

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:

	100% Cost	Net of Cost Share
Interim Period (FY 2018)	\$ 1,527,026	\$ 872,360
Licensing Period – 1 st Phase (Max.)	\$6,000,000 ¹	\$1,500,000
Licensing Period – 1 st Phase (Max.)	83,499,764 ²	65,843,286
Licensing Period – 2 nd 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):

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

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

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

(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.

¹ 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.

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

³ 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:

Financial Products	Amount	Interest Rate	Term
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:

Financial Project	Amount	Interest Rate	Term
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.