

Department of Water and Power



the City of Los Angeles

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RONALD O. NICHOLS
General Manager

March 20, 2013

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

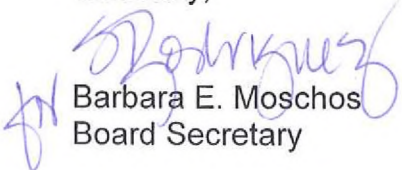
Honorable Members:

Subject: Second Amendatory Power Sales Contract with the Intermountain Power Agency – Agreement No. 10437

Pursuant to Charter Section 674, enclosed for approval by your Honorable Body is Resolution No. 013 225, adopted by the Board of Water and Power Commissioners on March 19, 2013, approved as to form and legality by the City Attorney, authorizing the Second Amendatory Power Sales Contract with the Intermountain Power Agency LADWP No. 10437 to allow Intermountain Power Project to convert from coal to natural gas. As directed by the Board, transmitted to you are supporting documents.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, Manager of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,


Barbara E. Moschos
Board Secretary

BEM:sar

Enclosures: LADWP Resolution
Board Letter
Agreement No. 10437

(Ordinance to be sent under separate cover)

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c/enc: Mayor Antonio Villaraigosa
Councilmember Jose Huizar, Chair, Energy and the Environment Committee
Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Rafael Prieto, Legislative Analyst, CLA
William R. Koenig, Chief Administrative Analyst
Winifred Yancy

RESOLUTION NO. 013 225

WHEREAS, by Resolution No. 512 dated April 3, 1980, the Board of Water and Power Commissioners (Board) requested the Los Angeles City Council (City Council) to authorize the General Manager of the Los Angeles Department of Water and Power (LADWP) or his designated representative to file a Notice of Determination in accordance with the California Environmental Quality Act (C.E.Q.A.) for the Intermountain Power Project and authorize this Board, in its discretion, to enter into LADWP Agreement No. 10437, Power Sales Contract, and to purchase not less than 34 percent nor more than 50 percent of the Generation Entitlement Shares of the Intermountain Power Project (IPP); and

WHEREAS, by Ordinance No. 153,889, passed by the City Council on May 15, 1980, the City Council provided such authorization; and

WHEREAS, by Resolution 220 dated January 20, 1983, the Board authorized an Amendatory Power Sales Contract as an amendment to DWP Agreement No. 10437; and

WHEREAS, by Ordinance No. 157464, passed by the City Council on February 4, 1983, the City Council provided such authorization; and

WHEREAS, IPP has been operating as a coal-fired power plant for over 25 years, and LADWP has served as the Project Manager and the Operating Agent on behalf of IPP's owner, the Intermountain Power Agency (IPA); and

WHEREAS, DWP Agreement No. 10437 provides for the opportunity to renew the Power Sales Contract, as amended, beyond the current expiration date of June 15, 2027; and

WHEREAS, current California state law prohibits California utilities from entering into new or renewed long-term contracts that do not meet certain emission performance standards (EPS); and

WHEREAS, IPP cannot comply with California state law unless the fuel source is changed from coal to EPS-compliant natural gas.

NOW, THEREFORE, BE IT RESOLVED, that the Second Amendatory Power Sales Contract, which amends the existing Power Sales Contract, as amended, between LADWP and IPA, now on file with the Secretary of the Board and approved as to form and legality by the City Attorney, be and the same is hereby approved in substantially similar form.

BE IT FURTHER RESOLVED that the Board requests that the City Council approve, by ordinance, the Second Amendatory Power Sales Contract which

amends the existing Power Sales Contract, as amended, and provides, among other things, for the replacement of the coal-fired generating units at IPP with smaller-sized natural gas-fired combined-cycle power blocks.

BE IT FURTHER RESOLVED that the Second Amendatory Power Sales Contract will not become effective until all IPP participants have approved similar amendments.

BE IT FURTHER RESOLVED that when the Second Amendatory Power Sales Contracts have been approved by all IPP participants, the Board and City Council will be subsequently asked (expected in Fall 2013) to approve the IPP Renewal Power Sales Contract the term of which will extend beyond the June 15, 2027 termination date of the existing Power Sales Contract, as amended.


BE IT FURTHER RESOLVED that the President or the Vice President of the Board, or the General Manager of the LADWP or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary or the Acting Secretary of the Board are hereby authorized and directed to execute the Second Amendatory Power Sales Contract for and on behalf of the LADWP upon approval by the City Council by ordinance pursuant to Section 674 of the Charter of the City of Los Angeles.

BE IT FURTHER RESOLVED, that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund, in payment of the obligations arising under the Second Amendatory Power Sales Contract.


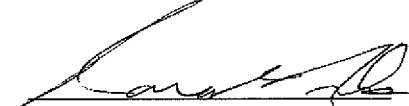
I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held **MAR 19 2013**


Secretary

APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRUTANICH, CITY ATTORNEY

BY 
VAUGHN MINASSIAN
DEPUTY CITY ATTORNEY

LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER

TO: BOARD OF WATER AND POWER COMMISSIONERS		DATE: March 13, 2013
 ARAM BENYAMIN Senior Assistant General Manager – Power System		SUBJECT: Second Amendatory Power Sales Contract with the Intermountain Power Agency LADWP No. 10437 (Contract Amendment to Allow IPP to Convert from Coal to Natural Gas)
 RONALD O. NICHOLS General Manager		
		FOR COMMISSION OFFICE USE: RESOLUTION NO. _____
CITY COUNCIL APPROVAL REQUIRED: Yes X No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION: 674	

- ☐ New Contract
☐ Replacement Contract
☒ Amendment to Existing Contract

PURPOSE

The attached Resolution recommends to the Los Angeles City Council approval, by ordinance, of the Second Amendatory Power Sales Contract (Agreement) with the Intermountain Power Agency (IPA). The original Power Sales Contract, LADWP Agreement No. 10437 was approved on August 6, 1980. This amendment provides for the replacement of the coal-fired generating units at the Intermountain Power Project (IPP) with combined cycle natural gas-fired units with lower design capacity that would commence operation before the term of such Power Sales contract ends on June 15, 2027. The Second Amendatory Power Sales Contract will become effective upon execution by Los Angeles and IPA with the same termination date of June 15, 2027, provided that each of the other IPP participants (36 in total) has also executed a similar amendment with IPA. At a later date (expected in Fall 2013) when all the IPP participants are expected to have authorized and entered into the Second Amendatory Power Sales Contracts, the Los Angeles City Council approval, by ordinance, will similarly be requested for the Renewal Power Sales Contract (attached as Exhibit A to the Second Amendatory Power Sales Contract), based on acceptance by LADWP of the offer by IPA to renew the current IPP Power Sales Contract. At that later date, LADWP will also seek approval by the City Council for the IPP Amended and Restated Construction Management and Operating Agreement and Agreement for Sale of

Renewal Excess Power. Since renewal of the IPP Power Sales Contracts is essential to the undertaking of the combined cycle natural gas-fired units, if IPA's renewal offer is not accepted and fully subscribed by IPP participants and the Renewal Power Sales Contracts do not become effective, the Second Amendatory Power Sales Contracts will terminate (except that the provisions for termination of PacifiCorp's participation in IPP as discussed below will survive).

This Agreement is an important part of LADWP's elimination of coal-fired generation from its power portfolio. Today, IPP provides over one-fourth of the energy consumed by LADWP's customers. To replace it will require additional investments in energy efficiency, demand response, renewable energy and some level of energy production fueled by natural gas. The natural gas units built at the IPP site will be used to integrate existing and potentially new renewable energy supplies from the region. By reducing the capacity of the generation at the IPP site, more transfer capability is made available on the transmission lines for renewable energy power flows.

One of the current 36 IPP participants, PacifiCorp, currently has a four percent IPP generation entitlement share under its IPP Power Sales Contract with IPA. Pursuant to a separate agreement entered into in 1989 between PacifiCorp and LADWP (PacifiCorp 1989 Agreement), PacifiCorp has been selling power to LADWP that is equivalent to its four percent IPP generation entitlement share on the same terms and conditions and for the same price as provided for under PacifiCorp's IPP Power Sales Contract. The PacifiCorp 1989 Agreement is binding on LADWP until June 15, 2027: a date identical to the termination date of the both LADWP's and PacifiCorp's Power Sales Contracts with IPA. In addition, under the PacifiCorp 1989 Agreement, PacifiCorp has no obligation to provide any power to LADWP unless the power is produced by IPP. In other words, since 1989, PacifiCorp's four percent IPP generation entitlement share has been delivered to LADWP and would continue being delivered to LADWP until June 15, 2027. PacifiCorp now desires to terminate its participation in IPP as it has not procured any energy from the IPP facility since 1989 and instead has sold that energy to LADWP pursuant to the PacifiCorp 1989 Agreement. To make it possible for PacifiCorp to exit IPP, LADWP's IPP generation entitlement share would be increased by such four percent IPP generation share pursuant to the Second Amendatory Power Sales Contract so that LADWP would continue procuring that four percent IPP generation share directly under its Power Sales Contract with IPA, rather than pursuant to the PacifiCorp 1989 Agreement. As a result, PacifiCorp's Power Sales Contract with IPA will terminate as will the PacifiCorp 1989 Agreement between PacifiCorp and LADWP. Deliveries of IPP energy to LADWP and the other IPP participants will remain the very same. The only difference will be a streamlining of contractual arrangements and the elimination of PacifiCorp from IPP allowing the remaining participants to continue their IPP participation and enabling the remaining participants to make decisions on the

replacement capacity for IPP. These contractual changes will go into effect only if all 36 IPP participants approve their respective Second Amendatory Power Sales Contracts, but the provisions relating to the termination of PacifiCorp's participation in IPP would survive even if the Renewal Power Sales Contracts are not later executed. To reiterate, these contractual changes do not result in any additional coal-fired power being delivered to Los Angeles; rather, they will facilitate the opposite result by ending coal-fired power production at IPP even sooner than current contractual arrangements provide, as further explained below.

COST AND DURATION

The Second Amendatory Power Sales Contract provides for the construction of two combined-cycle natural gas power blocks, each with a capacity not exceeding 600 MW (for a total capacity of 1200 MW) that will replace the current coal-fired units which have a net capacity of 1800 MW. The final combined rated capacity of the replacement units may be less (in the range of 600 – 1,200 MW) and will not be known until after the renewal offer subscription phase has been completed for the Renewal Power Sales Contracts and it is determined whether or not any of the other California IPP participants exercise a right to exit or reduce their generation entitlement in its Renewal Power Sales Contract. The Renewal Power Sales Contract allows each of the other five California IPP participants an exit right and the ability to reduce their generation entitlement by up to 20 percent that can be exercised up until April 1, 2015. If one or more of the California IPP participants should exercise such exit or reduction right, the generating capacity of the IPP gas units would be reduced, except to the extent that LADWP takes the IPP generation share or shares of any California IPP participant or participants that exit.

The natural gas units would utilize existing infrastructure as much as possible. Such repowering of IPP from a coal-fired facility to a smaller natural gas-fired facility would only take place if the Renewal Power Sales Contracts are subsequently entered into with full subscription to IPP's generation as further explained in that subsequent agreement. The permitting and construction of the natural gas units would be required to begin no later than January 1, 2020, and be completed and commercially operational no later than July 1, 2025. Such completion in 2025 would ensure that the natural gas units would be on-line before the current IPP Power Sales Contracts expire in 2027 and after all current debt obligations with respect to the coal-fired power plant have been paid. The current debt for the coal-fired units matures in 2023. This would result in IPP coal-fired generation ending at least two years sooner than under current contractual provisions.

The total costs to LADWP under the Renewal Power Sales Contract will depend upon the size of the natural gas project selected and the share that will be adopted by LADWP. The balance of the generation costs under the Renewal Power Agreement will be paid by the other IPP participants. The cost estimates will be estimated in detail before LADWP has to commit to the construction of the gas units.

BACKGROUND

The Second Amendatory Power Sales Contract is a result of a two-year Strategic Planning effort involving all 36 IPP participants in the Intermountain Power Project. The Strategic Planning process developed consensus around the idea that efforts should be made to keep the IPP site operating beyond 2027, to utilize existing infrastructure as much as possible, to maintain a trained, highly-skilled workforce and to continue to provide a significant tax base for the Utah economy. To accomplish these goals, the Second Amendatory Power Sales Contract was developed to provide the legal basis for future repowering of IPP generation with natural gas.

To achieve the Strategic Plan goals, Utah state law needed to be changed to allow natural gas to be used as a generation fuel at the IPP site. Utah Senate Bill (SB) 94 was approved by the Utah Legislature and signed by the Utah Governor in March 2012 to effectuate those changes. IPA also had to amend its existing Intermountain Power Agency Organization Agreement (IPA Organization Agreement) to extend its life and allow for a fuel other than coal at IPP. The IPA Board approved the Fourth Amendment to the IPA Organization Agreement in September 2012 to effectuate these changes. The 23 Utah cities that comprise IPA are currently in the process of ratifying the Fourth Amendment to the IPA Organization Agreement.

Current California state law (commonly referenced as SB 1368) in effect prohibits California electric utilities from entering into new or renewal long-term contracts for the purchase of power from coal-fired facilities. Thus, for the California participants involved in IPP to enter into the Renewal Power Sales Contracts with a term ending in 2077, the fuel supply for power production must be converted from coal to SB 1368-compliant natural gas. The Second Amendatory Power Sales Contract provides for the IPP coal-fired units to be replaced with SB 1368-compliant combined cycle natural gas-fired units.

The Second Amendatory Power Sales Contract will provide for a reduction in the electric generating capacity at IPP. There will be at least a one-third reduction in the IPP generating capacity and depending on how the subscription to the Renewal Power Sales Contracts plays out, there could even be a greater reduction in the IPP generating capacity. LADWP will be replacing its current share of IPP energy with a combination of

energy efficiency, renewable energy, and a much smaller state-of-the-art, high-efficiency combined cycle natural gas fired facility. The result will be at least a two-thirds reduction in carbon emissions from the IPP source today. LADWP will also more than double its investment in energy efficiency and will increase its renewable energy by 65 percent over today's level in a short 7 years. LADWP has determined that combined cycle natural gas fired units are needed in this location to reliably integrate renewable energy currently being imported from this location. By reducing the current generating capacity of IPP through replacement by the smaller natural gas-fired units, more transfer capability is made available on the existing transmission resources for additional renewable energy that could become available in the area.

The Second Amendatory Power Sales Contracts have several benefits for LADWP and the other IPP participants:

- They efficiently utilize existing plant infrastructure, staffing and transmission assets
- They allow IPA to offer LADWP and the other California IPP participants a renewal contract that LADWP and the other California IPP participants can accept under SB 1368 by offering SB 1368-compliant natural gas-fired generation rather than a renewal for coal-fired power
- They provide for a reduced capacity of the IPP generating units so that the difference can be made up through energy efficiency, demand response programs and renewable energy
- They provide compliance with SB 1368's emission performance standard (EPS) under regulations adopted by the California Energy Commission
- They free up additional capacity on the Southern Transmission System for increasing the renewable energy brought to LADWP
- They allow an alternative means of compliance with future requirements under Environmental Protection Agency regulations pertaining to coal-fired generation by switching to natural gas as a generation fuel

This Agreement also facilitates the IPP renewal offer by IPA that would allow the current IPP participants to extend their participation in a replacement project at IPP beyond 2027 to 2077. The form of the Renewal Power Sales Contract is attached as Exhibit A to the Second Amendatory Power Sales Contract. This Renewal Power Sales Contract would allow continued access to the IPP facility in Delta, Utah as well as continued usage of the transmission systems that emanate from the IPP switchyard. These transmission systems are used to deliver the power output not only from IPP generation but also from nearby renewable energy facilities pursuant to other power purchase agreements LADWP has entered into. Changing the fuel supply for power production from coal to natural gas at IPP will reduce emitted pollutants such as mercury, nitrogen

oxide, and sulfur dioxide and as well as greenhouse gas emissions by at least two-thirds.

The Second Amendatory Power Sales Contract makes the following changes to the IPP Power Sales Contract:

- Requires the permitting and construction to begin on the replacement of the coal units with combined cycle natural gas units by no later than January 1, 2020
- Requires such replacement to be completed by no later than July 1, 2025
- Provides for IPA to make a renewal offer that extends the IPP participants' contractual rights to the new facility output and transmission lines until 2077
- Provides for decommissioning of the replaced coal-fired units
- Provides for the ability of the IPP Coordinating Committee and IPA to decrease the capacity of the gas units to less than 1,200 MW perhaps something in the range of 600 – 1,200 MW.
- Provides for the ability of IPA and the IPP participants to choose an alternative power generation technology as long as it is authorized and complies with applicable laws and regulations, including California's SB 1368 law.

If for reasons that are not currently foreseeable, IPA using its best commercial efforts is unable to undertake the gas repowering of the IPP generation with combined cycle gas units and no IPA bonds have been issued for the gas repowering, the Second Amendatory Power Sales Contracts provide that the Renewal Power Sales contracts and the Agreement for Sale of Renewal Excess Power terminate and the term of the current IPP Power Sales Contracts is extended for the sole purpose of providing for the decommissioning of the IPP coal-fired generating units. Cost of such decommissioning would be payable by the respective IPP participants in accordance with their purchase of IPP energy under and during the term of the IPP Power Sales Contracts and the Agreement for Sale of Renewal Excess Power. In such event, the IPP participants would be offered IPP capacity rights in the IPP Northern and Southern Transmission Systems and the IPP Switchyard under transmission service contracts with IPA that are to provide for the continued operation and maintenance of such transmission systems and facilities.

Even though the current Power Sales Contracts have 14 years of remaining life, there are several reasons for the IPP participants to act now to provide for the gas repowering of IPP generation. The principle reason is that LADWP and other IPP participants need certainty as to whether they can count on IPP generation remaining in their portfolio beyond 2027. This requires the undertaking of the gas repowering of IPP generation as provided by the Second Amendatory Power Sales Contracts in order to enable LADWP and the other IPP participants to enter into the Renewal Power Sales Contracts. If the

IPP gas repowering and the renewal of the current IPP Power Sales Contracts is not to be provided, LADWP will need the time remaining in the IPP Power Sales Contract to make and execute plans to replace its generating capacity currently supplied by IPP through other means and other locations. Today, IPP provides approximately 25 percent of all of the energy used in LADWP's system and because of the considerable amount of such generation, its replacement would be expensive to construct and time consuming to obtain needed permits and to build. LADWP would need to find a suitable replacement site, obtain right-of-ways for transmission, obtain water, fuel and emission credits, perform environmental studies, as well as garner community approval; and only then would LADWP be able to proceed to construct the power plant, water conveyance system, fuel pipeline and transmission lines. This process might take up to a decade (as it did when LADWP constructed the original IPP as IPA's Project Manager) so action is needed now to avoid more time-constrained and urgent planning and action later if for some unforeseen reason the efforts to provide for the gas repowering of the IPP generation and renewal of the IPP Power Sales Contracts beyond 2027 are unsuccessful.

Another reason for taking action now is that it provides IPP's owner, IPA, with the ability to meet future environmental and regulatory requirements. While IPP is currently in compliance with all environmental regulations, the Environmental Protection Agency could take action under its existing regulations or adopt new regulations that could affect the continued operation of IPP as a coal-fired power plant or impact the future cost-effectiveness of coal power at the site. In such event the Second Amendatory Power Sales Contract in providing for the gas repowering of IPP generation would also provide for IPA and the IPP Coordinating Committee to take action and begin the gas repowering at an even earlier date.

If the Second Amendatory Power Sales Contracts are approved by all 36 IPP participants and the Renewal Power Sales Contracts receive full subscription, IPA would have the responsibility to finance the cost of the gas repowering of the IPP generation. The financing would be accomplished by the issuance of its long-term bonds. The maturity of the bonds is expected to be coterminous with the useful life of the combined cycle natural gas facilities and would extend over the then-remaining term of the existing IPP Power Sales Contracts (which end in 2027) and, commencing in 2027, well into the operational term of the Renewal Power Sales Contracts. The debt service on such IPA bonds would be payable by LADWP and the other IPP participants in accordance with their respective generation cost shares under and during the remaining term of the existing Power Sales Contracts and, commencing in 2027, under and during the term of the Renewal Power Sales Contracts.

Los Angeles City Council Approval

Per Charter Section 674, Los Angeles City Council (City Council) approval is required. Due to time-sensitive operational needs, an Executive Directive No. 4 waiver was granted by the Mayor's Office on February 19, 2013. However, a Chief Administrative Officer report will be provided for City Council review prior to final consideration of this item.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA) it has been determined that approving the Second Amendatory Power Sales Contract with IPA is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061(b)(3). General Exemptions apply in situations where it can be seen with certainty that there is no potential that the activity in question may have a significant effect on the environment. The Second Amendatory Power Sales Contract provides for the replacement of IPP's existing coal-fired generation units in Delta, Utah with combined cycle natural gas-fired units. However, after the Second Amendatory Power Sales Contract becomes effective, City Council approval by ordinance will be requested once again for the Renewal Power Sales Contract and associated agreements, in order that the permitting and construction of IPP's gas repowering could begin.

RECOMMENDATION

It is requested that your Honorable Board adopt the attached Resolution, approved as to form and legality by the City Attorney, recommending City Council's approval by ordinance of the Second Amendatory Power Sales Contract with IPA.

EJT:rl/ps

Attachments

e-c/att: Ronald O. Nichols

Richard M. Brown

Aram Benyamin

James B. McDaniel

Philip Leiber

Gary Wong

Eric J. Tharp

SECOND AMENDATORY POWER SALES CONTRACT

BETWEEN

INTERMOUNTAIN POWER AGENCY

AND

LOS ANGELES DEPARTMENT OF WATER AND POWER

(LADWP NO. 10437)

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SECOND AMENDATORY POWER SALES CONTRACT

1. **PARTIES:** This Second Amendatory Power Sales Contract, dated as of _____, 2013, by and between Intermountain Power Agency, a political subdivision of the State of Utah, hereinafter designated as "IPA" and _____, hereinafter designated as the "Purchaser". Each of IPA and Purchaser is referred to individually under this Second Amendatory Power Sales Contract as a "Party" and together they are referred to as "Parties".

2. **RECITALS:** This Second Amendatory Power Sales Contract is made with reference to the following matters, among others.

2.1 IPA has heretofore entered into Power Sales Contracts providing for the sale by IPA of the electric power and energy and associated rights to transmission capacity of the Intermountain Power Project (the "Project") to certain electric utilities (including the Purchaser) in Utah and in California, and such Power Sales Contracts, in the case of such Utah utilities, are dated as of September 28, 1978 and, in the case of such California utilities, are dated as of August 6, 1980, and each of such Power Sales Contracts has been heretofore amended by the parties thereto. Unless otherwise provided herein, all such Power Sales Contracts (except the Power Sales Contract by IPA with PacifiCorp which is to be terminated as provided in Section 46 of the Power Sales Contracts as added by this Second Amendatory Power Sales Contract), as so amended and as hereafter amended, are herein collectively referred to as the "Power Sales Contracts" and the Power Sales Contract with the Purchaser, as so amended and as hereafter amended, is herein referred to as the "Power Sales Contract". The Utah utilities and the California

utilities as parties to the Power Sales Contracts are herein collectively referred to as "Purchasers", and this Second Amendatory Power Sales Contract by and between IPA and Purchaser, together with the substantially similar Second Amendatory Power Sales Contracts by IPA with the other Purchasers, are herein referred to as the "Second Amendatory Power Sales Contracts".

- 2.2** The term of each of the Power Sales Contracts ends on June 15, 2027 and Section 33 of each of the Power Sales Contracts requires IPA, if certain conditions are satisfied, to offer to each of the Purchasers "participation beyond June 15, 2027 in the rights and benefits of the Project or such operating part thereof in proportion to their respective entitlements then existing under the Power Sales Contracts . . .", such participation to be on substantially the same terms and conditions as provided in the Power Sales Contracts.
- 2.3** The Project currently includes a two unit coal-fired electric generating facility located in south central Utah together with associated transmission systems and related facilities.
- 2.4** The IPA Organization Agreement, as amended, provides that upon replacement of the existing coal-fired generating unit or units of the Project by a natural gas-fired generating facility or facilities, the Project shall thereupon consist of such natural gas-fired electric generating facility or facilities, including associated gas storage, transmission pipeline and related facilities.
- 2.5** It is necessary to amend the Power Sales Contracts in order to accomplish the gas repowering.

- 2.6 In connection with such gas repowering of the Project, it is also necessary to provide for the renewal of the Power Sales Contracts in accordance with Section 33 thereof, as amended by the Second Amendatory Power Sales Contracts, for a renewal period beginning upon the expiration of the term of the Power Sales Contracts thereby providing for the payment by the Purchasers of reasonable debt service costs resulting from the financing of the capital costs of the gas repowering through the issuance by IPA of its long-term bonds with amortization periods extending into the renewal period.
- 2.7 In connection with the gas repowering the Purchaser and IPA desire to make certain other changes and additions to the Power Sales Contract as set forth in this Second Amendatory Power Sales Contract.
- 2.8 In addition, PacifiCorp and IPA are to enter into a Final Amendatory Power Sales Contract (the "PacifiCorp Final Amendatory Contract") that amends their Power Sales Contract to provide for the reduction of PacifiCorp's 4% Generation Entitlement Share to 0% and the reduction of PacifiCorp's 4% Generation Cost Share to 0% and, as a consequence, provides for the termination of the Power Sales Contract between PacifiCorp and IPA, thus terminating PacifiCorp's participation in the Project; and the Second Amendatory Power Sales Contracts include, among others, amendments providing for a 4% increase of Los Angeles' Generation Entitlement and Generation Cost Shares to correspond with such 4% reduction of the PacifiCorp Generation Entitlement and Generation Cost Shares..
- 2.9 In connection with and as a result of the termination of PacifiCorp's participation in the Project, PacifiCorp and Los Angeles will terminate, as of the effective date

of the PacifiCorp Final Amendatory Contract, the Power Purchase Agreement, dated June 22, 1989, under which Los Angeles has purchased from PacifiCorp since 1989 power and energy equivalent to PacifiCorp's 4% Generation Entitlement Share for delivery at the Project Generation Station bus under terms the same as those for PacifiCorp's purchase of its 4% Generation Entitlement Share under its Power Sales Contract with IPA.

3. **AGREEMENT:** For and in consideration of the premises and the mutual covenants and agreements herein set forth, it is agreed by and between the Parties as follows:

4. **DEFINITIONS:** Except to the extent otherwise provided herein, all terms which are defined in Section 4 of the Power Sales Contract shall have the same meanings, respectively, in this Second Amendatory Power Sales Contract. In addition, Section 4 of the Power Sales Contract is hereby amended to add thereto the following definitions:

4.7 (A1) **Capacity:** Capacity as used in Sections 45.1.7 and 45.1.8 as added by the Second Amendatory Power Sales Contracts with respect to the STS, the NTS or the Project Switchyard, shall have the meaning set forth in Section 45.1.7 as added by the Second Amendatory Power Sales Contracts.

4.12 (A1) **Excess Power Sales Agreement:** Excess Power Sales Agreement shall mean the Excess Power Sales Agreement, dated December 1, 1980, among Utah Purchasers, certain California Purchasers, an agent for the Utah Purchasers named therein, and a representative of such California Purchasers named therein, as amended or supplemented.

4.12 (A2) **Excess Renewal Power Sales Agreement:** Excess Renewal Power Sales Agreement shall have the meaning set forth in the Renewal Power Sales Contracts.

4.12 (A3) **Extension Term:** Extension Term shall have the meaning set forth in Section 45.1.2 as added by the Second Amendatory Power Sales Contracts

4.12 (A4) **Extension Term Retirement Facilities and Properties:** Extension Term Retirement Facilities and Properties shall have the meaning set forth in Section 45.1.3 as added by the Second Amendatory Power Sales Contracts.

4.12 (A5) **Extension Term Retirement Plan:** Extension Term Retirement Plan shall have the meaning set forth in Section 45.1.4 as added by the Second Amendatory Power Sales Contracts.

4.12 (A6) FAS 143: FAS 143 shall mean the Statement of Financial Accounting Standards No. 143 issued by the FASB, as further affected or interpreted by additional FASB statements or FASB interpretations.

4.12 (A7) FASB: FASB shall mean the Financial Accounting Standards Board.

4.13A Gas Repowering: Gas Repowering shall have the meaning set forth in Section 44.1 as added by the Second Amendatory Power Sales Contracts.

4.24A NTS: NTS shall mean the Northern Transmission System.

4.25B PacifiCorp: PacifiCorp, an Oregon corporation (successor to Utah Power & Light Company), and its successors and assigns.

4.25C PacifiCorp Final Amendatory Contract: PacifiCorp Final Amendatory Contract shall have the meaning set forth in the Recitals hereto.

4.30A Project Switchyard: Project Switchyard shall mean the switchyard described in Appendix C as comprising part of the Generation Station.

4.32C Remaining Purchasers: Remaining Purchasers shall have the meaning set forth in Section 47.1.5 as added by the Second Amendatory Power Sales Contracts.

4.32D Renewal Offer: Renewal Offer shall have the meaning set forth in Section 33.3 as added by the Second Amendatory Power Sales Contracts.

4.32E Renewal Power Sales Contracts: Renewal Power Sales Contracts shall mean the Renewal Power Sales Contracts entered into by I.P.A. with the Purchasers accepting the Renewal Offer. The form of Renewal Power Sales Contract is included in Exhibit A to this Second Amendatory Power Sales Contract pursuant to Section 33.3 as added by this Second Amendatory Power Sales Contract.

4.32F Retired Generation and Related Facilities and Properties: Retired Generation and Related Facilities and Properties shall have the meaning set forth in Section 44.2 as added by the Second Amendatory Power Sales Contracts.

4.32G Retirement Actions: Retirement Actions shall mean, when used with respect to Retired Generation and Related Facilities and Properties under Section 44 or with respect to Extension Term Retirement Facilities and Properties under Section 45, (i) the rendering of the Retired Generation and Related Facilities and Properties or the Extension Term Retirement Facilities and Properties, as applicable, in a condition that complies with all then applicable laws and all contractual obligations of I.P.A. with respect thereto; (ii) the dismantling and removal of the Retired Generation and Related Facilities and Properties or the Extension Term Retirement Facilities and Properties, as applicable, so as to restore the area impacted thereby, (iii) the rendering of the Retired Generation and Related Facilities and Properties or the Extension Term Retirement Facilities and Properties, as applicable, in a condition that, in I.P.A.'s reasonable discretion, is secure, safe, sanitary and sightly; and (iv) the insuring or otherwise protecting of I.P.A. from claims and liabilities that may arise with respect to such Retired Generation and

Related Facilities and Properties or the Extension Term Retirement Facilities and Properties, as applicable. The term “Retirement Actions” includes the decommissioning and retirement of the Retired Generation and Related Facilities and Properties described in Section 44.2 as added by the Second Amendatory Power Sales Contracts or the decommissioning and retirement of the Extension Term Retirement Facilities and Properties described in Sections 45.1.3 and 45.1.4, in each case as applicable.

4.32H Retirement Costs: Retirement Costs shall mean, when used with respect to Retired Generation and Related Facilities and Properties under Section 44 or with respect to Extension Term Retirement Facilities and Properties under Section 45, the amounts payable with respect to the “asset retirement obligations” associated with the Retired Generation and Related Facilities and Properties or the Extension Term Retirement Facilities and Properties, as applicable, as determined pursuant to FAS 143 and consistent with the Section 44 Retirement Plan or the Extension Term Retirement Plan, as applicable. Such asset retirement obligations shall include, without limitation, all Retirement Actions. In determining such asset retirement costs, to the extent that FAS 143 requires that any probability be assigned to one or more elements of determining such costs (e.g., the degree of the decommissioning and remediation obligation and the potential costs for performing that obligation), a probability of 100% shall be assigned to the potential outcome that results in the highest potential asset retirement cost. The funds received from salvage of the Retired Generation and Related Facilities and Properties or the Extension Term Retirement Facilities and Properties, as applicable, shall be credited as provided in FAS 143 for purposes of calculating the amount required to fund such asset retirement obligations.

4.32I Second Amendatory Power Sales Contract Effective Date: Second Amendatory Power Sales Contract Effective Date shall have the meaning set forth in Section 26 of the Second Amendatory Power Sales Contracts.

4.32J Section 36 Facilities: Section 36 Facilities shall mean rights, properties, facilities and appurtenances that pursuant to and as provided in Section 36 of the Power Sales Contracts are to be or have been sold, leased or otherwise made available by I.P.A. for the construction or operation of any generating unit or units, transmission facilities or other facilities or properties at the Project site that shall not be part of the Project.

4.32K Section 36 Facilities Agreement: Section 36 Facilities Agreement shall mean any agreement or arrangement pursuant to which I.P.A. sells, leases or otherwise makes available Section 36 Facilities in accordance with Section 36 of the Power Sales Contracts for any generating unit or units, transmission facilities or other facilities or properties located at the Project site but not constituting part of the Project.

4.32L Section 44 Retirement Plan: Section 44 Retirement Plan shall have the meaning set forth in Section 44.2 as added by the Second Amendatory Power Sales Contracts.

4.34(A1) STS: STS shall mean the Southern Transmission System.

4.34F Transition Project Indebtedness: Transition Project Indebtedness shall mean Bonds or other obligations issued by I.P.A. prior to June 16, 2027 that by their terms shall be

scheduled to remain outstanding after June 16, 2027; provided that no such Transition Project Indebtedness shall be incurred or authorized on or prior to the Entitlement Determination Date (as defined in the Renewal Power Sales Contracts).

4.34G Transmission Service Agreements: Transmission Service Agreements shall have the meaning set forth in Section 45.1.7 as added by the Second Amendatory Power Sales Contracts.

4.34H Transmission Support Facilities: Transmission Support Facilities shall have the meaning set forth in Section 45.1.8 as added by the Second Amendatory Power Sales Contracts.

5. ADDITION OF SECTION 44: A new Section 44 is hereby added to the Power Sales Contract to read in its entirety as follows:

44. GAS REPOWERING OF PROJECT GENERATION:

44.1 The gas repowering of the Generation Station shall constitute a Capital Improvement of the Project and shall include the construction and installation of two combined cycle power blocks, each with a design capacity of approximately 600 MW, provided that prior to the commencement of such construction and installation, a lesser design capacity for either or both of such combined cycle power blocks may be determined by the Coordinating Committee and the I.P.A. Board of Directors, subject, however, to the approval of the Renewal Contract Coordinating Committee (as defined in the Renewal Power Sales Contract) under the Renewal Power Sales Contracts; and provided further that if, pursuant to the Renewal Power Sales Contracts, such design capacity shall be reduced as a result of the termination of any one or more of the Renewal Power Sales Contracts, then the design capacity, as set forth above, shall be reduced as provided in the Renewal Power Sales Contracts, subject to any further reduction as provided hereunder. Such combined cycle power blocks shall replace the existing generating units and related facilities and properties of the Project. Each such power block includes natural gas-fired combustion turbine generating units, four heat recovery steam generators and two steam turbines, heat exchangers, zero liquid discharge systems and all equipment and facilities ancillary to such combined cycle power blocks including the potential use of mechanical draft cooling towers, re-circulating water system, and auxiliary cooling water; provided that upon authorization by the Coordinating Committee and the I.P.A. Board of Directors (i) one of such combined cycle power blocks may be modified to include the existing steam turbine generator, or (ii) an addition to such combined cycle power blocks and related facilities may be installed consisting of selective catalytic reduction pollution control systems and related facilities for such combined cycle power blocks. The construction and installation of such combined cycle power blocks and all related equipment and facilities (including any modification

or addition authorized as set forth above) are herein referred to as the "Gas Repowering".

- 44.2 The Gas Repowering shall include the decommissioning and retirement from service of the then existing Project generating units and related facilities and properties that are replaced by or otherwise become no longer useful due to the construction or operation of the Gas Repowering, except to the extent that any such then existing generating unit or units and related facilities and properties shall constitute Section 36 Facilities and shall have been or are to be authorized by the I.P.A. Board of Directors and the Coordinating Committee to be sold, leased or otherwise made available for the construction or operation at the Project site of a generating unit or units, transmission facilities or other facilities or properties pursuant to Section 36 of the Power Sales Contract that are not to be used for the generation or transmission of power pursuant to the Power Sales Contracts or the Renewal Power Sales Contracts. Such then existing generating unit or units and related facilities and properties (exclusive of any Section 36 Facilities) to be so replaced or no longer used as part of the Project shall be decommissioned and retired and are herein referred to as "Retired Generation and Related Facilities and Properties". The decommissioning and retirement of the Retired Generation and Related Facilities and Properties shall be performed consistent with Prudent Utility Practice and shall include (i) closure, dismantlement, salvaging and disposal of structures, equipment and facilities, (ii) remediation and reclamation of the affected Project site, including the on-site combustion by-product landfill, the bottom ash and recycling basins, the coal pile and the runoff and wastewater basins, all in compliance with applicable environmental and safety laws and regulations, and (iii) performance of site reclamation and restoration obligations under applicable property agreements and under permits and licenses by governmental agencies, all as and to the extent approved by the I.P.A. Board of Directors and the Coordinating Committee as constituting part of the Gas Repowering; provided that the Retired Generation and Related Facilities and Properties shall exclude any Section 36 Facilities. The Gas Repowering shall not proceed without a plan (the "Section 44 Retirement Plan") for performing all Retirement Actions and paying all Retirement Costs related to the Retired Generation and Related Facilities and Properties that shall have been approved by the I.P.A. Board of Directors and the Coordinating Committee. The performance of the Section 44 Retirement Plan shall constitute an obligation under the Power Sales Contracts. In the event that the Retirement Actions with respect to any of the Retired Generation and Related Facilities and Properties shall not have been completed by the Transition Date, such Retirement Actions shall be continued and completed as shall be provided under the Renewal Power Sales Contracts and the amounts then estimated by I.P.A. to be required to pay Retirement Costs to complete such Retirement Actions shall be

reserved by I.P.A. and applied to the Retirement Costs of such completion, all as shall be provided under the Renewal Power Sales Contracts.

- 44.3** The Gas Repowering shall be undertaken by I.P.A. as a Capital Improvement in accordance with the Power Sales Contracts unless an alternative system or facility is identified, authorized and approved in accordance with Section 44.6. I.P.A. and the Coordinating Committee, respectively, shall take the necessary action under and pursuant to the Power Sales Contracts so that the permitting, construction and installation of the Gas Repowering shall commence not later than January 1, 2020, so that the Gas Repowering shall be fully completed and in operation not later than July 1, 2025. Upon completion of its construction and testing each combined cycle power block of the Gas Repowering shall commence operation to supply the electric power generation of the Project in replacement of the then existing generating units and related facilities and properties, and I.P.A. shall cause the Description of the Project in Appendix C to each of the Power Sales Contracts to be revised to provide for such combined cycle power blocks and related equipment and facilities of the Gas Repowering as constituting the Generation Station of the Project in replacement of such existing generating units and related facilities and properties.
- 44.4** It is intended by the Parties that this Second Amendatory Power Sales Contract be subject to the acceptance by the Purchasers of the Renewal Offer so that all the required Generation Entitlement Shares are purchased in accordance with the Renewal Power Sales Contracts entered into by Purchasers. Accordingly, notwithstanding anything to the contrary in this Second Amendatory Power Sales Contract or otherwise in the Power Sales Contracts, this Second Amendatory Power Sales Contract shall terminate, without any further action by the Parties, on the final date for acceptance of the Renewal Offer by Purchasers if the Renewal Offer shall not then have been accepted by Purchasers so that the Renewal Power Sales Contracts providing for one hundred percent (100%) of the Generation Entitlement Shares shall not then have been entered into and shall not be effective in accordance with the terms of the Renewal Offer; provided that, the provisions of Section 46 of the Power Sales Contracts as added by the Second Amendatory Power Sales Contracts shall not terminate but shall survive and continue in force and effect.
- 44.5** Unless otherwise approved by the Coordinating Committee, I.P.A. shall finance the Cost of Acquisition and Construction of the Gas Repowering by the issuance of its Bonds or other obligations constituting Transition Project Indebtedness. Such Cost of Acquisition and Construction shall include the Retirement Costs with respect to the Retired Generation and Related Facilities and Properties as provided in the Section 44 Retirement Plan.

44.6 The Parties recognize that future development of new technologies or improvement of existing systems and facilities may produce an alternative generating system or facility to the Gas Repowering and provide increased benefits or be otherwise advantageous for the Project. In the event such an alternative system or facility shall be identified for the Project, it may replace the Gas Repowering as the source of electric generation of the Project, but only if prior to the date by which construction of the initial combined cycle power block of the Gas Repowering is to commence as provided in Section 44.3 or such earlier date as determined by I.P.A. and the Coordinating Committee, such alternative system or facility shall be in full compliance with the following:

44.6.1 Such alternative system or facility shall comply with all applicable laws and shall be authorized under the I.P.A. Organization Agreement and shall also be authorized as a Capital Improvement under the Power Sales Contracts and Renewal Power Sales Contracts, including amendments thereof, and be capable of supplying the electric generation of the Project and shall include the decommissioning and retirement from service of any units, facilities and properties (exclusive of any Section 36 Facilities) to be replaced or no longer to be used as part of the Project due to the construction or operation of such alternative system or facility, all as shall be provided under the Power Sales Contracts and Renewal Power Sales Contracts, including amendments thereof;

44.6.2 Provision shall have been made for the construction, operation and maintenance of such alternative system or facility under the Power Sales Contracts, the Construction Management and Operating Agreement and the Renewal Power Sales Contracts, including amendments thereof, and under other Project related agreements, each of which shall have received all required governmental regulatory approvals and other required consents or approvals; and

44.6.3 The California Energy Commission shall have determined under applicable California law and regulations that the Renewal Power Sales Contracts of the California Purchasers, pursuant to which such alternative system or facility shall provide the purchased electric capacity and energy, shall be in compliance with the applicable California emission performance standards and any other applicable requirements.

44.7 The Parties agree that, notwithstanding anything to the contrary in the forgoing provisions of this Section 44, in the event, as provided in Section 45.1, the Gas Repowering shall not be undertaken, the provisions set forth under Section 45 shall be applicable and shall be performed and complied with.

6. **ADDITION OF SECTION 45:** A new Section 45 is hereby added to read in its entirety as follows:

45. GAS REPOWERING NOT UNDERTAKEN:

45.1 So long as no Transition Project Indebtedness shall be outstanding or any and all Transition Project Indebtedness and the interest thereon shall be defeased and deemed paid under the applicable Bond Resolution or other security document, if I.P.A using its best commercial efforts shall be unable to undertake or cause the undertaking of the Gas Repowering (or an alternative system or facility) as provided under Section 44 the Parties agree that, notwithstanding anything to the contrary in the Power Sales Contracts, the following shall occur and be performed:

45.1.1 The Renewal Power Sales Contracts and the Excess Renewal Power Sales Agreement, respectively, shall terminate as shall be provided therein.

45.1.2 Notwithstanding anything to the contrary in the Power Sales Contracts, the end of the term of the Power Sales Contracts on June 15, 2027 (or such later date that occurs pursuant to Section 26.1) shall be extended to the date on which the decommissioning and retirement of the Extension Term Retirement Facilities and Properties as provided in Section 45.1.3 shall be completed and paid for, but in no event later than January 1, 2032 (the term of such extension being referred to as the "Extension Term"). Such extension of the Power Sales Contracts for the Extension Term shall be for the sole purpose of performing the Retirement Actions with respect to the Extension Term Retirement Facilities and Properties as provided in this Section 45 and providing for the payment and collection of the Retirement Costs with respect to such Retirement Actions, and such Extension Term shall take place and shall be fully effective without any action on the part of the Purchaser or I.P.A..

45.1.3 At the beginning of the Extension Term the decommissioning and retirement of the then existing Generation Station including related facilities, structures and properties, other than the Project Switchyard, and excluding any facilities to be used as Transmission Support Facilities under Section 45.1.8 (the "Extension Term Retirement Facilities and Properties") shall be undertaken by the Operating Agent under the Construction Management and Operating Agreement. Such decommissioning and retirement of the Extension Term Retirement Facilities and Properties shall be performed consistent with Prudent Utility Practice and shall include (i) closure, dismantlement, salvaging and disposal of structures, equipment and facilities, (ii) remediation and reclamation of the affected Project site, including the on-site combustion by-product landfill, the bottom ash and recycling basins, the coal pile and the runoff and wastewater basins, all in compliance with applicable environmental

and safety laws and regulations, and (iii) performance of site reclamation and restoration obligations under applicable property agreements and under permits and licenses by governmental agencies, all as and to the extent approved by the I.P.A. Board of Directors and the Coordinating Committee.

45.1.4. Not less than 90 days prior to January 1, 2024, a plan for performing all Retirement Actions and paying all Retirement Costs with respect to the Extension Term Retirement Facilities and Properties shall be prepared by the Operating Agent and shall be submitted to and approved by I.P.A. and the Coordinating Committee (the "Extension Term Retirement Plan"). The Operating Agent shall perform the Extension Term Retirement Plan or cause the Extension Term Retirement Plan to be performed in a manner consistent with Prudent Utility Practice. The performance of the Extension Term Retirement Plan, as well as performance otherwise provided for under this Section 45, shall constitute an obligation under the Power Sales Contracts.

45.1.5 The Retirement Costs with respect to the Retirement Actions for the Extension Term Retirement Facilities and Properties shall be included in retirement facility budgets prepared by the Operating Agent for each of the Power Supply Years beginning with the Power Supply Year that commences immediately prior to January 1, 2024 and including each subsequent Power Supply Year to and including the Power Supply Year, or partial Power Supply Year, that ends at the beginning of the Extension Term. Each such retirement facility budget shall provide for payments by the respective Purchasers in amounts that shall be set aside in a separate reserve fund held by I.P.A. in escrow so that the amount of such reserve fund at the beginning of the Extension Term shall equal the amount required for the payment of all such Retirement Costs. Each of the Purchasers shall be furnished by I.P.A. with a separate monthly invoice for its share of such Retirement Costs as set forth in such retirement facility budget for each such Power Supply Year. The share of such Retirement Costs payable by each of the Purchasers for each such Power Supply Year shall be calculated as a fraction, which shall be expressed as a percentage, (i) the numerator of which shall be the total amount of energy (MWh) from the Generation Station purchased by such Purchaser pursuant to its Power Sales Contract during the entire term thereof up to the March 31 preceding the beginning of such Power Supply Year (exclusive, in the case of a Utah Purchaser, of the energy from the Generation Station sold by such Utah Purchaser during such period pursuant to the Excess Power Sales Agreement) plus, in the case of a California Purchaser that is a party to the Excess Power Sales Agreement, the total amount of energy (MWh) from the Generation Station purchased by such California Purchaser pursuant to the Excess Power Sales Agreement during the entire term thereof up to the March 31 preceding the beginning of such Power Supply Year, and (ii) the denominator of which shall be the total amount of energy (MWh) from the Generation Station purchased by all the Purchasers during such periods as set forth in (i) above.

45.1.6 Notwithstanding any other provision of this Section 45 to the contrary, if the Retirement Actions with respect to the Extension Term Retirement Facilities and Properties shall not have been completed by May 1, 2030, I.P.A. shall determine or cause an independent qualified consultant selected by it to determine, subject to the reasonable approval of the Coordinating Committee, the Retirement Costs with respect to such uncompleted Retirement Actions, including, without limitation, any Retirement Actions to be performed after the termination of the Extension Term. The Parties shall use commercially reasonable efforts to cause the completion of all Retirement Actions that can reasonably be performed with respect to the Extension Term Retirement Facilities and Properties prior to the termination of the Extension Term. In the event that such Retirement Costs with respect to such uncompleted Retirement Actions shall exceed the amount then held in the reserve fund under Section 45.1.5, the amount of such excess shall be budgeted and be invoiced to and payable by Purchasers for deposit in such reserve fund in the same manner as provided in Section 45.1.5. Upon completion of all Retirement Actions with respect to the Extension Term Retirement Facilities and Properties and payment of all the Retirement Costs with respect to such Retirement Actions, any amount remaining in such reserve fund shall be returned to the Purchasers pro rata in accordance with their respective payments into such reserve fund under this Section 45.

45.1.7 I.P.A. hereby agrees that within 90 days following January 1, 2024 it will commence offers to the Purchasers, of entitlements which shall constitute rights (expressed as percentages) to use the operating capabilities as measured in MWs (the "Capacity") of the STS, the NTS and the Project Switchyard, respectively. The rights to the Capacity of the STS shall be offered to the California Purchasers in accordance with their respective rights to Capacity in the STS as then existing under the Power Sales Contracts. The Utah Purchasers shall be offered rights to forty percent (40%) of the Capacity of the NTS in accordance with their respective rights to Capacity of the NTS as then existing under the Power Sales Contracts. The California Purchasers shall also be offered rights to the remaining sixty percent (60%) of the Capacity of the NTS in accordance with their respective rights in the STS as then existing under the Power Sales Contracts. Each of the California Purchasers and each of the Utah Purchasers shall be offered rights to the Capacity of the Project Switchyard in the proportion that the total Capacity of the STS and the NTS as accepted by such Purchaser pursuant to the offer as above provided bears to the total Capacity of the STS and the NTS as then existing under the Power Sales Contracts. If upon receipt by I.P.A. of the acceptances of such offers, there shall be any remaining unaccepted Capacity in any of the STS, the NTS or the Project Switchyard, the rights to such unaccepted Capacity in the STS, the NTS and the Project Switchyard, respectively, shall thereupon be offered by I.P.A. to those Purchasers that have accepted offers of Capacity in the STS, the NTS and the Project Switchyard, respectively, beginning with such Purchaser with the highest percentage of accepted Capacity rights in the STS, the NTS or the Project Switchyard, respectively, and continuing with such Purchasers in

descending order of values of the accepted Capacity rights therein so long as there shall be unaccepted Capacity therein. The Transmission Service Agreements described herein below shall contain provision for the further allocation of any unaccepted capacity in the STS, the NTS or the Project Switchyard, respectively, remaining after all such offers by I.P.A. shall be completed. Utilization of such Capacity rights by such Purchasers shall commence upon the beginning of the Extension Term and the terms and conditions of such utilization, including the billings to each such Purchaser for its share of the costs of the operation and maintenance of the STS, the NTS and Project Switchyard, respectively, which shall be equal to its rights to the capacity of the STS, the NTS and the Project Switchyard, as applicable, shall be set forth in Transmission Service Agreements which shall be entered into by I.P.A. with each of the Purchasers accepting such offers of Capacity rights in the STS, the NTS or the Project Switchyard as provided above (the "Transmission Service Agreements"). The term of the Transmission Service Agreements shall begin on the effective date thereof and shall end on the earlier of June 15, 2077 or the final retirement date of all of the STS, NTS and the Project Switchyard. The terms and provisions of the Transmission Service Agreements, subject to the provisions of this Section 45, shall be substantially the same as the applicable provisions of the Renewal Power Sales Contracts with respect to the STS, the NTS and the Project Switchyard, including, without limitation, provisions with respect to administration, charges and billing, payment obligations, rate covenants, utilization and service, pledge of payments, capital improvements and expansion, project indebtedness, adjustments due to excess proceeds of project indebtedness, default, liability, restrictions on disposition, assignment of contract, retirement reserve, retirement of the STS, the NTS and the Project Switchyard and any associated Transmission Support Facilities, retained facilities, term of contract, contract subject to bond resolution, covenant to comply with bond resolution, severability, termination or amendment, governing law, arbitration, notices, insurance, and the use of rights, properties facilities and appurtenances in connection with the construction, operation and use at the Project site of additional generating or transmission facilities, or other facilities and properties associated therewith. The Transmission Service Agreements shall be subject to the approval of the I.P.A. Board of Directors and by the Coordinating Committee.

45.1.8 Promptly after January 1, 2024, the Operating Agent shall cause a feasibility study to be undertaken to identify any additional facilities that shall be needed to support the operations of the STS, the NTS or the Project Switchyard (the "Transmission Support Facilities") so that the transfer capability of the STS, the NTS or the Project Switchyard, respectively, shall be in accordance with the design Capacity thereof. The I.P.A. Board of Directors and the Coordinating Committee shall each have the responsibility of approving such Transmission Support Facilities. The acquisition, construction and installation of such facilities shall be financed by I.P.A., in accordance with the Transmission Service Agreements, except to the extent costs thereof

shall be payable pursuant to monthly billings under the Transmission Service Agreements, all as shall be provided for under the Transmission Service Agreements. The Operating Agent shall cause the acquisition, construction and installation of the Transmission Support Facilities so that the same shall be completed and capable of commercial operation no later than the commencement of the Extension Term. The Transmission Support Facilities shall be part of the STS, NTS and Project Switchyard, respectively, and shall be included under the Transmission Service Agreements. Costs of operation and maintenance, including any applicable debt service, of the Transmission Support Facilities that provide operational support for the STS, the NTS or the Project Switchyard, respectively, shall be in addition to such costs of the STS, the NTS, or the Project Switchyard, as applicable. Such costs with respect to Transmission Support Facilities providing operational support for the STS, the NTS or the Project Switchyard, respectively, including any costs of acquisition, construction and installation payable pursuant to monthly billings, shall be payable by those Purchasers that enter into Transmission Service Agreements and (i) in the case of the Transmission Support Facilities providing operational support for the STS, such payments shall be by each California Purchaser in accordance with its rights to the STS Capacity under its Transmission Service Agreement, (ii) in the case of the Transmission Support Facilities providing operational support for the NTS, such payments shall be by each Utah Purchaser and each California Purchaser in accordance with its respective rights to NTS Capacity under its Transmission Service Agreement, and (iii) in the case of any Transmission Support Facilities providing operational support for the Project Switchyard, such payments shall be by each Purchaser in accordance with its rights to the Project Switchyard Capacity under its Transmission Service Agreement. If and to the extent the Transmission Support Facilities shall include any generation unit or facilities providing operational support for the STS, the NTS or the Project Switchyard, as the case may be, unless otherwise arranged pursuant to the Transmission Service Agreements, the energy output thereof shall be delivered to and shall be accepted and paid for by such Purchasers that enter into Transmission Service Agreements in accordance with their respective proportionate shares of the costs of such Transmission Support Facilities providing such operational support for the STS, the NTS or the Project Switchyard, respectively, as provided above.

7. **ADDITION OF SECTION 33.3:** A new Section 33.3 is hereby added to the Power Sales Contract to read in its entirety as follows:

33.3 I.P.A. hereby agrees that within 45 days following the Second Amendatory Power Sales Contract Effective Date it will commence the initial offer to all the Purchasers by I.P.A. under this Section 33. Such initial offer shall be in substantially the form set forth in Exhibit A to this Second Amendatory Power Sales Contract, including as part of such offer the forms of Offer Letter, Offer Acceptance, and the Renewal Power Sales

Contract including the Excess Renewal Power Sales Agreement as Appendix D thereto. The offer by I.P.A. pursuant to this Section 33 shall be made in accordance with the provisions of such Renewal Power Sales Contract with respect to the Renewal Offer (as defined in such Renewal Power Sales Contract) and such offer is herein referred to as the "Renewal Offer". In addition, as provided in the Renewal Power Sales Contract, each Utah Purchaser accepting the Renewal Offer shall be provided with an election to enter into the Excess Renewal Power Sales Agreement. Purchaser acknowledges that the compliance by IPA with the provisions of this Section 33.3 shall satisfy IPA's obligations under Sections 33.1 and 33.2 of the Power Sales Contract.

8. ADDITION OF SECTION 36.3: A new Section 36.3 is hereby added to the Power Sales Contract to read in its entirety as follows:

36.3 For the avoidance of doubt, the generating units and related facilities and properties that are replaced by the Gas Repowering include Project rights, properties, facilities and appurtenances that may be used or useful as Section 36 Facilities as provided in this Section 36 in connection with the construction and operation at the Project site of units, facilities and properties which will not be part of the Project.

9. AMENDMENT OF SECTION 4.7: Section 4.7 of the Power Sales Contract is hereby amended to read in its entirety as follows:

4.7 Capital Improvements: All renewals or replacements of or repairs, additions, improvements, modifications or betterment to the Project which are (i) consistent with Prudent Utility Practice and determined necessary by the Coordinating Committee to keep the Project in good operating condition or to prevent a loss of revenue therefrom, (ii) required by any governmental agency having jurisdiction over the Project, (iii) required by the Construction Management and Operating Agreement, or (iv) required by the Bond Resolution; provided, however, that Capital Improvements shall not include any generating unit added to the Project in addition to those included in the Project which shall continue to generate electric capacity and energy of the Project. For the avoidance of doubt, the Gas Repowering as described under Section 44 shall constitute a Capital Improvement.

10. AMENDMENT OF SECTION 4.9: Section 4.9 of the Power Sales Contract is hereby amended to read in its entirety as follows:

4.9 Construction Management and Operating Agreement: The Intermountain Power Project Construction Management and Operating

Agreement, dated as of September 12, 1980, by and between the Department of Water and Power of the City of Los Angeles and I.P.A. relating to the construction and operation of the Project, as heretofore amended and as hereafter amended and supplemented in conformity with the provisions of the Power Sales Contracts.

11. AMENDMENT OF SECTION 4.10.4: Section 4.10.4 of the Power Sales Contract is hereby amended to read in its entirety as follows:

4.10.4 To the extent not included in Monthly Power Costs, the acquisition of resources, facilities and supplies for fuel, fuel transportation or transmission and water for the generating facilities of the Project, and working capital and reserves therefor.

12. AMENDMENT OF SECTION 4.22.1.3: Section 4.22.1.3 of the Power Sales Contract is hereby amended to read in its entirety as follows:

4.22.1.3 One-twelfth of the amount (not otherwise included under any item in this Section 4.22.1 or in Section 4.22.2) which I.P.A. is required under the Bond Resolution to pay or deposit during such Power Supply Year into any other fund or account established by the Bond Resolution, and shall include, without limitation, amounts to provide for the retirement or reclamation of the Project or components of the Project, and any amounts required to make up a deficiency in any fund required or permitted by the Bond Resolution, whether or not resulting from a default in payments by any Purchaser of amounts due under any Power Sales Contract.

13. AMENDMENT OF SECTION 4.22.1.4: Section 4.22.1.4 of the Power Sales Contract is hereby amended to read in its entirety as follows:

4.22.1.4 One-twelfth of the costs of producing and delivering capacity and energy during such Power Supply Year, including, but not limited to, (i) water costs, other ordinary operation and maintenance costs, administrative and general costs, insurance costs (including amounts to fund any self-insurance program), overhead costs and any other costs payable by I.P.A. in connection with the output of the Project or related to the conducting of the business of I.P.A. with respect to the Project including personnel compensation, fees for legal, engineering, financial and other services expenses of members of the I.P.A. Board of Directors incurred in connection with attendance at meetings of the I.P.A. Board of Directors or any committee thereof and meetings of the Coordinating Committee and all other expenses properly related to the conduct of such affairs of I.P.A.; provided, however, that minimum costs included under this Section 4.22.1.4 shall with respect to fuel costs include only the fixed costs of fuel as follows:

4.22.1.4.1 The cost of the coal or natural gas, as applicable, associated with Zero Net Load.

4.22.1.4.2 The total cost of all transportation of coal or transmission of natural gas, as applicable.

4.22.1.4.3 The labor and labor loading expenses for fuel handling.

4.22.1.4.4 The cost of fuel oil delivered to the plant site.

4.22.1.4.5 The cost of ash disposal including labor and labor loading expenses less any proceeds from the sale of residuals.

4.22.1.4.6 The cost associated with increasing the coal stockpile or, in the case of natural gas, the cost associated with providing or increasing any natural gas storage.

4.22.1.4.7 The cost associated with contract payments under minimum or guaranteed payment provisions which are determined by the Coordinating Committee to constitute fixed costs of fuel included in the minimum cost component.

14. AMENDMENT OF SECTION 6.2.19: Section 6.2.19 of the Power Sales Contract is hereby amended to read in its entirety as follows:

6.2.19 With respect to any Bonds issued pursuant to the provisions of the Bond Resolution, other than those referred to in Section 6.2.24, make recommendations to I.P.A., in a timely manner, with respect to (i) each supplement to the Bond Resolution, (ii) the contract of purchase under which each series of Bonds is to be sold, (iii) the selection of managing underwriters for each series of Bonds, (iv) the manner and timing of marketing and amounts of each series of Bonds and (v) the manner and timing of marketing and amounts of notes or other evidences of indebtedness issued in anticipation of the issuance of Bonds.

15. AMENDMENT OF SECTION 6.2.22: Section 6.2.22 of the Power Sales Contract is hereby amended to read in its entirety as follows:

6.2.22 Make recommendations with respect to, and review and approve the revisions by I.P.A. of the Description of the Project which revisions shall

be in accordance with Prudent Utility Practice, and I.P.A. shall cause Appendix C to be revised to reflect such revisions, provided, however, that such revisions shall not change the aggregate Maximum Generating Capability of the Generation Station unless such change shall have received the prior approval of the Coordinating Committee.

16. AMENDMENT OF SECTION 6.2.24 : Section 6.2.24 of the Power Sales Contract is hereby amended to read in its entirety as follows:

6.2.24 With respect to any Bonds or other obligations the issuance of which requires the authority of the amendments effected under the First Supplemental Resolution or any Bonds or other obligations to be issued to finance or refinance the Gas Repowering as provided under Section 44.5, (A) approve the terms and provisions of each supplement to the Bond Resolution or other instrument authorizing the issuance or sale of or providing the security for any such Bonds or obligations and the contract of purchase under which such Bonds or other obligations are to be sold and, (B) with respect thereto, make recommendations to I.P.A., in a timely manner, with respect to (i) the selection of the managing underwriters for each such issuance and the selection of any independent engineer to provide services in connection with such issuance and (ii) the manner and timing of marketing of such Bonds or other obligations. The above recommendations made pursuant to this Section 6.2.24 shall not be legally binding on I.P.A. and in the event that the Coordinating Committee fails to make such recommendations, action by I.P.A. with respect to the matters covered by clause (B) above shall not be precluded.

17. AMENDMENT OF SECTION 29.1.1 : Section 29.1.1 of the Power Sales Contract is hereby amended to read as follows:

29.1.1 Intermountain Power Agency
c/o General Manager
10653 South River Front Parkway, Suite 120
South Jordan, Utah 84095

18. AMENDMENT OF SECTION 33.1: Section 33.1 of the Power Sales Contract is hereby amended to read in its entirety as follows:

33.1 I.P.A hereby agrees that its existence as a political subdivision has been extended beyond June 15, 2027, and I.P.A. agrees to continue to operate the Project as an electric generating station and/or an electric transmission system, and agrees, if and to the extent then permitted by applicable law, to offer to all the Purchasers participation in the rights and benefits of the Project or such operating part thereof in proportion to their respective

entitlements then existing under the Power Sales Contracts. Any such future participation shall be on substantially the terms and provisions provided in the form of Renewal Power Sales Contract included in Exhibit A to this Second Amendatory Power Sales Contract.

19. AMENDMENT OF SECTION 36.2: Section 36.2 of the Power Sales Contract is hereby amended to read in its entirety as follows:

36.2 I.P.A. may, with the approval of the Coordinating Committee, sell, lease, dispose of or otherwise make available such rights, properties, facilities and appurtenances for such construction or operation of other units, facilities or properties at the Project site; provided, however, such sale, lease, disposition or availability arrangement shall comply with all laws and governmental regulations applicable to IPA or to any Purchaser, and shall not have a material adverse effect on the revenues or operations of IPA or any Purchaser; and provided further that no such sale, lease, disposition or availability arrangement shall interfere with the construction and operation of the Project or adversely affect the eligibility for exemption from Federal income taxes of the interest paid, or to be paid, on the Bonds issued or to be issued by I.P.A. No such arrangement shall be entered into unless I.P.A. shall receive fair value therefor, as determined by I.P.A. and the Coordinating Committee, and all amounts received shall be credited against Cost of Acquisition and Construction or Monthly Power Costs, as appropriate, pursuant to the Power Sales Contracts. Section 36 Facilities Agreements providing for such an arrangement with respect to the availability, transfer and use of such rights, properties, facilities and appurtenances may be entered into by I.P.A., upon approval of the Coordinating Committee, with an entity or entities, including, without limitation, one or more members of I.P.A. or any entity formed under the Act which includes one or more members of I.P.A. I.P.A. shall use its reasonable efforts to enter into such Section 36 Facilities Agreements pursuant to this Section 36 to provide for, among other matters, the selling, leasing and/or making available to the other parties to such Section 36 Facilities Agreements of the property, rights, equipment and facilities that are required for the proper and economic use or operation of facilities that are not to be used for the generation or transmission of power pursuant to the Renewal Power Sales Contracts.

20. AMENDMENT OF SECTION 14.2: Section 14.2 of the Power Sales Contract is hereby amended to read in its entirety as follows:

14.2 Additional Bonds may be issued by I.P.A. in accordance with the Power Sales Contracts and the provisions of the Bond Resolution at any time and from time to time in the event funds are required for the purpose of financing the Cost of Acquisition and Construction of a Capital

Improvement; and at the request of the Coordinating Committee, I.P.A. shall use its best efforts to issue such Bonds.

21. ADDITION OF SECTION 46: A new Section 46 is hereby added to the Power Sales Contract to read in its entirety as follows:

46. AMENDMENTS RELATED TO TERMINATION OF PACIFICORP'S PARTICIPATION IN THE PROJECT; INCREASE OF LOS ANGELES' GENERATION ENTITLEMENT AND COST GENERATION SHARES.

46.1 Purchaser hereby agrees that, effective upon the Second Amendatory Power Sales Contract Effective Date, its Generation Entitlement Share shall increase from 44.617% to 48.617% (an increase of 4%) and that its Generation Cost Share shall increase from 44.617% to 48.617% (an increase of 4%), such increases to correspond with the reduction of 4% of the Generation Entitlement Share and 4% of the Generation Cost Share of PacifiCorp becoming effective in accordance with the PacifiCorp Final Amendatory Contract.

The Purchaser hereby acknowledges and consents (i) to the PacifiCorp Final Amendatory Contract providing for the reduction of PacifiCorp's 4% Generation Entitlement Share to 0% and the reduction of PacifiCorp's 4% Generation Cost Share to 0% and, as a consequence, to the termination of the PacifiCorp Power Sales Contract, and (ii) to the increase from 44.617% to 48.617% (an increase of 4%) of Los Angeles' Generation Entitlement Share and the increase from 44.617% to 48.617% (an increase of 4%) of Los Angeles' Generation Cost Share. Effective on the Second Amendatory Power Sales Contract Effective Date, the Generation Entitlement Shares and the Generation Cost Shares of each respective Purchaser, and its Southern Transmission Cost Share or Northern Transmission Cost Share, as applicable, shall be as set forth in Appendix A to the Power Sales Contracts as attached to this Second Amendatory Power Sales Contract, and the Generation Entitlement Share to be delivered and the Delivery Point and Delivery Voltage KV-AC of each respective Purchaser on the Southern Transmission System or Northern Transmission System, as applicable, shall be as set forth in Appendix B to the Power Sales Contracts as attached to this Second Amendatory Power Sales Contract. For the avoidance of doubt, effective upon the Second Amendatory Power Sales Contract Effective Date, for the purposes of Section 5.7 of the Power Sales Contracts, the billings by IPA for Monthly Power Costs for the then current Power Supply Year with respect to PacifiCorp's 4% Generation Cost Share and the 4% increase of Los Angeles' Generation Cost Share shall be treated as billings paid by Los Angeles.

46.2 The Parties acknowledge that (i) the payment and defeasance of the 1982 Outstanding Bonds have taken place and the Generation Entitlement Share and Generation Cost Share of each of the Purchasers has been adjusted, all as provided for in Section 31 of the Power Sales Contracts, (ii) due to such payment and defeasance of the 1982 Outstanding Bonds and as a result of such adjustments referred to in (i) above, the Northern Transmission System entitlements and Northern Transmission Cost Shares and the Southern Transmission System entitlements and Southern Transmission Cost Shares, of the Purchasers, respectively, shall be adjusted in accordance with Section 10 of the Power Sales Contracts, and (iii) effective on the Second Amendatory Power Sales Contract Effective Date, the 4% PacifiCorp Generation Entitlement Share and the PacifiCorp 4% Generation Cost Share are each reduced to 0% with a corresponding increase of 4% of Los Angeles' Generation Entitlement Share and its Generation Cost Share. Accordingly and as a result of the foregoing, the provisions of the Power Sales Contract set forth below are hereby amended as follows:

46.2.1 Each of the following Sections of the Power Sales Contract identified below shall be deleted in its entirety:

Section 4.7A Contract Generation Cost Share

Section 4.7B Contract Generation Entitlement Share

Section 4.17A Layoff Power Purchase Contract

Section 4.17B Layoff Power Purchaser

Section 4.32A Recomputed Northern Transmission Cost Share

Section 4.32B Recomputed Southern Transmission Cost Share

Section 4.34B Supplemental Northern Transmission Cost Credit

Section 4.34C Supplemental Northern Transmission Cost Share

Section 4.34D Supplemental Southern Transmission Cost Credit

Section 4.34E Supplemental Southern Transmission Cost Share

Section 4.36A UP&L

Section 31 Refunding of 1982 Outstanding Bonds and
Modifications of Generation Entitlement and Cost
Shares

Section 39.1 Transmission Service

Section 41 Use of Southern Transmission System by Lay-off
Power Purchasers; Payment of Certain Costs of
Southern Transmission System

Section 42 Use of Northern Transmission System by Lay-off
Power Purchasers; Payment of Certain Costs of
Northern Transmission System

46.2.2 Appendix A shall be replaced by the Appendix A attached hereto setting forth for each Purchaser its Generation Cost Share and Generation Entitlement Share and its Northern Transmission Cost Share and Southern Transmission Cost Share; and Appendix B shall be replaced by the Appendix B attached hereto setting forth for each Purchaser its Generation Entitlement Share to be delivered and its Delivery Point and Delivery Voltage KV-AC.

46.2.3 Appendix D and Appendix E shall each be deleted.

46.2.4 Each of the following Sections shall be revised or amended as follows:

(i) In Section 4.3, Section 4.20 A and paragraph C.2.1 of Appendix C, "UP&L" where it appears shall be replaced by "PacifiCorp"

(ii) Section 4.33 shall be amended to read in its entirety as follows:

Southern Transmission Cost Share: For any Power Supply Year and as to any particular Purchaser, the share (expressed as to percentage) set forth in Appendix A attributable to such Purchaser with respect to costs associated with the Southern Transmission System. Each Purchaser's Southern Transmission Cost Share is determined by dividing that portion of such Purchaser's Generation Entitlement Share specified in Appendix B to be delivered at points of delivery on the Southern Transmission System by the aggregate of those portions of all Purchasers' Generation Entitlement Shares specified in Appendix B to be delivered at Points of Delivery on the Southern Transmission System; provided that for the purposes of determining the Southern Transmission Cost Share the Generation Entitlement Share of Los Angeles shall exclude the 4% increase thereof provided in Section 46.1, as added by the Second Amendatory Power Sales Contract.

(iii) In Section 4.36C the provision "(other than UP&L)" shall be deleted

(iv) In Section 6.1 the provision "(iii) one representative appointed by UP&L," shall be deleted and clauses (iv) and (v) shall be renumbered to (iii) and (iv), respectively, and the subsequent references to such clauses (iv) or (v) shall be revised to (iii) or (iv), respectively; and the last sentence of Section 6.1 shall be deleted and replaced by the following: "As used herein, the term Voting Rights shall mean at any particular time with respect to a Purchaser, such

Purchaser's Generation Entitlement Share in effect at such time under its Power Sales Contract."

(v) Section 10.1 shall be amended to read in its entirety as follows:

Each Purchaser shall at all times be entitled to schedule, without regard to source or origin and in accordance with the practices and procedures approved by the Coordinating Committee pursuant to Section 6.2.7, the use of the operating capabilities of the Southern Transmission System. Such entitlement shall constitute a right to capacity in the Southern Transmission System and shall be determined by dividing (i) the sum of that portion of such Purchaser's Generation Entitlement Share specified in Appendix B to be delivered at Points of Delivery on the Southern Transmission System, by (ii) the sum of the aggregate of those portions of all Purchasers' Generation Entitlement Shares specified in Appendix B to be delivered at Points of Delivery on the Southern Transmission System; provided that for the purposes of this Section 10.1 the Generation Entitlement Share of Los Angeles shall exclude the 4% increase thereof provided in Section 46.1, as added by this Second Amendatory Power Sales Contract.

(vi) Section 10.2 shall be amended to read in its entirety as follows:

Each Purchaser shall at all times be entitled to schedule, without regard to source or origin and in accordance with the practices and procedures approved by the Coordinating Committee pursuant to Section 6.2.7, the use of the operating capabilities of the Northern Transmission System. Such entitlement shall constitute a right to capacity in the Northern Transmission System and shall determine by dividing (i) the sum of that portion of such Purchaser's Generation Entitlement Share specified in Appendix B to be delivered at Points of Delivery on the Northern Transmission System, if any, by (ii) the sum of the aggregate of those portions of all Purchasers' Generation Entitlement Shares specified in Appendix B to be delivered at Points of Delivery on the Northern Transmission System of all such Purchasers.

(vii) Section 10.3 shall be amended to read in its entirety as follows:

If it is necessary to curtail scheduled power flows over all or any part of either the Southern Transmission System or the Northern Transmission System, each affected Purchaser shall be allocated a portion of the transmission capabilities remaining in service in the ratio that such Purchaser's Generation Entitlement Share scheduled over such affected transmission system or part thereof bears to the Generation Entitlement Shares scheduled over such affected transmission system or part thereof of all affected Purchasers; provided that for the purposes of this Section 10.3 the Generation Entitlement Share of Los Angeles shall exclude the 4% increase thereof

provided in Section 46.1, as added by this Second Amendatory Power Sales Contract.

22. ADDITION OF SECTION 47: A new Section 47 is hereby added to the Power Sales Contract to read in its entirety as follows:

47. EARLY TERMINATION RIGHTS OF CERTAIN PURCHASERS:

47.1 Any Utah Purchaser that does not accept the Renewal Offer provided pursuant to Section 33 shall have the right to terminate its Power Sales Contract upon the commercial operation of the combined cycle power blocks of the Gas Repowering following the completion of construction and testing thereof; provided that the effectiveness of the termination of the Power Sales Contract of such Utah Purchaser shall be subject to the occurrence of and compliance with the following:

47.1.1 The taking of action by IPA and the Coordinating Committee which authorizes the undertaking of the Gas Repowering to commence subsequent to July 1, 2018 but prior to January 1, 2020;

47.1.2 The delivery by such Utah Purchaser within thirty (30) days following the action taken by IPA and the Coordinating Committee as set forth in Section 47.1.1 of notice to IPA of the exercise of the right to terminate its Power Sales Contract (copies of such notice to be furnished by IPA to the other Purchasers);

47.1.3 Any and all governmental regulatory approvals, consents and authorizations required or necessary for the termination of the Power Sales Contract of such Utah Purchaser shall have been obtained by such Utah Purchaser, as confirmed by a legal opinion reasonably acceptable to IPA of counsel to such Utah Purchaser;

47.1.4 No Bonds or other obligations of IPA, other than the Transition Project Indebtedness issued to finance the Gas Repowering, shall be outstanding upon the effectiveness of the termination of the Power Sales Contract of such Utah Purchaser;

47.1.5 A determination shall be made by IPA that each of the following shall comply with the terms of the Bond Resolution, or other resolution, under which the Transition Project Indebtedness to finance the Gas Repowering shall have been issued: (i) the termination of such Utah Purchaser's Power Sales Contract, (ii) the allocation as provided in Section 47.2 of such Utah Purchaser's Generation Entitlement Share and Generation Cost Share, respectively, among one or more of the Utah Purchasers whose Power Sales Contracts are not to be terminated pursuant to this Section 47 and the California Purchasers (each of such Purchasers, a "Remaining Purchaser" and, collectively, the "Remaining Purchasers"), including the corresponding increases as provided by Section 47.2 of the Generation Entitlement Shares and Generation Cost Shares of one or more of the Remaining Purchasers; and (iii) the reallocation pursuant to Section 10 of

the Power Sales Contracts (as a result of the allocation pursuant to Section 47.2 referred to in (ii) above) of the Northern Transmission System entitlements and cost shares and, if applicable, of the Southern Transmission System entitlements and cost shares among the Remaining Purchasers;

47.1.6 The increase of the Generation Entitlement Share and the Generation Cost Share, respectively, of the Remaining Purchasers to the extent provided by Section 47.2 shall be in compliance with all applicable laws and governmental regulations, and shall not have a material adverse effect on the revenues or operations of any Remaining Purchaser, all as shall be confirmed by a legal opinion reasonably acceptable to IPA of counsel to each Remaining Purchaser; and

47.1.7 The reallocation, if any, of the Southern Transmission System entitlement and cost shares pursuant to Section 10 of the Power Sales Contracts among those Remaining Purchasers that are California Purchasers and any effect that any such reallocation may have on the transmission service entitlement and cost shares of such California Purchasers under the applicable contractual arrangements of Southern California Public Power Authority ("SCPPA") relating to the Southern Transmission System with IPA, each of such California Purchasers, and the trustee under the indenture securing the bonds issued by SCPPA to finance its payments-in-and-of construction for the Southern Transmission System, shall, in each case, be determined by SCPPA to be permitted by and in compliance with such contractual arrangements.

47.2 Upon the termination of the Power Sales Contract of any Utah Purchaser becoming fully effective in accordance with Section 47.1 (such Utah Purchaser whose Power Sales Contract is so terminated being a "Terminating Utah Purchaser"), the Generation Entitlement Share and Generation Cost Share, respectively, of such Terminating Utah Purchaser (such Generation Entitlement Share and Generation Cost Share being, collectively, the "Terminating Utah Purchaser's Share") shall be reduced and allocated among one or more of the Remaining Purchasers as follows:

47.2.1 IPA shall allocate to each of the Remaining Purchasers who is a Utah Purchaser who elects in writing by notice to IPA (copies of such notice to be furnished by IPA to the other Purchasers), within thirty (30) days of such electing Utah Purchaser's receipt of the notice described in Section 47.1.2 (the "Election Period"), to receive the allocation of all or a portion of the Terminating Utah Purchaser's Share (each such Remaining Purchaser who so elects being, individually, an "Electing Utah Purchaser" and, collectively, the "Electing Utah Purchasers") as reflected in an agreement among the Electing Utah Purchasers delivered to IPA within ten (10) days of the expiration of the Election Period.

47.2.2 If no agreement described in Section 47.2.1 is delivered as provided in Section 47.2.1, then IPA shall allocate to each of the Electing Utah Purchasers, that portion of the Terminating Utah Purchaser's Share, calculated by multiplying the Terminating Utah Purchaser's Generation Entitlement Share and Generation Cost Share, respectively, by a fraction the numerator of which shall be

such Electing Utah Purchaser's respective Generation Entitlement Share and Generation Cost Share, and the denominator of which shall be the sum of the respective Generation Entitlement Shares and Generation Cost Shares of all Electing Utah Purchasers.

47.2.3 If, after giving effect to Sections 47.2.1 and 47.2.2, the Electing Utah Purchasers have elected to receive the allocation of less than one hundred percent (100%) of the Terminating Utah Purchaser's Share, then IPA shall allocate the portion of the Terminating Utah Purchaser's Share not allocated pursuant to Sections 47.2.1 and 47.2.2, among the Remaining Purchasers so as to increase the Generation Entitlement Share and Generation Cost Share, respectively, of each Remaining Purchaser by that portion of such Utah Purchaser's terminated Generation Entitlement Share and Generation Cost Share, respectively, calculated by multiplying such terminated Generation Entitlement Share and Generation Cost Share, respectively, by a fraction the numerator of which shall be such Remaining Purchaser's respective Generation Entitlement Share and Generation Cost Share, and the denominator of which shall be the sum of the respective Generation Entitlement Shares and Generation Cost Shares of all Remaining Purchasers.

47.3 Upon the effectiveness of the termination of any of the Power Sales Contracts of one or more Utah Purchasers as provided in Section 47.1, Appendices A and B to the Power Sales Contracts shall be revised by IPA so as to set forth the respective Generation Entitlement Shares and Generation Cost Shares, together with the Points of Delivery, of the Remaining Purchasers under their Power Sales Contracts, as determined in accordance with this Section 47. Copies of such revised Appendices A and B shall be furnished by IPA to each Remaining Purchaser to replace the prior Appendices A and B to its Power Sales Contract.

23. AMENDMENT OF APPENDIX C: The introductory paragraph of the Description of the Project in Appendix C is hereby amended to read as follows:

The following description is broad in scope and will be revised by I.P.A. and approved by the Coordinating Committee from time to time as is necessary to reflect the actual Project description as the Project evolves and changes throughout any feasibility and planning process as well as any design, construction and operation phase relating to a Capital Improvement, provided, however, that I.P.A. cannot by resolution change the aggregate Maximum Generating Capability of the Generation Station, unless such change shall have received the prior approval of the Coordinating Committee.

24. EFFECTIVENESS OF POWER SALES CONTRACT: Except as amended by this Second Amendatory Power Sales Contract, the Power Sales Contract shall remain in full force and effect.

25. GOVERNING LAW: This Second Amendatory Power Sales Contract shall be interpreted, governed by and construed under the laws of the State of Utah.

26. EFFECTIVE DATE: This Second Amendatory Power Sales Contract shall be effective on the first date (the "Second Amendatory Power Sales Contract Effective Date") on which all of the following shall have occurred:

- 44.1** This Second Amendatory Power Sales Contract shall have been executed and delivered by I.P.A. and the Purchaser;
- 44.2** The Purchaser shall have received those final approvals, consents or authorizations of governmental or public agencies, authorities or persons to execute, deliver and perform this Second Amendatory Power Sales Contract as shall be specified as being required by legal counsel as set forth in the opinion referred to in clause (iii) below;
- 44.3** An opinion of counsel to the Purchaser satisfactory to I.P.A. shall have been delivered to I.P.A.;
- 44.4** I.P.A. and all the other Purchasers shall have executed and delivered the Second Amendatory Power Sales Contracts; and
- 44.5** The PacifiCorp Final Amendatory Contract shall have become effective in accordance with its terms, provided however that, since the effectiveness of the PacifiCorp Final Amendatory Contract is conditioned on the occurrence, among other events, of the effectiveness of the Second Amendatory Power Sales Contracts, the Second Amendatory Power Sales Contract Effective Date shall be deemed to occur if all the events set forth in this Section 25, other than the effectiveness of the PacifiCorp Final Amendatory Contract, shall have occurred and all of the events and conditions for the effectiveness of the PacifiCorp Final Amendatory Contract, other than such effectiveness of the Second Amendatory Power Sales Contracts, shall have occurred and taken place.

IN WITNESS WHEREOF, the Parties have duly caused this Second Amendatory Power Sales Contract to be executed on their respective behalves.

INTERMOUNTAIN POWER AGENCY

By: _____

Date: _____

**DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER
COMMISSIONERS OF THE CITY OF
LOS ANGELES**

By: _____
Ronald O. Nichols, General Manager

Date: _____

And: _____
Barbara E. Moschos, Secretary

APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRUTAMON, CITY ATTORNEY

BY  _____
MAY 10, 2013
VAUGHN MINASSIAN
DEPUTY CITY ATTORNEY

APPENDIX A

SCHEDULE OF ENTITLEMENT SHARES AND COST SHARES

Purchaser	Generation Entitlement Share and Generation Cost Share	Northern Transmission Cost Share	Southern Transmission Cost Share
Beaver	.413	1.961	.000
Bountiful	1.695	8.050	.000
Enterprise	.199	.945	.000
Ephraim	.503	2.389	.000
Fairview	.120	.570	.000
Fillmore	.512	2.431	.000
Holden	.048	.228	.000
Hurricane	.147	.698	.000
Hyrum	.551	2.617	.000
Kanosh	.040	.190	.000
Kaysville	.739	3.510	.000
Lehi	.430	2.042	.000
Logan	2.469	11.725	.000
Meadow	.045	.214	.000
Monroe	.130	.617	.000
Morgan	.190	.902	.000
Mt. Pleasant	.357	1.695	.000
Murray	4.000	18.996	.000
Oak City	.040	.190	.000
Parowan	.364	1.729	.000
Price	.361	1.714	.000
Spring City	.060	.285	.000
Heber	.627	2.978	.000
Bridger Valley REA	.230	1.092	.000
Dixie-Escalante REA	1.534	7.285	.000
Flowell Electric Assoc.	.200	.950	.000
Garkane Power Assoc.	1.267	6.017	.000
Moon Lake Elec. Assoc.	2.000	9.498	.000
Mt. Wheeler Power, Inc.	1.786	8.482	.000
Anaheim	13.225	.000	17.647
Burbank	3.371	.000	4.498
Glendale	1.704	.000	2.274
Pasadena	4.409	.000	5.883
Riverside	7.617	.000	10.164
Department of Water and Power of the City of Los Angeles	48.617	.000	59.534

APPENDIX B

SCHEDULE OF POINTS OF DELIVERY

PURCHASER	DELIVERY POINT	GENERATION ENTITLEMENT SHARE TO BE DELIVERED	DELIVERY VOLTAGE KV-AC
Beaver	Mona	.413	345
Bountiful	Mona	1.695	345
Enterprise	Mona	.199	345
Ephraim	Mona	.503	345
Fairview	Mona	.120	345
Fillmore	Mona	.512	345
Holden	Mona	.048	345
Hurricane	Mona	.147	345
Hyrum	Mona	.551	345
Kanosh	Mona	.040	345
Kaysville	Mona	.739	345
Lehi	Mona	.430	345
Logan	Mona	2.469	345
Meadow	Mona	.045	345
Monroe	Mona	.130	345
Morgan	Mona	.190	345
Mt. Pleasant	Mona	.357	345
Murray	Mona	4.000	345
Oak City	Mona	.040	345
Parowan	Mona	.364	345
Price	Mona	.361	345
Spring City	Mona	.060	345
Heber	Mona	.627	345
Bridger Valley REA	Mona	.230	345
Dixie-Escalante REA	Mona	1.534	345
Flowell Electric Assoc.	Mona	.200	345
Garkane Power Assoc.	Mona	1.267	345
Moon Lake Elec. Assoc.	Mona	2.000	345
Mt. Wheeler Power, Inc.	Gonder	1.786	230
Anaheim	Adelanto	13.225	500
Burbank	Adelanto	3.371	500
Glendale	Adelanto	1.704	500
Pasadena	Adelanto	4.409	500
Riverside	Adelanto	7.617	500
Department of Water and Power of the City of Los Angeles	Adelanto	48.617	500

EXHIBIT A

Initial Renewal Offer, Including Forms of Offer Letter, Offer Acceptance and the Renewal Power Sales Contract including, among others, the Form of Excess Renewal Power Sales Agreement as Appendix D thereof

[TO COME]