preliminary stage;

(ii) UAMPS shall use Commercially Reasonable Efforts to obtain all such Permits and Approvals as a part of the Development Work during the Licensing Period;

(iii) the Development Costs incurred by UAMPS, to the extent not paid from funding available under the DOE Cost Share Agreement or similar arrangements, will be financed by the issuance of Bonds;

(iv) in the event that UAMPS is unable to obtain the required Permits and Approvals or the Project Management Committee determines that the continued development of the Project is not feasible for any reason, the Project Management Committee may determine to terminate the Project as provided in Article V; and

(v) if the Project Management Committee determines to terminate the Project, the Project will not be completed and the Participant will be required to pay, among other things, its Debt Service Share of all Debt Service Costs until all Bonds previously issued are fully paid and retired, as provided in Section 804.

(d) Each Participant may elect to make a Capital Contribution to UAMPS pursuant to Section 603. Prior to the giving by UAMPS of the notice required by Section 603(a), the Project Management Committee shall determine whether any additional interest expense on or in respect of taxable Bonds (not eligible for tax credits or interest subsidy payments) shall be allocated to those Participants whose legal status or use of Project Output requires the issuance of such Bonds. In the event the Project Management Committee determines to make such allocation, the notice required by Section 603(a) shall include such information as shall be necessary to generally inform the affected Participants of the additional Debt Service Costs, if any, that will be payable by them in the event they elect not to make a Capital Contribution.

*Section 603. Capital Contributions; Calculation of Capital Contribution Percentage, Debt Service Percentage and Debt Service Share.* (a) Prior to the first issuance of Bonds to finance the Development Costs of the Initial Facilities and prior to the first issuance of long-term Bonds to finance the Cost of Acquisition and Construction of the Initial Facilities, UAMPS shall give written notice to the Participant of:

(i) its right to elect to make a Capital Contribution;

(ii) the date by which it must notify UAMPS of its election, which shall be not earlier than 30 days after the date of such notice;

(iii) the applicable Reference Project Costs; and

(iv) the maximum amount of the Participant's Capital Contribution, which shall be an amount equal to the product of (A) such Reference Project Costs and (B) the ratio of the Entitlement Share of the Participant to the Entitlement Shares of all Participants;

*provided that*, in connection with the financing of the Development Costs of the Initial Facilities during the Licensing Period, the Project Management Committee may (x) determine to waive the

Participants' right to elect to make a Capital Contribution, and (y) establish additional provisions for Capital Contributions to be made with respect to the estimated Development Costs during each phase of the Licensing Period and for the reconciliation of Capital Contributions made and Development Costs incurred at the end of each phase of the Licensing Period.

The Participant may elect to make a partial Capital Contribution equal to the amount of retained earnings or other legally available funds not derived from any external borrowing that it determines to apply to the Capital Contribution. In all other circumstances, a Participant may elect to make a Capital Contribution only in the amount determined under clause (iv) above.

(b) The Participant's election to make a Capital Contribution shall be made by written resolution adopted by its governing body. An original or certified copy of such resolution shall be submitted to UAMPS with the Participant's notice of its election to make the Capital Contribution. In the event that the Participant does not notify UAMPS of the determination of its governing body by the date specified in the notice provided by UAMPS, the Participant shall be deemed to have elected not to make a Capital Contribution.

(c) Following receipt of the Participant's election to make the Capital Contribution, UAMPS will provide the Participant with notice of:

(i) the date (which shall be not earlier than 30 days after the date of such notice) by which the Participant must make the Capital Contribution;

(ii) instructions for the deposit of the Capital Contribution into a separate and segregated special escrow account established under the Financing Documents; and

(iii) a written statement of information regarding UAMPS, the Project and the Project Agreements for the Participant's use in any offering material for any indebtedness to be issued to finance the Capital Contribution.

The Capital Contribution shall be held and invested in accordance with the provisions of the Financing Documents, which shall provide for the investment of the Capital Contribution, the crediting of any interest earnings for the account of the Participant and the application of the Capital Contribution by the Trustee upon the direction of UAMPS to fund a portion of the Development Costs or the Cost of Acquisition and Construction of the Initial Facilities, as applicable, and for deposit into certain funds and accounts established by the Financing Documents. If the Participant fails to make the Capital Contribution as and when required by the UAMPS' notice, it shall be deemed to have rescinded its election to make the Capital Contribution.

(d) The Participant acknowledges and agrees that the amount of the Capital Contribution to be made by the Participant will be based upon an estimate of the Development Costs or the Cost of Acquisition and Construction of the Initial Facilities, as applicable, which estimates will be subject to adjustment to reflect the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities approved by the Project Management Committee. Not more than 30 days following the determination of the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities, UAMPS shall deliver a final accounting

statement to the Participant showing the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities, as applicable, the amount of and interest earnings on the Capital Contribution and any amount payable by or credited to the Participant in respect of the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities. The Participant agrees that it will pay any additional amount payable by it shown on such accounting statement on or before the 30th day following the date of such final accounting statement, or on such later date as may be approved by the Project Management Committee.

(e) After Capital Contributions have been made by all electing Participants, UAMPS shall complete (or revise, as applicable) SCHEDULE I and provide a copy of the completed or revised SCHEDULE I to each of the Participants. With respect to all Participants and at all times, SCHEDULE I shall show that:

(i) the sum of each Participant's Capital Contribution Percentage and Debt Service Percentage equals its Entitlement Share;

(ii) the sum of the Capital Contribution Percentages and Debt Service Percentages of all Participants equals 100%; and

(iii) the sum of the Debt Service Shares of all Participants equals 100%.

UAMPS' calculation and determination of the Development Costs and the Cost of Acquisition and Construction of the Initial Facilities and the Participant's Capital Contribution Percentage, Debt Service Percentage and Debt Service Share in accordance with (i), (ii) and (iii) above shall be subject to the approval of the Project Management Committee, and upon such approval shall be conclusive and binding upon UAMPS and the Participant. UAMPS shall revise SCHEDULE I from time to time as provided herein so that it sets forth the correct Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of all Participants.

(f) The Participant acknowledges and agrees with UAMPS that:

(i) its election to make a Capital Contribution shall be irrevocable and under no circumstances whatsoever shall the Participant be entitled to a return or rebate of all or any portion of any Capital Contribution in the event that Uncontrollable Force, termination of any Project Agreements or other circumstances result in the suspension, interruption, interference, reduction, curtailment or termination of the Project or the Project Output;

(ii) the Capital Contribution shall not be deemed to constitute an investment by the Participant and the Participant shall not be entitled to any investment earnings or rate of return on the Capital Contribution, except with respect to interest earnings on the Capital Contribution pending its application as provided above; and

(iii) any Capital Contribution made by the Participant shall not change or affect UAMPS' ownership in the Project or any of the rights and obligations of UAMPS and the Participant under this Contract, except as specifically provided herein, including the right

of UAMPS to suspend or terminate the Participant's right to receive the Electric Energy allocable to its Entitlement Share as provided in Section 1002.

(g) In connection with the issuance of Additional Bonds or Refunding Bonds, the Project Management Committee may determine to provide Participants with the option of making a capital contribution with respect to the Costs of the Project being financed or refinanced by the Additional Bonds or Refunding Bonds under procedures and standards substantially similar to those set forth in this Section 603, with such adjustments as the Project Management Committee shall determine to be advisable. Any capital contribution made by a Participant pursuant to this paragraph (g) shall constitute a Capital Contribution for all purposes of the Power Sales Contracts.

*Section 604. DOE-Guaranteed Loan; Special Purpose Entity.* (a) In order to meet the requirements of a DOE-Guaranteed Loan, in connection with the Development Agreement, or to accomplish other purposes deemed beneficial to the Project and the Participants, UAMPS may transfer all, an undivided interest in, or part of its ownership interest in the Project, the Project Agreements and/or the Permits and Approvals to a Special Purpose Entity. In the event of such a transfer, UAMPS may (i) enter into a power purchase agreement with the Special Purpose Entity for the Project Capability associated with the ownership interest transferred to the Special Purpose Entity, (ii) resell such Project Capability received under such power purchase agreement to the Participants as though it was received from UAMPS' ownership of the Project, and (iii) enter into such other agreements as may be necessary or desirable in connection with any DOE-Guaranteed Loan, the Development Agreement or the Project.

(b) Any Special Purpose Entity organized to accomplish the purposes described above shall be owned and controlled by UAMPS, and UAMPS may mortgage or encumber its interests in the Project to secure any DOE-Guaranteed Loan or other financing arrangement determined by the Project Management Committee to be beneficial to the Participants.

(c) Any DOE-Guaranteed Loan, any transfer of UAMPS' ownership interest in the Project to a Special Purpose Entity, any power purchase agreement between UAMPS and the Special Purpose Entity, and any related contracts and agreements entered into by UAMPS shall be subject to the approval of the Project Management Committee upon its determination that such transactions are beneficial to the Participants and will not adversely affect UAMPS' ability to meet its obligations under the Power Sales Contracts.

*Section 605. Tax Credits; Tax Credit Agreements.* UAMPS shall seek to obtain all Tax Credits that are or may become available with respect to the Project, and may enter into one or more Tax Credit Agreements to enable it to receive value for Tax Credits that cannot be utilized directly by UAMPS.

*Section 606. Special Obligations.* (a) Special Obligations may be sold and issued by UAMPS from time to time for the purpose of financing the Cost of Acquisition and Construction. Special Obligations shall be secured by a pledge of, and shall be payable from, the revenues and income received by UAMPS under Excess Power Sales Agreements, Tax Credit Agreements, any NPM Prepayment Agreement, and other contractual arrangements or other sources of revenue and income relating to the Project. UAMPS may enter into and adopt all indentures, bond resolutions

and security arrangements necessary or desirable in connection with Special Obligations, subject to the approval of the Project Management Committee.

(b) Any advance payment or prepayment for modular reactor units made by UAMPS pursuant to an NPM Prepayment Agreement shall be financed only with the proceeds of Special Obligations and not with the proceeds of Bonds.

(c) UAMPS may refund or refinance Special Obligations with the proceeds of Special Obligations or Bonds, as approved by the Project Management Committee.

*Section 607. Additional Bonds and Refunding Bonds.* (a) Additional Bonds may be sold and issued by UAMPS in accordance with the provisions of the Financing Documents at any time and from time to time for the purpose of financing the Cost of Acquisition and Construction. UAMPS may incur other obligations pursuant to the Financing Documents to achieve purposes deemed beneficial to the Project.

(b) Any Additional Bonds shall be secured by the pledge made pursuant to the Financing Documents of the payments required to be made by the Participant under Section 804, as such payments may be increased and extended by reason of the issuance of Additional Bonds, and of other revenues of UAMPS attributable to the Project. Additional Bonds may be issued in amounts sufficient to pay the full amount of such costs and to provide such reserves as may be determined by UAMPS to be reasonably necessary. In the event that the Project Management Committee approves the issuance of Additional Bonds, it shall determine whether to make a capital contribution option available to the Participants and the procedures therefore.

(c) In the event Debt Service Costs may be reduced by the refunding of any Bonds then outstanding or in the event it shall otherwise be advantageous, in the opinion of UAMPS, to refund any Bonds, UAMPS may issue and sell Refunding Bonds in accordance with the Financing Documents.

(d) Any Additional Bonds or Refunding Bonds may be secured by the pledge made pursuant to the Financing Documents of the payments required to be made by the Participant under Section 804 and of other revenues of UAMPS attributable to the Project and may rank on a parity as to the security afforded by the provisions of this Contract with all Bonds theretofore issued pursuant to and secured in accordance with the provisions of the Power Sales Contracts.

*Section 608. Pledge of Payments.* All payments required to be made by the Participant pursuant to Section 805, together with other revenues of UAMPS attributable to the Project may be pledged by UAMPS pursuant to the Financing Documents to secure the payment of Bonds.

## **ARTICLE VII**

### **PROJECT OPERATIONS AND DELIVERY OF OUTPUT**

*Section 701. Operation and Maintenance of the Project.* (a) UAMPS covenants and agrees that, during the Operating Period, it will use Commercially Reasonable Efforts consistent



with and subject to the terms and provisions of the Project Agreements to cause the Project to be operated, maintained and managed in an efficient and economical manner in accordance with Prudent Utility Practice for the joint and ratable benefit of all of the Participants. UAMPS agrees with and covenants to the Participant that UAMPS will vigorously enforce and defend its rights under the Project Agreements. The Participant acknowledges and agrees that UAMPS may, upon the approval of the Project Management Committee, from time to time enter into amendments of and supplements to any or all of the Project Agreements and that, except as otherwise required by Section 1101(c), UAMPS will not be required to obtain the consent or approval of the Participant in connection with any such supplement or amendment.

(b) The Participant hereby acknowledges and agrees that, in order to promote the efficient and economical utilization of the Project and to fully realize the benefits to the Participants of their joint and cooperative undertaking, it is necessary and desirable that UAMPS control the operation of the Project and schedule the Project Output in accordance with the provisions of the Power Sales Contracts and the directions of the Project Management Committee, and the Participant hereby authorizes UAMPS to take all actions necessary or desirable in this regard.

*Section 702. Scheduling of Electric Energy; Coordination with UAMPS Pool.* (a) From and after the Commercial Operation Date of the Initial Facilities, the Participant shall be entitled to use the Electric Energy allocable to the Participant's Entitlement Share. UAMPS shall schedule or cause to be scheduled such Electric Energy in accordance with this Contract and the provisions of the Project Agreements. In its discretion, the Project Management Committee may adopt operating and scheduling procedures to promote the efficient utilization of the Project, and UAMPS shall provide a copy of any such procedures to the Participant.

(b) The Participant agrees that (i) prior and as a condition to the first delivery of Electric Energy under this Contract, it will execute and deliver to UAMPS the Pooling Agreement and an appendix thereto (in a form approved by the Project Management Committee) that assigns the Electric Energy allocable to the Participant's Entitlement Share to the UAMPS Pool and (ii) it will perform its obligations under and will not take any action to terminate the Pooling Agreement and such appendix during the term of this Contract. The assignment of the Electric Energy allocable to the Participant's Entitlement Share pursuant to the Pooling Agreement and appendix shall be solely for operating and scheduling purposes and shall not constitute an assignment or transfer of the Participant's right, title and interest in and to such Electric Energy. At any time the Project is operable or operating the Participant shall not be entitled to use in any hour Electric Energy in excess of that which is allocable to the Participant's Entitlement Share, unless arrangements have been made for a planned purchase of such Electric Energy through the UAMPS Pool. Any surplus Electric Energy attributable to the Participant's Entitlement Share shall be sold or otherwise disposed of by the Participant only in accordance with the provisions of such appendix to the Pooling Agreement. In addition to any sales of surplus Electric Energy requested by the Participant through the UAMPS Pool, UAMPS will utilize Commercially Reasonable Efforts to sell, exchange or otherwise dispose of any incidental surplus Electric Power and Electric Energy attributable to the Project for the benefit of the Participants.

(c) Prior to the first delivery of Electric Energy under this Contract, the Participant shall provide to UAMPS a written schedule of the Participant's available electric resources and the order

in which such resources are to be applied to meet the Participant's requirements for Electric Power and Electric Energy. UAMPS shall verify all such resources and promptly notify the Participant of any reliability or other concerns relating to such resources that could require adjustments to the schedule provided by the Participant. The Participant may revise or modify such schedule upon written notice to UAMPS at least one business day prior to the beginning of any Billing Period.

*Section 703. Point of Delivery; Transmission Contracts.* (a) The Electric Energy allocable to the Participant's Entitlement Share shall be delivered at the Point of Delivery. The Participant shall be responsible for, and shall pay all costs of, (i) the transmission of such Electric Energy from the Point of Delivery to its System Point of Receipt and (ii) the distribution and delivery of Electric Energy from its System Point of Receipt to its customers. The Participant shall give written notice to UAMPS of its System Point of Receipt prior to the Commercial Operation Date of the Initial Facilities or Additional Facilities, and shall give prompt written notice to UAMPS of any change to its System Point of Receipt.

(b) Upon the request of the Participant, UAMPS will use Commercially Reasonable Efforts to enter into one or more Transmission Agreements, or will utilize its transmission rights under existing Transmission Agreements, to provide for transmission service for the Electric Energy allocable to the Participant's Entitlement Share from the Point of Delivery to the Participant's System Point of Receipt. Any Transmission Agreements entered into by UAMPS for or on behalf of the Participant shall be approved by UAMPS and the Participant, and the Participant shall pay all Transmission Costs thereunder. The Participant agrees that it shall maintain (or cause UAMPS to maintain) during the term of this Contract, such Transmission Agreements as shall be necessary for the firm transmission of the Electric Energy allocable to its Entitlement Share from the Point of Delivery to its System Point of Receipt, except as may be otherwise approved by the Project Management Committee. The Participant shall provide UAMPS with copies of all Transmission Agreements utilized by it and with such other information regarding its transmission arrangements as UAMPS may reasonably request.

*Section 704. Risk of Loss.* Electric Energy delivered hereunder and risk of loss shall pass from UAMPS to the Participant at the Point of Delivery. As between the parties to this Contract, UAMPS shall be deemed to be in exclusive control and possession of the Electric Energy delivered hereunder, and responsible for any damage or injury caused thereby, prior to the time such Electric Energy shall have been delivered to the Participant at the Point of Delivery. After delivery of Electric Energy to the Participant at the Point of Delivery, the Participant shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. UAMPS assumes all liability for and shall indemnify, defend and hold harmless the Participant (individually) from any claims, including death of persons, arising from any act or incident occurring when title to Electric Energy is vested in it. All costs and expenses incurred by UAMPS under the foregoing indemnity shall constitute a Cost of Acquisition and Construction or an item of Operation and Maintenance Costs, as determined by the Project Management Committee. To the extent permitted by law and solely to the extent of the revenues of its electric utility system and any available insurance proceeds, the Participant assumes all liability for and shall indemnify, defend and hold harmless UAMPS and the other Participants from any claims, including death of persons, arising from any act or incident occurring when title to Electric Energy is vested in it.

*Section 705. Interruption or Reduction of Deliveries.* The Participant acknowledges that deliveries of Electric Energy to the Point of Delivery may be interrupted or reduced if: (i) any operator of the Project determines that such interruption or reduction is necessary in case of emergencies affecting the Project, in order to install equipment, to make repairs and replacements to, to make investigations and inspections of, or to perform maintenance work on, the Project or otherwise carry out its obligations in respect of Project operations; (ii) such interruption or reduction is required under the Interconnection Agreement or by any regulatory body, balancing authority, independent system operator, regional transmission organization or similar entity; or (iii) Electric Energy from the Project is otherwise unavailable whether due to an event of Uncontrollable Force or otherwise.

*Section 706. Availability of Electric Energy.* (a) Except as provided otherwise by this Contract and subject to the provisions of the Project Agreements, Electric Energy allocable to the Participant's Entitlement Share shall be made available in accordance with this Contract during the term hereof; *provided, however*, that nondelivery of Electric Energy hereunder for any reason whatsoever (i) shall not relieve the Participant from its obligation to make its payments under Section 804 and (ii) shall not impose any liability upon UAMPS for any direct or consequential damages suffered by the Participant.

(b) The Participant acknowledges and agrees that deliveries of the Electric Energy allocable to its Entitlement Share to the Point of Delivery are not firm and are contingent upon the operation of the Project and other factors. The costs of reliability and related requirements imposed upon the Project by a balancing authority, independent system operator, regional transmission organization or other regulatory or administrative body shall be payable by the Participants as an item of Operation and Maintenance Costs. To the extent that such costs are imposed upon individual Participants, they shall be the sole responsibility of the affected Participant(s).

*Section 707. Environmental Attributes.* (a) The Project Management Committee shall establish standards and procedures for the allocation and tracking of Environmental Attributes to the Participants, which shall provide for the allocation of Environmental Attributes to the Participants based on units of generation, unless the Project Management Committee determines that an Environment Attribute should be allocated on the basis of Entitlement Shares or on some other basis. UAMPS shall use Commercially Reasonable Efforts to facilitate the attribution and crediting of Environmental Attributes to the Participants.

(b) If the Participant determines not to use any Environmental Attributes associated with its Entitlement Share in connection with the operations of its electric utility system for any reason and for any period of time, it shall give UAMPS notice to dispose of such Environmental Attributes for the benefit of the Participant. UAMPS will use Commercially Reasonable Efforts to sell, remarket or otherwise cause such Environmental Attributes to be advantageously utilized. UAMPS and the Participant acknowledge that (i) any disposition of Environmental Attributes may constitute a disposition of Bond-financed property and may be subject to restrictions and limitations necessary to maintain the Tax Status of the Bonds, and (ii) the other Participants shall have a right of first refusal to acquire such Environmental Attributes at prevailing market prices or such other prices as the Project Management Committee may determine to be reasonable in its sole discretion.

*Section 708. Reserve and Contingency Fund.* (a) In addition to various funds and accounts established under the Financing Documents, UAMPS may, upon the approval of the Project Management Committee, establish an additional fund with respect to the Project known as the “Reserve and Contingency Fund” to be funded, held and applied as provided herein. Amounts on deposit in the Reserve and Contingency Fund may be used to pay or provide reserves for unusual or extraordinary Operation and Maintenance Costs, renewals, repairs, replacements, additions or betterments of or to any items included in the Project, the cost of any Additional Facilities or the cost of or reserves for the retirement, decommissioning and termination of the Initial Facilities and any Additional Facilities that will not be paid from the Decommissioning Fund.

(b) The Project Management Committee may direct UAMPS to include in the Annual Budget adopted pursuant to Section 801 an amount for deposit into the Reserve and Contingency Fund. This amount may represent either an appropriation of excess revenues from the operation of the Project during the preceding Fiscal Year or amounts to be billed to and collected from the Participants as an item of Operation and Maintenance Costs during the Fiscal Year covered by the Annual Budget.

*Section 709. Insurance.* UAMPS shall maintain or pursuant to the Project Agreements shall cause there to be maintained, as part of the Cost of Acquisition and Construction or Operation and Maintenance Costs, as appropriate, insurance with responsible insurers with policies against risk or direct physical loss, damage or destruction of the Project, including liability insurance and employers’ liability insurance, all to the extent consistent with Prudent Utility Practice and to the extent available at reasonable cost, but in no case less than will satisfy applicable regulatory requirements and requirements of the Financing Documents.

*Section 710. Damage, Destruction or Condemnation.* Subject to the provisions of the Project Agreements, UAMPS shall use Commercially Reasonable Efforts to collect or cause to be collected amounts arising from insurance proceeds, condemnation awards, damages due from contractors, subcontractors or others and proceeds from the sale or other disposition of surplus property, all related to the Project, and shall apply all receipts, revenues and other moneys received by it or credited to it from the foregoing sources to the repair, reconstruction or replacement of the Project, to the retirement or defeasance of Bonds (in whole or in part), by purchase, redemption or other arrangements therefor, to the payment of other costs and expenses of UAMPS in connection with the Project or to the credit, pro rata, of the Participants, based upon their Entitlement Shares in the Project, all as provided in the Financing Documents.

*Section 711. Decommissioning.* (a) Upon the retirement of the Project and its removal from service, UAMPS shall take all actions necessary to Decommission the Project. The Decommissioning Fund shall be established as a separate and segregated trust fund or escrow account, and the amounts in the Decommissioning Fund shall be used solely for the payment of Decommissioning Costs and administrative and other charges permitted by the regulations of the NRC. The Decommissioning Fund shall be established and funded at the times, in the manner and in the amounts required by the Site Use Permit and the regulations of the NRC and any other federal or state agencies having jurisdiction over the Decommissioning of the Project. The Decommissioning Fund may be funded by a prepayment, by sinking fund deposits or by a surety,

insurance or other guarantee method acceptable to the NRC. Pending the application of amounts on deposit in the Decommissioning Fund to pay Decommissioning Costs, the Decommissioning Fund may be invested as provided in the trust or escrow agreement. Any amounts remaining in the Decommissioning Fund upon the completion of the Decommissioning of the Project and the termination of the COL shall be applied or disbursed at the direction of the Project Management Committee.

(b) The Project Management Committee may direct UAMPS to establish other funds or accounts to provide additional reserves for the payment of Decommissioning Costs.

*Section 712. Disposition or Termination of the Project.* (a) Except as provided in Section 505(c), Section 604, Section 1103 and this Section, UAMPS shall not sell, lease or otherwise dispose of the Project or any substantial part of the Project without the approval of the Project Management Committee by a Super-Majority Vote. Subject to the provisions of the Financing Documents and the Project Agreements, this Section shall not prohibit a merger or consolidation or sale of all or substantially all of the property of UAMPS.

(b) Subject to the applicable provisions of the Project Agreements, if the Project shall be terminated, UAMPS shall use Commercially Reasonable Efforts to cause the Project to be economically salvaged, discontinued, disposed of or sold in whole or in part. UAMPS shall make accounting statements for each Billing Period to the Participant of all costs and any net proceeds associated therewith. Such accounting statements shall continue for such Billing Periods until the Project has been salvaged, discontinued or finally disposed of, at which time a final accounting statement with respect thereto shall be made by UAMPS at the earliest reasonable time. The costs of salvage, discontinuance or disposition shall include, but shall not be limited to, all accrued costs and liabilities resulting from the acquisition, construction, operation or maintenance of and renewals and replacements to the Project. Such costs and, subject to the provisions of the Financing Documents, the net proceeds, if any, from the sale or salvage of Project components or assets shall be allocated among the Participants based upon their respective Entitlement Shares.

## **ARTICLE VIII**

### **BUDGET, BILLING AND PAYMENT**

*Section 801. Annual Budget; Accounting.* (a) On or before 15 days prior to the estimated commencement of the first Contract Year and on or before the beginning of each Contract Year thereafter, UAMPS shall prepare and mail to the Participant an Annual Budget for the Project recommended by the Project Management Committee and approved by the Board, based, to the extent appropriate, on budgets received under the Project Agreements, showing an annual estimate for the following Contract Year of (i) Development Costs and the Participant's share of such Costs, (ii) Operation and Maintenance Costs and Debt Service Costs, and the Participant's share of such Costs, and (iii) the Transmission Costs payable by the Participant, in each case as applicable to the then-current status of the Project. The Participant shall, to the extent and in the manner deemed appropriate by the Participant, incorporate the estimates shown on the Annual Budget in its annual budgetary process.

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(b) At the end of each quarter during each Contract Year and at such other times as it shall deem desirable, UAMPS shall review the Annual Budget of Operation and Maintenance Costs and Debt Service Costs for the Contract Year. In the event such review indicates that the Annual Budget does not or will not substantially correspond with actual receipts or expenditures, or if at any time during such Contract Year there are or are expected to be extraordinary receipts, credits, expenditures or costs substantially affecting Operation and Maintenance Costs or Debt Service Costs, UAMPS shall prepare and deliver to the Project Management Committee a revised Annual Budget for its review and recommendation to the Board, incorporating adjustments to reflect such receipts, credits, expenditures or costs. Upon the approval of the Board (i) the revised Annual Budget shall thereupon supersede the Annual Budget previously in effect and (ii) UAMPS shall deliver a copy of the revised Annual Budget to each of the Participants. The revised Annual Budget and any written materials that accompany it shall specifically identify the changes from the Annual Budget that was previously in effect.

*Section 802. Records and Accounting.* UAMPS agrees that it will keep accurate records and accounts relating to the Project, the Project Agreements, the Cost of Acquisition and Construction, Operation and Maintenance Costs, Transmission Costs and Debt Service Costs in accordance with the Financing Documents and the Uniform System of Accounts, separate and distinct from its other records and accounts; *provided* that UAMPS may establish revenue and operation and maintenance funds that account for more than one project of UAMPS so long as UAMPS shall maintain books and records adequate to show the amounts in each of such funds allocable to each such project. Said accounts shall be audited annually by a firm of certified public accountants, experienced in public finance and electric utility accounting and of national reputation, to be employed by UAMPS. A copy of each annual audit, including all written comments and recommendations of such accountants, approved by the Members shall be furnished by UAMPS to the Participant not later than 180 days after the end of each Contract Year.

*Section 803. Billing Periods.* (a) The initial Billing Period to be used for the preparation, calculation and billing of the amounts payable by the Participant hereunder shall be a Month. In order to promote the efficient and economic administration of the Project, UAMPS may, at any time after the end of the initial Contract Year and from time to time thereafter, adopt another standard period of time as the Billing Period hereunder. In addition to the foregoing, UAMPS may, upon the approval of the Project Management Committee, from time to time revise the billing and payment procedures provided for in this Section to promote the efficient and economic administration of the Project or to conform such billing procedures to those utilized in connection with other projects of UAMPS.

(b) Any change in the Billing Period shall be made in the Annual Budget provided for in Section 801 and shall not be effective for at least 30 days after the mailing of notice of such change in the Billing Period or in the billing and payment procedures to the Participant. At the time of the mailing of such Annual Budget, UAMPS shall send to the Participant a revised form of the billing procedures set forth in Section 804(b), which shall reflect any changes in the dates of billing and payment and the method thereof that are necessary or desirable to make this Section correspond to the new Billing Period, such changes to become effective on the date the new Billing Period takes effect. In no event shall any such change in the Billing Period or in the billing and payment

procedures increase the amounts payable by the Participant pursuant to this Section in respect of Operation and Maintenance Costs, Transmission Costs and Debt Service Costs.

*Section 804. Billings.* (a) The Participant acknowledges and agrees that it is necessary for UAMPS to recover all of the costs and expenses associated with the Project through billings to and payments by the Participants. UAMPS will apply amounts available under the DOE Cost Share and from the proceeds of Bonds issued during the Licensing Period to reduce the amounts billed to the Participants for Development Costs during the Licensing Period. UAMPS will exercise Commercially Reasonable Efforts to finance all Construction Costs, net of any Capital Contributions with Bond proceeds. During the Operating Period, UAMPS will apply the amounts received under any Excess Power Sales Agreements and any Tax Credit Agreements (in each case, only to the extent that such amounts are not pledged to the payment of Special Obligations) to reduce the amounts billed to the Participants for Operation and Maintenance Costs and Debt Service Costs. The Participant's share of Development Costs, Operation and Maintenance Costs and Debt Service Costs will equal the ratio of its Entitlement Share to the Entitlement Shares of all Participants, subject to the adjustments provided for in the Power Sales Contracts.

(b) For so long as the Billing Period is a Month, on or before the 25th day after the end of each Billing Period beginning with the first Billing Period in the first Contract Year, UAMPS shall render to the Participant a billing statement showing the amount payable by the Participant for such Billing Period in respect of: (i) Development Costs, (ii) Operation and Maintenance Costs; (iii) Transmission Costs; (iv) Debt Service Costs; and (v) any other amounts, adjustments or reconciliations payable by or credited to the Participant pursuant to this Contract or the Financing Documents and not otherwise shown. The Participant shall pay the total of such amounts at the time specified in Section 805(a), as the same may be revised from time to time. The billing statement for each Billing Period shall be based, to the fullest extent practicable, upon the actual operation of the Project during such Billing Period. To the extent that any billing statement rendered by UAMPS shall have included any estimated amounts in respect of the Participant's share of Operation and Maintenance Costs, Debt Service Costs or the Transmission Costs or other costs allocable to the Participant, such estimated amounts shall be reconciled at least once during each Contract Year with the actual operation and scheduling of the Project and the Participant shall receive a bill or credit, as applicable, to reflect such reconciliations pursuant to clause (v) of this paragraph.

(c) Debt Service Costs, including any adjustments thereto, shall be determined by UAMPS in accordance with the Financing Documents. Operation and Maintenance Costs, including any adjustments thereto, shall be determined by UAMPS in accordance with the applicable provisions of the Power Sales Contracts and the Project Agreements. UAMPS and the Participant acknowledge and agree that certain categories of costs may be financed as a Cost of Acquisition and Construction (and paid by the Participant as Debt Service Costs or through Capital Contributions) or paid by the Participant as Operation and Maintenance Costs, as determined by the Project Management Committee, but without duplication of any item of cost. Transmission Costs, including any adjustments thereto, shall be determined by UAMPS in accordance with the applicable provisions of this Contract and the Transmission Agreements. The Participant shall pay all such amounts pursuant to Section 805.

(d) In the event that the failure of a Participant to make its payments in accordance with its Power Sales Contract shall have resulted in the application of amounts in any reserve or working capital funds for the Project, any amounts thereafter paid to UAMPS, including delayed-payment and interest charges, by such defaulting Participant in respect of past due payments (i) shall be used to replenish such fund or (ii) to the extent that the other Participants shall have made up the deficiency created by such application or paid additional amounts into any such funds, shall be credited, pro rata, on the billing statements of such other Participants in the next Billing Period or Billing Periods as shall be appropriate.

*Section 805. Participant's Payment Obligations.* (a) Payments required to be paid by the Participant to UAMPS shall be due and payable to UAMPS at its principal office or by wire transfer to such account as UAMPS shall designate in writing to the Participant, on the 10th day of the Month following the Month in which the billing statement was rendered or at such other time as may be established by UAMPS pursuant to Section 803.

(b) If payment in full is not made by the Participant on or before the close of business on the due date, UAMPS shall impose a delayed payment charge on the unpaid amount due for each day overdue at a rate equal to the lesser of one percent per month, compounded monthly, or the maximum rate lawfully payable by the Participant; *provided, however*, that UAMPS, acting upon the direction of the Project Management Committee, may elect to waive such delayed payment charge (or portion thereof) but only to the extent that any such waiver will not adversely affect the ability of UAMPS to meet its payment obligations under the Project Agreements or the Financing Documents or materially increase the amounts payable by the other Participants. If said due date is not a business day, payment shall be made on the next following business day.

(c) The obligation of the Participant to make the payments for Development Costs, Operation and Maintenance Costs, Transmission Costs, Debt Service Costs and other amounts payable by the Participant pursuant to Section 804 is a several obligation and not a joint obligation with those of any other Participant. Prior to the Commercial Operation Date, the obligation of the Participant to make such payments shall constitute a cost of the development of a new power supply resource unless otherwise required by applicable law or binding contractual obligation. From and after the Commercial Operation Date, the obligation of the Participant to make such payments shall constitute an operating expense of the Participant's electric system and a cost of purchased Electric Power and Electric Energy unless otherwise required by applicable law or binding contractual obligation. In all cases, the obligation of the Participant to make the payments required by Section 804 shall be payable solely from the revenues and other legally available funds of its electric system, and in no event shall the Participant be obligated or required to levy or collect ad valorem property taxes or assessments to meet its payment obligations under this Contract. Such payments shall be made whether or not the Project or any portion thereof is acquired, completed, operable, operating, suspended or terminated, and notwithstanding the damage or destruction of the Project, the suspension, interruption, interference, reduction or curtailment of the Project Output, termination of any of the Project Agreements, loss or interruption of transmission from the Point of Delivery or termination of any Transmission Agreement, for any reason whatsoever, in whole or in part. The obligations of the Participant to make such payments shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, and shall not be conditioned upon the performance by UAMPS under this or any other agreement or instrument.



*Section 806. Disputed Billings.* In the event of any dispute as to any portion of the billing statement for such Billing Period, the Participant shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to UAMPS not later than the 60th day after such billing statement was submitted. Such notice shall identify the disputed billing statement, state the amount in dispute and set forth a full statement of the grounds for such dispute. No adjustment shall be considered or made for disputed charges unless such notice is given by the Participant. UAMPS shall give consideration to such dispute and shall advise the Participant with regard to its position relative thereto within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement or determination by the Project Management Committee) of the correct amount, any difference between such correct amount and such full amount shall be accounted for in the billing statement next submitted to the Participant after such determination. For the avoidance of doubt, any overpayment or underpayment determined pursuant to Section 807 shall not be considered to be a disputed payment that is subject to this Section.

*Section 807. Audit Rights.* (a) At its cost, the Participant may, upon the giving of not less than 15 days' prior written notice to UAMPS, but not more often than once during any two-year period, inspect and audit the books and records of UAMPS relating to the Project for the purpose of verifying the amounts payable by the Participant under this Contract within the three-year period preceding the commencement of the audit. UAMPS agrees to make available to the Participant, to the extent Commercially Reasonable, all relevant records and all requested information relating to the subject matter of any such audit, subject in all cases to any confidentiality restrictions applicable to third-party information or contracts; provided that UAMPS shall make Commercially Reasonable Efforts to obtain a waiver of such restrictions for purposes of the audit and the Participant shall execute such non-disclosure agreements as may be reasonably requested by UAMPS. Any audit shall be conducted during normal business hours, and the Participant will use Commercially Reasonable Efforts to complete any audit within one month, subject to the availability of relevant records and information and the absence of material accounting irregularities.

(b) If any audit discloses that an overpayment or underpayment has been made during the three-year period described above, the amount of the overpayment or underpayment will be promptly paid by the appropriate party, together with interest calculated at an annual rate equal to the LIBOR three-month rate published on that date in *The Wall Street Journal* (or, if *The Wall Street Journal* is not published on that date, the next date of publication, or, if such rate is not published in *The Wall Street Journal*, such rate as published in a respected daily financial periodical, or such replacement rate, agreed upon by the parties, acting in a Commercially Reasonable manner), plus 400 basis points, compounded daily and on the basis of a 360-day year, from the date or dates of any such overpayment or underpayment through and including the date of the payment correcting the overpayment or underpayment. Any payment made by UAMPS pursuant to this Section shall constitute an item of Operation and Maintenance Costs.

## ARTICLE IX

### REPRESENTATIONS, WARRANTIES AND COVENANTS

*Section 901. Representations and Warranties.* (a) The Participant represents and warrants to UAMPS as follows:

(i) the Participant is a political subdivision, duly created and validly existing under the laws of the State of New Mexico, and has all corporate power and authority necessary to enter into and perform its obligations under this Contract;

(ii) this Contract has been duly authorized, executed and delivered by the Participant and constitutes its legal, valid and binding obligation enforceable in accordance with its terms;

(iii) the execution, delivery and performance by the Participant of this Contract does not and will not (A) conflict with any constitutional, statutory or regulatory provision, judgment, decree or order applicable to the Participant and (B) constitute a breach of or a default under any bond ordinance, resolution or indenture or any contract or agreement to which the Participant is a party or to which any of the property, assets or revenues of its electric system is subject;

(iv) all Required Approvals, if any, have been obtained;

(v) to the Participant's knowledge, there is no pending or threatened action or proceeding affecting the Participant which purports to affect the authorization, legality, validity or enforceability of this Contract, the Joint Action Agreement or the Pooling Agreement; and

(vi) prior to and in connection with its approval and execution of this Contract, the Participant conducted its own review of the descriptions, information and studies regarding the Project, the Project Agreement and this Contract provided by UAMPS and made an independent determination to enter into this Contract.

(b) UAMPS represents and warrants to the Participant as follows:

(i) UAMPS is a political subdivision of the State of Utah and an energy services interlocal entity, duly created and validly existing under the Act and the Joint Action Agreement;

(ii) UAMPS has all corporate power and authority necessary to enter into and perform its obligations under this Contract;

(iii) This Contract has been duly approved by the Project Management Committee and the Board and has been duly authorized, executed and delivered by

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UAMPS and constitutes its legal, valid and binding obligation enforceable in accordance with its terms;

(iv) the execution, delivery and performance by UAMPS of this Contract does not and will not (A) conflict with any constitutional, statutory or regulatory provision, judgment, decree or order applicable to UAMPS and (B) constitute a breach of or a default under any bond ordinance, resolution or indenture or any contract or agreement to which UAMPS is a party or to which any of its property, assets or revenues is subject;

(v) to UAMPS' knowledge, there is no pending or threatened action or proceeding affecting UAMPS which purports to affect the authorization, legality, validity or enforceability of this Contract, the Joint Action Agreement or the Pooling Agreement; and

(vi) the descriptions, information and studies regarding the Project, the Project Agreement and this Contract provided to the Participant by UAMPS have been prepared in good faith based upon the facts and information known to UAMPS at the time, and UAMPS has no reason to believe that such descriptions, information and studies taken as a whole are incorrect or misleading in any material respect.

*Section 902. Information to Be Made Available.* (a) UAMPS shall make available for examination by the Participant at reasonable times (subject to their availability to UAMPS under the applicable provisions of the Project Agreements):

(i) all books of accounts, records, documentation and contracts in the possession of UAMPS relating to the Project;

(ii) copies of all agreements and data in the possession of UAMPS relating to the financing of the Project;

(iii) copies of all operating and financial records and reports relating to the Project in the possession of UAMPS;

(iv) copies of policies of insurance carried pursuant to Section 709; and

(v) such other information and documents with respect to the Project as the Participant may reasonably request from time to time.

To the extent that any of the foregoing items are subject to confidentiality restrictions or include non-public information, UAMPS shall exercise Commercially Reasonable Efforts to obtain a waiver of such restrictions for purposes of the Participant's examination and the Participant, to the extent authorized by law, shall execute such non-disclosure agreements as may be reasonably requested by UAMPS.

(b) The Participant acknowledges that the ability of UAMPS to issue and sell the Bonds depends upon, among other things, the credit standing of the Participants and their electric systems, and that it will be necessary for UAMPS to provide certain information with respect to the

Participants and their electric systems in connection with the sale of the Bonds (whether or not the Participant is making a Capital Contribution). In addition, UAMPS may be required to enter into continuing disclosure undertakings pursuant to Rule 15c2-12 of the Securities and Exchange Commission (or other law or regulation) to provide annual financial and operating information with respect to the Project and the Participants. The Participant covenants to and agrees with UAMPS that it will provide all information with respect to the Participant and its electric system, including financial and operating information and all contracts, documents, reports, bond resolutions and indentures, as may be requested by UAMPS or its counsel in connection with the financing of the Project, the issuance of the Bonds and compliance with such continuing disclosure undertakings.

(c) The Participant covenants to and agrees with UAMPS that the Participant will furnish to UAMPS (i) concurrently with its execution and delivery of this Contract and not later than 180 days after the end of each fiscal year of the Participant thereafter (or such later date as may be permitted by law), (A) a copy of the most recent annual financial statements of the Participant and its electric enterprise fund, audited by an independent certified public accountant or firm of such accountants, together with copies of all management letters and written recommendations and comments submitted by the accountants making such audit, and (B) the information and documents described in EXHIBIT II attached hereto, and (ii) such other information and documents as UAMPS may reasonably request from time to time.

(d) The Participant may notify UAMPS if non-public information is contained in the materials provided under EXHIBIT II. UAMPS agrees to (i) classify any such non-public information as “protected records” within the meaning of, and to the extent permitted under, the Utah Government Records Access and Management Act, (ii) agrees to cooperate with the Participant to appropriately classify any such non-public information under such other public records laws that apply to the Participant and (iii) notify the Participant of any demand for disclosure of such information and will cooperate with the Participant in contesting any such disclosure demand.

(e) Concurrently with its execution and delivery of this Contract, the Participant shall deliver to UAMPS (i) a certificate, together with attached exhibits, in substantially the form attached hereto as EXHIBIT III and (ii) an opinion of counsel in substantially the form attached hereto as EXHIBIT V. In connection with each issuance of Bonds by UAMPS and at such other times as UAMPS may reasonably request, the Participant shall deliver to UAMPS (iii) a bring-down certificate in substantially the form attached hereto as EXHIBIT IV, and (iv) a bring-down opinion of counsel in substantially the form attached hereto as EXHIBIT VI.

*Section 903. Covenants and Agreements of the Participant.* The Participant covenants to and agrees with UAMPS as follows:

(a) *Maintenance of Rates.* The Participant shall establish, maintain, revise, charge and collect rates for electric service rendered by it to its customers so that such rates shall provide revenues which, together with other funds reasonably estimated to be available, will be sufficient to meet the Participant’s obligations to UAMPS under this Contract, to pay all other operating expenses of the Participant’s electric system and to provide revenues sufficient to pay all

obligations of the Participant payable from, or constituting a charge or lien on, the revenues of its electric system and, to the extent being paid from the revenues of its electric system, all general obligation bonds of the Participant now or hereafter outstanding.

(b) *Maintenance of Revenues.* The Participant shall promptly collect all charges due for electric utility services supplied by it as the same become due. The Participant shall at all times maintain and shall exercise Commercially Reasonable Efforts to enforce its rights against any person, customer or other entity that does not pay such charges when due.

(c) *Sale or Assignment of Electric System or Power Sales Contract.* During the term of this Contract, the Participant shall not assign, sell, lease or otherwise dispose of all or substantially all of its electric system or this Contract, except upon compliance with the provisions of Sections 303 or 304, as applicable.

(d) *Prudent Utility Practice.* The Participant shall, in accordance with Prudent Utility Practice, (i) at all times operate its electric system and the business thereof in an efficient manner, (ii) maintain its electric system in good repair, working order and condition, (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the electric system, so that at all times the business thereof shall be properly conducted, and (iv) duly perform its obligations under all power supply and transmission service agreements to which it is a party.

(e) *Operating Expenses.* UAMPS and the Participant intend that the payments to be made by the Participant to UAMPS pursuant to this Contract will be payable (i) if and to the extent that any payments are required to be made prior to the Commercial Operation Date, from the revenues and income derived from the operation of the Participant's electric system as a cost of the development of a new long-term power supply resource, (ii) from and after the Commercial Operation Date as a cost of purchased electric power and energy, and (iii) in each case as an operating expense of the Participant's electric system and a first charge, together with all other operating expenses, on the revenues derived from the operation of the Participant's electric system; *provided that* if any amount payable by the Participant under this Contract is prohibited from being paid as an operating expense of the Participant's electric system under applicable law or a binding contractual obligation, such amount shall be payable from the available revenues and income of the Participant's electric system. The Participant covenants to and agrees with UAMPS that it will, unless otherwise required by applicable law or under a binding contractual obligation, include the annual payments required to be made by it under this Contract as a cost of purchased electric power and energy as an operating expense in the annual operating budget of its electric system and in any resolution, ordinance or indenture providing for future borrowings for the Participant's electric system.

(f) *Tax Status.*

(i) The Participant agrees that it will apply all of the Electric Energy acquired under this Contract to a Qualified Use and that it will not take or omit to take any action (whether with respect to the Electric Energy or Environmental Attributes acquired under this Contract or otherwise) which could, either alone or in conjunction with any other

similar actions by the Participant or other Participants, adversely affect the Tax Status of any Bond or Bonds theretofore issued or thereafter issuable by UAMPS. Upon any breach of the foregoing covenants, the Participant shall take and pay the costs of all remedial actions as may be directed by UAMPS in order to maintain the Tax Status of the Bonds.

(ii) The Participant represents and warrants that, as of the Effective Date, it has no contracts (and has no current expectation of entering into any contracts) other than Permitted Contracts to provide electric service to any purchaser. At least thirty days prior to entering into any such contract, the Participant shall notify UAMPS of its intent to enter into such contract and provide copies of such contract to UAMPS. Within thirty days after receipt of such notice, UAMPS shall advise the Participant as to whether, in the opinion of Bond Counsel, such contract would result in a violation of the covenant in clause (i) above. The cost of such opinion and other reports necessary in connection therewith shall be borne by the Participant.

(iii) The Participant agrees to provide such information as UAMPS may request and to comply with such additional instructions as may be provided by UAMPS in order to confirm and maintain the Qualified Use of the Electric Energy sold under this Contract and its use of Environmental Attributes in accordance with the provisions of this Section and Section 707.

## **ARTICLE X**

### **DEFAULT AND REMEDIES**

*Section 1001. Default by Participant.* Each of the following shall constitute a “default” by the Participant under this Contract:

(a) failure of the Participant to make to UAMPS any of the payments for which provision is made in this Contract within five business days after the due date of any such payment; or

(b) failure by the Participant to observe any of the covenants, agreements or obligations on its part contained herein and failure to remedy the same for a period of sixty days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given by or on behalf of UAMPS; or

(c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including proceedings under Title 11, Chapter 9, United States Code or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors, are instituted by or against the Participant and, if instituted against the Participant, said proceedings are consented to or are not dismissed within thirty (30) days after such institution.

*Section 1002. Continuing Obligation of Participant; Right of UAMPS to Discontinue Service.* (a) In the event of any default described in Section 1001, the Participant shall not be

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relieved of its liability for payment of any amounts in default or its failure to observe its covenants, agreements and obligations hereunder and UAMPS shall have the right to recover from the Participant any amount in default. In enforcement of any such right of recovery, UAMPS may bring any suit, action, or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of the Participant hereunder or the obligation of the Participant to make any payment for which provision is made in this Contract.

(b) In addition to proceeding with its rights against a defaulting Participant pursuant to paragraph (a) above, UAMPS may, upon not less than thirty (30) days' written notice from UAMPS to the defaulting Participant, suspend or terminate the Participant's right to receive its Entitlement Share under this Contract. Such notice shall be entitled "NOTICE OF DEFAULT UNDER CARBON FREE POWER PROJECT POWER SALES CONTRACT" and shall: (i) describe the type and amount of payments that are then due and unpaid (in the case of a default under Section 1001(a)) or the nature of such default (in the case of a default under Section 1001(b) or (c)); and (ii) state that the failure to make full and timely payment of all amounts due and payable hereunder, or otherwise to cure such default, within thirty (30) days from the date such notice is received by the defaulting Participant (as determined pursuant to Section 1105) could result in the suspension or termination of its Entitlement Share, in whole or in part. UAMPS shall have no obligation to provide further notice of the default and its consequences to the defaulting Participant. UAMPS shall deliver promptly a copy of each notice delivered pursuant to this paragraph to the nondefaulting Participants.

(c) If the defaulting Participant in good faith disputes the basis for or the validity of the default(s) described in the written notice of UAMPS, including any amounts stated in the notice as being due and unpaid, it shall nevertheless make such payment within said thirty (30)-day period under written protest directed to UAMPS specifying the basis upon which the protest is based. Protested payments shall be treated as a dispute in a monthly billing statement and UAMPS shall consider such dispute as provided in Section 806. All other disputes shall be addressed as provided in Section 1005(b).

(d) In connection with its determination to suspend or terminate a defaulting Participant's Entitlement Share, UAMPS shall take into account, among such other matters as it shall deem relevant, the amounts and due dates of its payment obligations under the Project Agreements and the Financing Documents and the funds and revenues available to UAMPS to enable it to meet its obligations thereunder.

(e) In the event that UAMPS has suspended (but not terminated) a defaulting Participant's right to receive the Electric Energy allocable to its Entitlement Share, such Participant may restore its right to receive such Electric Energy by (i) taking all actions on its part necessary to cure or remedy the default, (ii) paying all amounts necessary to compensate the nondefaulting Participants and UAMPS for fees, costs, expenses and losses incurred by them as a result of such default, and (iii) taking such other action and paying such amounts, including providing such adequate assurances of performance (such as a prepayment or the posting of a security deposit) as may be reasonably required by the Project Management Committee.

(f) The suspension or termination of a defaulting Participant's right to receive its Entitlement Share and any actions taken by UAMPS pursuant to Section 902 shall not terminate, reduce or modify the defaulting Participant's obligations and liabilities under its Power Sales Contract. The defaulting Participant shall remain liable under all billing statements rendered by UAMPS, whether prior or subsequent to the default, and UAMPS for itself and on behalf of the nondefaulting Participants shall be entitled to recover from the defaulting Participant all damages, legal fees, costs and expenses incurred by UAMPS and the nondefaulting Participants as a result of such default. UAMPS shall exercise Commercially Reasonable Efforts to mitigate the damages resulting from the Participant's default.

*Section 1003. Transfer of Entitlement Share Following Default; Other Actions by UAMPS.*

(a) UAMPS and the Participant acknowledge that a default by any of the Participants under its Power Sales Contract could reduce the revenues available to UAMPS which are necessary in order for UAMPS to meet its obligations under the Project Agreements and the Financing Documents on a timely basis. In the event of an insufficiency of revenues and an inability of UAMPS to meet timely such obligations, the ability of UAMPS to deliver Electric Energy from the Project and the interests of all of the Participants will be materially and adversely affected. The provisions of this Section are intended to provide a means to assure the sufficiency of revenues to UAMPS following a default by a Participant under its Power Sales Contract. The Participants agree that the provisions of this Section are reasonable and necessary in order for them to achieve the benefits of their joint and cooperative undertaking with respect to the Project.

(b) In the event of a default by any Participant and suspension or termination of the Participant's right to receive its Entitlement Share pursuant to Section 1002, but only if the Project has not been terminated, UAMPS and the nondefaulting Participants shall take the following actions in the order set forth below:

(i) UAMPS shall immediately allocate all of the defaulting Participant's Entitlement Share among all of the nondefaulting Participants, pro rata on the basis of their then-current Entitlement Shares, which shall remain in effect only until the completion of the procedures provided for in this paragraph (b). UAMPS shall provide written notice to the nondefaulting Participants of the initial allocation of the defaulting Participant's Entitlement Share which notice shall (A) set forth the date of the initial allocation, (B) include a revised SCHEDULE I showing the increased Entitlement Shares and (to the extent applicable) the revised Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of the nondefaulting Participants as a result of such allocation, (C) direct each of the nondefaulting Participants to make an election pursuant to subparagraph (2) below, and (D) set forth the date by which each of the nondefaulting Participants must notify UAMPS of such election. The initial allocation of the defaulting Participant's Entitlement Share and the increased Entitlement Shares and the revised Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of the nondefaulting Participants as a result of such allocation (as shown on the revised SCHEDULE I prepared by UAMPS) shall remain in effect until the completion of the procedures provided for in this paragraph (b). During such period, each of the nondefaulting Participants shall have all of the rights, benefits, obligations and responsibilities associated



with its increased Entitlement Share and its revised Capital Contribution Percentage, Debt Service Percentage and Debt Service Share as a result of such allocation.

(ii) Within sixty days after the initial allocation of the defaulting Participant's Entitlement Share, each nondefaulting Participant shall notify UAMPS in writing of its election to: (A) retain all of its initial allocation of the defaulting Participant's Entitlement Share; or (B) retain none or less than all of such allocation. Any Participant that elects to retain all of its initial allocation of the defaulting Participant's Entitlement Share shall be deemed to have fully satisfied its step-up obligations under this Section and shall not thereafter be required to accept any additional allocation of the defaulting Participant's Entitlement Share; *provided* that any such nondefaulting Participant may give notice to UAMPS of its request to acquire additional amounts of the defaulting Participant's Entitlement Share as may be available.

(iii) Within thirty (30) days after its receipt of the elections of all nondefaulting Participants pursuant to subparagraph (ii), UAMPS shall determine whether the nondefaulting Participants have elected to retain all of the defaulting Participant's Entitlement Share. In the event that one or more of the nondefaulting Participants elected to retain less than all of the initial allocations of the defaulting Participant's Entitlement Share, UAMPS shall reallocate the remaining amounts of the defaulting Participant's Entitlement Share proportionally among those nondefaulting Participants that have requested additional amounts of the defaulting Participant's Entitlement Share. To the extent that any part of the defaulting Participant's Entitlement Share is then unallocated, UAMPS shall next reallocate the remaining portion of the defaulting Participant's Entitlement Share proportionally among those Participants that did not elect to retain all of their initial allocations of such Entitlement Share. Proportional reallocations shall be based upon the Entitlement Shares of the nondefaulting Participants in effect immediately prior to the defaulting Participant's default.

(iv) In no event shall the final allocation of a defaulting Participant's Entitlement Share pursuant to subparagraph (iii) (or the total of all such allocations in the event of multiple Participant defaults) cause any nondefaulting Participant's Entitlement Share to increase by more than 25% over its "Adjusted Entitlement Share" without such Participant's consent. The "Adjusted Entitlement Share" is the Participant's Entitlement Share shown on SCHEDULE I on and as of the Effective Date, as such Entitlement Share may have previously been increased upon an assignment to the Participant pursuant to Section 303.

(v) Each allocation or reallocation of a defaulting Participant's Entitlement Share shall also allocate or reallocate the defaulting Participant's Capital Contribution Percentage and Debt Service Percentage to the nondefaulting Participants receiving such allocation or reallocation. The Capital Contribution Percentage and the Debt Service Percentage of the defaulting Participant shall be allocated to each of such nondefaulting Participants proportionally based upon the respective amounts of the defaulting Participant's Entitlement Share that are allocated or reallocated to them. The standards set forth in Section 603(e) shall apply to the foregoing computations.

(vi) UAMPS shall deliver, promptly after making the determinations and reallocations required by this paragraph (b), a notice to the nondefaulting Participants which notice shall (A) set forth the final allocation of the defaulting Participant's Entitlement Share pursuant to subparagraph (iii), and the effective date of the final allocation, and (B) include a revised SCHEDULE I showing the revised Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares, respectively, of the nondefaulting Participants upon the final allocation pursuant to subparagraph (iii). The Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares shown on such revised SCHEDULE I shall thereafter be the Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of the nondefaulting Participants.

(vii) Any portion of the Entitlement Share of a defaulting Participant allocated or reallocated to a nondefaulting Participant pursuant to this paragraph (b) shall become a part of and shall be added to the Entitlement Share of the nondefaulting Participant, and from and after the date of such transfer the nondefaulting Participant shall be obligated to pay for its increased Entitlement Share pursuant to the terms and provisions of this Contract. The defaulting Participant shall remain liable to UAMPS and the nondefaulting Participants for costs incurred and damages suffered by them in connection with the actions taken with respect to the defaulting Participant's Entitlement Share provided for in this Section.

(c) If, as a result of the limitation stated in subparagraph (b)(iv) above, any portion of a defaulting Participant's Entitlement Share remains unallocated or upon the request of any nondefaulting Participant, UAMPS shall use Commercially Reasonable Efforts to sell or dispose of the unallocated or designated Entitlement Share or the associated Project Capability and Environmental Attributes. In the event that UAMPS, based upon the advice of Bond Counsel, determines that any such sale or disposition could adversely affect the Tax Status of any Bonds, UAMPS will, in a Commercially Reasonable manner, take such remedial actions as may be designated by Bond Counsel in order to maintain the Tax Status of such Bonds. The defaulting Participant shall be liable for the costs, fees and expenses incurred by UAMPS in connection with any such sale, disposition or remedial action.

(d) In connection with any action taken by it pursuant to this Section, UAMPS shall take into account the proceeds received or to be received from such sale or disposition and shall, to the extent necessary, but subject to the limitation stated in paragraph (b)(iv) above, make adjustments to the Entitlement Share, Capital Contribution Percentage, Debt Service Percentage and Debt Service Share of each of the nondefaulting Participants to reflect such sale or disposition and to ensure the receipt of revenues sufficient to enable UAMPS to meet its obligations under the Project Agreements and the Financing Documents. The Participant acknowledges that such adjustments may, under certain circumstances, result in a change in the Participant's share of Operation and Maintenance Costs and Debt Service Costs without a corresponding change in the Participant's Entitlement Share. Upon the completion of the procedures provided for in this Section, UAMPS shall prepare and send to each of the Participants a final revised SCHEDULE I, setting forth the Entitlement Shares, the Capital Contribution Percentages, Debt Service Percentages and Debt

Service Shares, respectively, of the nondefaulting Participants reflecting the procedures and actions taken pursuant to this Section.

*Section 1004. Other Default by Participant.* In the event of a failure of the Participant to observe, keep and perform any of the covenants, agreements or obligations on its part contained in this Contract, UAMPS may, in addition to its other rights hereunder, bring any suit, action, or proceeding in law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Contract against the Participant.

*Section 1005. Default by UAMPS; Dispute Resolution.* (a) In the event of any default by UAMPS under any covenant, agreement or obligation of this Contract, the Participant's sole remedy for such default shall be limited to mandamus, injunction, action for specific performance or any other available equitable remedy as may be necessary or appropriate and in no event shall the Participant withhold or offset any payment owed to UAMPS hereunder.

(b) Prior to and as a condition to the filing of any action with respect to this Contract under paragraph (a) above, the Participant shall first submit the dispute or matter in question to the Project Management Committee for mediation by giving notice in writing to UAMPS and the Chair of the Project Management Committee describing the dispute or matter and the issue or issues to be resolved. The Participant agrees to participate fully and in good faith in all mediation proceedings of the Project Management Committee. In the event that the Project Management Committee is unable to resolve or mediate such dispute or matter within 120 days after UAMPS has received written notice of the dispute, the Participant shall have the right to initiate such proceedings as it may deem necessary pursuant to paragraph (a).

*Section 1006. Abandonment of Remedy.* In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the parties to such proceedings shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of UAMPS and the Participant shall continue as though no such proceedings had been taken.

*Section 1007. Waiver of Default.* Any waiver at any time by either UAMPS or the Participant of its rights with respect to any default of the other party hereto, or with respect to any other matter arising in connection with this Contract, shall not be a waiver with respect to any subsequent default, right or matter.

## **ARTICLE XI**

### **GENERAL PROVISIONS**

*Section 1101. Relationship to and Compliance with Other Instruments.* (a) It is recognized by the parties hereto that UAMPS, in undertaking, or causing to be undertaken, the planning, financing, construction, acquisition, operation and maintenance of the Project, must comply with the requirements of the Financing Documents, the Project Agreements and all Permits and Approvals necessary therefor, and it is therefore agreed that this Contract is made subject to the

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terms and provisions of the Financing Documents, the Project Agreements and all such Permits and Approvals.

(b) The Participant acknowledges that (i) UAMPS' rights under the Project Agreements are limited to those specifically set forth therein, and (ii) upon any default or performance failure by the other parties to such Project Agreements, UAMPS' remedies will be limited to those set forth in the applicable Project Agreements. The Participant understands and agrees that, this Contract and UAMPS obligations under it are subject to the terms and requirements of the Project Agreements, the Financing Documents and the Permits and Approvals for the Project.

(c) UAMPS covenants and agrees that it will use Commercially Reasonable Efforts for the benefit of the Participant to comply in all material respects with all terms, conditions and covenants applicable to it contained in the Financing Documents, the Project Agreements and all Permits and Approvals, and that it will not, without the consent of the Participant, enter into any amendment or modification of the Financing Documents or the Project Agreements which will change the Participant's Entitlement Share or which will materially and adversely affect the rights and obligations of the Participant hereunder. To the extent that the Power Sales Contracts provide that UAMPS, the Board or the Project Management Committee has discretion over a particular matter, UAMPS (acting upon the recommendation of the Project Management Committee and the approval of the Board) may agree in the Financing Documents or the Project Agreements to limitations, conditions or restrictions on such discretion.

*Section 1102. Liability of Parties.* UAMPS and the Participant shall assume full responsibility and liability for the maintenance and operation of their respective properties and each shall, to the extent permitted by law, indemnify and save harmless the other 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 and not caused in whole or in part by the negligence of the other party; *provided* that (i) any liability of the Participant shall be payable only from insurance coverage and the available income and revenues of its electric system, and (ii) any liability which is incurred by UAMPS through the acquisition, construction, operation and maintenance of the Project or pursuant to the Project Agreements and not covered, or not covered sufficiently, by insurance shall be paid solely from the revenues of UAMPS hereunder, and any payments made by UAMPS to satisfy such liability shall, except to the extent paid from proceeds of Bonds or Capital Contributions, become part of Operation and Maintenance Costs.

*Section 1103. Assignment.* (a) This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract; *provided, however*, that neither this Contract nor any interest herein shall be transferred or assigned by either party hereto except as follows:

(i) UAMPS may assign its interests under this Contract or all or any portion of the amounts payable by the Participant hereunder pursuant to the Financing Documents as described in paragraph (b) below;

(ii) UAMPS may sell, transfer or reallocate all or any portion of the Participant's Entitlement Share following a default by the Participant and a discontinuance of service as provided in Section 1002;

(iii) after such point in time as all Bonds issued under the Financing Documents have been paid or deemed to have been paid as provided in the Financing Documents, UAMPS may, upon the approval of the Project Management Committee, assign this Contract and pledge the amounts payable by the Participant hereunder;

(iv) the Participant shall assign the Electric Energy allocable to the Participant's Entitlement Share to the UAMPS Pool as provided in Section 702(b); and

(v) the Participant may assign or transfer all or any portion of its Entitlement Share or its interests under this Contract only as provided in Sections 303 or 304, as applicable.

(b) The Participant acknowledges and agrees that UAMPS may assign and pledge to the Trustee designated in the Financing Documents all or any portion of its right, title, and interest in and to the payments to be made to UAMPS under the provisions of this Contract, as security for the payment of the principal (including sinking fund installments) of, premium, if any, and interest on Bonds and, upon such assignment and pledge, UAMPS may grant to the Trustee any rights and remedies herein provided to UAMPS, and thereupon any reference herein to UAMPS shall be deemed, with the necessary changes in detail, to include the Trustee which on behalf of and together with the owners from time to time of the Bonds shall be third party beneficiaries of the covenants and agreements of the Participant herein contained.

(c) The Participant acknowledges and agrees that it may not pledge, assign, encumber or transfer its interests under this Contract to secure any financing undertaken by or for it to fund any Capital Contribution to UAMPS.

*Section 1104. Amendments.* (a) This Contract shall not be amended, modified, or otherwise altered in any manner that will adversely affect the security for the Bonds afforded by the provisions of this Contract. So long as any of the Bonds are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Financing Documents, this Contract shall not be amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for the Bonds or extend the time of such payments provided herein or which will in any manner impair or adversely affect the rights of the owners from time to time of the Bonds. For the avoidance of doubt, any actions taken by UAMPS or the Participant under or pursuant to this Contract that are required or permitted by this Contract shall not be deemed to constitute an amendment, modification or alteration of this Contract within the meaning of this paragraph.

(b) No Power Sales Contract entered into between UAMPS and another Participant may be amended so as to provide terms and conditions that are substantially and materially different from those contained in this Contract except upon written notice to and written consent or waiver by each of the other Participants, and upon similar amendment being made to the Power Sales

Contracts of any other Participants requesting such amendment after receipt by such Participants of notice of such amendment. No amendment to this Contract shall become effective until all Required Approvals have been obtained by or on behalf of the Participant.

(d) In connection with any revision or amendment of the billing procedures provided for in Section 803, Section 804 or of any of the Exhibits attached hereto, UAMPS shall promptly provide a copy of the revision or amendment to the Participant.

*Section 1105. Notices and Computation of Time.* (a) All notices, demands or other communications made pursuant to this Contract (each, a “Notice”) may be sent by facsimile, electronic mail, other mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivery. Notice shall be deemed given when received by the addressee, unless received on a day that is not a business day or received after 5:00 p.m. (receiving party’s local time) on a business day, in which case Notice shall be deemed to have been received on the next following business day. In the absence of proof of the actual receipt date, the following presumptions will apply: (i) Notice sent by facsimile or electronic mail shall be deemed to have been received upon the sending party’s receipt of electronic confirmation of successful transmission; (ii) Notice sent by overnight mail or courier shall be deemed to have been received on the next business day after it was sent or such earlier time as is confirmed by the receiving party; and (iii) Notice sent by first class mail shall be deemed to have been received five business days after mailing.

(b) All Notices shall be sent by UAMPS to the business address, facsimile address or e-mail address of the Participant’s Representative. All Notices shall be sent by the Participant to the business address, facsimile address or designated e-mail address of UAMPS. Either party may change its Notice address(es) by Notice to the other party.

*Section 1106. Relationship of UAMPS and the Participant; Relationship Among Participants.* (a) This Contract is not intended to create, nor shall it be deemed to create, any relationship between UAMPS and the Participant other than that of independent parties contracting with one another for the purpose of effectuating the provisions of this Contract.

(b) The covenants, obligations, liabilities, rights and benefits of the Participant under this Contract are individual and not joint and several, or collective, with those of any other Participant. Other than giving effect to the joint and cooperative action of UAMPS on behalf of the Participants, the Power Sales Contracts shall not be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation or liability on, between or among the Participant and any one or more of the Participants. No Participant shall be or be deemed to be under the control of, nor shall any Participant control or be deemed to control, any or all of the other Participants or the Participants as a group. No Participant shall be bound by the actions of any other Participant, nor shall any Participant be deemed to be the agent of any other Participant or have the right to bind any other Participant.

*Section 1107. No Recourse Against Officers, Etc. of UAMPS or Participant.* No member of the governing body, nor any officer or employee of UAMPS or the Participant shall be individually or personally liable for any payment under this Contract or be subject to any personal

liability or accountability by reason of the execution of this Contract; *provided, however*, that this Section shall not relieve any officer or employee of UAMPS or the Participant from the performance of any official duty imposed by law.

*Section 1108. Contract Beneficiaries.* This Contract is entered for the benefit of and as the binding agreement of UAMPS and the Participant. The Trustee and the owners of the Bonds are the only third-party beneficiaries of this Contract, as and to the extent provided in the Financing Documents.

*Section 1109. Governing Law; Jurisdiction and Venue.* (a) This Contract is made under and shall be governed by the law of the State of Utah; *provided, however*, authority of the Participant to execute and perform its obligations under this Contract shall be determined under the laws of the State of New Mexico.

(b) All judicial proceedings brought against either party arising out of or relating hereto shall be brought exclusively in the courts of the State of Utah or of the United States of America for the District of Utah. By executing and delivering this Contract, each party, for itself and in connection with its properties, irrevocably accepts generally and unconditionally the nonexclusive jurisdiction and venue of such courts; waives any defense of *forum non conveniens*; agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to the party at its address provided in accordance with Section 1105; and agrees that service as provided above is sufficient to confer personal jurisdiction over the party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect.

*Section 1110. Severability; No Merger.* (a) If any section, paragraph, clause or provision of this Contract shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Contract shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not been included herein.

(b) This Contract constitutes the entire and complete agreement of UAMPS and the Participant in respect of the Project and shall not be nor shall it be deemed to be modified, amended or superseded by any other agreement or contract between UAMPS and the Participant in respect of any other project or subject.

*(Signature pages follow.)*

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their proper officers respectively, being thereunto duly authorized, and their respective corporate seals to be hereto affixed, as of the day, month and year first above written.

INCORPORATED COUNTY OF LOS ALAMOS, NEW  
MEXICO

By: \_\_\_\_\_  
Its County Utilities Manager

[SEAL]

ATTEST AND COUNTERSIGN

By: \_\_\_\_\_  
Title: County Clerk

Date of Execution and  
Delivery: \_\_\_\_\_

Approved as to proper form and  
compliance with applicable law:

By: \_\_\_\_\_  
Attorney for Participant



UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

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

[SEAL]

ATTEST AND COUNTERSIGN

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

Date of Execution and  
Delivery: \_\_\_\_\_

Approved as to proper form and  
compliance with applicable law:

By: \_\_\_\_\_  
Attorney for UAMPS

**SCHEDULE OF PARTICIPANTS, ENTITLEMENT SHARES,  
CAPITAL CONTRIBUTION PERCENTAGES, DEBT SERVICE PERCENTAGES  
AND DEBT SERVICE SHARES**

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## **EXHIBIT I**

### **DESCRIPTION OF THE INITIAL FACILITIES**

*The following is a preliminary and summary description of the Initial Facilities. This description is subject to change based upon selection of the Contractor, the negotiation of the final terms of the Construction Contracts and the construction of the Initial Facilities. The final description of the Initial Facilities will be approved by the Project Management Committee after the Project achieves commercial operation.*

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## EXHIBIT II

### FORM OF PARTICIPANT'S ANNUAL INFORMATION REPORT\*

#### SYSTEM DESCRIPTION

Incorporated area of municipality \_\_\_\_\_ square miles.

Service area of utility \_\_\_\_\_ square miles.

Transmission and distribution lines \_\_\_\_\_ miles.

Number of employees in electrical department \_\_\_\_\_. (Include sum of shared employees' time in other city offices to determine equivalent full-time employees.)

Number of customers served outside the city limits \_\_\_\_\_.

Service area outside of the city limits \_\_\_\_\_ square miles.

#### NUMBER OF ELECTRICAL CUSTOMERS AND TYPE OF LOAD SERVED

TYPE OF CUSTOMER	NUMBER OF CUSTOMERS
Residential	
Commercial	
Industrial	
Agricultural and Pumping	
Military and Other	
Total	

Annual audit will be sent to UAMPS as soon as completed after the fiscal year.

Electric Rate Schedules for the above classes of service are attached hereto.

\* Under Section 902(d) of the Power Sales Contract, UAMPS has agreed to classify certain of the information provided by the Participant on this Exhibit II as a "protected record", pursuant to the Participant's request. The Participant must also take any actions necessary on its part to appropriately classify and protect such information provided in this Exhibit.

## ATTACHMENT B

Incorporated County of Los Alamos Resolution No. 18-09

ANNEX A

Customer Sales by Class

Total sales to your customers \_\_\_\_\_ kWh.

Revenues from energy sales to your customers in \$ \_\_\_\_\_.

	KWH SALES	REVENUES \$
Residential		
Commercial		
Industrial		
Agricultural		
Other		
Total		

**GENERATION  
PRODUCED FOR SYSTEM LOAD**

	GENERATING UNIT PRODUCTION							
	#1		#2		#3		#4	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh
July								
August								
September								
October								
November								
December								
January								
February								
March								
April								
May								
June								
TOTAL								

**SYSTEM PEAK INCLUDING LOAD  
COVERED BY OWN GENERATION**

	kW		kW
July		January	
August		February	
September		March	
October		April	
November		May	
December		June	

### **FIVE LARGEST LOADS**

	TYPE OF BUSINESS	KWH SOLD	ANNUAL ELECTRICAL BILLINGS
1.	<hr/>	<hr/>	<hr/>
2.	<hr/>	<hr/>	<hr/>
3.	<hr/>	<hr/>	<hr/>
4.	<hr/>	<hr/>	<hr/>
5.	<hr/>	<hr/>	<hr/>

### **ACHIEVEMENTS**

Provide below the achievements of your utility for the year.

### **ATTACHMENT B**

Incorporated County of Los Alamos Resolution No. 18-09

ANNEX A

### EXHIBIT III

#### FORM OF CERTIFICATE OF PARTICIPANT

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

The undersigned hereby certify that they are the [Executive Officer] and [Clerk/Recorder/Secretary] of \_\_\_\_\_ (the "*Participant*"), a member of Utah Associated Municipal Power Systems ("*UAMPS*"), and that as such they are authorized to execute this Certificate on behalf of the Participant and hereby certify as follows:

1. This Certificate has been executed pursuant to Section 902(e) of the Carbon Free Power Project Power Sales Contract, dated as of April 1, 2018 (the "*Power Sales Contract*"), between the Participant and UAMPS, in connection with the execution and delivery of the Power Sales Contract. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

2. The Participant is a \_\_\_\_\_, duly created and validly existing under the laws of the State of \_\_\_\_\_, and is governed by a \_\_\_\_\_ (the "*Governing Body*") composed of «number» members.

3. Attached hereto as *Exhibit A* is a true, complete and correct copy of a resolution authorizing the execution and delivery of the Power Sales Contract and related matters (the "*Contract Resolution*"). The Contract Resolution was duly adopted by a majority of the Governing Body present and voting at a [regular/special] public meeting of the Governing Body held on \_\_\_\_\_, at which a quorum was present and acted throughout, all in accordance with law and applicable procedural rules of the Governing Body. The Contract Resolution is in full force and effect and has not been amended, modified, repealed or supplemented.

4. The names of the [Executive Officer] and the [Secretary/Clerk/Recorder] authorized to execute and deliver the Power Sales Contract on behalf of the Participant are as follows:

NAME	OFFICE
«officer»	«office»
«officer»	«office»

5. The \_\_\_\_\_, meeting of the Governing Body in connection with the authorization of the Power Sales Contract was open to the public at all times and was duly called, noticed and held in conformity with applicable laws of the State and procedural rules of the Governing Body.



6. (a) No petition was filed with the Participant or any of its officers seeking to refer the Contract Resolution to the electors of the Participant in accordance with the provisions of state law; and (b) no litigation has been instituted, is pending or has been threatened to require a referendum election on the Contract Resolution.

7. The Participant owns and operates an electric utility system (the “*System*”) that distributes and furnishes electric energy to consumers located within the established service area of the System.

8. The Participant has previously executed the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action dated as of March 20, 2009 and all amendments thereof and supplements thereto (the “*Joint Action Agreement*”) and that certain Power Pooling Agreement (the “*Pooling Agreement*”) between the Participant and UAMPS relating to the power pool administered by UAMPS. The Joint Action Agreement and the Pooling Agreement are each in full force and effect and constitute the legal, valid and binding agreements of the Participant.

9. «Rep» has been duly appointed by the Governing Body as the Participant’s representative to UAMPS.

10. The representations and warranties of the Participant in Section 901(a) of the Power Sales Contract are true and correct on and as of the date of this certificate.

11. The Participant will use all of the electric energy from its Entitlement Share in a Qualified Use (as defined in the Power Sales Contract).

12. The information provided by the Participant to UAMPS pursuant to Section 902(b) and (c) of the Power Sales Contract and attached as EXHIBIT II thereto with respect to the Participant and the System is true, correct and complete. The Participant has duly authorized UAMPS to use such information in connection with the preparation of an official statement of UAMPS with respect to the bonds to be issued to provide financing for the costs of acquisition and construction of the Project and to provide such information to interested parties.

Dated: \_\_\_\_\_.

[PARTICIPANT]

By \_\_\_\_\_  
[Executive Officer]

By \_\_\_\_\_  
[Clerk/Recorder/Secretary]

[Seal]

## EXHIBIT A

[Form of Contract Resolution]

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION AUTHORIZING AND APPROVING THE CARBON FREE POWER PROJECT POWER SALES CONTRACT WITH UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS; THE INITIAL BUDGET AND PLAN OF FINANCE FOR THE PROJECT; AND RELATED MATTERS.

\*\*\*\*\*        \*\*\*\*\*        \*\*\*\*\*

WHEREAS, \_\_\_\_\_ (the “Participant”) is a member of Utah Associated Municipal Power Systems (“UAMPS”) pursuant to the provisions of the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action, as amended (the “Joint Action Agreement”);

WHEREAS, one of the purposes of UAMPS under the Joint Action Agreement is the acquisition and construction of electric generating, transmission and related facilities in order to secure reliable, economic sources of electric power and energy for its members;

WHEREAS, UAMPS proposes to acquire and construct a nuclear generating facility plant known as the Carbon Free Power Project (the “Project”) to be located at a site within the Idaho National Laboratory near the City of Idaho Falls, Idaho;

WHEREAS, the Governing Body has reviewed (or caused to be reviewed on its behalf) certain descriptions and summaries of the Project, the Power Sales Contract and the Project Agreements (“Project Agreements” and other capitalized terms used and not defined herein shall have the meanings assigned to them in the Power Sales Contract), and representatives of the Participant have participated in discussions and conferences with UAMPS and others regarding the Project and have received from UAMPS all requested information and materials necessary for the decision of the Governing Body to authorize and approve the Power Sales Contract;

WHEREAS, the Participant acknowledges that the obligation of the Participant to make the payments provided for in the Power Sales Contract will be a special obligation of the Participant and an operating expense of the Participant’s electric system, payable from the revenues and other available funds of the electric system, and that the Participant shall be unconditionally obligated to make the payments required under the Power Sales Contract whether or not the Project or any portion thereof is acquired, constructed, completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output thereof for any reason whatsoever;

WHEREAS, the Governing Body has reviewed (or caused to be reviewed on its behalf) the initial Budget and Plan of Finance for the Project prepared by UAMPS setting forth, among other

## ATTACHMENT B

Incorporated County of Los Alamos Resolution No. 18-09

ANNEX A

things, preliminary estimates of the Development Costs, Cost of Acquisition and Construction, the estimated timeline for the development and construction of the Project, the estimated target price range for Project output, and now desires to approve the initial Budget and Plan of Finance; and

WHEREAS, the Participant now desires to authorize and approve the Power Sales Contract;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of \_\_\_\_\_, as follows:

*Section 1. Approval of Power Sales Contract and Budget and Plan of Finance; Entitlement Share.* (a) The Power Sales Contract, in substantially the form attached hereto as *Annex A*, is hereby authorized and approved, and the [Executive Officer] is hereby authorized, empowered and directed to execute and deliver the Power Sales Contract on behalf of the Participant, and the [Clerk/Recorder/Secretary] is hereby authorized, empowered and directed to attest and countersign such execution and to affix the corporate seal of the Participant to the Power Sales Contract, with such changes to the Power Sales Contract from the form attached hereto as *Annex A* as shall be necessary to conform to the Participant's legal status, to complete the form of the Power Sales Contract or to correct any minor irregularities or ambiguities therein and as are approved by the [Executive Officer], his execution thereof to constitute conclusive evidence of such approval.

(b) The initial Budget and Plan of Finance attached hereto as *Annex B* is hereby approved.

(c) An Entitlement Share representing up to \_\_\_\_\_ kW of capacity, as such capacity amount may be rounded upon the approval of the Project Management Committee and the Participant's Representative pursuant to the Power Sales Contract to provide a whole number of small modular reactors is hereby authorized and approved.

*Section 2. Participant's Representative.* (a) The appointment of \_\_\_\_\_ as the Participant's Representative to UAMPS and of \_\_\_\_\_ and \_\_\_\_\_ as alternate Representatives is hereby confirmed.

(b) Such Representative (or, in his or her absence, such alternate(s)) is hereby delegated full authority to (i) approve any appendix to the Pooling Agreement between UAMPS and the Participant that may be necessary or desirable in connection with the utilization of the Participant's Entitlement Share, and (ii) act on all matters that may come before the Project Management Committee established by the Power Sales Contract, and shall be responsible for reporting regularly to the Governing Body regarding the activities of the Project Management Committee; *provided that* the Representative shall not deliver a Notice of Withdrawal or a Notice of Reduction under the Power Sales Contract without prior consultation with, and prior approval from, the Governing Body.

*Section 3. Compliance with Tax Covenants.* The Participant agrees in the Power Sales Contract that it will apply all of the electric power and energy acquired under the Power Sales Contract to a Qualified Use and that it will not take or omit to take any action which could adversely affect the Tax Status of any Bond or Bonds theretofore issued or thereafter issuable by UAMPS. In furtherance of that agreement, the Governing Body of the Participant hereby agrees

that it will observe and comply with such instructions as may be provided from time to time by UAMPS with respect to the Qualified Use of the electric power and energy acquired under the Power Sales Contract.

*Section 4. Further Authority.* (a) The [Executive Officer] and the [Clerk/Recorder/Secretary] are hereby authorized, empowered and directed to (i) execute the Certificate of the Participant in substantially the form attached as *Exhibit III* to the Power Sales Contract and to deliver the same to UAMPS, and (ii) from time thereafter and upon the request of UAMPS, execute the Bring-Down Certificate of the Participant in substantially the form attached as *Exhibit IV* to the Power Sales Contract and to deliver the same to UAMPS.

(b) The Participant's legal counsel is hereby authorized, empowered and directed to (i) execute the Opinion of Counsel to the Participant in substantially the form attached as *Exhibit V* to the Power Sales Contract and to deliver the same to UAMPS, and (ii) from time thereafter and upon the request of UAMPS, execute the Bring-Down Opinion of Counsel to the Participant in substantially the form attached as *Exhibit VI* to the Power Sales Contract and to deliver the same to UAMPS.

*Section 5. Miscellaneous; Effective Date.* (a) This resolution shall be and remain irrevocable until the expiration or termination of the Power Sales Contract in accordance with its terms.

(b) All previous acts and resolutions in conflict with this resolution or any part hereof are hereby repealed to the extent of such conflict.

(c) In case any provision in this resolution shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(d) This resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[PARTICIPANT]

By \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
[Secretary/Clerk/Recorder]

[SEAL]

**ANNEX A**

[Attach Power Sales Contract]

**ATTACHMENT B**

Incorporated County of Los Alamos Resolution No. 18-09

**ANNEX A**

**ANNEX B**

[Attach Budget and Plan of Finance]

**ATTACHMENT B**

Incorporated County of Los Alamos Resolution No. 18-09

**ANNEX A**

## EXHIBIT IV

### FORM OF BRING DOWN CERTIFICATE OF THE PARTICIPANT

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF «COUNTY» )

The undersigned hereby certify that they are the [Executive Officer] and [Clerk/Recorder/Secretary] of \_\_\_\_\_ (the "*Participant*"), a member of Utah Associated Municipal Power Systems ("UAMPS"), and that as such they are authorized to execute this Certificate on behalf of the Participant and hereby certify as follows:

1. This certificate has been executed in connection with the issuance by UAMPS of its Carbon Free Power Project Revenue Bonds, \_\_\_\_\_ Series \_\_\_\_ (the "*Bonds*"), as more fully described in the Official Statement of UAMPS dated \_\_\_\_\_ (the "*Official Statement*") prepared in connection with the offering and sale of the Bonds.

2. Pursuant to Section 902(e) of the Carbon Free Power Project Power Sales Contract, dated as of \_\_\_\_\_, between the Participant and UAMPS, in connection with the execution and delivery of the Carbon Free Power Project, the undersigned executed and delivered a certificate dated \_\_\_\_\_ (the "*Original Certificate*"). The undersigned hereby reaffirm the statements made in the Original Certificate on and as of the date hereof. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Original Certificate.

[3. The undersigned have reviewed the statements and information relating to the Participant and its electric system contained in APPENDIX A to the Preliminary Official Statement and the Official Statement under the caption, "THE MAJOR PARTICIPANTS", and such statements and information, as of the respective dates of the Preliminary Official Statement and the Official Statement and as of the date hereof, (a) were and are true and correct in all material respects and fairly and accurately present the financial and operating position of the System for the periods and as of the dates presented and (b) did not and do not omit to state a material fact necessary in order to make such statements not misleading. Since the dates of the Preliminary Official Statement and the Official Statement, there has been no change in the business, financial position, results of operations or condition of the Participant or the System that would (x) materially affect the accuracy and completeness of such statements and information or (y) materially and adversely affect the ability of the Participant to meet its obligations under the Power Sales Contract.]

Dated this \_\_\_\_\_ day of \_\_\_\_\_.

## ATTACHMENT B

Incorporated County of Los Alamos Resolution No. 18-09

ANNEX A



[PARTICIPANT]

By \_\_\_\_\_  
Its \_\_\_\_\_

[SEAL]

## EXHIBIT V

### FORM OF OPINION OF COUNSEL TO THE PARTICIPANT

\_\_\_\_\_  
Utah Associated Municipal Power Systems  
[Address]

Ladies and Gentlemen:

I have acted as counsel to \_\_\_\_\_ (the “*Participant*”) in connection with the Carbon Free Power Project Power Sales Contract, dated as of April 1, 2018 (the “*Power Sales Contract*”), between the Participant and Utah Associated Municipal Power Systems (“*UAMPS*”). Pursuant to the Power Sales Contract, UAMPS has undertaken the Project and has sold all of Electric Power and Electric Energy and Environmental Attributes (if any) of the Project to the Participant and others that have executed Power Sales Contracts with UAMPS.

This opinion is being delivered to you pursuant to Section 902(e) of the Power Sales Contract in connection with the execution and delivery of the Power Sales Contract. Capitalized terms used and not defined herein have the meanings assigned to such terms in the Power Sales Contract.

As counsel to the Participant, I have examined (i) those documents relating to the existence, organization and operation of the Participant and its electric utility system (the “*System*”), (ii) all resolutions and proceedings of the Participant relating to the due authorization, execution and delivery by the Participant of the Power Sales Contract, (iii) an executed counterpart of the Power Sales Contract, and (iv) such other documents, information, facts and matters of law as are necessary for me to render the opinions contained herein.

Based upon the foregoing, I am of the opinion that:

[1. The Participant is a [municipal corporation and/or political subdivision] of the State of \_\_\_\_\_ (the “*State*”), duly created and validly existing under the laws of the State and duly qualified to own, operate and furnish electric service through the System.]

[1. The Participant is a \_\_\_\_\_, duly created and validly existing under the laws of the State of \_\_\_\_\_ (the “*State*”), and duly qualified to own, operate and furnish electric service through the System.]

2. The Participant has full legal right, power and authority to enter into the Power Sales Contract and to carry out and consummate all of the transactions contemplated thereby, and the

## ATTACHMENT B

Incorporated County of Los Alamos Resolution No. 18-09

ANNEX A

Participant has complied with the provisions of applicable law which would be a condition precedent to entering into the Power Sales Contract or carrying out and consummating such transactions.

3. Each of the Power Sales Contract, the Joint Action Agreement and the Pooling Agreement has been duly authorized, executed and delivered by the Participant and constitutes the legal, valid and binding obligation of the Participant and is enforceable under the present law of the State in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

4. The Participant's obligation to make payments to UAMPS under the Power Sales Contract is a special obligation payable solely from the revenues and other available income of the System as a cost of purchased electric energy and an operating expense of the System. The application of the revenues and other available funds of the System to make such payments is not subject to any prior lien, encumbrance or restriction.

5. [The Participant has obtained all Required Approvals] {or} [There are no Required Approvals].

6. There is no pending or, to my knowledge, threatened, action or proceeding affecting the Participant (nor to my knowledge is there any basis therefor), which (a) purports to affect the authorization, legality, validity or enforceability of the Power Sales Contract, the Joint Action Agreement or the Pooling Agreement or (b) involves the possibility of any judgment or liability, not fully covered by insurance, which may result in any material adverse change in the business, affairs, properties or assets, or in the condition, financial or otherwise, of the System.

7. The execution, delivery and performance by the Participant of the Power Sales Contract will not conflict with or constitute a breach of or default under any agreement, indenture, bond, note, resolution or other instrument to which the Participant is a party or by which it or the properties of the System is bound or affected, or any applicable law, ruling, regulation, ordinance, judgment, order or decree to which the Participant (or any of its officers in their respective capacities as such) or its properties is subject.

8. No event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any agreement, indenture, bond, note, resolution or other instrument to which the Participant is a party or by which it or the properties of the System is bound or affected, which breach or default would have a material adverse impact on UAMPS' ownership or operation of the Project or the ability of the Participant to fully perform its obligations under the Power Sales Contract.

9. The Participant has lawful authority to fix and collect rates, fees and charges for the services provided by the System. Such rates, fees and charges for utility services provided to customers located within the corporate boundaries of the Participant are not subject to regulation by any authority of the State or the United States and have been duly and validly adopted by the Participant and are in full force and effect.

10. The Participant has lawful authority to own the System and, to my knowledge, the Participant (a) has good and merchantable title to the properties comprising the System and (b) holds all permits, licenses and approvals necessary for the operation of the System.

I hereby authorize [other reliance parties] and Chapman and Cutler LLP, as bond counsel, to rely on this opinion as though addressed to them.

Respectfully submitted,

## EXHIBIT VI

### FORM OF BRING-DOWN OPINION OF COUNSEL TO THE PARTICIPANT

\_\_\_\_\_  
Utah Associated Municipal Power Systems  
[Address]

Ladies and Gentlemen:

I have acted as counsel to \_\_\_\_\_ (the "*Participant*") in connection with the Carbon Free Power Project Power Sales Contract dated as of \_\_\_\_\_ (the "*Power Sales Contract*") between the Participant and Utah Associated Municipal Power Systems ("*UAMPS*"). I have been advised that UAMPS has made arrangements for the issuance and sale on the date hereof of its Carbon Free Power Project Revenue Bonds, \_\_\_\_\_ Series \_\_\_\_\_ (the "*Bonds*").

Pursuant to Section 902(e) of the Power Sales Contract in connection with the execution and delivery of the Carbon Free Power Project, I rendered to UAMPS an approving legal opinion, dated \_\_\_\_\_ (the "*Prior Opinion*"), with respect to the Participant. In connection with the issuance and sale by UAMPS of the Bonds, I hereby reaffirm the Prior Opinion, as though it was dated the date hereof, in the form it was so rendered on \_\_\_\_\_.

[In addition to the foregoing, I have examined (i) the material describing the Participant and its electric system contained in APPENDIX A to each of the Preliminary Official Statement (together with any supplements or amendments thereto as of the date hereof, the "*Preliminary Official Statement*") and the Official Statement (together with any supplements or amendments thereto as of the date hereof, the "*Official Statement*") of UAMPS relating to the Bonds and (ii) such other documents, information, facts and matters of law as are necessary for me to render the following opinion. Based upon the foregoing, I am of the opinion that the statements and information with respect to the Participant and its electric system contained in APPENDIX A to the Preliminary Official Statement and the Official Statement were true and correct in all material respects as of the respective dates of the Preliminary Official Statement and the Official Statement and are true and correct in all material respects as of the date hereof, and no facts have come to my attention which would lead me to believe that such statements and information contained or contain any untrue statement of a material fact or omitted to state or omit to state any material fact necessary in order to make such statements, in the light of the circumstances under which they were made, not misleading; *provided, however*, that I express no view with respect to the tabular, financial and statistical information included therein.]

## ATTACHMENT B

Incorporated County of Los Alamos Resolution No. 18-09

ANNEX A

I hereby authorize the reference to this opinion and to the Prior Opinion set forth under the caption, "APPROVAL OF LEGAL PROCEEDINGS," in the Official Statement. I hereby further authorize [Bond Counsel] and [other reliance parties] to rely on the Prior Opinion and on this opinion in each case as though addressed to them.

Respectfully submitted,

## EXHIBIT VII

### FORM OF NOTICE OF WITHDRAWAL

[Date]

Utah Associated Municipal Power Systems  
155 North 400 West, Suite 480  
Salt Lake City, Utah 84103  
Attention: General Manager  
General Counsel

Re: Carbon Free Power Project Power Sales Contract

[Ladies and] Gentlemen,

Pursuant to Section 204 of the above-referenced Power Sales Contract (the "*Power Sales Contract*"), [name of Participant] (the "*Participant*") hereby gives notice of its election to withdraw from the Project.

The Participant hereby acknowledges and agrees that:

1. This Notice of Withdrawal shall be effective at and as of the end of the last day of the current phase of the Licensing Period.
2. By delivering this Notice of Withdrawal, the Participant waives its right to receive any reimbursement for Development Costs previously paid by it, except as otherwise provided in the Power Sales Contract.
3. The Participant shall remain responsible for the payment of an amount equal to its Development Cost Share of all Development Costs incurred, including its Development Cost Share of the amounts necessary to repay all Bonds issued and outstanding, in each case up to the effective date of the Participant's withdrawal from the Project.
4. The Participant shall, within twelve months of the effective date of its withdrawal, repay the amounts described in paragraph 3 above together with any interest expense on such amounts and any other charges incurred by UAMPS under the Financing Documents.
5. From and after the effective date of its withdrawal (a) the Participant's Entitlement Share shall be terminated, (b) the Participant's Representative shall have no right to participate in or vote at meetings of the Project Management Committee or

## ATTACHMENT B

Incorporated County of Los Alamos Resolution No. 18-09

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meetings of the Board with respect to the Project, and (iii) this Contract will remain in effect only with respect to the Participant's repayment obligations described in paragraph 4 above.

6. The Participant shall have no responsibility for the payment of Development Costs incurred or Bonds issued after the effective date of its withdrawal.

Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

[NAME OF PARTICIPANT]

By \_\_\_\_\_  
Authorized Officer



**EXHIBIT VIII**

**FORM OF NOTICE OF REDUCTION**

[Date]

Utah Associated Municipal Power Systems  
155 North 400 West, Suite 480  
Salt Lake City, Utah 84103  
Attention: General Manager  
General Counsel

Re: Carbon Free Power Project Power Sales Contract

[Ladies and] Gentlemen,

Pursuant to Section 301(d) of the above-referenced Power Sales Contract (the "*Power Sales Contract*"), [name of Participant] (the "*Participant*") hereby gives notice of its election to reduce its Entitlement Share from \_\_\_\_\_ (the "*Original Entitlement Share*") to \_\_\_\_\_ (the "*Reduced Entitlement Share*").

The Participant hereby acknowledges and agrees that:

1. This Notice of Reduction shall be effective at and as of the end of the last day of the current phase of the Licensing Period.
2. The Participant shall remain responsible for the payment of an amount equal to its Development Cost Share of all Development Costs incurred, including its Development Cost Share of the amounts necessary to repay all Bonds issued and outstanding, in each case based in its Original Entitlement Share and up to the effective date of the Participant's withdrawal from the Project.
3. From and after the effective date of this Notice of Reduction, the Participant's Reduced Entitlement Share shall apply for all purposes of the Power Sales Contract, including the calculation of the Participant's Development Cost Share.

Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

[NAME OF PARTICIPANT]

By \_\_\_\_\_  
Authorized Officer

**ATTACHMENT B**

Incorporated County of Los Alamos Resolution No. 18-09

**ANNEX A**

**Utah Associated Municipal Power Systems**  
**Carbon Free Power Project**  
**Amended Budget & Plan of Finance**  
**February 21, 2018**

This is an amended initial Budget and Plan of Finance pursuant to Section 601(c) of the Power Sales Contracts. The Project Management Committee has determined that to avoid exposing the Participants to a Net of Cost Share of \$67,343,086 in Licensing Period - 1st Phase to amend the 100% Cost to \$6,000,000 until additional subscription and/or funding become available. This amendment reduces the Net of Cost Share for Licensing Period - 1st Phase to \$1,500,000. The Project Management Committee is fully aware that this does not provide the funding to get to a completed Construction and Operating License Application. The intent of this amended initial Budget and Plan of Finance is to allow the Project to move into the Power Sales Contract phase while limiting the maximum out of pocket liability of any Participant to their Cost Share of \$1,500,000. This amendment equates to an option cost not to exceed \$10 per requested kilowatt with a floor of \$2.50 per requested kilowatt down from the Net of Cost Share of \$115 per requested kilowatt. This amendment is anticipated to fund the Project for one year at which time the Project Management Committee will either terminate the Project or amend the Budget and Plan of Finance to allow additional Development work to proceed. If the Project Management Committee elects to continue the Project, then, upon a second amended Budget and Plan of Finance being approved by the Project Management Committee, each Participant will be noticed of such increase in the Budget and Plan of Finance and will have the right to withdraw from the Project pursuant to Section 204(a)(ii).

This amended initial Budget and Plan of Finance pursuant to Section 601(c) of the Power Sales Contracts includes preliminary estimates of the information regarding the Carbon Free Power Project required by the Power Sales Contracts. This information is provided to assist prospective Participants in their evaluation of the Project in connection with their decisions to approve and execute the Power Sales Contracts. Except as indicated below, the cost estimates and time schedules set forth below are based on the information currently available to UAMPS, but are preliminary and subject to change. The estimates and schedules will be updated from time to time consistent with the provisions of the Power Sales Contracts.

**Section 601 (a)**

- (i) Development Costs incurred through 3/31/2017:

100% Cost	Net of Cost Share
\$3,069,943	\$839,369

Estimated Development Costs to the Completion of Development:

	<b>100% Cost</b>	<b>Net of Cost Share</b>
Interim Period (FY 2018)	\$ 1,527,026	\$ 872,360
Licensing Period – 1 <sup>st</sup> Phase (Max.)	\$6,000,000 <sup>1</sup>	\$1,500,000
Licensing Period – 1 <sup>st</sup> Phase (Max.)	83,499,764 <sup>2</sup>	65,843,086
Licensing Period – 2 <sup>nd</sup> Phase (Prelim.)	496,303,067	496,303,067
	\$ 587,329,857	\$ 564,518,513

(ii) Cost of Acquisition and Construction of the Initial Facilities (Preliminary Estimated Costs):

<b>Preliminary 100 % Cost</b>	<b>Preliminary Net of Cost Share</b>
\$4,237,666,633	\$4,212,624,715

(iii) CFPP Estimated Timeline for the Development & Construction of Initial Facilities:

	<b>Start</b>	<b>Finish</b>	<b># of Mos.</b>
Interim Period – FY 2018 (PSC Executed)	April 2017	March 2018	<b>12</b>
Licensing Period – 1 <sup>st</sup> Phase (COLA Submittal)	April 2018	May 2020	<b>26</b>
Licensing Period – 2 <sup>nd</sup> Phase (COLA Issued)	June 2020	June 2023	<b>37</b>
Construction Period (Commercial Operation Date)	July 2023	November 2026 <sup>3</sup>	<b>41</b>

(iv) Price Target (2017) Estimated range: \$45 to \$65 per MWh

(v) Proposed funding and financing arrangements – Licensing Period:

During the Licensing Period, no revenue will be generated from the Project and major assumptions related to construction, development, licensing, and Federal support will still be in flux. As a result, obtaining long-term funding from the general capital markets will most likely be cost prohibitive.

<sup>1</sup> This amount is the maximum amount of Development Costs that can be incurred during the first phase of the Licensing Period. Any increase in this amount requires an amendment to the Budget and Plan of Finance.

<sup>2</sup> This amount is remaining estimated amount required to finishing compiling Combined Construction and Operating License Application.

<sup>3</sup> The first module is anticipated to come online November 2026. All modules are anticipated to be online by September 2027, which will mark the Commercial Operation Date for the Project, as determined by the Project Management Committee.

Therefore, the first sources of capital for the Development Costs of the CFPP will be cash contributions such as monies provided through DOE and NuScale cost share agreements and the APPA DEED grant. Cost sharing will occur periodically as the annual capital program is implemented, and additional funding will need to be provided through bank borrowings in the form of a Bank Line of Credit. Throughout this phase, interest will be capitalized to minimize any need for cash outlays from Participants.

UAMPS will access the bank credit universe by soliciting proposals from a group of highly sophisticated banking institutions that understand the risk profile associated with extending short term loans to development-stage projects. The security for the bank loans will be the take-or-pay Power Sales Contracts between UAMPS and the Participants. UAMPS should be able to leverage its existing banking relationships and form new ones to create a syndicated bank line of credit ("LOC") with favorable terms and sizing. The primary objective of the LOC will be to create low-cost interim financing for Development Costs that can be refinanced with long-term debt at the Completion of Development and the commencement of construction.

The financial products that are being considered during the Licensing Period of the Project would be as follows:

<b>Financial Products</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Term</b>
Bank Line of Credit	\$	TBD	Max Limit
Bond Anticipation Note		TBD	
DOE Cost share – COLA		N/A	N/A
DOE Cost Share – Additional		N/A	N/A
NuScale Cost Share – COLA		N/A	N/A
NuScale Cost Share – Additional		N/A	N/A
APPA Deed Grant	150,000	N/A	N/A
Capital Contributions – Participants		N/A	N/A
Other	\$		

This table will be updated from time to time during the Licensing Period.

**(vi) Proposed funding and financing arrangements – Construction Period:**

More certainty will be introduced for the Costs of Acquisition and Construction of the CFPP with the issuance of the COL, execution of a firm EPC Contract, and commencement of commercial operation of the nuclear power modules. While additional sources of capital will be available to UAMPS during this phase, fluctuating market conditions and construction risks will affect financing decisions.

During the Construction Period, the goal will be to minimize interest cost by utilizing different sources of funding at different times. At this point, the bank loans from the Licensing Period will likely be nearing maximum capacity and will need to be refinanced with long term debt. Once the LOC has been reimbursed with the proceeds of long term debt, the borrowing capacity under the LOC will be restored and will become accessible to UAMPS again as a stand-by source of funding.

As construction continues and the capital program increases, “cash” sources from cost sharing agreements and capital contributions from CFPP Participants will continue to be available, but UAMPS will need to access the general capital markets to complete funding. Market conditions will be assessed and ongoing capital needs will either first be funded through the revolving line of credit and then refinanced with long-term debt, or funded immediately with long-term debt. The objective will be to find a balance between reducing interest cost with short term rates from the line of credit, and locking in long term rates at attractive levels.

The primary source of long-term capital for the Costs of Acquisition and Construction of the CFPP will be fixed rate tax-exempt municipal bonds. However, depending on market conditions at the time of issuance, DOE Loan guarantees and variable rate debt will also be considered as part of an optimized portfolio of debt to reduce the overall interest cost of the CFPP.

The financial products that are being considered during this phase of the Project would be as follows:

<b>Financial Project</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Term</b>
Tax Exempt Municipal Bonds	\$	TBD	40 year
Variable Rate Demand Obligations		TBD	40 year
DOE Loan Guarantees		TBD	30 year
Bank Line of Credit		TBD	Max Limit
Bond Anticipation Note		TBD	LT Bond
Additional DOE Cost Share		N/A	N/A
Additional NuScale Cost Share		N/A	N/A
Capital Contributions		N/A	N/A
Other			

This table is anticipated to be completed at the time of Completion of Development and prior to the beginning of the Construction Period.

**(vii)** Other information as required by the Project Management Committee:

As the project moves forward, the preliminary numbers will be further refined and presented to the PMC for approval. The enclosed chart identifies the process for revising the Budget and Plan of Finance.

## **INCORPORATED COUNTY OF LOS ALAMOS RESOLUTION NO. 18-09**

### **A RESOLUTION AUTHORIZING AND APPROVING THE CARBON FREE POWER PROJECT POWER SALES CONTRACT WITH UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS; APPROVING THE AMENDED AND RESTATED INITIAL BUDGET AND PLAN OF FINANCE FOR THE PROJECT; AND RELATED MATTERS**

**WHEREAS**, the Incorporated County of Los Alamos, New Mexico (“Participant” or “County”) is a member of Utah Associated Municipal Power Systems (“UAMPS”) pursuant to the provisions of the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action as amended (“Joint Action Agreement”); and

**WHEREAS**, one of the purposes of UAMPS under the Joint Action Agreement is the acquisition and construction of electric generating, transmission, and related facilities in order to secure reliable and economic sources of electric power and energy for its members; and

**WHEREAS**, the County on September 1, 2015, entered into an agreement wherein the County joined UAMPS and other Participants in the decision via the *Carbon Free Power Project Study Phase Siting Agreement* (“Project Study Agreement”) to pursue the development of a facility that can house up to twelve (12) small nuclear power modules that can each generate up to approximately fifty (50) megawatts of electric power per unit with the anticipated commercial operation date for the first such nuclear power module to occur in late 2027; and

**WHEREAS**, UAMPS proposes to acquire and construct the nuclear generating facility plant known as the Carbon Free Power Project (“Project”) to be located at a site within the Idaho National Laboratory near the City of Idaho Falls, Idaho; and

**WHEREAS**, the duly elected Council of the County (“County Council”) has reviewed (or caused to be reviewed on its behalf) certain descriptions and summaries of the Project and the Power Sales Contract; and representatives of the Participant have participated in discussions and conferences with UAMPS and others regarding the Project; and

**WHEREAS**, capitalized terms used and not defined herein shall have the meanings assigned to them in the Power Sales Contract); and

**WHEREAS**, the Participant acknowledges that the obligation of the Participant to make the payments provided for in the Power Sales Contract will be a special limited obligation of the Participant payable from the revenues and other available funds of its electric system, and that the Participant shall be unconditionally obligated to make the payments required under the Power Sales Contract from revenues of the Participant’s electric system subject to the terms and conditions of the Power Sales Contract; and

**WHEREAS**, the County Council has reviewed (or caused to be reviewed on its behalf) the Amended Initial Budget & Plan of Finance for the Project prepared by UAMPS setting forth, among other things, preliminary estimates of the Development Costs, certain limitations on the amount of Development Costs the Participant is obligated to pay in the 1st phase of the Licensing Period,

estimates of the Cost of Acquisition and Construction, the estimated timeline for the development and construction of the Project, and the estimated target price range for Project output, and now desires to approve Amended Initial Budget & Plan of Finance; and

**WHEREAS**, the County Council now desires to authorize and approve the Power Sales Contract and the Amended Initial Budget and Plan of Finance.

**NOW THEREFORE BE IT RESOLVED** by the Governing Body of the Incorporated County of Los Alamos, New Mexico as follows:

**Section 1. Approval of Power Sales Contract and Amended Initial Budget and Plan of Finance; Entitlement Share.**

- (a) The Power Sales Contract, in substantially the form attached hereto as Annex A, is hereby authorized and approved, and the County Utilities Manager is hereby authorized, empowered and directed to execute and deliver the Power Sales Contract on behalf of the County, and the County Clerk is hereby authorized, empowered and directed to attest and countersign such execution to affix the corporate seal of the County to the Power Sales Contract, with such changes to the Power Sales Contract from the form attached hereto as Annex A as shall be necessary to conform to the County's legal status and authority, to complete the form of the Power Sales Contract or to correct any minor irregularities or ambiguities therein and as are approved by the County Utilities Manager and the County Attorney, his execution thereof and the delivery of the County Attorney's written opinion thereon to constitute conclusive evidence of such approval.
- (b) The *Amended Initial Budget & Plan of Finance* attached hereto as Annex B is hereby approved.
- (c) An Entitlement Share representing up to 8,000 kW of capacity, as such capacity amount may be rounded upon the approval of the Project Management Committee and the Participant's Representative pursuant to the Power Sales Contract to provide a whole number of small modular reactors is hereby authorized and approved.

**Section 2. County Representative.** The County, by separate resolution or action of the Council, shall designate a Representative and an alternate or alternates to act in his or her absence. Such Representative and alternate(s) are hereby delegated full authority to: (i) Approve any appendix to the Pooling Agreement between UAMPS and the Participant that may be necessary or desirable in connection with the utilization of the Participant's Entitlement Share; and (ii) Act on all matters that may come before the Project Management Committee established by the Power Sales Contract, and shall be responsible for reporting regularly to County Council regarding the activities of the Project Management Committee; provided that the Representative shall not deliver a Notice of Withdrawal or a Notice of Reduction under the Power Sales Contract without prior consultation with, and prior approval from, County Council.

**Section 3. Compliance with Tax Covenants.** The County agrees in the Power Sales Contract that it will apply all of the electric power and energy acquired under the Power Sales Contract to a Qualified Use and that it will not take or omit to take any action which could adversely affect the Tax Status of any Bond or Bonds theretofore issued or thereafter issuable by UAMPS. In furtherance of that agreement, County Council hereby agrees that it will observe and comply

with such instructions as may be provided from time to time by UAMPS with respect to the Qualified Use of the electric power and energy acquired under the Power Sales Contract.

**Section 4. Further Authority.**

- (a) The Utilities Manager and the County Clerk are hereby authorized, empowered and directed to: (i) Execute the Certificate of the Participant in substantially the form attached as Exhibit III to the Power Sales Contract and to deliver the same to UAMPS; and (ii) From time thereafter and upon the request of UAMPS, execute the Bring-Down Certificate of the County in substantially the form attached as Exhibit IV to the Power Sales Contract and to deliver the same to UAMPS.
- (b) The County's legal counsel is hereby authorized and empowered to: (i) Execute the Opinion of Counsel to the County in a form similar to attached Exhibit V to the Power Sales Contract that in substance provides the opinion of the County's legal counsel and to deliver the same to UAMPS; and (ii) From time thereafter and upon the request of UAMPS, execute the Bring-Down Opinion of Counsel to the County in a form similar to attached Exhibit VI to the Power Sales Contract that in substance provides the opinion of the County's legal counsel and to deliver the same to UAMPS.

**Section 5. Miscellaneous; Effective Date.**

- (a) This Resolution shall be and remain effective until the expiration or termination of the Power Sales Contract in accordance with its terms.
- (b) All previous acts and resolutions in conflict with this Resolution or any part hereof are hereby repealed to the extent of such conflict.
- (c) In case any provision in this Resolution shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- (d) This Resolution shall take effect immediately upon its approval and adoption.

**PASSED AND ADOPTED** this 10<sup>th</sup> day of April, 2018.

**INCORPORATED COUNTY OF LOS ALAMOS**

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**David Izraelevitz,**  
**Council Chair**

**ATTEST:**

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**Naomi D. Maestas,**  
**Los Alamos County Clerk**



Memorandum

To: Alvin Leaphart, County Attorney  
Kevin Powers, Assistant County Attorney

Fr: Helen Perraglio, CPA, Chief Financial Officer

Cc: Harry Burgess, County Manager  
Steven Lynne, Deputy County Manager  
Timothy Glasco, Utilities Manager  
Steve Cummins, Deputy Utilities Manager  
Robert Westervelt, Deputy Utilities Manager

**COUNTY COUNCIL**

David Izraelevitz  
Council Chair

Chris Chandler  
Council Vice-Chair

**COUNCILORS**

James A. Chrobocinski  
Antonio Maggiore  
Susan O'Leary  
Rick Reiss  
Pete Sheehey

**COUNTY MANAGER**

Harry Burgess

Date: April 4, 2018

Re: Accounting Review of Proposed Carbon Free Power Project  
(CFPP) Power Sales Contract

As requested, I have performed a condensed review of certain sections of the proposed CFPP Power Sales Contract (contract) in relation to proper accounting and financial reporting treatment, if executed. Given the short time-frame to analyze, I have also sought the subject matter expertise of Russ Hissom, CPA and Senior Partner of Baker Tilly Virchow Krause, LLP. Mr. Hissom has provided a Professional Position Paper to support my overall assessment of how to account for the proposed contract, and is included as Attachment A to this Memorandum.

To summarize, there are three main components to consider on how to account for this contract as it relates to financial statement reporting, budgetary reporting, and the potential impact to the LAC Utilities System bond rating.

Financial Statement Reporting

From the review of ARTICLE VIII, BUDGET, BILLING AND PAYMENT, the Electric Subfund would capitalize all costs and record an intangible capital asset represented by the County's "entitlement share" for the

timeframe of the initial licensing and development period, up to the commercial operation date, and amortize the amounts paid over the life of the contract. This intangible plant asset would be recorded on the balance sheet of the Electric Subfund and in the Joint Utilities Fund in the Comprehensive Annual Financial Report (CAFR).

Amortization expense would be recorded on a full-accrual basis of accounting which would reduce net income by only the amortization expense respective to each fiscal year. Capitalizing these costs essentially spreads the cost of investing in the intangible plant asset over the life of the contract and is in accordance with Generally Accepted Accounting Principles (GAAP), and provided for in the Governmental Accounting Standards Board (GASB) Statement No. 51.

After the commercial operation date, costs would be captured as operating expenses in the financial statements and no longer subject to capitalization. These would directly reduce net income for the total amount paid in a fiscal year and would be captured under contractual services. No liabilities or debt would be recorded in the CAFR.

#### Budgetary Reporting

Regardless of the phase of the project, any obligated outflows of cash would have to be appropriated as uses of funds and would be reported as actual budgetary expenditures in the contractual services line item of the Electric Subfund of the Joint Utilities Fund.

Prior to the commercial operation date, a full-accrual GAAP-Basis adjustment to reduce contractual services for capital outlay capitalized would be performed and shown in the SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS) for the Electric Subfund in the CAFR.

It should be noted that per Section 801., paragraphs (a) and (b) of the contract, depending on the timing of the adopted UAMPS Annual Budget, the County may not meet the deadline for inclusion of its share of costs in the normal annual budgeting cycle and may have to bring budget revisions for Board of Public Utility and County Council review and approval accordingly. It is also noteworthy to point out that per paragraph (b), the UAMPS Annual Budget may be superseded, "in the event such review indicates that the Annual Budget does not or will not substantially correspond with actual receipts or expenditures, or if at any time during such Contract Year there are or are expected to be extraordinary [items]...", therefore consideration for this potential should be planned for accordingly by the Utilities Department.

#### Bond Rating & Imputed Debt

In general, it is becoming more common for utilities nationwide to enter into purchase power agreements and recover the costs of such participation in these long term obligations through rates, rather than financing and building their own generation

facilities<sup>1</sup>. As described in the Financial Reporting section above, the County would not report the obligations of this contract as debt, however certain credit-rating agencies may take such obligations into consideration when evaluating the Utilities System bond rating. This is referred to as “imputing debt” and participation in this contract could be referred to as “debt equivalency” for credit analysis purposes. This may have more of an indirect impact today, but may impact future potential borrowings and is therefore noteworthy.

### Summary

In summary, if the proposed CFPP Power Sales Contract is adopted, the accounting and financial reporting is straight-forward and allowed for under Generally Accepted Accounting Principles as described above.

It is my recommendation that a more in-depth financial projection inclusive of potential imputed debt or potential debt equivalency be performed by a more qualified consultant or subject matter expert than what I can provide in my analysis at this time. Such projection should be taken into consideration prior to the expiration of the Licensing Period when the County shall have the right to withdraw as referenced in Section 204., of the contract and referred to in prior discussions as an “off-ramp”. This is mainly due to the fact that such imputed debt may impact the financial ratios taken into consideration by potential credit analysts regarding the County’s default risk and creditworthiness, and impact the overall bond rating. This may have more of a long-term impact on the County’s costs associated with the issuance of future debt.

Finally, a more in-depth financial projection and analysis from the Utilities Department or other professional subject matter expert/consultant to determine the adequacy of the present value of future rates pledged for cost recovery under the terms referenced in Section 903, and once more concrete long-term estimates can be provided, would be prudent for continued consideration in the long term obligation of the contract.

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<sup>1</sup> California Public Utilities Commission Policy & Planning Division, An Introduction to Debt Equivalency, August 4, 2017

## Appendix A



Baker Tilly Virchow Krause, LLP  
Ten Terrace Ct, PO Box 7398  
Madison, WI 53707-7398  
tel 608 249 6622  
fax 608 249 8532  
bakertilly.com

To: Ms. Helen Perraglio, CPA; Chief Financial Officer, Los Alamos County

From: Russ Hissom, Baker Tilly Virchow Krause, LLP

Date: April 4, 2018

Re: Accounting treatment of UAMPS purchased power agreement

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Dear Ms. Perraglio:

Baker Tilly Virchow Krause, LLP ("Baker Tilly") has performed a review of the following sections of the proposed Carbon Free Power Project Power Sales Contract (contract), dated April 1, 2018 between UAMPS and Los Alamos County.

### **Background**

Los Alamos County (LAC) is considering entering into a Power Sales Contract with UAMPS to participate in a Carbon Free Power Project (the project). The agreement details the obligations of LAC in connection with potential construction costs and the take of energy and capacity output from the project. Los Alamos County (LAC) sought Baker Tilly's services to analyze the Power Sales Contract to determine the proper accounting for the contract under generally accepted accounting principles. As directed by LAC, our review focused on Section 805 (c) and Section 903 of the contract. Under this contract, LAC is referred to as the Participant.

# Appendix A

Los Alamos County  
April 4, 2018  
Page 2

## **Section 805 – Participant’s Payment Obligations**

### ***Background***

Section 805 addresses the participant’s payment obligations. Section 805 (‘c) specifically addresses the obligation of the participant to make the payments for Development costs, Operation and Maintenance Costs, Transmission Costs, Debt Service Costs and other amounts.

This section discusses the prior to the Commercial Operation Date<sup>1</sup> of the project, the obligation of the participant to make these payments are a cost of the development of a new power supply resource. After the Commercial Operation Date, these payments are stated to be an operating expense of participant’s electric system and a cost of purchased power.

### ***Accounting treatment of the costs in Section 805***

As this power supply resource is in the construction phase until the Commercial Operation Date, the recording of costs as directed by Section 805 (‘c) is appropriate. The costs should be recorded as follows:

1. **Prior to the Commercial Operation Date, the costs should be recorded as an intangible asset of LAC.** LAC has certain rights from its contributed capital to the project during this period that the asset is being constructed. Thus, an investment must be recorded and that investment will decline in value over the remaining life of the asset as LAC’s right to use that asset will come to an end at the conclusion of the contract. This accounting is in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 51 – *Accounting and Reporting for Intangible Assets*. GASB 51 defines an intangible asset as:
  - i. An asset having a lack of physical substance – *LAC contributions to the project do not give it ownership in the project*
  - ii. An asset that is nonfinancial in nature – *the LAC’s contributions does not give it a claim to rights to assets in a monetary form*
  - iii. The asset has an initial useful life extending beyond a single report period – *the LAC’s contributions apply to the life of the project*

GASB 51 states that the asset must also be identifiable, which consists of either of the following:

- i. The asset is separable, or
- ii. The asset arises from a contractual or other legal rights

Our interpretation of these contributions is that they are separable, as they are not part of the physical asset to LAC and they arise from a contractual or other legal right. GASB 51 para 80 states that intangible assets should be amortized if the life of the asset is known. In the case of the project, the life is based on the contract life and is known. Thus, the contract life should be the amortization period.

2. **On and after the Commercial Operation Date, the costs should be treated as operating expenses** – i.e. purchased power expense, as LAC now is receiving ongoing services as part of a long-term contract. This is in keeping with the *economic resources* concept of accounting required of organizations that follow the standards of Governmental Accounting Standards Board (GASB) under

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<sup>1</sup> “Commercial Operation” means, with respect to the Initial Facilities, the date on which the Initial Facilities (i) have been substantially completed pursuant to the EPC Contract and any other Construction Agreements, including the satisfaction of all required performance tests thereunder, (ii) are capable of continuous firm operation, (iii) are interconnected and synchronized with, and capable of delivering Electric Energy to, the transmission grid, (iv) have received all Permits and Approvals required for their operation,

## Appendix A

Los Alamos County  
April 4, 2018  
Page 3

GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the government-wide statement of net position and statement of activities are required to be reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The exchange takes place when LAC takes power from the project through UAMPS and delivers it to its end users, who then in turn pay LAC for the delivery of power. Then LAC pays UAMPS.

3. While LAC has a long-term obligation to pay UAMPS for the right to take power from the project and it has the right of use of the asset through its UAMPS contract, this does not result in the recording of a long-term asset or liability by LAC. Under GASB Statement No. 87 *Leases*, power purchase agreements such as the Power Sales Contract are exempt from the recording of long-term capital assets and liabilities and are to be recorded as an operating expense.

### **Section 903 – Covenants and Agreements of the Participant**

#### ***Background***

Section 903 addresses particular covenants and agreements of the participant. These include:

- a. *Maintenance of rates*
  - i. This requires LAC to set rates to its customers that will provide revenues that will meet its obligations to UAMPS under the contract, pay for LAC's operating expenses and any other bond obligations.
- b. *Maintenance of revenues*
  - i. LAC shall collect revenues when due from customers
- c. *Sale or assignment of electric system of power sales contract*
  - i. LAC cannot assign, sell, lease or dispose of its electric system or the contract (unless on complying with Sections 303 or 304 – which are not examined in this memo)
- d. *Prudent Utility Practice*
  - i. LAC shall operate its system using the industry standard of Prudent Utility Practice, which is described in this section of the contract
- e. *Operating expenses*
  - i. LAC shall record any payments made prior to the Commercial Operation Date as a cost of the development of a new long-term power supply resource. This would require the treatment described under Section 805 above, i.e. recording the payments as an intangible asset.
  - ii. LAC shall record the expense of the contract after the commercial operation date as purchased power expense
- f. *Tax status*
  - i. This describes that LAC will take all actions to maintain the tax status of the UAMPS bonds issued for the project

# Appendix A

Los Alamos County  
April 4, 2018  
Page 4

## **LAC budgeting impacts**

The costs will have the following impacts on LAC's budget:

1. Costs recorded before the Commercial Operation Date should be budgeted as capital expenditures. These amounts can be charged to FERC Account 303 – Miscellaneous Intangible Plant.
2. Costs recorded after the Commercial Operation Date are purchased power expenses and should be budgeted in that category and charged to FERC Account 555 – Purchased Power.

## **Summary/Conclusion**

Our interpretation of the accounting treatment and requirements of the contract are discussed in Section 805 of this memo. The items in Section 903 of the contract do not alter any of that interpretation, but are obligations of LAC under the contract. Even though this contract does not result in the recognition of a long-term liability by LAC, bond rating agencies often view these types of contracts as adding to the debt of the entity when the agency performs its analysis in developing a bond rating.



# County of Los Alamos

## Staff Report

April 10, 2018

Los Alamos, NM 87544  
www.losalamosnm.us

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Agenda No.:	A.
Index (Council Goals):	* 2018 Council Goal – Quality Governance – Intergovernmental Relations – Strengthen Coordination and Cooperation Between County Government, LANL, and Regional and National Partners; * 2018 Council Goal – Quality Governance – Operational Excellence – Maintain Quality Essential Services and Supporting Infrastructure Including Updated Enterprise Software and Permitting
Presenters:	Steve Cummins, Deputy Utilities Manager - Power Supply
Legislative File:	10678-18

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### Title

Incorporated County of Los Alamos Resolution No. 18-09; A Resolution Authorizing and Approving the Carbon Free Power Project Power Sales Contract with Utah Associated Municipal Power Systems; Approving the Amended and Restated Initial Budget and Plan of Finance for the Project; and Related Matters.

### Recommended Action

**I move that Council approve Incorporated County of Los Alamos Resolution No. 18-09; A Resolution Authorizing and Approving the Carbon Free Power Project Power Sales Contract with Utah Associated Municipal Power Systems; Approving the Amended and Restated Initial Budget and Plan of Finance for the Project; and Related Matters.**

### Utilities Manager Recommendation

The Utilities Manager recommends that Council approve the Resolution as presented.

### Board, Commission or Committee Recommendation

The Board of Public Utilities (BPU) will consider approval of the Power Sales Contract and the Budget and Plan of Finance during the agenda item just preceding this one at the joint Council/BPU meeting. The Board's recommendation will, therefore, be made during this evening's meeting.

### Body

At the recommendation of a citizen *ad hoc* committee and the direction of the BPU, the Department of Public Utilities (DPU) was tasked to continue participating in the Carbon Free Power Project (CFPP) as an option for meeting the County's power demands. The CFPP is being considered as a potential resource for replacing the County's coal generation assets and to meet a Board-approved goal for the DPU to be a carbon-neutral electrical energy provider by 2040.

***Prior to Council approval at this meeting, the BPU is also being asked to consider approval of the Power Sales Contract and Budget and Plan of Finance. More details about the project and additional attachments are included with that staff report. (Agenda item 5.A)***



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### **Alternatives**

DPU will continue to look at the alternatives to meet the County's electrical energy demands.

### **Fiscal and Staff Impact**

The maximum cost exposure for the County, if we choose to exit the project at the next decision point, is \$80,000. If the County chooses to participate further into the project, the fiscal impact increases as described in the attachments. The total County share is currently estimated to be approximately \$56 million if we stay in the project through construction completion. That cost would be financed by the project and the County would be repaying it as part of the purchase price of the power. The obligation to pay using electric system revenue may be viewed by bond rating agency and underwriters as a debt equivalency that could have some impact on future potential debt issues and related rating as described in the Accounting Treatment memo. Researching new or replacement generation resources is part of staffs' normal duties.

### **Attachments**

A - Resolution No. 18-09 Including the Power Sales Contract and Budget and Plan of Finance

B - Publication Notice for Resolution No. 18-09

## **INCORPORATED COUNTY OF LOS ALAMOS RESOLUTION NO. 18-09**

### **A RESOLUTION AUTHORIZING AND APPROVING THE CARBON FREE POWER PROJECT POWER SALES CONTRACT WITH UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS; APPROVING THE AMENDED AND RESTATED INITIAL BUDGET AND PLAN OF FINANCE FOR THE PROJECT; AND RELATED MATTERS**

**WHEREAS**, the Incorporated County of Los Alamos, New Mexico (“Participant” or “County”) is a member of Utah Associated Municipal Power Systems (“UAMPS”) pursuant to the provisions of the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action as amended (“Joint Action Agreement”); and

**WHEREAS**, one of the purposes of UAMPS under the Joint Action Agreement is the acquisition and construction of electric generating, transmission, and related facilities in order to secure reliable and economic sources of electric power and energy for its members; and

**WHEREAS**, the County on September 1, 2015, entered into an agreement wherein the County joined UAMPS and other Participants in the decision via the *Carbon Free Power Project Study Phase Siting Agreement* (“Project Study Agreement”) to pursue the development of a facility that can house up to twelve (12) small nuclear power modules that can each generate up to approximately fifty (50) megawatts of electric power per unit with the anticipated commercial operation date for the first such nuclear power module to occur in late 2027; and

**WHEREAS**, UAMPS proposes to acquire and construct the nuclear generating facility plant known as the Carbon Free Power Project (“Project”) to be located at a site within the Idaho National Laboratory near the City of Idaho Falls, Idaho; and

**WHEREAS**, the duly elected Council of the County (“County Council”) has reviewed (or caused to be reviewed on its behalf) certain descriptions and summaries of the Project and the Power Sales Contract; and representatives of the Participant have participated in discussions and conferences with UAMPS and others regarding the Project; and

**WHEREAS**, capitalized terms used and not defined herein shall have the meanings assigned to them in the Power Sales Contract); and

**WHEREAS**, the Participant acknowledges that the obligation of the Participant to make the payments provided for in the Power Sales Contract will be a special limited obligation of the Participant payable from the revenues and other available funds of its electric system, and that the Participant shall be unconditionally obligated to make the payments required under the Power Sales Contract from revenues of the Participant’s electric system subject to the terms and conditions of the Power Sales Contract; and

**WHEREAS**, the County Council has reviewed (or caused to be reviewed on its behalf) the Amended Initial Budget & Plan of Finance for the Project prepared by UAMPS setting forth, among other things, preliminary estimates of the Development Costs, certain limitations on the amount of Development Costs the Participant is obligated to pay in the 1st phase of the Licensing Period,

**ATTACHMENT A**

estimates of the Cost of Acquisition and Construction, the estimated timeline for the development and construction of the Project, and the estimated target price range for Project output, and now desires to approve Amended Initial Budget & Plan of Finance; and

**WHEREAS**, the County Council now desires to authorize and approve the Power Sales Contract and the Amended Initial Budget and Plan of Finance.

**NOW THEREFORE BE IT RESOLVED** by the Governing Body of the Incorporated County of Los Alamos, New Mexico as follows:

**Section 1. Approval of Power Sales Contract and Amended Initial Budget and Plan of Finance; Entitlement Share.**

- (a) The Power Sales Contract, in substantially the form attached hereto as Annex A, is hereby authorized and approved, and the County Utilities Manager is hereby authorized, empowered and directed to execute and deliver the Power Sales Contract on behalf of the County, and the County Clerk is hereby authorized, empowered and directed to attest and countersign such execution to affix the corporate seal of the County to the Power Sales Contract, with such changes to the Power Sales Contract from the form attached hereto as Annex A as shall be necessary to conform to the County's legal status and authority, to complete the form of the Power Sales Contract or to correct any minor irregularities or ambiguities therein and as are approved by the County Utilities Manager and the County Attorney, his execution thereof and the delivery of the County Attorney's written opinion thereon to constitute conclusive evidence of such approval.
- (b) The *Amended Initial Budget & Plan of Finance* attached hereto as Annex B is hereby approved.
- (c) An Entitlement Share representing up to 8,000 kW of capacity, as such capacity amount may be rounded upon the approval of the Project Management Committee and the Participant's Representative pursuant to the Power Sales Contract to provide a whole number of small modular reactors is hereby authorized and approved.

**Section 2. County Representative.** The County, by separate resolution or action of the Council, shall designate a Representative and an alternate or alternates to act in his or her absence. Such Representative and alternate(s) are hereby delegated full authority to: (i) Approve any appendix to the Pooling Agreement between UAMPS and the Participant that may be necessary or desirable in connection with the utilization of the Participant's Entitlement Share; and (ii) Act on all matters that may come before the Project Management Committee established by the Power Sales Contract, and shall be responsible for reporting regularly to County Council regarding the activities of the Project Management Committee; provided that the Representative shall not deliver a Notice of Withdrawal or a Notice of Reduction under the Power Sales Contract without prior consultation with, and prior approval from, County Council.

**Section 3. Compliance with Tax Covenants.** The County agrees in the Power Sales Contract that it will apply all of the electric power and energy acquired under the Power Sales Contract to a Qualified Use and that it will not take or omit to take any action which could adversely affect the Tax Status of any Bond or Bonds theretofore issued or thereafter issuable by UAMPS. In furtherance of that agreement, County Council hereby agrees that it will observe and comply

with such instructions as may be provided from time to time by UAMPS with respect to the Qualified Use of the electric power and energy acquired under the Power Sales Contract.

**Section 4. Further Authority.**

- (a) The Utilities Manager and the County Clerk are hereby authorized, empowered and directed to: (i) Execute the Certificate of the Participant in substantially the form attached as Exhibit III to the Power Sales Contract and to deliver the same to UAMPS; and (ii) From time thereafter and upon the request of UAMPS, execute the Bring-Down Certificate of the County in substantially the form attached as Exhibit IV to the Power Sales Contract and to deliver the same to UAMPS.
- (b) The County's legal counsel is hereby authorized and empowered to: (i) Execute the Opinion of Counsel to the County in a form similar to attached Exhibit V to the Power Sales Contract that in substance provides the opinion of the County's legal counsel and to deliver the same to UAMPS; and (ii) From time thereafter and upon the request of UAMPS, execute the Bring-Down Opinion of Counsel to the County in a form similar to attached Exhibit VI to the Power Sales Contract that in substance provides the opinion of the County's legal counsel and to deliver the same to UAMPS.

**Section 5. Miscellaneous; Effective Date.**

- (a) This Resolution shall be and remain effective until the expiration or termination of the Power Sales Contract in accordance with its terms.
- (b) All previous acts and resolutions in conflict with this Resolution or any part hereof are hereby repealed to the extent of such conflict.
- (c) In case any provision in this Resolution shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- (d) This Resolution shall take effect immediately upon its approval and adoption.

**PASSED AND ADOPTED** this 10<sup>th</sup> day of April, 2018.

**INCORPORATED COUNTY OF LOS ALAMOS**

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**David Izraelevitz,**  
**Council Chair**

**ATTEST:**

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**Naomi D. Maestas,**  
**Los Alamos County Clerk**

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**CARBON FREE POWER PROJECT  
POWER SALES CONTRACT**

BETWEEN

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

AND

**INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO**

DATED AS OF APRIL 1, 2018

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**ATTACHMENT A**

Incorporated County of Los Alamos Resolution No. 18-09  
ANNEX A

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**CARBON FREE POWER PROJECT  
POWER SALES CONTRACT**

This CARBON FREE POWER PROJECT POWER SALES CONTRACT made and entered into as of April 1, 2018, is by and between UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS, a political subdivision of the State of Utah ("*UAMPS*") and the Incorporated County of Los Alamos, a political subdivision organized under the laws of the State of New Mexico (the "*Participant*").

**RECITALS:\***

WHEREAS, UAMPS was organized by the Members under the Act and the Joint Action Agreement as a separate legal entity to accomplish the Members' joint and cooperative action, including securing power supply and transmission resources for the Members' present and future needs;

WHEREAS, UAMPS is organized as an energy services interlocal entity under the Act with the power, among other things, to (i) acquire supplies of electric power and energy by the acquisition or construction of electric generation and transmission facilities or by contracting for the purchase of electric power and energy and (ii) enter into contracts for the sale of the output, services and other benefits provided by such facilities or contracts to public agencies and others inside or outside the State of Utah;

WHEREAS, in order to develop a long-term source of reliable, cost-effective electricity with low or zero-carbon emissions for the benefit of its participating Members and other purchasers, UAMPS has examined and is continuing to examine the feasibility of an electric generating project to be known as the "Carbon Free Power Project," a small modular reactor generating facility to be located at the site determined under the Site Use Permit;

WHEREAS, UAMPS will continue with its examination of the feasibility and development of the Project and, if the Project Management Committee determines the Project to be feasible, UAMPS will proceed to acquire, construct, operate, retire and decommission the Project and sell Electric Energy from the Project to the Participant pursuant to this Contract and to the other Participants pursuant to other Power Sales Contracts substantially similar to this Contract;

WHEREAS, in order to finance the Cost of Acquisition and Construction, UAMPS will issue Bonds that are special and limited obligations of UAMPS, payable solely from a pledge of the revenues derived by UAMPS from the payments to be made by the Participants under the Power Sales Contracts and other amounts pledged pursuant to the Financing Documents;

WHEREAS, the Participant desires to enter into this Contract in order to participate in the development of the Project and to obtain a long-term, cost-based supply of carbon-free Electric Power, Electric Energy and any associated Environmental Attributes by the acquisition of an Entitlement Share pursuant to the terms and conditions of this Contract; and

\* Capitalized terms used and not defined in the recitals have the meanings assigned to them in Section 1.

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WHEREAS, UAMPS and the Participant are duly authorized under applicable provisions of law, to execute, deliver and perform this Contract and their respective governing bodies have taken all necessary actions and all Required Approvals have been obtained in order to constitute this Contract as the legal, valid and binding obligation of the parties.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties to this Contract as follows:

## ARTICLE I

### DEFINITIONS AND RULES OF CONSTRUCTION

*Section 101. Definitions.* As used in this Contract and in the recitals set out above:

*“Act”* means the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended, and other applicable provisions of law.

*“Additional Bonds”* means additional Bonds from time to time issued by UAMPS pursuant to the Financing Documents and in accordance with Section 607.

*“Additional Facilities”* means capital additions, betterments and replacements and other capital facilities directly and functionally related to the Project, whether located at the Project site or another site, all as approved by the Project Management Committee. Additional generating units that are not undertaken as Additional Facilities may be undertaken as a separate phase or phases of the Project as provided in Section 508.

*“Annual Budget”* means the budget adopted by UAMPS for each Contract Year pursuant to the provisions of Section 801.

*“Authorized Officer of UAMPS”* means the Chairman or Vice-Chairman of the Board, or the Secretary, Treasurer, General Manager, or other officer or employee of UAMPS authorized or having delegated authority to perform specific acts or duties under the Power Sales Contracts by resolution duly adopted by the Board.

*“Billing Period”* means such period of time as shall be established from time to time by UAMPS for the preparation, calculation and billing of the amounts payable by the Participant hereunder.

*“Board”* means the Board of Directors of UAMPS or such other governing body of UAMPS as may be established from time to time pursuant to the Joint Action Agreement and the Act. All actions or determinations by the Board with respect to the Project shall be taken or made upon the recommendation of the Project Management Committee as and to the extent provided in the Joint Action Agreement.

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*“Bond Counsel”* means a firm of attorneys of recognized standing in matters relating to the tax status of municipal bonds, experienced in matters relating to public power systems and selected by UAMPS.

*“Bond Fund”* means, collectively, the funds and accounts created by the Financing Documents for the payment of and reserves for debt service on Bonds.

*“Bonds”* means (i) bonds, notes, commercial paper, repayment obligations under loan agreements and lines of credit, and other debt obligations issued or incurred from time to time by UAMPS pursuant to the Financing Documents to finance the Cost of Acquisition and Construction, regardless of whether such bonds, notes and other obligations are senior or subordinated obligations, (ii) the repayment obligations of UAMPS or a Special Purpose Entity under any DOE-Guaranteed Loan, and (iii) Additional Bonds and Refunding Bonds.

*“Budget and Plan of Finance”* means the comprehensive budget and plan of finance for the Development Costs, the Construction Costs and other items of the Cost of Acquisition and Construction approved from time to time by the Project Management Committee, together with proposed financing arrangements for Development Costs during the Licensing Period and Construction Costs during the Construction Period, all as more fully described in Section 601.

*“Capital Contribution”* means (i) a capital contribution in respect of the Development Costs of, or the Cost of Acquisition and Construction of, the Initial Facilities that is paid to UAMPS by the Participant pursuant to Section 603 and (ii) a capital contribution paid to UAMPS in connection with the issuance of Additional Bonds or Refunding Bonds as authorized by the Project Management Committee pursuant to Section 603(g).

*“Capital Contribution Percentage”* means with respect to each series of Bonds, a percentage calculated by UAMPS obtained by dividing (i) the dollar amount of the Capital Contribution made by the Participant, by (ii) the Reference Project Costs, all as more fully provided in Section 603.

*“Code”* means the Internal Revenue Code of 1986, as amended. References herein to the Code include all corresponding and applicable U.S. Treasury Regulations.

*“Commercial Operation”* means, with respect to the Initial Facilities, the date on which the Initial Facilities (i) have been substantially completed pursuant to the EPC Contract and any other Construction Agreements, including the satisfaction of all required performance tests thereunder, (ii) are capable of continuous firm operation, (iii) are interconnected and synchronized with, and capable of delivering Electric Energy to, the transmission grid, (iv) have received all Permits and Approvals required for their operation, and (v) meet such additional requirements as may be established by the Project Management Committee; *provided that* the Project Management Committee may make Commercial Operation determinations with respect to individual generating units as provided in Section 301(f). The criteria and standards for the Commercial Operation of any Additional Facilities shall be developed by UAMPS and submitted to the Project Management Committee for its review and approval.

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*“Commercial Operation Date”* means, with respect to the Initial Facilities and any Additional Facilities, the date on which all of the Initial Facilities and any Additional Facilities achieve Commercial Operation, as determined by the Project Management Committee.

*“Commercially Reasonable”* or *“Commercially Reasonable Efforts”* means, with respect to any action required to be made, attempted or taken by a party under this Contract or one of the Project Agreements, such efforts as a reasonably prudent business would undertake, consistent with Prudent Utility Practice and the past practices of such party, for the protection of its own interest under the conditions affecting such action, including the amount of notice of the need to take such action, the duration and type of the action, the competitive environment in which such action occurs, the terms and provisions of the Project Agreements and the Financing Documents, the contractual and legal obligations of, and the risk to, such party in connection with such action; *provided, however*, an obligation to act in a “Commercially Reasonable” manner or to exercise “Commercially Reasonable Efforts” does not include taking actions that would, individually or in the aggregate, cause the party subject to such obligation to incur costs, or suffer any other detriment, that is out of reasonable proportion to the benefits to the other party under this Contract or the Project Agreements.

*“Completion of Development”* means, with respect to the Initial Facilities (i) the completion of all Development Work, (ii) the receipt of the COL and all other Permits and Approvals necessary for the construction and operation of the Project, (iii) the completion of definitive forms of the principal Construction Agreements for the Initial Facilities, (iv) the completion of the definitive Budget and Plan of Finance for the Cost of Acquisition and Construction of the Initial Facilities, and (v) a determination by the Project Management Committee that the Project is feasible and that the construction of the Initial Facilities should proceed, all as more fully described in Section 505.

*“Construction Agreement”* means the EPC Contract and each other contract or agreement providing for the acquisition or construction of any part of the Initial Facilities and any Additional Facilities, including all design, engineering, procurement and construction agreements.

*“Construction and Operating License”* or *“COL”* means a combined construction and operating license issued with respect to the Project by the NRC.

*“Construction and Operating License Application”* or *“COLA”* means the application for the COL submitted to the NRC by or on behalf of UAMPS.

*“Construction Costs”* means all of the Cost of Acquisition and Construction of the Initial Facilities incurred during the Construction Period.

*“Construction Period”* means the period beginning on the date that the Project Management Committee determines that the Completion of Development has occurred and ending on the Commercial Operation Date.

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*“Contract”* means this Carbon Free Power Project Power Sales Contract dated as of April 1, 2018, between UAMPS and the Participant and any amendments permitted pursuant to Section 1104.

*“Contract Resolution”* means the resolution of the Participant’s governing body approving and authorizing the execution of this Contract and approving the initial Budget and Plan of Finance, in substantially the form attached to EXHIBIT III.

*“Contract Year”* means the Fiscal Year, except that the first Contract Year shall begin on the Effective Date and shall end on the last day of the then-current Fiscal Year. In the event that UAMPS changes its Fiscal Year for accounting purposes, the Contract Year shall, without further action, be amended to conform to such Fiscal Year.

*“Contractor”* means, collectively, NuScale and Fluor Enterprises.

*“Cost of Acquisition and Construction”* means all costs and expenses paid or incurred by UAMPS in connection with the acquisition and construction of the Initial Facilities and any Additional Facilities, whether paid or incurred prior or subsequent to the Effective Date, including all Development Costs incurred by UAMPS. “Cost of Acquisition and Construction” includes all costs incurred by UAMPS in connection with the planning, designing, acquisition, construction and placing in operation the Initial Facilities, any Additional Facilities and amounts paid or payable under the Construction Agreements. As and to the extent properly allocable to the Project at any time, but without duplication of any item, “Cost of Acquisition and Construction” also includes:

- (i) payments to UAMPS or any Participant to reimburse advances and payments made or incurred for costs preliminary or incidental to the development, acquisition or construction of the Initial Facilities or any Additional Facilities;

- (ii) planning and development costs; engineering and contractors’ fees; fiduciaries’, auditors’ and accountants’ fees; costs of obtaining all Permits and Approvals; the cost of real property, labor, materials, equipment, supplies, training and testing costs; insurance premiums and other costs of insuring the Project; legal, financial advisory, financing and Bond issuance costs; amounts payable under the Project Agreements during or in connection with the acquisition or construction of the Initial Facilities or any Additional Facilities; administrative and general costs; costs relating to the interconnection of the Project; and all other costs properly allocable to the acquisition or construction of the Initial Facilities or any Additional Facilities or placing the same in operation;

- (iii) interest on Bonds for such period as may be reasonably necessary for placing the Initial Facilities or any Additional Facilities in operation in accordance with the provisions of the Financing Documents;

- (iv) the payment of principal or redemption price of and interest on any Bonds issued as bond anticipation notes;

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(v) working capital and reserve requirements of the Project, including amounts for deposit into the Reserve and Contingency Fund, and reserves for Operation and Maintenance Costs and Decommissioning Costs, in each case as may be required by the Financing Documents or otherwise approved by the Project Management Committee;

(vi) deposits into the Bond Fund and any other fund or account required to be funded by the Financing Documents;

(vii) all costs relating to litigation, claims or judgments not otherwise covered by insurance and arising out of the acquisition, construction or operation of the Project or otherwise related to the Project, the Project Agreements, the Power Sales Contracts or the transactions contemplated thereby;

(viii) federal, state and local taxes or payments in lieu of such taxes relating to the Project and incurred during the period of the acquisition or construction thereof; and

(ix) all other costs incurred by UAMPS, and properly allocable to the acquisition and construction of the Project, including all costs financed by the issuance of Additional Bonds.

*“Debt Service Costs”* means, for each Billing Period of each Contract Year, an amount calculated or estimated in accordance with the Financing Documents equal to the sum of:

(i) the interest accruing on Bonds, except to the extent that amounts are on deposit under the Financing Documents to pay such interest, together with any other amounts required by the Financing Documents to be deposited into the Bond Fund in respect of the interest payments on the Bonds;

(ii) the portion of the next due principal installment accruing on Bonds, together with any other amounts required by the Financing Documents to be deposited into the Bond Fund in respect of the principal payments on the Bonds; *provided, however*, that the amount included in Debt Service Costs pursuant to this clause (ii) shall not include the principal of Bonds becoming due and payable solely as a result of the acceleration of the maturity thereof;

(iii) the amounts payable during such Billing Period under any Interest Rate Contract, including amounts payable as a result of the termination of an Interest Rate Contract;

(iv) any amounts required by the Financing Documents to be deposited into the Bond Fund to meet or replenish debt service reserve requirements for Bonds;

(v) Trustee, paying agent, escrow agent and other fiduciaries’ fees and expenses payable under the Financing Documents; fees and expenses of remarketing agents, broker-dealers, auction agents and others providing services with respect to Bonds; and

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(vi) the amounts required to be paid to maintain any credit or liquidity facilities for and ratings on the Bonds, including maintenance fees and other amounts payable under any DOE-Guaranteed Loan and other costs payable by UAMPS from time to time in connection with the Bonds;

*provided, however*, that the additional interest expense on or in respect of any Bonds that are subject to federal income taxation (and not eligible for tax credits or interest subsidy payments) may, as determined by the Project Management Committee pursuant to Section 602(d), be allocated to those Participants whose legal status or use of the Project Capability or the Project Output adversely affects the Tax Status of such Bonds. In the event of such allocation, the Debt Service Costs payable by such Participants shall be increased to include amounts sufficient to pay any such additional interest expense.

*“Debt Service Percentage”* means, with respect to each Participant and as of any date of determination, the percentage obtained by subtracting the Participant’s Capital Contribution Percentage from the Participant’s Entitlement Share. The Participant’s initial Debt Service Percentage is set forth on SCHEDULE I. The Debt Service Percentages for the Participants may be calculated separately for each separate series of Bonds.

*“Debt Service Share”* means, with respect to each Participant and as of any date of determination, the percentage of Debt Service Costs payable by the Participant, determined by dividing the Participant’s Debt Service Percentage (expressed as a decimal) by the sum (expressed as a decimal) of the Debt Service Percentages of all Participants, including the Participant whose Debt Service Share is being determined. The Participant’s initial Debt Service Share is set forth on SCHEDULE I. The Debt Service Shares for the Participants may be calculated separately for each separate series of Bonds.

*“Decommission”* means all actions necessary to safely retire and remove the Project from service, restore the Project Site and comply with the requirements of the Site Use Permit, satisfy the decommissioning requirements of the Permits and Approvals and satisfy all regulatory requirements of the NRC and other regulatory agencies having jurisdiction over the decommissioning of the Project.

*“Decommissioning Costs”* means the costs and expenses of Decommissioning the Project.

*“Decommissioning Fund”* means the fund or funds established by UAMPS for the payment of Decommissioning Costs as provided in Section 711.

*“Decommissioning Period”* means the period beginning at the end of the Operating Period and continuing to the date on which the Project has been Decommissioned and all Decommissioning Costs have been paid.

*“Development Agreement”* means the Development Agreement to be entered into by UAMPS and the Contractor which shall, among other things, provide for:

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(i) the provision by the Contractor of estimating, design and engineering services with respect to the Initial Facilities to the point in time when the EPC Contract is finalized and executed pursuant to task orders mutually agreed to by UAMPS and the Contractor;

(ii) the performance of an economic competitiveness test at certain milestones with respect to the projected levelized cost of energy from the Initial Facilities;

(iii) the ability of each of UAMPS and the Contractor to terminate the Development Agreement upon certain circumstances set forth therein, including the ability of UAMPS to terminate the Development Agreement upon a failure of the economic competitiveness test;

(iv) the obligation of the Contractor to reimburse some or all of the Development Costs incurred by UAMPS in the event that (A) UAMPS elects to terminate the Project upon a failure of the economic competitiveness test or for cause or (B) the Contractor elects to terminate the Development Agreement for its convenience, such reimbursement being in the amounts and paid at the times provided for in the Development Agreement; and

(v) upon a termination of the Development Agreement by UAMPS upon a failure of the economic competitiveness test or for its convenience, the right of the Contractor to acquire the Development Work and all assets comprising the Project from UAMPS and to develop a small modular reactor project at the Project site for the consideration set forth in the Development Agreement.

*“Development Cost Share”* means, with respect to each Participant and as of any date of determination, the percentage of Development Costs payable by the Participant during the Licensing Period, determined by dividing the Participant’s Entitlement Share (expressed as a decimal) by the sum (expressed as a decimal) of the Entitlement Shares of all Participants, including the Participant whose Development Cost Share is being determined. The Participant’s initial Development Cost Share is set forth on SCHEDULE I, and shall be adjusted from time to time to account for (i) increases or reductions in the Participant’s Entitlement Share elected by the Participant, (ii) increases or reductions in the Entitlement Shares of, and as elected by, other Participants, (iii) withdrawals by other Participants pursuant to Section 204 of the Power Sales Contracts, (iv) the Entitlement Shares of power purchasers that execute Power Sales Contracts and become Participants after the Effective Date of this Contract, and (v) transfers of Entitlement Shares pursuant to Section 1003.

*“Development Costs”* means all costs, fees and expenses incurred by UAMPS in performing the Development Work, including (i) costs, fees and expenses previously incurred by UAMPS pursuant to the Study Phase Siting Agreement, (ii) the amounts payable to the Contractor under the Development Agreement (other than amounts financed with the proceeds of Special Obligations), and (iii) pre-construction costs approved by the Project Management Committee, including deposits, advance payments and prepayments for items of the Cost of Acquisition and Construction of the Initial Facilities.

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*“Development Work”* means the development work and services described in Section 502.

*“DOE Cost Share Agreement”* means, collectively, (i) the Assistance Agreement, Award No. DE-NE0008369, effective August 11, 2015, from the U.S. Department of Energy, Office of Nuclear Energy to NuScale, (ii) the Subaward Agreement dated December 21, 2015 between UAMPS and NuScale, and (iii) the Agreement for a Cost Sharing Option associated with the Siting and Licensing of a Small Modular Reactor dated December 21, 2015 between UAMPS and NuScale.

*“DOE-Guaranteed Loan”* means, collectively, (i) any loan made to or for the benefit of UAMPS to finance some or all of the Cost of Acquisition and Construction the repayment of which is guaranteed by the U.S. Department of Energy pursuant to Title XVII of the Energy Policy Act of 2005, and (ii) the guaranty, the security agreements and other instruments relating to the DOE-Guaranteed Loan.

*“Effective Date”* means the date on which (i) this Contract has been executed and delivered to UAMPS by the Participant, (ii) all Required Approvals have been obtained, and (iii) this Contract has been executed by UAMPS (A) upon the declaration of the Effective Date by the Project Management Committee as provided in Section 201 or (B) in the event this Contract is executed by the Participant subsequent to such declaration, upon the approval of this Contract by the Project Management Committee.

*“Electric Power”* means electric power expressed in kilowatts (kW).

*“Electric Energy”* means electric energy expressed in kilowatt-hours (kWh).

*“Entitlement Share”* means the Participant’s entitlement (expressed as a percentage) to a portion of Project Capability and any Environmental Attributes as set forth on SCHEDULE I, as the same may be increased or reduced pursuant to Section 301 or increased pursuant to Section 1003.

*“Environmental Attributes”* means all environmental and carbon free energy allowances, benefits, certificates, credits, offsets or reductions resulting from the generation of renewable or carbon free energy and the resulting displacement of conventional energy generation. Environmental Attributes include avoided emissions of carbon dioxide, methane, sulfur oxides, nitrogen oxides, carbon monoxide, particulate matter or any other gas recognized as a greenhouse gas or gas, solid or liquid recognized as a source of air, water or soil pollution. Units of Environmental Attributes shall be allocated to the Participants under standards and procedures approved by the Project Management Committee or otherwise utilized as provided in Section 707.

*“EPC Contract”* means the contract or agreement between UAMPS and the Contractor with respect to the engineering, procurement and construction of the Initial Facilities.

*“Excess Power Sales Agreement”* means a power sales agreement between UAMPS and a power purchaser for the sale of Project Capability that has not been sold to the Participants under the Power Sales Contracts. The power purchaser under an Excess Power Sales Agreement shall not be considered to be a Participant for any purpose under the Power Sales Contracts.

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*“Financing Documents”* means (i) the bond resolution, indenture, trust agreement or other instrument or instruments providing for the issuance of and the security for Bonds and all amendments thereof and supplements thereto, and (ii) the loan agreement, guaranty agreement, security agreement, and other instruments relating to any DOE-Guaranteed Loan.

*“Fiscal Year”* means the annual accounting period of UAMPS as from time to time in effect, initially a period commencing on April 1, of each calendar year and ending on March 31 of the next succeeding calendar year.

*“Fluor Enterprises”* means Fluor Enterprises, Inc., a wholly-owned subsidiary of Fluor Corporation, and its permitted successors and assigns.

*“Fuel Supply Agreement”* means each contract for the acquisition, processing, design, fabrication, transportation, delivery, reprocessing, storage and disposal of nuclear material required as fuel for the operation of the Project, including any prepayment and hedging transactions relating to such fuel.

*“Initial Facilities”* means the complete modular reactor generating station, generating units, transmission facilities, fuel and water handling and storage facilities and related facilities comprising the initial Project, together with all real and personal property, facilities, structures, improvements and equipment to be acquired and constructed in connection therewith, all as approved by the Project Management Committee. A description of the Initial Facilities shall be attached as EXHIBIT I to this Contract.

*“Interconnection Agreement”* means each agreement providing for the interconnection of the Project with the facilities of a transmission provider and all supplements and amendments thereto, together with any successor or replacement agreement providing for the interconnection of the Project with the transmission grid.

*“Interest Rate Contract”* means an International Swap Dealers Association, Inc. (ISDA) Master Agreement, together with the schedules and confirmations thereto, or any comparable agreement entered into by UAMPS with respect to Bonds pursuant to the provisions of the State Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

*“Joint Action Agreement”* means the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action dated March 20, 2009, as amended and supplemented from time to time.

*“Joint Ownership Agreement”* means (i) an agreement under which UAMPS and another entity own the Project or a portion thereof as tenants in common, (ii) agreements between UAMPS and another person or persons for the organization and operation of a Special Purpose Entity, and (iii) any other form of joint ownership arrangement approved by the Project Management Committee.

*“Lay-Off Power Sales Agreement”* means a power sales agreement between UAMPS and a power purchaser for the sale of Project Capability that has been sold to one or more Participants

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under the Power Sales Contracts. The power purchaser under a Lay-Off Power Sales Agreement shall not be considered to be a Participant for any purpose under the Power Sales Contracts.

*“Licensing Period”* means the period beginning on the Effective Date and ending on the date that the Project Management Committee determines that the Completion of Development has occurred, all as more fully described in Section 502.

*“Members”* means, collectively, the parties to the Joint Action Agreement.

*“Month”* means a calendar month.

*“Notice of Reduction”* means a notice delivered to UAMPS by the Participant of its election to reduce its Entitlement Share as provided in Section 301(d), such notice to be in the form attached hereto as EXHIBIT VIII.

*“Notice of Withdrawal”* means a notice delivered to UAMPS by the Participant of its election to withdraw from the Project as provided in Section 204(a), such notice to be in the form attached hereto as EXHIBIT VII.

*“NPM Prepayment Agreement”* means an agreement under which UAMPS makes a prepayment or an advance payment for the cost of acquisition of one or more of the nuclear power modules to be included in the Project.

*“NRC”* means the U.S. Nuclear Regulatory Commission and any successor federal agency having regulatory jurisdiction over the construction and operation of the Project.

*“NuScale”* means NuScale Power, LLC and its permitted successors and assigns.

*“Operating Agreement”* means any agreement providing for the operation and maintenance of all or any portion of the Project.

*“Operating Period”* means the period beginning on the Commercial Operation Date and continuing to the date on which the Project is retired and removed from service.

*“Operation and Maintenance Costs”* means, with respect to each Billing Period, all costs and expenses (other than Transmission Costs and Debt Service Costs) attributable to the Project that are paid, payable, incurred or accrued by UAMPS during each Billing Period resulting from the ownership, operation, maintenance, Decommissioning and termination of, and repairs, renewals, replacements, additions, improvements, and betterments and modifications to, the Project, including amounts payable by UAMPS under the Project Agreements.

Without limiting the generality of the foregoing (it being the intention and understanding of UAMPS and the Participants that “Operation and Maintenance Costs” shall include all of UAMPS costs with respect to the Project other than Transmission Costs, Debt Service Costs and the Cost of Acquisition and Construction financed with Bond proceeds), but without duplication of any item of cost, Operation and Maintenance Costs include:

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(i) the costs of operating and maintaining the Initial Facilities and any Additional Facilities and of producing and delivering Electric Power and Electric Energy to the Point of Delivery during such Billing Period, including the operation and maintenance expenses of the Project and fees, expenses, incentives and other amounts payable under the Operating Agreement and the other Project Agreements and relating to the operation and maintenance of the Project;

(ii) any amount which UAMPS may be required during such Billing Period to pay for the prevention or correction of any unusual loss or damage or for renewals, replacements, repairs, additions, improvements, modifications and betterments which arise out of or are required by the Project Agreements for which UAMPS shall be obligated, and amounts necessary to fund or replenish reserves therefor, but only to the extent not funded by Bonds or Capital Contributions;

(iii) legally required federal, state and local taxes, including gross receipts taxes and ad valorem taxes or payments in lieu of ad valorem taxes, in each case related to the Project;

(iv) the Cost of Acquisition and Construction of Additional Facilities, but only to the extent (A) not paid or financed with Bond proceeds and (B) approved to be paid by the Project Management Committee as an item of Operation and Maintenance Costs;

(v) Decommissioning Costs and amounts for deposit into the Decommissioning Fund;

(vi) the portion of UAMPS' administrative and general expenses allocable or directly charged to the Project, working capital and reserves for the payment of operation and maintenance expenses, and all other costs and expenses (but excluding depreciation) not included in the costs specified in the other items of this definition and properly chargeable to the Project;

(vii) amounts to be deposited into the Reserve and Contingency Fund established pursuant to Section 708;

(viii) legal, engineering and accounting fees and expenses, the cost of any litigation related to the Project, the Project Agreements, the Power Sales Contracts and the interests and transactions contemplated by the Project Agreements and the Power Sales Contracts, and the costs of technical and advisory services, of all Permits and Approvals and of certifying, qualifying or registering Environmental Attributes associated with the Project, all to the extent allocable to the Project;

(ix) the costs of insuring the Project, including all insurance required by the Permits and Approvals, and any deferred premiums payable pursuant to the Price-Anderson Nuclear Industries Indemnity Act, 42 U.S.C. §2210, and the NRC regulations thereunder;

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(x) costs imposed upon the Project by a balancing authority, independent system operator, regional transmission organization or similar entity, costs of ancillary services and other operational costs necessary to comply with reliability and related requirements; and

(xi) any other amount not specified in the other items of this definition which must be paid by UAMPS during such Billing Period under the Project Agreements or otherwise.

*“Participant”* means the second party named in the preamble of this Contract and its permitted successors and assigns hereunder.

*“Participants”* means the Participant and the other entities named on SCHEDULE I, as the same may be amended or supplemented from time to time as provided herein.

*“Participant’s Representative”* means (i) the officer, employee or other agent of the Participant designated from time to time by the Participant as the Representative of the Participant for purposes of the Joint Action Agreement, to whom all notices and other communications to be given by UAMPS to the Participant hereunder shall be sent or (ii) in the event that the individual appointed as the Participant’s Representative is unavailable to act on behalf of the Participant, the individual duly appointed or designated by the Participant as its alternate Representative pursuant to the Joint Action Agreement.

*“Performance Tests”* means all start-up and shakedown procedures and performance tests to be conducted under the Construction Contracts prior to the Commercial Operation Date.

*“Permits and Approvals”* means Construction and Operating License and all other certificates, permits, licenses, approvals, rulings, orders or other authorizations from any federal, state or local governmental body, board or agency having jurisdiction over UAMPS, the Project or both that are required to be obtained or maintained in connection with the acquisition, construction, operation, maintenance or repair of the Project or any component thereof.

*“Permitted Contract”* means (i) a contract with a term (including all renewal options) not longer than three years and (ii) requirements-type contracts, other than requirements contracts providing for electricity sales at wholesale, with retail consumers or other end users of electricity.

*“Point of Delivery”* means the point or points of physical interconnection of the Initial Facilities or Additional Facilities, as applicable, with the electric transmission grid, as determined pursuant to the Interconnection Agreement.

*“Pooling Agreement”* means, collectively, the Power Pooling Agreements between UAMPS and the Members and certain other entities providing for the establishment and operation of the UAMPS Pool and related matters, including all supplements and appendices thereto.

*“Power Sales Contracts”* means all of the Carbon Free Power Project Power Sales Contracts dated as of April 1, 2018, between UAMPS and the Participants (including this Contract

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between UAMPS and the Participant), all of which are uniform in all material respects in their term, conditions and provisions, with the exception of the Entitlement Share, the Capital Contribution Percentage, the Debt Service Percentage and the Debt Service Share for each of the Participants and the other matters set forth in the Exhibits attached hereto.

*“Project”* means the Carbon Free Power Project undertaken by UAMPS for the use and benefit of the Participants as provided in the Power Sales Contracts, consisting of the acquisition, construction, ownership, improvement, equipping, operation, and retirement and decommissioning of the Initial Facilities and any Additional Facilities, and the rights, interests, obligations and liabilities of UAMPS under the Project Agreements and the Permits and Approvals.

*“Project Agreements”* means the Development Agreement, each Construction Agreement, Operating Agreement, Fuel Supply Agreement, Water Supply Agreement, Interconnection Agreement, Transmission Agreement and Right-of-Way, the DOE Cost Share Agreement, the Site Use Permit and all other agreements relating to the development, acquisition, construction, operation and Decommissioning of the Project. All references herein to the Project Agreements or any of them refer to the Project Agreements as they may be amended or supplemented from time to time in accordance with their respective provisions and the provisions of Section 1101.

*“Project Capability”* means the Electric Power and associated Electric Energy that the Initial Facilities, any Additional Facilities and, for purposes of Section 301(f), the individual generating units included in the Initial Facilities are capable of producing. The Project Capability available to UAMPS from (i) the Initial Facilities will be the aggregate nameplate rating of the generating units included in the Initial Facilities, and (ii) an individual generating unit will be the nameplate rating of such unit.

*“Project Management Committee”* means the committee of the Participants previously established and confirmed in Section 401. All references in this Contract to decisions, approvals, determinations and other actions of the Project Management Committee include the approval of, or delegation of authority with respect to, such decision, approval, determination or action by the Board required by the Joint Action Agreement and the bylaws of UAMPS.

*“Project Output”* means the amount of Electric Power and Electric Energy, if any, which is generated by the Project in any particular hour.

*“Prudent Utility Practice”* means, as of any particular time, any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry which, in the exercise of reasonable judgment in light of facts known at such time, could have been expected to accomplish the desired results at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others or to be limited to the lowest-cost practice, method or act, but rather to be a spectrum of possible practices, methods and acts, having due regard for manufacturers’ warranties and the jurisdiction.

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*“Qualified Use”* means the sale of electricity to retail customers pursuant to (i) generally applicable and uniformly applied rate schedules or tariffs or (ii) a Permitted Contract; *provided* that Qualified Use shall not include any sale of electricity that gives rise to “private business use” or a “private loan” within the meaning of Section 141 of the Code; and *provided further* that “Qualified Use” shall include such additional uses of electricity as may be approved by UAMPS with a favorable opinion of Bond Counsel.

*“Rating Agency”* has the meaning assigned to such term in the Indenture.

*“Reference Project Costs”* means, for purposes of calculating the amount of a Capital Contribution to be made by the Participant as provided in Section 603, (i) in the case of a Capital Contribution to be made with respect to Development Costs, the estimated Development Costs determined by UAMPS and approved by the Project Management Committee prior to the first issuance of Bonds to finance Development Costs, and (ii) in the case of a Capital Contribution to be made with respect to the Cost of Acquisition and Construction of the Initial Facilities or any Additional Facilities, the estimated Cost of Acquisition and Construction determined by UAMPS and approved by the Project Management Committee prior to the first issuance of long-term Bonds to finance the Cost of Acquisition and Construction of the Initial Facilities or any Additional Facilities. Reference Project Costs shall not include amounts for (iii) the costs of issuance of, debt service reserves for and capitalized interest on Bonds and (iv) any other items in the definitions of “Development Costs” or “Cost of Acquisition and Construction” not properly allocable to Reference Project Costs, as determined by the Project Management Committee.

*“Refunding Bonds”* means refunding Bonds from time to time issued by UAMPS pursuant to the Financing Documents and in accordance with Section 607.

*“Required Approvals”* means all governmental, regulatory and lender approvals, consents and authorizations required or necessary for (i) the execution, delivery and performance of this Contract (or any amendment hereto) by the Participant and (ii) this Contract (or any amendment hereto) to be the legal, valid and binding obligation of the Participant; *provided, however*, that “Required Approvals” does not include the approval of this Contract by the Participant’s governing board or body pursuant to the Contract Resolution.

*“Reserve and Contingency Fund”* means the fund, if any, established pursuant to Section 708.

*“Right-of-Way”* means each right-of-way, lease, grant or similar instrument for the use of the land necessary for the operation or interconnection of the Project.

*“Site Use Permit”* means Use Permit No. DE-NE700065, effective February 17, 2016, from the United States of America, acting by and through the U.S. Department of Energy to UAMPS.

*“Special Obligations”* means debt obligations issued or incurred from time to time by UAMPS pursuant to the Financing Documents (i) to finance Development Costs, the Cost of Acquisition and Construction or to refund or refinance Special Obligations, and (ii) which shall

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not (a) constitute Bonds for any purpose under the Power Sales Contracts or the Financing Documents and (b) be secured by a pledge of or payable from the payments made by the Participants under the Power Sales Contracts, all as more fully described in Section 606.

*“Special Purpose Entity”* means (i) a limited liability company, (ii) a segment established by UAMPS pursuant to the Act, or (iii) any other special purpose legal entity organized to own all or a portion of the Project.

*“Study Phase Siting Agreement”* means the Carbon Free Power Project Study Phase Siting Agreement dated September 1, 2015, between UAMPS and the participants named therein.

*“Super-Majority Vote”* means the affirmative vote of Participants’ Representatives that represent 75% of (i) the number (per capita) of Participants’ Representatives serving on the Project Management Committee, and (ii) the Entitlement Shares of all Participants. For the avoidance of doubt, in the event that a Super-Majority Vote is required when a Participant’s Representative is not entitled to vote on matters before the Project Management Committee pursuant to Section 402(a)(i), such Participant’s Representative and such Participant’s Entitlement Share shall be disregarded in computing the percentages of Participants’ Representatives and Entitlement Shares that have voted on the matter requiring a Super-Majority Vote.

*“System Point of Receipt”* means (i) the point(s) of interconnection between the Participant’s electric utility system and the transmission facilities of the applicable balancing authority or authorities, or (ii) such other point(s) for the receipt by the Participant of Electric Energy from the Project as may be agreed to by the parties.

*“Tax Credits”* means any production tax credits, investment tax credits or other federal or state tax credits that may be received by UAMPS or credited to UAMPS pursuant to the Project Agreements.

*“Tax Credit Agreement”* means a contract or agreement under which UAMPS (i) sells, assigns or transfers Tax Credits to a third party or (ii) receives consideration from a third party in respect of Tax Credits.

*“Tax Status”* means (i) the exclusion from gross income for federal income tax purposes of the interest on any Bonds issued as tax-exempt obligations, or (ii) the right of a bondowner (or other investor) to receive tax credits or the right of UAMPS to receive interest subsidy payments on any Bonds issued as tax credit bonds or interest subsidy bonds, respectively, in each case pursuant to the provisions of the Code.

*“Transmission Agreements”* means each transmission contract, agreement or tariff entered into by UAMPS or the Participant that is used or necessary for the delivery of Electric Power and Electric Energy from the Point of Delivery to the Participant’s System Point of Receipt, whether by direct transmission, displacement, exchange or otherwise.

*“Transmission Costs”* means, for each Billing Period of each Contract Year, all capital, operating and other costs and expenses paid, payable, incurred or accrued by UAMPS during such

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Billing Period for the transmission of Electric Energy from the Point of Delivery to the Participant's System Point of Receipt pursuant to the Transmission Agreements or otherwise. The Participant shall be responsible for the payment of Transmission Costs to UAMPS hereunder only to the extent that UAMPS has, at the request of the Participant, entered into or utilized Transmission Agreements for the transmission of Electric Energy from the Point of Delivery to the Participant's System Point of Receipt.

*"Trustee"* means the bank or trust company acting as the trustee under the Financing Documents.

*"UAMPS"* means the first party named in the preamble of this Contract. All references to UAMPS in this Contract shall include Authorized Officers of UAMPS acting pursuant to specific authorization by the Project Management Committee.

*"UAMPS Pool"* means that certain electric power pool established pursuant to the Pooling Agreement under which UAMPS provides certain services with respect to the scheduling, dispatch and the sale of Electric Power and Electric Energy and other matters provided for in the Pooling Agreement.

*"Uncontrollable Force"* means any cause, event or force beyond the control of the party affected, including, but not restricted to failure, or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, terrorism, acts of a public enemy, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, and restraint by court or public authority and action or non-action by, or inability to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. "Uncontrollable Force" includes any cause, event or force constituting "force majeure," "uncontrollable force" or similar term as defined in any Project Agreement.

*"Uniform System of Accounts"* means the Federal Energy Regulatory Commission Uniform Systems of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act, 18 C.F.R. Part 101, as the same may be modified, amended or supplemented from time to time or such other system of accounting as may be applicable by law to UAMPS.

*"Water Supply Agreement"* means each agreement providing for the purchase of water, water rights or shares or other interests in water necessary for the operation of the Project.

*Section 102. Rules of Construction.* (a) References to Articles, Sections, Schedules and Exhibits are to the Articles and Sections of and Schedules and Exhibits to this Contract, unless otherwise provided. Article and Section headings are included herein for convenience of reference only and shall not constitute a part of this Contract for any other purpose or be given any substantive effect. Any of the defined terms may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use of the word "include" or its derivations shall not be construed as language of limitation.

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(b) Any representation, warranty, certificate or legal opinion with respect to the enforceability of this Contract or any other contract or agreement made in or provided pursuant to this Contract shall be deemed to be qualified by reference to the effect of applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting creditor's rights generally and by the application of equitable principles, regardless of whether such qualification is expressly stated herein or therein.

## ARTICLE II

### CONTRACT EFFECTIVE DATE, TERM AND TERMINATION; PARTICIPANT WITHDRAWAL

*Section 201. Effective Date.* (a) Promptly upon the approval of this Contract by its governing body's adoption of the Contract Resolution, the Participant shall (i) cause this Contract to be executed by its Authorized Officers, and (ii) deliver to UAMPS an executed counterpart of this Contract together with its completed certificate and the exhibits to it (in substantially the form attached hereto as EXHIBIT III) and an opinion of counsel to the Participant in the form attached hereto as EXHIBIT V.

(b) UAMPS shall give notice to the Project Management Committee upon its receipt of executed Power Sales Contracts and certificates and opinions from Participants that have requested Entitlement Shares totaling not less than 150,000 kW of Electric Power. Upon its receipt of such notice, the Project Management Committee may declare that the Effective Date of the Power Sales Contracts has occurred or may defer such declaration to a later date in its discretion. Upon the Project Management Committee's declaration of the Effective Date, UAMPS shall cause all such Power Sales Contracts to be executed by its authorized officers and shall give notice to the Participants that the Effective Date has occurred. Power Sales Contracts subsequently received by UAMPS shall become effective as provided in the definition of Effective Date.

(c) UAMPS shall give notice to the Participant of the occurrence of the Effective Date and shall prepare and deliver to each Participant a completed SCHEDULE I that shows the Entitlement Shares of all Participants. The Study Phase Siting Agreement shall terminate on the Effective Date of the Power Sales Contracts, provided that (i) the Participants that are parties to the Study Phase Siting Agreement shall remain responsible for all costs, expenses and other amounts payable by them thereunder, and (ii) all costs previously incurred by UAMPS under the Study Phase Siting Agreement shall be included as an item of Development Costs.

*Section 202. Contract Term.* This Contract shall become effective on and as of the Effective Date and will, unless this Contract is terminated pursuant to Section 203, continue in effect until the last to occur of: (i) the date on which all of the Project Agreements have terminated or expired in accordance with their respective terms and all obligations of UAMPS thereunder have been fully paid, satisfied or discharged; (ii) the date on which all Bonds have been paid in full as to principal, premium and interest, or sufficient funds shall have been irrevocably set aside for the full defeasance thereof and all other obligations of UAMPS under the Financing Documents have been paid or satisfied; and (iii) the date on which the Initial Facilities and any Additional Facilities shall be permanently removed from service and Decommissioned and all Decommissioning Costs shall have been paid or fully funded.

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*Section 203. Contract Termination.* (a) This Contract shall not be terminated by either party under any circumstances, whether based upon the default of the other party under this Contract or any other instrument or otherwise, except as specifically provided in this Section.

(b) The Project Management Committee may establish a date for the termination of the Power Sales Contracts upon its determination to terminate the Project at any time during the Licensing Period as provided in Section 504; *provided, however*, that any such termination date shall not occur until the later of: (i) the date on which all Project Agreements have been terminated or have expired in accordance with their respective terms, and all obligations of UAMPS thereunder have been fully paid, satisfied or discharged; (ii) the date on which all Bonds have been paid in full as to principal, premium and interest, or sufficient funds shall have been irrevocably set aside for the full defeasance thereof and all other obligations of UAMPS under the Financing Documents have been paid or satisfied; and (iii) the date on which UAMPS shall have made a final accounting for, and shall have recovered from the Participants, all Development Costs previously incurred.

*Section 204. Participant Withdrawal* (a) During the Licensing Period, the Participant shall have the right to withdraw from its participation in the Project as provided in this Section. The Participant may exercise its right to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS upon the occurrence of any of the following events:

(i) its receipt of notice from UAMPS pursuant to Section 601(e)(i) that the Project Management Committee has approved the updated Budget and Plan of Finance for the second phase of the Licensing Period, which updated Budget and Plan of Finance will be submitted to and approved by the Project Management Committee no later than March 31, 2019;

(ii) its receipt of notice from UAMPS pursuant to Section 601(f) that the Project Management Committee has approved an amendment to the Budget and Plan of Finance that increases the maximum amount of Development Costs that may be incurred for the then-current phase of the Licensing Period;

(iii) its receipt of notice from UAMPS pursuant to Section 204(b) that withdrawals or Entitlement Share reductions elected by other Participants would result in an increase in its Development Cost Share;

(iv) the determination of its governing body not to approve the definitive Budget and Plan of Finance at the end of the Licensing Period; or

(v) its determination to withdraw from the Project at the end of the then-current phase of the Licensing Period.

A withdrawal pursuant to clause (i), (iv) or (v) above shall be effective at and as of the last day of the then-current phase of the Licensing Period. A withdrawal pursuant to clause (ii) above shall be effective immediately prior to the effective date of an amendment to the Budget and Plan of Finance that increases the maximum amount of Development Costs. A withdrawal pursuant to clause (iii) above shall be effective immediately prior to the effective date of the increase in the Participants' Development Cost Shares.

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(b) UAMPS shall give prompt notice to the Project Management Committee of its receipt of Notices of Withdrawal pursuant to paragraph (a) above and Notices of Reduction pursuant to Section 301(d). The Project Management Committee shall then determine the effect of such withdrawals or reductions on the development of the Project and whether to proceed with the development of the Project or to suspend or terminate the Project pursuant to Section 504(a). If the Project Management Committee determines to proceed with the Project and if such withdrawals or reductions would result in an increase in the Development Cost Share of any Participant, it shall direct UAMPS to give notice of such withdrawals and reductions and its determination to proceed with the Project to the Participants. Such notice shall include an updated SCHEDULE I reflecting all withdrawals and reductions elected by the Participants, and shall state that a Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS. A Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Shares by delivering a Notice of Reduction to UAMPS, in either case within such reasonable period of time as shall be approved by the Project Management Committee and specified in UAMPS' notice.

(c) A Participant that elects to withdraw from the Project shall (i) except as provided in paragraph (d) below, waive any right to receive any reimbursement for Development Costs previously paid by it, and (ii) remain responsible for the payment of an amount equal to its Development Cost Share of all Development Costs incurred, including its Development Cost Share of the amounts necessary to repay all Bonds issued and outstanding, in each case up to the effective date of the Participant's withdrawal from the Project.

(d) In the event that the Project is terminated during the Licensing Period and UAMPS receives third-party reimbursement for Development Costs paid prior to the date of termination (other than reimbursement received pursuant to the DOE Cost Share Agreement), UAMPS shall pay to each person that has withdrawn as a Participant its share, *pro rata* based on the amounts of Development Costs paid by all Participants and persons that have withdrawn as Participants, of the third-party reimbursement received by UAMPS, up to but not exceeding the amount of Development Costs paid by such person that has withdrawn as a Participant.

(e) A Participant that elects to withdraw from the Project shall, within twelve months of the effective date of its withdrawal or within such longer period as may be permitted pursuant to the Financing Documents, repay the amounts described in paragraph (c)(ii) above together with any interest expense on such amounts and any other charges incurred by UAMPS under the Financing Documents.

(f) From and after the effective date of its withdrawal (i) the Participant's Entitlement Share shall be terminated, (ii) the Participant's Representative shall have no right to participate in or vote at meetings of the Project Management Committee or meetings of the Board with respect to the Project, and (iii) this Contract will remain in effect only with respect to the Participant's repayment obligations described in paragraph (d) above. The Participant shall have no responsibility for the payment of Development Costs incurred or Bonds issued after the effective date of its withdrawal.

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## ARTICLE III

### ENTITLEMENT SHARE

*Section 301. Entitlement Share.* (a) From and after the Effective Date, UAMPS shall sell to the Participant, and the Participant shall purchase from UAMPS, the Participant's Entitlement Share.

(b) As of the Effective Date of its Power Sales Contract, a Participant's Entitlement Share (expressed as a percentage of all Entitlement Shares then in effect) shall not exceed 20 percent, unless otherwise approved by the Project Management Committee.

(c) During the Licensing Period and for so long as less than all of the Project Capability has been sold pursuant to the Power Sales Contracts and any Excess Power Sales Agreements, the Participant may, by notice to UAMPS and upon the approval of the Project Management Committee, elect to increase its Entitlement Share by any amount, subject to (i) the limitation set forth in subsection (b) above, and (ii) such standards and procedures as may be established by the Project Management Committee. Any such increase in the Participant's Entitlement Share shall be effective at the beginning of the second phase of the Licensing Period or the Construction Period, as applicable.

(d) At the times at which the Participant may deliver a Notice of Withdrawal to UAMPS pursuant to Section 204 and in lieu of delivering a Notice of Withdrawal, the Participant may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS. Any Notice of Reduction shall be delivered at the same time and in the same manner as a Notice of Withdrawal. The effective date of an Entitlement Share reduction shall be the same as the corresponding effective date of a withdrawal pursuant to Section 203(a).

(e) Upon a recommendation of UAMPS pursuant to Section 503(d), and at any time up to the time of its determinations under Section 505(b), the Project Management Committee may determine to round the Participant's Entitlement Shares up or down so that the total Project Capability covered by all Entitlement Shares matches a whole number of the modular generating units included in the Project. The determination of the Project Management Committee shall be made in compliance with Section 503(d). Upon such determination of the Project Management Committee, UAMPS shall give notice to all Participants of the rounded Entitlement Shares.

(f) In the event that the construction of the Initial Facilities provides for sequential Commercial Operation of individual generating units prior to the Commercial Operation Date of all of the Initial Facilities, the Project Management Committee may establish procedures and standards for (i) the Participants to make elections regarding the amounts of and dates on which they will receive Electric Power and Electric Energy from such generating units and (ii) the allocation of the costs and benefits of such generating units among the electing Participants. Such elections shall remain in effect until the Commercial Operation Date of all of the Initial Facilities. If the Project Management Committee determines not to establish such procedures and standards or if the Participant determines not to make an election under them, the Participant will purchase

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and pay for its Entitlement Share (expressed as a percentage) of the Project Capability of each individual generating unit from and after the date that it achieves Commercial Operation.

*Section 302. Participant Surplus; Lay-Off Power Sales Agreements.* (a) If the Participant has or projects that it will have, as of or following the Commercial Operation Date (or the date of Commercial Operation of individual generating units), Electric Power and Electric Energy that is surplus to its needs, it may request that UAMPS sell and deliver any or all of the Electric Power and Electric Energy attributable to the Participant's Entitlement Share pursuant to one or more Lay-Off Power Sales Agreements.

(b) UAMPS shall use Commercially Reasonable Efforts in consultation with the Participant to attempt to sell such surplus at not less than a minimum price approved by the Participant:

*first*, pro rata to any other Participants that indicate interest in purchasing any such surplus;

*second*, pro rata, to any Members that are not Participants that indicate interest in purchasing any such surplus; and

*third*, to any other power purchaser, on such terms and for such period as UAMPS determines to be appropriate and not adverse to the Tax Status of the Bonds or the interests of UAMPS or the other Participants.

(c) If two or more Participants have made requests for surplus sales pursuant to this Section of the Power Sales Contracts, UAMPS (i) may aggregate the surplus amounts of Electric Power and Electric Energy for sale under one or more Lay-Off Power Sales Agreements, and (ii) shall allocate the credits for such sale *pro rata* to the requesting Participants.

(d) UAMPS shall make recommendations to the Project Management Committee regarding (i) the terms and provisions of each Lay-Off Power Sales Agreement or a standard form of Lay-Off Power Sales Agreement, and (ii) the identity, operating experience and financial capability of each power purchaser under a Lay-Off Power Sales Agreement and its ability to meet its obligations thereunder, each of which shall be subject to the approval of the Project Management Committee.

(e) The revenues (net of any expenses incurred by UAMPS in connection with the sale) received by UAMPS from sales pursuant to a Lay-Off Power Sales Agreement shall be credited to the Participant on its billing statements pursuant to Section 804, *provided that* the sale of surplus power and energy pursuant to a Lay-Off Power Sales Agreement shall not relieve such Participant from its primary obligation and liability under this Contract, unless and only to the extent that UAMPS shall receive payments from the purchaser under the Lay-Off Power Sales Agreement.

*Section 303. Assignment of Entitlement Share to Other Participants.* (a) The Participant may assign this Contract and its rights hereunder, in whole or in part, to another Participant upon 60 day's prior notice to UAMPS and satisfaction of all of the following conditions:

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(i) during the Licensing Period, UAMPS, by action of the Project Management Committee, consents in writing to such assignment, which consent shall not be unreasonably withheld;

(ii) after the Licensing Period, UAMPS, by action of the Project Management Committee, (i) consents in writing to such assignment, which consent shall not be unreasonably withheld, and (ii) reasonably determines that such assignment is not expected to result in any increase in the rates and charges payable by any other Participants under the Power Sales Contracts.

(b) The Participant acknowledges and agrees that the ability of UAMPS to consent to such an assignment may be subject to additional requirements and limitations imposed under the Financing Documents. UAMPS and the Participant each agree to exercise Commercially Reasonable Efforts and to cooperate with one another to meet any such limitations and requirements.

*Section 304. Assignment of Entitlement Share to Non-Participants.* (a) The Participant may assign this Contract and its rights hereunder, in whole or in respect of part of the Participant's Entitlement Share, to any power purchaser upon not less than 180 days' prior notice to UAMPS and satisfaction of each of the following conditions:

(i) the Participant's notice to UAMPS shall include the name of any proposed assignee, the amount of the Participant's interests under this Contract proposed to be assigned, the consideration (if any) for the proposed assignment, and the material terms of the proposed assignment, including, copies of all written proposals, term sheets, letters of intent and assignment documents.

(ii) UAMPS, by action of the Project Management Committee, consents in writing to such assignment, which consent shall not be unreasonably withheld;

(iii) the assignment shall be evidenced by a written instrument pursuant to which the assignee shall assume all obligations (except to the extent theretofore accrued) of the Participant under this Contract or the Participant shall post an acceptable bond or other reasonably acceptable security to assure its obligations hereunder are fulfilled;

(iv) if and to the extent necessary to reflect such assignment and assumption, UAMPS and such assignee shall enter into an agreement supplemental to this Contract to clarify the terms on which power and energy are to be sold hereunder by UAMPS to such assignee;

(v) if the Entitlement Share to be assigned (expressed as percentage of all Entitlement Shares) equals or exceeds five percent, the senior debt of the assignee shall be rated in one of the four highest whole rating categories (without regard to gradations within such categories) by at least one nationally-recognized bond rating agency;

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(vi) UAMPS shall have received an opinion or opinions of counsel of recognized standing selected by UAMPS to the effect that such assignment (A) will not adversely affect the pledge and assignment of this Contract or the revenues derived by UAMPS hereunder as security for payment of the Bonds, (B) is lawfully permitted under the law of the Participant's domicile state, and (C) will not adversely affect the Tax Status of any Bonds; and

(vii) the Participant shall pay all fees and expenses incurred by UAMPS, including rating agency, financial advisor and counsel fees, in connection with the proposed assignment.

(b) UAMPS shall not consent to the assignment of this Contract pursuant to this Section unless the Project Management Committee reasonably determines that such assignment is not expected to result in any increase in the rates and charges payable by any other Participants under the Power Sales Contracts.

(c) The Participant acknowledges and agrees that the ability of UAMPS to consent to such an assignment may be subject to additional requirements and limitations imposed under the Financing Documents. UAMPS and the Participant each agree to exercise Commercially Reasonable Efforts and to cooperate with one another to meet any such limitations and requirements.

(d) The Participant agrees that UAMPS shall have a right of first refusal for a period of not less than 180 days to match any bona fide offer for such assignment, in each case for re-assignment to one or more of the other Participants.

## **ARTICLE IV**

### **PROJECT MANAGEMENT COMMITTEE**

*Section 401. Confirmation of Project Management Committee* (a) The Participants hereby establish and confirm the Project Management Committee, which shall consist of one voting representative from each Participant (who shall be the Participant's Representative) and shall be chaired by a Participant's Representative elected by the Project Management Committee. Pursuant to the Contract Resolution, the Participant has delegated full and complete authority to its Participant's Representative to act on all matters and decisions that come before the Project Management Committee.

(b) Each Representative appointed by the Participant shall serve on the Project Management Committee until the Participant appoints a successor.

(c) An Authorized Officer of UAMPS shall attend all meetings of the Project Management Committee and shall cause minutes to be kept of all such meetings.

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*Section 402. Procedures and Voting Rights.* (a) The Joint Action Agreement and the bylaws of UAMPS shall govern the procedures for and the voting rights on the Project Management Committee, *provided that*:

(i) The Participant's Representative of any Participant that is in default hereunder (A) shall not be entitled to vote on any matter during the period of such default, and the consent or approval of such Participant or such Participant's Representative shall not be required hereunder during the existence of such default and (B) shall be disregarded for purposes of determining whether a quorum of the Project Management Committee is present at any meeting;

(ii) A Super-Majority Vote of all Project Management Committee Representatives shall be required on all decisions which would result in the termination of the Project; and

(iii) All decisions made by the Project Management Committee shall be made by resolution, order or other appropriate action of the Project Management Committee and, before such resolution, order or action of the Project Management Committee shall take effect, the same shall be ratified and approved by resolution, order or action of the Board, acting in accordance with the Joint Action Agreement and the bylaws of UAMPS.

(b) The Participants acknowledge that the Joint Action Agreement provides, among other things, that decisions of the Board with respect to the Project shall be made only upon the recommendation of the Project Management Committee and that weighted votes may be called for on any recommendation or decision to be made by the Project Management Committee or the Board, respectively, all as more fully provided in the Joint Action Agreement.

*Section 403. Duties of Project Management Committee.* (a) In addition to its other responsibilities under the Power Sales Contracts, the Project Management Committee shall:

(i) review, provide advice and direction to and consult with UAMPS regarding the Project;

(ii) supervise, review and approve the Development Work performed by or at the direction of UAMPS, including all task orders to be entered into with the Contractor pursuant to the Development Agreement, and the Development Costs;

(iii) review and approve the final terms and provisions of the Development Agreement, review the results of each run of the economic competitiveness test performed pursuant to the Development Agreement and the projected levelized cost of energy from the Initial Facilities, and review and approve all directions, actions and notices to be given or made by UAMPS under the Development Agreement;

(iv) review, approve and provide advice and direction to UAMPS on the Project Agreements and any modifications or amendments thereto, appoint all representatives of UAMPS serving under the Project Agreements and provide such direction to UAMPS as

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shall be necessary to enable UAMPS to meet timely its obligations and responsibilities under the Project Agreements;

(v) review, approve and revise from to time the Budget and Plan of Finance for the Initial Facilities;

(vi) review, approve and provide advice and direction to UAMPS with respect to the issuance of Bonds, Additional Bonds and Refunding Bonds;

(vii) review, approve and provide advice and direction to UAMPS with respect to each Excess Power Sales Agreement, Joint Ownership Agreement and Lay-Off Power Sales Agreement and any modifications or amendments thereto;

(viii) supervise and provide direction to UAMPS with respect to the construction of the Project, including approving the construction budget for the Project and the notices to proceed and notices to construct given under the Construction Agreements;

(ix) review, modify, and approve or otherwise act on the quarterly estimates of the Cost of Acquisition and Construction by the first day of the month prior to the beginning of each quarter;

(x) review, approve and provide advice and direction to UAMPS regarding the Performance Tests for and the declaration of the Commercial Operation Date of the Project under the applicable Project Agreements;

(xi) determine and declare the Project Capability upon the Commercial Operation Date of the Project and from time to time thereafter as its deems necessary to reflect the actual capability of the Project;

(xii) review and approve the form of the appendix to the Pooling Agreement described in Section 702 and any operating and scheduling procedures and procedures or standards for the allocation of Environmental Attributes that may be deemed necessary or desirable in connection with the Project;

(xiii) review, modify and recommend the Annual Budget and any amendments thereto to the Board;

(xiv) review, approve and recommend to the Board any Additional Facilities and the budget and plan of finance therefor; and

(xv) review and consult with UAMPS regarding any actions or remedies to be taken by UAMPS under Sections 1002 and 1003.

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## ARTICLE V

### DEVELOPMENT, ACQUISITION AND CONSTRUCTION OF THE PROJECT

*Section 501. The Initial Facilities.* (a) The Project shall consist of the Initial Facilities until such time as the Project Management Committee determines to undertake any Additional Facilities. A preliminary and general description of the Initial Facilities approved by the Project Management Committee is attached as EXHIBIT I to this Contract.

(b) As the development of the Project proceeds through the Licensing Period and the Construction Period and as the components of the Initial Facilities are designed, engineered, constructed, installed and tested, UAMPS shall from time to time recommend revisions to EXHIBIT I to the Project Management Committee for approval in order that the description therein reasonably corresponds to the Initial Facilities being developed and constructed. Following the Commercial Operation Date, UAMPS shall prepare and submit to the Project Management Committee for its review and approval a final description of the Initial Facilities. UAMPS and the Participant agree that in no event will any revisions to EXHIBIT I alter or affect their respective rights and obligations under this Contract.

*Section 502. Licensing Period and Development Work.* (a) During the Licensing Period, UAMPS shall use Commercially Reasonable Efforts to cause the development of the Project and the Development Work to proceed in an expeditious and economical manner. Without limiting the generality of the term, "Development Work," shall include all work and services necessary or desirable in connection with:

(i) the estimating, design and engineering work to be performed pursuant to the Development Agreement and otherwise with respect to the Project;

(ii) the development and negotiation of definitive Project Agreements, including each Construction Agreement, Operating Agreement, Fuel Supply Agreement, Water Supply Agreement, Transmission Agreement and any other contracts and agreements necessary in connection with the Project;

(iii) the preparation and submission of the Construction and Operating License Application to the NRC and pursuing such Application to the receipt of the Construction and Operating License;

(iv) obtaining all other Permits and Approvals necessary for the construction or operation of the Project;

(v) the continued development of and updates to the Budget and Plan of Finance as provided in Section 601; and

(vi) such other work and services as shall be approved by the Project Management Committee.

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(b) During the Licensing Period, UAMPS shall (i) report not less frequently than monthly to the Project Management Committee (unless otherwise approved by the Project Management Committee) with respect to the progress of the Development Work and the Development Costs incurred or expended, (ii) recommend from time to time revisions and updates to the Budget and Plan of Finance to the Project Management Committee, and (iii) act consistently with and in furtherance of the directions given to it by the Project Management Committee.

(c) As provided in Section 601, the Licensing Period shall include two separate phases for budgeting, planning and financing purposes, and the initial Budget and Plan of Finance shall be updated and subject to the approval of the Project Management Committee prior to the commencement of the second phase of the Licensing Period (submission of the COLA and associated and additional Development Work). UAMPS shall perform the Development Work as authorized by and within the limitations of the Budget and Plan of Finance in effect for each phase of the Licensing Period.

(d) UAMPS shall take all actions on its part required or permitted by the Development Agreement under the supervision and direction of the Project Management Committee, and shall monitor the performance, and enforce the obligations, of the Contractor thereunder. UAMPS shall report to the Project Management Committee with respect to each run of the economic competitiveness test provided for in the Development Agreement. The Participants acknowledge and agree that the Development Agreement is subject to early termination by UAMPS or the Contractor under the circumstances set forth therein and that the obligation of the Contractor to reimburse UAMPS for Development Costs incurred (i) applies only to certain early termination events, (ii) excludes certain Development Costs, and (iii) is limited to certain percentages and dollar amounts set forth in the Development Agreement.

(e) The submission, timing and terms of the COLA shall be subject to the approval of the Project Management Committee. If the COLA is submitted, UAMPS shall take all actions necessary on its part to advance the processing and review of the COLA by the NRC. If the COL is received, UAMPS shall review and analyze its terms, conditions and requirements and shall prepare and submit to the Project Management Committee the definitive Budget and Plan of Finance for the Initial Facilities, including updated estimates of Development Costs, Construction Costs and the Commercial Operation Date, together with a report on any remaining items of Development Work and whether and when the Completion of Development can occur, all as provided in Section 505 and Section 601.

(f) Following the conclusion of each phase of the Licensing Period, UAMPS shall deliver a report to the Participants with respect to the status of the development of the Project, expenditures for Development Costs, any changes to SCHEDULE I, together with such other information as may be required by the Project Management Committee.

*Section 503. Excess Power Sales Agreements, Joint Ownership Agreements and Adjustments to Entitlement Shares.* (a) The parties acknowledge and agree that it is in the mutual interest of UAMPS and the Participants to develop the Initial Facilities with an amount of Project Capability that balances the efficiencies and economies of scale that can be achieved by the development of up to 600 MW of Project Capability against the amount of Project Capability that

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has been subscribed for under the Power Sales Contracts. Accordingly, as a part of the Development Work, UAMPS shall continue to solicit and seek subscriptions for Project Capability under Power Sales Contracts with Members that are not Participants and other power purchasers. Any additional Power Sales Contracts with new Participants shall be subject to the approval of the Project Management Committee, which may condition its approval on such requirements as it deems necessary or desirable.

(b) As a part of the Development Work, UAMPS may also solicit and seek other power purchasers interested in purchasing Electric Power and Electric Energy from the Project under Excess Power Sales Agreements. UAMPS shall make recommendations to the Project Management Committee regarding (i) the terms and provisions of each Excess Power Sales Agreement or a standard form of Excess Power Sales Agreement, and (ii) the identity, operating experience and financial capability of each power purchaser under an Excess Power Sales Agreement and its ability to meet its obligations thereunder, each of which shall be subject to the approval of the Project Management Committee. The revenues (net of any expenses incurred by UAMPS in connection with the sale) received by UAMPS from sales pursuant to each Excess Power Sales Agreement (iii) may be pledged by UAMPS to secure Special Obligations issued to finance the Cost of Acquisition and Construction, and (iv) to the extent not so pledged, shall be credited to all of the Participants on the billing statements under Section 804. In addition to the other purposes for which a Special Purpose Entity may be organized pursuant to the Power Sales Contracts, UAMPS may organize a Special Purpose Entity to own a portion of the Project and sell the output of such portion pursuant to one or more Excess Power Sales Agreements.

(c) As a part of the Development Work, UAMPS may also receive indications of interest from other entities regarding the sale of a portion of UAMPS' ownership interest in the Initial Facilities. Subject to the negotiation of a definitive Joint Ownership Agreement, UAMPS may sell a portion of its ownership interest in the Initial Facilities to another entity. UAMPS shall make recommendations to the Project Management Committee regarding (i) the terms and provisions of any Joint Ownership Agreement, and (ii) the identity, operating experience and financial capability of the joint owner under a Joint Ownership Agreement and its ability to meet its obligations thereunder, each of which shall be subject to the approval of the Project Management Committee.

(d) UAMPS shall exercise Commercially Reasonable Efforts to negotiate the amount of Electric Power and Electric Energy that is sold under Excess Power Sales Agreements and the amount of Initial Facilities ownership that is sold under any Joint Ownership Agreement to avoid any interference with the amount of Project Capability that has been sold under the Power Sales Contracts. As and to the extent necessary, UAMPS may recommend to the Project Management Committee increases or decreases to the Entitlement Shares sold under the Power Sales Contracts. Any increases or decreases to Entitlement Shares shall require approval by a Super-Majority Vote of the Project Management Committee and no Participant's Entitlement Share shall be increased or decreased without the affirmative vote of its Representative.

*Section 504. Suspension or Termination of the Project During the Licensing Period.* (a) As provided in Section 203 and with the effect provided in that Section, by a Super-Majority Vote, the Project Management Committee may determine to suspend or terminate the Project at any time during the Licensing Period upon its determination:

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- (i) not to approve the updated Budget and Plan of Finance for the second phase of the Licensing Period;
- (ii) that the economic competitiveness test provided for in the Development Agreement has failed on any run date or that any price target contained in the Budget and Plan of Finance is not reasonably expected to be achieved;
- (iii) not to submit the COLA for any reason;
- (iv) that the COL will not be received or that the terms and conditions of the COL cause the Project to be not feasible;
- (v) that defaults, withdrawals or Entitlement Share reductions by Participants under the Power Sales Contracts make it not feasible to proceed with the Project; or
- (vi) that the Project is not feasible for any reason.

UAMPS shall give prompt written notice to all Participants of any determination of the Project Management Committee to suspend or terminate the Project during the Licensing Period.

(b) In the event of a determination to suspend the Project, the Project Management Committee shall give such directions to UAMPS as it deems necessary to address the cause or causes of its determination to suspend. In the event of a determination to terminate the Project, UAMPS shall take such actions as are necessary to give effect to such determination and wind-up and recover any value from the Project. A determination of the Project Management Committee to suspend or terminate the Project shall not eliminate, reduce or affect the payment obligations of the Participants under the Power Sales Contracts with respect to the amounts necessary to repay any outstanding Bonds and satisfy the obligations of UAMPS under the Project Agreements.

*Section 505. Completion of Development.* (a) Upon receipt of the terms and conditions of the Construction and Operating License (or an indication of such terms and conditions), UAMPS will conduct a review and analysis and report to and consult with the Project Management Committee regarding the terms and requirements of the COL, the actions necessary to complete the Development Work, and the definitive Budget and Plan of Finance for the Initial Facilities, and will make recommendations to the Project Management Committee as to whether the Project should proceed to the Construction Period.

(b) Following its review of the report and recommendations of UAMPS, the Project Management Committee will:

- (i) determine whether or when Completion of Development has occurred;
- (ii) review and approve definitive engineering and feasibility studies for the Initial Facilities, and such other materials as it deems necessary in order to determine that construction and operation of the Initial Facilities is feasible and should proceed;

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(iii) review and approve the definitive Budget and Plan of Finance for the Initial Facilities; and

(iv) make a preliminary determination as to whether construction of the Project is feasible and whether the Project should proceed to the Construction Period.

The determination required by (b)(iv) above shall be made by a Super-Majority Vote of the Project Management Committee.

(c) A determination by the Project Management Committee that construction of the Initial Facilities is not feasible and should not proceed to the Construction Period will result in termination of the Project with the effect provided in Section 203(b).

(d) Upon a preliminary determination by the Project Management Committee that construction of the Initial Facilities is feasible and should proceed to the Construction Period, UAMPS shall give notice to each of the Participants of the Project Management Committee's preliminary determination, together with:

(i) a copy of the definitive Budget and Plan of Finance approved by the Project Management Committee;

(ii) a request for approval of the definitive Budget and Plan of Finance by their governing bodies;

(iii) the form of the approving resolution for consideration by the Participants' governing bodies,

(iv) the date by which the Participant shall deliver a copy of its adopted approving resolution to UAMPS (which date shall be not earlier than the 90th day after the date of such notice);

(v) a statement that a Participant may elect to reduce its Entitlement Share by the delivery of a Notice of Reduction to UAMPS;

(vi) a statement that a Participant may elect to withdraw from the Project by the delivery of a Notice of Withdrawal to UAMPS;

(vii) a statement that a Participant that does not deliver a copy of an adopted authorizing resolution to UAMPS on or before the date specified pursuant to clause (iv) above will be deemed to have elected to withdraw from the Project with effect provided in Section 204; and

(viii) such other information that may be necessary or desirable in connection with the foregoing, all as approved by the Project Management Committee.

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(e) Upon its receipt of adopted approving resolutions of the Participants' governing bodies and any Notices of Withdrawal and Notices of Reduction from the Participants, UAMPS shall, subject to any additional notice required to be delivered to the Participants pursuant to Section 204(b), deliver to the Project Management Committee an updated report with respect to the Initial Facilities and any revisions to the definitive Budget and Plan of Finance, and shall provide such assistance as the Project Management Committee may require in order to make a final determination that construction of the Initial Facilities is feasible and should proceed to the Construction Period. The Project Management Committee shall then consider whether and when to make its final determination that construction of the Initial Facilities is feasible and should proceed to the Construction Period.

(f) Upon the final determination by the Project Management Committee that construction of the Initial Facilities is feasible and should proceed to the Construction Period, (i) UAMPS will give notice to each of the Participants of the Project Management Committee's determination, and the proposed effective date of the Construction Period, and (ii) UAMPS will then proceed to execute the principal Construction Contracts for the Initial Facilities and finance the Cost of Acquisition and Construction of the Initial Facilities through the issuance of Bonds and Special Obligations, if any.

*Section 506. Construction Period.* (a) The Construction Period shall commence upon the determination of the Project Management Committee that Completion of Development has occurred. During the Construction Period, UAMPS shall (i) cause the construction of the Project to proceed in an expeditious and economical manner pursuant to the Construction Agreements and other Project Agreements, (ii) monitor the performance of the contractors under the Construction Agreements, and (iii) report not less frequently than monthly (unless otherwise approved by the Project Management Committee) to the Project Management Committee with respect to the progress of the acquisition and construction of the Project, the Construction Costs incurred and estimated to the Commercial Operation Date, and any changes to the estimated Commercial Operation Date.

(b) UAMPS shall perform its obligations under the Construction Agreements and shall:

(i) use Commercially Reasonable Efforts consistent with and subject to the terms and provisions of the Project Agreements to cause the Project to be expeditiously and economically acquired and constructed pursuant to the Construction Agreements;

(ii) diligently defend and protect the rights of UAMPS and the Project under the Construction Agreements and enforce the contractors' obligations thereunder;

(iii) monitor the performance of the contractors under the Construction Agreements and report promptly to the Project Management Committee with respect to any default or event of default under the Construction Agreements;

(iv) report not less frequently than monthly to the Project Management Committee (unless otherwise approved by the Project Management Committee) regarding

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the current status of construction, and any changes to the estimated Commercial Operation Date and the estimated Cost of Acquisition and Construction; and

(v) give prompt notice to the Project Management Committee and the Participant of the occurrence of the Commercial Operation Date of the Initial Facilities and any Additional Facilities.

(c) As soon as practicable after the Commercial Operation Date of the Initial Facilities and any Additional Facilities, UAMPS shall prepare a complete statement and reconciliation of the final (or substantially final) Cost of Acquisition and Construction of the Initial Facilities or Additional Facilities and submit the same to the Project Management Committee for its review and acceptance. In the event that a substantially final statement of the cost of construction of the Initial Facilities or Additional Facilities is submitted to and accepted by the Project Management Committee, UAMPS shall provide periodic reports to the Project Management Committee regarding the remaining items of the Cost of Acquisition and Construction of the Initial Facilities or Additional Facilities until a final statement is available for its review and approval.

*Section 507. Additional Facilities.* (a) UAMPS may from time to time recommend the acquisition or construction of Additional Facilities to improve or add to the Initial Facilities. Any Additional Facilities, including any additional generating units to be installed at the Project Site, shall be subject to the approval of the Project Management Committee. The Participant acknowledges and agrees that (i) additional generating units not constituting Additional Facilities may be developed, constructed, operated and financed as a separate phase of the Project as provided in Section 508 and (ii) any such separate phase of the Project may use common facilities at the Project Site upon such terms and consideration as shall be determined by the Project Management Committee. Upon the approval of the Project Management Committee, UAMPS may enter into or approve such amendments and supplements to the Project Agreements as it deems necessary or desirable in connection with such separate phase.

(b) Any additional generating units that are undertaken and designated as Additional Facilities shall become a part of the Project for all purposes of this Contract. UAMPS may revise the "KW AMOUNT" column in SCHEDULE I as necessary in the event there are additional generation facilities constituting Additional Facilities.

*Section 508. Separate Phases of the Project.* (a) UAMPS may from time to time recommend the acquisition and construction of additional generating units not as Additional Facilities but as a separate phase of the Project. Any such separate phase, and any amendments and supplements to the Project Agreements in connection therewith, shall require approval by a Super-Majority Vote of the Project Management Committee. If so approved, UAMPS shall offer the Participants the opportunity to participate in such separate phase under a supplement to this Contract or under a separate agreement, as determined by the Project Management Committee. Each Participant may elect to participate in such separate phase with an entitlement share (expressed as percentage) up to its then-current Entitlement Share. In the event that any Participant elects not to participate in the separate phase or elects a reduced entitlement share, the available entitlement shares shall first be offered by UAMPS to the other Participants, second to Members that are not Participants and third to other power purchasers, all as directed by the Project

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Management Committee. Any supplement to this Contract for any separate phase of the Project shall constitute a separate agreement between the parties for all purposes.

(b) UAMPS may issue and incur indebtedness to finance the cost of acquisition and construction of a separate phase of the Project, provided that any such indebtedness shall not constitute Bonds under the Power Sales Contracts or the Financing Documents.

## ARTICLE VI

### FINANCING OF THE PROJECT

*Section 601. Budget and Plan of Finance.* (a) The Budget and Plan of Finance for the Initial Facilities shall include the following information:

- (i) the amount of Development Costs incurred to the date of the Budget and Plan of Finance and the estimated total Development Costs to the Completion of Development;
- (ii) the estimated total Cost of Acquisition and Construction;
- (iii) the estimated timeline for the development and construction of the Initial Facilities to the Commercial Operation Date;
- (iv) the estimated target price (\$/MWh) for Project output sold to the Participants under the Power Sales Contracts (which may be a range of prices);
- (v) the proposed funding and financing arrangements for all Development Costs during the Licensing Period, including amounts available under the DOE Cost Share agreement and any other cost-sharing agreements, grants and funding sources, and Bonds;
- (vi) the proposed funding and financing arrangements for the Cost of Acquisition and Construction, including Bonds, DOE-Guaranteed Loans, Special Obligations, Tax Credit Agreements and other funding and financing arrangements; and
- (vii) such other information as may be required to be included in the Budget and Plan of Finance by the Project Management Committee.

(b) For budgeting and planning purposes, the Budget and Plan of Finance shall separate the Licensing Period into two separate and sequential phases as follows:

- (i) a first phase beginning on the Effective Date of the Power Sales Contracts and extending to the completion of the Construction and Operating License Application; and
- (ii) a second phase beginning at the end of the first phase and extending to the estimated date of the Completion of Development.

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(c) The initial Budget and Plan of Finance shall (i) set forth the maximum amount of Development Costs that may be incurred by UAMPS during the first phase of the Licensing Period, (ii) be subject to the approval of the Project Management Committee, and (iii) be submitted to the Participants for approval by their governing bodies as set forth in the Contract Resolution. UAMPS and the Participant acknowledge and agree that as of the Effective Date, (iv) UAMPS has not obtained the Permits and Approvals necessary for the construction and operation of the Project, including particularly the COL, (v) the overall development of the Project is at a preliminary stage, and (vi) a definitive estimate of the Cost of Acquisition and Construction will not be available until the Completion of Development. Accordingly, the parties acknowledge and agree that the information contained in the initial Budget and Plan of Finance is necessarily preliminary and is subject to change based on, among other things, additional information that becomes available to UAMPS during the Licensing Period, the negotiation of the terms and provisions of the Project Agreements, the terms and conditions of the Permits and Approvals, and the development and negotiation of funding sources and financing arrangements for Development Costs and the Cost of Acquisition and Construction.

(d) The Budget and Plan of Finance shall be updated by UAMPS prior to the beginning of the second phase of the Licensing Period. Such update of the Budget and Plan of Finance shall (i) be subject to the approval of the Project Management Committee, (ii) include revisions and updates, as applicable, to the information described in Section 601(a) and (iii) set forth the maximum amount of Development Costs that may be incurred by UAMPS during the second phase of the Licensing Period. As a part of the Development Work, UAMPS will review, revise and supplement the information in the Budget and Plan of Finance from time to time, and may submit updates to the Budget and Plan of Finance in addition to the update required by the first sentence of this paragraph, provided that, except as provided in paragraph (f) of this Section, no such update may include an increase in the maximum amount of Development Costs that may be incurred during the then-current phase of the Licensing Period.

(e) Upon the approval of the Project Management Committee of the updated Budget and Plan of Finance for the second phase of the Licensing Period, UAMPS shall deliver notice of such approval to each of the Participants, together with a copy of the updated Budget and Plan of Finance. Such notice shall state that a Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS, in either case within 60 days of the date of UAMPS' notice (or such longer period as may be approved by the Project Management Committee).

(f) During each phase of the Licensing Period, UAMPS shall monitor and report regularly to the Project Management Committee with respect to expenditures and commitments of Development Costs. At any time that such expenditures and commitments equal ninety percent or more of the maximum amount of Development Costs that may be incurred during the then-current phase of the Licensing Period as set forth in the Budget and Plan of Finance as then in effect, UAMPS shall advise the Project Management Committee of such fact and whether (i) the Development Work during the then-current phase of the Licensing Period can be completed within such maximum amount or (ii) an increase in the maximum amount of Development Costs is necessary and the recommended amount of any such increase. Any increase in such maximum amount of Development Costs shall be set forth in an amendment to the Budget and Plan of

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Finance then in effect. If the Project Management Committee does not approve such amendment, it shall direct UAMPS to suspend or delay some or all of the Development Work and shall give such further instructions as may be necessary to ensure that the maximum amount of Development Costs that may be incurred during the then-current phase of the Licensing Period is not exceeded. If the Project Management Committee approves such amendment, it shall direct UAMPS to give notice to the Participants of the amendment of the Budget and Plan of Finance, together with a copy of the amendment. Such notice shall state that a Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS, in either case within 60 days of the date of UAMPS' notice.

(g) As provided in Section 505, upon its receipt of the COL (or information regarding the terms and conditions thereof), UAMPS shall prepare the proposed definitive Budget and Plan of Finance setting forth its final estimates of the information required by paragraph (a) above and shall submit the same to the Project Management Committee for its review and approval. Upon the Project Management Committee's approval of the definitive Budget and Plan of Finance and at the direction of the Project Management Committee, UAMPS shall deliver to the Participants the notice and request for approval of the definitive Budget and Plan of Finance as provided in Section 505(d).

*Section 602. Financing of the Project.* (a) UAMPS shall finance the portion of the Cost of Acquisition and Construction of the Initial Facilities that is not paid from Capital Contributions made by the Participants through the issuance of one or more series of Bonds and Special Obligations, if any, pursuant to the Budget and Plan of Finance approved by the Project Management Committee; *provided that*, during the Licensing Period UAMPS will not issue Bonds to finance Development Costs in excess of the maximum amount thereof set forth in the current Budget and Plan of Finance.

(b) Unless otherwise approved by the Project Management Committee, the Budget and Plan of Finance shall provide for the financing of all Development Costs, Construction Costs and other Costs of the Initial Facilities to a date not earlier than the estimated Commercial Operation Date of the Initial Facilities with the objective that the Participant will not be required to make any payments to UAMPS in respect of Debt Service Costs until a date that is after the estimated Commercial Operation Date. UAMPS shall use Commercially Reasonable Efforts to structure and implement the financings for the Development Costs and Construction Costs of the Initial Facilities to achieve this result. The Participant acknowledges and agrees that UAMPS cannot guarantee that it will be able to achieve this result, and under certain circumstances it may be necessary for UAMPS to submit billings to the Participant pursuant to Section 804 to enable it to pay Development Costs.

(c) UAMPS and the Participant acknowledge and agree that:

(i) as of the Effective Date, (A) UAMPS has not yet obtained the Permits and Approvals necessary for the construction and operation of the Project, including particularly the COL, and (B) the overall development of the Project is at a preliminary stage;

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(ii) UAMPS shall use Commercially Reasonable Efforts to obtain all such Permits and Approvals as a part of the Development Work during the Licensing Period;

(iii) the Development Costs incurred by UAMPS, to the extent not paid from funding available under the DOE Cost Share Agreement or similar arrangements, will be financed by the issuance of Bonds;

(iv) in the event that UAMPS is unable to obtain the required Permits and Approvals or the Project Management Committee determines that the continued development of the Project is not feasible for any reason, the Project Management Committee may determine to terminate the Project as provided in Article V; and

(v) if the Project Management Committee determines to terminate the Project, the Project will not be completed and the Participant will be required to pay, among other things, its Debt Service Share of all Debt Service Costs until all Bonds previously issued are fully paid and retired, as provided in Section 804.

(d) Each Participant may elect to make a Capital Contribution to UAMPS pursuant to Section 603. Prior to the giving by UAMPS of the notice required by Section 603(a), the Project Management Committee shall determine whether any additional interest expense on or in respect of taxable Bonds (not eligible for tax credits or interest subsidy payments) shall be allocated to those Participants whose legal status or use of Project Output requires the issuance of such Bonds. In the event the Project Management Committee determines to make such allocation, the notice required by Section 603(a) shall include such information as shall be necessary to generally inform the affected Participants of the additional Debt Service Costs, if any, that will be payable by them in the event they elect not to make a Capital Contribution.

*Section 603. Capital Contributions; Calculation of Capital Contribution Percentage, Debt Service Percentage and Debt Service Share.* (a) Prior to the first issuance of Bonds to finance the Development Costs of the Initial Facilities and prior to the first issuance of long-term Bonds to finance the Cost of Acquisition and Construction of the Initial Facilities, UAMPS shall give written notice to the Participant of:

(i) its right to elect to make a Capital Contribution;

(ii) the date by which it must notify UAMPS of its election, which shall be not earlier than 30 days after the date of such notice;

(iii) the applicable Reference Project Costs; and

(iv) the maximum amount of the Participant's Capital Contribution, which shall be an amount equal to the product of (A) such Reference Project Costs and (B) the ratio of the Entitlement Share of the Participant to the Entitlement Shares of all Participants;

*provided that*, in connection with the financing of the Development Costs of the Initial Facilities during the Licensing Period, the Project Management Committee may (x) determine to waive the

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Participants' right to elect to make a Capital Contribution, and (y) establish additional provisions for Capital Contributions to be made with respect to the estimated Development Costs during each phase of the Licensing Period and for the reconciliation of Capital Contributions made and Development Costs incurred at the end of each phase of the Licensing Period.

The Participant may elect to make a partial Capital Contribution equal to the amount of retained earnings or other legally available funds not derived from any external borrowing that it determines to apply to the Capital Contribution. In all other circumstances, a Participant may elect to make a Capital Contribution only in the amount determined under clause (iv) above.

(b) The Participant's election to make a Capital Contribution shall be made by written resolution adopted by its governing body. An original or certified copy of such resolution shall be submitted to UAMPS with the Participant's notice of its election to make the Capital Contribution. In the event that the Participant does not notify UAMPS of the determination of its governing body by the date specified in the notice provided by UAMPS, the Participant shall be deemed to have elected not to make a Capital Contribution.

(c) Following receipt of the Participant's election to make the Capital Contribution, UAMPS will provide the Participant with notice of:

(i) the date (which shall be not earlier than 30 days after the date of such notice) by which the Participant must make the Capital Contribution;

(ii) instructions for the deposit of the Capital Contribution into a separate and segregated special escrow account established under the Financing Documents; and

(iii) a written statement of information regarding UAMPS, the Project and the Project Agreements for the Participant's use in any offering material for any indebtedness to be issued to finance the Capital Contribution.

The Capital Contribution shall be held and invested in accordance with the provisions of the Financing Documents, which shall provide for the investment of the Capital Contribution, the crediting of any interest earnings for the account of the Participant and the application of the Capital Contribution by the Trustee upon the direction of UAMPS to fund a portion of the Development Costs or the Cost of Acquisition and Construction of the Initial Facilities, as applicable, and for deposit into certain funds and accounts established by the Financing Documents. If the Participant fails to make the Capital Contribution as and when required by the UAMPS' notice, it shall be deemed to have rescinded its election to make the Capital Contribution.

(d) The Participant acknowledges and agrees that the amount of the Capital Contribution to be made by the Participant will be based upon an estimate of the Development Costs or the Cost of Acquisition and Construction of the Initial Facilities, as applicable, which estimates will be subject to adjustment to reflect the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities approved by the Project Management Committee. Not more than 30 days following the determination of the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities, UAMPS shall deliver a final accounting

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statement to the Participant showing the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities, as applicable, the amount of and interest earnings on the Capital Contribution and any amount payable by or credited to the Participant in respect of the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities. The Participant agrees that it will pay any additional amount payable by it shown on such accounting statement on or before the 30th day following the date of such final accounting statement, or on such later date as may be approved by the Project Management Committee.

(e) After Capital Contributions have been made by all electing Participants, UAMPS shall complete (or revise, as applicable) SCHEDULE I and provide a copy of the completed or revised SCHEDULE I to each of the Participants. With respect to all Participants and at all times, SCHEDULE I shall show that:

(i) the sum of each Participant's Capital Contribution Percentage and Debt Service Percentage equals its Entitlement Share;

(ii) the sum of the Capital Contribution Percentages and Debt Service Percentages of all Participants equals 100%; and

(iii) the sum of the Debt Service Shares of all Participants equals 100%.

UAMPS' calculation and determination of the Development Costs and the Cost of Acquisition and Construction of the Initial Facilities and the Participant's Capital Contribution Percentage, Debt Service Percentage and Debt Service Share in accordance with (i), (ii) and (iii) above shall be subject to the approval of the Project Management Committee, and upon such approval shall be conclusive and binding upon UAMPS and the Participant. UAMPS shall revise SCHEDULE I from time to time as provided herein so that it sets forth the correct Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of all Participants.

(f) The Participant acknowledges and agrees with UAMPS that:

(i) its election to make a Capital Contribution shall be irrevocable and under no circumstances whatsoever shall the Participant be entitled to a return or rebate of all or any portion of any Capital Contribution in the event that Uncontrollable Force, termination of any Project Agreements or other circumstances result in the suspension, interruption, interference, reduction, curtailment or termination of the Project or the Project Output;

(ii) the Capital Contribution shall not be deemed to constitute an investment by the Participant and the Participant shall not be entitled to any investment earnings or rate of return on the Capital Contribution, except with respect to interest earnings on the Capital Contribution pending its application as provided above; and

(iii) any Capital Contribution made by the Participant shall not change or affect UAMPS' ownership in the Project or any of the rights and obligations of UAMPS and the Participant under this Contract, except as specifically provided herein, including the right

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of UAMPS to suspend or terminate the Participant's right to receive the Electric Energy allocable to its Entitlement Share as provided in Section 1002.

(g) In connection with the issuance of Additional Bonds or Refunding Bonds, the Project Management Committee may determine to provide Participants with the option of making a capital contribution with respect to the Costs of the Project being financed or refinanced by the Additional Bonds or Refunding Bonds under procedures and standards substantially similar to those set forth in this Section 603, with such adjustments as the Project Management Committee shall determine to be advisable. Any capital contribution made by a Participant pursuant to this paragraph (g) shall constitute a Capital Contribution for all purposes of the Power Sales Contracts.

*Section 604. DOE-Guaranteed Loan; Special Purpose Entity.* (a) In order to meet the requirements of a DOE-Guaranteed Loan, in connection with the Development Agreement, or to accomplish other purposes deemed beneficial to the Project and the Participants, UAMPS may transfer all, an undivided interest in, or part of its ownership interest in the Project, the Project Agreements and/or the Permits and Approvals to a Special Purpose Entity. In the event of such a transfer, UAMPS may (i) enter into a power purchase agreement with the Special Purpose Entity for the Project Capability associated with the ownership interest transferred to the Special Purpose Entity, (ii) resell such Project Capability received under such power purchase agreement to the Participants as though it was received from UAMPS' ownership of the Project, and (iii) enter into such other agreements as may be necessary or desirable in connection with any DOE-Guaranteed Loan, the Development Agreement or the Project.

(b) Any Special Purpose Entity organized to accomplish the purposes described above shall be owned and controlled by UAMPS, and UAMPS may mortgage or encumber its interests in the Project to secure any DOE-Guaranteed Loan or other financing arrangement determined by the Project Management Committee to be beneficial to the Participants.

(c) Any DOE-Guaranteed Loan, any transfer of UAMPS' ownership interest in the Project to a Special Purpose Entity, any power purchase agreement between UAMPS and the Special Purpose Entity, and any related contracts and agreements entered into by UAMPS shall be subject to the approval of the Project Management Committee upon its determination that such transactions are beneficial to the Participants and will not adversely affect UAMPS' ability to meet its obligations under the Power Sales Contracts.

*Section 605. Tax Credits; Tax Credit Agreements.* UAMPS shall seek to obtain all Tax Credits that are or may become available with respect to the Project, and may enter into one or more Tax Credit Agreements to enable it to receive value for Tax Credits that cannot be utilized directly by UAMPS.

*Section 606. Special Obligations.* (a) Special Obligations may be sold and issued by UAMPS from time to time for the purpose of financing the Cost of Acquisition and Construction. Special Obligations shall be secured by a pledge of, and shall be payable from, the revenues and income received by UAMPS under Excess Power Sales Agreements, Tax Credit Agreements, any NPM Prepayment Agreement, and other contractual arrangements or other sources of revenue and income relating to the Project. UAMPS may enter into and adopt all indentures, bond resolutions

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and security arrangements necessary or desirable in connection with Special Obligations, subject to the approval of the Project Management Committee.

(b) Any advance payment or prepayment for modular reactor units made by UAMPS pursuant to an NPM Prepayment Agreement shall be financed only with the proceeds of Special Obligations and not with the proceeds of Bonds.

(c) UAMPS may refund or refinance Special Obligations with the proceeds of Special Obligations or Bonds, as approved by the Project Management Committee.

*Section 607. Additional Bonds and Refunding Bonds.* (a) Additional Bonds may be sold and issued by UAMPS in accordance with the provisions of the Financing Documents at any time and from time to time for the purpose of financing the Cost of Acquisition and Construction. UAMPS may incur other obligations pursuant to the Financing Documents to achieve purposes deemed beneficial to the Project.

(b) Any Additional Bonds shall be secured by the pledge made pursuant to the Financing Documents of the payments required to be made by the Participant under Section 804, as such payments may be increased and extended by reason of the issuance of Additional Bonds, and of other revenues of UAMPS attributable to the Project. Additional Bonds may be issued in amounts sufficient to pay the full amount of such costs and to provide such reserves as may be determined by UAMPS to be reasonably necessary. In the event that the Project Management Committee approves the issuance of Additional Bonds, it shall determine whether to make a capital contribution option available to the Participants and the procedures therefore.

(c) In the event Debt Service Costs may be reduced by the refunding of any Bonds then outstanding or in the event it shall otherwise be advantageous, in the opinion of UAMPS, to refund any Bonds, UAMPS may issue and sell Refunding Bonds in accordance with the Financing Documents.

(d) Any Additional Bonds or Refunding Bonds may be secured by the pledge made pursuant to the Financing Documents of the payments required to be made by the Participant under Section 804 and of other revenues of UAMPS attributable to the Project and may rank on a parity as to the security afforded by the provisions of this Contract with all Bonds theretofore issued pursuant to and secured in accordance with the provisions of the Power Sales Contracts.

*Section 608. Pledge of Payments.* All payments required to be made by the Participant pursuant to Section 805, together with other revenues of UAMPS attributable to the Project may be pledged by UAMPS pursuant to the Financing Documents to secure the payment of Bonds.

## **ARTICLE VII**

### **PROJECT OPERATIONS AND DELIVERY OF OUTPUT**

*Section 701. Operation and Maintenance of the Project.* (a) UAMPS covenants and agrees that, during the Operating Period, it will use Commercially Reasonable Efforts consistent

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with and subject to the terms and provisions of the Project Agreements to cause the Project to be operated, maintained and managed in an efficient and economical manner in accordance with Prudent Utility Practice for the joint and ratable benefit of all of the Participants. UAMPS agrees with and covenants to the Participant that UAMPS will vigorously enforce and defend its rights under the Project Agreements. The Participant acknowledges and agrees that UAMPS may, upon the approval of the Project Management Committee, from time to time enter into amendments of and supplements to any or all of the Project Agreements and that, except as otherwise required by Section 1101(c), UAMPS will not be required to obtain the consent or approval of the Participant in connection with any such supplement or amendment.

(b) The Participant hereby acknowledges and agrees that, in order to promote the efficient and economical utilization of the Project and to fully realize the benefits to the Participants of their joint and cooperative undertaking, it is necessary and desirable that UAMPS control the operation of the Project and schedule the Project Output in accordance with the provisions of the Power Sales Contracts and the directions of the Project Management Committee, and the Participant hereby authorizes UAMPS to take all actions necessary or desirable in this regard.

*Section 702. Scheduling of Electric Energy; Coordination with UAMPS Pool.* (a) From and after the Commercial Operation Date of the Initial Facilities, the Participant shall be entitled to use the Electric Energy allocable to the Participant's Entitlement Share. UAMPS shall schedule or cause to be scheduled such Electric Energy in accordance with this Contract and the provisions of the Project Agreements. In its discretion, the Project Management Committee may adopt operating and scheduling procedures to promote the efficient utilization of the Project, and UAMPS shall provide a copy of any such procedures to the Participant.

(b) The Participant agrees that (i) prior and as a condition to the first delivery of Electric Energy under this Contract, it will execute and deliver to UAMPS the Pooling Agreement and an appendix thereto (in a form approved by the Project Management Committee) that assigns the Electric Energy allocable to the Participant's Entitlement Share to the UAMPS Pool and (ii) it will perform its obligations under and will not take any action to terminate the Pooling Agreement and such appendix during the term of this Contract. The assignment of the Electric Energy allocable to the Participant's Entitlement Share pursuant to the Pooling Agreement and appendix shall be solely for operating and scheduling purposes and shall not constitute an assignment or transfer of the Participant's right, title and interest in and to such Electric Energy. At any time the Project is operable or operating the Participant shall not be entitled to use in any hour Electric Energy in excess of that which is allocable to the Participant's Entitlement Share, unless arrangements have been made for a planned purchase of such Electric Energy through the UAMPS Pool. Any surplus Electric Energy attributable to the Participant's Entitlement Share shall be sold or otherwise disposed of by the Participant only in accordance with the provisions of such appendix to the Pooling Agreement. In addition to any sales of surplus Electric Energy requested by the Participant through the UAMPS Pool, UAMPS will utilize Commercially Reasonable Efforts to sell, exchange or otherwise dispose of any incidental surplus Electric Power and Electric Energy attributable to the Project for the benefit of the Participants.

(c) Prior to the first delivery of Electric Energy under this Contract, the Participant shall provide to UAMPS a written schedule of the Participant's available electric resources and the order

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in which such resources are to be applied to meet the Participant's requirements for Electric Power and Electric Energy. UAMPS shall verify all such resources and promptly notify the Participant of any reliability or other concerns relating to such resources that could require adjustments to the schedule provided by the Participant. The Participant may revise or modify such schedule upon written notice to UAMPS at least one business day prior to the beginning of any Billing Period.

*Section 703. Point of Delivery; Transmission Contracts.* (a) The Electric Energy allocable to the Participant's Entitlement Share shall be delivered at the Point of Delivery. The Participant shall be responsible for, and shall pay all costs of, (i) the transmission of such Electric Energy from the Point of Delivery to its System Point of Receipt and (ii) the distribution and delivery of Electric Energy from its System Point of Receipt to its customers. The Participant shall give written notice to UAMPS of its System Point of Receipt prior to the Commercial Operation Date of the Initial Facilities or Additional Facilities, and shall give prompt written notice to UAMPS of any change to its System Point of Receipt.

(b) Upon the request of the Participant, UAMPS will use Commercially Reasonable Efforts to enter into one or more Transmission Agreements, or will utilize its transmission rights under existing Transmission Agreements, to provide for transmission service for the Electric Energy allocable to the Participant's Entitlement Share from the Point of Delivery to the Participant's System Point of Receipt. Any Transmission Agreements entered into by UAMPS for or on behalf of the Participant shall be approved by UAMPS and the Participant, and the Participant shall pay all Transmission Costs thereunder. The Participant agrees that it shall maintain (or cause UAMPS to maintain) during the term of this Contract, such Transmission Agreements as shall be necessary for the firm transmission of the Electric Energy allocable to its Entitlement Share from the Point of Delivery to its System Point of Receipt, except as may be otherwise approved by the Project Management Committee. The Participant shall provide UAMPS with copies of all Transmission Agreements utilized by it and with such other information regarding its transmission arrangements as UAMPS may reasonably request.

*Section 704. Risk of Loss.* Electric Energy delivered hereunder and risk of loss shall pass from UAMPS to the Participant at the Point of Delivery. As between the parties to this Contract, UAMPS shall be deemed to be in exclusive control and possession of the Electric Energy delivered hereunder, and responsible for any damage or injury caused thereby, prior to the time such Electric Energy shall have been delivered to the Participant at the Point of Delivery. After delivery of Electric Energy to the Participant at the Point of Delivery, the Participant shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. UAMPS assumes all liability for and shall indemnify, defend and hold harmless the Participant (individually) from any claims, including death of persons, arising from any act or incident occurring when title to Electric Energy is vested in it. All costs and expenses incurred by UAMPS under the foregoing indemnity shall constitute a Cost of Acquisition and Construction or an item of Operation and Maintenance Costs, as determined by the Project Management Committee. To the extent permitted by law and solely to the extent of the revenues of its electric utility system and any available insurance proceeds, the Participant assumes all liability for and shall indemnify, defend and hold harmless UAMPS and the other Participants from any claims, including death of persons, arising from any act or incident occurring when title to Electric Energy is vested in it.

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*Section 705. Interruption or Reduction of Deliveries.* The Participant acknowledges that deliveries of Electric Energy to the Point of Delivery may be interrupted or reduced if: (i) any operator of the Project determines that such interruption or reduction is necessary in case of emergencies affecting the Project, in order to install equipment, to make repairs and replacements to, to make investigations and inspections of, or to perform maintenance work on, the Project or otherwise carry out its obligations in respect of Project operations; (ii) such interruption or reduction is required under the Interconnection Agreement or by any regulatory body, balancing authority, independent system operator, regional transmission organization or similar entity; or (iii) Electric Energy from the Project is otherwise unavailable whether due to an event of Uncontrollable Force or otherwise.

*Section 706. Availability of Electric Energy.* (a) Except as provided otherwise by this Contract and subject to the provisions of the Project Agreements, Electric Energy allocable to the Participant's Entitlement Share shall be made available in accordance with this Contract during the term hereof; *provided, however*, that nondelivery of Electric Energy hereunder for any reason whatsoever (i) shall not relieve the Participant from its obligation to make its payments under Section 804 and (ii) shall not impose any liability upon UAMPS for any direct or consequential damages suffered by the Participant.

(b) The Participant acknowledges and agrees that deliveries of the Electric Energy allocable to its Entitlement Share to the Point of Delivery are not firm and are contingent upon the operation of the Project and other factors. The costs of reliability and related requirements imposed upon the Project by a balancing authority, independent system operator, regional transmission organization or other regulatory or administrative body shall be payable by the Participants as an item of Operation and Maintenance Costs. To the extent that such costs are imposed upon individual Participants, they shall be the sole responsibility of the affected Participant(s).

*Section 707. Environmental Attributes.* (a) The Project Management Committee shall establish standards and procedures for the allocation and tracking of Environmental Attributes to the Participants, which shall provide for the allocation of Environmental Attributes to the Participants based on units of generation, unless the Project Management Committee determines that an Environment Attribute should be allocated on the basis of Entitlement Shares or on some other basis. UAMPS shall use Commercially Reasonable Efforts to facilitate the attribution and crediting of Environmental Attributes to the Participants.

(b) If the Participant determines not to use any Environmental Attributes associated with its Entitlement Share in connection with the operations of its electric utility system for any reason and for any period of time, it shall give UAMPS notice to dispose of such Environmental Attributes for the benefit of the Participant. UAMPS will use Commercially Reasonable Efforts to sell, remarket or otherwise cause such Environmental Attributes to be advantageously utilized. UAMPS and the Participant acknowledge that (i) any disposition of Environmental Attributes may constitute a disposition of Bond-financed property and may be subject to restrictions and limitations necessary to maintain the Tax Status of the Bonds, and (ii) the other Participants shall have a right of first refusal to acquire such Environmental Attributes at prevailing market prices or such other prices as the Project Management Committee may determine to be reasonable in its sole discretion.

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*Section 708. Reserve and Contingency Fund.* (a) In addition to various funds and accounts established under the Financing Documents, UAMPS may, upon the approval of the Project Management Committee, establish an additional fund with respect to the Project known as the “Reserve and Contingency Fund” to be funded, held and applied as provided herein. Amounts on deposit in the Reserve and Contingency Fund may be used to pay or provide reserves for unusual or extraordinary Operation and Maintenance Costs, renewals, repairs, replacements, additions or betterments of or to any items included in the Project, the cost of any Additional Facilities or the cost of or reserves for the retirement, decommissioning and termination of the Initial Facilities and any Additional Facilities that will not be paid from the Decommissioning Fund.

(b) The Project Management Committee may direct UAMPS to include in the Annual Budget adopted pursuant to Section 801 an amount for deposit into the Reserve and Contingency Fund. This amount may represent either an appropriation of excess revenues from the operation of the Project during the preceding Fiscal Year or amounts to be billed to and collected from the Participants as an item of Operation and Maintenance Costs during the Fiscal Year covered by the Annual Budget.

*Section 709. Insurance.* UAMPS shall maintain or pursuant to the Project Agreements shall cause there to be maintained, as part of the Cost of Acquisition and Construction or Operation and Maintenance Costs, as appropriate, insurance with responsible insurers with policies against risk or direct physical loss, damage or destruction of the Project, including liability insurance and employers’ liability insurance, all to the extent consistent with Prudent Utility Practice and to the extent available at reasonable cost, but in no case less than will satisfy applicable regulatory requirements and requirements of the Financing Documents.

*Section 710. Damage, Destruction or Condemnation.* Subject to the provisions of the Project Agreements, UAMPS shall use Commercially Reasonable Efforts to collect or cause to be collected amounts arising from insurance proceeds, condemnation awards, damages due from contractors, subcontractors or others and proceeds from the sale or other disposition of surplus property, all related to the Project, and shall apply all receipts, revenues and other moneys received by it or credited to it from the foregoing sources to the repair, reconstruction or replacement of the Project, to the retirement or defeasance of Bonds (in whole or in part), by purchase, redemption or other arrangements therefor, to the payment of other costs and expenses of UAMPS in connection with the Project or to the credit, pro rata, of the Participants, based upon their Entitlement Shares in the Project, all as provided in the Financing Documents.

*Section 711. Decommissioning.* (a) Upon the retirement of the Project and its removal from service, UAMPS shall take all actions necessary to Decommission the Project. The Decommissioning Fund shall be established as a separate and segregated trust fund or escrow account, and the amounts in the Decommissioning Fund shall be used solely for the payment of Decommissioning Costs and administrative and other charges permitted by the regulations of the NRC. The Decommissioning Fund shall be established and funded at the times, in the manner and in the amounts required by the Site Use Permit and the regulations of the NRC and any other federal or state agencies having jurisdiction over the Decommissioning of the Project. The Decommissioning Fund may be funded by a prepayment, by sinking fund deposits or by a surety,

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insurance or other guarantee method acceptable to the NRC. Pending the application of amounts on deposit in the Decommissioning Fund to pay Decommissioning Costs, the Decommissioning Fund may be invested as provided in the trust or escrow agreement. Any amounts remaining in the Decommissioning Fund upon the completion of the Decommissioning of the Project and the termination of the COL shall be applied or disbursed at the direction of the Project Management Committee.

(b) The Project Management Committee may direct UAMPS to establish other funds or accounts to provide additional reserves for the payment of Decommissioning Costs.

*Section 712. Disposition or Termination of the Project.* (a) Except as provided in Section 505(c), Section 604, Section 1103 and this Section, UAMPS shall not sell, lease or otherwise dispose of the Project or any substantial part of the Project without the approval of the Project Management Committee by a Super-Majority Vote. Subject to the provisions of the Financing Documents and the Project Agreements, this Section shall not prohibit a merger or consolidation or sale of all or substantially all of the property of UAMPS.

(b) Subject to the applicable provisions of the Project Agreements, if the Project shall be terminated, UAMPS shall use Commercially Reasonable Efforts to cause the Project to be economically salvaged, discontinued, disposed of or sold in whole or in part. UAMPS shall make accounting statements for each Billing Period to the Participant of all costs and any net proceeds associated therewith. Such accounting statements shall continue for such Billing Periods until the Project has been salvaged, discontinued or finally disposed of, at which time a final accounting statement with respect thereto shall be made by UAMPS at the earliest reasonable time. The costs of salvage, discontinuance or disposition shall include, but shall not be limited to, all accrued costs and liabilities resulting from the acquisition, construction, operation or maintenance of and renewals and replacements to the Project. Such costs and, subject to the provisions of the Financing Documents, the net proceeds, if any, from the sale or salvage of Project components or assets shall be allocated among the Participants based upon their respective Entitlement Shares.

## **ARTICLE VIII**

### **BUDGET, BILLING AND PAYMENT**

*Section 801. Annual Budget; Accounting.* (a) On or before 15 days prior to the estimated commencement of the first Contract Year and on or before the beginning of each Contract Year thereafter, UAMPS shall prepare and mail to the Participant an Annual Budget for the Project recommended by the Project Management Committee and approved by the Board, based, to the extent appropriate, on budgets received under the Project Agreements, showing an annual estimate for the following Contract Year of (i) Development Costs and the Participant's share of such Costs, (ii) Operation and Maintenance Costs and Debt Service Costs, and the Participant's share of such Costs, and (iii) the Transmission Costs payable by the Participant, in each case as applicable to the then-current status of the Project. The Participant shall, to the extent and in the manner deemed appropriate by the Participant, incorporate the estimates shown on the Annual Budget in its annual budgetary process.

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(b) At the end of each quarter during each Contract Year and at such other times as it shall deem desirable, UAMPS shall review the Annual Budget of Operation and Maintenance Costs and Debt Service Costs for the Contract Year. In the event such review indicates that the Annual Budget does not or will not substantially correspond with actual receipts or expenditures, or if at any time during such Contract Year there are or are expected to be extraordinary receipts, credits, expenditures or costs substantially affecting Operation and Maintenance Costs or Debt Service Costs, UAMPS shall prepare and deliver to the Project Management Committee a revised Annual Budget for its review and recommendation to the Board, incorporating adjustments to reflect such receipts, credits, expenditures or costs. Upon the approval of the Board (i) the revised Annual Budget shall thereupon supersede the Annual Budget previously in effect and (ii) UAMPS shall deliver a copy of the revised Annual Budget to each of the Participants. The revised Annual Budget and any written materials that accompany it shall specifically identify the changes from the Annual Budget that was previously in effect.

*Section 802. Records and Accounting.* UAMPS agrees that it will keep accurate records and accounts relating to the Project, the Project Agreements, the Cost of Acquisition and Construction, Operation and Maintenance Costs, Transmission Costs and Debt Service Costs in accordance with the Financing Documents and the Uniform System of Accounts, separate and distinct from its other records and accounts; *provided* that UAMPS may establish revenue and operation and maintenance funds that account for more than one project of UAMPS so long as UAMPS shall maintain books and records adequate to show the amounts in each of such funds allocable to each such project. Said accounts shall be audited annually by a firm of certified public accountants, experienced in public finance and electric utility accounting and of national reputation, to be employed by UAMPS. A copy of each annual audit, including all written comments and recommendations of such accountants, approved by the Members shall be furnished by UAMPS to the Participant not later than 180 days after the end of each Contract Year.

*Section 803. Billing Periods.* (a) The initial Billing Period to be used for the preparation, calculation and billing of the amounts payable by the Participant hereunder shall be a Month. In order to promote the efficient and economic administration of the Project, UAMPS may, at any time after the end of the initial Contract Year and from time to time thereafter, adopt another standard period of time as the Billing Period hereunder. In addition to the foregoing, UAMPS may, upon the approval of the Project Management Committee, from time to time revise the billing and payment procedures provided for in this Section to promote the efficient and economic administration of the Project or to conform such billing procedures to those utilized in connection with other projects of UAMPS.

(b) Any change in the Billing Period shall be made in the Annual Budget provided for in Section 801 and shall not be effective for at least 30 days after the mailing of notice of such change in the Billing Period or in the billing and payment procedures to the Participant. At the time of the mailing of such Annual Budget, UAMPS shall send to the Participant a revised form of the billing procedures set forth in Section 804(b), which shall reflect any changes in the dates of billing and payment and the method thereof that are necessary or desirable to make this Section correspond to the new Billing Period, such changes to become effective on the date the new Billing Period takes effect. In no event shall any such change in the Billing Period or in the billing and payment

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procedures increase the amounts payable by the Participant pursuant to this Section in respect of Operation and Maintenance Costs, Transmission Costs and Debt Service Costs.

*Section 804. Billings.* (a) The Participant acknowledges and agrees that it is necessary for UAMPS to recover all of the costs and expenses associated with the Project through billings to and payments by the Participants. UAMPS will apply amounts available under the DOE Cost Share and from the proceeds of Bonds issued during the Licensing Period to reduce the amounts billed to the Participants for Development Costs during the Licensing Period. UAMPS will exercise Commercially Reasonable Efforts to finance all Construction Costs, net of any Capital Contributions with Bond proceeds. During the Operating Period, UAMPS will apply the amounts received under any Excess Power Sales Agreements and any Tax Credit Agreements (in each case, only to the extent that such amounts are not pledged to the payment of Special Obligations) to reduce the amounts billed to the Participants for Operation and Maintenance Costs and Debt Service Costs. The Participant's share of Development Costs, Operation and Maintenance Costs and Debt Service Costs will equal the ratio of its Entitlement Share to the Entitlement Shares of all Participants, subject to the adjustments provided for in the Power Sales Contracts.

(b) For so long as the Billing Period is a Month, on or before the 25th day after the end of each Billing Period beginning with the first Billing Period in the first Contract Year, UAMPS shall render to the Participant a billing statement showing the amount payable by the Participant for such Billing Period in respect of: (i) Development Costs, (ii) Operation and Maintenance Costs; (iii) Transmission Costs; (iv) Debt Service Costs; and (v) any other amounts, adjustments or reconciliations payable by or credited to the Participant pursuant to this Contract or the Financing Documents and not otherwise shown. The Participant shall pay the total of such amounts at the time specified in Section 805(a), as the same may be revised from time to time. The billing statement for each Billing Period shall be based, to the fullest extent practicable, upon the actual operation of the Project during such Billing Period. To the extent that any billing statement rendered by UAMPS shall have included any estimated amounts in respect of the Participant's share of Operation and Maintenance Costs, Debt Service Costs or the Transmission Costs or other costs allocable to the Participant, such estimated amounts shall be reconciled at least once during each Contract Year with the actual operation and scheduling of the Project and the Participant shall receive a bill or credit, as applicable, to reflect such reconciliations pursuant to clause (v) of this paragraph.

(c) Debt Service Costs, including any adjustments thereto, shall be determined by UAMPS in accordance with the Financing Documents. Operation and Maintenance Costs, including any adjustments thereto, shall be determined by UAMPS in accordance with the applicable provisions of the Power Sales Contracts and the Project Agreements. UAMPS and the Participant acknowledge and agree that certain categories of costs may be financed as a Cost of Acquisition and Construction (and paid by the Participant as Debt Service Costs or through Capital Contributions) or paid by the Participant as Operation and Maintenance Costs, as determined by the Project Management Committee, but without duplication of any item of cost. Transmission Costs, including any adjustments thereto, shall be determined by UAMPS in accordance with the applicable provisions of this Contract and the Transmission Agreements. The Participant shall pay all such amounts pursuant to Section 805.

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(d) In the event that the failure of a Participant to make its payments in accordance with its Power Sales Contract shall have resulted in the application of amounts in any reserve or working capital funds for the Project, any amounts thereafter paid to UAMPS, including delayed-payment and interest charges, by such defaulting Participant in respect of past due payments (i) shall be used to replenish such fund or (ii) to the extent that the other Participants shall have made up the deficiency created by such application or paid additional amounts into any such funds, shall be credited, pro rata, on the billing statements of such other Participants in the next Billing Period or Billing Periods as shall be appropriate.

*Section 805. Participant's Payment Obligations.* (a) Payments required to be paid by the Participant to UAMPS shall be due and payable to UAMPS at its principal office or by wire transfer to such account as UAMPS shall designate in writing to the Participant, on the 10th day of the Month following the Month in which the billing statement was rendered or at such other time as may be established by UAMPS pursuant to Section 803.

(b) If payment in full is not made by the Participant on or before the close of business on the due date, UAMPS shall impose a delayed payment charge on the unpaid amount due for each day overdue at a rate equal to the lesser of one percent per month, compounded monthly, or the maximum rate lawfully payable by the Participant; *provided, however*, that UAMPS, acting upon the direction of the Project Management Committee, may elect to waive such delayed payment charge (or portion thereof) but only to the extent that any such waiver will not adversely affect the ability of UAMPS to meet its payment obligations under the Project Agreements or the Financing Documents or materially increase the amounts payable by the other Participants. If said due date is not a business day, payment shall be made on the next following business day.

(c) The obligation of the Participant to make the payments for Development Costs, Operation and Maintenance Costs, Transmission Costs, Debt Service Costs and other amounts payable by the Participant pursuant to Section 804 is a several obligation and not a joint obligation with those of any other Participant. Prior to the Commercial Operation Date, the obligation of the Participant to make such payments shall constitute a cost of the development of a new power supply resource unless otherwise required by applicable law or binding contractual obligation. From and after the Commercial Operation Date, the obligation of the Participant to make such payments shall constitute an operating expense of the Participant's electric system and a cost of purchased Electric Power and Electric Energy unless otherwise required by applicable law or binding contractual obligation. In all cases, the obligation of the Participant to make the payments required by Section 804 shall be payable solely from the revenues and other legally available funds of its electric system, and in no event shall the Participant be obligated or required to levy or collect ad valorem property taxes or assessments to meet its payment obligations under this Contract. Such payments shall be made whether or not the Project or any portion thereof is acquired, completed, operable, operating, suspended or terminated, and notwithstanding the damage or destruction of the Project, the suspension, interruption, interference, reduction or curtailment of the Project Output, termination of any of the Project Agreements, loss or interruption of transmission from the Point of Delivery or termination of any Transmission Agreement, for any reason whatsoever, in whole or in part. The obligations of the Participant to make such payments shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, and shall not be conditioned upon the performance by UAMPS under this or any other agreement or instrument.

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*Section 806. Disputed Billings.* In the event of any dispute as to any portion of the billing statement for such Billing Period, the Participant shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to UAMPS not later than the 60th day after such billing statement was submitted. Such notice shall identify the disputed billing statement, state the amount in dispute and set forth a full statement of the grounds for such dispute. No adjustment shall be considered or made for disputed charges unless such notice is given by the Participant. UAMPS shall give consideration to such dispute and shall advise the Participant with regard to its position relative thereto within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement or determination by the Project Management Committee) of the correct amount, any difference between such correct amount and such full amount shall be accounted for in the billing statement next submitted to the Participant after such determination. For the avoidance of doubt, any overpayment or underpayment determined pursuant to Section 807 shall not be considered to be a disputed payment that is subject to this Section.

*Section 807. Audit Rights.* (a) At its cost, the Participant may, upon the giving of not less than 15 days' prior written notice to UAMPS, but not more often than once during any two-year period, inspect and audit the books and records of UAMPS relating to the Project for the purpose of verifying the amounts payable by the Participant under this Contract within the three-year period preceding the commencement of the audit. UAMPS agrees to make available to the Participant, to the extent Commercially Reasonable, all relevant records and all requested information relating to the subject matter of any such audit, subject in all cases to any confidentiality restrictions applicable to third-party information or contracts; provided that UAMPS shall make Commercially Reasonable Efforts to obtain a waiver of such restrictions for purposes of the audit and the Participant shall execute such non-disclosure agreements as may be reasonably requested by UAMPS. Any audit shall be conducted during normal business hours, and the Participant will use Commercially Reasonable Efforts to complete any audit within one month, subject to the availability of relevant records and information and the absence of material accounting irregularities.

(b) If any audit discloses that an overpayment or underpayment has been made during the three-year period described above, the amount of the overpayment or underpayment will be promptly paid by the appropriate party, together with interest calculated at an annual rate equal to the LIBOR three-month rate published on that date in *The Wall Street Journal* (or, if *The Wall Street Journal* is not published on that date, the next date of publication, or, if such rate is not published in *The Wall Street Journal*, such rate as published in a respected daily financial periodical, or such replacement rate, agreed upon by the parties, acting in a Commercially Reasonable manner), plus 400 basis points, compounded daily and on the basis of a 360-day year, from the date or dates of any such overpayment or underpayment through and including the date of the payment correcting the overpayment or underpayment. Any payment made by UAMPS pursuant to this Section shall constitute an item of Operation and Maintenance Costs.

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## ARTICLE IX

### REPRESENTATIONS, WARRANTIES AND COVENANTS

*Section 901. Representations and Warranties.* (a) The Participant represents and warrants to UAMPS as follows:

(i) the Participant is a political subdivision, duly created and validly existing under the laws of the State of New Mexico, and has all corporate power and authority necessary to enter into and perform its obligations under this Contract;

(ii) this Contract has been duly authorized, executed and delivered by the Participant and constitutes its legal, valid and binding obligation enforceable in accordance with its terms;

(iii) the execution, delivery and performance by the Participant of this Contract does not and will not (A) conflict with any constitutional, statutory or regulatory provision, judgment, decree or order applicable to the Participant and (B) constitute a breach of or a default under any bond ordinance, resolution or indenture or any contract or agreement to which the Participant is a party or to which any of the property, assets or revenues of its electric system is subject;

(iv) all Required Approvals, if any, have been obtained;

(v) to the Participant's knowledge, there is no pending or threatened action or proceeding affecting the Participant which purports to affect the authorization, legality, validity or enforceability of this Contract, the Joint Action Agreement or the Pooling Agreement; and

(vi) prior to and in connection with its approval and execution of this Contract, the Participant conducted its own review of the descriptions, information and studies regarding the Project, the Project Agreement and this Contract provided by UAMPS and made an independent determination to enter into this Contract.

(b) UAMPS represents and warrants to the Participant as follows:

(i) UAMPS is a political subdivision of the State of Utah and an energy services interlocal entity, duly created and validly existing under the Act and the Joint Action Agreement;

(ii) UAMPS has all corporate power and authority necessary to enter into and perform its obligations under this Contract;

(iii) This Contract has been duly approved by the Project Management Committee and the Board and has been duly authorized, executed and delivered by

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UAMPS and constitutes its legal, valid and binding obligation enforceable in accordance with its terms;

(iv) the execution, delivery and performance by UAMPS of this Contract does not and will not (A) conflict with any constitutional, statutory or regulatory provision, judgment, decree or order applicable to UAMPS and (B) constitute a breach of or a default under any bond ordinance, resolution or indenture or any contract or agreement to which UAMPS is a party or to which any of its property, assets or revenues is subject;

(v) to UAMPS' knowledge, there is no pending or threatened action or proceeding affecting UAMPS which purports to affect the authorization, legality, validity or enforceability of this Contract, the Joint Action Agreement or the Pooling Agreement; and

(vi) the descriptions, information and studies regarding the Project, the Project Agreement and this Contract provided to the Participant by UAMPS have been prepared in good faith based upon the facts and information known to UAMPS at the time, and UAMPS has no reason to believe that such descriptions, information and studies taken as a whole are incorrect or misleading in any material respect.

*Section 902. Information to Be Made Available.* (a) UAMPS shall make available for examination by the Participant at reasonable times (subject to their availability to UAMPS under the applicable provisions of the Project Agreements):

(i) all books of accounts, records, documentation and contracts in the possession of UAMPS relating to the Project;

(ii) copies of all agreements and data in the possession of UAMPS relating to the financing of the Project;

(iii) copies of all operating and financial records and reports relating to the Project in the possession of UAMPS;

(iv) copies of policies of insurance carried pursuant to Section 709; and

(v) such other information and documents with respect to the Project as the Participant may reasonably request from time to time.

To the extent that any of the foregoing items are subject to confidentiality restrictions or include non-public information, UAMPS shall exercise Commercially Reasonable Efforts to obtain a waiver of such restrictions for purposes of the Participant's examination and the Participant, to the extent authorized by law, shall execute such non-disclosure agreements as may be reasonably requested by UAMPS.

(b) The Participant acknowledges that the ability of UAMPS to issue and sell the Bonds depends upon, among other things, the credit standing of the Participants and their electric systems, and that it will be necessary for UAMPS to provide certain information with respect to the

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Participants and their electric systems in connection with the sale of the Bonds (whether or not the Participant is making a Capital Contribution). In addition, UAMPS may be required to enter into continuing disclosure undertakings pursuant to Rule 15c2-12 of the Securities and Exchange Commission (or other law or regulation) to provide annual financial and operating information with respect to the Project and the Participants. The Participant covenants to and agrees with UAMPS that it will provide all information with respect to the Participant and its electric system, including financial and operating information and all contracts, documents, reports, bond resolutions and indentures, as may be requested by UAMPS or its counsel in connection with the financing of the Project, the issuance of the Bonds and compliance with such continuing disclosure undertakings.

(c) The Participant covenants to and agrees with UAMPS that the Participant will furnish to UAMPS (i) concurrently with its execution and delivery of this Contract and not later than 180 days after the end of each fiscal year of the Participant thereafter (or such later date as may be permitted by law), (A) a copy of the most recent annual financial statements of the Participant and its electric enterprise fund, audited by an independent certified public accountant or firm of such accountants, together with copies of all management letters and written recommendations and comments submitted by the accountants making such audit, and (B) the information and documents described in EXHIBIT II attached hereto, and (ii) such other information and documents as UAMPS may reasonably request from time to time.

(d) The Participant may notify UAMPS if non-public information is contained in the materials provided under EXHIBIT II. UAMPS agrees to (i) classify any such non-public information as “protected records” within the meaning of, and to the extent permitted under, the Utah Government Records Access and Management Act, (ii) agrees to cooperate with the Participant to appropriately classify any such non-public information under such other public records laws that apply to the Participant and (iii) notify the Participant of any demand for disclosure of such information and will cooperate with the Participant in contesting any such disclosure demand.

(e) Concurrently with its execution and delivery of this Contract, the Participant shall deliver to UAMPS (i) a certificate, together with attached exhibits, in substantially the form attached hereto as EXHIBIT III and (ii) an opinion of counsel in substantially the form attached hereto as EXHIBIT V. In connection with each issuance of Bonds by UAMPS and at such other times as UAMPS may reasonably request, the Participant shall deliver to UAMPS (iii) a bring-down certificate in substantially the form attached hereto as EXHIBIT IV, and (iv) a bring-down opinion of counsel in substantially the form attached hereto as EXHIBIT VI.

*Section 903. Covenants and Agreements of the Participant.* The Participant covenants to and agrees with UAMPS as follows:

(a) *Maintenance of Rates.* The Participant shall establish, maintain, revise, charge and collect rates for electric service rendered by it to its customers so that such rates shall provide revenues which, together with other funds reasonably estimated to be available, will be sufficient to meet the Participant’s obligations to UAMPS under this Contract, to pay all other operating expenses of the Participant’s electric system and to provide revenues sufficient to pay all

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obligations of the Participant payable from, or constituting a charge or lien on, the revenues of its electric system and, to the extent being paid from the revenues of its electric system, all general obligation bonds of the Participant now or hereafter outstanding.

(b) *Maintenance of Revenues.* The Participant shall promptly collect all charges due for electric utility services supplied by it as the same become due. The Participant shall at all times maintain and shall exercise Commercially Reasonable Efforts to enforce its rights against any person, customer or other entity that does not pay such charges when due.

(c) *Sale or Assignment of Electric System or Power Sales Contract.* During the term of this Contract, the Participant shall not assign, sell, lease or otherwise dispose of all or substantially all of its electric system or this Contract, except upon compliance with the provisions of Sections 303 or 304, as applicable.

(d) *Prudent Utility Practice.* The Participant shall, in accordance with Prudent Utility Practice, (i) at all times operate its electric system and the business thereof in an efficient manner, (ii) maintain its electric system in good repair, working order and condition, (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the electric system, so that at all times the business thereof shall be properly conducted, and (iv) duly perform its obligations under all power supply and transmission service agreements to which it is a party.

(e) *Operating Expenses.* UAMPS and the Participant intend that the payments to be made by the Participant to UAMPS pursuant to this Contract will be payable (i) if and to the extent that any payments are required to be made prior to the Commercial Operation Date, from the revenues and income derived from the operation of the Participant's electric system as a cost of the development of a new long-term power supply resource, (ii) from and after the Commercial Operation Date as a cost of purchased electric power and energy, and (iii) in each case as an operating expense of the Participant's electric system and a first charge, together with all other operating expenses, on the revenues derived from the operation of the Participant's electric system; *provided that* if any amount payable by the Participant under this Contract is prohibited from being paid as an operating expense of the Participant's electric system under applicable law or a binding contractual obligation, such amount shall be payable from the available revenues and income of the Participant's electric system. The Participant covenants to and agrees with UAMPS that it will, unless otherwise required by applicable law or under a binding contractual obligation, include the annual payments required to be made by it under this Contract as a cost of purchased electric power and energy as an operating expense in the annual operating budget of its electric system and in any resolution, ordinance or indenture providing for future borrowings for the Participant's electric system.

(f) *Tax Status.*

(i) The Participant agrees that it will apply all of the Electric Energy acquired under this Contract to a Qualified Use and that it will not take or omit to take any action (whether with respect to the Electric Energy or Environmental Attributes acquired under this Contract or otherwise) which could, either alone or in conjunction with any other

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similar actions by the Participant or other Participants, adversely affect the Tax Status of any Bond or Bonds theretofore issued or thereafter issuable by UAMPS. Upon any breach of the foregoing covenants, the Participant shall take and pay the costs of all remedial actions as may be directed by UAMPS in order to maintain the Tax Status of the Bonds.

(ii) The Participant represents and warrants that, as of the Effective Date, it has no contracts (and has no current expectation of entering into any contracts) other than Permitted Contracts to provide electric service to any purchaser. At least thirty days prior to entering into any such contract, the Participant shall notify UAMPS of its intent to enter into such contract and provide copies of such contract to UAMPS. Within thirty days after receipt of such notice, UAMPS shall advise the Participant as to whether, in the opinion of Bond Counsel, such contract would result in a violation of the covenant in clause (i) above. The cost of such opinion and other reports necessary in connection therewith shall be borne by the Participant.

(iii) The Participant agrees to provide such information as UAMPS may request and to comply with such additional instructions as may be provided by UAMPS in order to confirm and maintain the Qualified Use of the Electric Energy sold under this Contract and its use of Environmental Attributes in accordance with the provisions of this Section and Section 707.

## **ARTICLE X**

### **DEFAULT AND REMEDIES**

*Section 1001. Default by Participant.* Each of the following shall constitute a “default” by the Participant under this Contract:

(a) failure of the Participant to make to UAMPS any of the payments for which provision is made in this Contract within five business days after the due date of any such payment; or

(b) failure by the Participant to observe any of the covenants, agreements or obligations on its part contained herein and failure to remedy the same for a period of sixty days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given by or on behalf of UAMPS; or

(c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including proceedings under Title 11, Chapter 9, United States Code or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors, are instituted by or against the Participant and, if instituted against the Participant, said proceedings are consented to or are not dismissed within thirty (30) days after such institution.

*Section 1002. Continuing Obligation of Participant; Right of UAMPS to Discontinue Service.* (a) In the event of any default described in Section 1001, the Participant shall not be

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relieved of its liability for payment of any amounts in default or its failure to observe its covenants, agreements and obligations hereunder and UAMPS shall have the right to recover from the Participant any amount in default. In enforcement of any such right of recovery, UAMPS may bring any suit, action, or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of the Participant hereunder or the obligation of the Participant to make any payment for which provision is made in this Contract.

(b) In addition to proceeding with its rights against a defaulting Participant pursuant to paragraph (a) above, UAMPS may, upon not less than thirty (30) days' written notice from UAMPS to the defaulting Participant, suspend or terminate the Participant's right to receive its Entitlement Share under this Contract. Such notice shall be entitled "NOTICE OF DEFAULT UNDER CARBON FREE POWER PROJECT POWER SALES CONTRACT" and shall: (i) describe the type and amount of payments that are then due and unpaid (in the case of a default under Section 1001(a)) or the nature of such default (in the case of a default under Section 1001(b) or (c)); and (ii) state that the failure to make full and timely payment of all amounts due and payable hereunder, or otherwise to cure such default, within thirty (30) days from the date such notice is received by the defaulting Participant (as determined pursuant to Section 1105) could result in the suspension or termination of its Entitlement Share, in whole or in part. UAMPS shall have no obligation to provide further notice of the default and its consequences to the defaulting Participant. UAMPS shall deliver promptly a copy of each notice delivered pursuant to this paragraph to the nondefaulting Participants.

(c) If the defaulting Participant in good faith disputes the basis for or the validity of the default(s) described in the written notice of UAMPS, including any amounts stated in the notice as being due and unpaid, it shall nevertheless make such payment within said thirty (30)-day period under written protest directed to UAMPS specifying the basis upon which the protest is based. Protested payments shall be treated as a dispute in a monthly billing statement and UAMPS shall consider such dispute as provided in Section 806. All other disputes shall be addressed as provided in Section 1005(b).

(d) In connection with its determination to suspend or terminate a defaulting Participant's Entitlement Share, UAMPS shall take into account, among such other matters as it shall deem relevant, the amounts and due dates of its payment obligations under the Project Agreements and the Financing Documents and the funds and revenues available to UAMPS to enable it to meet its obligations thereunder.

(e) In the event that UAMPS has suspended (but not terminated) a defaulting Participant's right to receive the Electric Energy allocable to its Entitlement Share, such Participant may restore its right to receive such Electric Energy by (i) taking all actions on its part necessary to cure or remedy the default, (ii) paying all amounts necessary to compensate the nondefaulting Participants and UAMPS for fees, costs, expenses and losses incurred by them as a result of such default, and (iii) taking such other action and paying such amounts, including providing such adequate assurances of performance (such as a prepayment or the posting of a security deposit) as may be reasonably required by the Project Management Committee.

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(f) The suspension or termination of a defaulting Participant's right to receive its Entitlement Share and any actions taken by UAMPS pursuant to Section 902 shall not terminate, reduce or modify the defaulting Participant's obligations and liabilities under its Power Sales Contract. The defaulting Participant shall remain liable under all billing statements rendered by UAMPS, whether prior or subsequent to the default, and UAMPS for itself and on behalf of the nondefaulting Participants shall be entitled to recover from the defaulting Participant all damages, legal fees, costs and expenses incurred by UAMPS and the nondefaulting Participants as a result of such default. UAMPS shall exercise Commercially Reasonable Efforts to mitigate the damages resulting from the Participant's default.

*Section 1003. Transfer of Entitlement Share Following Default; Other Actions by UAMPS.*

(a) UAMPS and the Participant acknowledge that a default by any of the Participants under its Power Sales Contract could reduce the revenues available to UAMPS which are necessary in order for UAMPS to meet its obligations under the Project Agreements and the Financing Documents on a timely basis. In the event of an insufficiency of revenues and an inability of UAMPS to meet timely such obligations, the ability of UAMPS to deliver Electric Energy from the Project and the interests of all of the Participants will be materially and adversely affected. The provisions of this Section are intended to provide a means to assure the sufficiency of revenues to UAMPS following a default by a Participant under its Power Sales Contract. The Participants agree that the provisions of this Section are reasonable and necessary in order for them to achieve the benefits of their joint and cooperative undertaking with respect to the Project.

(b) In the event of a default by any Participant and suspension or termination of the Participant's right to receive its Entitlement Share pursuant to Section 1002, but only if the Project has not been terminated, UAMPS and the nondefaulting Participants shall take the following actions in the order set forth below:

(i) UAMPS shall immediately allocate all of the defaulting Participant's Entitlement Share among all of the nondefaulting Participants, pro rata on the basis of their then-current Entitlement Shares, which shall remain in effect only until the completion of the procedures provided for in this paragraph (b). UAMPS shall provide written notice to the nondefaulting Participants of the initial allocation of the defaulting Participant's Entitlement Share which notice shall (A) set forth the date of the initial allocation, (B) include a revised SCHEDULE I showing the increased Entitlement Shares and (to the extent applicable) the revised Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of the nondefaulting Participants as a result of such allocation, (C) direct each of the nondefaulting Participants to make an election pursuant to subparagraph (2) below, and (D) set forth the date by which each of the nondefaulting Participants must notify UAMPS of such election. The initial allocation of the defaulting Participant's Entitlement Share and the increased Entitlement Shares and the revised Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of the nondefaulting Participants as a result of such allocation (as shown on the revised SCHEDULE I prepared by UAMPS) shall remain in effect until the completion of the procedures provided for in this paragraph (b). During such period, each of the nondefaulting Participants shall have all of the rights, benefits, obligations and responsibilities associated

## ATTACHMENT A

with its increased Entitlement Share and its revised Capital Contribution Percentage, Debt Service Percentage and Debt Service Share as a result of such allocation.

(ii) Within sixty days after the initial allocation of the defaulting Participant's Entitlement Share, each nondefaulting Participant shall notify UAMPS in writing of its election to: (A) retain all of its initial allocation of the defaulting Participant's Entitlement Share; or (B) retain none or less than all of such allocation. Any Participant that elects to retain all of its initial allocation of the defaulting Participant's Entitlement Share shall be deemed to have fully satisfied its step-up obligations under this Section and shall not thereafter be required to accept any additional allocation of the defaulting Participant's Entitlement Share; *provided* that any such nondefaulting Participant may give notice to UAMPS of its request to acquire additional amounts of the defaulting Participant's Entitlement Share as may be available.

(iii) Within thirty (30) days after its receipt of the elections of all nondefaulting Participants pursuant to subparagraph (ii), UAMPS shall determine whether the nondefaulting Participants have elected to retain all of the defaulting Participant's Entitlement Share. In the event that one or more of the nondefaulting Participants elected to retain less than all of the initial allocations of the defaulting Participant's Entitlement Share, UAMPS shall reallocate the remaining amounts of the defaulting Participant's Entitlement Share proportionally among those nondefaulting Participants that have requested additional amounts of the defaulting Participant's Entitlement Share. To the extent that any part of the defaulting Participant's Entitlement Share is then unallocated, UAMPS shall next reallocate the remaining portion of the defaulting Participant's Entitlement Share proportionally among those Participants that did not elect to retain all of their initial allocations of such Entitlement Share. Proportional reallocations shall be based upon the Entitlement Shares of the nondefaulting Participants in effect immediately prior to the defaulting Participant's default.

(iv) In no event shall the final allocation of a defaulting Participant's Entitlement Share pursuant to subparagraph (iii) (or the total of all such allocations in the event of multiple Participant defaults) cause any nondefaulting Participant's Entitlement Share to increase by more than 25% over its "Adjusted Entitlement Share" without such Participant's consent. The "Adjusted Entitlement Share" is the Participant's Entitlement Share shown on SCHEDULE I on and as of the Effective Date, as such Entitlement Share may have previously been increased upon an assignment to the Participant pursuant to Section 303.

(v) Each allocation or reallocation of a defaulting Participant's Entitlement Share shall also allocate or reallocate the defaulting Participant's Capital Contribution Percentage and Debt Service Percentage to the nondefaulting Participants receiving such allocation or reallocation. The Capital Contribution Percentage and the Debt Service Percentage of the defaulting Participant shall be allocated to each of such nondefaulting Participants proportionally based upon the respective amounts of the defaulting Participant's Entitlement Share that are allocated or reallocated to them. The standards set forth in Section 603(e) shall apply to the foregoing computations.

## ATTACHMENT A

(vi) UAMPS shall deliver, promptly after making the determinations and reallocations required by this paragraph (b), a notice to the nondefaulting Participants which notice shall (A) set forth the final allocation of the defaulting Participant's Entitlement Share pursuant to subparagraph (iii), and the effective date of the final allocation, and (B) include a revised SCHEDULE I showing the revised Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares, respectively, of the nondefaulting Participants upon the final allocation pursuant to subparagraph (iii). The Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares shown on such revised SCHEDULE I shall thereafter be the Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of the nondefaulting Participants.

(vii) Any portion of the Entitlement Share of a defaulting Participant allocated or reallocated to a nondefaulting Participant pursuant to this paragraph (b) shall become a part of and shall be added to the Entitlement Share of the nondefaulting Participant, and from and after the date of such transfer the nondefaulting Participant shall be obligated to pay for its increased Entitlement Share pursuant to the terms and provisions of this Contract. The defaulting Participant shall remain liable to UAMPS and the nondefaulting Participants for costs incurred and damages suffered by them in connection with the actions taken with respect to the defaulting Participant's Entitlement Share provided for in this Section.

(c) If, as a result of the limitation stated in subparagraph (b)(iv) above, any portion of a defaulting Participant's Entitlement Share remains unallocated or upon the request of any nondefaulting Participant, UAMPS shall use Commercially Reasonable Efforts to sell or dispose of the unallocated or designated Entitlement Share or the associated Project Capability and Environmental Attributes. In the event that UAMPS, based upon the advice of Bond Counsel, determines that any such sale or disposition could adversely affect the Tax Status of any Bonds, UAMPS will, in a Commercially Reasonable manner, take such remedial actions as may be designated by Bond Counsel in order to maintain the Tax Status of such Bonds. The defaulting Participant shall be liable for the costs, fees and expenses incurred by UAMPS in connection with any such sale, disposition or remedial action.

(d) In connection with any action taken by it pursuant to this Section, UAMPS shall take into account the proceeds received or to be received from such sale or disposition and shall, to the extent necessary, but subject to the limitation stated in paragraph (b)(iv) above, make adjustments to the Entitlement Share, Capital Contribution Percentage, Debt Service Percentage and Debt Service Share of each of the nondefaulting Participants to reflect such sale or disposition and to ensure the receipt of revenues sufficient to enable UAMPS to meet its obligations under the Project Agreements and the Financing Documents. The Participant acknowledges that such adjustments may, under certain circumstances, result in a change in the Participant's share of Operation and Maintenance Costs and Debt Service Costs without a corresponding change in the Participant's Entitlement Share. Upon the completion of the procedures provided for in this Section, UAMPS shall prepare and send to each of the Participants a final revised SCHEDULE I, setting forth the Entitlement Shares, the Capital Contribution Percentages, Debt Service Percentages and Debt

## ATTACHMENT A

Service Shares, respectively, of the nondefaulting Participants reflecting the procedures and actions taken pursuant to this Section.

*Section 1004. Other Default by Participant.* In the event of a failure of the Participant to observe, keep and perform any of the covenants, agreements or obligations on its part contained in this Contract, UAMPS may, in addition to its other rights hereunder, bring any suit, action, or proceeding in law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Contract against the Participant.

*Section 1005. Default by UAMPS; Dispute Resolution.* (a) In the event of any default by UAMPS under any covenant, agreement or obligation of this Contract, the Participant's sole remedy for such default shall be limited to mandamus, injunction, action for specific performance or any other available equitable remedy as may be necessary or appropriate and in no event shall the Participant withhold or offset any payment owed to UAMPS hereunder.

(b) Prior to and as a condition to the filing of any action with respect to this Contract under paragraph (a) above, the Participant shall first submit the dispute or matter in question to the Project Management Committee for mediation by giving notice in writing to UAMPS and the Chair of the Project Management Committee describing the dispute or matter and the issue or issues to be resolved. The Participant agrees to participate fully and in good faith in all mediation proceedings of the Project Management Committee. In the event that the Project Management Committee is unable to resolve or mediate such dispute or matter within 120 days after UAMPS has received written notice of the dispute, the Participant shall have the right to initiate such proceedings as it may deem necessary pursuant to paragraph (a).

*Section 1006. Abandonment of Remedy.* In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the parties to such proceedings shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of UAMPS and the Participant shall continue as though no such proceedings had been taken.

*Section 1007. Waiver of Default.* Any waiver at any time by either UAMPS or the Participant of its rights with respect to any default of the other party hereto, or with respect to any other matter arising in connection with this Contract, shall not be a waiver with respect to any subsequent default, right or matter.

## **ARTICLE XI**

### **GENERAL PROVISIONS**

*Section 1101. Relationship to and Compliance with Other Instruments.* (a) It is recognized by the parties hereto that UAMPS, in undertaking, or causing to be undertaken, the planning, financing, construction, acquisition, operation and maintenance of the Project, must comply with the requirements of the Financing Documents, the Project Agreements and all Permits and Approvals necessary therefor, and it is therefore agreed that this Contract is made subject to the

## **ATTACHMENT A**

terms and provisions of the Financing Documents, the Project Agreements and all such Permits and Approvals.

(b) The Participant acknowledges that (i) UAMPS' rights under the Project Agreements are limited to those specifically set forth therein, and (ii) upon any default or performance failure by the other parties to such Project Agreements, UAMPS' remedies will be limited to those set forth in the applicable Project Agreements. The Participant understands and agrees that, this Contract and UAMPS obligations under it are subject to the terms and requirements of the Project Agreements, the Financing Documents and the Permits and Approvals for the Project.

(c) UAMPS covenants and agrees that it will use Commercially Reasonable Efforts for the benefit of the Participant to comply in all material respects with all terms, conditions and covenants applicable to it contained in the Financing Documents, the Project Agreements and all Permits and Approvals, and that it will not, without the consent of the Participant, enter into any amendment or modification of the Financing Documents or the Project Agreements which will change the Participant's Entitlement Share or which will materially and adversely affect the rights and obligations of the Participant hereunder. To the extent that the Power Sales Contracts provide that UAMPS, the Board or the Project Management Committee has discretion over a particular matter, UAMPS (acting upon the recommendation of the Project Management Committee and the approval of the Board) may agree in the Financing Documents or the Project Agreements to limitations, conditions or restrictions on such discretion.

*Section 1102. Liability of Parties.* UAMPS and the Participant shall assume full responsibility and liability for the maintenance and operation of their respective properties and each shall, to the extent permitted by law, indemnify and save harmless the other 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 and not caused in whole or in part by the negligence of the other party; *provided* that (i) any liability of the Participant shall be payable only from insurance coverage and the available income and revenues of its electric system, and (ii) any liability which is incurred by UAMPS through the acquisition, construction, operation and maintenance of the Project or pursuant to the Project Agreements and not covered, or not covered sufficiently, by insurance shall be paid solely from the revenues of UAMPS hereunder, and any payments made by UAMPS to satisfy such liability shall, except to the extent paid from proceeds of Bonds or Capital Contributions, become part of Operation and Maintenance Costs.

*Section 1103. Assignment.* (a) This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract; *provided, however,* that neither this Contract nor any interest herein shall be transferred or assigned by either party hereto except as follows:

(i) UAMPS may assign its interests under this Contract or all or any portion of the amounts payable by the Participant hereunder pursuant to the Financing Documents as described in paragraph (b) below;

## ATTACHMENT A

(ii) UAMPS may sell, transfer or reallocate all or any portion of the Participant's Entitlement Share following a default by the Participant and a discontinuance of service as provided in Section 1002;

(iii) after such point in time as all Bonds issued under the Financing Documents have been paid or deemed to have been paid as provided in the Financing Documents, UAMPS may, upon the approval of the Project Management Committee, assign this Contract and pledge the amounts payable by the Participant hereunder;

(iv) the Participant shall assign the Electric Energy allocable to the Participant's Entitlement Share to the UAMPS Pool as provided in Section 702(b); and

(v) the Participant may assign or transfer all or any portion of its Entitlement Share or its interests under this Contract only as provided in Sections 303 or 304, as applicable.

(b) The Participant acknowledges and agrees that UAMPS may assign and pledge to the Trustee designated in the Financing Documents all or any portion of its right, title, and interest in and to the payments to be made to UAMPS under the provisions of this Contract, as security for the payment of the principal (including sinking fund installments) of, premium, if any, and interest on Bonds and, upon such assignment and pledge, UAMPS may grant to the Trustee any rights and remedies herein provided to UAMPS, and thereupon any reference herein to UAMPS shall be deemed, with the necessary changes in detail, to include the Trustee which on behalf of and together with the owners from time to time of the Bonds shall be third party beneficiaries of the covenants and agreements of the Participant herein contained.

(c) The Participant acknowledges and agrees that it may not pledge, assign, encumber or transfer its interests under this Contract to secure any financing undertaken by or for it to fund any Capital Contribution to UAMPS.

*Section 1104. Amendments.* (a) This Contract shall not be amended, modified, or otherwise altered in any manner that will adversely affect the security for the Bonds afforded by the provisions of this Contract. So long as any of the Bonds are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Financing Documents, this Contract shall not be amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for the Bonds or extend the time of such payments provided herein or which will in any manner impair or adversely affect the rights of the owners from time to time of the Bonds. For the avoidance of doubt, any actions taken by UAMPS or the Participant under or pursuant to this Contract that are required or permitted by this Contract shall not be deemed to constitute an amendment, modification or alteration of this Contract within the meaning of this paragraph.

(b) No Power Sales Contract entered into between UAMPS and another Participant may be amended so as to provide terms and conditions that are substantially and materially different from those contained in this Contract except upon written notice to and written consent or waiver by each of the other Participants, and upon similar amendment being made to the Power Sales

## ATTACHMENT A

Contracts of any other Participants requesting such amendment after receipt by such Participants of notice of such amendment. No amendment to this Contract shall become effective until all Required Approvals have been obtained by or on behalf of the Participant.

(d) In connection with any revision or amendment of the billing procedures provided for in Section 803, Section 804 or of any of the Exhibits attached hereto, UAMPS shall promptly provide a copy of the revision or amendment to the Participant.

*Section 1105. Notices and Computation of Time.* (a) All notices, demands or other communications made pursuant to this Contract (each, a "Notice") may be sent by facsimile, electronic mail, other mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivery. Notice shall be deemed given when received by the addressee, unless received on a day that is not a business day or received after 5:00 p.m. (receiving party's local time) on a business day, in which case Notice shall be deemed to have been received on the next following business day. In the absence of proof of the actual receipt date, the following presumptions will apply: (i) Notice sent by facsimile or electronic mail shall be deemed to have been received upon the sending party's receipt of electronic confirmation of successful transmission; (ii) Notice sent by overnight mail or courier shall be deemed to have been received on the next business day after it was sent or such earlier time as is confirmed by the receiving party; and (iii) Notice sent by first class mail shall be deemed to have been received five business days after mailing.

(b) All Notices shall be sent by UAMPS to the business address, facsimile address or e-mail address of the Participant's Representative. All Notices shall be sent by the Participant to the business address, facsimile address or designated e-mail address of UAMPS. Either party may change its Notice address(es) by Notice to the other party.

*Section 1106. Relationship of UAMPS and the Participant; Relationship Among Participants.* (a) This Contract is not intended to create, nor shall it be deemed to create, any relationship between UAMPS and the Participant other than that of independent parties contracting with one another for the purpose of effectuating the provisions of this Contract.

(b) The covenants, obligations, liabilities, rights and benefits of the Participant under this Contract are individual and not joint and several, or collective, with those of any other Participant. Other than giving effect to the joint and cooperative action of UAMPS on behalf of the Participants, the Power Sales Contracts shall not be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation or liability on, between or among the Participant and any one or more of the Participants. No Participant shall be or be deemed to be under the control of, nor shall any Participant control or be deemed to control, any or all of the other Participants or the Participants as a group. No Participant shall be bound by the actions of any other Participant, nor shall any Participant be deemed to be the agent of any other Participant or have the right to bind any other Participant.

*Section 1107. No Recourse Against Officers, Etc. of UAMPS or Participant.* No member of the governing body, nor any officer or employee of UAMPS or the Participant shall be individually or personally liable for any payment under this Contract or be subject to any personal

## ATTACHMENT A

liability or accountability by reason of the execution of this Contract; *provided, however*, that this Section shall not relieve any officer or employee of UAMPS or the Participant from the performance of any official duty imposed by law.

*Section 1108. Contract Beneficiaries.* This Contract is entered for the benefit of and as the binding agreement of UAMPS and the Participant. The Trustee and the owners of the Bonds are the only third-party beneficiaries of this Contract, as and to the extent provided in the Financing Documents.

*Section 1109. Governing Law; Jurisdiction and Venue.* (a) This Contract is made under and shall be governed by the law of the State of Utah; *provided, however*, authority of the Participant to execute and perform its obligations under this Contract shall be determined under the laws of the State of New Mexico.

(b) All judicial proceedings brought against either party arising out of or relating hereto shall be brought exclusively in the courts of the State of Utah or of the United States of America for the District of Utah. By executing and delivering this Contract, each party, for itself and in connection with its properties, irrevocably accepts generally and unconditionally the nonexclusive jurisdiction and venue of such courts; waives any defense of *forum non conveniens*; agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to the party at its address provided in accordance with Section 1105; and agrees that service as provided above is sufficient to confer personal jurisdiction over the party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect.

*Section 1110. Severability; No Merger.* (a) If any section, paragraph, clause or provision of this Contract shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Contract shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not been included herein.

(b) This Contract constitutes the entire and complete agreement of UAMPS and the Participant in respect of the Project and shall not be nor shall it be deemed to be modified, amended or superseded by any other agreement or contract between UAMPS and the Participant in respect of any other project or subject.

*(Signature pages follow.)*

## ATTACHMENT A



IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their proper officers respectively, being thereunto duly authorized, and their respective corporate seals to be hereto affixed, as of the day, month and year first above written.

INCORPORATED COUNTY OF LOS ALAMOS, NEW  
MEXICO

By: \_\_\_\_\_  
Its County Utilities Manager

[SEAL]

ATTEST AND COUNTERSIGN

By: \_\_\_\_\_  
Title: County Clerk

Date of Execution and  
Delivery: \_\_\_\_\_

Approved as to proper form and  
compliance with applicable law:

By: \_\_\_\_\_  
Attorney for Participant

ATTACHMENT A

Incorporated County of Los Alamos Resolution No. 18-09  
ANNEX A

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

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

[SEAL]

ATTEST AND COUNTERSIGN

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

Date of Execution and  
Delivery: \_\_\_\_\_

Approved as to proper form and  
compliance with applicable law:

By: \_\_\_\_\_  
Attorney for UAMPS

ATTACHMENT A

**SCHEDULE OF PARTICIPANTS, ENTITLEMENT SHARES,  
CAPITAL CONTRIBUTION PERCENTAGES, DEBT SERVICE PERCENTAGES  
AND DEBT SERVICE SHARES**

# ATTACHMENT A

## ANNEX A

## **EXHIBIT I**

### **DESCRIPTION OF THE INITIAL FACILITIES**

*The following is a preliminary and summary description of the Initial Facilities. This description is subject to change based upon selection of the Contractor, the negotiation of the final terms of the Construction Contracts and the construction of the Initial Facilities. The final description of the Initial Facilities will be approved by the Project Management Committee after the Project achieves commercial operation.*

## **ATTACHMENT A**

## EXHIBIT II

### FORM OF PARTICIPANT'S ANNUAL INFORMATION REPORT\*

#### SYSTEM DESCRIPTION

Incorporated area of municipality \_\_\_\_\_ square miles.

Service area of utility \_\_\_\_\_ square miles.

Transmission and distribution lines \_\_\_\_\_ miles.

Number of employees in electrical department \_\_\_\_\_. (Include sum of shared employees' time in other city offices to determine equivalent full-time employees.)

Number of customers served outside the city limits \_\_\_\_\_.

Service area outside of the city limits \_\_\_\_\_ square miles.

#### NUMBER OF ELECTRICAL CUSTOMERS AND TYPE OF LOAD SERVED

TYPE OF CUSTOMER	NUMBER OF CUSTOMERS
Residential	
Commercial	
Industrial	
Agricultural and Pumping	
Military and Other	
Total	

Annual audit will be sent to UAMPS as soon as completed after the fiscal year.

Electric Rate Schedules for the above classes of service are attached hereto.

\* Under Section 902(d) of the Power Sales Contract, UAMPS has agreed to classify certain of the information provided by the Participant on this Exhibit II as a "protected record", pursuant to the Participant's request. The Participant must also take any actions necessary on its part to appropriately classify and protect such information provided in this Exhibit.

## ATTACHMENT A

Customer Sales by Class

Total sales to your customers \_\_\_\_\_ kWh.

Revenues from energy sales to your customers in \$ \_\_\_\_\_.

	KWH SALES	REVENUES \$
Residential		
Commercial		
Industrial		
Agricultural		
Other		
Total		

ATTACHMENT A

**GENERATION  
PRODUCED FOR SYSTEM LOAD**

	GENERATING UNIT PRODUCTION							
	#1		#2		#3		#4	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh
July								
August								
September								
October								
November								
December								
January								
February								
March								
April								
May								
June								
TOTAL								

**SYSTEM PEAK INCLUDING LOAD  
COVERED BY OWN GENERATION**

	kW		kW
July		January	
August		February	
September		March	
October		April	
November		May	
December		June	

**ATTACHMENT A**

### **FIVE LARGEST LOADS**

	TYPE OF BUSINESS	KWH SOLD	ANNUAL ELECTRICAL BILLINGS
1.	<hr/>	<hr/>	<hr/>
2.	<hr/>	<hr/>	<hr/>
3.	<hr/>	<hr/>	<hr/>
4.	<hr/>	<hr/>	<hr/>
5.	<hr/>	<hr/>	<hr/>

### **ACHIEVEMENTS**

Provide below the achievements of your utility for the year.

### **ATTACHMENT A**



### EXHIBIT III

#### FORM OF CERTIFICATE OF PARTICIPANT

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

The undersigned hereby certify that they are the [Executive Officer] and [Clerk/Recorder/Secretary] of \_\_\_\_\_ (the "*Participant*"), a member of Utah Associated Municipal Power Systems ("*UAMPS*"), and that as such they are authorized to execute this Certificate on behalf of the Participant and hereby certify as follows:

1. This Certificate has been executed pursuant to Section 902(e) of the Carbon Free Power Project Power Sales Contract, dated as of April 1, 2018 (the "*Power Sales Contract*"), between the Participant and UAMPS, in connection with the execution and delivery of the Power Sales Contract. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

2. The Participant is a \_\_\_\_\_, duly created and validly existing under the laws of the State of \_\_\_\_\_, and is governed by a \_\_\_\_\_ (the "*Governing Body*") composed of «number» members.

3. Attached hereto as *Exhibit A* is a true, complete and correct copy of a resolution authorizing the execution and delivery of the Power Sales Contract and related matters (the "*Contract Resolution*"). The Contract Resolution was duly adopted by a majority of the Governing Body present and voting at a [regular/special] public meeting of the Governing Body held on \_\_\_\_\_, at which a quorum was present and acted throughout, all in accordance with law and applicable procedural rules of the Governing Body. The Contract Resolution is in full force and effect and has not been amended, modified, repealed or supplemented.

4. The names of the [Executive Officer] and the [Secretary/Clerk/Recorder] authorized to execute and deliver the Power Sales Contract on behalf of the Participant are as follows:

NAME	OFFICE
«officer»	«office»
«officer»	«office»

5. The \_\_\_\_\_, meeting of the Governing Body in connection with the authorization of the Power Sales Contract was open to the public at all times and was duly called, noticed and held in conformity with applicable laws of the State and procedural rules of the Governing Body.

### ATTACHMENT A

6. (a) No petition was filed with the Participant or any of its officers seeking to refer the Contract Resolution to the electors of the Participant in accordance with the provisions of state law; and (b) no litigation has been instituted, is pending or has been threatened to require a referendum election on the Contract Resolution.

7. The Participant owns and operates an electric utility system (the “*System*”) that distributes and furnishes electric energy to consumers located within the established service area of the System.

8. The Participant has previously executed the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action dated as of March 20, 2009 and all amendments thereof and supplements thereto (the “*Joint Action Agreement*”) and that certain Power Pooling Agreement (the “*Pooling Agreement*”) between the Participant and UAMPS relating to the power pool administered by UAMPS. The Joint Action Agreement and the Pooling Agreement are each in full force and effect and constitute the legal, valid and binding agreements of the Participant.

9. «Rep» has been duly appointed by the Governing Body as the Participant’s representative to UAMPS.

10. The representations and warranties of the Participant in Section 901(a) of the Power Sales Contract are true and correct on and as of the date of this certificate.

11. The Participant will use all of the electric energy from its Entitlement Share in a Qualified Use (as defined in the Power Sales Contract).

12. The information provided by the Participant to UAMPS pursuant to Section 902(b) and (c) of the Power Sales Contract and attached as EXHIBIT II thereto with respect to the Participant and the System is true, correct and complete. The Participant has duly authorized UAMPS to use such information in connection with the preparation of an official statement of UAMPS with respect to the bonds to be issued to provide financing for the costs of acquisition and construction of the Project and to provide such information to interested parties.

Dated: \_\_\_\_\_.

[PARTICIPANT]

By \_\_\_\_\_  
[Executive Officer]

By \_\_\_\_\_  
[Clerk/Recorder/Secretary]

[Seal]

## ATTACHMENT A

## EXHIBIT A

[Form of Contract Resolution]

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION AUTHORIZING AND APPROVING THE CARBON FREE POWER PROJECT POWER SALES CONTRACT WITH UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS; THE INITIAL BUDGET AND PLAN OF FINANCE FOR THE PROJECT; AND RELATED MATTERS.

\*\*\*\*\*        \*\*\*\*\*        \*\*\*\*\*

WHEREAS, \_\_\_\_\_ (the “*Participant*”) is a member of Utah Associated Municipal Power Systems (“*UAMPS*”) pursuant to the provisions of the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action, as amended (the “*Joint Action Agreement*”);

WHEREAS, one of the purposes of UAMPS under the Joint Action Agreement is the acquisition and construction of electric generating, transmission and related facilities in order to secure reliable, economic sources of electric power and energy for its members;

WHEREAS, UAMPS proposes to acquire and construct a nuclear generating facility plant known as the Carbon Free Power Project (the “*Project*”) to be located at a site within the Idaho National Laboratory near the City of Idaho Falls, Idaho;

WHEREAS, the Governing Body has reviewed (or caused to be reviewed on its behalf) certain descriptions and summaries of the Project, the Power Sales Contract and the Project Agreements (“*Project Agreements*” and other capitalized terms used and not defined herein shall have the meanings assigned to them in the Power Sales Contract), and representatives of the Participant have participated in discussions and conferences with UAMPS and others regarding the Project and have received from UAMPS all requested information and materials necessary for the decision of the Governing Body to authorize and approve the Power Sales Contract;

WHEREAS, the Participant acknowledges that the obligation of the Participant to make the payments provided for in the Power Sales Contract will be a special obligation of the Participant and an operating expense of the Participant’s electric system, payable from the revenues and other available funds of the electric system, and that the Participant shall be unconditionally obligated to make the payments required under the Power Sales Contract whether or not the Project or any portion thereof is acquired, constructed, completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output thereof for any reason whatsoever;

WHEREAS, the Governing Body has reviewed (or caused to be reviewed on its behalf) the initial Budget and Plan of Finance for the Project prepared by UAMPS setting forth, among other

## ATTACHMENT A

things, preliminary estimates of the Development Costs, Cost of Acquisition and Construction, the estimated timeline for the development and construction of the Project, the estimated target price range for Project output, and now desires to approve the initial Budget and Plan of Finance; and

WHEREAS, the Participant now desires to authorize and approve the Power Sales Contract;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of \_\_\_\_\_, as follows:

*Section 1. Approval of Power Sales Contract and Budget and Plan of Finance; Entitlement Share.* (a) The Power Sales Contract, in substantially the form attached hereto as *Annex A*, is hereby authorized and approved, and the [Executive Officer] is hereby authorized, empowered and directed to execute and deliver the Power Sales Contract on behalf of the Participant, and the [Clerk/Recorder/Secretary] is hereby authorized, empowered and directed to attest and countersign such execution and to affix the corporate seal of the Participant to the Power Sales Contract, with such changes to the Power Sales Contract from the form attached hereto as *Annex A* as shall be necessary to conform to the Participant's legal status, to complete the form of the Power Sales Contract or to correct any minor irregularities or ambiguities therein and as are approved by the [Executive Officer], his execution thereof to constitute conclusive evidence of such approval.

(b) The initial Budget and Plan of Finance attached hereto as *Annex B* is hereby approved.

(c) An Entitlement Share representing up to \_\_\_\_\_ kW of capacity, as such capacity amount may be rounded upon the approval of the Project Management Committee and the Participant's Representative pursuant to the Power Sales Contract to provide a whole number of small modular reactors is hereby authorized and approved.

*Section 2. Participant's Representative.* (a) The appointment of \_\_\_\_\_ as the Participant's Representative to UAMPS and of \_\_\_\_\_ and \_\_\_\_\_ as alternate Representatives is hereby confirmed.

(b) Such Representative (or, in his or her absence, such alternate(s)) is hereby delegated full authority to (i) approve any appendix to the Pooling Agreement between UAMPS and the Participant that may be necessary or desirable in connection with the utilization of the Participant's Entitlement Share, and (ii) act on all matters that may come before the Project Management Committee established by the Power Sales Contract, and shall be responsible for reporting regularly to the Governing Body regarding the activities of the Project Management Committee; *provided that* the Representative shall not deliver a Notice of Withdrawal or a Notice of Reduction under the Power Sales Contract without prior consultation with, and prior approval from, the Governing Body.

*Section 3. Compliance with Tax Covenants.* The Participant agrees in the Power Sales Contract that it will apply all of the electric power and energy acquired under the Power Sales Contract to a Qualified Use and that it will not take or omit to take any action which could adversely affect the Tax Status of any Bond or Bonds theretofore issued or thereafter issuable by UAMPS. In furtherance of that agreement, the Governing Body of the Participant hereby agrees

## ATTACHMENT A

that it will observe and comply with such instructions as may be provided from time to time by UAMPS with respect to the Qualified Use of the electric power and energy acquired under the Power Sales Contract.

*Section 4. Further Authority.* (a) The [Executive Officer] and the [Clerk/Recorder/Secretary] are hereby authorized, empowered and directed to (i) execute the Certificate of the Participant in substantially the form attached as *Exhibit III* to the Power Sales Contract and to deliver the same to UAMPS, and (ii) from time thereafter and upon the request of UAMPS, execute the Bring-Down Certificate of the Participant in substantially the form attached as *Exhibit IV* to the Power Sales Contract and to deliver the same to UAMPS.

(b) The Participant's legal counsel is hereby authorized, empowered and directed to (i) execute the Opinion of Counsel to the Participant in substantially the form attached as *Exhibit V* to the Power Sales Contract and to deliver the same to UAMPS, and (ii) from time thereafter and upon the request of UAMPS, execute the Bring-Down Opinion of Counsel to the Participant in substantially the form attached as *Exhibit VI* to the Power Sales Contract and to deliver the same to UAMPS.

*Section 5. Miscellaneous; Effective Date.* (a) This resolution shall be and remain irrevocable until the expiration or termination of the Power Sales Contract in accordance with its terms.

(b) All previous acts and resolutions in conflict with this resolution or any part hereof are hereby repealed to the extent of such conflict.

(c) In case any provision in this resolution shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(d) This resolution shall take effect immediately upon its adoption and approval.

## ATTACHMENT A

ADOPTED AND APPROVED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[PARTICIPANT]

By \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
[Secretary/Clerk/Recorder]

[SEAL]

## ATTACHMENT A

Incorporated County of Los Alamos Resolution No. 18-09  
ANNEX A

**ANNEX A**

[Attach Power Sales Contract]

**ATTACHMENT A**

Incorporated County of Los Alamos Resolution No. 18-09  
**ANNEX A**

**ANNEX B**

[Attach Budget and Plan of Finance]

**ATTACHMENT A**

Incorporated County of Los Alamos Resolution No. 18-09

**ANNEX A**



## EXHIBIT IV

### FORM OF BRING DOWN CERTIFICATE OF THE PARTICIPANT

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF «COUNTY» )

The undersigned hereby certify that they are the [Executive Officer] and [Clerk/Recorder/Secretary] of \_\_\_\_\_ (the "*Participant*"), a member of Utah Associated Municipal Power Systems ("UAMPS"), and that as such they are authorized to execute this Certificate on behalf of the Participant and hereby certify as follows:

1. This certificate has been executed in connection with the issuance by UAMPS of its Carbon Free Power Project Revenue Bonds, \_\_\_\_\_ Series \_\_\_\_\_ (the "*Bonds*"), as more fully described in the Official Statement of UAMPS dated \_\_\_\_\_ (the "*Official Statement*") prepared in connection with the offering and sale of the Bonds.

2. Pursuant to Section 902(e) of the Carbon Free Power Project Power Sales Contract, dated as of \_\_\_\_\_, between the Participant and UAMPS, in connection with the execution and delivery of the Carbon Free Power Project, the undersigned executed and delivered a certificate dated \_\_\_\_\_ (the "*Original Certificate*"). The undersigned hereby reaffirm the statements made in the Original Certificate on and as of the date hereof. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Original Certificate.

[3. The undersigned have reviewed the statements and information relating to the Participant and its electric system contained in APPENDIX A to the Preliminary Official Statement and the Official Statement under the caption, "THE MAJOR PARTICIPANTS", and such statements and information, as of the respective dates of the Preliminary Official Statement and the Official Statement and as of the date hereof, (a) were and are true and correct in all material respects and fairly and accurately present the financial and operating position of the System for the periods and as of the dates presented and (b) did not and do not omit to state a material fact necessary in order to make such statements not misleading. Since the dates of the Preliminary Official Statement and the Official Statement, there has been no change in the business, financial position, results of operations or condition of the Participant or the System that would (x) materially affect the accuracy and completeness of such statements and information or (y) materially and adversely affect the ability of the Participant to meet its obligations under the Power Sales Contract.]

Dated this \_\_\_\_\_ day of \_\_\_\_\_.

## ATTACHMENT A

[PARTICIPANT]

By \_\_\_\_\_  
Its \_\_\_\_\_

[SEAL]

## ATTACHMENT A

Incorporated County of Los Alamos Resolution No. 18-09  
ANNEX A

## EXHIBIT V

### FORM OF OPINION OF COUNSEL TO THE PARTICIPANT

\_\_\_\_\_  
Utah Associated Municipal Power Systems  
[Address]

Ladies and Gentlemen:

I have acted as counsel to \_\_\_\_\_ (the "*Participant*") in connection with the Carbon Free Power Project Power Sales Contract, dated as of April 1, 2018 (the "*Power Sales Contract*"), between the Participant and Utah Associated Municipal Power Systems ("*UAMPS*"). Pursuant to the Power Sales Contract, UAMPS has undertaken the Project and has sold all of Electric Power and Electric Energy and Environmental Attributes (if any) of the Project to the Participant and others that have executed Power Sales Contracts with UAMPS.

This opinion is being delivered to you pursuant to Section 902(e) of the Power Sales Contract in connection with the execution and delivery of the Power Sales Contract. Capitalized terms used and not defined herein have the meanings assigned to such terms in the Power Sales Contract.

As counsel to the Participant, I have examined (i) those documents relating to the existence, organization and operation of the Participant and its electric utility system (the "*System*"), (ii) all resolutions and proceedings of the Participant relating to the due authorization, execution and delivery by the Participant of the Power Sales Contract, (iii) an executed counterpart of the Power Sales Contract, and (iv) such other documents, information, facts and matters of law as are necessary for me to render the opinions contained herein.

Based upon the foregoing, I am of the opinion that:

[1. The Participant is a [municipal corporation and/or political subdivision] of the State of \_\_\_\_\_ (the "*State*"), duly created and validly existing under the laws of the State and duly qualified to own, operate and furnish electric service through the System.]

[1. The Participant is a \_\_\_\_\_, duly created and validly existing under the laws of the State of \_\_\_\_\_ (the "*State*"), and duly qualified to own, operate and furnish electric service through the System.]

2. The Participant has full legal right, power and authority to enter into the Power Sales Contract and to carry out and consummate all of the transactions contemplated thereby, and the

## ATTACHMENT A

Participant has complied with the provisions of applicable law which would be a condition precedent to entering into the Power Sales Contract or carrying out and consummating such transactions.

3. Each of the Power Sales Contract, the Joint Action Agreement and the Pooling Agreement has been duly authorized, executed and delivered by the Participant and constitutes the legal, valid and binding obligation of the Participant and is enforceable under the present law of the State in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

4. The Participant's obligation to make payments to UAMPS under the Power Sales Contract is a special obligation payable solely from the revenues and other available income of the System as a cost of purchased electric energy and an operating expense of the System. The application of the revenues and other available funds of the System to make such payments is not subject to any prior lien, encumbrance or restriction.

5. [The Participant has obtained all Required Approvals] {or} [There are no Required Approvals].

6. There is no pending or, to my knowledge, threatened, action or proceeding affecting the Participant (nor to my knowledge is there any basis therefor), which (a) purports to affect the authorization, legality, validity or enforceability of the Power Sales Contract, the Joint Action Agreement or the Pooling Agreement or (b) involves the possibility of any judgment or liability, not fully covered by insurance, which may result in any material adverse change in the business, affairs, properties or assets, or in the condition, financial or otherwise, of the System.

7. The execution, delivery and performance by the Participant of the Power Sales Contract will not conflict with or constitute a breach of or default under any agreement, indenture, bond, note, resolution or other instrument to which the Participant is a party or by which it or the properties of the System is bound or affected, or any applicable law, ruling, regulation, ordinance, judgment, order or decree to which the Participant (or any of its officers in their respective capacities as such) or its properties is subject.

8. No event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any agreement, indenture, bond, note, resolution or other instrument to which the Participant is a party or by which it or the properties of the System is bound or affected, which breach or default would have a material adverse impact on UAMPS' ownership or operation of the Project or the ability of the Participant to fully perform its obligations under the Power Sales Contract.

9. The Participant has lawful authority to fix and collect rates, fees and charges for the services provided by the System. Such rates, fees and charges for utility services provided to customers located within the corporate boundaries of the Participant are not subject to regulation by any authority of the State or the United States and have been duly and validly adopted by the Participant and are in full force and effect.

## ATTACHMENT A

10. The Participant has lawful authority to own the System and, to my knowledge, the Participant (a) has good and merchantable title to the properties comprising the System and (b) holds all permits, licenses and approvals necessary for the operation of the System.

I hereby authorize [other reliance parties] and Chapman and Cutler LLP, as bond counsel, to rely on this opinion as though addressed to them.

Respectfully submitted,

## ATTACHMENT A

## EXHIBIT VI

### FORM OF BRING-DOWN OPINION OF COUNSEL TO THE PARTICIPANT

\_\_\_\_\_  
Utah Associated Municipal Power Systems  
[Address]

Ladies and Gentlemen:

I have acted as counsel to \_\_\_\_\_ (the "*Participant*") in connection with the Carbon Free Power Project Power Sales Contract dated as of \_\_\_\_\_ (the "*Power Sales Contract*") between the Participant and Utah Associated Municipal Power Systems ("*UAMPS*"). I have been advised that UAMPS has made arrangements for the issuance and sale on the date hereof of its Carbon Free Power Project Revenue Bonds, \_\_\_\_\_ Series \_\_\_\_\_ (the "*Bonds*").

Pursuant to Section 902(e) of the Power Sales Contract in connection with the execution and delivery of the Carbon Free Power Project, I rendered to UAMPS an approving legal opinion, dated \_\_\_\_\_ (the "*Prior Opinion*"), with respect to the Participant. In connection with the issuance and sale by UAMPS of the Bonds, I hereby reaffirm the Prior Opinion, as though it was dated the date hereof, in the form it was so rendered on \_\_\_\_\_.

[In addition to the foregoing, I have examined (i) the material describing the Participant and its electric system contained in APPENDIX A to each of the Preliminary Official Statement (together with any supplements or amendments thereto as of the date hereof, the "*Preliminary Official Statement*") and the Official Statement (together with any supplements or amendments thereto as of the date hereof, the "*Official Statement*") of UAMPS relating to the Bonds and (ii) such other documents, information, facts and matters of law as are necessary for me to render the following opinion. Based upon the foregoing, I am of the opinion that the statements and information with respect to the Participant and its electric system contained in APPENDIX A to the Preliminary Official Statement and the Official Statement were true and correct in all material respects as of the respective dates of the Preliminary Official Statement and the Official Statement and are true and correct in all material respects as of the date hereof, and no facts have come to my attention which would lead me to believe that such statements and information contained or contain any untrue statement of a material fact or omitted to state or omit to state any material fact necessary in order to make such statements, in the light of the circumstances under which they were made, not misleading; *provided, however*, that I express no view with respect to the tabular, financial and statistical information included therein.]

## ATTACHMENT A

I hereby authorize the reference to this opinion and to the Prior Opinion set forth under the caption, "APPROVAL OF LEGAL PROCEEDINGS," in the Official Statement. I hereby further authorize [Bond Counsel] and [other reliance parties] to rely on the Prior Opinion and on this opinion in each case as though addressed to them.

Respectfully submitted,

## ATTACHMENT A

## EXHIBIT VII

### FORM OF NOTICE OF WITHDRAWAL

[Date]

Utah Associated Municipal Power Systems  
155 North 400 West, Suite 480  
Salt Lake City, Utah 84103  
Attention: General Manager  
General Counsel

Re: Carbon Free Power Project Power Sales Contract

[Ladies and] Gentlemen,

Pursuant to Section 204 of the above-referenced Power Sales Contract (the “*Power Sales Contract*”), [name of Participant] (the “*Participant*”) hereby gives notice of its election to withdraw from the Project.

The Participant hereby acknowledges and agrees that:

1. This Notice of Withdrawal shall be effective at and as of the end of the last day of the current phase of the Licensing Period.
2. By delivering this Notice of Withdrawal, the Participant waives its right to receive any reimbursement for Development Costs previously paid by it, except as otherwise provided in the Power Sales Contract.
3. The Participant shall remain responsible for the payment of an amount equal to its Development Cost Share of all Development Costs incurred, including its Development Cost Share of the amounts necessary to repay all Bonds issued and outstanding, in each case up to the effective date of the Participant’s withdrawal from the Project.
4. The Participant that shall, within twelve months of the effective date of its withdrawal, repay the amounts described in paragraph 3 above together with any interest expense on such amounts and any other charges incurred by UAMPS under the Financing Documents.
5. From and after the effective date of its withdrawal (a) the Participant’s Entitlement Share shall be terminated, (b) the Participant’s Representative shall have no right to participate in or vote at meetings of the Project Management Committee or

## ATTACHMENT A



meetings of the Board with respect to the Project, and (iii) this Contract will remain in effect only with respect to the Participant's repayment obligations described in paragraph 4 above.

6. The Participant shall have no responsibility for the payment of Development Costs incurred or Bonds issued after the effective date of its withdrawal.

Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

[NAME OF PARTICIPANT]

By \_\_\_\_\_  
Authorized Officer

## ATTACHMENT A

**EXHIBIT VIII**

**FORM OF NOTICE OF REDUCTION**

[Date]

Utah Associated Municipal Power Systems  
155 North 400 West, Suite 480  
Salt Lake City, Utah 84103  
Attention: General Manager  
General Counsel

Re: Carbon Free Power Project Power Sales Contract

[Ladies and] Gentlemen,

Pursuant to Section 301(d) of the above-referenced Power Sales Contract (the "*Power Sales Contract*"), [name of Participant] (the "*Participant*") hereby gives notice of its election to reduce its Entitlement Share from \_\_\_\_\_ (the "*Original Entitlement Share*") to \_\_\_\_\_ (the "*Reduced Entitlement Share*").

The Participant hereby acknowledges and agrees that:

1. This Notice of Reduction shall be effective at and as of the end of the last day of the current phase of the Licensing Period.
2. The Participant shall remain responsible for the payment of an amount equal to its Development Cost Share of all Development Costs incurred, including its Development Cost Share of the amounts necessary to repay all Bonds issued and outstanding, in each case based in its Original Entitlement Share and up to the effective date of the Participant's withdrawal from the Project.
3. From and after the effective date of this Notice of Reduction, the Participant's Reduced Entitlement Share shall apply for all purposes of the Power Sales Contract, including the calculation of the Participant's Development Cost Share.

Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

[NAME OF PARTICIPANT]

By \_\_\_\_\_  
Authorized Officer

**ATTACHMENT A**

**Utah Associated Municipal Power Systems**  
**Carbon Free Power Project**  
**Amended Budget & Plan of Finance**  
**February 21, 2018**

This is an amended initial Budget and Plan of Finance pursuant to Section 601(c) of the Power Sales Contracts. The Project Management Committee has determined that to avoid exposing the Participants to a Net of Cost Share of \$67,343,086 in Licensing Period - 1st Phase to amend the 100% Cost to \$6,000,000 until additional subscription and/or funding become available. This amendment reduces the Net of Cost Share for Licensing Period - 1st Phase to \$1,500,000. The Project Management Committee is fully aware that this does not provide the funding to get to a completed Construction and Operating License Application. The intent of this amended initial Budget and Plan of Finance is to allow the Project to move into the Power Sales Contract phase while limiting the maximum out of pocket liability of any Participant to their Cost Share of \$1,500,000. This amendment equates to an option cost not to exceed \$10 per requested kilowatt with a floor of \$2.50 per requested kilowatt down from the Net of Cost Share of \$115 per requested kilowatt. This amendment is anticipated to fund the Project for one year at which time the Project Management Committee will either terminate the Project or amend the Budget and Plan of Finance to allow additional Development work to proceed. If the Project Management Committee elects to continue the Project, then, upon a second amended Budget and Plan of Finance being approved by the Project Management Committee, each Participant will be noticed of such increase in the Budget and Plan of Finance and will have the right to withdraw from the Project pursuant to Section 204(a)(ii).

This amended initial Budget and Plan of Finance pursuant to Section 601(c) of the Power Sales Contracts includes preliminary estimates of the information regarding the Carbon Free Power Project required by the Power Sales Contracts. This information is provided to assist prospective Participants in their evaluation of the Project in connection with their decisions to approve and execute the Power Sales Contracts. Except as indicated below, the cost estimates and time schedules set forth below are based on the information currently available to UAMPS, but are preliminary and subject to change. The estimates and schedules will be updated from time to time consistent with the provisions of the Power Sales Contracts.

**Section 601 (a)**

- (i) Development Costs incurred through 3/31/2017:

100% Cost	Net of Cost Share
\$3,069,943	\$839,369

**ATTACHMENT A**

Estimated Development Costs to the Completion of Development:

	<b>100% Cost</b>	<b>Net of Cost Share</b>
Interim Period (FY 2018)	\$ 1,527,026	\$ 872,360
Licensing Period – 1 <sup>st</sup> Phase (Max.)	\$6,000,000 <sup>1</sup>	\$1,500,000
Licensing Period – 1 <sup>st</sup> Phase (Max.)	83,499,764 <sup>2</sup>	65,843,086
Licensing Period – 2 <sup>nd</sup> Phase (Prelim.)	496,303,067	496,303,067
	\$ 587,329,857	\$ 564,518,513

(ii) Cost of Acquisition and Construction of the Initial Facilities (Preliminary Estimated Costs):

<b>Preliminary 100 % Cost</b>	<b>Preliminary Net of Cost Share</b>
\$4,237,666,633	\$4,212,624,715

(iii) CFPP Estimated Timeline for the Development & Construction of Initial Facilities:

	<b>Start</b>	<b>Finish</b>	<b># of Mos.</b>
Interim Period – FY 2018 (PSC Executed)	April 2017	March 2018	<b>12</b>
Licensing Period – 1 <sup>st</sup> Phase (COLA Submittal)	April 2018	May 2020	<b>26</b>
Licensing Period – 2 <sup>nd</sup> Phase (COLA Issued)	June 2020	June 2023	<b>37</b>
Construction Period (Commercial Operation Date)	July 2023	November 2026 <sup>3</sup>	<b>41</b>

(iv) Price Target (2017) Estimated range: \$45 to \$65 per MWh

(v) Proposed funding and financing arrangements – Licensing Period:

During the Licensing Period, no revenue will be generated from the Project and major assumptions related to construction, development, licensing, and Federal support will still be in flux. As a result, obtaining long-term funding from the general capital markets will most likely be cost prohibitive.

<sup>1</sup> This amount is the maximum amount of Development Costs that can be incurred during the first phase of the Licensing Period. Any increase in this amount requires an amendment to the Budget and Plan of Finance.

<sup>2</sup> This amount is remaining estimated amount required to finishing compiling Combined Construction and Operating License Application.

<sup>3</sup> The first module is anticipated to come online November 2026. All modules are anticipated to be online by September 2027, which will mark the Commercial Operation Date for the Project, as determined by the Project Management Committee.

## ATTACHMENT A

Therefore, the first sources of capital for the Development Costs of the CFPP will be cash contributions such as monies provided through DOE and NuScale cost share agreements and the APPA DEED grant. Cost sharing will occur periodically as the annual capital program is implemented, and additional funding will need to be provided through bank borrowings in the form of a Bank Line of Credit. Throughout this phase, interest will be capitalized to minimize any need for cash outlays from Participants.

UAMPS will access the bank credit universe by soliciting proposals from a group of highly sophisticated banking institutions that understand the risk profile associated with extending short term loans to development-stage projects. The security for the bank loans will be the take-or-pay Power Sales Contracts between UAMPS and the Participants. UAMPS should be able to leverage its existing banking relationships and form new ones to create a syndicated bank line of credit ("LOC") with favorable terms and sizing. The primary objective of the LOC will be to create low-cost interim financing for Development Costs that can be refinanced with long-term debt at the Completion of Development and the commencement of construction.

The financial products that are being considered during the Licensing Period of the Project would be as follows:

<b>Financial Products</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Term</b>
Bank Line of Credit	\$	TBD	Max Limit
Bond Anticipation Note		TBD	
DOE Cost share – COLA		N/A	N/A
DOE Cost Share – Additional		N/A	N/A
NuScale Cost Share – COLA		N/A	N/A
NuScale Cost Share – Additional		N/A	N/A
APPA Deed Grant	150,000	N/A	N/A
Capital Contributions – Participants		N/A	N/A
Other	\$		

This table will be updated from time to time during the Licensing Period.

**(vi) Proposed funding and financing arrangements – Construction Period:**

More certainty will be introduced for the Costs of Acquisition and Construction of the CFPP with the issuance of the COL, execution of a firm EPC Contract, and commencement of commercial operation of the nuclear power modules. While additional sources of capital will be available to UAMPS during this phase, fluctuating market conditions and construction risks will affect financing decisions.

During the Construction Period, the goal will be to minimize interest cost by utilizing different sources of funding at different times. At this point, the bank loans from the Licensing Period will likely be nearing maximum capacity and will need to be refinanced with long term debt. Once the LOC has been reimbursed with the proceeds of long term debt, the borrowing capacity under the LOC will be restored and will become accessible to UAMPS again as a stand-by source of funding.

## ATTACHMENT A

As construction continues and the capital program increases, “cash” sources from cost sharing agreements and capital contributions from CFPP Participants will continue to be available, but UAMPS will need to access the general capital markets to complete funding. Market conditions will be assessed and ongoing capital needs will either first be funded through the revolving line of credit and then refinanced with long-term debt, or funded immediately with long-term debt. The objective will be to find a balance between reducing interest cost with short term rates from the line of credit, and locking in long term rates at attractive levels.

The primary source of long-term capital for the Costs of Acquisition and Construction of the CFPP will be fixed rate tax-exempt municipal bonds. However, depending on market conditions at the time of issuance, DOE Loan guarantees and variable rate debt will also be considered as part of an optimized portfolio of debt to reduce the overall interest cost of the CFPP.

The financial products that are being considered during this phase of the Project would be as follows:

<b>Financial Project</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Term</b>
Tax Exempt Municipal Bonds	\$	TBD	40 year
Variable Rate Demand Obligations		TBD	40 year
DOE Loan Guarantees		TBD	30 year
Bank Line of Credit		TBD	Max Limit
Bond Anticipation Note		TBD	LT Bond
Additional DOE Cost Share		N/A	N/A
Additional NuScale Cost Share		N/A	N/A
Capital Contributions		N/A	N/A
Other			

This table is anticipated to be completed at the time of Completion of Development and prior to the beginning of the Construction Period.

**(vii)** Other information as required by the Project Management Committee:

As the project moves forward, the preliminary numbers will be further refined and presented to the PMC for approval. The enclosed chart identifies the process for revising the Budget and Plan of Finance.

## ATTACHMENT A

**NOTICE OF RESOLUTION NO. 18-09**

**STATE OF NEW MEXICO, COUNTY OF LOS ALAMOS**

Notice is hereby given that the Council of the Incorporated County of Los Alamos, State of New Mexico, has directed publication of Los Alamos County Resolution No. 18-09. This will be considered by the County Council at an open meeting on Tuesday, April 10, 2018 at 6:00 p.m., at the Los Alamos County Municipal Building: 1000 Central Avenue, Los Alamos, New Mexico 87544. The full copy will be available on or by April 3, 2018 for inspection or purchase, during regular business hours, in the County Clerk's Office: 1000 Central Avenue, Suite 240.

**INCORPORATED COUNTY OF LOS ALAMOS RESOLUTION NO. 18-09**

**A RESOLUTION AUTHORIZING AND APPROVING THE CARBON FREE POWER PROJECT POWER SALES CONTRACT WITH UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS; APPROVING THE AMENDED AND RESTATED INITIAL BUDGET AND PLAN OF FINANCE FOR THE PROJECT; AND RELATED MATTERS**

Council of the Incorporated County of Los Alamos

By: /s/ David Izraelevitz, Council Chair

Attest: /s/Naomi D. Maestas, County Clerk

TO BE PUBLISHED IN THE LA DAILY POST on Thursday, March 29, 2018 .