

RESOLUTION 18-13

APPROVAL OF ALTERNATIVE REPOWERING.

ON MOTION OF _____, SECONDED BY _____, AT A DULY NOTICED MEETING OF THE MUNICIPAL COUNCIL OF HYRUM CITY CORPORATION (THE "COUNCIL"), HELD ON _____, 2018, THE FOLLOWING RESOLUTION WAS DULY ADOPTED:

WHEREAS, Intermountain Power Agency ("IPA") financed, acquired, constructed and owns the Intermountain Power Project (as more particularly defined in the Power Sales Contract, the "Project"); and

WHEREAS, Hyrum City Corporation (the "Municipality") is a party with IPA to that certain Power Sales Contract dated September 28, 1978 (as amended from time to time, the "Power Sales Contract"), pursuant to which the Municipality acquired a portion of the capacity and output of the Project through June 15, 2027, as set forth in the Power Sales Contract (each term that is used but not otherwise defined in this Resolution has the meaning ascribed to such term in the Power Sales Contract); and

WHEREAS, the Municipality is also a party with IPA to a Renewal Power Sales Contract, dated January 16, 2017 (the "Renewal Power Sales Contract"), pursuant to which the Municipality acquired a portion of the capacity and output of the Project for a term subsequent to June 15, 2027, as set forth in the Renewal Power Sales Contract; and

WHEREAS, IPA is a party with parties other than the Municipality to power sales contracts that are substantially identical to the Power Sales Contract (such other power sales contracts, together with the Power Sales Contract, being, collectively, the "Power Sales Contracts" and such other parties, together with the Municipality, being, collectively, the "Purchasers"); and

WHEREAS, the Power Sales Contracts established the Intermountain Power Project Coordinating Committee (the "Coordinating Committee") consisting of representatives of the Purchasers, including the Municipality; and

WHEREAS, IPA is a party with parties other than the Municipality to renewal power sales contracts that are substantially identical to the Renewal Power Sales Contract (such other renewal power sales contracts, together with the Renewal Power Sales Contract, being, collectively, the "Renewal Power"); and

Sales Contracts" and such other parties, together with the Municipality, being, collectively, the "Renewal Purchasers"); and

WHEREAS, the Renewal Power Sales Contracts established the Intermountain Power Project Renewal Contract Coordinating Committee (the "Renewal Contract Coordinating Committee") consisting of representatives of the Renewal Purchasers; and

WHEREAS, Appendix C to the Power Sales Contracts contains a general description of the Project, which description will be revised from time to time to reflect changes to the Project during the term of the Power Sales Contracts; and

WHEREAS, Appendix C to the Renewal Power Sales Contracts contains a general description of the Project, which description will be revised from time to time to reflect changes to the Project during the term of the Renewal Power Sales Contracts; and

WHEREAS, 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; and

WHEREAS, IPA and the Purchasers entered into those certain Second Amendatory Power Sales Contracts dated December 8, 2015 (collectively, the "Second Amendatory Power Sales Contracts"), to amend the Power Sales Contracts to provide for, among other things, the Gas Repowering, which contemplates the construction of facilities for the generation of power at the Project using natural gas rather than coal; and

WHEREAS, Section 44.6 of the Power Sales Contracts provides that one or more modified versions of or alternatives to the Gas Repowering to provide for one or more sources of electric generation in addition to or in substitution, in whole or in part, for the Gas Repowering may be determined to provide increased benefits or to be otherwise advantageous for the Project (as more particularly defined in the Power Sales Contracts, an "Alternative Repowering"); and

WHEREAS, Section 44.6 of the Power Sales Contracts provides that, subject to satisfaction of various conditions, upon approval of an Alternative Repowering by the Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board of Directors (the "IPA Board" and, together with the Coordinating Committee and the Renewal Contract Coordinating Committee, collectively, the "Project Governing Bodies"), as of the date of such approval, such Alternative Repowering (a) shall be effective,

(b) shall replace any prior plan for repowering the Project, (c) shall constitute the source for electric generation for the Project, and (d) shall constitute a Capital Improvement approved by the Project Governing Bodies; and

WHEREAS, Section 44.1 of the Power Sales Contracts provides that upon the effectiveness of an Alternative Repowering (a) the term "Gas Repowering" (as used in the Power Sales Contracts) shall mean such Alternative Repowering, and (b) without the need for consent of the Purchasers (other than the affirmation, if any, of the Purchasers' respective representatives that may be necessary for the Coordinating Committee or the Renewal Contract Coordinating Committee to take action to approve the revising of the Power Sales Contracts as described in Section 44.1 of the Power Sales Contracts), the Power Sales Contracts shall be revised to the extent determined by the Project Governing Bodies to be necessary to describe such Alternative Repowering as the source or sources of electric generation for the Project (the resulting revisions being, as more particularly defined in the Power Sales Contracts, the "Alternative Repowering Revisions"); and

WHEREAS, Section 14.6 of the Renewal Power Sales Contracts provides that as of the date of the approval of an Alternative Repowering by the Project Governing Bodies, (a) the term "Gas Repowering" (as used in the Renewal Power Sales Contracts) shall mean such Alternative Repowering, (b) such Alternative Repowering shall constitute the source for electric generation for the Project, (c) such Alternative Repowering shall replace any prior plan for repowering the Project, (d) such Alternative Repowering shall constitute a Capital Improvement determined to be necessary or desirable by the Coordinating Committee and the Renewal Contract Coordinating Committee, and (e) without the need for consent of the Renewal Purchasers (other than the affirmation, if any, of such Renewal Purchasers' respective representatives that may be necessary for the Coordinating Committee or the Renewal Contract Coordinating Committee to take action to approve the revising of the Renewal Power Sales Contracts as described in Section 14.6 of the Renewal Power Sales Contracts), the Renewal Power Sales Contracts shall be revised to the extent determined by the Project Governing Bodies (simultaneous with or prior to the approval of such Alternative Repowering) to be necessary to describe such Alternative Repowering as the source or sources of electric generation for the Project (the resulting revisions being the "RPSC Alternative Repowering Revisions"); and

WHEREAS, IPA and representatives of the Purchasers (meeting as the Generation and Transmission Subcommittee of the Coordinating Committee (the "Subcommittee")) have concluded that

based on developments since the execution of the Second Amendatory Power Sales Contracts, the Purchasers' demand will not support the design capacity of the Gas Repowering currently provided in the Power Sales Contracts; and

WHEREAS, the Subcommittee has concluded that instead of the Gas Repowering, as currently provided in the Power Sales Contracts, it is in the best interest of the Project to provide for a reduced design capacity and alternative design configuration; and

WHEREAS, at a meeting of the Subcommittee convened on February 12, 2018, the Subcommittee agreed by consensus to a general description of an Alternative Repowering providing for such reduced design capacity and alternative design configuration, which description is attached hereto as Appendix 1 (the "Alternative Repowering Description"); and

WHEREAS, based on the Alternative Repowering Description, the Los Angeles Department of Water and Power, as the Project Manager, has developed the Alternative Repowering Revisions which are attached hereto as Appendix 2 (the "Original Power Sales Contract Revisions"); and

WHEREAS, based on the Alternative Repowering Description, the Project Manager has developed a modification to the description of the Project in Appendix C to the Power Sales Contracts, which modification is attached hereto as Appendix 3 (the "PSC Appendix C Revisions"); and

WHEREAS, based on the Alternative Repowering Description, the Project Manager has developed a modification to the description of the Project in Appendix C to the Renewal Power Sales Contracts, which modification is attached hereto as Appendix 4 (the "RPSC Appendix C Revisions" and, together with the PSC Appendix C Revisions, collectively, the "Appendix C Revisions"); and

WHEREAS, the Project Manager has not proposed any RPSC Alternative Repowering Revisions; and

WHEREAS, the Coordinating Committee, by its Resolution No. CC-2018-001 adopted on March 13, 2018 (the "CC Resolution"), acknowledged the Alternative Repowering Description, the Original Power Sales Contract Revisions and the PSC Appendix C Revisions, recommended that the Alternative Repowering Description, the Original Power Sales Contract Revisions and the PSC Appendix C Revisions be submitted to the Municipality in writing and directed Ted L. Olson, the Municipality's representative on the Coordinating Committee (the "Representative"), to seek any

necessary approval from the Municipality in order for the Representative to vote in favor of approving the Alternative Repowering Description, the Original Power Sales Contract Revisions and the PSC Appendix C Revisions by June 30, 2018; and

WHEREAS, the Renewal Contract Coordinating Committee, by its Resolution No. RCCC-2018-001 adopted on March 13, 2018 (the "RCCC Resolution"), acknowledged the Alternative Repowering Description, the Original Power Sales Contract Revisions and the RPSC Appendix C Revisions, recommended that the Alternative Repowering Description, the Original Power Sales Contract Revisions and the RPSC Appendix C Revisions be submitted to the Municipality in writing and directed the Municipality's representative on the Renewal Contract Coordinating Committee (being the Representative) to seek any necessary approval from the Municipality in order for such representative to vote in favor of approving the Alternative Repowering Description, the Original Power Sales Contract Revisions and the RPSC Appendix C Revisions by June 30, 2018; and

WHEREAS, the IPA Board, by its Resolution No. IPA-2018-009 adopted March 13, 2018 (such resolution, together with the CC Resolution and the RCCC Resolution, being, collectively, the "Governing Body Resolutions"), acknowledged the Alternative Repowering Description, the Original Power Sales Contract Revisions, the PSC Appendix C Revisions and the RPSC Appendix C Revisions and directed that the Alternative Repowering Description, the Original Power Sales Contract Revisions and the applicable Appendix C Revisions be submitted to the Municipality in writing; and

WHEREAS, the Municipality has received a letter from IPA, dated March 23, 2018 (the "IPA Letter"), requesting that the Municipality obtain any approval necessary for the Representative to approve the Alternative Repowering described in the Alternative Repowering Description, the Original Power Sales Contract Revisions (as Alternative Repowering Revisions) and the applicable Appendix C Revisions; and

WHEREAS, the Council has reviewed and discussed the Alternative Repowering Description, the Original Power Sales Contract Revisions, the PSC Appendix C Revisions and the IPA Letter; and

WHEREAS, the Council has also reviewed and discussed the RPSC Appendix C Revisions; and

WHEREAS, the Council desires to take action to support and facilitate the approval and completion of the Alternative

Repowering described in the Alternative Repowering Description and the approval of the Original Power Sales Contract Revisions (as Alternative Repowering Revisions) and the applicable Appendix C Revisions.

NOW, THEREFORE, BE IT RESOLVED, that the Council hereby:

1. Approves the Alternative Repowering consistent with the Alternative Repowering Description, the Original Power Sales Contract Revisions (as Alternative Repowering Revisions) and the PSC Appendix C Revisions; and

2. Authorizes the Representative (or any alternate, successor or designee of the Representative), as a member of the Coordinating Committee and the Renewal Contract Coordinating Committee, to vote and provide affirmation in favor of, and to take all other actions necessary to approve, the Alternative Repowering consistent with the Alternative Repowering Description, the Original Power Sales Contract Revisions (as Alternative Repowering Revisions) and the PSC Appendix C Revisions; and

BE IT FURTHER RESOLVED, that the Council hereby:

1. Approves the RPSC Appendix C Revisions; and

2. Authorizes the Representative (or any alternate, successor or designee of the Representative), as a member of the Renewal Contract Coordinating Committee, to vote and provide affirmation in favor of, and take all other actions necessary to approve, the Alternative Repowering consistent with the Alternative Repowering Description, the Original Power Sales Contract Revisions (as Alternative Repowering Revisions) and the RPSC Appendix C Revisions; and

BE IT FURTHER RESOLVED, that the Municipality's Mayor, the Municipality's Clerk/Recorder, the Representative, as a member of the Coordinating Committee and the Renewal Contract Coordinating Committee, and the other officers, employees, representatives and agents of the Municipality, and their respective alternates, successors and designees (each of the foregoing being an "Authorized Person"), are hereby authorized and directed, on behalf of the Municipality, to take, or cause to be taken, all actions necessary to cause the effectiveness of or give effect to the Alternative Repowering consistent with the Alternative Repowering Description, the Original Power Sales Contract Revisions (as Alternative Repowering Revisions), the PSC Appendix C Revisions, the RPSC Appendix C Revisions and this Resolution,

including, without limitation, executing and delivering, or causing to be executed and delivered, on behalf of the Municipality, the Alternative Repowering Certificate (Power Sales Contract) set forth on Exhibit A (as completed to reflect this Resolution) and the Alternative Repowering Certificate (Renewal Power Sales Contract) set forth on Exhibit B (as completed to reflect this Resolution), and all documents, certificates, instruments, notices, opinions and agreements that may be deemed by the Municipality's Mayor or the Representative to be necessary, appropriate or desirable and performing all of the Municipality's obligations under and consummating all of the transactions contemplated by the Power Sales Contract, including, without limitation, after giving effect to the Alternative Repowering consistent with the Alternative Repowering Description and after giving effect to the Original Power Sales Contract Revisions, and all such actions previously taken by any Authorized Person are hereby approved, ratified and confirmed.

PASSED, APPROVED, AND SIGNED _____,
2018.

HYRUM CITY CORPORATION

Stephanie Miller, Mayor

ATTEST:

_____, Clerk/Recorder

APPENDIX 1

Alternative Repowering Description

The Alternative Repowering shall include the construction and installation of two combined-cycle natural gas fired power blocks, each power block consisting of one gas turbine, a heat recovery steam generator train and a single steam turbine, with an approximate combined net generation capability of 840 MW, together with auxiliary equipment associated with such power blocks, where "net generation capability" means gross power generation less auxiliary load for generation and transmission support.

APPENDIX 2

Original Power Sales Contract Revisions

A footnote will be added at the end of the first sentence of Section 44.6 of the Original Power Sales Contracts, to read as follows:

"The Alternative Repowering shall include the construction and installation of two combined-cycle natural gas fired power blocks, each power block consisting of one gas turbine, a heat recovery steam generator train and a single steam turbine, with an approximate combined net generation capability of 840 MW, together with auxiliary equipment associated with such power blocks, where 'net generation capability' means gross power generation less auxiliary load for generation and transmission support. For the avoidance of doubt, the foregoing shall be in lieu of the construction and installation of the two combined cycle power blocks and related equipment and facilities described in the first and third sentences of Section 44.1 of the Power Sales Contracts."

APPENDIX 3

Power Sale Contracts Appendix C Revisions

Section C.1.2 of Appendix C to the Power Sales Contracts is deleted in its entirety and replaced with the following:

"C.1.2. Two coal-fueled steam electric generating units each with a nominal rating of 950 megawatts (the 'Coal Units'), which Coal Units are to be replaced pursuant to a Major Capital Improvement consisting of the construction and installation of two combined-cycle natural gas fired power blocks, each power block consisting of one gas turbine, a heat recovery steam generator train and a single steam turbine, with an approximate combined net generation capability of 840 MW, where 'net generation capability' means gross power generation less auxiliary load for generation and transmission support."

APPENDIX 4

Renewal Power Sales Contracts Appendix C Revisions

Section C.1.2 of Appendix C to the Renewal Power Sales Contracts is deleted in its entirety and replaced with the following:

"C.1.2. Two combined-cycle natural gas fired power blocks, each power block consisting of one gas turbine, a heat recovery steam generator train and a single steam turbine, with an approximate combined net generation capability of 840 MW, where 'net generation capability' means gross power generation less auxiliary load for generation and transmission support."

EXHIBIT A

[see attached]

Alternative Repowering Certificate (Power Sales Contract)

Pursuant to Resolution No. _____ adopted by the Municipal Council of Hyrum City Corporation (the "Municipality") on _____, 2018 (the "Resolution"), I, Stephanie Miller, as Mayor of the Municipality hereby certify that:

1. The Municipality is a party to that certain Power Sales Contract, dated September 28, 1978, with Intermountain Power Agency (as amended through the date of this certificate, the "Power Sales Contract").

2. Ted L. Olson, being the individual representing the Municipality on the Intermountain Power Project Coordinating Committee and the Intermountain Power Project Renewal Contract Coordinating Committee is duly authorized to take all actions in such capacity to approve the Alternative Repowering (each term that is used but not otherwise defined in this certificate has the meaning ascribed to such term in the Resolution), consistent with the Alternative Repowering Description.

3. Pursuant to the provisions of the Power Sales Contract, upon the effectiveness of the Alternative Repowering consistent with the Alternative Repowering Description, such effectiveness will have the effect described in the Power Sales Contract, including, without limitation, the following:

a. the term "Gas Repowering" in the Power Sales Contracts will refer to the Alternative Repowering consistent with the Alternative Repowering Description;

b. the Power Sales Contract will be revised to give effect to and set forth the Original Power Sales Contract Revisions (as Alternative Repowering Revisions); and

c. as so revised, the Power Sales Contract will continue to be the legal, valid and binding obligation of the Municipality, enforceable against the Municipality in accordance with the terms of the Power Sales Contract.

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4. Pursuant to the terms of the Power Sales Contract, (a) the PSC Appendix C Revisions correctly describe the Project as of the effectiveness of the Alternative Repowering consistent with the Alternative Repowering Description; and (b) the Project Governing Bodies are authorized, without further action of the Municipality, to revise Appendix C to the Power Sales Contract in accordance with the terms of the Power Sales Contract.

Dated _____, 2018.

HYRUM CITY CORPORATION

Stephanie Miller, Mayor

ATTEST:

_____, Clerk/Recorder

EXHIBIT B

[see attached]

Alternative Repowering Certificate (Renewal Power Sales Contract)

Pursuant to Resolution No. _____ adopted by the Municipal Council of Hyrum City Corporation (the "Municipality") on _____, 2018 (the "Resolution"), I, Stephanie Miller, as Mayor of the Municipality hereby certify that:

1. The Municipality is a party to that certain Renewal Power Sales Contract, dated January 16, 2017, with Intermountain Power Agency (as amended through the date of this certificate, the "Renewal Power Sales Contract").

2. Ted L. Olson, being the individual representing the Municipality on the Intermountain Power Project Renewal Contract Coordinating Committee is duly authorized to take all actions in such capacity to approve the Alternative Repowering (each term that is used but not otherwise defined in this certificate has the meaning ascribed to such term in the Resolution), consistent with the Alternative Repowering Description.

3. Pursuant to the provisions of the Renewal Power Sales Contract, upon the effectiveness of the Alternative Repowering consistent with the Alternative Repowering Description, such effectiveness will have the effect described in the Renewal Power Sales Contract.

4. The Renewal Power Sales Contract will continue to be the legal, valid and binding obligation of the Municipality, enforceable against the Municipality in accordance with the terms of the Renewal Power Sales Contract.

5. Pursuant to the terms of the Renewal Power Sales Contract, (a) the RPSC Appendix C Revisions correctly describe the Project as of the effectiveness of the Alternative Repowering, consistent with the Alternative Repowering Description; and (b) the Renewal Contract Coordinating Committee and the IPA Board are authorized, without further action of the Municipality, to revise Appendix C to the Renewal Power Sales Contract in accordance with the terms of the Renewal Power Sales Contracts.

Dated _____, 2018.

HYRUM CITY CORPORATION

Stephanie Miller, Mayor

ATTEST:

_____, Clerk/Recorder