



RESOLUTION NO. U-11024

1 A RESOLUTION related to the purchase of materials, supplies, equipment
2 and the furnishing of services; authorizing the City officials to enter into
3 contracts and, where specified, waive competitive bidding requirements,
4 authorize sale of surplus property, or increase or extend existing
agreements.

5 WHEREAS the City of Tacoma, Department of Public Utilities, requested
6 bids/proposals for the purchase of certain materials, supplies, equipment and/or
7 the furnishing of certain services, or proposes to purchase off an agreement
8 previously competitively bid and entered into by another governmental entity, or
9 for the sales of surplus, or desires to increase and/or extend an existing
10 agreement, all as explained by the attached Exhibit "A," which by this reference
11 is incorporated herein, and
12

13 WHEREAS in response thereto, bids/proposals (or prices from another
14 governmental agreement) were received, all as evidenced by Exhibit "A," and
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16 WHEREAS the Board of Contracts and Awards and/or the requesting
17 division have heretofore made their recommendations, which may include
18 waiver of the formal competitive bid process because it was not practicable to
19 follow said process, or because the purchase is from a single source, or there is
20 an emergency that requires such waiver, and/or waiver of minor deviations, and
21 in the case of sale of surplus, a declaration of surplus has been made certifying
22 that said items are no longer essential for continued effective utility service, as
23 explained in Exhibit "A," and
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WHEREAS the Director requests authorization, pursuant to

TMC 1.06.269 A, to amend contract amounts up to \$200,000 and to approve term extensions and renewals for all items contained in Exhibit "A;" Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the Public Utility Board of the City of Tacoma hereby concurs and approves the recommendations of the Board of Contracts and Awards and/or the requesting division, and approves, as appropriate: (1) the purchase and/or furnishing of those materials, supplies, equipment or services recommended for acceptance; (2) the sale of surplus materials, supplies or equipment recommended for acceptance; (3) the Interlocal agreement that authorizes purchase off another governmental entity's contract; (4) the increase and/or extension of an existing agreement, and said matters may include waiver of the formal competitive bid process and/or waiver of minor deviations, all as set forth on Exhibit "A," and authorizes the execution, delivery and implementation of appropriate notices, contracts and documents by the proper officers of the City for said transactions, and (5) the administrative authority of the Director, per TMC 1.06.269 A., to amend contract amounts up to \$200,000 and to approve term extensions and contract renewals for all items in Exhibit "A."

Approved as to form and legality:

Tom C. Merrill
Chief Deputy City Attorney

Chair

Secretary

Clerk

Adopted _____

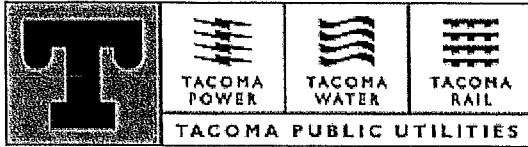


EXHIBIT "A"

RESOLUTION NO.: U-11024

ITEM NO.: 1

MEETING DATE: SEPTEMBER 26, 2018

TO: Board of Contracts and Awards
FROM: Chris Robinson, Tacoma Power Superintendent, Kimberlie Kerner, Contract Program Manager, Tacoma Power Transmission & Distribution
COPY: Public Utility Board, Director of Utilities, Board Clerk, and Alex Clark, Finance/Purchasing
SUBJECT: Transmission and Distribution Overhead Insulators
Request for Bids Specification No. TP16-0349N, Contract No. 4600011910
DATE: September 17, 2018

RECOMMENDATION SUMMARY:

Tacoma Power requests approval to increase the contract with **Anixter, Inc., Portland, OR**, by \$125,000.00, to supplement the remaining contract balance through the current term. The increase will bring the contract to a final cumulative total of \$324,087.60, plus sales tax.

BACKGROUND:

The increase will provide for the continued supply of transmission and distribution overhead insulators on an as needed basis. The manufacturing quality of the materials supplied through this contract has been consistently high. Tacoma Power believes that the pricing currently under contract remains competitive and that extending the contract is advantageous to the City.

ISSUE: The contract expires on July 31, 2019. The additional funds are necessary for insulator purchases through the remaining term of the contract.

ALTERNATIVES: The City could issue another Request for Bids, but Tacoma Power feels the contract pricing remains competitive. Pricing will be evaluated prior to any further contract extensions.

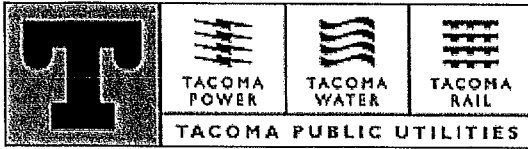
COMPETITIVE SOLICITATION:

The contract was originally awarded to Anixter, Inc. as the result of Request for Bids TP16-0349N. Four companies were invited to bid in addition to normal advertising of the project. Five submittals were received. Anixter, Inc. provided the lowest bid submittal.

CONTRACT HISTORY: The original contract was awarded in August 2016. The current contract value of \$199,087.60 covered an initial period of one year plus four one-year extensions. The current term expires in July 2019.

SUSTAINABILITY: Not Applicable.

SBE/LEAP COMPLIANCE: Not Applicable



FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Tacoma Power's Capital Outlay Budget	n/a	5230100	\$324,087.60
TOTAL			\$324,087.60

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Not Applicable			
TOTAL			

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$31,742

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

Chris Robinson, Power Superintendent

APPROVED:

Jackie Flowers, Director of Utilities



RESOLUTION NO. U-11025

1 A RESOLUTION relating to Tacoma Power; declaring utility-owned real
2 property surplus and authorizing the sale to Patrick M. and
3 Shannon M. Cookson.

4 WHEREAS the City of Tacoma, Department of Public Utilities, Light
5 Division (d.b.a. "Tacoma Power"), requests the Board declare surplus and
6 approve the negotiated sale of approximately 1.65 acres ("Property"), identified
7 as Pierce County Assessor Tax Parcel No. 0317242034 - located southerly of
8 Christiansen – Muck County Road, approximately 1,200 feet west of 46th Ave. E
9 in the Graham – Eatonville vicinity of unincorporated Pierce County, WA, to
10 Patrick M. and Shannon M. Cookson ("the Cooksons"), and
11

12 WHEREAS the Property is a small portion of Tacoma Power's Nisqually-
13 La Grande Transmission Line right-of-way, and

14 WHEREAS the Cooksons would like to install a fence to increase
15 security of the property and the sale would allow Tacoma Power to align its
16 property rights consistent with its abutting easement rights along the corridor,
17 and
18

19 WHEREAS Tacoma Power does not need to own the property rights as
20 ownership entails additional management time and expense, and operational
21 needs can be met through permanent easement rights alone, as proposed by
22 this transaction, and

23 WHEREAS Tacoma Power has negotiated the sale price of \$12,000, and
24 Tacoma Power will be granted an easement for continued operations, and
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WHEREAS, due to the retained easement rights, Tacoma Power has determined that the Property sought by the Cooksons is not essential for continued effective utility service and has deemed the Property surplus to Tacoma Power's needs pursuant to RCW 35.94.040 and TMC 1.06.280f; Now, Therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

Sec. 1. That it is in the best interests of the City of Tacoma to approve the negotiated sale in fee simple of approximately 1.65 acres, identified as Pierce County Assessor Tax Parcel No. 0317242034 - located southerly of Christiansen – Muck County Road, approximately 1,200 feet west of 46th Ave. E in the Graham – Eatonville vicinity of unincorporated Pierce County, WA, and as more fully described in the documents on file with the Clerk of the Board, to Patrick M. and Shannon M. Cookson.

Sec. 2. That the Property is not essential for continued effective utility service by Tacoma Power and is properly declared surplus property and excess to Tacoma Power's needs.

Sec. 3. Tacoma Power has negotiated the sale price of \$12,000, with consideration of an easement to Tacoma Power for current and future operations.

Sec. 4. Tacoma Power will seek Council approval for a declaration of surplus property and approval of sale by November 30, 2018.



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Sec. 4. That the City Council is requested to hold a public hearing on this matter pursuant to RCW 35.04.040, and thereafter approve this recommended sale and authorize the proper officers of the City of Tacoma to execute all necessary documents, substantially in the same form as on file with the Clerk and approved by the City Attorney.

Approved as to form and legality:

Tom C. Powell
Chief Deputy City Attorney

Chair

Secretary

Adopted _____

Clerk

REQUEST FOR RESOLUTION

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Declare surplus and authorize the sale of approximately 1.65 acres of Tacoma Power property to Patrick M. and Shannon M. Cookson for \$12,000.00.

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Declare surplus and authorize the sale of approximately 1.65 acres of Tacoma Power property - identified as Pierce County Assessor Tax Parcel No. 0317242034 - located southerly of Christiansen – Muck County Road, approximately 1,200 feet west of 46th Ave E in the Graham – Eatonville vicinity of unincorporated Pierce County, WA, to Patrick M. and Shannon M. Cookson for \$12,000.00. An easement to Tacoma Power will be retained over the property for current and future operations.

3. Summarized reason for resolution:

The sale property is a small portion of Tacoma Power's Nisqually-La Grande Transmission Line right-of-way. The Cooksons would like to install a fence to increase security of the property, and the sale will allow Tacoma Power to align its property rights consistent with its abutting easement rights along the corridor. Tacoma Power does not need to own the property as ownership entails additional management time and expense. Operational needs can be met through permanent easement rights alone as included in this transaction. Additionally, the sale will generate one-time revenue for Tacoma Power. Tacoma Power has negotiated the sale price to the Cooksons for \$12,000.00; this figure takes into consideration the reservation of an easement to Tacoma Power for continued operations.

The sale is subject to both Public Utility Board and City Council approval. The terms and conditions of the purchase and sale agreement have been approved by Real Property Services and reviewed by the City's Legal Department. If approved, the transaction is expected to close by no later than November 30, 2018.

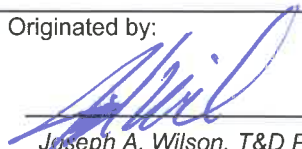
4. Attachments:

- a. Director's Memo
- b. Aerial Photo
- c. Purchase and Sale Agreement
- d. Declaration of Surplus Property
- e. CAM Request to set Public Hearing

5. Funds available Proposed action has no budgetary impact

6. Deviations requiring special waivers: None.

Originated by:



Joseph A. Wilson, T&D Power Section
Manager

Requested by:

Chris Robinson, Power
Superintendent/COO

Approved:



Jackie Flowers, Director of Utilities



TO: Mayor and City Council
FROM: Jackie Flowers, Director of Utilities
COPY: Elizabeth Pauli, City Manager, and City Clerk
SUBJECT: Resolution – Declaration of Surplus and Sale of Tacoma Public Utilities, Light Division Real Property – October 9, 2018
DATE: August 23, 2018

SUMMARY:

To set Tuesday, October 23, 2018 as the date for a Public Hearing regarding the declaration of surplus and sale of approximately 1.65 acres of Tacoma Power property for \$12,000.00 to Patrick M. and Shannon M. Cookson.

STRATEGIC POLICY PRIORITY:

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This request supports the above policy priorities by allowing economic development, and offering the opportunity for public input on this real estate transaction.

BACKGROUND: The sale property – identified as Pierce County Assessor Tax Parcel No. 0317242034, located southerly of Christiansen – Muck County Road, approximately 1,200 feet west of 46th Ave E in the Graham – Eatonville vicinity of unincorporated Pierce County, WA - is a small portion of Tacoma Power’s Nisqually-La Grande Transmission Line right-of-way. The Cooksons would like to install a fence to increase security of the property, and the sale will allow Tacoma Power to align its property rights consistent with its abutting easement rights along the corridor. Operational needs can be met through permanent easement rights alone as included in this transaction. Additionally, the sale will generate one-time revenue for Tacoma Power. The parties have agreed to a consideration to Tacoma Power of \$12,000.00; this figure takes into consideration the reservation of an easement to Tacoma Power for continued operations. The sale is subject to both Public Utility Board and City Council approval. The terms and conditions of the purchase and sale agreement have been reviewed by the City Attorney’s Office and approved by Tacoma Power and Real Property Services.

ALTERNATIVES: The alternatives to disposing of the property through a negotiated disposition, as allowed under TMC 1.06.280f, are to either retain ownership or sell via a bid/sale process. Tacoma Power does not have a need for continued fee ownership of the property, and if it were to retain ownership there would be continued management and administrative costs. A negotiated disposition has been determined to be the most efficient and effective disposition method as the most likely purchaser is the abutter and the property would likely not appeal to most other market participants, thus the bid/sale process would not likely be successful.

RECOMMENDATION: Tacoma Power and Real Property Services recommend that the City Council set a Public Hearing in accordance with RCW 35.94.40, to be held October 23, 2018 to receive public comment regarding the proposed declaration of surplus and sale of approximately 1.65 acres of Tacoma Power property to Patrick M. and Shannon M. Cookson for \$12,000.00. Once the Public Hearing has been held, a separate request will be presented to the City Council for the declaration of surplus and approval of the sale and conveyance of the real property.

FISCAL IMPACT: There is no fiscal impact to setting this Public Hearing.



3628 South 35th Street
Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

Date: August 23, 2018

To: Jackie Flowers, Director of Utilities

From: Chris Robinson, Power Superintendent/COO

Subject: Surplus and Sale of a Portion of Tacoma Power Nisqually-La Grande Transmission Line Right-of-Way

Recommendation:

Tacoma Power requests that you declare surplus and approve the sale of a small portion of its Nisqually-La Grande transmission line right-of-way to an abutting property owned by Patrick and Shannon Cookson. The property is identified as Pierce County Assessor Tax Parcel No. 0317242034, consisting of approximately 1.65 acres of land, located southerly of Christiansen – Muck County Road, approximately 1,200 feet west of 46th Ave E in the Graham – Eatonville vicinity of unincorporated Pierce County, WA. Consideration received is \$12,000.00. An easement to Tacoma Power will be retained over the property for current and future operations.

Background:

The property proposed for sale was acquired from the Weyerhaeuser Co. in 1949. However, some portions of this corridor were acquired in fee simple while other portions in easement only. For operational efficiency, Tacoma Power would like to sell the fee simple rights to this property, while retaining an easement, in an effort to make its property rights consistent with the abutting tracts on the Tacoma Power corridor. The Cooksons would like to install a fence to increase security of the property, and the sale will allow Tacoma Power to align its property rights consistent with its abutting easement rights along the corridor. Tacoma Power does not need to own the property as ownership entails additional management time and expense. Operational needs can be met through permanent easement rights alone as included in this transaction. Additionally, the sale will generate one-time revenue for Tacoma Power.

Tacoma Power has negotiated the sale price to the Cooksons for \$12,000.00; this figure takes into consideration the reservation of an easement to Tacoma Power for continued operations.

Your approval is requested to submit this matter to the Public Utility Board for consideration and approval. Upon approval from the Public Utility Board, Real Property Services will hold a Public Hearing and seek final approval of the sale from the Tacoma City Council. If approved, the sale is expected to close by November 30, 2018.

APPROVED:



Jackie Flowers, Director of Utilities

Tacoma Power Surplus Property Sale to Cookson



- Approximately 1.65 Acres
 - Pierce County TPN 0317242034
 - Portion of Tacoma Power Nisqually – La Grande Transmission Line Right-of-Way in Graham – Eatonville vicinity
- Retain Easement to Tacoma Power for current and future operations

**CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITIES
LIGHT DIVISION
REAL ESTATE PURCHASE AND SALE AGREEMENT
AGREEMENT NO. A3185**

Reference No.: P2018-113

Seller: City of Tacoma, Department of Public Utilities,
Light Division, (d.b.a. Tacoma Power)

Buyer: Patrick M. and Shannon M. Cookson
Abbreviated

Legal Description: Portion of the NW Quarter S24, T17N, R3E, W.M., Pierce Co., WA

County: Pierce

Tax Parcel No.: Pierce County Assessor TPN 0317242034

This REAL ESTATE PURCHASE AND SALE AGREEMENT (this "Agreement") is entered into as of _____, 20__ between the **CITY OF TACOMA, DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION (d.b.a. Tacoma Power)** a first class municipal corporation ("Seller") and Patrick M. Cookson and Shannon M. Cookson, husband and wife, ("Buyer").

RECITALS

WHEREAS, Seller is the owner of certain real property identified herein as the "Property" as more particularly described in Section 1 below.

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, the Property on the terms and conditions set forth herein.

WHEREAS, Seller owns, operates, and maintains lines and appurtenances for electrical transmission and/or distribution on the Property. Buyer will grant an easement to Seller encumbering the Property allowing Seller to continue to operate, maintain, and replace its current and future electrical lines and appurtenances.

WHEREAS, Seller owns, operates, and maintains lines and appurtenances for electrical transmission and/or distribution on the Property, which infrastructure must be safeguarded and protected against damage by falling trees, Seller will retain all easement rights not subsequently relinquished, granted by that certain Warranty Deed dated June 20, 1949 and recorded under Auditor's File No. 1521524, records of Pierce County, WA, (attached hereto as **Exhibit "A"**).

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

AGREEMENT

1. Real Property. Seller agrees to sell and convey to Buyer and Buyer agrees to purchase from Seller, subject to the terms and conditions set forth in this Agreement, the real property located in the County of Pierce and State of Washington, more particularly described as follows:

A strip of land one hundred feet in width in the Southeast Quarter of the Northwest Quarter of Section 24, Township 17 North, Range 3 East, W.M., in Pierce County, Washington, being fifty feet on each side of the following described centerline:

Beginning at a point on the south boundary line of said Southeast Quarter of the Northwest Quarter, which is 280.02 feet west of the Southeast corner thereof; thence North 0° 38' 48" East to the north boundary line of said Southeast Quarter of the Northwest Quarter. Said 100 foot wide

strip being a portion of that certain tract within said Section 24 conveyed to the City of Tacoma by Warranty Deed dated June 20, 1949 and recorded July 11, 1949 under Auditor's File No. 1521524, records of Pierce County, Washington.

Excepting therefrom that portion lying Northerly of the Christiansen-Muck County Road.

Also known as Pierce County Assessor Tax Parcel 0317242034 (the "Property").

2. Deposit. Upon execution of this Agreement by both Seller and Buyer, Buyer shall deliver to Seller an earnest money deposit in the amount of **Twelve Thousand and No/100 U.S. Dollars (\$12,000.00)** (the "Deposit") which is the full purchase price of the Property. The Deposit will be held by Seller pursuant to the terms of this Agreement. Any interest that accrues on the Deposit will be for the benefit of Seller, and if Buyer forfeits the Deposit to Seller pursuant to the terms of this Agreement, then all interest accrued on the Deposit will be paid to Seller.

3. Purchase Price. The total purchase price for the Property (the "Purchase Price") will be **Twelve Thousand and No/100 U.S. Dollars (\$12,000.00)**, to which the Deposit shall be a fully applicable part. The Purchase Price, the amount of the Deposit, will be paid to Seller in cash at Closing.

4. Title to Property.

4.1 Conveyance. At Closing, Seller shall convey to Buyer fee simple title to the Property by a duly executed and acknowledged quit claim deed (the "Deed") as substantially shown in **Exhibit "B"** attached hereto and by this reference incorporated herein. Further, at Closing, Buyer shall convey to Seller permanent easement rights in the Property for continued operation, maintenance, and replacement of lines and appurtenances for electrical transmission and/or distribution (the "Easement") and as substantially shown in **Exhibit "C"** attached hereto and by this reference incorporated herein.

4.2 Preliminary Commitment and Title Policy. Buyer hereby waives receipt of a preliminary title commitment and will not seek to have issued an owner's policy of title insurance insuring Buyer's title to the Property.

4.3 Condition of Title. Buyer hereby accepts the condition of title to be conveyed via the Deed and hereby waives the right to advise Seller by written notice what encumbrances to title, if any, are disapproved by Buyer.

5. Conditions to Closing.

5.1 Tacoma Public Utility Board and Tacoma City Council Approval. This Agreement, and the transaction contemplated hereby, must be duly approved by the Tacoma Public Utility Board and the Tacoma City Council prior to Closing. If said approvals are not obtained, this Agreement will terminate, and the Deposit, less any costs advanced or committed for Buyer as authorized herein, or other costs subsequently agreed to in writing, will be returned immediately to Buyer, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided for in this Agreement. Nothing in this Paragraph 5.1 will obligate Seller to obtain City Council approval beyond the ordinary course of City of Tacoma procedure.

5.2 Buyer's Indemnification. Buyer agrees to assume all liability for and to defend, indemnify and save Seller harmless from all liability and expense (including reasonable costs and attorneys' fees) in connection with all claims, suits and

actions of every name, kind and description brought against Seller or its agents or employees by any person or entity as a result of or on account of injuries or damages to persons, entities and/or property received or sustained, arising out of, in connection with, or as a result of the acts or omissions of Buyer, or its agents or employees in exercising its rights under this Agreement, except for claims caused by Seller's sole negligence.

5.3 Buyer Feasibility Study. Buyer hereby waives the right to conduct inspections or feasibility studies related to the Property and will take title to the Property on an as-is basis.

5.4 Non-Suitability. Buyer hereby waives the right to terminate this Agreement if, in Buyer's good faith judgment, the Property is not suitable for Buyer's intended use. However, in the event Buyer does not complete the purchase, Buyer shall return the Property as near as is practicable to its original condition.

6. Condition of the Property.

6.1 "As Is" Buyer acknowledges that Buyer is purchasing and shall acquire the Property under this Agreement in its physical condition existing at Closing, "AS-IS, "WHERE IS" AND WITH ALL FAULTS, INCLUDING, WITHOUT LIMITATIONS, THE CONDITION OR STABILITY OF THE SOILS OR GROUND WATERS, THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON OR UNDER THE PROPERTY, SUITABILITY FOR ANY CONSTRUCTION OR DEVELOPMENT, ZONING AND SIMILAR MATTERS, SOLELY IN RELIANCE ON BUYER'S OWN INVESTIGATION, EXAMINATION, INSPECTION, ANALYSIS, AND EVALUATION OF THE PROPERTY. As of the date this Agreement is signed by the parties, Seller has made no representations or warranties, express or implied, regarding the Property, excluding those representations and warranties expressly provided in this Agreement. Seller shall surrender the Property in as good condition, except for normal wear and tear, as exists on the date of this Agreement. Seller agrees that it will not damage nor commit waste on the Property between the date of acceptance of this Agreement and Closing.

6.2 Inspections. Buyer agrees that it will rely on its own inspections and evaluations of the Property, with the exception of written documentation, including, but not limited to any disclosures required by law, provided to it by Seller, to determine the suitability of the Property for Buyer's intended use.

7. Closing. This transaction will be closed outside of escrow. Closing will be held at the office of the Seller on or before **November 30, 2018** (the "Closing Date"). If Closing does not occur on or before the Closing Date, or any later date mutually agreed to in writing by Seller and Buyer, Seller will immediately terminate the sale and forward the Deposit to Buyer, less any portion of the Deposit due Seller under Section 11 of this Agreement. When notified by Seller, Buyer will deposit with Seller without delay all instruments and monies required to complete the transaction in accordance with this Agreement. "Closing," for the purpose of this Agreement, is defined as the date that all documents are executed, the sale proceeds are available for disbursement to Seller, and legal title passes to Buyer.

8. Closing Costs and Prorations. Seller shall pay state of Washington real estate excise taxes, if any, applicable to the sale. Seller shall pay the cost of recording the Deed. Property taxes and assessments for the current year, water and other utility charges, if any, shall be prorated as of the Closing Date unless otherwise agreed. Seller is a property tax exempt organization pursuant to R.C.W. 84.36.010, and therefore property taxes will only be due from Buyer for its ownership from and after the Closing Date.

9. Casualty Loss. Seller shall promptly notify Buyer of any event prior to the Closing Date which causes damage to or destruction of any portion of the Property. If Buyer and Seller cannot come to an agreement regarding any such damage to or destruction of the Property, including the settlement of any insurance claims, then Buyer and Seller will each have the right to terminate this Agreement by giving written notice of termination to the other party within twenty (20) days after receipt of actual notice of such casualty loss. Upon exercise of such termination election by either party, this Agreement will terminate, and the Deposit will be returned to Buyer.

10. Possession. Seller shall deliver possession of the Property to Buyer upon Closing. Seller shall remove any and all personal property from the Property on or before Closing, unless any items are specifically authorized to remain in writing by Buyer.

11. Events of Default. In the event Buyer fails, without legal excuse to complete the purchase of the Property, then that portion of the Deposit which does not exceed fifty percent (50%) of the Purchase Price shall be forfeited to Seller as the sole and exclusive remedy available to Seller for such failure. In the event Seller fails, without legal excuse, to complete the sale of the Property, Buyer shall be entitled to immediate return of its Deposit, and may pursue any remedies available to it in law or equity, including specific performance.

12. Notices. Any notice under this Agreement must be in writing and be personally delivered, delivered by recognized overnight courier service, given by mail or via facsimile. E-mail transmission of notice shall not be effective. All notices must be addressed to the parties at the following addresses, or at such other addresses as the parties may from time to time direct in writing:

Seller: Tacoma Public Utilities – Real Property Services
ABS – 2nd Floor
3628 S. 35th Street
Tacoma, WA 98409
Facsimile No.: (253) 502-8539

Buyer: Patrick M. and Shannon M. Cookson
P.O. Box 4163
Spanaway, WA 98387
Facsimile No.: N/A

Any notice will be deemed to have been given, when personally delivered, and if delivered by courier service, one business day after deposit with the courier service, and if mailed, two business days after deposit in the U.S. mail, and if delivered by facsimile, the same day as verified.

13. Counterparts; Faxed Signatures. This Agreement may be executed in any number of counterparts and by different parties hereto, each of which counterpart when so executed shall have the same force and effect as if that party had signed all other counterparts. Facsimile transmitted signatures shall be fully binding and effective for all purposes.

14. Brokers and Finders. In the event any broker or other person makes a claim for a commission or finder's fee based upon the transaction contemplated by this Agreement, the party through whom said broker or other person makes its claim shall indemnify and hold harmless the other party from said claim and all liabilities, costs and expenses related thereto, including reasonable attorneys' fees, which may be incurred by such other party in connection with such claim. This indemnity shall survive the Closing of this transaction.

15. Professional Advice. Seller and the Buyer hereby acknowledge that it may be advisable for either or both parties to obtain independent legal, tax or other professional advice in connection with this transaction, as the terms and conditions of this Agreement affect the parties' rights and obligations. The parties agree that they have satisfied themselves that they understand the terms

and conditions of this sale and have accepted full responsibility to seek such professional advice as they deem necessary.

16. Amendments. This Agreement may be amended or modified only by a written instrument executed by Seller and Buyer.

17. Continuation and Survival of Representations and Warranties. All representations and warranties by the respective parties contained in this Agreement or made in writing pursuant to this Agreement are intended to and will remain true and correct as of Closing, will be deemed to be material, and will survive the execution and delivery of this Agreement and the delivery of the Deed and transfer of title for a period of 6 (six) months whereupon they shall terminate. Such representations and warranties, however, are not assignable and do not run with the land, except as may be expressly provided herein or contained in a written instrument signed by the party to be charged.

18. Governing Law. This Agreement will be governed and construed in accordance with the laws of the state of Washington.

19. Attorney Fees. If either party fails to perform any of its obligations under this Agreement or if a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not prevailing in the dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights under this Agreement, including without limitation, court costs and reasonable attorney fees incurred in connection with any federal, state or bankruptcy proceeding.

20. Time of the Essence. Time is of the essence of this Agreement and of all acts required to be done and performed by the parties hereto.

21. FIRPTA. Seller will prepare a certification or equivalent that Seller is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act ("FIRPTA"), and Seller agrees to sign this certification. If Seller is a "foreign person" as the same is defined by FIRPTA, and this transaction is not otherwise exempt from FIRPTA, Seller will withhold and pay the required amount to the Internal Revenue Service.

22. Waiver. Neither Seller's nor Buyer's waiver of the breach of any covenant under this Agreement will be construed as a waiver of the breach of any other covenants or as a waiver of a subsequent breach of the same covenant.

23. Nonmerger. The terms and provisions of this Agreement, including without limitation, all indemnification obligations, will not merge in, but will survive the Closing of the transaction contemplated under this Agreement.

24. Assignment. Buyer shall not assign this Agreement without Seller's prior written consent, which consent may not be unreasonably withheld or delayed.

25. Negotiation and Construction. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either party.

26. Additional Acts. Except as otherwise provided herein, in addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by any party hereto, the parties agree to perform, execute and/or deliver, or cause to be performed, executed and/or delivered, any and all such further acts, deeds and assurances, which may reasonably be required to give effect to the Agreement contemplated herein.

27. Waiver of RCW 64.06 Disclosure. Buyer and Seller acknowledge that the Property may constitute "Commercial Real Estate" or "Residential Real Property" as defined in RCW 64.06.005. Buyer waives receipt of the seller disclosure statement required under RCW 64.06 for transactions involving the sale of such real property, except for the section entitled "Environmental." The Environmental section of the seller disclosure statement (the "Disclosure Statement") shall be provided to Buyer within five business days after execution of this Agreement. The Disclosure Statement shall be deemed approved and accepted by Buyer if Buyer fails to deliver written notice to rescind this Agreement within three business days thereafter. If Buyer rescinds this Agreement, the Deposit, less any costs advanced or committed for Buyer as authorized herein, or other costs subsequently agreed to in writing, will be returned immediately to Buyer, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided for in this Agreement.

28. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the purchase and sale of the Property, and supersedes all prior agreements and understandings, oral or written, between the parties relating to the subject matter of this Agreement.

29. Survival. Any terms, conditions, or provisions of this Agreement which by their nature should survive shall survive the Closing of the sale.

{Remainder of Page Intentionally Left Blank}

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

SELLER:

BUYER:

TACOMA POWER

Jackie Flowers, Date
Director of Utilities

Patrick M. Cookson Date

Chris Robinson, Date
Power Superintendent / COO

Shannon M. Cookson Date

Approved as to form:

Michael W. Smith, Date
Deputy City Attorney

City of Tacoma Review

Joseph A. Wilson, Date
Transmission and Distribution Power Section Manager

John Nierenberg, Date
Transmission and Distribution Power Section Assistant Manager

Jeff Singleton, Date
Chief Surveyor

FINANCE:

Andrew Cherullo, Date
Director of Finance

EXHIBIT "A"

949-011

1521524

WARRANTY DEED

The Grantor, WEYERHAEUSER TIMBER COMPANY, a Washington corporation, for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable considerations to it in hand paid, receipt whereof is hereby acknowledged, conveys and warrants unto the CITY OF TACOMA, a municipal corporation of the State of Washington, Grantee, the following described strips of land for an electrical power transmission line, situate in Pierce County, State of Washington, to-wit:

The East One Hundred (100) feet of the West One Hundred Sixty-five and seventy-five hundredths (165.75) feet of Lot Two (2), Section One (1), Township Sixteen (16) North, Range Three (3) East of W. M., containing 2.96 acres, more or less;

That part of a strip of land 100 feet in width East of, parallel with and adjacent to a strip of land conveyed by Weyerhaeuser to the City of Tacoma by a deed dated December 20, 1911, which lies within the North Half of Northeast quarter (NE 1/4 of NE 1/4) and Southeast quarter of Northeast quarter (SE 1/4 of NE 1/4) of Section Twelve (12), Township Sixteen (16) North, Range Three (3) East of W. M., containing 6.26 acres, more or less;

A strip of land One Hundred (100) feet in width in the Fractional East Half of Northwest quarter (Fr. E 1/2 of NW 1/4) and the Northeast quarter of Southwest quarter (NE 1/4 of SW 1/4) of Section One (1), Township Seventeen (17) North, Range Three (3) East of W. M., being fifty feet (50) in width on each side of the following described center line: Beginning at Engineer's Center Line Station 104.6+18.7, a point on the North line of said Section 1, which is 280 feet West of the North quarter corner of said section; thence South 0° 49' 35" East to the South line of said Northeast quarter of Southwest quarter (NE 1/4 of SW 1/4), and containing 9.09 acres, more or less;

A strip of land One Hundred (100) feet in width in the Northeast quarter of Northwest quarter (NE 1/4 of NW 1/4) of Section Thirteen (13), Township Seventeen (17) North, Range Three (3) East of W. M., being Fifty (50) feet in width on each side of the following described center line: Beginning at Engineer's Center Line Station 1151+98.21, a point on the North boundary line of said Section 13, which is 367.27 feet West of the North quarter corner of said section; thence South 1° 42' 10" East to the South line of said Northeast quarter of Northwest quarter (NE 1/4 of NW 1/4), containing 3.03 acres, more or less;

A strip of land One Hundred (100) feet in width in the Southeast quarter of Northwest quarter (SE 1/4 of NW 1/4) of Section Twenty-four (24), Township Seventeen (17) North, Range Three (3) East of W. M., being Fifty (50) feet on each side of the following described center line: Begin-

NE 1/4-35
Accepted by City Council July 5, 1944
Edna J. McNamee Deputy City Clerk

NE 1/4-35

NW, SW 1-17-35

DESCRIPTIONS CORRECTED

NW 13-17-35

NW 24-17-35

FURNI APPROVED [Signature] CORPORATION COUNCIL

D-3196

L D-3196

091841

ning at a point on the South boundary line of said Southeast quarter or Northwest quarter (SE $\frac{1}{4}$ of NW $\frac{1}{4}$), which is 280.02 feet West of the Southeast corner thereof; thence North 0° 38' 48" East to the North boundary line of said Southeast Quarter of Northwest Quarter (SE $\frac{1}{4}$ of NW $\frac{1}{4}$), containing 3.06 acres, more or less;

NW + SW
25-77-3E

A strip of land One Hundred (100) feet in width in the Southeast Quarter of Northwest quarter (SE $\frac{1}{4}$ of NW $\frac{1}{4}$) and the East Half of Southwest Quarter (E $\frac{1}{2}$ of SW $\frac{1}{4}$) of Section Twenty-five (25), Township Seventeen (17) North, Range Three (3) East of W. M., being Fifty (50) feet on each side of the following described center line: Beginning at a point on the South boundary line of the Southeast Quarter of Southwest Quarter (SE $\frac{1}{4}$ of SW $\frac{1}{4}$) which is 280.05 feet West of the Southeast corner thereof; thence North 0° 46' 21" East to the North boundary line of said Southeast Quarter of Northwest quarter (SE $\frac{1}{4}$ of NW $\frac{1}{4}$), containing 9.09 acres, more or less.

The locations of said strips of land are shown on six (6) maps hereto attached, made a part hereof and marked "Exhibits A to F, inclusive"; and each further identified by the signature of C. D. Weyerhaeuser.

And also for the considerations hereinabove mentioned and for the purpose of safeguarding and protecting the construction, operation and maintenance of said electrical power transmission line from and against damage by falling trees, the Grantor hereby grants to the Grantee an easement to enter upon the following described lands:

East Two Hundred (200) feet of the West Four Hundred (400) feet and the West One Hundred (100) feet of Lot Two (2) and the East One Hundred (100) feet of the Fractional East Half of Northwest Quarter (Fr. E $\frac{1}{2}$ of NW $\frac{1}{4}$) of Section One (1), Township Sixteen (16) North, Range Three (3) East of W. M.;

That part of a strip of land Two Hundred (200) feet in width lying East of, parallel with and adjacent to the hereinabove described strip of land in Section Twelve (12), Township Sixteen (16) North, Range Three (3) East of W. M., which lies within the North Half of Northeast Quarter (N $\frac{1}{2}$ of NE $\frac{1}{4}$) and the Southeast Quarter of Northeast quarter (SE $\frac{1}{4}$ of NE $\frac{1}{4}$) of said Section Twelve (12).

Strips of land each Two Hundred (200) feet in width; one strip being parallel with and adjacent to each side of the hereinabove described strips of land One Hundred (100) feet in width in Sections One (1), Twelve (12), Thirteen (13), Twenty-four (24) and Twenty-five (25), Township Seventeen (17) North, Range Three (3) East of W. M., herein conveyed to the Grantee;

at any and all times during the construction, operation and maintenance of said transmission line and to cut and remove any tree, dead, decayed, leaning or otherwise, standing on any of the Grantor's lands within 200 feet of the 100 foot strip of land herein conveyed to the Grantee, which said tree is, in the judgment of the Grantee, liable to fall upon or damage said transmission line, or lines;

DESCRIPTION CHECKED
D.K. [Signature]

D-319C

1521524

provided, however, that no tree shall be cut from the Grantor's lands above described before the same shall have been first designated and plainly marked by the Grantee as a danger tree, estimated by the Grantor and the reasonable value thereof paid by the Grantee to the Grantor; provided, however, that the provisions of this paragraph with respect to payment for the cutting of danger trees shall apply only to trees cut after December 31, 1949.

All standing timber to be cut by the Grantee on the lands herein conveyed to it or upon the danger tree areas as above described shall be felled so as to lodge on such lands and not upon the adjacent lands of the Grantor. All tops, limbs, slashings and debris created by the clearing of said lands herein conveyed to the Grantee and on the danger tree areas adjacent thereto, upon which the easement to cut danger trees is herein granted, shall be removed therefrom by burning or otherwise so that the fire hazard shall be reduced to a minimum and the Grantee agrees to abide by and conform to all laws, rules and regulations relating to fire prevention and suppression with respect thereto and with respect to subsequent burning of any slashings on said lands.

This deed is given subject to any easement or right of way in the public for any public roads heretofore established or existing on said strips of land herein conveyed or any part thereof, and a right of way easement dated May 3, 1924 wherein Weyerhaeuser granted to Henry Hendrickson an easement for a wagon road across the South 15 feet of the NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of said Section 13, Township 17 North, Range 3 East of W. M., lying West of the County Road, being approximately 500 feet long.

The Grantor reserves for itself, its successors and assigns, the right to cross and recross the above described One Hundred (100) foot strips of land at any place on grade or otherwise, by any means, for any purpose, provided, however, such crossing shall not materially interfere with the use of the lands granted to the Grantee for an electrical power transmission line.

D-3194

1521524

The Grantor hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself, its successors and assigns, forever, all ores, minerals, oils, gases, stone and fossils of any nature whatsoever in or upon said land, together with the right to enter upon said lands for the purpose of exploring the same for such ores, minerals, oils, gases, stone and fossils and for the purpose of drilling, opening, developing and working mines and wells thereon and taking out and removing therefrom all such materials and to occupy and make use of so much of the surface of said land as may be reasonably necessary for said purposes; provided, however, such operations shall in no manner interfere with the operation or maintenance of said transmission line and that the Grantee, its successors and assigns, shall be paid just and reasonable compensation for any injury or damage to the surface of said land or to the improvements thereon caused by the exercise of any rights herein reserved; but provided further that the exercise of such rights by the Grantor shall not be postponed or delayed pending reasonable efforts to agree upon or have determined such just and reasonable compensation.

D-3196

Dated this 20th day of June, 1949.



WEYERHAEUSER TIMBER COMPANY

By David Graham
Vice President

Attest: George S. Long
Secretary

STATE OF WASHINGTON }
County of Pierce } ss.

On this 20th day of June, A. D. 1949, before me personally appeared David Graham, to me known to be the Vice President of Weyerhaeuser Timber Company, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument

1521524

and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

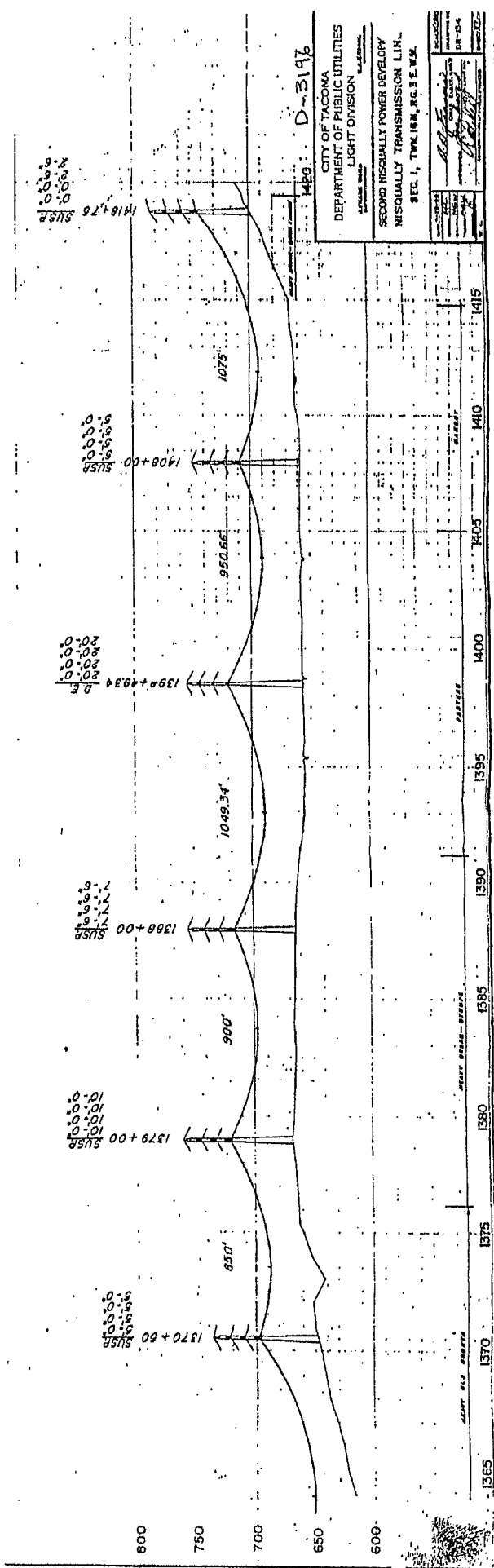
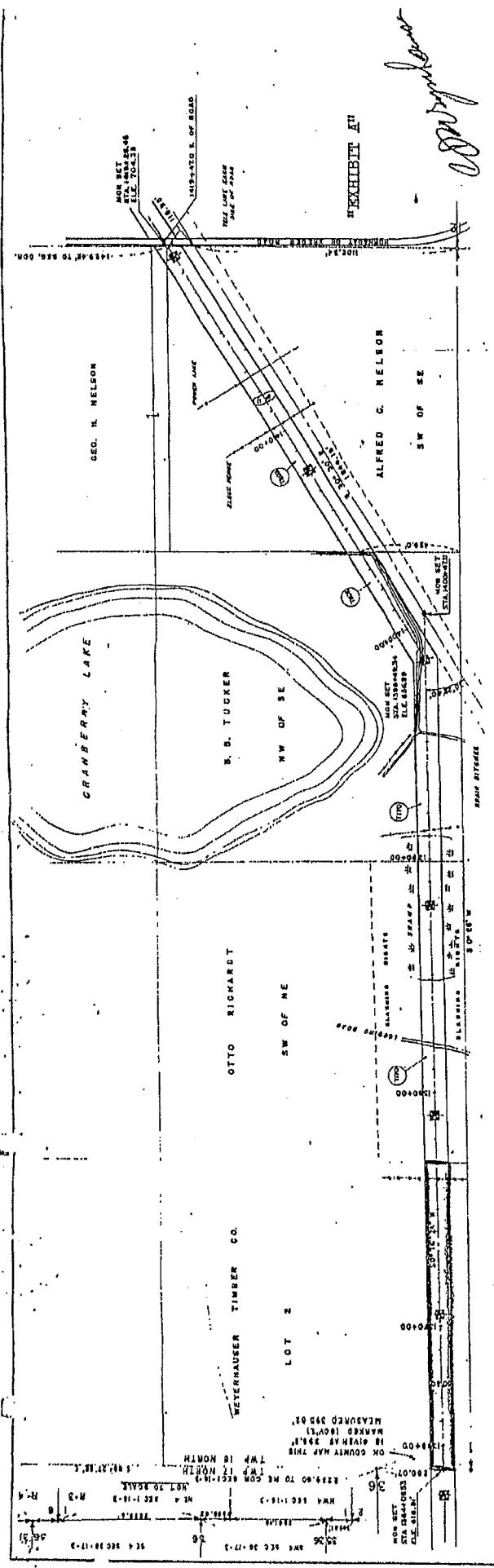
H. H. ...

Notary Public in and for the State of Washington, residing at Tacoma.



D-3196

Filed for record July 11 1949 9:22 a.m.
Request of Controller City Hall
JACK W. SCHWITAG, Co. Auditor
O.M. Anderson

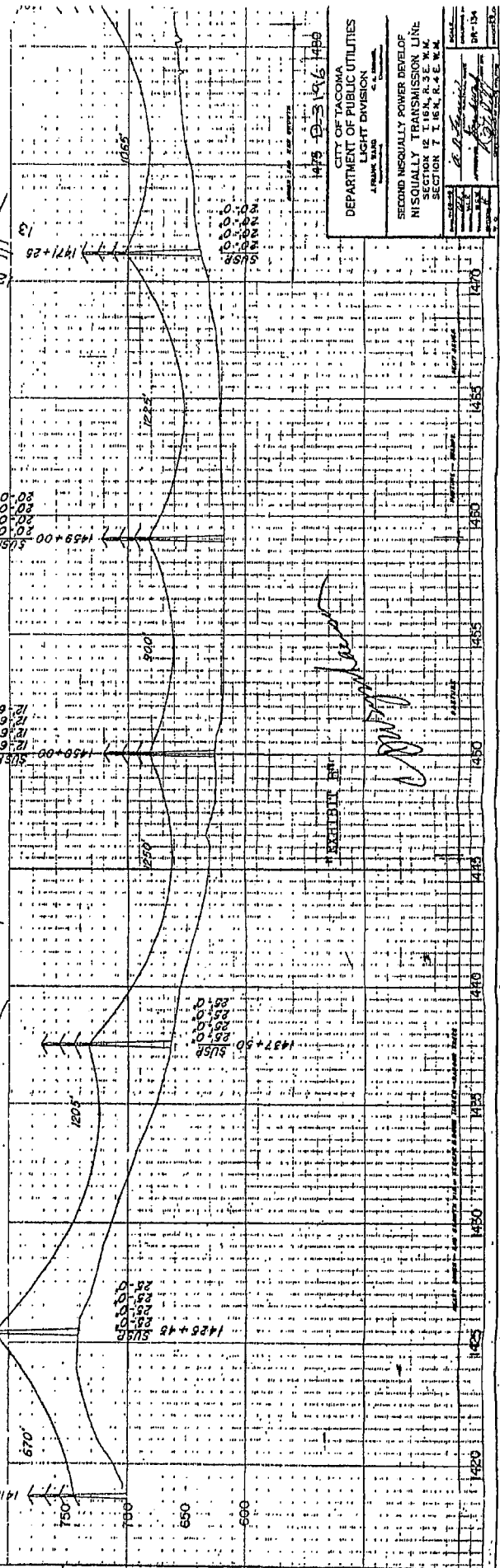
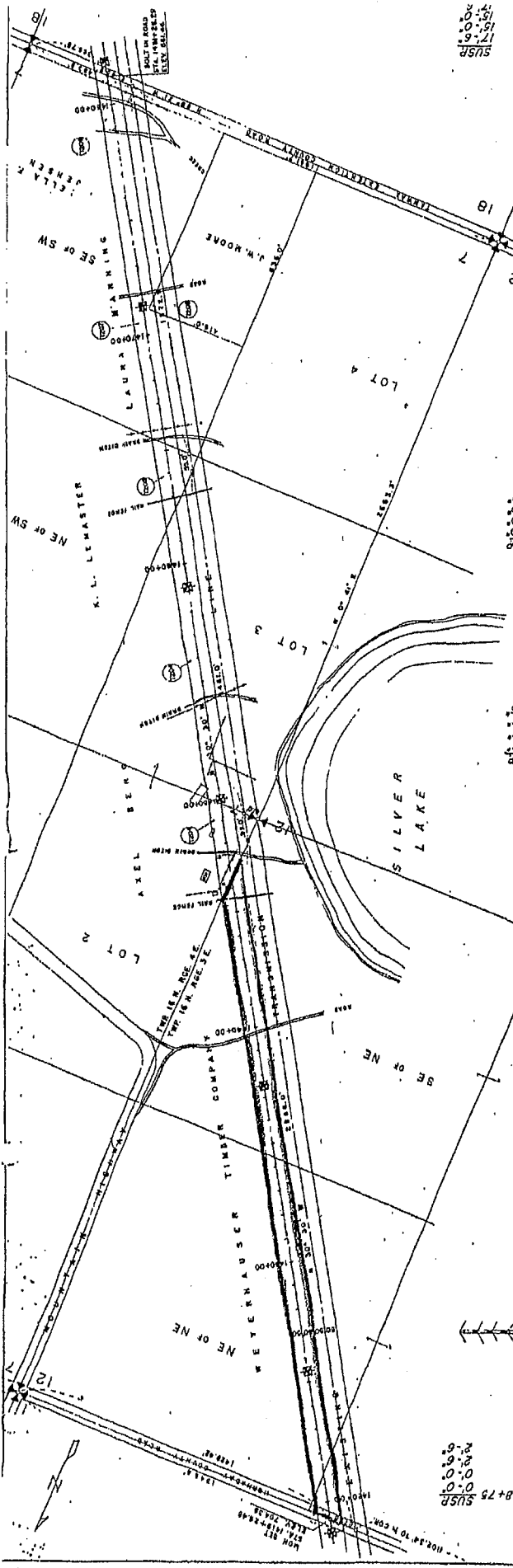


CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITIES
LIGHT DIVISION

SECOND REGULARLY POWER DEVELOPMENT
NUSQUALLY TRANSMISSION L.I.N.
SEC. 1, TWP. 12N., R. 2E., W. 3E.

DATE: 12/15/19
DRAWN BY: [Signature]
CHECKED BY: [Signature]

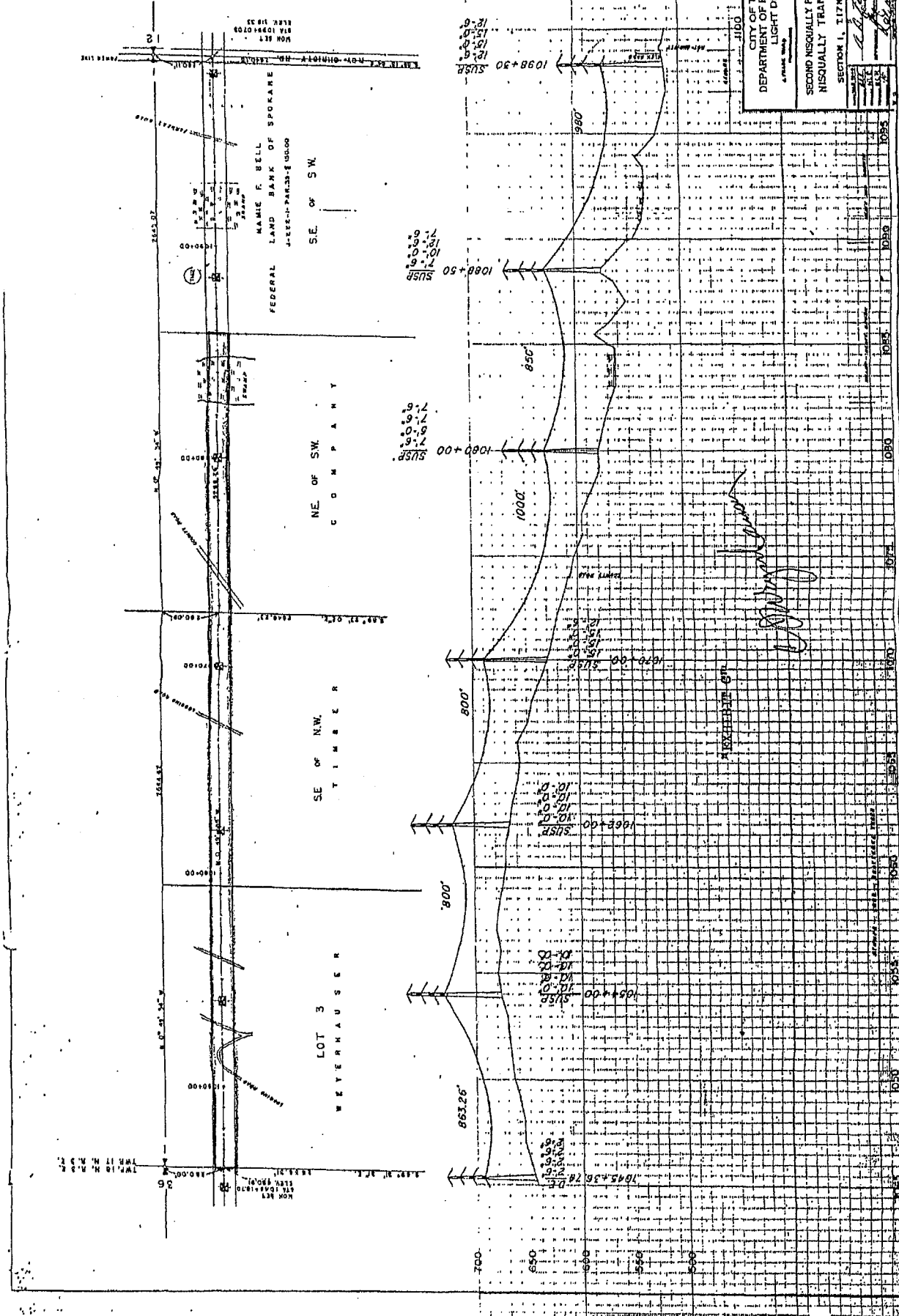
1365	1370	1375	1380	1385	1390	1395	1400	1405	1410	1415
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CITY OF TACOMA
 DEPARTMENT OF PUBLIC UTILITIES
 LIGHT DIVISION
 A PUBLIC WORKS
 SECOND IRREGULARLY POWER DEVELOPMENT OF
 TRANSMISSION LINE
 SECTION 12 T. 18 N. R. 2 E. W.M.
 SECTION 2 S. 18 E. R. 2 E. W.M.

Handwritten signature

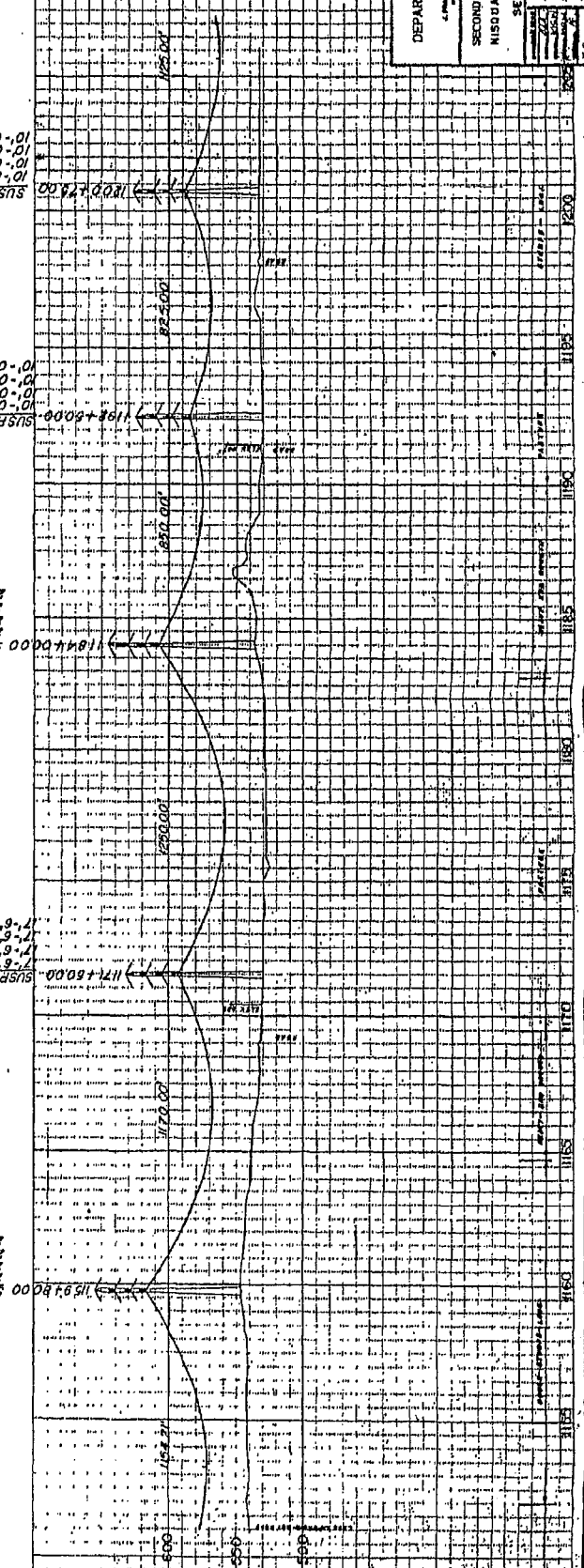
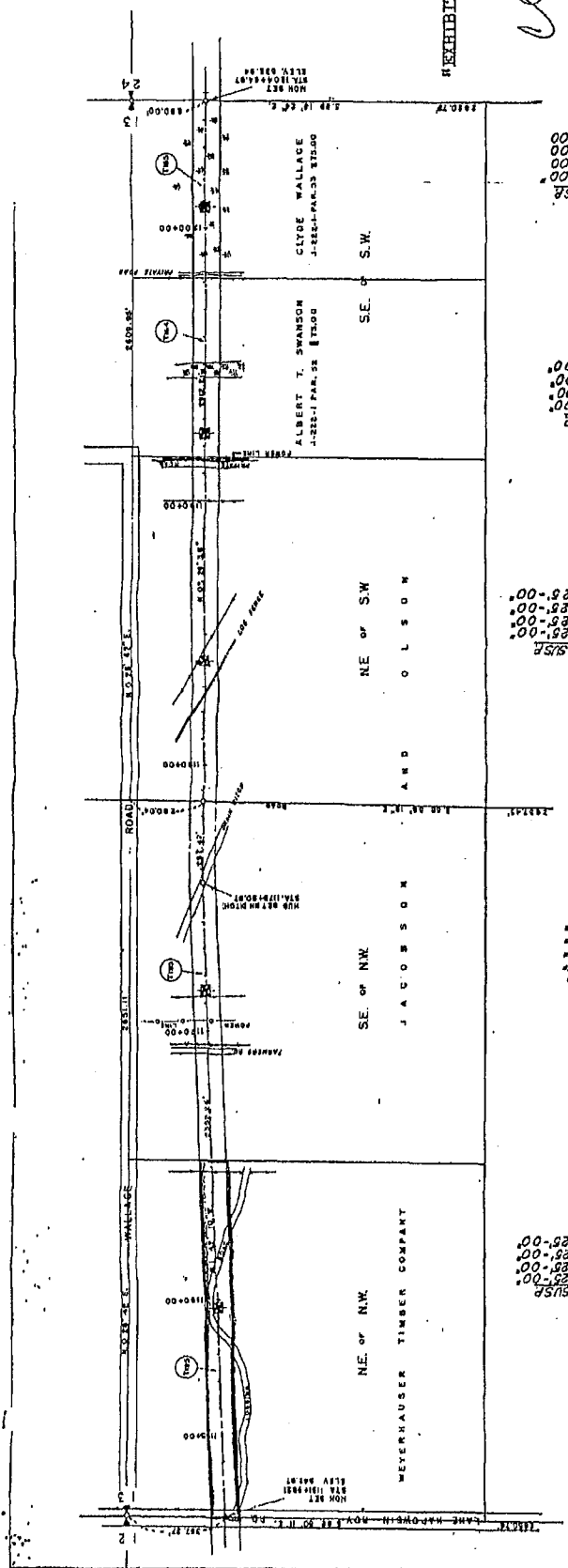
14.4
 15.0
 15.6
 17.6
 SUSB
 1475-3-16-1480
 1475-3-16-1480



JULIO D. SARGENT
 CITY OF PACOMA
 DEPARTMENT OF PUBLIC UTILITIES
 LIGHT DIVISION
 4 P. 2610
 SECOND NIQUALLY POWER DEVELOPMENT
 NIQUALLY TRANSMISSION LINE
 SECTION 1, T17N. R23E.
 JULIO D. SARGENT
 JUL 11 1955
 17-17

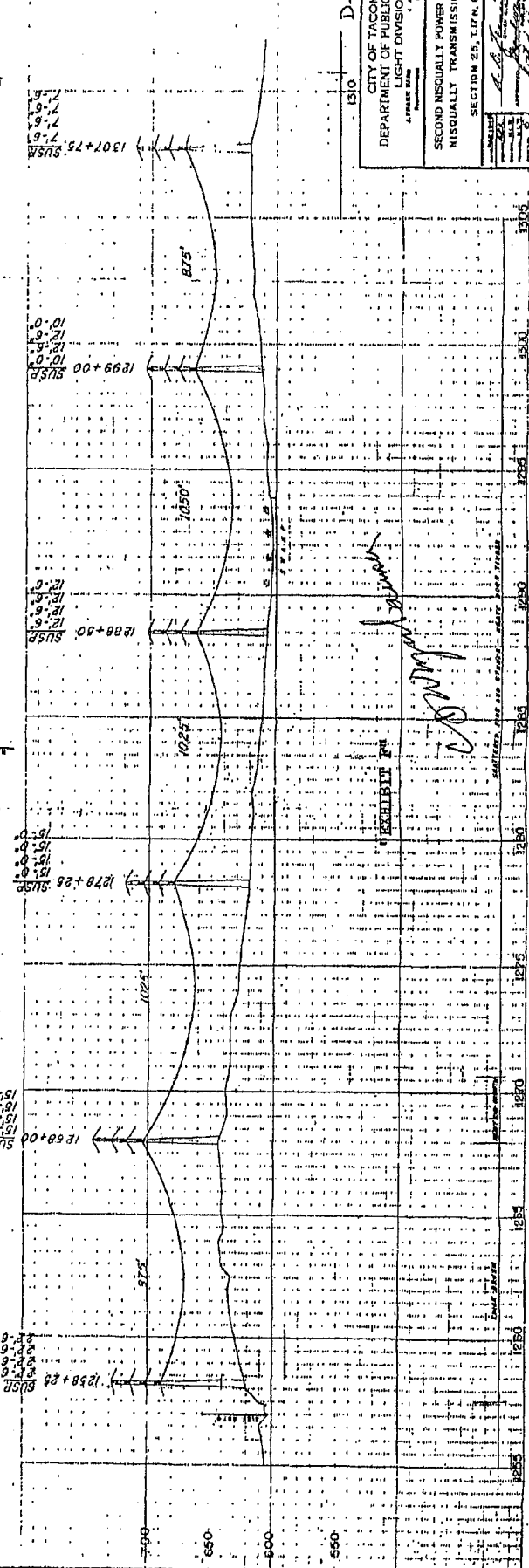
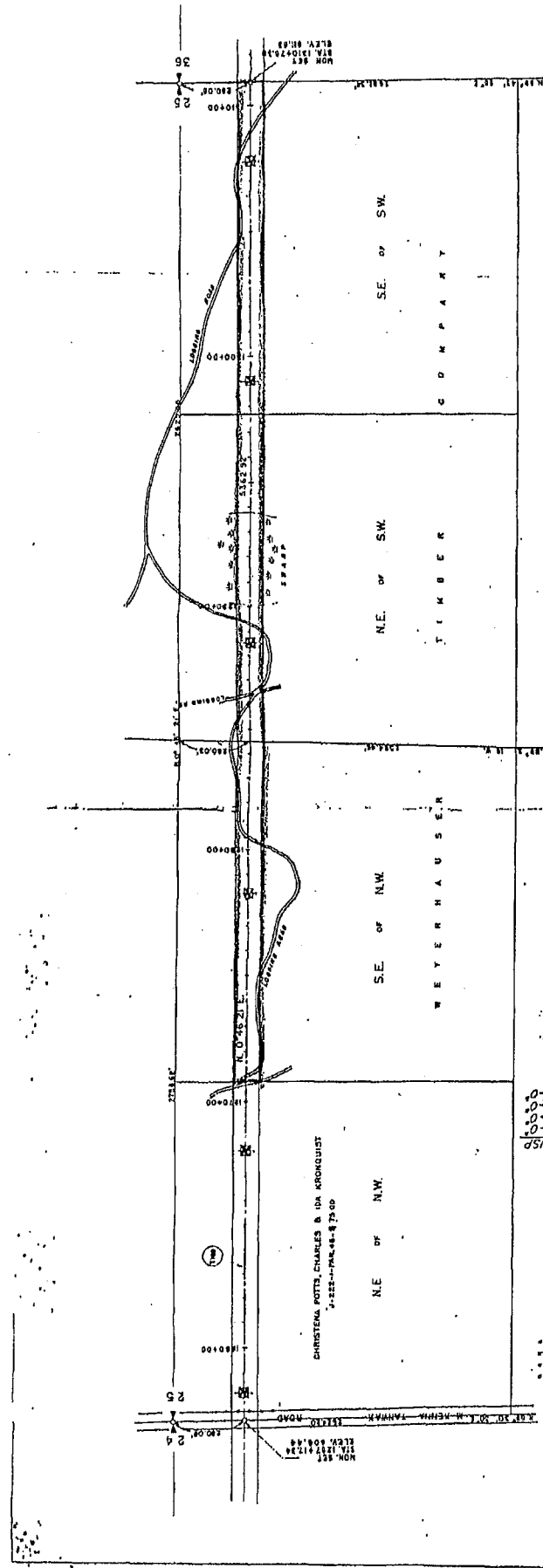
EXHIBIT D

D. J. ...



CITY OF TACOMA
 DEPARTMENT OF PUBLIC UTILITIES
 LIGHT DIVISION
 J. H. ...
 SECTION 13 T17N R3E
 SECOND MISQUALLY POWER DEVELOP
 MISQUALLY TRANSMISSION LINE

DATE	11/15/1910
BY	J. H. ...
SCALE	AS SHOWN
PROJECT	...
BLK-104	...



D-3196
 CITY OF TACOMA
 DEPARTMENT OF PUBLIC UTILITIES
 LIGHT DIVISION
 SECOND INEQUALLY POWER DEVELOPMENT
 INEQUALLY TRANSMISSION LINE
 SECTION 25, T17N, R3E
 DA-12
 10-12-19

Handwritten signature
 EXHIBIT 11
 SCHEDULED FOR THE STATE OF WASHINGTON
 COUNTY OF TACOMA

EXHIBIT "B"

After Recording Mail To:

TACOMA PUBLIC UTILITIES
ABS 2nd Floor
3628 S. 35th Street
Tacoma, WA 98409
Attn: Real Property Services

**CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITES
QUIT CLAIM DEED NO. D6765**

Reference No. P2018-113
Grantor: City of Tacoma, Department of Public Utilities, Light
Division (d.b.a. Tacoma Power)
Grantee: Patrick M. and Shannon M. Cookson
Abbr. Legal Description: Portion of the NW Quarter of Section 24, Township 17
North, Range 3 East, W.M., in Pierce County, WA.
Tax Parcel No: 0317242034

The Grantor, CITY OF TACOMA, DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION (d.b.a Tacoma Power), a first class municipal corporation, for and in consideration of Twelve Thousand and No/100 U.S. Dollars (\$12,000.00), hereby conveys and quit claims to Patrick M. Cookson and Shannon M. Cookson, husband and wife, as Grantee, all its interest in the following described real property situate in Pierce County, State of Washington, to-wit:

A strip of land one hundred feet in width in the Southeast Quarter of the Northwest Quarter of Section 24, Township 17 North, Range 3 East, W.M., in Pierce County, Washington, being fifty feet on each side of the following described centerline:

Beginning at a point on the south boundary line of said Southeast Quarter of the Northwest Quarter, which is 280.02 feet west of the Southeast corner thereof; thence North 0° 38' 48" East to the north boundary line of said Southeast Quarter of the Northwest Quarter. Said 100 foot wide strip being a portion of that certain tract within said Section 24 conveyed to the City of Tacoma by Warranty Deed dated June 20, 1949 and recorded July 11, 1949 under Auditor's File No. 1521524, records of Pierce County, Washington.

Excepting therefrom that portion lying Northerly of the Christiansen-Muck County Road.

Also known as Pierce County Assessor Tax Parcel 0317242034.

Authorized by City Council Resolution No. _____ adopted _____, 20__, at the request of Public Utility Board Resolution No. U- _____ adopted _____, 20__.

IN WITNESS WHEREOF, said corporation has caused this instrument to be executed by its proper officers this _____ day of _____, 20__.

CITY OF TACOMA

By: _____
Mayor

Attest:

City Clerk

Accepted by Grantee

By: _____
Printed Name: _____
Title: _____
Date: _____

By: _____
Printed Name: _____
Title: _____
Date: _____

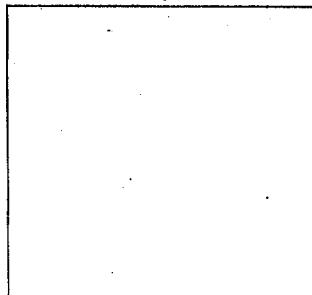
P2018-113/D6765

STATE OF WASHINGTON)
)
COUNTY OF PIERCE)

On this ____ day of _____, 20__, before me personally appeared Victoria Woodards, to me known to be the Mayor of the City of Tacoma, the municipal corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of the City of Tacoma, for the uses and purposes herein mentioned, and on oath stated that she was authorized to execute said instrument and that the seal affixed is the corporate seal of the City of Tacoma.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Place Notary Seal In Box



Notary Public in and for the State
of Washington
Residing in _____
My Commission Expires

EXHIBIT "C"

WHEN RECORDED RETURN TO:
Tacoma Public Utilities
Real Property Services
PO Box 11007, Tacoma, WA 98411

CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITIES
EASEMENT NO. 13585

Reference No. P2018-113 GWM
Grantors: Patrick M. and Shannon M. Cookson
Grantee: City of Tacoma, Department of Public Utilities, Light
Division (d.b.a. Tacoma Power)
Legal Description: Portion of the NW Quarter of Section 24, Township 17
North, Range 3 East, W.M., in Pierce County, WA.
Complete Description: Exhibit A
Tax Parcel No.: 0317242034

WE, the undersigned Patrick M. Cookson and Shannon M. Cookson, husband and wife, record owner of the premises hereinafter described, hereinafter referred to as "Grantors", for good and valuable consideration from the City of Tacoma, Department of Public Utilities, Light Division (d.b.a. Tacoma Power), hereinafter referred to as "Tacoma Power" and/or "Grantee", the receipt of which is hereby acknowledged, do hereby grant unto said Tacoma Power, its successors and assigns, an easement for ingress and egress and for the construction, operation, maintenance, alteration, repair, and replacement of existing and future overhead, aboveground, and underground utilities including, but not limited to, transmission, distribution, and communications/data lines and wires, guy wires, towers, poles, conduits and all associated appurtenant equipment in, upon, over, under, through,

along and across the following real property situate and being in the County of Pierce, State of Washington, to-wit:

As described in Exhibit "A" and as depicted in Exhibit "B", both attached hereto and by this reference incorporated herein;

Together with the right to trim and keep trimmed all vegetation located upon the tracts of land above described.

It is agreed that the Grantors and their successors shall not construct any permanent structures within the easement area without Tacoma Power's prior written approval; any such permanent structures must meet all applicable safety standards, regulations and codes in effect at time such approval is requested. Approval or denial of any request shall be at the sole discretion of Tacoma Power. The Grantors shall at all times provide access to Tacoma Power staff and its contractors to change, repair, renew or remove said equipment or facilities. The Grantors herein further grant to Tacoma Power, its contractors and/or agents, the right to hereafter temporarily enter upon the Grantors' remaining lands where necessary to construct, replace, or maintain said facilities. The Grantors, their successors and assigns, do hereby agree to indemnify, defend and save harmless Tacoma Power, its officers, employees, agents and volunteers from and against any and all claims, demands, lawsuits, damages, liabilities, losses and expenses (including reasonable attorneys' fees and costs) arising directly or indirectly out of any act or omission of the Grantor, its agents, contractors, licensees or guests and involving the subject matter of this Easement. The foregoing shall expressly apply to any and all actual or alleged injury to persons (including death) and/or damage to property, except to the extent such injury or damage results from the fault of Tacoma Power, its officers, employees, agents or volunteers. The term "fault" as used herein shall have the meaning set forth in RCW 4.22.015, as that statute may hereafter be amended.

P2018-113 GWM/E13585

IN WITNESS WHEREOF, We have executed this instrument at _____
County, Washington, on this _____ day of _____, 20__.

Patrick M. Cookson

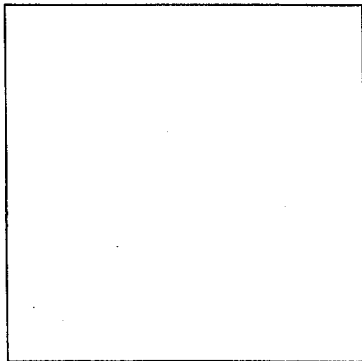
Shannon M. Cookson

STATE OF WASHINGTON)
) §
COUNTY OF _____)

On this day personally appeared before me Patrick M. Cookson and Shannon M. Cookson, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and seal this _____ day of _____, 20__.

Place Notary Seal in Box



Notary Public in and for the State
of _____
Residing in _____
My Commission Expires _____

P2018-113 GWM / E13585

Dated this _____ day of _____, 20__.

Accepted:

Chris Robinson Date
Power Superintendent / COO

Reviewed:

Joseph A. Wilson, Date
Transmission and Distribution Power Section Manager

John Nierenberg, Date
Transmission and Distribution Power Section Assistant Manager

Jeff Singleton, Date
Chief Surveyor

APPROVED AS TO FORM:

Michael W. Smith, Date
Deputy City Attorney

**City of Tacoma - Department of Public Utilities
Light Division Easement No. 13585**

**Northwest Quarter (NW ¼) of Section 24, Township 17 North, Range 3 East, W.M.,
In Pierce County, Washington.**

A strip of land one hundred feet in width in the Southeast Quarter of the Northwest Quarter of Section 24, Township 17 North, Range 3 East, W.M., in Pierce County, Washington, being fifty feet on each side of the following described centerline:

Beginning at a point on the south boundary line of said Southeast Quarter of the Northwest Quarter, which is 280.02 feet west of the Southeast corner thereof; thence North 0° 38' 48" East to the north boundary line of said Southeast Quarter of the Northwest Quarter. Said 100 foot wide strip being a portion of that certain tract within said Section 24 conveyed to the City of Tacoma by Warranty Deed dated June 20, 1949 and recorded July 11, 1949 under Auditor's File No. 1521524, records of Pierce County, Washington.

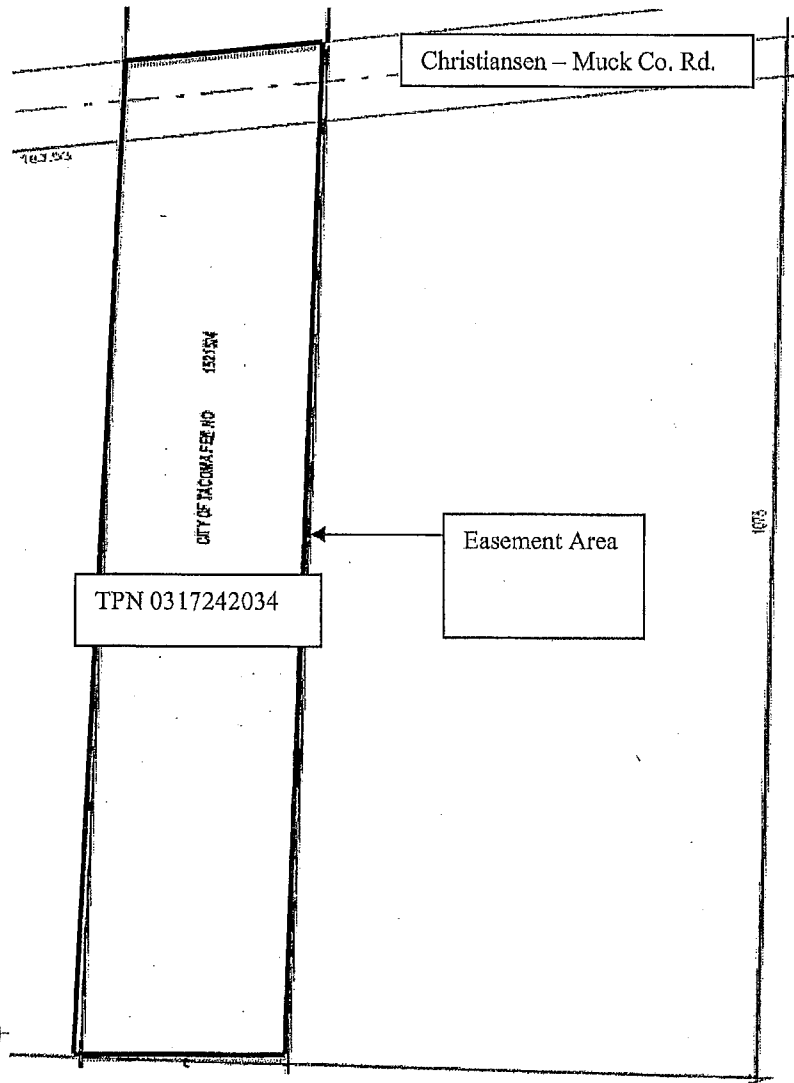
Excepting therefrom that portion lying Northerly of the Christiansen-Muck County Road.

Also known as Pierce County Assessor Tax Parcel 0317242034.

Reference No. P2018-113 GWM	Legal Description reviewed for Tacoma Power by Chief Surveyor, _____, Date: _____	Exhibit A
--------------------------------	--	------------------

**City of Tacoma - Department of Public Utilities
Light Division Easement No. 13585**

Northwest Quarter (NW ¼) of Section 24, Township 17 North, Range 3 East, W.M.,
in Pierce County, Washington.



REAL PROPERTY SERVICES ILLUSTRATION

Reference No.
P2018-113 GWM

This illustration is not to scale. It is provided as a customer convenience to assist in identifying significant characteristics of the installation. No liability is assumed by reason of reliance hereon.

Exhibit B



City of Tacoma

Declaration of Surplus Property (DSP)

To: Purchasing Division **Date:** 08.22.18
From: TPU - Tacoma Power
Contact Name: Greg Muller, R.E. Officer **Phone:** 253.502.8256

- Declaration of Surplus Personal Property
 Declaration of Surplus Real Property
 Declaration of Unusable Personal Property¹

¹ Items that are broken, unusable, have no commercial, salvage, or donation value, and have no special disposal requirements (e.g., hazardous metals), may be disposed by the owning department. Do not submit DSP Form to Purchasing for these items.

Description of Surplus Property

Describe Item or Attach List: 1.65 Acres of Tacoma Power Transmission Line Corridor Fixed Asset # N/A
 Address/Location of Items: Pierce Co. TPN 0317242034 Accounting (for costs/proceeds):
 Estimated Commercial or Resale Value: \$ 12,000.00 Cost Center: 561100
 Minimum Acceptable Bid: \$ N/A General Ledger Acct: 6411030

I hereby certify the asset(s) listed have no further public use or the sale thereof is in the best interests of the City and declare these items as surplus according to sections 1.06.272 through 1.06.278 of the Tacoma Municipal Code. Items may be sold, transferred, donated or otherwise disposed of in accordance with the City's surplus property policies and the Tacoma Municipal Code.

[Signature] Department/Division Head Signature 9/6/18 Date
[Signature] City Manager or Director of Utilities (if over \$200,000) 9/6/18 Date

DISPOSAL REQUEST
 (to be completed by department)

Requested Disposal Method(s):

Intra City Transfer
 Name of Department _____

Bid Solicitation (Formal / Informal)

Vehicle Auction (attach vehicle surplus form)
 Specify Contract _____

Online Auction Service
 (attach online auction surplus form)

Special Advertisement (attach advertisement)
 Specify Newspaper _____

Supplemental Mailing List (attach)

Website Posting

Special Disposal Requirements (e.g., environmental, regulatory)

Salvage Services
 Specify Contract _____

Donation

2-Good-2 Toss

Other: Negotiated Sale

Okay for Disposal: _____

DISPOSAL ACTION
 Internal Use Only – Purchasing Division

Formal Bid No. _____
 Resolution/Ordinance No. _____

Informal Bid No. _____

Online Auction Website Posting

Special Advertisement Supplemental Mailings

Contract Services Intra-City Transfer

Salvage Services Donation

Okay for Disposal 2-Good-2 Toss

Date Advertised/Posted: _____

Sale Amount: \$ _____

Sold To: Name _____
 Address _____

Donated To: Name _____
 Address _____

Hold Harmless Release Received

Recipient is: Public Agency Non-Profit serving
 General Public Employee

Accounting, if different from above: _____

APPROVED:

Procurement and Payables Manager Date



RESOLUTION NO. U-11026

1 A RESOLUTION relating to Tacoma Power; declaring utility-owned real
2 property surplus and authorizing the sale to Todd and Zana
3 Layland.

4 WHEREAS the City of Tacoma, Department of Public Utilities, Light
5 Division (d.b.a. "Tacoma Power"), requests the Board declare surplus and
6 approve the negotiated sale of approximately 1.65 acres ("Property"), identified
7 as Pierce County Assessor Tax Parcel No. 0317271011 - located southerly of
8 SR 702 at Kinsman Road E in the Graham – Eatonville vicinity of
9 unincorporated Pierce County, WA, to Todd and Zana Layland ("the Laylands"),
10 and

11
12 WHEREAS the Property is a small portion of Tacoma Power's right-of-
13 way currently used for electrical distribution, and

14 WHEREAS, as the Laylands develop property adjacent to the Property, a
15 portion of the Property necessary to maintain a public roadway will be dedicated
16 to Pierce County for continued use of the public road, and Tacoma Power will
17 retain an easement therein, and

18
19 WHEREAS Tacoma Power does not need to own the property rights as
20 ownership entails additional management time and expense, and operational
21 needs can be met through permanent easement rights alone, as proposed by
22 this transaction, and

23 WHEREAS Tacoma Power has negotiated the sale price of \$12,000, and
24 Tacoma Power will be granted an easement for continued operations, and

25
26 WHEREAS, due to the retained easement rights, Tacoma Power has
determined that the Property sought by the Laylands is not essential for



1 continued effective utility service and has deemed the Property surplus to
2 Tacoma Power's needs pursuant to RCW 35.94.040 and TMC 1.06.280f; Now,
3 Therefore,

4
5 BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

6 Sec. 1. That it is in the best interests of the City of Tacoma to approve
7 the negotiated sale in fee of approximately 1.65 acres, identified as a portion of
8 Pierce County Assessor Tax Parcel No. 0317271011 - located southerly of SR
9 702 at Kinsman Road E in the Graham – Eatonville vicinity of unincorporated
10 Pierce County, WA, and as more fully described in the documents on file with
11 the Clerk of the Board, to Todd and Zana Layland.

12
13 Sec. 2. That the Property is not essential for continued effective utility
14 service by Tacoma Power and is properly declared surplus property and excess
15 to Tacoma Power's needs.

16 Sec. 3. Tacoma Power has negotiated the sale price of \$12,000, with
17 consideration of an easement to Tacoma Power for current and future
18 operations.

19 Sec. 4. Tacoma Power will seek Council approval for a declaration of
20 surplus property and approval of sale by November 30, 2018.

21
22 Sec. 4. That the City Council is requested to hold a public hearing on this
23 matter pursuant to RCW 35.04.040, and thereafter approve this recommended
24 sale and authorize the proper officers of the City of Tacoma to execute all
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26



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necessary documents, substantially in the same form as on file with the Clerk
and approved by the City Attorney.

Approved as to form and legality:

AC Penick
Chief Deputy City Attorney

Chair

Secretary

Adopted

Clerk

of September 26, 2018

REQUEST FOR RESOLUTION

Date: August 23, 2018

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Declare surplus and authorize the sale of approximately 1.65 acres of Tacoma Power property to Todd and Zana Layland for \$12,000.00.

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Declare surplus and authorize the sale of approximately 1.65 acres of Tacoma Power property - identified as a portion of Pierce County Assessor Tax Parcel No. 0317271011 - located southerly of SR 702 at Kinsman Road E in the Graham – Eatonville vicinity of unincorporated Pierce County, WA, to Todd and Zana Layland for \$12,000.00. The Laylands own property abutting to the east. An easement to Tacoma Power will be retained over the property for current and future operations.

3. Summarized reason for resolution:

The sale property is a small portion of Tacoma Power right-of-way currently used for electrical distribution. However, it is encumbered by a County road. This transaction will allow legal access to the Layland property for development of a two-lot residential short plat. As the Laylands develop the property, the sale property will be dedicated to Pierce County for continued use of the public road while Tacoma Power retains its easement therein. Tacoma Power does not need to own the property as ownership entails additional management time and expense. Operational needs can be met through permanent easement rights alone as included in this transaction. Additionally, the sale will generate one-time revenue for Tacoma Power. Tacoma Power has negotiated the sale price to the Laylands for \$12,000.00; this figure takes into consideration the reservation of an easement to Tacoma Power for continued operations.

The sale is subject to both Public Utility Board and City Council approval. The terms and conditions of the purchase and sale agreement have been approved by Real Property Services and reviewed by the City's Legal Department. If approved, the transaction is expected to close by no later than November 30, 2018.

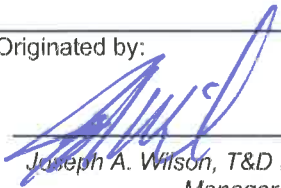
4. Attachments:

- a. Director's Memo
- b. Aerial Photo
- c. Purchase and Sale Agreement
- d. Declaration of Surplus Property
- e. CAM Request to set Public Hearing

5. Funds available Proposed action has no budgetary impact

6. Deviations requiring special waivers: None.

Originated by:



Joseph A. Wilson, T&D Power Section
Manager

Requested by:

Chris Robinson, Power
Superintendent/COO

Approved:



Jackie Flowers, Director of Utilities



TO: Mayor and City Council
FROM: Jackie Flowers, Director of Utilities
COPY: Elizabeth Pauli, City Manager, and City Clerk
SUBJECT: Resolution – Declaration of Surplus and Sale of Tacoma Public Utilities, Light Division Real Property – October 9, 2018
DATE: August 23, 2018

SUMMARY: To set Tuesday, October 23, 2018 as the date for a Public Hearing regarding the declaration of surplus and sale of approximately 1.65 acres of Tacoma Power property for \$12,000.00 to Todd and Zana Layland.

STRATEGIC POLICY PRIORITY:

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This request supports the above policy priorities by allowing economic development, and offering the opportunity for public input on this real estate transaction.

BACKGROUND: The sale property – identified as a portion of Pierce County Assessor Tax Parcel No. 0317271011, located southerly of SR 702 at Kinsman Road E in the Graham – Eatonville vicinity of unincorporated Pierce County, WA - is currently used for electrical distribution. However, it is encumbered by a County road. This transaction will allow legal access to the Layland property for development of a two-lot residential short plat. As the Laylands develop the property, the sale property will be dedicated to Pierce County for continued use of the public road while Tacoma Power retains its easement therein. Operational needs can be met through permanent easement rights alone as included in this transaction. Additionally, the sale will generate one-time revenue for Tacoma Power. The parties have agreed to a consideration to Tacoma Power of \$12,000.00; this figure takes into consideration the reservation of an easement to Tacoma Power for continued operations. The sale is subject to both Public Utility Board and City Council approval. The terms and conditions of the purchase and sale agreement have been reviewed by the City Attorney’s Office and approved by Tacoma Power and Real Property Services.

ALTERNATIVES: The alternatives to disposing of the property through a negotiated disposition, as allowed under TMC 1.06.280f, are to either retain ownership or sell via a bid/sale process. Tacoma Power does not have a need for continued fee ownership of the property, and if it were to retain ownership there would be continued management and administrative costs. A negotiated disposition has been determined to be the most efficient and effective disposition method as the most likely purchaser is the abutter and the property would likely not appeal to most other market participants, thus the bid/sale process would not likely be successful.

RECOMMENDATION: Tacoma Power and Real Property Services recommend that the City Council set a Public Hearing in accordance with RCW 35.94.40, to be held October 23, 2018 to receive public comment regarding the proposed declaration of surplus and sale of approximately 1.65 acres of Tacoma Power property to Todd and Zana Layland for \$12,000.00. Once the Public Hearing has been held, a separate request will be presented to the City Council for the declaration of surplus and approval of the sale and conveyance of the real property.

FISCAL IMPACT: There is no fiscal impact to setting this Public Hearing.



3628 South 35th Street
Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

Date: August 23, 2018
To: Jackie Flowers, Director of Utilities
From: Chris Robinson, Power Superintendent/COO
Subject: Surplus and Sale of a Portion of Tacoma Power Right-of-Way

Recommendation:

Tacoma Power requests that you declare surplus and approve the sale of a small portion of its right-of-way corridor to an abutting property owned by Todd and Zana Layland. The property is identified as a portion of Pierce County Assessor Tax Parcel No. 0317271011, consisting of approximately 1.65 acres of land, located southerly of SR 702 at Kinsman Road E in the Graham – Eatonville vicinity of unincorporated Pierce County, WA. Consideration received is \$12,000.00. An easement to Tacoma Power will be retained over the property for current and future operations.

Background:

The Tacoma Power property proposed for sale was acquired from the Weyerhaeuser Co. in 1911 for a transmission line; however, the line was subsequently relocated and the property is currently used for electrical distribution only. At some undetermined point, Pierce County built a road (commonly referred to as Kinsman Road) on the Tacoma Power property, with no record of its legal establishment. This transaction will allow legal access to the Layland property for development of a two-lot residential short plat. As the Laylands develop the property, the sale property will be dedicated to Pierce County for continued use of the public road while Tacoma Power retains its easement therein. Tacoma Power does not need to own the property as ownership entails additional management time and expense. Operational needs can be met through permanent easement rights alone as included in this transaction. Additionally, the sale will generate one-time revenue for Tacoma Power.

Tacoma Power has negotiated the sale price to the Laylands for \$12,000.00; this figure takes into consideration the reservation of an easement to Tacoma Power for continued operations.

Your approval is requested to submit this matter to the Public Utility Board for consideration and approval. Upon approval from the Public Utility Board, Real Property Services will hold a Public Hearing and seek final approval of the sale from the Tacoma City Council. If approved, the sale is expected to close by November 30, 2018.

APPROVED:



Jackie Flowers, Director of Utilities

Tacoma Power Surplus Property Sale to Layland



- Approximately 1.65 Acres
 - Portion of Pierce County TPN 0317271011
- Portion of Tacoma Power Right-of-Way in Graham – Eatonville vicinity
 - Encumbered by County Road
- Retain Easement to Tacoma Power for current and future operations

CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITIES
LIGHT DIVISION
REAL ESTATE PURCHASE AND SALE AGREEMENT
AGREEMENT NO. A3163

Reference No.: P2017-239

Seller: City of Tacoma, Department of Public Utilities,
Light Division, (d.b.a. Tacoma Power)

Buyer: Todd and Zana Layland

Abbreviated

Legal Description: Portion of the NE Quarter S27, T17N, R3E, W.M., Pierce Co., WA

County: Pierce

Tax Parcel No.: Portion of Pierce County Assessor TPN 0317271011

This REAL ESTATE PURCHASE AND SALE AGREEMENT (this "Agreement") is entered into as of _____, 20__ between the CITY OF TACOMA, DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION (d.b.a. Tacoma Power) a first class municipal corporation ("Seller") and Todd Layland and Zana Layland, husband and wife, ("Buyer").

RECITALS

WHEREAS, Seller is the owner of certain real property identified herein as the "Property" as more particularly described in Section 1 below.

WHEREAS, Buyer is developing real property that abuts the Property and desires to purchase from Seller, and Seller desires to sell to Buyer, the Property on the terms and conditions set forth herein.

WHEREAS, Seller owns, operates, and maintains lines and appurtenances for electrical transmission and/or distribution on the Property, Buyer will grant an easement to Seller encumbering the Property allowing Seller to continue to operate, maintain, and replace its current and future electrical lines and appurtenances.

WHEREAS, Seller owns, operates, and maintains lines and appurtenances for electrical transmission and/or distribution on the Property, which infrastructure must be safeguarded and protected against damage by falling trees, Seller will retain all rights granted by that certain easement from Weyerhaeuser Timber Company to the City of Tacoma recorded February 28, 1912, in Volume 367 of Deeds, at Page 196, under Auditor's File No. 356235, records of Pierce County, WA, (attached hereto as **Exhibit "A"**).

WHEREAS, prior to conveyance of the Property to Buyer, Buyer plans to obtain all approvals necessary to subdivide the Property and establish the Property as a legal lot suitable for conveyance to Buyer.

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

AGREEMENT

1. Real Property. Seller agrees to sell and convey to Buyer and Buyer agrees to purchase from Seller, subject to the terms and conditions set forth in this Agreement, the real property located in the County of Pierce and State of Washington, more particularly described as follows. Said description may be amended, as required, due to the planned subdivision pursuant to Section 5.5 below:

A strip of land 50 feet in width, extending across the Northeast Quarter of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter of Section 27, Township 17 North, Range 3 East, W.M., in Pierce County, Washington, the Southwesterly line of said strip described as follows:

Beginning at a point 1,344.2 feet North of the Quarter corner of said Section 27; thence North 30°30' West 1,577.00 feet, more or less, to a point on the North line of said Section 27, 787.2 feet West of the Northeast corner of said Section 27.

Excepting therefrom that portion, if any, lying within 352nd St E (aka SR 702).

Also known as a portion of Pierce County Assessor Tax Parcel 0317271011 (the "Property").

2. Deposit. Upon execution of this Agreement by both Seller and Buyer, Buyer shall deliver to Seller an earnest money deposit in the amount of **Twelve Thousand and No/100 U.S. Dollars (\$12,000.00)** (the "Deposit") which is the full purchase price of the Property. The Deposit will be held by Seller pursuant to the terms of this Agreement. Any interest that accrues on the Deposit will be for the benefit of Seller, and if Buyer forfeits the Deposit to Seller pursuant to the terms of this Agreement, then all interest accrued on the Deposit will be paid to Seller.

3. Purchase Price. The total purchase price for the Property (the "Purchase Price") will be **Twelve Thousand and No/100 U.S. Dollars (\$12,000.00)**, to which the Deposit shall be a fully applicable part. The Purchase Price, the Deposit amount, will be paid to Seller in cash at Closing.

4. Title to Property.

4.1 Conveyance. At Closing, Seller shall convey to Buyer fee simple title to the Property by a duly executed and acknowledged quit claim deed (the "Deed") as substantially shown in **Exhibit "B"** attached hereto and by this reference incorporated herein. Further, at Closing, Buyer shall convey to Seller permanent easement rights in the Property for continued operation, maintenance, and replacement of lines and appurtenances for electrical transmission and/or distribution (the "Easement") and as substantially shown in **Exhibit "C"** attached hereto and by this reference incorporated herein.

4.2 Preliminary Commitment and Title Policy. Buyer hereby waives receipt of a preliminary title commitment and will not seek to have issued an owner's policy of title insurance insuring Buyer's title to the Property.

4.3 Condition of Title. Buyer hereby accepts the condition of title to be conveyed via the Deed and hereby waives the right to advise Seller by written notice what encumbrances to title, if any, are disapproved by Buyer.

5. Conditions to Closing.

5.1 Tacoma Public Utility Board and Tacoma City Council Approval. This Agreement, and the transaction contemplated hereby, must be duly approved by the Tacoma Public Utility Board and the Tacoma City Council prior to Closing. If said approvals are not obtained, this Agreement will terminate, and the Deposit, less any costs advanced or committed for Buyer as authorized herein, or other costs subsequently agreed to in writing, will be returned immediately to Buyer, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided for in this Agreement. Nothing in this Paragraph 5.1

will obligate Seller to obtain City Council approval beyond the ordinary course of City of Tacoma procedure.

- 5.2 Buyer's Indemnification. Buyer agrees to assume all liability for and to defend, indemnify and save Seller harmless from all liability and expense (including reasonable costs and attorneys' fees) in connection with all claims, suits and actions of every name, kind and description brought against Seller or its agents or employees by any person or entity as a result of or on account of injuries or damages to persons, entities and/or property received or sustained, arising out of, in connection with, or as a result of the acts or omissions of Buyer, or its agents or employees in exercising its rights under this Agreement, except for claims caused by Seller's sole negligence.
- 5.3 Buyer Feasibility Study. Buyer hereby waives the right to conduct inspections or feasibility studies related to the Property and will take title to the Property on an as-is basis.
- 5.4 Non-Suitability. Buyer hereby waives the right to terminate this Agreement if, in Buyer's good faith judgment, the Property is not suitable for Buyer's intended use. However, in the event Buyer does not complete the purchase, Buyer shall return the Property as near as is practicable to its original condition.
- 5.5 Boundary Line Adjustment Review and Approval. Prior to and as a condition to Closing, Buyer, at his sole cost and expense, and subject to the review and approval of Seller, shall obtain all approvals necessary to subdivide the Property and establish the Property as a legal lot suitable for conveyance to Buyer, documentation of which shall be provided to Seller.

6. Condition of the Property.

6.1 "As Is" Buyer acknowledges that Buyer is purchasing and shall acquire the Property under this Agreement in its physical condition existing at Closing, "AS-IS, "WHERE IS" AND WITH ALL FAULTS, INCLUDING, WITHOUT LIMITATIONS, THE CONDITION OR STABILITY OF THE SOILS OR GROUND WATERS, THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON OR UNDER THE PROPERTY, SUITABILITY FOR ANY CONSTRUCTION OR DEVELOPMENT, ZONING AND SIMILAR MATTERS, SOLELY IN RELIANCE ON BUYER'S OWN INVESTIGATION, EXAMINATION, INSPECTION, ANALYSIS, AND EVALUATION OF THE PROPERTY. As of the date this Agreement is signed by the parties, Seller has made no representations or warranties, express or implied, regarding the Property, excluding those representations and warranties expressly provided in this Agreement. Seller shall surrender the Property in as good condition, except for normal wear and tear, as exists on the date of this Agreement. Seller agrees that it will not damage nor commit waste on the Property between the date of acceptance of this Agreement and Closing.

6.2 Inspections. Buyer agrees that it will rely on its own inspections and evaluations of the Property, with the exception of written documentation, including, but not limited to any disclosures required by law, provided to it by Seller, to determine the suitability of the Property for Buyer's intended use.

7. Closing. This transaction will be closed outside of escrow. Closing will be held at the office of the Seller on or before **November 30, 2018** (the "Closing Date"). If Closing does not occur on or before the Closing Date, or any later date mutually agreed to in writing by Seller and Buyer, Seller will immediately terminate the sale and forward the Deposit to Buyer, less any portion of the Deposit due Seller under Section 11 of this Agreement. When notified by Seller, Buyer will deposit

with Seller without delay all Instruments and monies required to complete the transaction in accordance with this Agreement. "Closing," for the purpose of this Agreement, is defined as the date that all documents are executed, the sale proceeds are available for disbursement to Seller, and legal title passes to Buyer.

8. Closing Costs and Prorations. Seller shall pay state of Washington real estate excise taxes, if any, applicable to the sale. Seller shall pay the cost of recording the Deed. Property taxes and assessments for the current year, water and other utility charges, if any, shall be prorated as of the Closing Date unless otherwise agreed. Seller is a property tax exempt organization pursuant to R.C.W. 84.36.010, and therefore property taxes will only be due from Buyer for its ownership from and after the Closing Date.

9. Casualty Loss. Seller shall promptly notify Buyer of any event prior to the Closing Date which causes damage to or destruction of any portion of the Property. If Buyer and Seller cannot come to an agreement regarding any such damage to or destruction of the Property, including the settlement of any insurance claims, then Buyer and Seller will each have the right to terminate this Agreement by giving written notice of termination to the other party within twenty (20) days after receipt of actual notice of such casualty loss. Upon exercise of such termination election by either party, this Agreement will terminate, and the Deposit will be returned to Buyer.

10. Possession. Seller shall deliver possession of the Property to Buyer upon Closing. Seller shall remove any and all personal property from the Property on or before Closing, unless any items are specifically authorized to remain in writing by Buyer.

11. Events of Default. In the event Buyer fails, without legal excuse to complete the purchase of the Property, then that portion of the Deposit which does not exceed fifty percent (50%) of the Purchase Price shall be forfeited to Seller as the sole and exclusive remedy available to Seller for such failure. In the event Seller fails, without legal excuse, to complete the sale of the Property, Buyer shall be entitled to immediate return of its Deposit, and may pursue any remedies available to it in law or equity, including specific performance.

12. Notices. Any notice under this Agreement must be in writing and be personally delivered, delivered by recognized overnight courier service, given by mail or via facsimile. E-mail transmission of notice shall not be effective. All notices must be addressed to the parties at the following addresses, or at such other addresses as the parties may from time to time direct in writing:

Seller: Tacoma Public Utilities – Real Property Services
ABS – 2nd Floor
3628 S. 35th Street
Tacoma, WA 98409
Facsimile No.: (253) 502-8539

Buyer: Todd and Zana Layland
13516 Meridian Avenue East, Suite 73802
Puyallup, WA 98373
Facsimile No.: N/A

Any notice will be deemed to have been given, when personally delivered, and if delivered by courier service, one business day after deposit with the courier service, and if mailed, two business days after deposit in the U.S. mail, and if delivered by facsimile, the same day as verified.

13. Counterparts; Faxed Signatures. This Agreement may be executed in any number of counterparts and by different parties hereto, each of which counterpart when so executed shall have the same force and effect as if that party had signed all other counterparts. Facsimile transmitted signatures shall be fully binding and effective for all purposes.

14. Brokers and Finders. In the event any broker or other person makes a claim for a commission or finder's fee based upon the transaction contemplated by this Agreement, the party through whom said broker or other person makes its claim shall indemnify and hold harmless the other party from said claim and all liabilities, costs and expenses related thereto, including reasonable attorneys' fees, which may be incurred by such other party in connection with such claim. This indemnity shall survive the Closing of this transaction.
15. Professional Advice. Seller and the Buyer hereby acknowledge that it may be advisable for either or both parties to obtain independent legal, tax or other professional advice in connection with this transaction, as the terms and conditions of this Agreement affect the parties' rights and obligations. The parties agree that they have satisfied themselves that they understand the terms and conditions of this sale and have accepted full responsibility to seek such professional advice as they deem necessary.
16. Amendments. This Agreement may be amended or modified only by a written instrument executed by Seller and Buyer.
17. Continuation and Survival of Representations and Warranties. All representations and warranties by the respective parties contained in this Agreement or made in writing pursuant to this Agreement are intended to and will remain true and correct as of Closing, will be deemed to be material, and will survive the execution and delivery of this Agreement and the delivery of the Deed and transfer of title for a period of 6 (six) months whereupon they shall terminate. Such representations and warranties, however, are not assignable and do not run with the land, except as may be expressly provided herein or contained in a written instrument signed by the party to be charged.
18. Governing Law. This Agreement will be governed and construed in accordance with the laws of the state of Washington.
19. Attorney Fees. If either party fails to perform any of its obligations under this Agreement or if a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not prevailing in the dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights under this Agreement, including without limitation, court costs and reasonable attorney fees incurred in connection with any federal, state or bankruptcy proceeding.
20. Time of the Essence. Time is of the essence of this Agreement and of all acts required to be done and performed by the parties hereto.
21. FIRPTA. Seller will prepare a certification or equivalent that Seller is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act ("FIRPTA"), and Seller agrees to sign this certification. If Seller is a "foreign person" as the same is defined by FIRPTA, and this transaction is not otherwise exempt from FIRPTA, Seller will withhold and pay the required amount to the Internal Revenue Service.
22. Waiver. Neither Seller's nor Buyer's waiver of the breach of any covenant under this Agreement will be construed as a waiver of the breach of any other covenants or as a waiver of a subsequent breach of the same covenant.
23. Nonmerger. The terms and provisions of this Agreement, including without limitation, all indemnification obligations, will not merge in, but will survive the Closing of the transaction contemplated under this Agreement.
24. Assignment. Buyer shall not assign this Agreement without Seller's prior written consent, which consent may not be unreasonably withheld or delayed.

25. Negotiation and Construction. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either party.

26. Additional Acts. Except as otherwise provided herein, in addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by any party hereto, the parties agree to perform, execute and/or deliver, or cause to be performed, executed and/or delivered, any and all such further acts, deeds and assurances, which may reasonably be required to give effect to the Agreement contemplated herein.

27. Survival. Any terms, which by their nature should and shall survive the Closing of the sale.

28. Waiver of RCW 64.06 Disclosure. Buyer and Seller acknowledge that the Property may constitute "Commercial Real Estate" or "Residential Real Property" as defined in RCW 64.06.005. Buyer waives receipt of the seller disclosure statement required under RCW 64.06 for transactions involving the sale of such real property, except for the section entitled "Environmental." The Environmental section of the seller disclosure statement (the "Disclosure Statement") shall be provided to Buyer within five business days after execution of this Agreement. The Disclosure Statement shall be deemed approved and accepted by Buyer if Buyer fails to deliver written notice to rescind this Agreement within three business days thereafter. If Buyer rescinds this Agreement, the Deposit, less any costs advanced or committed for Buyer as authorized herein, or other costs subsequently agreed to in writing, will be returned immediately to Buyer, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided for in this Agreement.

29. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the purchase and sale of the Property, and supersedes all prior agreements and understandings, oral or written, between the parties relating to the subject matter of this Agreement.

{Remainder of Page Intentionally Left Blank}

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

SELLER:

BUYER:

TACOMA POWER

Jackie Flowers, Date
Director of Utilities

Todd Layland Date

Chris Robinson, Date
Power Superintendent / COO

Zana Layland Date

Approved as to form:

Michael W. Smith, Date
Deputy City Attorney

City of Tacoma Review

Joseph A. Wilson, Date
Transmission and Distribution Power Section Manager

John Nierenberg, Date
Transmission and Distribution Power Section Assistant Manager

Jeff Singleton, Date
Chief Surveyor

FINANCE:

Andrew Cherullo, Date
Director of Finance

EXHIBIT "A"



1911-032



E846

Section Fifteen (15); the Southwest quarter of the Northwest quarter (SW $\frac{1}{4}$ of NW $\frac{1}{4}$) of Section Fifteen (15); the East half of the East half (E $\frac{1}{2}$ of E $\frac{1}{2}$) of Section Nine (9); and the West half of the Northwest quarter (W $\frac{1}{2}$ of NW $\frac{1}{4}$) of Section Three (3) in Township Seventeen (17) North, Range Three (3) East of W. M.

AND WHEREAS, the party of the first part has agreed to sell and convey to the party of the second part, certain rights-of-way and easements to cut timber, as will be required by the said party of the second part in the construction, operation and maintenance of the transmission line of said power plant, for a consideration in money upon the basis and equal to the sum of the following amounts, that is to say: Total acreage of land conveyed at Twenty-five (\$25.00) Dollars per acre; total amount of timber at Two Dollars and Fifty cents (\$2.50) per thousand feet; total amount of piling and poles at one cent (1¢) per lineal foot, and for the further consideration of certain grants, conditions, agreements and reservations for the use and benefit of the party of the first part, and its successors and assigns, to be more specifically set forth hereafter in this agreement.

NOW THEREFORE, in consideration of the sum of Twenty-one Thousand and Seventy-seven Dollars and Seventy-eight cents (\$21,077.78) in money, in hand paid to the party of the first part by the party of the second part, the receipt of which is hereby acknowledged, and of the grants, covenants, conditions and reservations hereinafter set forth, said party of the first part does hereby Bargain, Sell, Grant and Convey unto the said party of the second part, and to its successors and assigns, the lands and easements hereinafter set forth and described, situated and being in the County of Pierce, in the State of Washington, as and for a right-of-way for the construction, operation and maintenance of a transmission line for the conveyance of electric current, which said lands are more particularly described as follows:

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E-846

within 200 feet of the right-of-way of the said transmission line or lines of the party of the second part, which said tree or trees is or are, in the judgment of the party of the second part, liable to fall upon or damage said transmission line or lines, provided however, that no tree shall be cut down or removed from the lands of the party of the first part above described before the same shall have been first designated and plainly marked by the party of the second part as a danger tree and estimated by the party of the first part, and paid for by the party of the second part on the basis hereinbefore set out, that is to say:

Timber at \$2.50 per thousand Ft., board measure.

Piling and Poles 1 cent per lineal foot.

And it is hereby mutually understood and agreed that all the trees which are now, at the date of this instrument, considered by the party of the second part as danger trees have been plainly marked, estimated and paid for by the party of the second part on the basis above set out and included in the consideration in money above recited.

This conveyance is subject to certain rights, privileges, easements, conditions and reservations, granted to and reserved by the party of the first part, and without which this conveyance would not have been given, which are hereby agreed to by the parties of the first and second parts herein, as covenants running with the land, to be kept, observed and recognized by the party of the second part, its successors and assigns forever, that is to say:

1.

The party of the first part and its successors and assigns shall have, and is hereby given and granted, the right to cross and re-cross the strips of land heretofore

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E-846

the party of the first part, or its successors or assigns, provided however, such operations shall in no manner interfere with the operation or maintenance of the transmission line of the party of the second part.

4.

There is also hereby reserved from the operation and effect of this conveyance, all easements or rights-of-way existing in the public for any public highway upon, over or across said premises, or any part thereof. * * *

* * * * *

IN WITNESS WHEREOF, the party of the first part, by authority of its Board of Trustees, has caused this instrument to be executed in the corporate name by its officers duly authorized, and its corporate seal to be hereto affixed, the day and year first above written.

In the Presence of: WEYERHAEUSER TIMBER COMPANY
R. M. Weyerhaeuser By F. Weyerhaeuser
President
E. C. Kishbaugh Attest: Geo. S. Long
Secretary

1310

Duly acknowledged by the Company and its officers before L. C. Kishbaugh, a Notary Public at Los Angeles, California, on January 22nd, A.D. 1912.

Recorded in office of County Auditor of Pierce County, Washington, on February 28, 1912, in Volume 367 of Deeds, at Page 196, under Fee No. 256235

E-8846

NOTE: D-781 is a combination Deed and Easement. The grant in the instrument covering the property herein described was an easement, hence it has been copied from that instrument and included in the easement file so that it might be included in the easement division of the instrument abstract in order to facilitate its location in the abstract and card index thereto.

EXHIBIT "B"

After Recording Mail To:

TACOMA PUBLIC UTILITIES
ABS 2nd Floor
3628 S. 35th Street
Tacoma, WA 98409
Attn: Real Property Services

**CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITIES
QUIT CLAIM DEED NO. D6763**

Reference No. P2017-239
Grantor: City of Tacoma, Department of Public Utilities, Light
Division (d.b.a. Tacoma Power)
Grantee: Todd and Zana Layland
Abbr. Legal Description: Portion of the NE Quarter of Section 27, Township 17
North, Range 3 East, W.M., in Pierce County, WA.
Tax Parcel No: Portion of 0317271011

The Grantor, CITY OF TACOMA, DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION (d.b.a Tacoma Power), a first class municipal corporation, for and in consideration of Twelve Thousand and No/100 U.S. Dollars (\$12,000.00), hereby conveys and quit claims to Todd Layland and Zana Layland, husband and wife, as Grantee, all its interest in the following described real property situate in Pierce County, State of Washington, to-wit:

A strip of land 50 feet in width, extending across the Northeast Quarter of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter of Section

27, Township 17 North, Range 3 East, W.M., in Pierce County, Washington, the Southwesterly line of said strip described as follows:

Beginning at a point 1,344.2 feet North of the Quarter corner of said Section 27; thence North 30°30' West 1,577.00 feet, more or less, to a point on the North line of said Section 27, 787.2 feet West of the Northeast corner of said Section 27.

Excepting therefrom that portion, if any, lying within 352nd St E (aka SR 702).

Also known as a portion of Pierce County Assessor Tax Parcel 0317271011.

Authorized by City Council Resolution No. _____ adopted _____, 20____, at the request of Public Utility Board Resolution No. U-_____ adopted _____, 20____.

IN WITNESS WHEREOF, said corporation has caused this instrument to be executed by its proper officers this _____ day of _____, 20____.

CITY OF TACOMA

By: _____
Mayor

Attest:

City Clerk

Accepted by Grantee

By: _____
Printed Name: _____
Title: _____
Date: _____

By: _____
Printed Name: _____
Title: _____
Date: _____

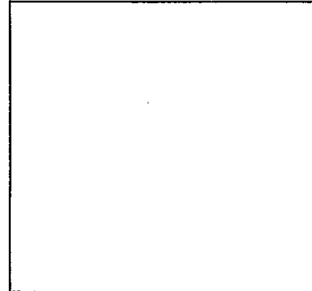
P2017-239/D6763

STATE OF WASHINGTON)
)
COUNTY OF PIERCE)

On this ____ day of _____, 20__, before me personally appeared Victoria Woodards, to me known to be the Mayor of the City of Tacoma, the municipal corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of the City of Tacoma, for the uses and purposes herein mentioned, and on oath stated that she was authorized to execute said instrument and that the seal affixed is the corporate seal of the City of Tacoma.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Place Notary Seal in Box



Notary Public in and for the State
of Washington
Residing in _____
My Commission Expires

P2017-239/D6763

CITY OF TACOMA, DEPT. OF PUBLIC UTILITIES

APPROVED:

Jackie Flowers Date
Director of Utilities

AUTHORIZED:

Chris Robinson Date
Power Superintendent / COO

REVIEWED:

Joseph A. Wilson, Date
Transmission and Distribution Power Section Manager

John Nierenberg, Date
Transmission and Distribution Power Section Assistant Manager

Jeff Singleton, Date
Chief Surveyor

Andrew Cherullo, Date
Director of Finance

APPROVED AS TO FORM:

Michael W. Smith, Date
Deputy City Attorney

EXHIBIT "C"

WHEN RECORDED RETURN TO:
Tacoma Public Utilities
Real Property Services
PO Box 11007, Tacoma, WA 98411

CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITIES
EASEMENT NO. 13584

Reference No. P2017-239 GWM
Grantors: Todd and Zana Layland
Grantee: City of Tacoma, Department of Public Utilities, Light
Division (d.b.a. Tacoma Power)
Legal Description: Portion of the NE Quarter of Section 27, Township 17
North, Range 3 East, W.M., in Pierce County, WA.
Complete Description: Exhibit A
Tax Parcel No.: Portion of 0317271011

WE, the undersigned Todd Layland and Zana Layland, husband and wife, record owner of the premises hereinafter described, hereinafter referred to as "Grantors", for good and valuable consideration from the City of Tacoma, Department of Public Utilities, Light Division (d.b.a. Tacoma Power), hereinafter referred to as "Tacoma Power" and/or "Grantee", the receipt of which is hereby acknowledged, do hereby grant unto said Tacoma Power, its successors and assigns, an easement for ingress and egress and for the construction, operation, maintenance, alteration, repair, and replacement of existing and future overhead, aboveground, and underground utilities including, but not limited to, transmission, distribution, and communications/data lines and wires, guy wires, towers, poles, conduits and all associated appurtenant equipment in, upon, over, under, through, along and across

the following real property situate and being in the County of Pierce, State of Washington, to-wit:

As described in Exhibit "A" and as depicted in Exhibit "B", both attached hereto and by this reference incorporated herein;

Together with the right to trim and keep trimmed all vegetation located upon the tracts of land above described.

It is agreed that the Grantors and their successors shall not construct any permanent structures within the easement area without Tacoma Power's prior written approval; any such permanent structures must meet all applicable safety standards, regulations and codes in effect at time such approval is requested. Approval or denial of any request shall be at the sole discretion of Tacoma Power; provided that the easement area may be used for public road purposes and private driveway ingress/egress to the extent such use does not interfere with Grantee's use of the property or the operation and maintenance of the facilities for which the easement was granted. The Grantors shall at all times provide access to Tacoma Power staff and its contractors to change, repair, renew or remove said equipment or facilities. The Grantors herein further grant to Tacoma Power, its contractors and/or agents, the right to hereafter temporarily enter upon the Grantors' remaining lands where necessary to construct, replace, or maintain said facilities.

The Grantors, their successors and assigns, do hereby agree to indemnify, defend and save harmless Tacoma Power, its officers, employees, agents and volunteers from and against any and all claims, demands, lawsuits, damages, liabilities, losses and expenses (including reasonable attorneys' fees and costs) arising directly or indirectly out of any act or omission of the Grantor, its agents, contractors, licensees or guests and involving the subject matter of this Easement. The foregoing shall expressly apply to any and all actual or alleged injury to persons

(including death) and/or damage to property, except to the extent such injury or damage results from the fault of Tacoma Power, its officers, employees, agents or volunteers. The term "fault" as used herein shall have the meaning set forth in RCW 4.22.015, as that statute may hereafter be amended.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

P2017-239 GWM/E13584

IN WITNESS WHEREOF, We have executed this instrument at _____
County, Washington, on this _____ day of _____, 20__.

Todd Layland

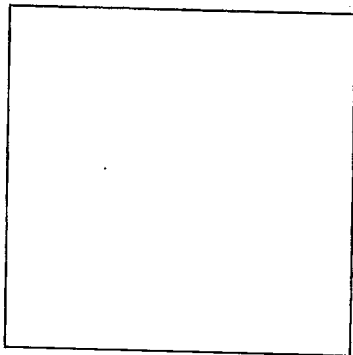
Zana Layland

STATE OF WASHINGTON)
) §
COUNTY OF _____)

On this day personally appeared before me Todd Layland and Zana Layland, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and seal this _____ day of _____, 20__.

Place Notary Seal in Box



Notary Public in and for the State
of _____
Residing in _____
My Commission Expires _____

P2017-239 GWM / E13584

Dated this _____ day of _____, 20__.

Accepted:

Chris Robinson Date
Power Superintendent / COO

Reviewed:

Joseph A. Wilson, Date
Transmission and Distribution Power Section Manager

John Nierenberg, Date
Transmission and Distribution Power Section Assistant Manager

Jeff Singleton, Date
Chief Surveyor

APPROVED AS TO FORM:

Michael W. Smith, Date
Deputy City Attorney

**City of Tacoma - Department of Public Utilities
Light Division Easement No. 13584**

Northeast Quarter (NE ¼) of Section 27, Township 17 North, Range 3 East, W.M.,
in Pierce County, Washington.

A strip of land 50 feet in width, extending across the Northeast Quarter of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter of Section 27, Township 17 North, Range 3 East, W.M., in Pierce County, Washington, the Southwesterly line of said strip described as follows:

Beginning at a point 1,344.2 feet North of the Quarter corner of said Section 27; thence North 30°30' West 1,577.00 feet, more or less, to a point on the North line of said Section 27, 787.2 feet West of the Northeast corner of said Section 27.

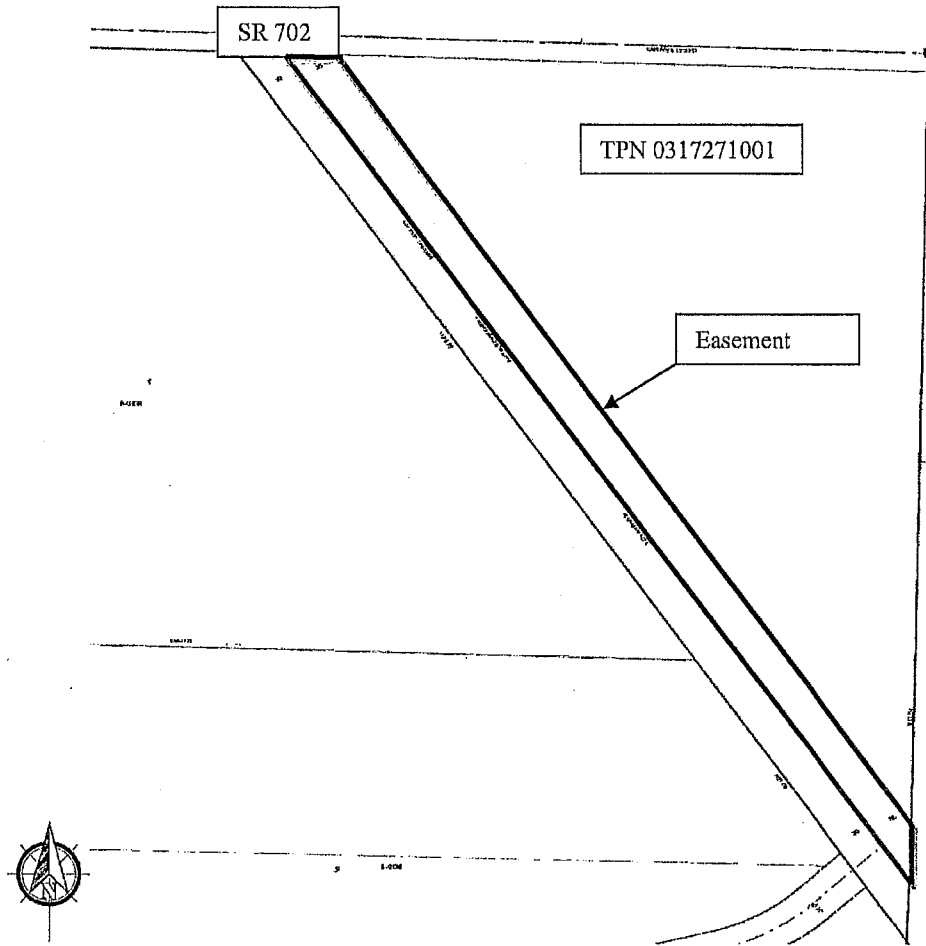
Excepting therefrom that portion, if any, lying within 352nd St. E (aka SR 702).

Also known as a portion of Pierce County Assessor Tax Parcel 0317271011.

Reference No. P2017-239 GWM	Legal Description reviewed for Tacoma Power by Chief Surveyor, _____, Date: _____	Exhibit A
--------------------------------	--	------------------

**City of Tacoma - Department of Public Utilities
Light Division Easement No. 13584**

Northeast Quarter (NE ¼) of Section 27, Township 17 North, Range 3 East, W.M.,
in Pierce County, Washington.



REAL PROPERTY SERVICES ILLUSTRATION

Reference No.
P2017-239 GWM

This illustration is not to scale. It is provided as a customer convenience to assist in identifying significant characteristics of the installation. No liability is assumed by reason of reliance hereon.

Exhibit B



City of Tacoma

Declaration of Surplus Property (DSP)

To: Purchasing Division **Date:** 08.22.18
From: TPU - Tacoma Power
Contact Name: Greg Muller, R.E. Officer **Phone:** 253.502.8256

- Declaration of Surplus Personal Property
 Declaration of Surplus Real Property
 Declaration of Unusable Personal Property¹

¹ Items that are broken, unusable, have no commercial, salvage, or donation value, and have no special disposal requirements (e.g., hazardous metals), may be disposed by the owning department. Do not submit DSP Form to Purchasing for these items.

Description of Surplus Property

Describe Item or Attach List: 1.65 Acres of Tacoma Power Transmission Line Corridor Fixed Asset # N/A
 Address/Location of Items: Portion of Pierce Co. TPN 0317271011 Accounting (for costs/proceeds):
 Estimated Commercial or Resale Value: \$ 12,000.00 Cost Center: 561100
 Minimum Acceptable Bid: \$ N/A General Ledger Acct: 6411030

I hereby certify the asset(s) listed have no further public use or the sale thereof is in the best interests of the City and declare these items as surplus according to sections 1.06.272 through 1.06.278 of the Tacoma Municipal Code. Items may be sold, transferred, donated or otherwise disposed of in accordance with the City's surplus property policies and the Tacoma Municipal Code.

Department/Division Head Signature

Date

City Manager or Director of Utilities (if over \$200,000)

Date

DISPOSAL REQUEST

(to be completed by department)

Requested Disposal Method(s):

- Intra City Transfer
 Name of Department _____
- Bid Solicitation (Formal / Informal)
- Vehicle Auction (attach vehicle surplus form)
 Specify Contract _____
- Online Auction Service
 (attach online auction surplus form)
- Special Advertisement (attach advertisement)
 Specify Newspaper _____
- Supplemental Mailing List (attach)
- Website Posting
- Special Disposal Requirements (e.g., environmental, regulatory)
- Salvage Services
 Specify Contract _____
- Donation
- 2-Good-2 Toss
- Other: Negotiated Sale
- Okay for Disposal: _____

DISPOSAL ACTION

Internal Use Only – Purchasing Division

- Formal Bid No. _____
 Resolution/Ordinance No. _____
- Informal Bid No. _____
- Online Auction Website Posting
- Special Advertisement Supplemental Mailings
- Contract Services Intra-City Transfer
- Salvage Services Donation
- Okay for Disposal 2-Good-2 Toss
- Date Advertised/Posted: _____
- Sale Amount: \$ _____
- Sold To: Name _____
 Address _____
- Donated To: Name _____
 Address _____
- Hold Harmless Release Received
- Recipient is: Public Agency Non-Profit serving
 General Public Employee
- Accounting, if different from above: _____

APPROVED:

Procurement and Payables Manager Date



RESOLUTION NO. U-11027

1 A RESOLUTION authorizing the continued funding agreements with the
2 United States Geological Survey, for streamflow gaging and
3 meteorological services with Tacoma Power's hydroelectric projects.

4 WHEREAS the City of Tacoma, Department of Public Utilities, Light
5 Division (d.b.a. "Tacoma Power"), has used the United States Geological
6 Survey ("USGS") for necessary streamflow gaging and meteorological services
7 for Tacoma Power's hydroelectric projects for many years, and

8 WHEREAS Tacoma Power is required to use the USGS for data
9 gathering under certain licenses and chooses to further partner with the USGS
10 for data gathering at other gage locations, and

11 WHEREAS PUB Resolution U-8896 provides that Tacoma Power can
12 pay USGS for these services without further Board approval as long as the
13 increase in required funds stays under the increase in the Consumer Price
14 Index ("CPI"), and

15 WHEREAS prior to this year Tacoma Power and the USGS have been
16 able to control costs to keep Tacoma Power's payment increases below the
17 level associated with CPI increases, and

18 WHEREAS due to cost increases and limitations on federal matching
19 funds, the increase in Tacoma Power's contribution under the new agreements
20 with USGS will be \$12,277 more than an increase based on the CPI, and

21 WHEREAS there are three separate agreements with the USGS for a
22 total amount of \$386,946 for the 2018-2019 water year (October 2018 –
23 September 2019) of which Tacoma Power and Water will pay \$271,150:
24
25
26



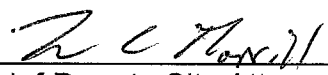
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1) Joint Funding Agreement for Cowlitz, Nisqually, and Green Rivers, which has shared costs between Tacoma Power (\$121,199), Tacoma Water (\$12,765), and USGS (\$88,494), for a total of \$222,458; 2) Joint Funding Agreement for Wynoochee, which has shared costs between Tacoma Power (\$53,773) and USGS (\$27,302), for a total amount of \$81,075; and 3) FERC Agreement, which is solely funded by Tacoma Power, for a total of \$83,413, and

WHEREAS it is in the best public interest of the City of Tacoma to continue funding of said agreements; Now, therefore,
BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the funding for the agreements with the United States Geological Survey, for streamflow gaging and meteorological services for the 2018-2019 water year, in the amount of \$271,150 (Tacoma's share of the cumulative total of \$386,946), is approved.

Approved as to form and legality:



Chief Deputy City Attorney

Clerk

Chair

Secretary

Adopted _____

CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITIES

Request for Board Meeting

of 9/26/2018

REQUEST FOR RESOLUTION

Date 9/14/2018

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Continue funding of United States Geological Survey streamflow gaging and meteorological services for Tacoma Power's hydro projects

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Tacoma Power requests a resolution of the Public Utility Board to continue funding necessary for streamflow gaging and meteorological services from the United States Geological Survey (USGS), at a cost of \$271,150 for the 2018-2019 water year.

3. Summarized reason for resolution:

The USGS has provided vital streamflow gaging and meteorological services to Tacoma Power for decades. In 1993, the PUB signed Resolution U-8896, allowing Tacoma Power to continue paying the USGS for these services as long as the increase in required funds stayed under the increase in the Consumer Price Index. By working with the USGS to keep costs low, it has been possible to stay under the required level up until this year. Due to recent reductions in Federal matching funds, it is no longer possible to do so. It is necessary to get the PUB's approval to continue paying the USGS for these vital streamflow gaging and meteorological services. The cost in 2018-2019 will be \$12,277 above the approved amount.

4. Attachments:

- a. Memo from Chris Robinson to Jackie Flowers dated September 14, 2018.
- b. Letter agreement between USGS and Tacoma Power to fund FERC-ordered stream gages at Wynoochee
- c. Letter agreement between USGS and Tacoma Power to fund FERC-ordered stream gages at other hydro projects
- d. Letter agreement between USGS and Tacoma Power to fund cooperative stream gaging program.

5. Funds available

6. Deviations requiring special waivers: None

Originated by:

Requested by:

Approved:

Section Head

Division Head

Director of Utilities



DATE: September 14, 2018
TO: Jackie Flowers, Director of Utilities/CEO
FROM: Chris Robinson, Power Superintendent/COO *CR*
SUBJECT: USGS Streamflow Gaging Network for 2018-2019

RECOMMENDATION:

Tacoma Power recommends that the Public Utility Board approve \$271,150 in funds to continue purchasing necessary streamflow gaging and meteorological services from the United States Geological Survey (USGS).

EXPLANATION:

The USGS has provided vital streamflow gaging and meteorological services to Tacoma Power for decades. In 1993, the PUB signed Resolution U-8896, allowing Tacoma Power to continue paying the USGS for these services as long as the increase in required funds stayed under the increase in the Consumer Price Index. By working with the USGS to keep costs low, it has been possible to stay under the required level up until this year. Due to recent reductions in Federal matching funds, it is no longer possible to do so. It is necessary to get the PUB's approval to continue paying the USGS for these necessary streamflow gaging and meteorological services. The cost for the 2018-2019 water year (October 2018 – September 2019) will be \$12,277 above the approved amount.

BACKGROUND:

Partnership with USGS

Tacoma Power needs streamflow gaging and meteorological services in order to operate its hydroelectric projects. The USGS has been providing streamflow gaging information for Tacoma's facilities for decades. At some gage locations, Tacoma's Federal Energy Regulatory Commission (FERC) licenses explicitly dictate that the USGS provide the data. For the remaining cooperative gages, Tacoma receives numerous benefits by partnering with the USGS, including cost sharing, outstanding data reliability, and an independent third party record.

Tacoma has two programs with the USGS; the FERC program and the cooperative program. The FERC program is for the stream gages required under our FERC licenses. Tacoma bears 100% of the operating costs associated with the gages in the FERC program. The cooperative program consists of gages that provide essential operations data but are not license requirements. Tacoma and the USGS share, with Tacoma paying roughly 60%, the costs associated with the gages in the cooperative program.

Cost Control Measures

From 1993 through 2004, the USGS cost increased steadily at a rate of about 3% per year. In 2005, the USGS informed Tacoma that they had been running at a deficit for the previous 5 years. The USGS proposed dramatic cost increases to address this issue. In an effort to lessen the impacts of these increases, Tacoma eliminated all non-essential gaging stations and services and switched to seasonal operations at several other stations. Since 2005, Tacoma has been operating with the bare minimum of streamflow gaging and meteorological information. Tacoma continues to systematically review and scrutinize the proposed costs each year.

Freeze on Matching Funds

The matching funds provided by the federal government have stayed flat for the last several years. Last year, due to this freeze on the matching funds, initial estimates indicated that Tacoma's share of the costs would exceed available funds. The USGS was able to reallocate funds to reduce Tacoma's share of the costs. However, this year, despite best efforts to keep the costs down, it is no longer possible to stay below the approved funding level. Since the costs have already been reduced over the years in order to keep costs low, services cannot be further reduced and still allow Tacoma to maintain prudent operations of the hydroelectric projects.

Benefits of USGS

The USGS has collected, managed, and disseminated hydrologic data for more than 100 years. It has provided streamflow gaging services to Tacoma for decades, often since the original hydroelectric project construction. Tacoma receives benefits that are unique to its continued relationship with USGS:

FERC Mandated

The FERC Licenses for the Cowlitz and Nisqually Projects mandate USGS gages at specific locations. These gages serve to document compliance of minimum flow and reservoir elevation requirements. The USGS FERC Programs account for the costs of these gages. Tacoma has no discretion in the funding of these gages.

Cost Sharing for Coop Agreement

The USGS provides cost sharing for the gages not stipulated by our FERC Licenses. These gages provide essential information about the flows and meteorological conditions both upstream and downstream of our hydroelectric

projects. For the 2018-2019 water year, the USGS will provide cost sharing of approximately 40% of the total operational costs.

Reliable Data/Level of Service

The USGS field staff consists of highly-skilled and experienced technicians that are responsible for the purchase, operations, maintenance and repair of the gaging network. The reliability of data and level of service from the USGS has been excellent. Stream gages are well maintained and seldom experience problems. In the rare instances when the gages fail to transmit data, USGS field personnel have been very responsive, often servicing the gages after-hours or on weekends.

Impartial Third Party Record

The USGS stands behind the data collected at the gages. Data is managed through a rigorous QA/QC program. Streamflow information is often a contentious subject and is heavily scrutinized by resource agencies and the public; however the validity of the USGS record has never been questioned. In some cases we have called upon the USGS to provide "certified" data that we have used in litigation and license negotiations.

Approved:



Jackie Flowers
Director of Utilities



United States Department of the Interior

U.S. GEOLOGICAL SURVEY
Washington Water Science Center
934 Broadway, Suite 300
Tacoma, Washington 98402

June 19, 2018

Mr. Clay Norris, Power Manager
Tacoma Public Utilities
City of Tacoma
P.O. Box 11007
Tacoma, Washington 98411-0007

Attention: Mr. Todd Lloyd

Dear Mr. Norris:

Enclosed for your review and signature is a fixed-cost Joint Funding Agreement (JFA) for the operation and maintenance of the cooperative streamgaging program between the USGS and Tacoma Public Utilities (City) for federal fiscal year 2019 (October 1, 2018 – September 30, 2019). A detailed description of the program is provided in the enclosed table. The total fixed cost of this program is \$222,458, of which the City's share is \$133,964 (\$121,199 for Tacoma Power and \$12,765 for Tacoma Water).

The agreements for the Wynoochee River Basin and FERC Project Numbers 1862 and 2016 gages will be sent separately.

If this agreement is acceptable to the City, please sign both copies of the enclosed JFA and return one copy to the address above. Also, please complete the customer contact information on page two of the JFA. PLEASE NOTE: In order to continue operation of these gages, the USGS will need a signed agreement no later than October 1, 2018.

The USGS will bill you quarterly, in four equal amounts. For billing purposes, the USGS uses Department of the Interior, Down Payment (Bill) Request, form number DI-1040. If you have questions regarding billing, please contact Sharbra Gordon-Scott, Budget Analyst, at (253) 552-1698 or sgordon-scott@usgs.gov. The USGS has TIN number 916001283 on file for the City of Tacoma. If this number is incorrect, please contact Sharbra with the correct number.

For your information, the USGS DUNS number is 093640092.

U.S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

JOINT FUNDING AGREEMENT

FOR
WATER RESOURCES INVESTIGATIONS

Customer #: 600000700
Agreement #: 19YGJFA00900
Project #: 97229EU
TIN #: 91-6001283
Fixed Cost Agreement Yes

THIS AGREEMENT is entered into as of the, 1 day of **October, 2018** by the U.S. GEOLOGICAL SURVEY, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the **City of Tacoma**, party of the second part.

1. The parties hereto agree that subject to availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation a **fixed-price agreement for the operation and maintenance of stream gaging stations in the Cowlitz, Skokomish, Nisqually and Duwamish River Basins in Washington between the USGS and the City of Tacoma**, herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50; and 43 USC 50b.
2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) includes In-Kind Services in the amount of \$

(a) by the party of the first part during the period

Amount	Date	to	Date
\$45,170	October 1, 2018		September 30, 2019

(b) by the party of the second part during the period

Amount	Date	to	Date
\$133,964	October 1, 2018		September 30, 2019

- (c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of:
\$43,324

Description of the USGS regional/nations program: USGS Federal Priority Streamgauge Program

- (d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
- (e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.
3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.
 4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.
 5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.
 6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.

- 7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.
- 8. The maps, records, or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records, or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at costs, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records, or reports published by either party shall contain a statement of the cooperative relations between the parties. The Parties acknowledge that scientific information and data development as a result of the Scope of Work (SOW) are subject to applicable USGS review, approval, and release requirements, which are available on the USGS Fundamental Science Practices website (<https://www2.usgs.gov/fsp/>).
- 9. Billing for this agreement will be rendered: **QUARTERLY**. Invoices not paid within 60 days from the billing date will bear Interest, Penalties, and Administrative cost at the annual rate pursuant the Debt Collection Act of 1982, (codified at 31 U.S.C. § 3717) established by the U.S. Treasury.

**U.S. Geological Survey
United States
Department of the Interior**

**Name of Customer
City of Tacoma**

USGS Point of Contact

Customer Point of Contact

Name: Mark Mastin
Address: 934 Broadway, Suite 300
Tacoma, WA 98402

Telephone: 253-552-1609
Email: mcmastin@usgs.gov

Org Code: GGWNYG0000

Name: Clay Norris
Address: P.O. Box 11007
Tacoma, WA 98411-0007

Telephone: 253-502-8342
Email: cnorris@cityoftacoma.org

Signature and Date:

Signature and Date:

Signature: *Cynthia Barton*
Date: 6-19-2018
Name: Cynthia Barton, PhD, LHG, LG
Title: Center Director

Signature: _____
Date: _____
Name: _____
Title: _____

Signature: _____
Date: _____
Name: _____
Title: _____

USGS Station No.	Station Name	Tacoma Public Utilities	USGS Federal Priority Streamgage Program	USGS Cooperative Matching Funds	Total	Remarks
WESTERN WASHINGTON FIELD OFFICE (TACOMA), 253-552-1670						
TACOMA WATER						
<i>Green River Basin</i>						
12106700	Green River at Purification Plant near Palmer					
	Streamflow discharge with priority real-time data telemetry	\$12,765	\$8,935		\$21,700	Telemetry includes readout display to Tacoma Diversion Control Room
	TOTAL GREEN RIVER BASIN	\$12,765	\$8,935	\$0	\$21,700	
TACOMA WATER TOTAL		\$12,765	\$8,935	\$0	\$21,700	
TACOMA POWER						
<i>Cushman Projects</i>						
12056500	North Fork Skokomish River below Staircase Rapids near Hoodspout					
	Streamflow discharge	\$11,261	\$9,519		\$20,780	
	Precipitation, air temperature (unpublished)	\$2,630			\$2,630	
12058790	North Fork Skokomish River near Lower Cushman Dam near Potlach					
	Streamflow discharge	\$12,593		\$8,187	\$20,780	
12059500	North Fork Skokomish River near Potlach					
	Streamflow discharge	\$12,593		\$8,187	\$20,780	
12061500	Skokomish River near Potlach					
	Streamflow discharge	\$12,593		\$8,187	\$20,780	Mason County funds data transmission via telephone.
	TOTAL CUSHMAN PROJECTS	\$51,670	\$9,519	\$24,561	\$85,750	
<i>Nisqually Projects</i>						
12082500	Nisqually River near National					
	Streamflow discharge	\$10,870	\$9,910		\$20,780	
	Precipitation, air temperature (unpublished)	\$2,630			\$2,630	
12086500	Nisqually River at La Grande					
	Streamflow discharge with priority real-time data telemetry	\$1,868	\$1,292		\$3,160	The remainder of this gage is funded by FERC Project No. 1862 and the City of Centralia; the City pays for priority service
12089208	Centralia Power Canal near McKenna					
	Streamflow discharge with priority real-time data telemetry	\$7,254		\$4,716	\$11,970	The remainder of this gage is funded by the City of Centralia; the City pays for priority service.
12089500	Nisqually River at McKenna					
	Streamflow discharge with priority real-time data telemetry	\$7,254		\$4,716	\$11,970	The remainder of this gage is funded by the City of Centralia; the City pays for priority service.
	TOTAL NISQUALLY PROJECTS	\$29,876	\$11,202	\$9,432	\$50,510	
USGS Station No.	Station Name	Tacoma Public Utilities	USGS Federal Priority Streamgage Program	USGS Cooperative Matching Funds	Total	Remarks

<i>Cowlitz and Mossyrock Projects</i>					
14226500	Cowlitz River at Packwood Streamflow discharge	\$7,150	\$6,704	\$13,854	The remainder of this gage is funded by Lewis County PUD. Lewis County Public Works funds data transmission via telephone.
	Precipitation, air temperature (unpublished)	\$2,630		\$2,630	
14231900	Cispus River above Yellowjacket Creek near Randle Streamflow discharge	\$8,182	\$5,672	\$13,854	The remainder of this gage is funded by Lewis County PUD
14233500	Cowlitz River near Kosmos Streamflow discharge, furnished and published, and discharge, measurements, satellite telemetry	\$4,600		\$2,990	\$7,590 The remainder of this gage is funded by Lewis County PUD
TOTAL Cowlitz and Mossyrock Projects		\$22,562	\$12,376	\$2,990	\$37,928
<i>Mayfield Project</i>					
14236200	Tilton River above Bear Canyon Creek near Clinebar Streamflow discharge	\$12,593		\$8,187	\$20,780
	Precipitation, air temperature (unpublished)	\$2,630			\$2,630
14238000	Cowlitz River below Mayfield Dam Satellite telemetry	\$1,868	\$1,292	\$3,160	The remainder is funded by FERC Project No. 2016
TOTAL Mayfield Project		\$17,091	\$1,292	\$8,187	\$26,570
TACOMA POWER TOTAL		\$121,199	\$34,389	\$45,170	\$200,758
GRAND TOTAL TACOMA POWER & WATER		\$133,964	\$43,324	\$45,170	\$222,458



United States Department of the Interior

U.S. GEOLOGICAL SURVEY
 Washington Water Science Center
 934 Broadway, Suite 300
 Tacoma, Washington 98402

June 19, 2018

Mr. Clay Norris, Power Manager
 Tacoma Public Utilities
 City of Tacoma
 P.O. Box 11007
 Tacoma, Washington 98411-0007

Attention: Mr. Todd Lloyd

Subject: FERC Projects No.1862 (Nisqually) and 2016 (Cowlitz)

Dear Mr. Norris:

This letter of acceptance serves as an agreement between Tacoma Public Utilities and the U.S. Geological Survey (USGS). Upon receipt of this signed letter of acceptance by the USGS, a bill will be prepared for operation costs from October 1, 2018, through September 30, 2019, for the following streamgages:

FERC Project No. 1862

USGS Station No. 12085000 Alder Reservoir at Alder <i>Daily elevation</i>	\$5,280
USGS Station No. 12085500 La Grande Reservoir at La Grande <i>Daily elevation</i>	\$5,280
USGS Station No. 12086000 Nisqually River at La Grande Dam <i>Real-time data transmission, furnished data</i>	\$7,590
USGS Station No. 12086500 Nisqually River at La Grande <i>Streamflow discharge with priority real-time data transmission</i> <i>(The remainder of this gage is funded by the City of Centralia, the USGS, and a separate agreement with Tacoma Public Utilities)</i>	\$17,620

TOTAL FERC Project No. 1862 \$35,770

FERC Project No. 2016

USGS Station No. 14234800 Riffe Lake near Mossyrock <i>Daily elevation</i>	\$5,280
USGS Station No. 14237800 Mayfield Reservoir near Silver Creek <i>Daily elevation</i>	\$5,280
USGS Station No. 14238000 Cowlitz River below Mayfield Dam <i>Streamflow discharge with priority real-time data transmission</i> <i>(The remainder of this gage is funded by the USGS and a separate agreement with Tacoma Public Utilities)</i>	\$17,620
USGS Station No. 14243000 Cowlitz River at Castle Rock <i>Streamflow discharge with 7 months of data telemetry</i> <i>(The USGS funds 5 months of data telemetry)</i>	\$19,463

TOTAL FERC Project No. 2016 \$47,643

GRAND TOTAL FERC Projects No. 1862, 2016 \$83,413

Federal Energy Regulatory Commission Projects No. 1862 and 2016 provide authority for this gaging activity. The total cost for operation of these gaging stations is \$83,413.

A bill will be prepared in January 2019. The USGS appreciates that Tacoma Public Utilities is willing to help support these streamgages.

The results of the work under this agreement will be available to the USGS for publication and use in connection with related work. In addition, the USGS may provide unpublished USGS data or information to your office for scientific peer and (or) courtesy review during the course of this jointly planned activity and partnership. Guidance concerning USGS's non-disclosure policy will be provided with any review material and is further explained in USGS Circular 1367, *Fundamental Science Practices*, available at <http://pubs.usgs.gov/circ/1367/pdf/C1367.pdf>.

If the agreement is satisfactory, please sign, date and return one original copy to this office as soon as possible. Thank you in advance for your prompt reply to this letter. Our mailing address is:

U.S. Geological Survey
Washington Water Science Center
934 Broadway, Suite 300
Tacoma, WA 98402

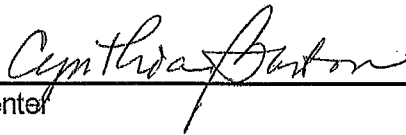
Customer Number: 3000002080
Customer TIN: 916001283
Agreement Number: 19YGFERC1862
Account Number: GC.19.YG00.00120.00
USGS DUNS #: 093640092
USGS Authority: 43 U.S.C. 50 and 43 U.S.C. 50(b)
Fixed Cost Agreement: Yes

This agreement will terminate on September 30, 2019, but may be amended at any time by mutual consent of the parties. Any party may terminate this agreement by providing 60 days written notice to the other party. When an accepted agreement is terminated, the USGS shall be authorized to collect costs incurred prior to the termination of the agreement plus any termination costs.

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

By:

Cynthia Barton, Ph.D., L.G., L.H.G.
Director, Washington Water Science Center



Date: 6-19-2018

TACOMA PUBLIC UTILITIES

By:

Clay Norris
Power Manager

Date: _____

cc:

Ken Frasl, Western Washington Field Office Chief, USGS WAWSC, Tacoma, WA
Mark Mastin, Assistant Director, USGS WAWSC, Tacoma, WA



United States Department of the Interior

U.S. GEOLOGICAL SURVEY
Washington Water Science Center
934 Broadway, Suite 300
Tacoma, Washington 98402

June 19, 2018

Mr. Clay Norris, Power Manager
Tacoma Public Utilities
City of Tacoma
P.O. Box 11007
Tacoma, Washington 98411-0007

Attention: Mr. Todd Lloyd

Dear Mr. Norris:

Enclosed for your review and signature is a fixed-cost Joint Funding Agreement (JFA) for the operation and maintenance of the cooperative streamgaging program between the USGS and Tacoma Public Utilities (City) in the Wynoochee River Basin for federal fiscal year 2019 (October 1, 2018 – September 30, 2019). A detailed description of the program is provided in the enclosed table. The total fixed cost of this program is \$81,075, of which the City's share is \$53,773.

If this agreement is acceptable to the City, please sign both copies of the enclosed JFA and return one copy to the address above. Also, please complete the customer contact information on page two of the JFA. PLEASE NOTE: In order to continue operation of these gages, the USGS will need a signed agreement no later than October 1, 2018.

The USGS will bill you quarterly, in four equal amounts. For billing purposes, the USGS uses Department of the Interior, Down Payment (Bill) Request, form number DI-1040. If you have questions regarding billing, please contact Sharbra Gordon-Scott, Budget Analyst, at (253) 552-1698 or sgordon-scott@usgs.gov. The USGS has TIN number 916001283 on file for the City of Tacoma. If this number is incorrect, please contact Sharbra with the correct number.

For your information, the USGS DUNS number is 093640092.

It is understood that the results of this work will be available to the USGS for publication and use in connection with related work. In addition, the USGS may provide unpublished USGS data or information to your office for scientific peer and (or) courtesy review during the course of this jointly planned activity and partnership. Guidance concerning USGS's non-disclosure policy will be provided with any review material and is further explained in USGS Circular 1367, *Fundamental Science Practices*, available at <http://pubs.usgs.gov/circ/1367/pdf/C1367.pdf>.

If you have any questions, please contact Ken Frasl, Western Washington Field Office Chief, at (253) 552-1670 or kefrasl@usgs.gov; or Mark Mastin, Assistant Center Director, at (253) 552-1609 or mcmastin@usgs.gov.

Sincerely,

Cynthia Barton, Ph.D., L.G., L.H.G.
Center Director

Enclosures

cc:

Ken Frasl, Western Washington Field Office Chief, USGS WAWSC, Tacoma, WA
Mark Mastin, Assistant Director, USGS WAWSC, Tacoma, WA

U.S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Customer #: 8000000701
Agreement #: 19YGJFA02800
Project #: 97229EU
TIN #: 91-6001283
Fixed Cost Agreement Yes

JOINT FUNDING AGREEMENT

FOR
WATER RESOURCES INVESTIGATIONS

THIS AGREEMENT is entered into as of the, **1** day of **October, 2018** by the U.S. GEOLOGICAL SURVEY, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the **City of Tacoma**, party of the second part.

1. The parties hereto agree that subject to availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation a **fixed-price agreement for the operation and maintenance of streamgaging stations in the Wynoochee River Basin**, herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50; and 43 USC 50b.

2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) includes In-Kind Services in the amount of \$

(a) by the party of the first part during the period

Amount	Date	to	Date
\$6,274	October 1, 2018		September 30, 2019

(b) by the party of the second part during the period

Amount	Date	to	Date
\$53,773	October 1, 2018		September 30, 2019

(c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of:
\$21,028

Description of the USGS regional/nations program: USGS Federal Priority Streamgage Program

(d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.

(e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.

3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.

4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.

5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.

6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.

- 7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.
- 8. The maps, records, or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records, or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at costs, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records, or reports published by either party shall contain a statement of the cooperative relations between the parties. The Parties acknowledge that scientific information and data development as a result of the Scope of Work (SOW) are subject to applicable USGS review, approval, and release requirements, which are available on the USGS Fundamental Science Practices website (<https://www2.usgs.gov/fsp/>).
- 9. Billing for this agreement will be rendered: **QUARTERLY**. Invoices not paid within 60 days from the billing date will bear Interest, Penalties, and Administrative cost at the annual rate pursuant the Debt Collection Act of 1982, (codified at 31 U.S.C. § 3717) established by the U.S. Treasury.

**U.S. Geological Survey
United States
Department of the Interior**

**Name of Customer
City of Tacoma**

USGS Point of Contact

Customer Point of Contact

Name: Mark Mastin
Address: 934 Broadway, Suite 300
Tacoma, WA 98402

Telephone: 253-552-1609
Email: mcmastin@usgs.gov

Org Code: GGWNYG0000

Name: Clay Norris
Address: P.O. Box 11007
Tacoma, WA 98411

Telephone: 253-502-8342
Email: cnorris@cityoftacoma.org

Signature and Date:

Signature and Date:

Signature: _____

Signature: _____

Date: _____

Date: _____

Name: Cynthia Barton, PhD, LHG, LG

Name:

Title: Center Director

Title:

Signature: _____

Date: _____

Name:

Title:

USGS - Tacoma Public Utilities Cooperative Streamgaging Program (Wynoochee River Basin), October 1, 2018 - September 30, 2019

USGS Station No.	Station Name	Tacoma Public Utilities	USGS Federal Priority Streamgaging Program	USGS Cooperative Matching Funds	Total
WESTERN WASHINGTON FIELD OFFICE (TACOMA), 253-552-1670					
12035380	Wynoochee Lake near Grisdale Stage (unpublished)	\$2,625			\$2,625
12035400	Wynoochee River near Grisdale Streamflow discharge with priority real-time data transmission	\$11,186	\$10,514		\$21,700
12035450	Big Creek near Grisdale Stage with priority real-time data transmission (October - April)	\$5,460			\$5,460
12036000	Wynoochee River above Save Creek near Aberdeen Streamflow discharge with priority real-time data transmission	\$15,426		\$6,274	\$21,700
12037400	Wynoochee River above Black Creek near Montesano Streamflow discharge with priority real-time data transmission	\$11,186	\$10,514		\$21,700
471700123380000	Elk Meadows Precipitation Site Precipitation (unpublished)	\$2,630			\$2,630
472310123362000	Wynoochee Lake Meteorological Site Precipitation, air temperature (unpublished)	\$2,630			\$2,630
471541123425300	Aberdeen Reservoir near Grisdale Precipitation (unpublished)	\$2,630			\$2,630
	TOTAL	\$53,773	\$21,028	\$6,274	\$81,075



RESOLUTION NO. U-11028

1
2 A RESOLUTION related to Tacoma Power; approving and authorizing the
3 execution of six long-term Network Integration Transmission Service
4 Agreements with the Bonneville Power Administration.

5 WHEREAS the Bonneville Power Administration ("BPA") provides power
6 to ten load serving entities embedded within the service territory of the
7 Department of Public Utilities, Light Division's (d.b.a. "Tacoma Power") under
8 existing transmission service agreements, and

9 WHEREAS these load serving entities ("Alder Mutual Light Company,
10 "Eatonville Power and Light Company, "Elmhurst" Mutual Power and Light
11 Company, "Lakeview" Light and Power Company, the Town of "Milton", "Ohop"
12 Mutual Light Company, "Parkland" Light and Water Company, "Peninsula" Light
13 company, the Town of "Steilacoom", and a portion of "Lewis" County PUD) are
14 often referred to as the Pierce County Mutuals or ("PCM"), and

15
16 WHEREAS BPA requires Tacoma Power transmission services to
17 transmit power to these load serving entities, and

18 WHEREAS service under Network Integration ("NT") and Point-To-Point
19 ("PTP") Transmission Service Agreements are governed by the rates, terms,
20 and conditions of Tacoma Power's Open Access Transmission Tariff ("OATT"),
21 which requires all transmission service agreements to be approved by the
22 Public Utility Board, and

23
24 WHEREAS the Board, pursuant to Resolution U-10807, authorized
25 Tacoma Power to enter into four short-term PTP agreements covering six of the
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PCMs who needed more time to install load shedding equipment as required under the OATT, and

WHEREAS now that the required load shedding equipment has been installed, Tacoma Power is able to offer these six long-term NT agreements to BPA as a replacement of the existing short-term PTP agreements, and

WHEREAS these NT agreements, with a term through September 30, 2028, are for delivery of power to Eatonville, Elmhurst, Milton, Ohop, Parkland, and Steilacoom, and

WHEREAS Tacoma Power has reviewed BPA's request for transmission service and recommends the Board approve the requests; Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the six proposed long-term Transmission Service Agreements, valid through September 30, 2028, with BPA are hereby approved, and the appropriate City officials are hereby authorized to execute said agreements substantially in the form on file with the Clerk of the Board.

Approved as to form and legality:

Chair

[Handwritten Signature]

Chief Deputy City Attorney

Secretary

Adopted _____

Clerk

of September 26, 2018

REQUEST FOR RESOLUTION

Date September 11, 2018

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Tacoma Power Transmission Service Agreements

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Authorize Tacoma Power to execute six long term Network Integration Transmission Service Agreements with the Bonneville Power Administration.

3. Summarized reason for resolution:

The Bonneville Power Administration ("BPA") provides power to ten load serving entities embedded within Tacoma Power's service territory under existing transmission service agreements with Tacoma Power. These load serving entities ("Alder" Mutual Light Company, "Eatonville" Power and Light Company, "Elmhurst" Mutual Power and Light Company, "Lakeview" Light and Power Company, the Town of "Milton", "Ohop" Mutual Light Company, "Parkland" Light and Water Company, "Peninsula" Light Company, the Town of "Steilacoom", and a portion of "Lewis" County PUD) are often referred to as the Pierce County Mutuals or PCMs.

Service under Network Integration ("NT") and Point-To-Point ("PTP") Transmission Service Agreements are governed by the rates, terms, and conditions of Tacoma Power's Open Access Transmission Tariff ("OATT"). Pursuant to Resolution U-10807, the Board authorized Tacoma Power to enter into four short term PTP agreements covering six of the PCMs who needed more time to install load shedding equipment required under the OATT.

Now that required load shedding equipment has been installed, Tacoma Power is able to offer these six long term NT agreements to BPA as a replacement of the existing short term PTP agreements. These NT agreements, with a term through September 30, 2028, are for delivery of power to Eatonville, Elmhurst, Milton, Ohop, Parkland, and Steilacoom.

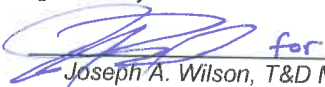
4. Attachments:

- a. Memo from Chris Robinson to Jackie Flowers dated September 11, 2018
- b. Six Network Integration Transmission Service Agreements with BPA

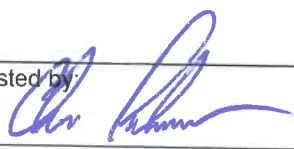
5. Funds available Proposed action has no budgetary impact

6. Deviations requiring special waivers: None

Originated by:

 for
Joseph A. Wilson, T&D Manager

Requested by:


Chris Robinson, Power Division
Supervisor/COO

Approved:


Jackie Flowers, Utilities Director/CEO



DATE: September 11, 2018
TO: Jackie Flowers, Director of Utilities/CEO
FROM: Chris Robinson, Power Superintendent/COO *JPM CR*
SUBJECT: Tacoma Power PTP Transmission Service Agreements with the Bonneville Power Administration

RECOMMENDATION

Tacoma Power requests approval to execute six long term Network Integration Transmission (NT) Service Agreements with the Bonneville Power Administration (BPA) for transmission service across the Tacoma Power transmission system to the Pierce County Mutuals.

BACKGROUND

BPA provides power to ten load serving entities embedded within or adjacent to Tacoma Power's service territory under eight separate transmission service agreements with Tacoma Power.¹ These ten load serving entities ("Alder" Mutual Light Company, "Eatonville" Power and Light Company, "Elmhurst" Mutual Power and Light Company, "Lakeview" Light and Power Company, the Town of "Milton", "Ohop" Mutual Light Company, "Parkland" Light and Water Company, "Peninsula" Light Company, the Town of "Steilacoom", and a portion of "Lewis" County PUD) are often referred to as the "Pierce County Mutuals" (or "Mutuals"). Tacoma Power was authorized to enter into these agreements pursuant to Resolutions U-10720 and U-10807.

In 2010, BPA requested Network Integration Transmission Service for all of the Pierce County Mutuals. BPA requested long-term agreements, extending through 2028. Tacoma Power's Open Access Transmission Tariff ("OATT") requires load shedding equipment as a condition of service. *De minimis* loads (under 10 MW) are exempt from this requirement. Between 2012 and 2015, in order to provide service, while allowing the Mutuals time to install the proper load shedding equipment, Tacoma Power entered

¹ There are two instances where a single agreement is used for deliveries to two Pierce County Mutuals as a result of a substation shared by the utilities: Eatonville/Ohop and Elmhurst/Parkland.

into a variety of short-term Point-To-Point (“PTP”) and long-term Network (“NT”) Transmission service agreements with BPA. NT agreements were entered into for those Mutuals that either met the *de minimis* load level or that had the load shedding equipment in place. Short-term PTP agreements were entered into to allow time for the remaining Mutuals to install the required load shedding equipment.

At this time, the load shedding equipment has been installed, and Tacoma Power is now able to meet BPA’s request for long-term NT agreements for all of the Mutuals. The six NT agreements included in this approval request, with a term through September 30, 2028, are for delivery of power to Eatonville, Elmhurst, Milton, Ohop, Parkland, and Steilacoom.

It is estimated that the existing and new Transmission Service Agreements with BPA will provide the same revenue as the previous Service Agreements, which is approximately \$7.4 million annually.

Tacoma Power requests your approval to submit this matter to the Public Utility Board for its consideration.

APPROVED



Jackie Flowers
Director of Utilities/CEO



RESOLUTION NO. U-10807

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A RESOLUTION related to Tacoma Power; approving and authorizing the execution of four three-year Point-To-Point Transmission Service Agreements ("PTP") with the Bonneville Power Administration ("BPA").

WHEREAS BPA provides power to ten load serving entities embedded within the Department of Public Utilities, Light Division's (d.b.a. "Tacoma Power") service territory, and

WHEREAS BPA requires Tacoma Power transmission services to transmit power to these load serving entities, and

WHEREAS the rates, terms, and conditions of transmission service are governed by Tacoma Power's Open Access Transmission Tariff ("OATT"), which requires all transmission service agreements to be approved by the Public Utility Board, and

WHEREAS the Board, pursuant to Resolution U-10720, authorized Tacoma Power to enter into four short-term PTP transmission service agreements covering six of the BPA load serving entities. These agreements are set to expire September 30, 2015. The agreements were set for a short term to enable these six entities time to comply with requirements under the OATT to install load shedding equipment. The other four BPA load serving entities have installed the equipment and the Board approved long-term transmission service agreements with BPA to serve these entities, and

WHEREAS the remaining six load serving entities require more time to install the required equipment. BPA requests Tacoma Power enter into four new PTP transmission service agreements covering the six BPA load serving



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entities for a three year term. It is expected the equipment will be installed during this timeframe and long term replacement agreements can then be entered into with BPA, and

WHEREAS Tacoma Power has reviewed BPA's request for transmission service and recommends the Board approve the requests; Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the four proposed three-year Point-To-Point Transmission Service Agreements valid through September 30, 2018, with BPA are hereby approved, and the appropriate City officials are hereby authorized to execute said agreements substantially in the form on file with the Clerk of the Board.

Approved as to form and legality: _____

[Signature]
Chair

William C. Foster
Chief Deputy City Attorney

[Signature]
Secretary

[Signature]
Clerk

Adopted 9-23-15



RESOLUTION NO. U-10720

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A RESOLUTION related to authorizing Tacoma Power to execute two long term Network Integration Transmission Service Agreements ("NT"), four short term Point-To-Point Transmission Service Agreements ("PTP"), and two amendments to two existing long term NT Service Agreements with the Bonneville Power Administration ("BPA").

WHEREAS BPA provides power to ten Load Serving Entities ("Alder" Mutual Light Company, "Eatonville" Power and Light Company, "Elmhurst" Mutual Power and Light Company, "Lakeview" Light and Power Company, the Town of "Milton," "Ohop" Mutual Light Company, "Parkland" Light and Water Company, "Peninsula" Light Company, the Town of "Steilacoom," and a portion of "Lewis" County PUD) within the Department of Public Utilities, Light Division's ("Tacoma Power") service territory, referred to as "Pierce County Mutuals" through a series of NT and PTP Transmission Service Agreements, and

WHEREAS service under either NT or PTP Agreements are governed by the rates, terms, and conditions of Tacoma Power's Open Access Transmission Tariff ("OATT"). Pursuant to Resolution U-10652, the Board authorized Tacoma Power to enter into (1) two long term NT Agreements covering two of the Pierce County Mutuals (Alder and Lewis), and (2) six short term (expiring September 30, 2014) PTP Agreements covering the remaining eight Mutuals who needed more time to install load shedding equipment as required under the OATT, and

WHEREAS two of the remaining Mutuals (Peninsula and Lakeview) have since completed installation of the required equipment and BPA is requesting Tacoma Power enter into long term NT Agreements valid through September 30, 2028, to serve these entities. For the remaining six entities,



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BPA is requesting that the parties enter into four new short term PTP Agreements valid through September 30, 2015, to allow these Mutuals more time to install load shedding equipment. BPA is also requesting Tacoma Power amend the two existing long term NT Agreements with Alder and Lewis to enable Tacoma Power to provide BPA with operating reserves, and

WHEREAS Tacoma Power has reviewed BPA's requests and recommends them for approval by the Board; Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the two proposed long term NT Agreements valid through September 30, 2028, the four proposed short term PTP Agreements valid through September 30, 2015, and the two amendments to the two existing long term NT Agreements with BPA are hereby approved, and the appropriate City officials are hereby authorized to execute said agreements substantially in the form on file with the Clerk of the Board.

Approved as to form and legality:

William C. Foshe
Chief Deputy City Attorney

Cheryl Jacobs
Clerk

Woodrow Jones
Chair
Paul R. Patton
Secretary

Adopted 9-24-14

9/25/2013



RESOLUTION NO. U-10652

1 A RESOLUTION related to authorizing Tacoma Power to execute six Point-To-
2 Point ("PTP") Transmission Service Agreements and two Network
3 Integration ("NT") Transmission Service and Operating Agreements with
4 the Bonneville Power Administration ("BPA").

5 WHEREAS the Bonneville Power Administration ("BPA") provides power
6 to ten Load Serving Entities ("Alder" Mutual Light Company, "Eatonville" Power
7 and Light Company, "Elmhurst" Mutual Power and Light Company, "Lakeview"
8 Light and Power Company, the Town of "Milton," "Ohop" Mutual Light
9 Company, "Parkland" Light and Water Company, "Peninsula" Light Company,
10 the Town of "Steilacoom," and a portion of "Lewis" County PUD) within the
11 Department of Public Utilities, Light Division's ("Tacoma Power") service
12 territory, referred to as "Pierce County Mutuals," under ten existing NT Service
13 Agreements with Tacoma Power approved by the Board pursuant to U-10536
14 and set to expire on September 30, 2013, and

15 WHEREAS service under PTP and NT Service Agreements are
16 governed by the rates, terms, and conditions of Tacoma Power's Open Access
17 Transmission Tariff ("OATT"). In order for NT service to be provided, the OATT
18 requires that equipment be in place to allow for remote load shedding to occur.
19 This load shedding equipment was not in place at the time the NT Service
20 Agreements with BPA were executed, but it was anticipated that sufficient
21 progress to plan and install the equipment would occur before September 30,
22 2013, that would allow for the Agreements to be extended to 2028, and

23 WHEREAS Tacoma Power has determined that Alder and Lewis power
24 transmission usage is *de minimis* so they do not need to install load shedding
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equipment. Tacoma Power recommends entering into two new NT Service Agreements with BPA for these customers for service from October 1, 2013, through September 30, 2028, which agreements will also include Network Operating Agreements as exhibits to each agreement, and

WHEREAS BPA and the remaining Pierce County Mutuels need additional time to install necessary equipment before Tacoma Power can offer NT Service; in the interim, Tacoma Power recommends entering into a new PTP Transmission Service Agreement from October 1, 2013, through September 30, 2014, and

WHEREAS, if two Pierce County Mutuels use the same substation to receive transmission service, Tacoma Power is recommending that a single PTP agreement be executed for such arrangement; therefore, the number of PTP Transmission Service Agreements recommended for approval will be reduced from eight to six (1. Elmhurst and Parkland, 2. Eatonville and Ohop, 3. Lakeview, 4. Milton, 5. Peninsula Light, and 6. Steilacoom); Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the two proposed Network Integration Transmission Service and Operating Agreements and the six proposed Point-to-Point Transmission Service Agreements with BPA for transmission service across the Tacoma Power transmission system to the Pierce County Mutuels are hereby approved

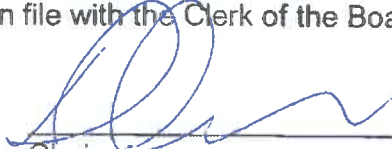
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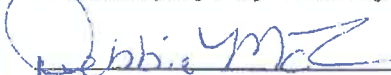
and the appropriate City officials are hereby authorized to execute said
Agreements substantially in the form on file with the Clerk of the Board.

Approved as to form and legality:


Chair


Chief Deputy City Attorney


Secretary


Clerk

Adopted 9-25-13

NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT

This Network Integration Transmission Service Agreement (“Service Agreement”) is dated _____ and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Town of Eatonville (“Eatonville”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Bonneville requested Network Integration Transmission Service from Tacoma Power to serve the load of Eatonville pursuant to the Tariff and accompanying rate schedules (as amended or replaced from time to time, “Rate Schedules”); and

WHEREAS, contemporaneously with entering into this Service Agreement, the Parties are also agreeing to the terms of the Network Operating Agreement (as it may be amended or replaced from time to time), in the form attached as Exhibit E to this Service Agreement, addressing, among other things, operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System; and

"WHEREAS, Tacoma Power has determined that Bonneville has provided sufficient information to form the basis of a Completed Application for Network Integration Transmission Service under the Tariff." NOW THEREFORE, the Parties agree as follows:

1. Definitions

Unless otherwise defined herein, all capitalized terms used in this Service Agreement shall have their respective meanings as set forth in the Tariff. For purposes of this Service Agreement and the Tariff, Bonneville shall be deemed to be the Transmission Customer as such term is used in the Tariff, and Tacoma Power is the provider of Network Integration Transmission Service as defined in the Tariff.

- 1.1 Tariff. Tacoma Power’s Open Access Transmission Tariff as it may be amended or replaced from time to time.
- 1.2 Rate Schedules. The transmission rate schedules accompanying the Tariff as they may be amended or replaced from time to time.

2. Standard Provisions

- 2.1 Terms and Conditions and Incorporation of Tariff. The terms and conditions under which Network Integration Transmission Service is offered and accepted are pursuant to this Service Agreement and the Tariff. The Tariff, including, without limitation, the Tacoma Power Rate Schedules attached thereto, is hereby incorporated by this reference

and made a part of this Service Agreement.

- 2.2 Exhibits. The following exhibits to this Service Agreement are by this reference incorporated herein and made a part hereof: Exhibit A (Statement of Specifications for Network Integration Transmission Service); Exhibit B (Facilities Charges); Exhibit C (Ancillary and Other Services); Exhibit D (Forecast of Load); Exhibit E (Network Operating Agreement); and Exhibit F (Power Factor Compensation Calculation Methodology).
- 2.3 Network Operating Agreement. Pursuant to Section 35 of the Tariff, the Parties are obligated to execute a Network Operating Agreement, included herein as Exhibit E, to address operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power's Transmission System.
- 2.4 Certification of Bonneville. Bonneville certifies that it is, or will be upon commencement of service, an Eligible Customer under the Tariff and shall remain an Eligible Customer during the term of the Service Agreement and Network Operating Agreement.

3. Term and Utility Board Approval

- 3.1 Effective Date and Submittal to Utility Board. This Service Agreement shall be effective as of hour ending 1:00 on October 1, 2018 (the "Effective Date"). Tacoma Power has previously been granted authority to execute this Service Agreement pursuant to Utility Board Resolution U-xxxxx adopted September 26, 2018.
- 3.2 Term of Agreement. This Service Agreement shall remain in effect through hour ending 24:00 on September 30, 2028.
- 3.3 Rollover Rights. Each Party acknowledges and agrees, except as specifically detailed in Section 3.2 above, that it enters into this Service Agreement subject to a right of first refusal and the five-year requirement of Section 2 of the Tariff on the first rollover date for this Service Agreement.

4. Network Integration Transmission Service

- 4.1 Network Integration Transmission Service Requirements Related to Network Resources.
 - 4.1.1 Provision of Network Integration Transmission Service. Commencing on the Effective Date, Tacoma Power shall provide to Bonneville, and Bonneville shall receive from Tacoma Power and pay for, Network Integration Transmission Service pursuant to the Tariff and applicable Rate Schedules. Tacoma Power's obligation to provide Network Integration Transmission Service shall be subject to Tacoma Power's rights to curtail or interrupt schedules pursuant to the Tariff. Section 34 of the Tariff outlines the applicable rates and charges methodology for Network Integration Transmission Service.

4.1.2 Network Resources. Exhibit A to this Service Agreement lists Bonneville's designated Network Resources and Network Loads. The Network Resources listed in Exhibit A are limited to (a) power purchased from Bonneville and, (b) non-federal resources, provided that any such non-federal resources (1) constitute "Dedicated Resources" serving "Above-RHWM Load," as those terms are defined in the Regional Dialogue Power Sales Agreement between Bonneville and Eatonville (the "Eatonville Regional Dialogue Agreement"), (2) are subject to and consistent with the provisions of Exhibits F and G to the Eatonville Regional Dialogue Agreement and the Transfer Service Support for Non-Federal Resources Agreement between Bonneville and Eatonville, and (3) are subject to Bonneville contractual rights to control output as necessary to comply with the terms of the Eatonville Regional Dialogue Agreement and any curtailment instruction issued by Tacoma Power pursuant to the Tariff.

4.2 Facilities Charges. All applicable charges pursuant to the Direct Assignment Facilities Provisions for existing facilities and facilities built as a result of this Service Agreement are hereby incorporated as Exhibit B.

4.3 Charges for Network Integration Transmission Service. Bonneville shall pay Tacoma Power the applicable charges for services provided hereunder pursuant to the Tacoma Power Rate Schedules included as part of the Tariff. Tacoma Power may change the rates that apply to Network Integration Transmission Service under this Service Agreement pursuant to Section 9 of the Tariff.

4.4 Power Factor Requirements. Eatonville's load should not adversely affect the voltage stability of the Tacoma Power Transmission System. Accordingly, Eatonville load should operate at power factor of not less than 0.97. If, at any time during the term of this Service Agreement, there is a calendar month during which, in any hour, Eatonville's load operates at a power factor below 0.97 (as measured at the applicable point of delivery and/or metering point), then Bonneville shall pay to Tacoma Power, for all hours during which the Eatonville load operated at a power factor of less than 0.97, the compensation specified and calculated in accordance with Exhibit F to this Service Agreement. Tacoma Power and Bonneville shall use good faith efforts to jointly plan and operate their facilities at the points specified in Exhibit A in a manner that does not place an undue burden on the other party to supply or absorb reactive power at such points.

5. Other Services

5.1 Ancillary Services. Commencing on the Effective Date, Tacoma Power shall provide, and Bonneville shall take and pay for, the following Ancillary Services:

(a) Scheduling, System Control, and Dispatch Service

(b) Reactive Supply and Voltage Control from Generation Sources Service

The amounts of such Ancillary Services, any exceptions, specific terms and/or conditions

associated with such Ancillary Services are listed in Exhibit C to this Service Agreement. Rates applicable to such Ancillary Services will be as stated in the Tacoma Power Rate Schedules included as part of the Tariff.

- 5.2 Transmission Losses. In addition to the Ancillary Services as set forth in Section 5.1 of this Service Agreement, Tacoma Power shall provide, and Bonneville shall take and pay for, Transmission Losses associated with the Network Integration Transmission Service provided under this Service Agreement, in accordance with the Transmission Loss Factor specified in the Tariff.

6. Construction of Facilities

As of the execution date of this Service Agreement, no construction or additional metering and communications are needed. Tacoma Power shall have the right to collect from Bonneville, acting through Bonneville's power service organization, any charges imposed on Tacoma Power by Bonneville, acting through its transmission service organization, for the use of or access to Bonneville's communications equipment for meter reading related to Network Integration Transmission Service provided under this Service Agreement.

7. Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to Bonneville shall be sent to:

Scheduling Coordination – PTK-5
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

All payments to Tacoma Power shall be electronic funds transferred (EFT) to:

Bank of America
ABA Routing # 026009593
Account Number: 67650200
Ref: (invoice #/payment purpose)

8. Miscellaneous Provisions

- 8.1 Governing Law and Venue for Disputes. This Service Agreement shall be interpreted, construed, and enforced in accordance with laws of the State of Washington, without reference to choice of law doctrine, except that to the extent the Parties' rights and obligations are required to be governed by United States Federal law, then such rights and obligations shall be governed by United States Federal law. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, or other forum available pursuant to Federal law, unless the parties agree to pursue alternative dispute resolution.
- 8.2 Provisions Governing Modifications to Service Agreement and Exhibits. This Service Agreement and its Exhibits may be modified only as provided in this Section 8.2.

8.2.1 Written Agreement of the Parties. Any provision of this Service Agreement or any of its Exhibits may be modified at any time by written agreement of the Parties, subject to any requirement Tacoma Power may have to obtain approval of the Utility Board.

8.2.2 Modifications Necessary to Comply with Law or Regulation. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) to the extent Tacoma Power determines in good faith that modification is necessary to comply with law or regulation applicable to Tacoma Power or its Transmission System; provided, however, that Tacoma Power may exercise its rights under this Section 8.2.2 only if Tacoma Power (a) first obtains Utility Board approval of any modifications to this Service Agreement (or any Exhibit) it determines are necessary to comply with applicable law or regulation, (b) provides at least 45 days' prior written notice to Bonneville of any modifications proposed pursuant to this Section 8.2.2 and an opportunity for Bonneville to confer with Tacoma Power before implementing the modifications (unless the circumstances are so exigent as to preclude 45 days' prior notice and consultation), and (c) provides prior written notice to Bonneville of the Utility Board meeting at which Tacoma Power will request approval of modifications pursuant to this Section 8.2.2. If Bonneville is not afforded prior written notice and consultation prior to the modification due to exigent circumstances, Bonneville will be given an opportunity to confer with Tacoma regarding the modification after its adoption, and be afforded prior written notice of the Utility Board meeting at which Tacoma Power will request approval of modifications.

8.2.3 Modifications to Conform to Tariff Amendments and Rate Determinations. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) as necessary to maintain consistency between the provisions of this Service Agreement (including its Exhibits) and (a) the Tariff, as it may be amended from time to time in accordance with Section 9 of the Tariff, and (b) Rate Schedules and rate determinations properly established or adopted in accordance with Tacoma Power procedures and legal requirements; provided that Tacoma Power may exercise its rights under this Section 8.2.3 only if Tacoma Power has provided notice to Bonneville as required by Section 8.2.2.

8.3 Notices Relating to Provisions of the Service Agreement. Any notice, request, demand, or statement given to or made upon one Party by the other Party under any of the provisions of this Service Agreement, except those specified in Section 8.4 below, shall be in writing and shall be considered delivered when either personally delivered to the following or deposited in the mail postage prepaid and properly addressed to the following:

If to Bonneville:
Bonneville Power Administration
Attn: Transfer Services Manager
Address: 905 NE 11th Ave.
City, State: Portland, OR 97232
Phone: (503) 230-5164
Fax: (503) 230-3242

If to Tacoma Power:
Tacoma Power
Attention: T&D Manager
3628 South 35th Street
Tacoma, WA 98409-3192
Phone: (253) 502-8286
Fax: (253) 396-3085

- 8.4 Notices of an Operating Nature. Any notice, request, or demand pertaining to matters of an operating nature, exclusive of requests for additional or modified Transmission Service under the Tariff, shall be sufficient if given in writing, by telephone, by facsimile, or orally in person to the person designated in writing by the Party as its representative for such purposes, provided that should such notice, request, or demand not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served. The representative for receiving notices pursuant to this Section 8.4 and such representative's address shall be communicated by the Parties under separate letter within 45 days from the execution date of this Service Agreement.
- 8.5 Future Changes or Additions. Any obligation of Tacoma Power to change or increase the capability of the Tacoma Power Transmission System to provide Network Integration Transmission Service for Network Load shall be as provided in Section 31 of the Tariff. No action by Tacoma Power to otherwise change or make additions to its Transmission System shall confer on Bonneville any rights to additional transmission or other services under this Service Agreement.
- 8.6 Computation of Time. To compute any period of time prescribed or allowed by this Service Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day that is neither a Saturday, Sunday, nor legal holiday. For purposes of the administration of this Service Agreement, Pacific Time shall be used.
- 8.7 No Third Party Beneficiaries. This Service Agreement, to the extent that it does not contradict the terms of Section 6 of the Tariff, creates rights and obligations exclusively between the Parties hereto. Except as set forth in Section 6 of the Tariff, the Parties hereto do not intend to create any additional obligation or promise of performance to any other person or entity and the Parties have not conferred any right to enforce this Service Agreement or any remedy upon any third person or entity other than the Parties hereto and their respective successors and assigns.
- 8.8 Waivers. Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.
- 8.9 Assignment. Tacoma Power may assign this Service Agreement only upon the prior written consent of Bonneville, provided however, that Bonneville hereby consents to assignment of this Service Agreement if it is consistent with federal law, to any entity that has, pursuant to legally binding arrangements, assumed responsibility for operating the Tacoma Power Transmission System or administering transmission service on the Tacoma Power Transmission System. Bonneville and Eatonville may request an assignment of this Service Agreement from Bonneville to Eatonville. This assignment shall include all rights and post-assignment obligations associated with this Service Agreement. Such assignment shall require mutual agreement among Tacoma Power,

Bonneville and Eatonville, provided that Tacoma Power shall not unreasonably withhold such agreement. When notice of such assignment is provided to Tacoma Power, Bonneville and Eatonville shall work in good faith to make any necessary modifications to this Service Agreement and the Network Operating Agreement, implement metering modifications, ensure compliance with the Tariff, and make any other adjustments necessary to allow such assignment to proceed. If Tacoma Power withholds agreement to such assignment, Tacoma Power shall provide a detailed written explanation as to why it is withholding agreement and shall include a detailed list of items that would allow Tacoma Power to agree to such assignment. A Party requesting assignment shall provide at least six months' prior written notice to the other Party. Any assignment pursuant to this Section 8.9 by an assignor to an assignee shall only be made with the contemporaneous assignment of the Network Operating Agreement, by the same assignor to the same assignee. In addition, to the extent there are, at the time of the assignment, any arrangements in place between Bonneville and Tacoma Power (apart from those specified in the Tariff, this Service Agreement, and the Network Operating Agreement) that are material to Tacoma Power's provision of Network Integration Transmission Service or the operation of Tacoma Power's Transmission System consistent with Good Utility Practice, such assignment shall also be subject to the completion of comparable arrangements between Tacoma Power and the assignee. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their successors and assigns.

- 8.10 Tariff Governs. In the event of any irreconcilable difference between the Tariff, this Service Agreement, or the Network Operating Agreement, the terms of the Tariff shall govern.
- 8.11 Interconnection with Other Systems. Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering, or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.
- 8.12 Entire Agreement. This Service Agreement, together with the Network Operating Agreement and the Tariff, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and there are no other understandings or agreements between the Parties with respect hereto.

8.13 Effect of Paragraph Headings. Headings and captions appearing in this Service Agreement are inserted for convenience of reference only and shall not be construed to be interpretations of the text of this Service Agreement.

9. Signatures

The signatories represent that they are authorized to enter into this Service Agreement on behalf of the Party for which they sign.

**BONNEVILLE POWER
ADMINISTRATION**

TACOMA POWER

By: _____

By: _____

Name: Daniel R. Yokota
(Print/Type)

Name: Chris Robinson
(Print/Type)

Title: Manager, Transfer Services

Title: Power Superintendent/COO

Date: _____

Date: _____

Exhibit A

Statement of Specifications for Network Integration Transmission Service

1. TERM OF TRANSACTION

Start Date: Hour ending 1:00 on October 1, 2018.

Termination Date: Hour ending 24:00 on September 30, 2028.

2. NETWORK RESOURCES

(a) Power Purchased from Bonneville Power Administration by Eatonville

Resource	Capacity (MW)	Capacity Designated As Network Resource	Scheduling Agent	Balancing Authority
Contract No. 09PB-13036	8.7	See the forecast as attached to Exhibit D	BPA	BPA

3. NETWORK LOAD

The Application provides Eatonville's initial annual load and resource information. Annual load and resource information updates shall be submitted to Tacoma Power at the address specified in 8.3 of this Service Agreement, by September 30 of each year, unless otherwise agreed to by the Parties.

4. DESCRIPTION OF POINT(S) OF RECEIPT

Canyon Substation

Location: The point of interconnection at Tacoma Power's Canyon Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Cowlitz Substation

Location: The point of interconnection at Tacoma Power's Cowlitz Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Northeast Substation

Location: The point of interconnection at Tacoma Power's Northeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Southwest Substation

Location: The point of interconnection at Tacoma Power's Southeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

5. DESCRIPTIONS OF NETWORK POINT(S) OF DELIVERY

Lynch Creek Substation

Location: The point in near Tacoma Power's LaGrande-Cowlitz 115kV Line near where the 115kV facilities of Tacoma Power and Bonneville are connected, near Tacoma Power switches 10-15 and 10-20.

Voltage: 115kV

Metering: In Bonneville's Lynch Creek Substation, in the 12.5 kV circuits over which power flows.

Metering Loss Adjustment: Bonneville Power Administration will adjust for Transmission Losses between Eatonville's point of delivery and point of metering. Such adjustments shall be specified in written correspondence between Tacoma Power and Bonneville.

Exceptions: None

6. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE

Bonneville

7. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

8. OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT

Exhibit B

Facilities Charges

DIRECT ASSIGNMENT FACILITIES CHARGES

Not applicable at this time.

Exhibit C

Ancillary and Other Services

	<u>Provided By</u>	<u>Contract No.</u>
1. Ancillary Services		
(a) Scheduling and Dispatch	Tacoma Power	
(b) Reactive Supply and Voltage Control	Tacoma Power	
(c) Regulation and Frequency Response	BPA	
(d) Energy Imbalance	BPA	
(e) Operating Reserve – Spinning Reserve	BPA	
(f) Operating Reserve – Supplemental Reserve	BPA	
2. Other		
(a) Transmission Losses		1.87%
(b) Losses shall be settled [financially by monthly payment OR scheduled for return 168 hours after transfer]		

Exhibit D

Forecast of Load

2018 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation										6	7	8

2019 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4	6	7	8

2020 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4	6	7	8

2021 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4	6	7	8

2022 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4	6	7	8

2023 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4	6	7	8

2024 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4	6	7	9

2025 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4	6	7	9

2026 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4	6	7	9

2027 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4	6	7	9

2028 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	9	8	7	5	4	4	3	4	4			

Exhibit E
Network Operating Agreement
Between
TACOMA POWER
and
BONNEVILLE POWER ADMINISTRATION

This Network Operating Agreement (“Agreement”) is dated September 25, 2014 and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Town of Eatonville (“Eatonville”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Tacoma Power and Bonneville currently operate interconnected electric systems; and

WHEREAS, with the agreement of Eatonville, Bonneville requested Network Integration Transmission Service from Tacoma Power for service to the load of Eatonville pursuant to the Tariff; and

WHEREAS, concurrently with the execution of this Agreement, Tacoma Power and Bonneville have executed a Network Integration Transmission Service Agreement (as it may be amended or replaced from time to time, the “Service Agreement”), under the Tariff, pursuant to which Tacoma Power will provide Network Integration Transmission Service to Bonneville for service to the load of Eatonville; and

WHEREAS, execution of the Service Agreement by the Parties will constitute acceptance of the terms of this Agreement which will be an Exhibit attached to the Service Agreement; and

WHEREAS, Tacoma Power and Bonneville desire to set forth in this Agreement the operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System for purposes of the Service Agreement and the Tariff.

NOW, THEREFORE, the Parties agree as follows:

1. Scope of Network Operating Agreement

- 1.1. Relationship to Agreement Limiting Liability Among Western Interconnected Systems.
This Agreement provides terms and conditions associated with technical and operational

issues necessary for the implementation of Network Integration Transmission Service under the Tariff and the Service Agreement. In performance of their respective obligations under this Agreement, the Service Agreement and the Tariff, each Party shall adhere to Good Utility Practice, subject to the Agreement Limiting Liability Among Western Interconnected Systems (“ALLAWIS”), or its replacement, so long as both Tacoma Power and Bonneville are parties to such agreement. If at any time during the term of this Agreement the ALLAWIS is terminated and is not replaced by a successor agreement to which Tacoma Power and Bonneville are both parties, Tacoma Power and Bonneville shall promptly consult in good faith and make commercially reasonable efforts to enter into mutually acceptable arrangements to address the matters previously addressed by the ALLAWIS.

- 1.2. Balancing Authority and Ancillary Services Requirements. In connection with Network Integration Transmission Service provided under the Service Agreement, Bonneville shall operate as a Balancing Authority (as defined by the NERC Reliability Standards) under applicable Reliability Requirements of NERC and WECC. The Parties acknowledge that the Network Load referred to in this Agreement is within Bonneville’s Balancing Authority Area (as defined by the NERC Reliability Standards) and the Network Resource referred to in this Agreement is within Bonneville’s Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. If at any time during the term of this Agreement, Bonneville ceases to operate as a Balancing Authority Area, then Bonneville shall provide timely notice to Tacoma Power and, effective as of such cessation, (a) satisfy its Balancing Authority requirements necessary to serve Eatonville’s load, including all Ancillary Services, by contracting with Tacoma Power; (b) satisfy its Balancing Authority requirements necessary to serve Eatonville’s load, including all Ancillary Services, by contracting with other entities that can satisfy those requirements in a manner that is consistent with Good Utility Practice and satisfies NERC and WECC Reliability Requirements; or (c) satisfy its Balancing Authority requirements through a combination of (a) and (b) above. If at any time during the term of this agreement Tacoma Power ceases to operate as a Balancing Authority Area, Bonneville shall have no further obligation to purchase Ancillary Services from Tacoma Power and the Parties shall work cooperatively to modify this Agreement and the Service Agreement to reflect any changes in Ancillary Service obligations.

2. Definitions

Unless defined in this Section 2 or otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

- 2.1 NERC. The North American Electric Reliability Corporation, or its successor.
- 2.2 NWPP. The Northwest Power Pool, or its successor.
- 2.3 Reliability Councils. The Western Electricity Coordinating Council (WECC), the North American Electric Reliability Corporation (NERC), their respective successors, or such other organization(s) whose mandate, in whole or in part, is to establish criteria, systems,

standards, rules, procedures, practices or management programs for the operation and reliability of the bulk electric systems.

- 2.4 Reliability Requirements. The Reliability Councils' reliability, operation, security and other similar standards applicable to a Party, and any other similar standards to which a Party is subject by law or any authority having jurisdiction.
- 2.5 Tariff. Tacoma Power's Open Access Transmission Tariff, as it may be amended or replaced from time to time.
- 2.6 Telemetry. The sending of, or the capability of sending, real-time load monitoring data from each delivery point at the interconnection site to Tacoma Power's Operating Center using RTU (SCADA) equipment for metering load, power flow, voltage or breaker status.
- 2.7 WECC. The Western Electricity Coordinating Council, or its successor.

3. Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement (see section 3.3 of the Service Agreement).

4. Network Operating Committee

- 4.1 Membership. The Network Operating Committee shall be composed of a representative(s) from Tacoma Power, Bonneville, and Eatonville.
- 4.2 Responsibilities. The Network Operating Committee shall meet either in person or by means of electronic communication (e.g. telephone, internet, etc.) at least once per calendar year to: (a) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff and Service Agreement; (b) review designated Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (3) obtain from Tacoma Power its operating policies, procedures, and guidelines for network interconnection and operation.
- 4.3 General Customer Information Requirements. Bonneville shall, when requested by Tacoma Power, provide load forecasts, forecasts for generation by or for Eatonville (excluding power purchased from Bonneville), schedules and any other information (a) necessary for Tacoma Power's calculation of available transmission capability on Tacoma Power's Transmission System; (b) necessary for Tacoma Power's implementation of redispatch, curtailment, load shedding and congestion management procedures; (c) necessary to enable Tacoma Power to operate its Transmission System consistent with Good Utility Practice; (d) required to be provided by a Transmission Customer under the Tariff; or (e) as otherwise required by law.

5. Interconnection of Network Resources

As of the execution date of this Agreement, Bonneville has no Network Resources directly interconnected with Tacoma Power's Transmission System. At such time as Bonneville intends to designate as a Network Resource a generation resource that is directly interconnected with Tacoma Power's Transmission System, and prior to such interconnection, Tacoma Power and Bonneville shall, subject to mutual agreement, specify applicable principles and requirements for the interconnection of generation resources and shall amend this section and this Agreement accordingly.

6. Curtailment of Network Service

6.1 Respective Roles of the Parties.

(a) As the Network Customer under the terms of the Tariff, Bonneville accepts the roles and responsibilities associated with the:

- (1) Balancing Authority; and
- (2) Load Serving Entity¹

as each is defined by NERC and WECC, for Eatonville. Bonneville shall maintain these roles and responsibilities unless and until they are transferred to, and accepted by, Eatonville.

(b) As the Transmission Provider under the terms of the Tariff, Tacoma Power retains the role and responsibilities of the Transmission Operator, as defined by NERC and WECC.

6.2 Balancing Authority Area of Network Load. Network Load referred to in this Agreement is within Bonneville's Balancing Authority Area and the Network Resource referred to in this Agreement originates in Bonneville's Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. In addition, as of the Effective Date of this Agreement, the Parties agree to treat the Network Load as a pseudo-tie in Bonneville's Balancing Authority Area.

6.3 Manner of Curtailing Network Service. Pursuant to Sections 33.4 and 33.5 of the Tariff, Tacoma Power may require the Curtailment of Bonneville's scheduled deliveries to Eatonville load from designated contract Network Resources under the Service Agreement. In response to such curtailment request, Bonneville shall coordinate with Tacoma Power and Eatonville to reduce Eatonville load to match the new schedule by

¹ Bonneville is responsible for fulfilling the role of Load Serving Entity for scheduling and load forecasting. However, Eatonville has taken on the responsibility for load shedding and consistent with the operating protocols developed with Tacoma Power, communications regarding load shedding will be between Tacoma Power and Eatonville. In addition, it is understood that for the interconnected facilities owned by Eatonville, Tacoma Power and Eatonville will address any issues.

implementing the Operating Procedures referenced in section 9.2 of this Agreement. In the event of such Curtailment, Tacoma Power shall, to the extent feasible and consistent with Good Utility Practice and on a comparable basis with service to all other affected Network Customers and Tacoma Power's bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available delivery point on Tacoma Power's Transmission System.

- 6.4 Remote Load Shedding. Remote load shedding equipment is required for any substation with a load that is equal to or greater than 10 MW. If not already installed, remote load shedding equipment will be installed and operational within six (6) months of any substation load reaching the 10 MW threshold. Bonneville has coordinated the ownership and operation of the load shedding equipment with Eatonville.² However, if Eatonville fails to maintain the current load shedding plan, Bonneville is required to ensure that an alternative plan acceptable to Tacoma Power is put in place.
- 6.5 Firm Load Curtailments. Bonneville agrees to accept curtailments of Network Load as a reasonable mitigation for contingencies that require such load curtailments to protect the transmission systems of either Bonneville or Tacoma Power.

7. Scheduling

- 7.1. Designation of Network Resources. Bonneville's Network Resources under the Service Agreement constitute a contract for the purchase by Eatonville from Bonneville of Bonneville system power, and may include a power purchase by Eatonville from a resource interconnected with a third party. At such time as Bonneville intends to designate as a Network Resource under the Service Agreement another specific generation resource directly interconnected with Tacoma Power's Transmission System or interconnected with a third-party system not already specified in Exhibit A to the Service Agreement, this Agreement may be amended to provide applicable terms and conditions regarding the scheduling of such resource.
- 7.2. Scheduling Network Resources. Schedules for Bonneville's Network Resources under the Service Agreement shall be submitted to Tacoma Power consistent with industry requirements regarding e-tagging of pseudo-ties.
- 7.3. Modification of Scheduling Procedures. During the term of this Network Operating Agreement, either Party may modify the scheduling procedures applicable to delivery of Network Resources to Eatonville, so long as any modified scheduling procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, consistent with Section 8.4. of the Service Agreement, and (c) consistent with all applicable Reliability Requirements.

² As described in footnote 1, Eatonville and Tacoma have developed operating protocols and load shedding instructions will be communicated through these protocols.

8. Permits, Inspection, Metering and Communications

- 8.1. Right of Entry/Permit. If any equipment or facilities associated with any point of interconnection and belonging to a Party are, or are to be, located on the property of the other Party, a permit to install, test, maintain, inspect, replace, repair, and operate such equipment and facilities during the term of this Agreement and to remove such equipment and facilities at the expiration of the term of this Agreement (together with the right of entry to said property at all reasonable times during the term of this Agreement to carry out the activities pursuant to such permit) is hereby granted to the other Party.
- 8.2. Inspection. During the term of this Agreement, each Party (“First Party”) shall, upon receipt of reasonable prior notice from the other Party (“Second Party”) specifying the date and time of the visit, provide access for the Second Party’s representatives to the interconnected facilities of the First Party as may be reasonably necessary for such Second Party’s performance of its obligations under this Agreement. The Second Party shall cause its representatives to observe during any such visit all of the First Party’s safety and security procedures or requirements of which the Second Party is then notified.
- 8.3. Metering Equipment. Bonneville shall be responsible for all costs associated with the purchase, installation, operation, maintenance, repair and replacement of (and any necessary upgrades to) all revenue and interchange metering equipment necessary for Tacoma Power to provide Network Integration Transmission Service under the Service Agreement. All metering equipment and data of Bonneville shall conform to applicable Reliability Requirements. The Parties shall review the metering equipment prior to its installation to ensure conformance with such standards or practices.
- 8.4. Additional Metering Equipment. In addition to the metering equipment installed, each Party may at any time during the term of this Agreement install metering equipment; provided that, any such installation of such metering equipment shall not be inconsistent with permit provisions of Section 8.1 above. Any such metering equipment shall be owned, operated, and maintained by the Party installing such metering equipment.
- 8.5. Testing of Metering Equipment. Notwithstanding any other provision of this Agreement, each Party during the term of this Agreement shall, at its expense, test its metering equipment associated with this Agreement in accordance with applicable Reliability Requirements, and, if requested by the other Party, shall make additional tests or inspections of such metering equipment. Each Party shall give reasonable notice to the other Party of the time when any such test or inspection is to be made, and the Party receiving notice will have the opportunity to have representatives present at such test or inspection.
- 8.6. Adjustments. If any metering equipment fails to register, or if the measurement made by such metering equipment during a test made as provided above fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were

made. Should any metering equipment at any time fail to register, or should registration thereof be so erratic as to be inherently unreliable, the capacity, energy and reactive power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction or failure, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. Any metering equipment tested and found to be not more than one percent (1 %) above or below normal shall be considered to be accurate insofar as correction of billing is concerned. If any meter is found to be out of tolerance by more than one percent (1%), then the Party owning such meter shall use its best efforts to adjust the meters immediately and accurately, and there shall be a retroactive adjustment of the inaccurate meter for the twelve (12)-month period prior to the test or inspection in which such inaccuracy is found or the date of the last test or inspection, whichever date is shorter. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.

- 8.7. Billing Information. Bonneville shall during the term of this Agreement transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power, the metered information of Bonneville's metering equipment, if any, (including kilowatt-hour and kiloVAR-hour) concerning electric power delivered under this Agreement. The metered information shall be transmitted or otherwise made available electronically in a format that is acceptable to Tacoma Power's billing function on a maximum time interval of one (1) hour or by mutual agreement to a longer time interval; such acceptance shall not be unreasonably withheld. With respect to currently installed and future replacement metering equipment, Tacoma Power shall use good faith efforts to work with the owners of such metering equipment to develop a format that is acceptable to Tacoma Power and such acceptance shall not be unreasonably withheld.
- 8.8. Exchange of Metered Data. The Party owning, operating, and maintaining each meter used to determine billing associated with the Service Agreement shall provide or arrange to be provided to the other Party all hourly meter readings and any more frequent load profile information, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to the other Party as soon as reasonably possible in the succeeding month and no later than by 10:00 a.m. of the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Each Party shall notify the other Party as soon as practicable of system configuration changes on its system or other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.
- 8.9. Use of Bonneville's Meter Reading Information. Consistent with Section 8.8 above, Bonneville shall transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power its real and reactive power metering data, if any, at the delivery points, in a format compatible with the billing information systems used by Tacoma Power.

- 8.10. Metering and Communications Required for Integration of Network Resources. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the integration of any generation resource to be designated an on-system Network Resource under the Service Agreement and on Tacoma Power's Transmission System. Such equipment, operation, maintenance shall comply with all applicable laws and regulations including Reliability Requirements.
- 8.11. Metering and Communications Required for Ancillary Services. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the provision of Ancillary Services by Bonneville or by a third party. All such metering and communication installations shall be installed, operated, and maintained pursuant to all applicable laws and regulations including Reliability Requirements.
- 8.12. Real-Time Data Acquisition.
- (a) Installation of real-time Telemetry equipment, if any, shall be performed by the Party responsible for providing such real-time Telemetry equipment. Any such real-time Telemetry equipment shall be owned, operated and maintained by the Party installing such equipment.
 - (b) Each Party shall permit the other Party to install, or cause to be installed, real-time Telemetry equipment reasonably acceptable to both Parties as may be necessary from time to time during the term of the Service Agreement to replace or upgrade the real-time Telemetry equipment as specified above. Any such replacement real-time Telemetry equipment is to be owned, operated and maintained by the Party installing such equipment.
- 8.13. Real-Time Data Acquisition Upgrades. Upgrades of real-time Telemetry equipment and data, if any, from time to time during the term of this Agreement to be received by Tacoma Power and Bonneville shall be at the reasonable discretion of Tacoma Power, as deemed necessary for reliability, security, and/or monitoring of Tacoma's Balancing Authority Area operations. To the extent Telemetry changes are required in order to meet applicable Reliability Requirements, Bonneville shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the Telemetry related to Eatonville's load to be received by Tacoma Power. Each Party shall be responsible for its cost of making any computer modifications or changes required to its own computer system(s) as necessary to implement this Section 8.13.

9. **Operation and Maintenance**

- 9.1. Maintenance Scheduling and Continuity of Service. Tacoma Power may require Curtailment or otherwise temporarily suspend service at the delivery points:

- (a) pursuant to Section 33 of the Tariff; and
- (b) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff.

9.2. Emergency Planning and Operation. As the operator of its Transmission System, Tacoma Power may undertake planning, coordinating, and implementing emergency operations applicable to Tacoma Power's Transmission System to meet NERC and WECC Reliability Requirements and NWPP reliability planning and operations objectives. Bonneville and Tacoma shall work jointly to develop Operating Procedures to determine actions to be taken by each Party during conditions such as constraints on Tacoma's system that reduce Tacoma's ability to provide transfer service to all of Eatonville's load, or curtailments to Bonneville's schedules that reduce Bonneville's ability to schedule at a level needed to serve all of Eatonville's load. The Operating Procedure shall include coordinated actions for restoring Eatonville's load following return to normal transmission system conditions.

9.3. Modification of Operating Procedures. During the term of this Service Agreement, either Party may modify the Operating Procedures applicable to delivery of Network Resources to Network Load, provided that any proposed modifications to the Operating Procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, and (c) consistent with all applicable Reliability Requirements.

10. Miscellaneous

10.1. Notices. Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.

10.2. Assignment. See section 8.9 of the Service Agreement.

10.3. Amendments. This Agreement may be amended (a) upon Tacoma Power's application to and receipt of approval from the Utility Board provided that the Utility Board determines that such changes are required to maintain consistency with applicable Reliability Requirements or to reflect, consistent with Good Utility Practice, modifications to Tacoma Power's Transmission System, and (b) by written agreement of the Parties.

Exhibit F

Power Factor Compensation Calculation Methodology

Calculation Methodology for VAr Losses Charge:

The compensation formula uses the measured Voltage-Amperes (VA) and Volts (V) at the applicable points of delivery and/or metering points. The compensation to be paid by Bonneville for Volt-Ampere reactive (VAr) for each hour during which the Eatonville load did not achieve a power factor of at least 0.97 shall be calculated as set forth below.

The formula for VAr losses when VAr flow measured is from Tacoma Power to Eatonville is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{in-to-load}} - W \times 0.2506$$

The formula for VAr losses when VAr flow measured is from Eatonville to Tacoma Power is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{out-of-load}} - W \times 0.2506$$

Where $\text{VAr}_{\text{in-to-load}}$, $\text{VAr}_{\text{out-of-load}}$, and Watts (W) are as measured at each point of delivery and/or metering point. The $W \times 0.2506$ term credits VAr consumption by Eatonville down to a power factor of 0.97.

In each hour, the VAr_{loss} is calculated by the above formula. When the calculated VAr_{loss} is a positive number it is accumulated with all other positive VAr_{loss} in the metering period, and multiplied by the VAr charge per VArH. Examples of conditions with VAr in-to-load and VAr out-of-load are given in the following.

Sample Calculations

Example: VAr in-to-load for 1 hour

Power Factor (p.f.)	0.80	$\text{VAr} = \tan(\cos^{-1} \text{ p.f.}) \times W$
Real Power	4,000	(kW)
Reactive Power	3,000	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{in-to-load}} - \text{kW} \times 0.2506 = 3,000 - 1,002 = 1,997 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$1.96

Example: kVArS out-of-load for 1 hour

Power Factor	0.90	
Real Power	4,000	(kW)
Reactive Power	1,937	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{out-of-load}} - \text{kW} \times 0.2506 = 1,937 - 1,002 = 934.5 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$0.92

NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT

This Network Integration Transmission Service Agreement (“Service Agreement”) is dated _____ and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Elmhurst Mutual Power and Light Company (“Elmhurst”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Bonneville requested Network Integration Transmission Service from Tacoma Power to serve the load of Elmhurst pursuant to the Tariff and accompanying rate schedules (as amended or replaced from time to time, “Rate Schedules”); and

WHEREAS, contemporaneously with entering into this Service Agreement, the Parties are also agreeing to the terms of the Network Operating Agreement (as it may be amended or replaced from time to time), in the form attached as Exhibit E to this Service Agreement, addressing, among other things, operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System; and

WHEREAS, Tacoma Power has determined that Bonneville has provided sufficient information to form the basis of a Completed Application for Network Integration Transmission Service under the Tariff.

NOW THEREFORE, the Parties agree as follows:

1. Definitions

Unless otherwise defined herein, all capitalized terms used in this Service Agreement shall have their respective meanings as set forth in the Tariff. For purposes of this Service Agreement and the Tariff, Bonneville shall be deemed to be the Transmission Customer as such term is used in the Tariff, and Tacoma Power is the provider of Network Integration Transmission Service as defined in the Tariff.

- 1.1 Tariff. Tacoma Power’s Open Access Transmission Tariff as it may be amended or replaced from time to time.
- 1.2 Rate Schedules. The transmission rate schedules accompanying the Tariff as they may be amended or replaced from time to time.

2. Standard Provisions

- 2.1 Terms and Conditions and Incorporation of Tariff. The terms and conditions under which Network Integration Transmission Service is offered and accepted are pursuant to this Service Agreement and the Tariff. The Tariff, including, without limitation, the

Tacoma Power Rate Schedules attached thereto, is hereby incorporated by this reference and made a part of this Service Agreement.

- 2.2 Exhibits. The following exhibits to this Service Agreement are by this reference incorporated herein and made a part hereof: Exhibit A (Statement of Specifications for Network Integration Transmission Service); Exhibit B (Facilities Charges); Exhibit C (Ancillary and Other Services); Exhibit D (Forecast of Load); Exhibit E (Network Operating Agreement); and Exhibit F (Power Factor Compensation Calculation Methodology).
- 2.3 Network Operating Agreement. Pursuant to Section 35 of the Tariff, the Parties are obligated to execute a Network Operating Agreement, included herein as Exhibit E, to address operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power's Transmission System.
- 2.4 Certification of Bonneville. Bonneville certifies that it is, or will be upon commencement of service, an Eligible Customer under the Tariff and shall remain an Eligible Customer during the term of the Service Agreement and Network Operating Agreement.

3. Term and Utility Board Approval

- 3.1 Effective Date and Submittal to Utility Board. This Service Agreement shall be effective as of hour ending 1:00 on October 1, 2018 (the "Effective Date"). Tacoma Power has previously been granted authority to execute this Service Agreement pursuant to Utility Board Resolution U-xxxxx adopted September 26, 2018.
- 3.2 Term of Agreement. This Service Agreement shall remain in effect through hour ending 24:00 on September 30, 2028.
- 3.3 Rollover Rights. Each Party acknowledges and agrees, except as specifically detailed in Section 3.2 above, that it enters into this Service Agreement subject to a right of first refusal and the five-year requirement of Section 2 of the Tariff on the first rollover date for this Service Agreement.

4. Network Integration Transmission Service

- 4.1 Network Integration Transmission Service Requirements Related to Network Resources.
 - 4.1.1 Provision of Network Integration Transmission Service. Commencing on the Effective Date, Tacoma Power shall provide to Bonneville, and Bonneville shall receive from Tacoma Power and pay for, Network Integration Transmission Service pursuant to the Tariff and applicable Rate Schedules. Tacoma Power's obligation to provide Network Integration Transmission Service shall be subject to Tacoma Power's rights to curtail or interrupt schedules pursuant to the Tariff. Section 34 of the Tariff outlines the applicable rates and charges methodology for

Network Integration Transmission Service.

- 4.1.2 Network Resources. Exhibit A to this Service Agreement lists Bonneville's designated Network Resources and Network Loads. The Network Resources listed in Exhibit A are limited to (a) power purchased from Bonneville and, (b) non-federal resources, provided that any such non-federal resources (1) constitute "Dedicated Resources" serving "Above-RHWM Load," as those terms are defined in the Regional Dialogue Power Sales Agreement between Bonneville and Elmhurst (the "Elmhurst Regional Dialogue Agreement"), (2) are subject to and consistent with the provisions of Exhibits F and G to the Elmhurst Regional Dialogue Agreement and the Transfer Service Support for Non-Federal Resources Agreement between Bonneville and Elmhurst, and (3) are subject to Bonneville contractual rights to control output as necessary to comply with the terms of the Elmhurst Regional Dialogue Agreement and any curtailment instruction issued by Tacoma Power pursuant to the Tariff.
- 4.2 Facilities Charges. All applicable charges pursuant to the Direct Assignment Facilities Provisions for existing facilities and facilities built as a result of this Service Agreement are hereby incorporated as Exhibit B.
- 4.3 Charges for Network Integration Transmission Service. Bonneville shall pay Tacoma Power the applicable charges for services provided hereunder pursuant to the Tacoma Power Rate Schedules included as part of the Tariff. Tacoma Power may change the rates that apply to Network Integration Transmission Service under this Service Agreement pursuant to Section 9 of the Tariff.
- 4.4 Power Factor Requirements. Elmhurst's load should not adversely affect the voltage stability of the Tacoma Power Transmission System. Accordingly, Elmhurst load should operate at power factor of not less than 0.97. If, at any time during the term of this Service Agreement, there is a calendar month during which, in any hour, Elmhurst's load operates at a power factor below 0.97 (as measured at the applicable point of delivery and/or metering point), then Bonneville shall pay to Tacoma Power, for all hours during which the Elmhurst load operated at a power factor of less than 0.97, the compensation specified and calculated in accordance with Exhibit F to this Service Agreement. Tacoma Power and Bonneville shall use good faith efforts to jointly plan and operate their facilities at the points specified in Exhibit A in a manner that does not place an undue burden on the other party to supply or absorb reactive power at such points.

5. Other Services

- 5.1 Ancillary Services. Commencing on the Effective Date, Tacoma Power shall provide, and Bonneville shall take and pay for, the following Ancillary Services:
- (a) Scheduling, System Control, and Dispatch Service
 - (b) Reactive Supply and Voltage Control from Generation Sources Service

The amounts of such Ancillary Services, any exceptions, specific terms and/or conditions

associated with such Ancillary Services are listed in Exhibit C to this Service Agreement. Rates applicable to such Ancillary Services will be as stated in the Tacoma Power Rate Schedules included as part of the Tariff.

- 5.2 Transmission Losses. In addition to the Ancillary Services as set forth in Section 5.1 of this Service Agreement, Tacoma Power shall provide, and Bonneville shall take and pay for, Transmission Losses associated with the Network Integration Transmission Service provided under this Service Agreement, in accordance with the Transmission Loss Factor specified in the Tariff.

6. Construction of Facilities

As of the execution date of this Service Agreement, no construction or additional metering and communications are needed. Tacoma Power shall have the right to collect from Bonneville, acting through Bonneville's power service organization, any charges imposed on Tacoma Power by Bonneville, acting through its transmission service organization, for the use of or access to Bonneville's communications equipment for meter reading related to Network Integration Transmission Service provided under this Service Agreement.

7. Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to Bonneville shall be sent to:

Scheduling Coordination – PTK-5
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

All payments to Tacoma Power shall be electronic funds transferred (EFT) to:

Bank of America
ABA Routing # 026009593
Account Number: 67650200
Ref: (invoice #/payment purpose)

8. Miscellaneous Provisions

- 8.1 Governing Law and Venue for Disputes. This Service Agreement shall be interpreted, construed, and enforced in accordance with laws of the State of Washington, without reference to choice of law doctrine, except that to the extent the Parties' rights and obligations are required to be governed by United States Federal law, then such rights and obligations shall be governed by United States Federal law. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, or other forum pursuant to Federal law, unless the parties agree to pursue alternative dispute resolution.
- 8.2 Provisions Governing Modifications to Service Agreement and Exhibits. This Service Agreement and its Exhibits may be modified only as provided in this Section 8.2.

- 8.2.1 Written Agreement of the Parties. Any provision of this Service Agreement or any of its Exhibits may be modified at any time by written agreement of the Parties, subject to any requirement Tacoma Power may have to obtain approval of the Utility Board.
- 8.2.2 Modifications Necessary to Comply with Law or Regulation. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) to the extent Tacoma Power determines in good faith that modification is necessary to comply with law or regulation applicable to Tacoma Power or its Transmission System; provided, however, that Tacoma Power may exercise its rights under this Section 8.2.2 only if Tacoma Power (a) first obtains Utility Board approval of any modifications to this Service Agreement (or any Exhibit) it determines are necessary to comply with applicable law or regulation, (b) provides at least 45 days' prior written notice to Bonneville of any modifications proposed pursuant to this Section 8.2.2 and an opportunity for Bonneville to confer with Tacoma Power before implementing the modifications (unless the circumstances are so exigent as to preclude 45 days' prior notice and consultation), and (c) provides prior written notice to Bonneville of the Utility Board meeting at which Tacoma Power will request approval of modifications pursuant to this Section 8.2.2. If Bonneville is not afforded prior written notice and consultation prior to the modification due to exigent circumstances, Bonneville will be given an opportunity to confer with Tacoma regarding the modification after its adoption, and be afforded prior written notice of the Utility Board meeting at which Tacoma Power will request approval of modifications.
- 8.2.3 Modifications to Conform to Tariff Amendments and Rate Determinations. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) as necessary to maintain consistency between the provisions of this Service Agreement (including its Exhibits) and (a) the Tariff, as it may be amended from time to time in accordance with Section 9 of the Tariff, and (b) Rate Schedules and rate determinations properly established or adopted in accordance with Tacoma Power procedures and legal requirements; provided that Tacoma Power may exercise its rights under this Section 8.2.3 only if Tacoma Power has provided notice to Bonneville as required by Section 8.2.2.
- 8.3 Notices Relating to Provisions of the Service Agreement. Any notice, request, demand, or statement given to or made upon one Party by the other Party under any of the provisions of this Service Agreement, except those specified in Section 8.4 below, shall be in writing and shall be considered delivered when either personally delivered to the following or deposited in the mail postage prepaid and properly addressed to the following:
- | | |
|--|---|
| <p><u>If to Bonneville:</u>
 Bonneville Power Administration
 Attn: Transfer Services Manager
 Address: 905 NE 11th Ave.
 City, State: Portland, OR 97232
 Phone: (503) 230-5164
 Fax: (503) 230-3242</p> | <p><u>If to Tacoma Power:</u>
 Tacoma Power
 Attention: T&D Manager
 3628 South 35th Street
 Tacoma, WA 98409-3192
 Phone: (253) 502-8286
 Fax: (253) 396-3085</p> |
|--|---|

- 8.4 Notices of an Operating Nature. Any notice, request, or demand pertaining to matters of an operating nature, exclusive of requests for additional or modified Transmission Service under the Tariff, shall be sufficient if given in writing, by telephone, by facsimile, or orally in person to the person designated in writing by the Party as its representative for such purposes, provided that should such notice, request, or demand not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served. The representative for receiving notices pursuant to this Section 8.4 and such representative's address shall be communicated by the Parties under separate letter within 45 days from the execution date of this Service Agreement.
- 8.5 Future Changes or Additions. Any obligation of Tacoma Power to change or increase the capability of the Tacoma Power Transmission System to provide Network Integration Transmission Service for Network Load shall be as provided in Section 31 of the Tariff. No action by Tacoma Power to otherwise change or make additions to its Transmission System shall confer on Bonneville any rights to additional transmission or other services under this Service Agreement.
- 8.6 Computation of Time. To compute any period of time prescribed or allowed by this Service Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day that is neither a Saturday, Sunday, nor legal holiday. For purposes of the administration of this Service Agreement, Pacific Time shall be used.
- 8.7 No Third Party Beneficiaries. This Service Agreement, to the extent that it does not contradict the terms of Section 6 of the Tariff, creates rights and obligations exclusively between the Parties hereto. Except as set forth in Section 6 of the Tariff, the Parties hereto do not intend to create any additional obligation or promise of performance to any other person or entity and the Parties have not conferred any right to enforce this Service Agreement or any remedy upon any third person or entity other than the Parties hereto and their respective successors and assigns.
- 8.8 Waivers. Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.
- 8.9 Assignment. Tacoma Power may assign this Service Agreement only upon the prior written consent of Bonneville, provided however, that Bonneville hereby consents to assignment of this Service Agreement if it is consistent with federal law, to any entity that has, pursuant to legally binding arrangements, assumed responsibility for operating the Tacoma Power Transmission System or administering transmission service on the Tacoma Power Transmission System. Bonneville and Elmhurst may request an assignment of this Service Agreement from Bonneville to Elmhurst. This assignment shall include all rights and post-assignment obligations associated with this Service Agreement. Such assignment shall require mutual agreement among Tacoma Power, Bonneville and Elmhurst, provided that Tacoma Power shall not unreasonably withhold

such agreement. When notice of such assignment is provided to Tacoma Power, Bonneville and Elmhurst shall work in good faith to make any necessary modifications to this Service Agreement and the Network Operating Agreement, implement metering modifications, ensure compliance with the Tariff, and make any other adjustments necessary to allow such assignment to proceed. If Tacoma Power withholds agreement to such assignment, Tacoma Power shall provide a detailed written explanation as to why it is withholding agreement and shall include a detailed list of items that would allow Tacoma Power to agree to such assignment. A Party requesting assignment shall provide at least six months' prior written notice to the other Party. Any assignment pursuant to this Section 8.9 by an assignor to an assignee shall only be made with the contemporaneous assignment of the Network Operating Agreement, by the same assignor to the same assignee. In addition, to the extent there are, at the time of the assignment, any arrangements in place between Bonneville and Tacoma Power (apart from those specified in the Tariff, this Service Agreement, and the Network Operating Agreement) that are material to Tacoma Power's provision of Network Integration Transmission Service or the operation of Tacoma Power's Transmission System consistent with Good Utility Practice, such assignment shall also be subject to the completion of comparable arrangements between Tacoma Power and the assignee. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their successors and assigns.

- 8.10 Tariff Governs. In the event of any irreconcilable difference between the Tariff, this Service Agreement, or the Network Operating Agreement, the terms of the Tariff shall govern.
- 8.11 Interconnection with Other Systems. Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering, or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.
- 8.12 Entire Agreement. This Service Agreement, together with the Network Operating Agreement and the Tariff, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and there are no other understandings or agreements between the Parties with respect hereto.

8.13 Effect of Paragraph Headings. Headings and captions appearing in this Service Agreement are inserted for convenience of reference only and shall not be construed to be interpretations of the text of this Service Agreement.

9. Signatures

The signatories represent that they are authorized to enter into this Service Agreement on behalf of the Party for which they sign.

**BONNEVILLE POWER
ADMINISTRATION**

TACOMA POWER

By: _____

By: _____

Name: Daniel R. Yokota
(Print/Type)

Name: Chris Robinson
(Print/Type)

Title: Manager, Transfer Services

Title: Power Superintendent/COO

Date: _____

Date: _____

Exhibit A

Statement of Specifications for Network Integration Transmission Service

1. TERM OF TRANSACTION

Start Date: Hour ending 1:00 on October 1, 2018.

Termination Date: Hour ending 24:00 on September 30, 2028.

2. NETWORK RESOURCES

(a) Power Purchased from Bonneville Power Administration by Elmhurst

Resource	Capacity (MW)	Capacity Designated As Network Resource	Scheduling Agent	Balancing Authority
Contract No. 09PB-13038	94	See the forecast as attached to Exhibit D	BPA	BPA

3. NETWORK LOAD

The Application provides Elmhurst's initial annual load and resource information. Annual load and resource information updates shall be submitted to Tacoma Power at the address specified in 8.3 of this Service Agreement, by September 30 of each year, unless otherwise agreed to by the Parties.

4. DESCRIPTION OF POINT(S) OF RECEIPT

Canyon Substation

Location: The point of interconnection at Tacoma Power's Canyon Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Cowlitz Substation

Location: The point of interconnection at Tacoma Power's Cowlitz Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Northeast Substation

Location: The point of interconnection at Tacoma Power's Northeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Southwest Substation

Location: The point of interconnection at Tacoma Power's Southeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

5. DESCRIPTIONS OF NETWORK POINT(S) OF DELIVERY

Brookdale Substation

Location: The point in Elmhurst's Brookdale Substation where the 115kV facilities of Tacoma Power and Elmhurst are connected, on the load side of near Tacoma Power switches 10-400 and 10-410 near Tacoma Power Pole number 34753.

Voltage: 115kV

Metering: In Elmhurst's Brookdale Substation, in the 115 kV circuits over which power flows.

Franz Holmes Substation

Location: The point in Tacoma Power's Cowlitz – Canyon 115kV Line near Elmhurst's Franz Holmes Substation where the 115kV facilities of Tacoma Power and Elmhurst are connected, near Bonneville Power Association switch B1397.

Voltage: 115kV

Metering: In Elmhurst's Franz Holmes Substation, in the 12.5 kV circuits over which power flows.

Grazzini Substation

Location: The point in Elmhurst's Grazzini Substation where the 115kV facilities of Tacoma Power and Elmhurst are connected, on the load side of Tacoma Power switches 10-169 and 10-170 near Tacoma Power pole number 6703.

Voltage: 115kV

Metering: In Elmhurst's Grazzini Substation, in the 12.5 kV circuits over which power flows.

Haakenson Substation

Location: The point in Elmhurst's Haakenson Substation where the 115kV facilities of Tacoma Power and Elmhurst are connected, on the load side of Tacoma Power switch 10-427 near pole 42329.

Voltage: 115kV

Metering: In Elmhurst's Haakenson Substation, in the 12.5 kV circuits over which power flows.

McCullough Substation

Location: The point in Elmhurst's McCullough Substation where the 115kV facilities of Tacoma Power and Elmhurst are connected, on the load side of Tacoma Power switch 10-411 and Bonneville Power Association switch B1388 near Tacoma Power pole number 10057.

Voltage: 115kV

Metering: In Elmhurst's McCullough Substation, in the 12.5 kV circuits over which power flows.

Metering Loss Adjustment: Bonneville Power Administration will adjust for Transmission Losses between Elmhurst's point of delivery and point of metering. Such adjustments shall be specified in written correspondence between Tacoma Power and Bonneville.

Exceptions: None

6. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE

Bonneville

7. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

8. OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT

Exhibit B

Facilities Charges

DIRECT ASSIGNMENT FACILITIES CHARGES

Not applicable at this time.

Exhibit C

Ancillary and Other Services

	<u>Provided By</u>	<u>Contract No.</u>
1. Ancillary Services		
(a) Scheduling and Dispatch	Tacoma Power	
(b) Reactive Supply and Voltage Control	Tacoma Power	
(c) Regulation and Frequency Response	BPA	
(d) Energy Imbalance	BPA	
(e) Operating Reserve – Spinning Reserve	BPA	
(f) Operating Reserve – Supplemental Reserve	BPA	
2. Other		
(a) Transmission Losses	1.87%	
(b) Losses shall be settled [financially by monthly payment OR scheduled for return 168 hours after transfer]		

Exhibit D

Forecast of Load

2018 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation										14	17	19
Franz Holmes Substation										11	15	16
Grazzini Substation										9	9	11
Haakenson Substation										17	19	22
McCullough Substation										17	12	14
Total Load Forecast										67	72	82

2019 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	17	15	12	10	10	10	10	14	17	19
Franz Holmes Substation	16	16	14	13	11	8	8	8	9	12	15	16
Grazzini Substation	10	11	9	8	7	6	5	6	6	9	10	11
Haakenson Substation	20	21	17	16	12	13	11	14	13	17	20	22
McCullough Substation	16	14	14	14	13	9	9	9	10	17	13	14
Total Load Forecast	81	80	71	66	55	46	43	47	48	69	75	83

2020 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	17	15	12	10	10	10	11	14	18	19
Franz Holmes Substation	16	16	14	13	11	8	8	8	9	12	15	17
Grazzini Substation	11	11	9	8	7	6	6	7	6	9	10	11
Haakenson Substation	20	21	18	16	13	13	12	14	13	18	20	23
McCullough Substation	17	14	14	15	13	10	10	10	10	18	13	15
Total Load Forecast	83	81	72	67	56	47	46	49	49	71	76	85

2021 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	17	15	12	10	10	10	11	14	18	19
Franz Holmes Substation	16	16	15	13	11	9	8	9	9	12	16	17
Grazzini Substation	11	11	9	9	7	6	6	7	6	9	10	11
Haakenson Substation	21	22	18	17	13	14	12	15	14	18	21	23
McCullough Substation	17	14	15	15	13	10	10	10	11	18	13	15
Total Load Forecast	84	82	74	69	56	49	46	51	51	71	78	85

2022 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	17	15	12	10	10	10	11	14	18	19
Franz Holmes Substation	17	16	15	14	11	9	8	9	9	12	16	17
Grazzini Substation	11	12	10	9	7	6	6	7	6	9	10	11
Haakenson Substation	21	22	19	17	14	14	13	15	14	19	21	24
McCullough Substation	18	15	15	15	14	11	11	11	11	19	14	16
Total Load Forecast	86	83	76	70	58	50	48	52	51	73	79	87

2023 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	17	15	12	11	10	10	11	14	18	19
Franz Holmes Substation	17	16	15	14	11	9	9	9	9	13	16	17
Grazzini Substation	11	12	10	9	8	6	6	7	7	9	10	11
Haakenson Substation	22	23	19	18	14	15	13	16	15	19	22	24
McCullough Substation	18	15	16	16	14	11	11	11	11	19	14	16
Total Load Forecast	87	85	77	72	59	52	49	53	53	74	80	87

2024 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	17	15	12	11	10	10	11	15	18	20
Franz Holmes Substation	17	17	15	14	12	9	9	9	10	13	16	18
Grazzini Substation	11	12	10	9	8	6	6	7	7	9	10	11
Haakenson Substation	22	23	20	18	15	15	14	16	16	20	22	25
McCullough Substation	18	16	16	16	15	11	11	11	12	19	15	17
Total Load Forecast	87	87	78	72	62	52	50	53	56	76	81	91

2025 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	17	15	12	11	10	10	11	15	18	20
Franz Holmes Substation	17	17	15	14	12	10	9	9	10	13	17	18
Grazzini Substation	11	12	10	9	8	7	6	7	7	10	10	12
Haakenson Substation	23	24	21	19	15	16	14	17	16	20	23	25
McCullough Substation	19	16	16	17	15	12	12	12	12	20	15	17
Total Load Forecast	89	88	79	74	62	56	51	55	56	78	83	92

2026 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	17	15	12	11	10	10	11	15	18	20
Franz Holmes Substation	18	17	16	15	12	10	9	10	10	13	17	18
Grazzini Substation	12	12	10	9	8	7	7	8	7	10	11	12
Haakenson Substation	23	24	21	19	16	16	15	17	17	21	24	26
McCullough Substation	19	16	17	17	15	12	12	12	13	20	15	17
Total Load Forecast	91	88	81	75	63	56	53	57	58	79	85	93

2027 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	17	15	12	11	11	11	11	15	18	20
Franz Holmes Substation	18	17	16	15	12	10	10	10	10	13	17	18
Grazzini Substation	12	12	10	9	8	7	7	8	7	10	11	12
Haakenson Substation	24	25	22	20	16	17	15	18	17	22	24	26
McCullough Substation	20	17	17	17	16	13	12	13	13	21	16	18
Total Load Forecast	93	90	82	76	64	58	55	60	58	81	86	94

2028 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	19	19	18	16	12	11	11	11	11			
Franz Holmes Substation	18	18	16	15	13	10	10	10	11			
Grazzini Substation	12	12	11	10	8	7	7	8	7			
Haakenson Substation	25	25	22	20	17	17	16	18	18			
McCullough Substation	20	17	18	18	16	13	13	13	13			
Total Load Forecast	94	91	85	79	66	58	57	60	60			

Exhibit E

Network Operating Agreement Between TACOMA POWER and BONNEVILLE POWER ADMINISTRATION

This Network Operating Agreement (“Agreement”) is dated September 25, 2014 and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Elmhurst Mutual Power and Light Company (“Elmhurst”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Tacoma Power and Bonneville currently operate interconnected electric systems; and

WHEREAS, with the agreement of Elmhurst, Bonneville requested Network Integration Transmission Service from Tacoma Power for service to the load of Elmhurst pursuant to the Tariff; and

WHEREAS, concurrently with the execution of this Agreement, Tacoma Power and Bonneville have executed a Network Integration Transmission Service Agreement (as it may be amended or replaced from time to time, the “Service Agreement”), under the Tariff, pursuant to which Tacoma Power will provide Network Integration Transmission Service to Bonneville for service to the load of Elmhurst; and

WHEREAS, execution of the Service Agreement by the Parties will constitute acceptance of the terms of this Agreement which will be an Exhibit attached to the Service Agreement; and

WHEREAS, Tacoma Power and Bonneville desire to set forth in this Agreement the operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System for purposes of the Service Agreement and the Tariff.

NOW, THEREFORE, the Parties agree as follows:

1. Scope of Network Operating Agreement

- 1.1. Relationship to Agreement Limiting Liability Among Western Interconnected Systems.
This Agreement provides terms and conditions associated with technical and operational

issues necessary for the implementation of Network Integration Transmission Service under the Tariff and the Service Agreement. In performance of their respective obligations under this Agreement, the Service Agreement and the Tariff, each Party shall adhere to Good Utility Practice, subject to the Agreement Limiting Liability Among Western Interconnected Systems (“ALLAWIS”), or its replacement, so long as both Tacoma Power and Bonneville are parties to such agreement. If at any time during the term of this Agreement the ALLAWIS is terminated and is not replaced by a successor agreement to which Tacoma Power and Bonneville are both parties, Tacoma Power and Bonneville shall promptly consult in good faith and make commercially reasonable efforts to enter into mutually acceptable arrangements to address the matters previously addressed by the ALLAWIS.

- 1.2. Balancing Authority and Ancillary Services Requirements. In connection with Network Integration Transmission Service provided under the Service Agreement, Bonneville shall operate as a Balancing Authority (as defined by the NERC Reliability Standards) under applicable Reliability Requirements of NERC and WECC. The Parties acknowledge that the Network Load referred to in this Agreement is within Bonneville’s Balancing Authority Area (as defined by the NERC Reliability Standards) and the Network Resource referred to in this Agreement is within Bonneville’s Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. If at any time during the term of this Agreement, Bonneville ceases to operate as a Balancing Authority Area, then Bonneville shall provide timely notice to Tacoma Power and, effective as of such cessation, (a) satisfy its Balancing Authority requirements necessary to serve Elmhurst’s load, including all Ancillary Services, by contracting with Tacoma Power; (b) satisfy its Balancing Authority requirements necessary to serve Elmhurst’s load, including all Ancillary Services, by contracting with other entities that can satisfy those requirements in a manner that is consistent with Good Utility Practice and satisfies NERC and WECC Reliability Requirements; or (c) satisfy its Balancing Authority requirements through a combination of (a) and (b) above. If at any time during the term of this agreement Tacoma Power ceases to operate as a Balancing Authority Area, Bonneville shall have no further obligation to purchase Ancillary Services from Tacoma Power and the Parties shall work cooperatively to modify this Agreement and the Service Agreement to reflect any changes in Ancillary Service obligations.

2. Definitions

Unless defined in this Section 2 or otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

- 2.1 NERC. The North American Electric Reliability Corporation, or its successor.
- 2.2 NWPP. The Northwest Power Pool, or its successor.
- 2.3 Reliability Councils. The Western Electricity Coordinating Council (WECC), the North American Electric Reliability Corporation (NERC), their respective successors, or such other organization(s) whose mandate, in whole or in part, is to establish criteria, systems,

standards, rules, procedures, practices or management programs for the operation and reliability of the bulk electric systems.

- 2.4 Reliability Requirements. The Reliability Councils' reliability, operation, security and other similar standards applicable to a Party, and any other similar standards to which a Party is subject by law or any authority having jurisdiction.
- 2.5 Tariff. Tacoma Power's Open Access Transmission Tariff, as it may be amended or replaced from time to time.
- 2.6 Telemetry. The sending of, or the capability of sending, real-time load monitoring data from each delivery point at the interconnection site to Tacoma Power's Operating Center using RTU (SCADA) equipment for metering load, power flow, voltage or breaker status.
- 2.7 WECC. The Western Electricity Coordinating Council, or its successor.

3. Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement (see section 3.3 of the Service Agreement).

4. Network Operating Committee

- 4.1 Membership. The Network Operating Committee shall be composed of a representative(s) from Tacoma Power, Bonneville, and Elmhurst.
- 4.2 Responsibilities. The Network Operating Committee shall meet either in person or by means of electronic communication (e.g. telephone, internet, etc.) at least once per calendar year to: (a) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff and Service Agreement; (b) review designated Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (3) obtain from Tacoma Power its operating policies, procedures, and guidelines for network interconnection and operation.
- 4.3 General Customer Information Requirements. Bonneville shall, when requested by Tacoma Power, provide load forecasts, forecasts for generation by or for Elmhurst(excluding power purchased from Bonneville), schedules and any other information (a) necessary for Tacoma Power's calculation of available transmission capability on Tacoma Power's Transmission System; (b) necessary for Tacoma Power's implementation of redispatch, curtailment, load shedding and congestion management procedures; (c) necessary to enable Tacoma Power to operate its Transmission System consistent with Good Utility Practice; (d) required to be provided by a Transmission Customer under the Tariff; or (e) as otherwise required by law.

5. Interconnection of Network Resources

As of the execution date of this Agreement, Bonneville has no Network Resources directly interconnected with Tacoma Power's Transmission System. At such time as Bonneville intends to designate as a Network Resource a generation resource that is directly interconnected with Tacoma Power's Transmission System, and prior to such interconnection, Tacoma Power and Bonneville shall, subject to mutual agreement, specify applicable principles and requirements for the interconnection of generation resources and shall amend this section and this Agreement accordingly.

6. Curtailment of Network Service

6.1 Respective Roles of the Parties.

(a) As the Network Customer under the terms of the Tariff, Bonneville accepts the roles and responsibilities associated with the:

- (1) Balancing Authority; and
- (2) Load Serving Entity¹

as each is defined by NERC and WECC, for Elmhurst. Bonneville shall maintain these roles and responsibilities unless and until they are transferred to, and accepted by, Elmhurst.

(b) As the Transmission Provider under the terms of the Tariff, Tacoma Power retains the role and responsibilities of the Transmission Operator, as defined by NERC and WECC.

6.2 Balancing Authority Area of Network Load. Network Load referred to in this Agreement is within Bonneville's Balancing Authority Area and the Network Resource referred to in this Agreement originates in Bonneville's Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. In addition, as of the Effective Date of this Agreement, the Parties agree to treat the Network Load as a pseudo-tie in Bonneville's Balancing Authority Area.

6.3 Manner of Curtailing Network Service. Pursuant to Sections 33.4 and 33.5 of the Tariff, Tacoma Power may require the Curtailment of Bonneville's scheduled deliveries to Elmhurst load from designated contract Network Resources under the Service Agreement. In response to such curtailment request, Bonneville shall coordinate with Tacoma Power and Elmhurst to reduce Elmhurst load to match the new schedule by

¹ Bonneville is responsible for fulfilling the role of Load Serving Entity for scheduling and load forecasting. However, Elmhurst has taken on the responsibility for load shedding and consistent with the operating protocols developed with Tacoma Power, communications regarding load shedding will be between Tacoma Power and Elmhurst. In addition, it is understood that for the interconnected facilities owned by Elmhurst, Tacoma Power and Elmhurst will address any issues.

implementing the Operating Procedures referenced in section 9.2 of this Agreement. In the event of such Curtailment, Tacoma Power shall, to the extent feasible and consistent with Good Utility Practice and on a comparable basis with service to all other affected Network Customers and Tacoma Power's bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available delivery point on Tacoma Power's Transmission System.

- 6.4 Remote Load Shedding. Remote load shedding equipment is required for any substation with a load that is equal to or greater than 10 MW. If not already installed, remote load shedding equipment will be installed and operational within six (6) months of any substation load reaching the 10 MW threshold. Bonneville has coordinated the ownership and operation of the load shedding equipment with Elmhurst.² However, if Elmhurst fails to maintain the current load shedding plan, Bonneville is required to ensure that an alternative plan acceptable to Tacoma Power is put in place.
- 6.5 Firm Load Curtailments. Bonneville agrees to accept curtailments of Network Load as a reasonable mitigation for contingencies that require such load curtailments to protect the transmission systems of either Bonneville or Tacoma Power.

7. Scheduling

- 7.1. Designation of Network Resources. Bonneville's Network Resources under the Service Agreement constitute a contract for the purchase by Elmhurst from Bonneville of Bonneville system power, and may include a power purchase by Elmhurst from a resource interconnected with a third party. At such time as Bonneville intends to designate as a Network Resource under the Service Agreement another specific generation resource directly interconnected with Tacoma Power's Transmission System or interconnected with a third-party system not already specified in Exhibit A to the Service Agreement, this Agreement may be amended to provide applicable terms and conditions regarding the scheduling of such resource.
- 7.2. Scheduling Network Resources. Schedules for Bonneville's Network Resources under the Service Agreement shall be submitted to Tacoma Power consistent with industry requirements regarding e-tagging of pseudo-ties.
- 7.3. Modification of Scheduling Procedures. During the term of this Network Operating Agreement, either Party may modify the scheduling procedures applicable to delivery of Network Resources to Elmhurst, so long as any modified scheduling procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, consistent with Section 8.4. of the Service Agreement, and (c) consistent with all applicable Reliability Requirements.

² As described in footnote 1, Elmhurst and Tacoma have developed operating protocols and load shedding instructions will be communicated through these protocols.

8. Permits, Inspection, Metering and Communications

- 8.1. Right of Entry/Permit. If any equipment or facilities associated with any point of interconnection and belonging to a Party are, or are to be, located on the property of the other Party, a permit to install, test, maintain, inspect, replace, repair, and operate such equipment and facilities during the term of this Agreement and to remove such equipment and facilities at the expiration of the term of this Agreement (together with the right of entry to said property at all reasonable times during the term of this Agreement to carry out the activities pursuant to such permit) is hereby granted to the other Party.
- 8.2. Inspection. During the term of this Agreement, each Party ("First Party") shall, upon receipt of reasonable prior notice from the other Party ("Second Party") specifying the date and time of the visit, provide access for the Second Party's representatives to the interconnected facilities of the First Party as may be reasonably necessary for such Second Party's performance of its obligations under this Agreement. The Second Party shall cause its representatives to observe during any such visit all of the First Party's safety and security procedures or requirements of which the Second Party is then notified.
- 8.3. Metering Equipment. Bonneville shall be responsible for all costs associated with the purchase, installation, operation, maintenance, repair and replacement of (and any necessary upgrades to) all revenue and interchange metering equipment necessary for Tacoma Power to provide Network Integration Transmission Service under the Service Agreement. All metering equipment and data of Bonneville shall conform to applicable Reliability Requirements. The Parties shall review the metering equipment prior to its installation to ensure conformance with such standards or practices.
- 8.4. Additional Metering Equipment. In addition to the metering equipment installed, each Party may at any time during the term of this Agreement install metering equipment; provided that, any such installation of such metering equipment shall not be inconsistent with permit provisions of Section 8.1 above. Any such metering equipment shall be owned, operated, and maintained by the Party installing such metering equipment.
- 8.5. Testing of Metering Equipment. Notwithstanding any other provision of this Agreement, each Party during the term of this Agreement shall, at its expense, test its metering equipment associated with this Agreement in accordance with applicable Reliability Requirements, and, if requested by the other Party, shall make additional tests or inspections of such metering equipment. Each Party shall give reasonable notice to the other Party of the time when any such test or inspection is to be made, and the Party receiving notice will have the opportunity to have representatives present at such test or inspection.
- 8.6. Adjustments. If any metering equipment fails to register, or if the measurement made by such metering equipment during a test made as provided above fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were

made. Should any metering equipment at any time fail to register, or should registration thereof be so erratic as to be inherently unreliable, the capacity, energy and reactive power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction or failure, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. Any metering equipment tested and found to be not more than one percent (1 %) above or below normal shall be considered to be accurate insofar as correction of billing is concerned. If any meter is found to be out of tolerance by more than one percent (1%), then the Party owning such meter shall use its best efforts to adjust the meters immediately and accurately, and there shall be a retroactive adjustment of the inaccurate meter for the twelve (12)-month period prior to the test or inspection in which such inaccuracy is found or the date of the last test or inspection, whichever date is shorter. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.

- 8.7. Billing Information. Bonneville shall during the term of this Agreement transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power, the metered information of Bonneville's metering equipment, if any, (including kilowatt-hour and kiloVAR-hour) concerning electric power delivered under this Agreement. The metered information shall be transmitted or otherwise made available electronically in a format that is acceptable to Tacoma Power's billing function on a maximum time interval of one (1) hour or by mutual agreement to a longer time interval; such acceptance shall not be unreasonably withheld. With respect to currently installed and future replacement metering equipment, Tacoma Power shall use good faith efforts to work with the owners of such metering equipment to develop a format that is acceptable to Tacoma Power and such acceptance shall not be unreasonably withheld.
- 8.8. Exchange of Metered Data. The Party owning, operating, and maintaining each meter used to determine billing associated with the Service Agreement shall provide or arrange to be provided to the other Party all hourly meter readings and any more frequent load profile information, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to the other Party as soon as reasonably possible in the succeeding month and no later than by 10:00 a.m. of the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Each Party shall notify the other Party as soon as practicable of system configuration changes on its system or other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.
- 8.9. Use of Bonneville's Meter Reading Information. Consistent with Section 8.8 above, Bonneville shall transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power its real and reactive power metering data, if any, at the delivery points, in a format compatible with the billing information systems used by Tacoma Power.

- 8.10. Metering and Communications Required for Integration of Network Resources. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the integration of any generation resource to be designated an on-system Network Resource under the Service Agreement and on Tacoma Power's Transmission System. Such equipment, operation, maintenance shall comply with all applicable laws and regulations including Reliability Requirements.
- 8.11. Metering and Communications Required for Ancillary Services. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the provision of Ancillary Services by Bonneville or by a third party. All such metering and communication installations shall be installed, operated, and maintained pursuant to all applicable laws and regulations including Reliability Requirements.
- 8.12. Real-Time Data Acquisition.
- (a) Installation of real-time Telemetry equipment, if any, shall be performed by the Party responsible for providing such real-time Telemetry equipment. Any such real-time Telemetry equipment shall be owned, operated and maintained by the Party installing such equipment.
 - (b) Each Party shall permit the other Party to install, or cause to be installed, real-time Telemetry equipment reasonably acceptable to both Parties as may be necessary from time to time during the term of the Service Agreement to replace or upgrade the real-time Telemetry equipment as specified above. Any such replacement real-time Telemetry equipment is to be owned, operated and maintained by the Party installing such equipment.
- 8.13. Real-Time Data Acquisition Upgrades. Upgrades of real-time Telemetry equipment and data, if any, from time to time during the term of this Agreement to be received by Tacoma Power and Bonneville shall be at the reasonable discretion of Tacoma Power, as deemed necessary for reliability, security, and/or monitoring of Tacoma's Balancing Authority Area operations. To the extent Telemetry changes are required in order to meet applicable Reliability Requirements, Bonneville shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the Telemetry related to Elmhurst's load to be received by Tacoma Power. Each Party shall be responsible for its cost of making any computer modifications or changes required to its own computer system(s) as necessary to implement this Section 8.13.

9. **Operation and Maintenance**

- 9.1. Maintenance Scheduling and Continuity of Service. Tacoma Power may require Curtailment or otherwise temporarily suspend service at the delivery points:

- (a) pursuant to Section 33 of the Tariff; and
 - (b) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff.
- 9.2. Emergency Planning and Operation. As the operator of its Transmission System, Tacoma Power may undertake planning, coordinating, and implementing emergency operations applicable to Tacoma Power's Transmission System to meet NERC and WECC Reliability Requirements and NWPP reliability planning and operations objectives. Bonneville and Tacoma shall work jointly to develop Operating Procedures to determine actions to be taken by each Party during conditions such as constraints on Tacoma's system that reduce Tacoma's ability to provide transfer service to all of Elmhurst's load, or curtailments to Bonneville's schedules that reduce Bonneville's ability to schedule at a level needed to serve all of Elmhurst's load. The Operating Procedure shall include coordinated actions for restoring Elmhurst's load following return to normal transmission system conditions.
- 9.3. Modification of Operating Procedures. During the term of this Service Agreement, either Party may modify the Operating Procedures applicable to delivery of Network Resources to Network Load, provided that any proposed modifications to the Operating Procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, and (c) consistent with all applicable Reliability Requirements.

10. Miscellaneous

- 10.1. Notices. Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.
- 10.2. Assignment. See section 8.9 of the Service Agreement.
- 10.3. Amendments. This Agreement may be amended (a) upon Tacoma Power's application to and receipt of approval from the Utility Board provided that the Utility Board determines that such changes are required to maintain consistency with applicable Reliability Requirements or to reflect, consistent with Good Utility Practice, modifications to Tacoma Power's Transmission System, and (b) by written agreement of the Parties.

Exhibit F

Power Factor Compensation Calculation Methodology

Calculation Methodology for VAr Losses Charge:

The compensation formula uses the measured Voltage-Amperes (VA) and Volts (V) at the applicable points of delivery and/or metering points. The compensation to be paid by Bonneville for Volt-Ampere reactive (VAr) for each hour during which the Elmhurstload did not achieve a power factor of at least 0.97 shall be calculated as set forth below.

The formula for VAr losses when VAr flow measured is from Tacoma Power to Elmhurstis:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{in-to-load}} - W \times 0.2506$$

The formula for VAr losses when VAr flow measured is from Elmhurstto Tacoma Power is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{out-of-load}} - W \times 0.2506$$

Where $\text{VAr}_{\text{in-to-load}}$, $\text{VAr}_{\text{out-of-load}}$, and Watts (W) are as measured at each point of delivery and/or metering point. The $W \times 0.2506$ term credits VAr consumption by Elmhurstdown to a power factor of 0.97.

In each hour, the VAr_{loss} is calculated by the above formula. When the calculated VAr_{loss} is a positive number it is accumulated with all other positive VAr_{loss} in the metering period, and multiplied by the VAr charge per VArH. Examples of conditions with VAr in-to-load and VAr out-of-load are given in the following.

Sample Calculations

Example: VAr in-to-load for 1 hour

Power Factor (p.f.)	0.80	$\text{VAr} = \tan(\cos^{-1} \text{p.f.}) \times W$
Real Power	4,000	(kW)
Reactive Power	3,000	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{in-to-load}} - \text{kW} \times 0.2506 = 3,000 - 1,002 = 1,997 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$1.96

Example: kVArS out-of-load for 1 hour

Power Factor	0.90	
Real Power	4,000	(kW)
Reactive Power	1,937	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{out-of-load}} - \text{kW} \times 0.2506 = 1,937 - 1,002 = 934.5 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$0.92

NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT

This Network Integration Transmission Service Agreement (“Service Agreement”) is dated _____ and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the City of Milton (“Milton”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Bonneville requested Network Integration Transmission Service from Tacoma Power to serve the load of Milton pursuant to the Tariff and accompanying rate schedules (as amended or replaced from time to time, “Rate Schedules”); and

WHEREAS, contemporaneously with entering into this Service Agreement, the Parties are also agreeing to the terms of the Network Operating Agreement (as it may be amended or replaced from time to time), in the form attached as Exhibit E to this Service Agreement, addressing, among other things, operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System; and

"WHEREAS, Tacoma Power has determined that Bonneville has provided sufficient information to form the basis of a Completed Application for Network Integration Transmission Service under the Tariff." NOW THEREFORE, the Parties agree as follows:

1. Definitions

Unless otherwise defined herein, all capitalized terms used in this Service Agreement shall have their respective meanings as set forth in the Tariff. For purposes of this Service Agreement and the Tariff, Bonneville shall be deemed to be the Transmission Customer as such term is used in the Tariff, and Tacoma Power is the provider of Network Integration Transmission Service as defined in the Tariff.

- 1.1 Tariff. Tacoma Power’s Open Access Transmission Tariff as it may be amended or replaced from time to time.
- 1.2 Rate Schedules. The transmission rate schedules accompanying the Tariff as they may be amended or replaced from time to time.

2. Standard Provisions

- 2.1 Terms and Conditions and Incorporation of Tariff. The terms and conditions under which Network Integration Transmission Service is offered and accepted are pursuant to this Service Agreement and the Tariff. The Tariff, including, without limitation, the Tacoma Power Rate Schedules attached thereto, is hereby incorporated by this reference

and made a part of this Service Agreement.

- 2.2 Exhibits. The following exhibits to this Service Agreement are by this reference incorporated herein and made a part hereof: Exhibit A (Statement of Specifications for Network Integration Transmission Service); Exhibit B (Facilities Charges); Exhibit C (Ancillary and Other Services); Exhibit D (Forecast of Load); Exhibit E (Network Operating Agreement); and Exhibit F (Power Factor Compensation Calculation Methodology).
- 2.3 Network Operating Agreement. Pursuant to Section 35 of the Tariff, the Parties are obligated to execute a Network Operating Agreement, included herein as Exhibit E, to address operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power's Transmission System.
- 2.4 Certification of Bonneville. Bonneville certifies that it is, or will be upon commencement of service, an Eligible Customer under the Tariff and shall remain an Eligible Customer during the term of the Service Agreement and Network Operating Agreement.

3. Term and Utility Board Approval

- 3.1 Effective Date and Submittal to Utility Board. This Service Agreement shall be effective as of hour ending 1:00 on October 1, 2018 (the "Effective Date"). Tacoma Power has previously been granted authority to execute this Service Agreement pursuant to Utility Board Resolution U-xxxxx adopted September 26, 2018.
- 3.2 Term of Agreement. This Service Agreement shall remain in effect through hour ending 24:00 on September 30, 2028.
- 3.3 Rollover Rights. Each Party acknowledges and agrees, except as specifically detailed in Section 3.2 above, that it enters into this Service Agreement subject to a right of first refusal and the five-year requirement of Section 2 of the Tariff on the first rollover date for this Service Agreement.

4. Network Integration Transmission Service

- 4.1 Network Integration Transmission Service Requirements Related to Network Resources.
 - 4.1.1 Provision of Network Integration Transmission Service. Commencing on the Effective Date, Tacoma Power shall provide to Bonneville, and Bonneville shall receive from Tacoma Power and pay for, Network Integration Transmission Service pursuant to the Tariff and applicable Rate Schedules. Tacoma Power's obligation to provide Network Integration Transmission Service shall be subject to Tacoma Power's rights to curtail or interrupt schedules pursuant to the Tariff. Section 34 of the Tariff outlines the applicable rates and charges methodology for Network Integration Transmission Service.

- 4.1.2 Network Resources. Exhibit A to this Service Agreement lists Bonneville's designated Network Resources and Network Loads. The Network Resources listed in Exhibit A are limited to (a) power purchased from Bonneville and, (b) non-federal resources, provided that any such non-federal resources (1) constitute "Dedicated Resources" serving "Above-RHWM Load," as those terms are defined in the Regional Dialogue Power Sales Agreement between Bonneville and Milton (the "Milton Regional Dialogue Agreement"), (2) are subject to and consistent with the provisions of Exhibits F and G to the Milton Regional Dialogue Agreement and the Transfer Service Support for Non-Federal Resources Agreement between Bonneville and Milton, and (3) are subject to Bonneville contractual rights to control output as necessary to comply with the terms of the Milton Regional Dialogue Agreement and any curtailment instruction issued by Tacoma Power pursuant to the Tariff.
- 4.2 Facilities Charges. All applicable charges pursuant to the Direct Assignment Facilities Provisions for existing facilities and facilities built as a result of this Service Agreement are hereby incorporated as Exhibit B.
- 4.3 Charges for Network Integration Transmission Service. Bonneville shall pay Tacoma Power the applicable charges for services provided hereunder pursuant to the Tacoma Power Rate Schedules included as part of the Tariff. Tacoma Power may change the rates that apply to Network Integration Transmission Service under this Service Agreement pursuant to Section 9 of the Tariff.
- 4.4 Power Factor Requirements. Milton's load should not adversely affect the voltage stability of the Tacoma Power Transmission System. Accordingly, Milton load should operate at power factor of not less than 0.97. If, at any time during the term of this Service Agreement, there is a calendar month during which, in any hour, Milton's load operates at a power factor below 0.97 (as measured at the applicable point of delivery and/or metering point), then Bonneville shall pay to Tacoma Power, for all hours during which the Milton load operated at a power factor of less than 0.97, the compensation specified and calculated in accordance with Exhibit F to this Service Agreement. Tacoma Power and Bonneville shall use good faith efforts to jointly plan and operate their facilities at the points specified in Exhibit A in a manner that does not place an undue burden on the other party to supply or absorb reactive power at such points.

5. Other Services

- 5.1 Ancillary Services. Commencing on the Effective Date, Tacoma Power shall provide, and Bonneville shall take and pay for, the following Ancillary Services:
- (a) Scheduling, System Control, and Dispatch Service
 - (b) Reactive Supply and Voltage Control from Generation Sources Service

The amounts of such Ancillary Services, any exceptions, specific terms and/or conditions associated with such Ancillary Services are listed in Exhibit C to this Service Agreement.

Rates applicable to such Ancillary Services will be as stated in the Tacoma Power Rate Schedules included as part of the Tariff.

- 5.2 Transmission Losses. In addition to the Ancillary Services as set forth in Section 5.1 of this Service Agreement, Tacoma Power shall provide, and Bonneville shall take and pay for, Transmission Losses associated with the Network Integration Transmission Service provided under this Service Agreement, in accordance with the Transmission Loss Factor specified in the Tariff.

6. Construction of Facilities

As of the execution date of this Service Agreement, no construction or additional metering and communications are needed. Tacoma Power shall have the right to collect from Bonneville, acting through Bonneville's power service organization, any charges imposed on Tacoma Power by Bonneville, acting through its transmission service organization, for the use of or access to Bonneville's communications equipment for meter reading related to Network Integration Transmission Service provided under this Service Agreement.

7. Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to Bonneville shall be sent to:

Scheduling Coordination – PTK-5
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

All payments to Tacoma Power shall be electronic funds transferred (EFT) to:

Bank of America
ABA Routing # 026009593
Account Number: 67650200
Ref: (invoice #/payment purpose)

8. Miscellaneous Provisions

- 8.1 Governing Law and Venue for Disputes. This Service Agreement shall be interpreted, construed, and enforced in accordance with laws of the State of Washington, without reference to choice of law doctrine, except that to the extent the Parties' rights and obligations are required to be governed by United States Federal law, then such rights and obligations shall be governed by United States Federal law. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, or other forum available pursuant to Federal law, unless the parties agree to pursue alternative dispute resolution.
- 8.2 Provisions Governing Modifications to Service Agreement and Exhibits. This Service Agreement and its Exhibits may be modified only as provided in this Section 8.2.
- 8.2.1 Written Agreement of the Parties. Any provision of this Service Agreement or

any of its Exhibits may be modified at any time by written agreement of the Parties, subject to any requirement Tacoma Power may have to obtain approval of the Utility Board.

8.2.2 Modifications Necessary to Comply with Law or Regulation. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) to the extent Tacoma Power determines in good faith that modification is necessary to comply with law or regulation applicable to Tacoma Power or its Transmission System; provided, however, that Tacoma Power may exercise its rights under this Section 8.2.2 only if Tacoma Power (a) first obtains Utility Board approval of any modifications to this Service Agreement (or any Exhibit) it determines are necessary to comply with applicable law or regulation, (b) provides at least 45 days' prior written notice to Bonneville of any modifications proposed pursuant to this Section 8.2.2 and an opportunity for Bonneville to confer with Tacoma Power before implementing the modifications (unless the circumstances are so exigent as to preclude 45 days' prior notice and consultation), and (c) provides prior written notice to Bonneville of the Utility Board meeting at which Tacoma Power will request approval of modifications pursuant to this Section 8.2.2. If Bonneville is not afforded prior written notice and consultation prior to the modification due to exigent circumstances, Bonneville will be given an opportunity to confer with Tacoma regarding the modification after its adoption, and be afforded prior written notice of the Utility Board meeting at which Tacoma Power will request approval of modifications.

8.2.3 Modifications to Conform to Tariff Amendments and Rate Determinations. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) as necessary to maintain consistency between the provisions of this Service Agreement (including its Exhibits) and (a) the Tariff, as it may be amended from time to time in accordance with Section 9 of the Tariff, and (b) Rate Schedules and rate determinations properly established or adopted in accordance with Tacoma Power procedures and legal requirements; provided that Tacoma Power may exercise its rights under this Section 8.2.3 only if Tacoma Power has provided notice to Bonneville as required by Section 8.2.2.

8.3 Notices Relating to Provisions of the Service Agreement. Any notice, request, demand, or statement given to or made upon one Party by the other Party under any of the provisions of this Service Agreement, except those specified in Section 8.4 below, shall be in writing and shall be considered delivered when either personally delivered to the following or deposited in the mail postage prepaid and properly addressed to the following:

If to Bonneville:
Bonneville Power Administration
Attn: Transfer Services Manager
Address: 905 NE 11th Ave.
City, State: Portland, OR 97232
Phone: (503) 230-5164
Fax: (503) 230-3242

If to Tacoma Power:
Tacoma Power
Attention: T&D Manager
3628 South 35th Street
Tacoma, WA 98409-3192
Phone: (253) 502-8286
Fax: (253) 396-3085

- 8.4 Notices of an Operating Nature. Any notice, request, or demand pertaining to matters of an operating nature, exclusive of requests for additional or modified Transmission Service under the Tariff, shall be sufficient if given in writing, by telephone, by facsimile, or orally in person to the person designated in writing by the Party as its representative for such purposes, provided that should such notice, request, or demand not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served. The representative for receiving notices pursuant to this Section 8.4 and such representative's address shall be communicated by the Parties under separate letter within 45 days from the execution date of this Service Agreement.
- 8.5 Future Changes or Additions. Any obligation of Tacoma Power to change or increase the capability of the Tacoma Power Transmission System to provide Network Integration Transmission Service for Network Load shall be as provided in Section 31 of the Tariff. No action by Tacoma Power to otherwise change or make additions to its Transmission System shall confer on Bonneville any rights to additional transmission or other services under this Service Agreement.
- 8.6 Computation of Time. To compute any period of time prescribed or allowed by this Service Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day that is neither a Saturday, Sunday, nor legal holiday. For purposes of the administration of this Service Agreement, Pacific Time shall be used.
- 8.7 No Third Party Beneficiaries. This Service Agreement, to the extent that it does not contradict the terms of Section 6 of the Tariff, creates rights and obligations exclusively between the Parties hereto. Except as set forth in Section 6 of the Tariff, the Parties hereto do not intend to create any additional obligation or promise of performance to any other person or entity and the Parties have not conferred any right to enforce this Service Agreement or any remedy upon any third person or entity other than the Parties hereto and their respective successors and assigns.
- 8.8 Waivers. Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.
- 8.9 Assignment. Tacoma Power may assign this Service Agreement only upon the prior written consent of Bonneville, provided however, that Bonneville hereby consents to assignment of this Service Agreement if it is consistent with federal law, to any entity that has, pursuant to legally binding arrangements, assumed responsibility for operating the Tacoma Power Transmission System or administering transmission service on the Tacoma Power Transmission System. Bonneville and Milton may request an assignment of this Service Agreement from Bonneville to Milton. This assignment shall include all rights and post-assignment obligations associated with this Service Agreement. Such assignment shall require mutual agreement among Tacoma Power, Bonneville and

Milton, provided that Tacoma Power shall not unreasonably withhold such agreement. When notice of such assignment is provided to Tacoma Power, Bonneville and Milton shall work in good faith to make any necessary modifications to this Service Agreement and the Network Operating Agreement, implement metering modifications, ensure compliance with the Tariff, and make any other adjustments necessary to allow such assignment to proceed. If Tacoma Power withholds agreement to such assignment, Tacoma Power shall provide a detailed written explanation as to why it is withholding agreement and shall include a detailed list of items that would allow Tacoma Power to agree to such assignment. A Party requesting assignment shall provide at least six months' prior written notice to the other Party. Any assignment pursuant to this Section 8.9 by an assignor to an assignee shall only be made with the contemporaneous assignment of the Network Operating Agreement, by the same assignor to the same assignee. In addition, to the extent there are, at the time of the assignment, any arrangements in place between Bonneville and Tacoma Power (apart from those specified in the Tariff, this Service Agreement, and the Network Operating Agreement) that are material to Tacoma Power's provision of Network Integration Transmission Service or the operation of Tacoma Power's Transmission System consistent with Good Utility Practice, such assignment shall also be subject to the completion of comparable arrangements between Tacoma Power and the assignee. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their successors and assigns.

- 8.10 Tariff Governs. In the event of any irreconcilable difference between the Tariff, this Service Agreement, or the Network Operating Agreement, the terms of the Tariff shall govern.
- 8.11 Interconnection with Other Systems. Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering, or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.
- 8.12 Entire Agreement. This Service Agreement, together with the Network Operating Agreement and the Tariff, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and there are no other understandings or agreements between the Parties with respect hereto.

8.13 Effect of Paragraph Headings. Headings and captions appearing in this Service Agreement are inserted for convenience of reference only and shall not be construed to be interpretations of the text of this Service Agreement.

9. Signatures

The signatories represent that they are authorized to enter into this Service Agreement on behalf of the Party for which they sign.

**BONNEVILLE POWER
ADMINISTRATION**

TACOMA POWER

By: _____

By: _____

Name: Daniel R. Yokota
(Print/Type)

Name: Chris Robinson
(Print/Type)

Title: Manager, Transfer Services

Title: Power Superintendent/COO

Date: _____

Date: _____

Exhibit A

Statement of Specifications for Network Integration Transmission Service

1. TERM OF TRANSACTION

Start Date: Hour ending 1:00 on October 1, 2018.

Termination Date: Hour ending 24:00 on September 30, 2028.

2. NETWORK RESOURCES

(a) Power Purchased from Bonneville Power Administration by Milton

Resource	Capacity (MW)	Capacity Designated As Network Resource	Scheduling Agent	Balancing Authority
Contract No. 09PB-13072	14.3	See the forecast as attached to Exhibit D	BPA	BPA

3. NETWORK LOAD

The Application provides Milton's initial annual load and resource information. Annual load and resource information updates shall be submitted to Tacoma Power at the address specified in 8.3 of this Service Agreement, by September 30 of each year, unless otherwise agreed to by the Parties.

4. DESCRIPTION OF POINT(S) OF RECEIPT

Canyon Substation

Location: The point of interconnection at Tacoma Power's Canyon Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Cowlitz Substation

Location: The point of interconnection at Tacoma Power's Cowlitz Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Northeast Substation

Location: The point of interconnection at Tacoma Power's Northeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Southwest Substation

Location: The point of interconnection at Tacoma Power's Southeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

5. DESCRIPTIONS OF NETWORK POINT(S) OF DELIVERY

Surprise Lake Substation

Location: The point in Bonneville's Surprise Lake Substation where the 115kV facilities of Tacoma Power and Bonneville are connected, near Tacoma Power switches 10-211.

Voltage: 115kV

Metering: In Bonneville's Surprise Lake Substation, in the 12.5 kV circuits over which power flows.

Exceptions: None

Metering Loss Adjustment: Bonneville Power Administration will adjust for Transmission Losses between Milton's point of delivery and point of metering. Such adjustments shall be specified in written correspondence between Tacoma Power and Bonneville.

Exceptions: None

6. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE

Bonneville

7. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

8. OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT

Exhibit B

Facilities Charges

DIRECT ASSIGNMENT FACILITIES CHARGES

Not applicable at this time.

Exhibit C

Ancillary and Other Services

	<u>Provided By</u>	<u>Contract No.</u>
1. Ancillary Services		
(a) Scheduling and Dispatch	Tacoma Power	
(b) Reactive Supply and Voltage Control	Tacoma Power	
(c) Regulation and Frequency Response	BPA	
(d) Energy Imbalance	BPA	
(e) Operating Reserve – Spinning Reserve	BPA	
(f) Operating Reserve – Supplemental Reserve	BPA	
2. Other		
(a) Transmission Losses	1.87%	
(b) Losses shall be settled [financially by monthly payment OR scheduled for return 168 hours after transfer]		

Exhibit D

Forecast of Load

2018 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation										10	12	14

2019 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	13	12	11	9	8	8	9	9	8	10	12	14

2020 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	13	12	11	9	8	8	9	9	8	10	12	14

2021 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	13	12	11	9	8	8	9	9	8	10	12	14

2022 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	13	12	11	9	8	8	9	9	8	10	12	14

2023 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	13	12	11	9	8	8	9	9	8	10	12	14

2024 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	13	12	11	9	8	8	9	9	8	10	12	14

2025 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	13	12	11	9	8	8	9	9	8	10	12	14

2026 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	14	12	11	9	9	8	9	9	8	10	12	14

2027 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	14	12	11	10	9	8	9	9	8	10	12	14

2028 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Surprise Lake Substation	14	12	11	10	9	8	9	9	8			

Exhibit E
Network Operating Agreement
Between
TACOMA POWER
and
BONNEVILLE POWER ADMINISTRATION

This Network Operating Agreement (“Agreement”) is dated September 25, 2014 and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the City of Milton (“Milton”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Tacoma Power and Bonneville currently operate interconnected electric systems; and

WHEREAS, with the agreement of Milton, Bonneville requested Network Integration Transmission Service from Tacoma Power for service to the load of Milton pursuant to the Tariff; and

WHEREAS, concurrently with the execution of this Agreement, Tacoma Power and Bonneville have executed a Network Integration Transmission Service Agreement (as it may be amended or replaced from time to time, the “Service Agreement”), under the Tariff, pursuant to which Tacoma Power will provide Network Integration Transmission Service to Bonneville for service to the load of Milton; and

WHEREAS, execution of the Service Agreement by the Parties will constitute acceptance of the terms of this Agreement which will be an Exhibit attached to the Service Agreement; and

WHEREAS, Tacoma Power and Bonneville desire to set forth in this Agreement the operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System for purposes of the Service Agreement and the Tariff.

NOW, THEREFORE, the Parties agree as follows:

1. Scope of Network Operating Agreement

- 1.1. Relationship to Agreement Limiting Liability Among Western Interconnected Systems. This Agreement provides terms and conditions associated with technical and operational issues necessary for the implementation of Network Integration Transmission Service

under the Tariff and the Service Agreement. In performance of their respective obligations under this Agreement, the Service Agreement and the Tariff, each Party shall adhere to Good Utility Practice, subject to the Agreement Limiting Liability Among Western Interconnected Systems (“ALLAWIS”), or its replacement, so long as both Tacoma Power and Bonneville are parties to such agreement. If at any time during the term of this Agreement the ALLAWIS is terminated and is not replaced by a successor agreement to which Tacoma Power and Bonneville are both parties, Tacoma Power and Bonneville shall promptly consult in good faith and make commercially reasonable efforts to enter into mutually acceptable arrangements to address the matters previously addressed by the ALLAWIS.

- 1.2. Balancing Authority and Ancillary Services Requirements. In connection with Network Integration Transmission Service provided under the Service Agreement, Bonneville shall operate as a Balancing Authority (as defined by the NERC Reliability Standards) under applicable Reliability Requirements of NERC and WECC. The Parties acknowledge that the Network Load referred to in this Agreement is within Bonneville’s Balancing Authority Area (as defined by the NERC Reliability Standards) and the Network Resource referred to in this Agreement is within Bonneville’s Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. If at any time during the term of this Agreement, Bonneville ceases to operate as a Balancing Authority Area, then Bonneville shall provide timely notice to Tacoma Power and, effective as of such cessation, (a) satisfy its Balancing Authority requirements necessary to serve Milton’s load, including all Ancillary Services, by contracting with Tacoma Power; (b) satisfy its Balancing Authority requirements necessary to serve Milton’s load, including all Ancillary Services, by contracting with other entities that can satisfy those requirements in a manner that is consistent with Good Utility Practice and satisfies NERC and WECC Reliability Requirements; or (c) satisfy its Balancing Authority requirements through a combination of (a) and (b) above. If at any time during the term of this agreement Tacoma Power ceases to operate as a Balancing Authority Area, Bonneville shall have no further obligation to purchase Ancillary Services from Tacoma Power and the Parties shall work cooperatively to modify this Agreement and the Service Agreement to reflect any changes in Ancillary Service obligations.

2. Definitions

Unless defined in this Section 2 or otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

- 2.1 NERC. The North American Electric Reliability Corporation, or its successor.
- 2.2 NWPP. The Northwest Power Pool, or its successor.
- 2.3 Reliability Councils. The Western Electricity Coordinating Council (WECC), the North American Electric Reliability Corporation (NERC), their respective successors, or such other organization(s) whose mandate, in whole or in part, is to establish criteria, systems, standards, rules, procedures, practices or management programs for the operation and

reliability of the bulk electric systems.

- 2.4 Reliability Requirements. The Reliability Councils' reliability, operation, security and other similar standards applicable to a Party, and any other similar standards to which a Party is subject by law or any authority having jurisdiction.
- 2.5 Tariff. Tacoma Power's Open Access Transmission Tariff, as it may be amended or replaced from time to time.
- 2.6 Telemetry. The sending of, or the capability of sending, real-time load monitoring data from each delivery point at the interconnection site to Tacoma Power's Operating Center using RTU (SCADA) equipment for metering load, power flow, voltage or breaker status.
- 2.7 WECC. The Western Electricity Coordinating Council, or its successor.

3. Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement (see section 3.3 of the Service Agreement).

4. Network Operating Committee

- 4.1 Membership. The Network Operating Committee shall be composed of a representative(s) from Tacoma Power, Bonneville, and Milton.
- 4.2 Responsibilities. The Network Operating Committee shall meet either in person or by means of electronic communication (e.g. telephone, internet, etc.) at least once per calendar year to: (a) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff and Service Agreement; (b) review designated Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (3) obtain from Tacoma Power its operating policies, procedures, and guidelines for network interconnection and operation.
- 4.3 General Customer Information Requirements. Bonneville shall, when requested by Tacoma Power, provide load forecasts, forecasts for generation by or for Milton (excluding power purchased from Bonneville), schedules and any other information (a) necessary for Tacoma Power's calculation of available transmission capability on Tacoma Power's Transmission System; (b) necessary for Tacoma Power's implementation of redispatch, curtailment, load shedding and congestion management procedures; (c) necessary to enable Tacoma Power to operate its Transmission System consistent with Good Utility Practice; (d) required to be provided by a Transmission Customer under the Tariff; or (e) as otherwise required by law.

5. Interconnection of Network Resources

As of the execution date of this Agreement, Bonneville has no Network Resources directly interconnected with Tacoma Power's Transmission System. At such time as Bonneville intends to designate as a Network Resource a generation resource that is directly interconnected with Tacoma Power's Transmission System, and prior to such interconnection, Tacoma Power and Bonneville shall, subject to mutual agreement, specify applicable principles and requirements for the interconnection of generation resources and shall amend this section and this Agreement accordingly.

6. Curtailment of Network Service

6.1 Respective Roles of the Parties.

(a) As the Network Customer under the terms of the Tariff, Bonneville accepts the roles and responsibilities associated with the:

- (1) Balancing Authority; and
- (2) Load Serving Entity¹

as each is defined by NERC and WECC, for Milton. Bonneville shall maintain these roles and responsibilities unless and until they are transferred to, and accepted by, Milton.

(b) As the Transmission Provider under the terms of the Tariff, Tacoma Power retains the role and responsibilities of the Transmission Operator, as defined by NERC and WECC.

6.2 Balancing Authority Area of Network Load. Network Load referred to in this Agreement is within Bonneville's Balancing Authority Area and the Network Resource referred to in this Agreement originates in Bonneville's Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. In addition, as of the Effective Date of this Agreement, the Parties agree to treat the Network Load as a pseudo-tie in Bonneville's Balancing Authority Area.

6.3 Manner of Curtailing Network Service. Pursuant to Sections 33.4 and 33.5 of the Tariff, Tacoma Power may require the Curtailment of Bonneville's scheduled deliveries to Milton load from designated contract Network Resources under the Service Agreement. In response to such curtailment request, Bonneville shall coordinate with Tacoma Power and Milton to reduce Milton load to match the new schedule by implementing the

¹ Bonneville is responsible for fulfilling the role of Load Serving Entity for scheduling and load forecasting. However, Milton has taken on the responsibility for load shedding and consistent with the operating protocols developed with Tacoma Power, communications regarding load shedding will be between Tacoma Power and Milton. In addition, it is understood that for the interconnected facilities owned by Milton, Tacoma Power and Milton will address any issues.

Operating Procedures referenced in section 9.2 of this Agreement. In the event of such Curtailment, Tacoma Power shall, to the extent feasible and consistent with Good Utility Practice and on a comparable basis with service to all other affected Network Customers and Tacoma Power's bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available delivery point on Tacoma Power's Transmission System.

- 6.4 Remote Load Shedding. Remote load shedding equipment is required for any substation with a load that is equal to or greater than 10 MW. If not already installed, remote load shedding equipment will be installed and operational within six (6) months of any substation load reaching the 10 MW threshold. Bonneville has coordinated the ownership and operation of the load shedding equipment with Milton.² However, if Milton fails to maintain the current load shedding plan, Bonneville is required to ensure that an alternative plan acceptable to Tacoma Power is put in place.
- 6.5 Firm Load Curtailments. Bonneville agrees to accept curtailments of Network Load as a reasonable mitigation for contingencies that require such load curtailments to protect the transmission systems of either Bonneville or Tacoma Power.

7. Scheduling

- 7.1. Designation of Network Resources. Bonneville's Network Resources under the Service Agreement constitute a contract for the purchase by Milton from Bonneville of Bonneville system power, and may include a power purchase by Milton from a resource interconnected with a third party. At such time as Bonneville intends to designate as a Network Resource under the Service Agreement another specific generation resource directly interconnected with Tacoma Power's Transmission System or interconnected with a third-party system not already specified in Exhibit A to the Service Agreement, this Agreement may be amended to provide applicable terms and conditions regarding the scheduling of such resource.
- 7.2. Scheduling Network Resources. Schedules for Bonneville's Network Resources under the Service Agreement shall be submitted to Tacoma Power consistent with industry requirements regarding e-tagging of pseudo-ties.
- 7.3. Modification of Scheduling Procedures. During the term of this Network Operating Agreement, either Party may modify the scheduling procedures applicable to delivery of Network Resources to Milton, so long as any modified scheduling procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, consistent with Section 8.4. of the Service Agreement, and (c) consistent with all applicable Reliability Requirements.

² As described in footnote 1, Milton and Tacoma have developed operating protocols and load shedding instructions will be communicated through these protocols.

8. Permits, Inspection, Metering and Communications

- 8.1. Right of Entry/Permit. If any equipment or facilities associated with any point of interconnection and belonging to a Party are, or are to be, located on the property of the other Party, a permit to install, test, maintain, inspect, replace, repair, and operate such equipment and facilities during the term of this Agreement and to remove such equipment and facilities at the expiration of the term of this Agreement (together with the right of entry to said property at all reasonable times during the term of this Agreement to carry out the activities pursuant to such permit) is hereby granted to the other Party.
- 8.2. Inspection. During the term of this Agreement, each Party (“First Party”) shall, upon receipt of reasonable prior notice from the other Party (“Second Party”) specifying the date and time of the visit, provide access for the Second Party’s representatives to the interconnected facilities of the First Party as may be reasonably necessary for such Second Party’s performance of its obligations under this Agreement. The Second Party shall cause its representatives to observe during any such visit all of the First Party’s safety and security procedures or requirements of which the Second Party is then notified.
- 8.3. Metering Equipment. Bonneville shall be responsible for all costs associated with the purchase, installation, operation, maintenance, repair and replacement of (and any necessary upgrades to) all revenue and interchange metering equipment necessary for Tacoma Power to provide Network Integration Transmission Service under the Service Agreement. All metering equipment and data of Bonneville shall conform to applicable Reliability Requirements. The Parties shall review the metering equipment prior to its installation to ensure conformance with such standards or practices.
- 8.4. Additional Metering Equipment. In addition to the metering equipment installed, each Party may at any time during the term of this Agreement install metering equipment; provided that, any such installation of such metering equipment shall not be inconsistent with permit provisions of Section 8.1 above. Any such metering equipment shall be owned, operated, and maintained by the Party installing such metering equipment.
- 8.5. Testing of Metering Equipment. Notwithstanding any other provision of this Agreement, each Party during the term of this Agreement shall, at its expense, test its metering equipment associated with this Agreement in accordance with applicable Reliability Requirements, and, if requested by the other Party, shall make additional tests or inspections of such metering equipment. Each Party shall give reasonable notice to the other Party of the time when any such test or inspection is to be made, and the Party receiving notice will have the opportunity to have representatives present at such test or inspection.
- 8.6. Adjustments. If any metering equipment fails to register, or if the measurement made by such metering equipment during a test made as provided above fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made. Should any metering equipment at any time fail to register, or should registration

thereof be so erratic as to be inherently unreliable, the capacity, energy and reactive power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction or failure, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. Any metering equipment tested and found to be not more than one percent (1 %) above or below normal shall be considered to be accurate insofar as correction of billing is concerned. If any meter is found to be out of tolerance by more than one percent (1%), then the Party owning such meter shall use its best efforts to adjust the meters immediately and accurately, and there shall be a retroactive adjustment of the inaccurate meter for the twelve (12)-month period prior to the test or inspection in which such inaccuracy is found or the date of the last test or inspection, whichever date is shorter. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.

- 8.7. Billing Information. Bonneville shall during the term of this Agreement transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power, the metered information of Bonneville's metering equipment, if any, (including kilowatt-hour and kiloVAR-hour) concerning electric power delivered under this Agreement. The metered information shall be transmitted or otherwise made available electronically in a format that is acceptable to Tacoma Power's billing function on a maximum time interval of one (1) hour or by mutual agreement to a longer time interval; such acceptance shall not be unreasonably withheld. With respect to currently installed and future replacement metering equipment, Tacoma Power shall use good faith efforts to work with the owners of such metering equipment to develop a format that is acceptable to Tacoma Power and such acceptance shall not be unreasonably withheld.
- 8.8. Exchange of Metered Data. The Party owning, operating, and maintaining each meter used to determine billing associated with the Service Agreement shall provide or arrange to be provided to the other Party all hourly meter readings and any more frequent load profile information, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to the other Party as soon as reasonably possible in the succeeding month and no later than by 10:00 a.m. of the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Each Party shall notify the other Party as soon as practicable of system configuration changes on its system or other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.
- 8.9. Use of Bonneville's Meter Reading Information. Consistent with Section 8.8 above, Bonneville shall transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power its real and reactive power metering data, if any, at the delivery points, in a format compatible with the billing information systems used by Tacoma Power.

- 8.10. Metering and Communications Required for Integration of Network Resources. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the integration of any generation resource to be designated an on-system Network Resource under the Service Agreement and on Tacoma Power's Transmission System. Such equipment, operation, maintenance shall comply with all applicable laws and regulations including Reliability Requirements.
- 8.11. Metering and Communications Required for Ancillary Services. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the provision of Ancillary Services by Bonneville or by a third party. All such metering and communication installations shall be installed, operated, and maintained pursuant to all applicable laws and regulations including Reliability Requirements.
- 8.12. Real-Time Data Acquisition.
- (a) Installation of real-time Telemetry equipment, if any, shall be performed by the Party responsible for providing such real-time Telemetry equipment. Any such real-time Telemetry equipment shall be owned, operated and maintained by the Party installing such equipment.
 - (b) Each Party shall permit the other Party to install, or cause to be installed, real-time Telemetry equipment reasonably acceptable to both Parties as may be necessary from time to time during the term of the Service Agreement to replace or upgrade the real-time Telemetry equipment as specified above. Any such replacement real-time Telemetry equipment is to be owned, operated and maintained by the Party installing such equipment.
- 8.13. Real-Time Data Acquisition Upgrades. Upgrades of real-time Telemetry equipment and data, if any, from time to time during the term of this Agreement to be received by Tacoma Power and Bonneville shall be at the reasonable discretion of Tacoma Power, as deemed necessary for reliability, security, and/or monitoring of Tacoma's Balancing Authority Area operations. To the extent Telemetry changes are required in order to meet applicable Reliability Requirements, Bonneville shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the Telemetry related to Milton's load to be received by Tacoma Power. Each Party shall be responsible for its cost of making any computer modifications or changes required to its own computer system(s) as necessary to implement this Section 8.13.

9. **Operation and Maintenance**

- 9.1. Maintenance Scheduling and Continuity of Service. Tacoma Power may require Curtailment or otherwise temporarily suspend service at the delivery points:

- (a) pursuant to Section 33 of the Tariff; and
- (b) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff.

9.2. Emergency Planning and Operation. As the operator of its Transmission System, Tacoma Power may undertake planning, coordinating, and implementing emergency operations applicable to Tacoma Power's Transmission System to meet NERC and WECC Reliability Requirements and NWPP reliability planning and operations objectives. Bonneville and Tacoma shall work jointly to develop Operating Procedures to determine actions to be taken by each Party during conditions such as constraints on Tacoma's system that reduce Tacoma's ability to provide transfer service to all of Milton's load, or curtailments to Bonneville's schedules that reduce Bonneville's ability to schedule at a level needed to serve all of Milton's load. The Operating Procedure shall include coordinated actions for restoring Milton's load following return to normal transmission system conditions.

9.3. Modification of Operating Procedures. During the term of this Service Agreement, either Party may modify the Operating Procedures applicable to delivery of Network Resources to Network Load, provided that any proposed modifications to the Operating Procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, and (c) consistent with all applicable Reliability Requirements.

10. Miscellaneous

10.1. Notices. Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.

10.2. Assignment. See section 8.9 of the Service Agreement.

10.3. Amendments. This Agreement may be amended (a) upon Tacoma Power's application to and receipt of approval from the Utility Board provided that the Utility Board determines that such changes are required to maintain consistency with applicable Reliability Requirements or to reflect, consistent with Good Utility Practice, modifications to Tacoma Power's Transmission System, and (b) by written agreement of the Parties.

Exhibit F

Power Factor Compensation Calculation Methodology

Calculation Methodology for VAr Losses Charge:

The compensation formula uses the measured Voltage-Amperes (VA) and Volts (V) at the applicable points of delivery and/or metering points. The compensation to be paid by Bonneville for Volt-Ampere reactive (VAr) for each hour during which the Milton load did not achieve a power factor of at least 0.97 shall be calculated as set forth below.

The formula for VAr losses when VAr flow measured is from Tacoma Power to Milton is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{in-to-load}} - W \times 0.2506$$

The formula for VAr losses when VAr flow measured is from Milton to Tacoma Power is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{out-of-load}} - W \times 0.2506$$

Where $\text{VAr}_{\text{in-to-load}}$, $\text{VAr}_{\text{out-of-load}}$, and Watts (W) are as measured at each point of delivery and/or metering point. The $W \times 0.2506$ term credits VAr consumption by Milton down to a power factor of 0.97.

In each hour, the VAr_{loss} is calculated by the above formula. When the calculated VAr_{loss} is a positive number it is accumulated with all other positive VAr_{loss} in the metering period, and multiplied by the VAr charge per VARH. Examples of conditions with VARs in-to-load and VARs out-of-load are given in the following.

Sample Calculations

Example: VARs in-to-load for 1 hour

Power Factor (p.f.)	0.80	$\text{VAr} = \tan(\cos^{-1} \text{p.f.}) \times W$
Real Power	4,000	(kW)
Reactive Power	3,000	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{in-to-load}} - \text{kW} \times 0.2506 = 3,000 - 1,002 = 1,997 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$1.96

Example: kVArS out-of-load for 1 hour

Power Factor	0.90	
Real Power	4,000	(kW)
Reactive Power	1,937	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{out-of-load}} - \text{kW} \times 0.2506 = 1,937 - 1,002 = 934.5 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$0.92

NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT

This Network Integration Transmission Service Agreement (“Service Agreement”) is dated _____ and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Ohop Mutual Light Company (“Ohop”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Bonneville requested Network Integration Transmission Service from Tacoma Power to serve the load of Ohop pursuant to the Tariff and accompanying rate schedules (as amended or replaced from time to time, “Rate Schedules”); and

WHEREAS, contemporaneously with entering into this Service Agreement, the Parties are also agreeing to the terms of the Network Operating Agreement (as it may be amended or replaced from time to time), in the form attached as Exhibit E to this Service Agreement, addressing, among other things, operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System; and

"WHEREAS, Tacoma Power has determined that Bonneville has provided sufficient information to form the basis of a Completed Application for Network Integration Transmission Service under the Tariff." NOW THEREFORE, the Parties agree as follows:

1. Definitions

Unless otherwise defined herein, all capitalized terms used in this Service Agreement shall have their respective meanings as set forth in the Tariff. For purposes of this Service Agreement and the Tariff, Bonneville shall be deemed to be the Transmission Customer as such term is used in the Tariff, and Tacoma Power is the provider of Network Integration Transmission Service as defined in the Tariff.

- 1.1 Tariff. Tacoma Power’s Open Access Transmission Tariff as it may be amended or replaced from time to time.
- 1.2 Rate Schedules. The transmission rate schedules accompanying the Tariff as they may be amended or replaced from time to time.

2. Standard Provisions

- 2.1 Terms and Conditions and Incorporation of Tariff. The terms and conditions under which Network Integration Transmission Service is offered and accepted are pursuant to this Service Agreement and the Tariff. The Tariff, including, without limitation, the Tacoma Power Rate Schedules attached thereto, is hereby incorporated by this reference

and made a part of this Service Agreement.

- 2.2 Exhibits. The following exhibits to this Service Agreement are by this reference incorporated herein and made a part hereof: Exhibit A (Statement of Specifications for Network Integration Transmission Service); Exhibit B (Facilities Charges); Exhibit C (Ancillary and Other Services); Exhibit D (Forecast of Load); Exhibit E (Network Operating Agreement); and Exhibit F (Power Factor Compensation Calculation Methodology).
- 2.3 Network Operating Agreement. Pursuant to Section 35 of the Tariff, the Parties are obligated to execute a Network Operating Agreement, included herein as Exhibit E, to address operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power's Transmission System.
- 2.4 Certification of Bonneville. Bonneville certifies that it is, or will be upon commencement of service, an Eligible Customer under the Tariff and shall remain an Eligible Customer during the term of the Service Agreement and Network Operating Agreement.

3. Term and Utility Board Approval

- 3.1 Effective Date and Submittal to Utility Board. This Service Agreement shall be effective as of hour ending 1:00 on October 1, 2018 (the "Effective Date"). Tacoma Power has previously been granted authority to execute this Service Agreement pursuant to Utility Board Resolution U-xxxxx adopted September 26, 2018.
- 3.2 Term of Agreement. This Service Agreement shall remain in effect through hour ending 24:00 on September 30, 2028.
- 3.3 Rollover Rights. Each Party acknowledges and agrees, except as specifically detailed in Section 3.2 above, that it enters into this Service Agreement subject to a right of first refusal and the five-year requirement of Section 2 of the Tariff on the first rollover date for this Service Agreement.

4. Network Integration Transmission Service

- 4.1 Network Integration Transmission Service Requirements Related to Network Resources.
 - 4.1.1 Provision of Network Integration Transmission Service. Commencing on the Effective Date, Tacoma Power shall provide to Bonneville, and Bonneville shall receive from Tacoma Power and pay for, Network Integration Transmission Service pursuant to the Tariff and applicable Rate Schedules. Tacoma Power's obligation to provide Network Integration Transmission Service shall be subject to Tacoma Power's rights to curtail or interrupt schedules pursuant to the Tariff. Section 34 of the Tariff outlines the applicable rates and charges methodology for Network Integration Transmission Service.

- 4.1.2 Network Resources. Exhibit A to this Service Agreement lists Bonneville's designated Network Resources and Network Loads. The Network Resources listed in Exhibit A are limited to (a) power purchased from Bonneville and, (b) non-federal resources, provided that any such non-federal resources (1) constitute "Dedicated Resources" serving "Above-RHWM Load," as those terms are defined in the Regional Dialogue Power Sales Agreement between Bonneville and Ohop (the "Ohop Regional Dialogue Agreement"), (2) are subject to and consistent with the provisions of Exhibits F and G to the Ohop Regional Dialogue Agreement and the Transfer Service Support for Non-Federal Resources Agreement between Bonneville and Ohop, and (3) are subject to Bonneville contractual rights to control output as necessary to comply with the terms of the Ohop Regional Dialogue Agreement and any curtailment instruction issued by Tacoma Power pursuant to the Tariff.
- 4.2 Facilities Charges. All applicable charges pursuant to the Direct Assignment Facilities Provisions for existing facilities and facilities built as a result of this Service Agreement are hereby incorporated as Exhibit B.
- 4.3 Charges for Network Integration Transmission Service. Bonneville shall pay Tacoma Power the applicable charges for services provided hereunder pursuant to the Tacoma Power Rate Schedules included as part of the Tariff. Tacoma Power may change the rates that apply to Network Integration Transmission Service under this Service Agreement pursuant to Section 9 of the Tariff.
- 4.4 Power Factor Requirements. Ohop's load should not adversely affect the voltage stability of the Tacoma Power Transmission System. Accordingly, Ohop load should operate at power factor of not less than 0.97. If, at any time during the term of this Service Agreement, there is a calendar month during which, in any hour, Ohop's load operates at a power factor below 0.97 (as measured at the applicable point of delivery and/or metering point), then Bonneville shall pay to Tacoma Power, for all hours during which the Ohop load operated at a power factor of less than 0.97, the compensation specified and calculated in accordance with Exhibit F to this Service Agreement. Tacoma Power and Bonneville shall use good faith efforts to jointly plan and operate their facilities at the points specified in Exhibit A in a manner that does not place an undue burden on the other party to supply or absorb reactive power at such points.

5. Other Services

- 5.1 Ancillary Services. Commencing on the Effective Date, Tacoma Power shall provide, and Bonneville shall take and pay for, the following Ancillary Services:
- (a) Scheduling, System Control, and Dispatch Service
 - (b) Reactive Supply and Voltage Control from Generation Sources Service

The amounts of such Ancillary Services, any exceptions, specific terms and/or conditions associated with such Ancillary Services are listed in Exhibit C to this Service Agreement.

Rates applicable to such Ancillary Services will be as stated in the Tacoma Power Rate Schedules included as part of the Tariff.

- 5.2 Transmission Losses. In addition to the Ancillary Services as set forth in Section 5.1 of this Service Agreement, Tacoma Power shall provide, and Bonneville shall take and pay for, Transmission Losses associated with the Network Integration Transmission Service provided under this Service Agreement, in accordance with the Transmission Loss Factor specified in the Tariff.

6. Construction of Facilities

As of the execution date of this Service Agreement, no construction or additional metering and communications are needed. Tacoma Power shall have the right to collect from Bonneville, acting through Bonneville's power service organization, any charges imposed on Tacoma Power by Bonneville, acting through its transmission service organization, for the use of or access to Bonneville's communications equipment for meter reading related to Network Integration Transmission Service provided under this Service Agreement.

7. Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to Bonneville shall be sent to:

Scheduling Coordination – PTK-5
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

All payments to Tacoma Power shall be electronic funds transferred (EFT) to:

Bank of America
ABA Routing # 026009593
Account Number: 67650200
Ref: (invoice #/payment purpose)

8. Miscellaneous Provisions

- 8.1 Governing Law and Venue for Disputes. This Service Agreement shall be interpreted, construed, and enforced in accordance with laws of the State of Washington, without reference to choice of law doctrine, except that to the extent the Parties' rights and obligations are required to be governed by United States Federal law, then such rights and obligations shall be governed by United States Federal law. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, or other forum available pursuant to Federal law, unless the parties agree to pursue alternative dispute resolution.
- 8.2 Provisions Governing Modifications to Service Agreement and Exhibits. This Service Agreement and its Exhibits may be modified only as provided in this Section 8.2.
- 8.2.1 Written Agreement of the Parties. Any provision of this Service Agreement or

any of its Exhibits may be modified at any time by written agreement of the Parties, subject to any requirement Tacoma Power may have to obtain approval of the Utility Board.

8.2.2 Modifications Necessary to Comply with Law or Regulation. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) to the extent Tacoma Power determines in good faith that modification is necessary to comply with law or regulation applicable to Tacoma Power or its Transmission System; provided, however, that Tacoma Power may exercise its rights under this Section 8.2.2 only if Tacoma Power (a) first obtains Utility Board approval of any modifications to this Service Agreement (or any Exhibit) it determines are necessary to comply with applicable law or regulation, (b) provides at least 45 days' prior written notice to Bonneville of any modifications proposed pursuant to this Section 8.2.2 and an opportunity for Bonneville to confer with Tacoma Power before implementing the modifications (unless the circumstances are so exigent as to preclude 45 days' prior notice and consultation), and (c) provides prior written notice to Bonneville of the Utility Board meeting at which Tacoma Power will request approval of modifications pursuant to this Section 8.2.2. If Bonneville is not afforded prior written notice and consultation prior to the modification due to exigent circumstances, Bonneville will be given an opportunity to confer with Tacoma regarding the modification after its adoption, and be afforded prior written notice of the Utility Board meeting at which Tacoma Power will request approval of modifications.

8.2.3 Modifications to Conform to Tariff Amendments and Rate Determinations. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) as necessary to maintain consistency between the provisions of this Service Agreement (including its Exhibits) and (a) the Tariff, as it may be amended from time to time in accordance with Section 9 of the Tariff, and (b) Rate Schedules and rate determinations properly established or adopted in accordance with Tacoma Power procedures and legal requirements; provided that Tacoma Power may exercise its rights under this Section 8.2.3 only if Tacoma Power has provided notice to Bonneville as required by Section 8.2.2.

8.3 Notices Relating to Provisions of the Service Agreement. Any notice, request, demand, or statement given to or made upon one Party by the other Party under any of the provisions of this Service Agreement, except those specified in Section 8.4 below, shall be in writing and shall be considered delivered when either personally delivered to the following or deposited in the mail postage prepaid and properly addressed to the following:

If to Bonneville:

Bonneville Power Administration
Attn: Transfer Services Manager
Address: 905 NE 11th Ave.
City, State: Portland, OR 97232
Phone: (503) 230-5164
Fax: (503) 230-3242

If to Tacoma Power:

Tacoma Power
Attention: T&D Manager
3628 South 35th Street
Tacoma, WA 98409-3192
Phone: (253) 502-8286
Fax: (253) 396-3085

- 8.4 Notices of an Operating Nature. Any notice, request, or demand pertaining to matters of an operating nature, exclusive of requests for additional or modified Transmission Service under the Tariff, shall be sufficient if given in writing, by telephone, by facsimile, or orally in person to the person designated in writing by the Party as its representative for such purposes, provided that should such notice, request, or demand not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served. The representative for receiving notices pursuant to this Section 8.4 and such representative's address shall be communicated by the Parties under separate letter within 45 days from the execution date of this Service Agreement.
- 8.5 Future Changes or Additions. Any obligation of Tacoma Power to change or increase the capability of the Tacoma Power Transmission System to provide Network Integration Transmission Service for Network Load shall be as provided in Section 31 of the Tariff. No action by Tacoma Power to otherwise change or make additions to its Transmission System shall confer on Bonneville any rights to additional transmission or other services under this Service Agreement.
- 8.6 Computation of Time. To compute any period of time prescribed or allowed by this Service Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day that is neither a Saturday, Sunday, nor legal holiday. For purposes of the administration of this Service Agreement, Pacific Time shall be used.
- 8.7 No Third Party Beneficiaries. This Service Agreement, to the extent that it does not contradict the terms of Section 6 of the Tariff, creates rights and obligations exclusively between the Parties hereto. Except as set forth in Section 6 of the Tariff, the Parties hereto do not intend to create any additional obligation or promise of performance to any other person or entity and the Parties have not conferred any right to enforce this Service Agreement or any remedy upon any third person or entity other than the Parties hereto and their respective successors and assigns.
- 8.8 Waivers. Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.
- 8.9 Assignment. Tacoma Power may assign this Service Agreement only upon the prior written consent of Bonneville, provided however, that Bonneville hereby consents to assignment of this Service Agreement if it is consistent with federal law, to any entity that has, pursuant to legally binding arrangements, assumed responsibility for operating the Tacoma Power Transmission System or administering transmission service on the Tacoma Power Transmission System. Bonneville and Ohop may request an assignment of this Service Agreement from Bonneville to Ohop. This assignment shall include all rights and post-assignment obligations associated with this Service Agreement. Such assignment shall require mutual agreement among Tacoma Power, Bonneville and Ohop, provided that Tacoma Power shall not unreasonably withhold such agreement. When

notice of such assignment is provided to Tacoma Power, Bonneville and Ohop shall work in good faith to make any necessary modifications to this Service Agreement and the Network Operating Agreement, implement metering modifications, ensure compliance with the Tariff, and make any other adjustments necessary to allow such assignment to proceed. If Tacoma Power withholds agreement to such assignment, Tacoma Power shall provide a detailed written explanation as to why it is withholding agreement and shall include a detailed list of items that would allow Tacoma Power to agree to such assignment. A Party requesting assignment shall provide at least six months' prior written notice to the other Party. Any assignment pursuant to this Section 8.9 by an assignor to an assignee shall only be made with the contemporaneous assignment of the Network Operating Agreement, by the same assignor to the same assignee. In addition, to the extent there are, at the time of the assignment, any arrangements in place between Bonneville and Tacoma Power (apart from those specified in the Tariff, this Service Agreement, and the Network Operating Agreement) that are material to Tacoma Power's provision of Network Integration Transmission Service or the operation of Tacoma Power's Transmission System consistent with Good Utility Practice, such assignment shall also be subject to the completion of comparable arrangements between Tacoma Power and the assignee. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their successors and assigns.

- 8.10 Tariff Governs. In the event of any irreconcilable difference between the Tariff, this Service Agreement, or the Network Operating Agreement, the terms of the Tariff shall govern.
- 8.11 Interconnection with Other Systems. Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering, or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.
- 8.12 Entire Agreement. This Service Agreement, together with the Network Operating Agreement and the Tariff, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and there are no other understandings or agreements between the Parties with respect hereto.

8.13 Effect of Paragraph Headings. Headings and captions appearing in this Service Agreement are inserted for convenience of reference only and shall not be construed to be interpretations of the text of this Service Agreement.

9. Signatures

The signatories represent that they are authorized to enter into this Service Agreement on behalf of the Party for which they sign.

**BONNEVILLE POWER
ADMINISTRATION**

TACOMA POWER

By: _____

By: _____

Name: Daniel R. Yokota
(Print/Type)

Name: Chris Robinson
(Print/Type)

Title: Manager, Transfer Services

Title: Power Superintendent/COO

Date: _____

Date: _____

Exhibit A

Statement of Specifications for Network Integration Transmission Service

1. TERM OF TRANSACTION

Start Date: Hour ending 1:00 on October 1, 2018.

Termination Date: Hour ending 24:00 on September 30, 2028.

2. NETWORK RESOURCES

(a) Power Purchased from Bonneville Power Administration by Ohop

Resource	Capacity (MW)	Capacity Designated As Network Resource	Scheduling Agent	Balancing Authority
Contract No. 09PB-13082	27	See the forecast as attached to Exhibit D	BPA	BPA

3. NETWORK LOAD

The Application provides Ohop's initial annual load and resource information. Annual load and resource information updates shall be submitted to Tacoma Power at the address specified in 8.3 of this Service Agreement, by September 30 of each year, unless otherwise agreed to by the Parties.

4. DESCRIPTION OF POINT(S) OF RECEIPT

Canyon Substation

Location: The point of interconnection at Tacoma Power's Canyon Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Cowlitz Substation

Location: The point of interconnection at Tacoma Power's Cowlitz Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Northeast Substation

Location: The point of interconnection at Tacoma Power's Northeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Southwest Substation

Location: The point of interconnection at Tacoma Power's Southeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

5. DESCRIPTIONS OF NETWORK POINT(S) OF DELIVERY

1.0 Point(s) of Delivery for Ohop:

Lynch Creek Substation

Location: The point in near Tacoma Power's LaGrande-Cowlitz 115kV Line near where the 115kV facilities of Tacoma Power and Bonneville are connected, near Tacoma Power switches 10-15 and 10-20.

Voltage: 115kV

Metering: In Bonneville's Lynch Creek Substation, in the 12.5 kV circuits over which power flows.

Mashel Prairie Substation

Location: The point in Ohop’s Mashel Prairie Substation where the 115kV facilities of Tacoma Power and Ohop are connected, near Tacoma Power switches 10-525 and 10-526.

Voltage: 115kV

Metering: In Ohop’s Mashel Prairie Substation, in the 12.5 kV circuits over which power flows.

Ohop Substation

Location: The point in Ohop’s Ohop Substation where the 115kV facilities of Tacoma Power and Ohop are connected, near Tacoma Power switches 10-67 and 10-68.

Voltage: 115kV

Metering: In Ohop’s Ohop Substation, in the 12.5 kV circuits over which power flows.

Metering Loss Adjustment: Bonneville Power Administration will adjust for Transmission Losses between Ohop’s point of delivery and point of metering. Such adjustments shall be specified in written correspondence between Tacoma Power and Bonneville.

Exceptions: None

6. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE

Bonneville

7. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

8. OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT

Exhibit B

Facilities Charges

DIRECT ASSIGNMENT FACILITIES CHARGES

Not applicable at this time.

Exhibit C

Ancillary and Other Services

	<u>Provided By</u>	<u>Contract No.</u>
1. Ancillary Services		
(a) Scheduling and Dispatch	Tacoma Power	
(b) Reactive Supply and Voltage Control	Tacoma Power	
(c) Regulation and Frequency Response	BPA	
(d) Energy Imbalance	BPA	
(e) Operating Reserve – Spinning Reserve	BPA	
(f) Operating Reserve – Supplemental Reserve	BPA	
2. Other		
(a) Transmission Losses	1.87%	
(b) Losses shall be settled [financially by monthly payment OR scheduled for return 168 hours after transfer]		

Exhibit D

Forecast of Load

2018 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation										0.2	0.2	0.3
Mashel Prairie Substation										6.5	8.3	10.0
Ohop Substation										12.5	14.5	16.6
Total Load Forecast										19.2	23.0	26.9

2019 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Mashel Prairie Substation	8.7	9.6	7.6	6.1	5.7	4.8	6.7	6.8	5.9	6.5	8.3	10.0
Ohop Substation	16.4	15.3	13.6	10.5	10.2	7.0	6.9	6.6	8.0	12.6	14.6	16.6
Total Load Forecast	25.4	25.1	21.4	16.8	16.0	11.9	13.8	13.5	14.0	19.3	23.1	26.9

2020 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Mashel Prairie Substation	8.7	9.6	7.6	6.1	5.7	4.8	6.7	6.8	5.9	6.5	8.3	10.0
Ohop Substation	16.4	15.3	13.7	10.5	10.2	7.0	6.9	6.7	8.0	12.6	14.6	16.7
Total Load Forecast	25.4	25.1	21.5	16.8	16.0	11.9	13.7	13.6	14.0	19.3	23.1	27.0

2021 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Mashel Prairie Substation	8.7	9.6	7.6	6.1	5.7	4.8	6.7	6.8	5.9	6.5	8.3	10.0
Ohop Substation	16.5	15.3	13.7	11.6	9.2	7.1	7.0	6.7	8.0	12.6	14.7	16.7
Total Load Forecast	25.5	25.1	21.5	17.9	15.0	12.0	13.9	13.6	14.0	19.3	23.2	27.0

2022 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Mashel Prairie Substation	8.8	9.6	7.6	6.1	5.7	4.8	6.7	6.8	5.9	6.6	8.3	10.0
Ohop Substation	16.5	15.4	13.8	11.7	9.2	7.1	7.0	6.7	8.0	12.7	14.7	16.8
Total Load Forecast	25.6	25.2	21.6	18.0	15.0	12.0	13.9	13.6	14.0	19.5	23.2	27.1

2023 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Mashel Prairie Substation	8.8	9.6	7.6	6.1	5.7	4.8	6.7	6.8	5.9	6.6	8.3	10.0
Ohop Substation	16.5	15.4	13.8	11.7	9.2	7.1	7.0	6.7	8.1	12.7	14.7	16.8
Total Load Forecast	25.6	25.2	21.6	18.0	15.0	12.0	13.9	13.6	14.1	19.5	23.2	27.1

2024 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Mashel Prairie Substation	8.8	9.6	7.6	6.1	5.7	4.8	6.7	6.8	5.9	6.6	8.3	10.0
Ohop Substation	16.6	15.5	13.8	11.7	9.3	7.1	7.0	6.7	8.1	12.7	14.8	16.9
Total Load Forecast	25.7	25.3	21.6	18.0	15.1	12.0	13.9	13.6	14.1	19.5	23.3	27.2

2025 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Mashel Prairie Substation	8.8	9.6	7.6	6.1	5.7	4.8	6.7	6.8	5.9	6.6	8.3	10.0
Ohop Substation	16.6	15.5	13.9	11.8	9.3	7.1	7.0	6.8	8.1	12.8	14.8	16.9
Total Load Forecast	25.7	25.3	21.7	18.1	15.1	12.0	13.9	13.7	14.1	19.6	23.3	27.2

2026 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Mashel Prairie Substation	8.8	9.6	7.6	6.1	5.7	4.8	6.7	6.8	6.0	6.6	8.3	10.0
Ohop Substation	16.6	15.6	13.9	11.8	9.3	7.2	7.1	6.8	8.1	12.8	14.9	17.0
Total Load Forecast	25.7	25.4	21.7	18.1	15.1	12.1	14.0	13.7	14.2	19.6	23.4	27.3

2027 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Mashel Prairie Substation	8.8	9.6	7.6	6.1	5.7	4.8	6.7	6.8	6.0	6.6	8.3	10.0
Ohop Substation	16.7	15.6	14.0	11.9	9.4	7.2	7.1	6.8	8.2	12.9	14.9	17.0
Total Load Forecast	25.8	25.4	21.8	18.2	15.2	12.1	14.0	13.7	14.3	19.7	23.4	27.3

2028 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lynch Creek Substation	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1			
Mashel Prairie Substation	8.8	9.6	7.6	6.1	5.7	4.8	6.7	6.8	6.0			
Ohop Substation	16.7	15.7	14.0	11.9	9.4	7.2	7.1	6.8	8.2			
Total Load Forecast	25.8	25.5	21.8	18.2	15.2	12.1	14.0	13.7	14.3			

Exhibit E
Network Operating Agreement
Between
TACOMA POWER
and
BONNEVILLE POWER ADMINISTRATION

This Network Operating Agreement (“Agreement”) is dated September 25, 2014 and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Ohop Mutual Light Company (“Ohop”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Tacoma Power and Bonneville currently operate interconnected electric systems; and

WHEREAS, with the agreement of Ohop, Bonneville requested Network Integration Transmission Service from Tacoma Power for service to the load of Ohop pursuant to the Tariff; and

WHEREAS, concurrently with the execution of this Agreement, Tacoma Power and Bonneville have executed a Network Integration Transmission Service Agreement (as it may be amended or replaced from time to time, the “Service Agreement”), under the Tariff, pursuant to which Tacoma Power will provide Network Integration Transmission Service to Bonneville for service to the load of Ohop; and

WHEREAS, execution of the Service Agreement by the Parties will constitute acceptance of the terms of this Agreement which will be an Exhibit attached to the Service Agreement; and

WHEREAS, Tacoma Power and Bonneville desire to set forth in this Agreement the operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System for purposes of the Service Agreement and the Tariff.

NOW, THEREFORE, the Parties agree as follows:

1. Scope of Network Operating Agreement

- 1.1. Relationship to Agreement Limiting Liability Among Western Interconnected Systems.
This Agreement provides terms and conditions associated with technical and operational

issues necessary for the implementation of Network Integration Transmission Service under the Tariff and the Service Agreement. In performance of their respective obligations under this Agreement, the Service Agreement and the Tariff, each Party shall adhere to Good Utility Practice, subject to the Agreement Limiting Liability Among Western Interconnected Systems (“ALLAWIS”), or its replacement, so long as both Tacoma Power and Bonneville are parties to such agreement. If at any time during the term of this Agreement the ALLAWIS is terminated and is not replaced by a successor agreement to which Tacoma Power and Bonneville are both parties, Tacoma Power and Bonneville shall promptly consult in good faith and make commercially reasonable efforts to enter into mutually acceptable arrangements to address the matters previously addressed by the ALLAWIS.

- 1.2. Balancing Authority and Ancillary Services Requirements. In connection with Network Integration Transmission Service provided under the Service Agreement, Bonneville shall operate as a Balancing Authority (as defined by the NERC Reliability Standards) under applicable Reliability Requirements of NERC and WECC. The Parties acknowledge that the Network Load referred to in this Agreement is within Bonneville’s Balancing Authority Area (as defined by the NERC Reliability Standards) and the Network Resource referred to in this Agreement is within Bonneville’s Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. If at any time during the term of this Agreement, Bonneville ceases to operate as a Balancing Authority Area, then Bonneville shall provide timely notice to Tacoma Power and, effective as of such cessation, (a) satisfy its Balancing Authority requirements necessary to serve Ohop’s load, including all Ancillary Services, by contracting with Tacoma Power; (b) satisfy its Balancing Authority requirements necessary to serve Ohop’s load, including all Ancillary Services, by contracting with other entities that can satisfy those requirements in a manner that is consistent with Good Utility Practice and satisfies NERC and WECC Reliability Requirements; or (c) satisfy its Balancing Authority requirements through a combination of (a) and (b) above. If at any time during the term of this agreement Tacoma Power ceases to operate as a Balancing Authority Area, Bonneville shall have no further obligation to purchase Ancillary Services from Tacoma Power and the Parties shall work cooperatively to modify this Agreement and the Service Agreement to reflect any changes in Ancillary Service obligations.

2. Definitions

Unless defined in this Section 2 or otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

- 2.1 NERC. The North American Electric Reliability Corporation, or its successor.
- 2.2 NWPP. The Northwest Power Pool, or its successor.
- 2.3 Reliability Councils. The Western Electricity Coordinating Council (WECC), the North American Electric Reliability Corporation (NERC), their respective successors, or such other organization(s) whose mandate, in whole or in part, is to establish criteria, systems,

standards, rules, procedures, practices or management programs for the operation and reliability of the bulk electric systems.

- 2.4 Reliability Requirements. The Reliability Councils' reliability, operation, security and other similar standards applicable to a Party, and any other similar standards to which a Party is subject by law or any authority having jurisdiction.
- 2.5 Tariff. Tacoma Power's Open Access Transmission Tariff, as it may be amended or replaced from time to time.
- 2.6 Telemetry. The sending of, or the capability of sending, real-time load monitoring data from each delivery point at the interconnection site to Tacoma Power's Operating Center using RTU (SCADA) equipment for metering load, power flow, voltage or breaker status.
- 2.7 WECC. The Western Electricity Coordinating Council, or its successor.

3. Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement (see section 3.3 of the Service Agreement).

4. Network Operating Committee

- 4.1 Membership. The Network Operating Committee shall be composed of a representative(s) from Tacoma Power, Bonneville, and Ohop.
- 4.2 Responsibilities. The Network Operating Committee shall meet either in person or by means of electronic communication (e.g. telephone, internet, etc.) at least once per calendar year to: (a) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff and Service Agreement; (b) review designated Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (3) obtain from Tacoma Power its operating policies, procedures, and guidelines for network interconnection and operation.
- 4.3 General Customer Information Requirements. Bonneville shall, when requested by Tacoma Power, provide load forecasts, forecasts for generation by or for Ohop (excluding power purchased from Bonneville), schedules and any other information (a) necessary for Tacoma Power's calculation of available transmission capability on Tacoma Power's Transmission System; (b) necessary for Tacoma Power's implementation of redispatch, curtailment, load shedding and congestion management procedures; (c) necessary to enable Tacoma Power to operate its Transmission System consistent with Good Utility Practice; (d) required to be provided by a Transmission Customer under the Tariff; or (e) as otherwise required by law.

5. Interconnection of Network Resources

As of the execution date of this Agreement, Bonneville has no Network Resources directly interconnected with Tacoma Power's Transmission System. At such time as Bonneville intends to designate as a Network Resource a generation resource that is directly interconnected with Tacoma Power's Transmission System, and prior to such interconnection, Tacoma Power and Bonneville shall, subject to mutual agreement, specify applicable principles and requirements for the interconnection of generation resources and shall amend this section and this Agreement accordingly.

6. Curtailment of Network Service

6.1 Respective Roles of the Parties.

(a) As the Network Customer under the terms of the Tariff, Bonneville accepts the roles and responsibilities associated with the:

- (1) Balancing Authority; and
- (2) Load Serving Entity¹

as each is defined by NERC and WECC, for Ohop. Bonneville shall maintain these roles and responsibilities unless and until they are transferred to, and accepted by, Ohop.

(b) As the Transmission Provider under the terms of the Tariff, Tacoma Power retains the role and responsibilities of the Transmission Operator, as defined by NERC and WECC.

6.2 Balancing Authority Area of Network Load. Network Load referred to in this Agreement is within Bonneville's Balancing Authority Area and the Network Resource referred to in this Agreement originates in Bonneville's Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. In addition, as of the Effective Date of this Agreement, the Parties agree to treat the Network Load as a pseudo-tie in Bonneville's Balancing Authority Area.

6.3 Manner of Curtailing Network Service. Pursuant to Sections 33.4 and 33.5 of the Tariff, Tacoma Power may require the Curtailment of Bonneville's scheduled deliveries to Ohop load from designated contract Network Resources under the Service Agreement. In response to such curtailment request, Bonneville shall coordinate with Tacoma Power and Ohop to reduce Ohop load to match the new schedule by implementing the Operating

¹ Bonneville is responsible for fulfilling the role of Load Serving Entity for scheduling and load forecasting. However, Ohop has taken on the responsibility for load shedding and consistent with the operating protocols developed with Tacoma Power, communications regarding load shedding will be between Tacoma Power and Ohop. In addition, it is understood that for the interconnected facilities owned by Ohop, Tacoma Power and Ohop will address any issues.

Procedures referenced in section 9.2 of this Agreement. In the event of such Curtailment, Tacoma Power shall, to the extent feasible and consistent with Good Utility Practice and on a comparable basis with service to all other affected Network Customers and Tacoma Power's bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available delivery point on Tacoma Power's Transmission System.

- 6.4 Remote Load Shedding. Remote load shedding equipment is required for any substation with a load that is equal to or greater than 10 MW. If not already installed, remote load shedding equipment will be installed and operational within six (6) months of any substation load reaching the 10 MW threshold. Bonneville has coordinated the ownership and operation of the load shedding equipment with Ohop.² However, if Ohop fails to maintain the current load shedding plan, Bonneville is required to ensure that an alternative plan acceptable to Tacoma Power is put in place.
- 6.5 Firm Load Curtailments. Bonneville agrees to accept curtailments of Network Load as a reasonable mitigation for contingencies that require such load curtailments to protect the transmission systems of either Bonneville or Tacoma Power.

7. Scheduling

- 7.1. Designation of Network Resources. Bonneville's Network Resources under the Service Agreement constitute a contract for the purchase by Ohop from Bonneville of Bonneville system power, and may include a power purchase by Ohop from a resource interconnected with a third party. At such time as Bonneville intends to designate as a Network Resource under the Service Agreement another specific generation resource directly interconnected with Tacoma Power's Transmission System or interconnected with a third-party system not already specified in Exhibit A to the Service Agreement, this Agreement may be amended to provide applicable terms and conditions regarding the scheduling of such resource.
- 7.2. Scheduling Network Resources. Schedules for Bonneville's Network Resources under the Service Agreement shall be submitted to Tacoma Power consistent with industry requirements regarding e-tagging of pseudo-ties.
- 7.3. Modification of Scheduling Procedures. During the term of this Network Operating Agreement, either Party may modify the scheduling procedures applicable to delivery of Network Resources to Ohop, so long as any modified scheduling procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, consistent with Section 8.4. of the Service Agreement, and (c) consistent with all applicable Reliability Requirements.

8. Permits, Inspection, Metering and Communications

² As described in footnote 1, Ohop and Tacoma have developed operating protocols and load shedding instructions will be communicated through these protocols.

- 8.1. Right of Entry/Permit. If any equipment or facilities associated with any point of interconnection and belonging to a Party are, or are to be, located on the property of the other Party, a permit to install, test, maintain, inspect, replace, repair, and operate such equipment and facilities during the term of this Agreement and to remove such equipment and facilities at the expiration of the term of this Agreement (together with the right of entry to said property at all reasonable times during the term of this Agreement to carry out the activities pursuant to such permit) is hereby granted to the other Party.
- 8.2. Inspection. During the term of this Agreement, each Party (“First Party”) shall, upon receipt of reasonable prior notice from the other Party (“Second Party”) specifying the date and time of the visit, provide access for the Second Party’s representatives to the interconnected facilities of the First Party as may be reasonably necessary for such Second Party’s performance of its obligations under this Agreement. The Second Party shall cause its representatives to observe during any such visit all of the First Party’s safety and security procedures or requirements of which the Second Party is then notified.
- 8.3. Metering Equipment. Bonneville shall be responsible for all costs associated with the purchase, installation, operation, maintenance, repair and replacement of (and any necessary upgrades to) all revenue and interchange metering equipment necessary for Tacoma Power to provide Network Integration Transmission Service under the Service Agreement. All metering equipment and data of Bonneville shall conform to applicable Reliability Requirements. The Parties shall review the metering equipment prior to its installation to ensure conformance with such standards or practices.
- 8.4. Additional Metering Equipment. In addition to the metering equipment installed, each Party may at any time during the term of this Agreement install metering equipment; provided that, any such installation of such metering equipment shall not be inconsistent with permit provisions of Section 8.1 above. Any such metering equipment shall be owned, operated, and maintained by the Party installing such metering equipment.
- 8.5. Testing of Metering Equipment. Notwithstanding any other provision of this Agreement, each Party during the term of this Agreement shall, at its expense, test its metering equipment associated with this Agreement in accordance with applicable Reliability Requirements, and, if requested by the other Party, shall make additional tests or inspections of such metering equipment. Each Party shall give reasonable notice to the other Party of the time when any such test or inspection is to be made, and the Party receiving notice will have the opportunity to have representatives present at such test or inspection.
- 8.6. Adjustments. If any metering equipment fails to register, or if the measurement made by such metering equipment during a test made as provided above fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made. Should any metering equipment at any time fail to register, or should registration thereof be so erratic as to be inherently unreliable, the capacity, energy and reactive

power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction or failure, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. Any metering equipment tested and found to be not more than one percent (1 %) above or below normal shall be considered to be accurate insofar as correction of billing is concerned. If any meter is found to be out of tolerance by more than one percent (1%), then the Party owning such meter shall use its best efforts to adjust the meters immediately and accurately, and there shall be a retroactive adjustment of the inaccurate meter for the twelve (12)-month period prior to the test or inspection in which such inaccuracy is found or the date of the last test or inspection, whichever date is shorter. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.

- 8.7. Billing Information. Bonneville shall during the term of this Agreement transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power, the metered information of Bonneville's metering equipment, if any, (including kilowatt-hour and kiloVAR-hour) concerning electric power delivered under this Agreement. The metered information shall be transmitted or otherwise made available electronically in a format that is acceptable to Tacoma Power's billing function on a maximum time interval of one (1) hour or by mutual agreement to a longer time interval; such acceptance shall not be unreasonably withheld. With respect to currently installed and future replacement metering equipment, Tacoma Power shall use good faith efforts to work with the owners of such metering equipment to develop a format that is acceptable to Tacoma Power and such acceptance shall not be unreasonably withheld.
- 8.8. Exchange of Metered Data. The Party owning, operating, and maintaining each meter used to determine billing associated with the Service Agreement shall provide or arrange to be provided to the other Party all hourly meter readings and any more frequent load profile information, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to the other Party as soon as reasonably possible in the succeeding month and no later than by 10:00 a.m. of the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Each Party shall notify the other Party as soon as practicable of system configuration changes on its system or other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.
- 8.9. Use of Bonneville's Meter Reading Information. Consistent with Section 8.8 above, Bonneville shall transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power its real and reactive power metering data, if any, at the delivery points, in a format compatible with the billing information systems used by Tacoma Power.

- 8.10. Metering and Communications Required for Integration of Network Resources. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the integration of any generation resource to be designated an on-system Network Resource under the Service Agreement and on Tacoma Power's Transmission System. Such equipment, operation, maintenance shall comply with all applicable laws and regulations including Reliability Requirements.
- 8.11. Metering and Communications Required for Ancillary Services. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the provision of Ancillary Services by Bonneville or by a third party. All such metering and communication installations shall be installed, operated, and maintained pursuant to all applicable laws and regulations including Reliability Requirements.
- 8.12. Real-Time Data Acquisition.
- (a) Installation of real-time Telemetry equipment, if any, shall be performed by the Party responsible for providing such real-time Telemetry equipment. Any such real-time Telemetry equipment shall be owned, operated and maintained by the Party installing such equipment.
 - (b) Each Party shall permit the other Party to install, or cause to be installed, real-time Telemetry equipment reasonably acceptable to both Parties as may be necessary from time to time during the term of the Service Agreement to replace or upgrade the real-time Telemetry equipment as specified above. Any such replacement real-time Telemetry equipment is to be owned, operated and maintained by the Party installing such equipment.
- 8.13. Real-Time Data Acquisition Upgrades. Upgrades of real-time Telemetry equipment and data, if any, from time to time during the term of this Agreement to be received by Tacoma Power and Bonneville shall be at the reasonable discretion of Tacoma Power, as deemed necessary for reliability, security, and/or monitoring of Tacoma's Balancing Authority Area operations. To the extent Telemetry changes are required in order to meet applicable Reliability Requirements, Bonneville shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the Telemetry related to Ohop's load to be received by Tacoma Power. Each Party shall be responsible for its cost of making any computer modifications or changes required to its own computer system(s) as necessary to implement this Section 8.13.

9. **Operation and Maintenance**

- 9.1. Maintenance Scheduling and Continuity of Service. Tacoma Power may require Curtailment or otherwise temporarily suspend service at the delivery points:

- (a) pursuant to Section 33 of the Tariff; and
 - (b) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff.
- 9.2. Emergency Planning and Operation. As the operator of its Transmission System, Tacoma Power may undertake planning, coordinating, and implementing emergency operations applicable to Tacoma Power's Transmission System to meet NERC and WECC Reliability Requirements and NWPP reliability planning and operations objectives. Bonneville and Tacoma shall work jointly to develop Operating Procedures to determine actions to be taken by each Party during conditions such as constraints on Tacoma's system that reduce Tacoma's ability to provide transfer service to all of Ohop's load, or curtailments to Bonneville's schedules that reduce Bonneville's ability to schedule at a level needed to serve all of Ohop's load. The Operating Procedure shall include coordinated actions for restoring Ohop's load following return to normal transmission system conditions.
- 9.3. Modification of Operating Procedures. During the term of this Service Agreement, either Party may modify the Operating Procedures applicable to delivery of Network Resources to Network Load, provided that any proposed modifications to the Operating Procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, and (c) consistent with all applicable Reliability Requirements.

10. Miscellaneous

- 10.1. Notices. Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.
- 10.2. Assignment. See section 8.9 of the Service Agreement.
- 10.3. Amendments. This Agreement may be amended (a) upon Tacoma Power's application to and receipt of approval from the Utility Board provided that the Utility Board determines that such changes are required to maintain consistency with applicable Reliability Requirements or to reflect, consistent with Good Utility Practice, modifications to Tacoma Power's Transmission System, and (b) by written agreement of the Parties.

Exhibit F

Power Factor Compensation Calculation Methodology

Calculation Methodology for VAr Losses Charge:

The compensation formula uses the measured Voltage-Amperes (VA) and Volts (V) at the applicable points of delivery and/or metering points. The compensation to be paid by Bonneville for Volt-Ampere reactive (VAr) for each hour during which the Ohop load did not achieve a power factor of at least 0.97 shall be calculated as set forth below.

The formula for VAr losses when VAr flow measured is from Tacoma Power to Ohop is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{in-to-load}} - W \times 0.2506$$

The formula for VAr losses when VAr flow measured is from Ohop to Tacoma Power is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{out-of-load}} - W \times 0.2506$$

Where $\text{VAr}_{\text{in-to-load}}$, $\text{VAr}_{\text{out-of-load}}$, and Watts (W) are as measured at each point of delivery and/or metering point. The $W \times 0.2506$ term credits VAr consumption by Ohop down to a power factor of 0.97.

In each hour, the VAr_{loss} is calculated by the above formula. When the calculated VAr_{loss} is a positive number it is accumulated with all other positive VAr_{loss} in the metering period, and multiplied by the VAr charge per VArH. Examples of conditions with VAr in-to-load and VAr out-of-load are given in the following.

Sample Calculations

Example: VAr in-to-load for 1 hour

Power Factor (p.f.)	0.80	$\text{VAr} = \tan(\cos^{-1} \text{p.f.}) \times W$
Real Power	4,000	(kW)
Reactive Power	3,000	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{in-to-load}} - \text{kW} \times 0.2506 = 3,000 - 1,002 = 1,997 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$1.96

Example: kVArS out-of-load for 1 hour

Power Factor	0.90	
Real Power	4,000	(kW)
Reactive Power	1,937	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{out-of-load}} - \text{kW} \times 0.2506 = 1,937 - 1,002 = 934.5 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$0.92

NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT

This Network Integration Transmission Service Agreement (“Service Agreement”) is dated _____ and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Parkland Light and Water Company (“Parkland”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Bonneville requested Network Integration Transmission Service from Tacoma Power to serve the load of Parkland pursuant to the Tariff and accompanying rate schedules (as amended or replaced from time to time, “Rate Schedules”); and

WHEREAS, contemporaneously with entering into this Service Agreement, the Parties are also agreeing to the terms of the Network Operating Agreement (as it may be amended or replaced from time to time), in the form attached as Exhibit E to this Service Agreement, addressing, among other things, operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System; and

"WHEREAS, Tacoma Power has determined that Bonneville has provided sufficient information to form the basis of a Completed Application for Network Integration Transmission Service under the Tariff." NOW THEREFORE, the Parties agree as follows:

1. Definitions

Unless otherwise defined herein, all capitalized terms used in this Service Agreement shall have their respective meanings as set forth in the Tariff. For purposes of this Service Agreement and the Tariff, Bonneville shall be deemed to be the Transmission Customer as such term is used in the Tariff, and Tacoma Power is the provider of Network Integration Transmission Service as defined in the Tariff.

- 1.1 Tariff. Tacoma Power’s Open Access Transmission Tariff as it may be amended or replaced from time to time.
- 1.2 Rate Schedules. The transmission rate schedules accompanying the Tariff as they may be amended or replaced from time to time.

2. Standard Provisions

- 2.1 Terms and Conditions and Incorporation of Tariff. The terms and conditions under which Network Integration Transmission Service is offered and accepted are pursuant to this Service Agreement and the Tariff. The Tariff, including, without limitation, the Tacoma Power Rate Schedules attached thereto, is hereby incorporated by this reference

and made a part of this Service Agreement.

- 2.2 Exhibits. The following exhibits to this Service Agreement are by this reference incorporated herein and made a part hereof: Exhibit A (Statement of Specifications for Network Integration Transmission Service); Exhibit B (Facilities Charges); Exhibit C (Ancillary and Other Services); Exhibit D (Forecast of Load); Exhibit E (Network Operating Agreement); and Exhibit F (Power Factor Compensation Calculation Methodology).
- 2.3 Network Operating Agreement. Pursuant to Section 35 of the Tariff, the Parties are obligated to execute a Network Operating Agreement, included herein as Exhibit E, to address operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power's Transmission System.
- 2.4 Certification of Bonneville. Bonneville certifies that it is, or will be upon commencement of service, an Eligible Customer under the Tariff and shall remain an Eligible Customer during the term of the Service Agreement and Network Operating Agreement.

3. Term and Utility Board Approval

- 3.1 Effective Date and Submittal to Utility Board. This Service Agreement shall be effective as of hour ending 1:00 on October 1, 2018 (the "Effective Date"). Tacoma Power has previously been granted authority to execute this Service Agreement pursuant to Utility Board Resolution U-xxxxx adopted September 26, 2018.
- 3.2 Term of Agreement. This Service Agreement shall remain in effect through hour ending 24:00 on September 30, 2028.
- 3.3 Rollover Rights. Each Party acknowledges and agrees, except as specifically detailed in Section 3.2 above, that it enters into this Service Agreement subject to a right of first refusal and the five-year requirement of Section 2 of the Tariff on the first rollover date for this Service Agreement.

4. Network Integration Transmission Service

- 4.1 Network Integration Transmission Service Requirements Related to Network Resources.
 - 4.1.1 Provision of Network Integration Transmission Service. Commencing on the Effective Date, Tacoma Power shall provide to Bonneville, and Bonneville shall receive from Tacoma Power and pay for, Network Integration Transmission Service pursuant to the Tariff and applicable Rate Schedules. Tacoma Power's obligation to provide Network Integration Transmission Service shall be subject to Tacoma Power's rights to curtail or interrupt schedules pursuant to the Tariff. Section 34 of the Tariff outlines the applicable rates and charges methodology for Network Integration Transmission Service.

- 4.1.2 Network Resources. Exhibit A to this Service Agreement lists Bonneville's designated Network Resources and Network Loads. The Network Resources listed in Exhibit A are limited to (a) power purchased from Bonneville and, (b) non-federal resources, provided that any such non-federal resources (1) constitute "Dedicated Resources" serving "Above-RHWM Load," as those terms are defined in the Regional Dialogue Power Sales Agreement between Bonneville and Parkland (the "Parkland Regional Dialogue Agreement"), (2) are subject to and consistent with the provisions of Exhibits F and G to the Parkland Regional Dialogue Agreement and the Transfer Service Support for Non-Federal Resources Agreement between Bonneville and Parkland, and (3) are subject to Bonneville contractual rights to control output as necessary to comply with the terms of the Parkland Regional Dialogue Agreement and any curtailment instruction issued by Tacoma Power pursuant to the Tariff.
- 4.2 Facilities Charges. All applicable charges pursuant to the Direct Assignment Facilities Provisions for existing facilities and facilities built as a result of this Service Agreement are hereby incorporated as Exhibit B.
- 4.3 Charges for Network Integration Transmission Service. Bonneville shall pay Tacoma Power the applicable charges for services provided hereunder pursuant to the Tacoma Power Rate Schedules included as part of the Tariff. Tacoma Power may change the rates that apply to Network Integration Transmission Service under this Service Agreement pursuant to Section 9 of the Tariff.
- 4.4 Power Factor Requirements. Parkland's load should not adversely affect the voltage stability of the Tacoma Power Transmission System. Accordingly, Parkland load should operate at power factor of not less than 0.97. If, at any time during the term of this Service Agreement, there is a calendar month during which, in any hour, Parkland's load operates at a power factor below 0.97 (as measured at the applicable point of delivery and/or metering point), then Bonneville shall pay to Tacoma Power, for all hours during which the Parkland load operated at a power factor of less than 0.97, the compensation specified and calculated in accordance with Exhibit F to this Service Agreement. Tacoma Power and Bonneville shall use good faith efforts to jointly plan and operate their facilities at the points specified in Exhibit A in a manner that does not place an undue burden on the other party to supply or absorb reactive power at such points.

5. Other Services

- 5.1 Ancillary Services. Commencing on the Effective Date, Tacoma Power shall provide, and Bonneville shall take and pay for, the following Ancillary Services:
- (a) Scheduling, System Control, and Dispatch Service
 - (b) Reactive Supply and Voltage Control from Generation Sources Service

The amounts of such Ancillary Services, any exceptions, specific terms and/or conditions associated with such Ancillary Services are listed in Exhibit C to this Service Agreement.

Rates applicable to such Ancillary Services will be as stated in the Tacoma Power Rate Schedules included as part of the Tariff.

- 5.2 Transmission Losses. In addition to the Ancillary Services as set forth in Section 5.1 of this Service Agreement, Tacoma Power shall provide, and Bonneville shall take and pay for, Transmission Losses associated with the Network Integration Transmission Service provided under this Service Agreement, in accordance with the Transmission Loss Factor specified in the Tariff.

6. Construction of Facilities

As of the execution date of this Service Agreement, no construction or additional metering and communications are needed. Tacoma Power shall have the right to collect from Bonneville, acting through Bonneville's power service organization, any charges imposed on Tacoma Power by Bonneville, acting through its transmission service organization, for the use of or access to Bonneville's communications equipment for meter reading related to Network Integration Transmission Service provided under this Service Agreement.

7. Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to Bonneville shall be sent to:

Scheduling Coordination – PTK-5
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

All payments to Tacoma Power shall be electronic funds transferred (EFT) to:

Bank of America
ABA Routing # 026009593
Account Number: 67650200
Ref: (invoice #/payment purpose)

8. Miscellaneous Provisions

- 8.1 Governing Law and Venue for Disputes. This Service Agreement shall be interpreted, construed, and enforced in accordance with laws of the State of Washington, without reference to choice of law doctrine, except that to the extent the Parties' rights and obligations are required to be governed by United States Federal law, then such rights and obligations shall be governed by United States Federal law. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, or other forum available pursuant to Federal law, unless the parties agree to pursue alternative dispute resolution.
- 8.2 Provisions Governing Modifications to Service Agreement and Exhibits. This Service Agreement and its Exhibits may be modified only as provided in this Section 8.2.
- 8.2.1 Written Agreement of the Parties. Any provision of this Service Agreement or

any of its Exhibits may be modified at any time by written agreement of the Parties, subject to any requirement Tacoma Power may have to obtain approval of the Utility Board.

8.2.2 Modifications Necessary to Comply with Law or Regulation. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) to the extent Tacoma Power determines in good faith that modification is necessary to comply with law or regulation applicable to Tacoma Power or its Transmission System; provided, however, that Tacoma Power may exercise its rights under this Section 8.2.2 only if Tacoma Power (a) first obtains Utility Board approval of any modifications to this Service Agreement (or any Exhibit) it determines are necessary to comply with applicable law or regulation, (b) provides at least 45 days' prior written notice to Bonneville of any modifications proposed pursuant to this Section 8.2.2 and an opportunity for Bonneville to confer with Tacoma Power before implementing the modifications (unless the circumstances are so exigent as to preclude 45 days' prior notice and consultation), and (c) provides prior written notice to Bonneville of the Utility Board meeting at which Tacoma Power will request approval of modifications pursuant to this Section 8.2.2. If Bonneville is not afforded prior written notice and consultation prior to the modification due to exigent circumstances, Bonneville will be given an opportunity to confer with Tacoma regarding the modification after its adoption, and be afforded prior written notice of the Utility Board meeting at which Tacoma Power will request approval of modifications.

8.2.3 Modifications to Conform to Tariff Amendments and Rate Determinations. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) as necessary to maintain consistency between the provisions of this Service Agreement (including its Exhibits) and (a) the Tariff, as it may be amended from time to time in accordance with Section 9 of the Tariff, and (b) Rate Schedules and rate determinations properly established or adopted in accordance with Tacoma Power procedures and legal requirements; provided that Tacoma Power may exercise its rights under this Section 8.2.3 only if Tacoma Power has provided notice to Bonneville as required by Section 8.2.2.

8.3 Notices Relating to Provisions of the Service Agreement. Any notice, request, demand, or statement given to or made upon one Party by the other Party under any of the provisions of this Service Agreement, except those specified in Section 8.4 below, shall be in writing and shall be considered delivered when either personally delivered to the following or deposited in the mail postage prepaid and properly addressed to the following:

If to Bonneville:

Bonneville Power Administration
Attn: Transfer Services Manager
Address: 905 NE 11th Ave.
City, State: Portland, OR 97232
Phone: (503) 230-5164
Fax: (503) 230-3242

If to Tacoma Power:

Tacoma Power
Attention: T&D Manager
3628 South 35th Street
Tacoma, WA 98409-3192
Phone: (253) 502-8286
Fax: (253) 396-3085

- 8.4 Notices of an Operating Nature. Any notice, request, or demand pertaining to matters of an operating nature, exclusive of requests for additional or modified Transmission Service under the Tariff, shall be sufficient if given in writing, by telephone, by facsimile, or orally in person to the person designated in writing by the Party as its representative for such purposes, provided that should such notice, request, or demand not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served. The representative for receiving notices pursuant to this Section 8.4 and such representative's address shall be communicated by the Parties under separate letter within 45 days from the execution date of this Service Agreement.
- 8.5 Future Changes or Additions. Any obligation of Tacoma Power to change or increase the capability of the Tacoma Power Transmission System to provide Network Integration Transmission Service for Network Load shall be as provided in Section 31 of the Tariff. No action by Tacoma Power to otherwise change or make additions to its Transmission System shall confer on Bonneville any rights to additional transmission or other services under this Service Agreement.
- 8.6 Computation of Time. To compute any period of time prescribed or allowed by this Service Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day that is neither a Saturday, Sunday, nor legal holiday. For purposes of the administration of this Service Agreement, Pacific Time shall be used.
- 8.7 No Third Party Beneficiaries. This Service Agreement, to the extent that it does not contradict the terms of Section 6 of the Tariff, creates rights and obligations exclusively between the Parties hereto. Except as set forth in Section 6 of the Tariff, the Parties hereto do not intend to create any additional obligation or promise of performance to any other person or entity and the Parties have not conferred any right to enforce this Service Agreement or any remedy upon any third person or entity other than the Parties hereto and their respective successors and assigns.
- 8.8 Waivers. Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.
- 8.9 Assignment. Tacoma Power may assign this Service Agreement only upon the prior written consent of Bonneville, provided however, that Bonneville hereby consents to assignment of this Service Agreement if it is consistent with federal law, to any entity that has, pursuant to legally binding arrangements, assumed responsibility for operating the Tacoma Power Transmission System or administering transmission service on the Tacoma Power Transmission System. Bonneville and Parkland may request an assignment of this Service Agreement from Bonneville to Parkland. This assignment

shall include all rights and post-assignment obligations associated with this Service Agreement. Such assignment shall require mutual agreement among Tacoma Power, Bonneville and Parkland, provided that Tacoma Power shall not unreasonably withhold such agreement. When notice of such assignment is provided to Tacoma Power, Bonneville and Parkland shall work in good faith to make any necessary modifications to this Service Agreement and the Network Operating Agreement, implement metering modifications, ensure compliance with the Tariff, and make any other adjustments necessary to allow such assignment to proceed. If Tacoma Power withholds agreement to such assignment, Tacoma Power shall provide a detailed written explanation as to why it is withholding agreement and shall include a detailed list of items that would allow Tacoma Power to agree to such assignment. A Party requesting assignment shall provide at least six months' prior written notice to the other Party. Any assignment pursuant to this Section 8.9 by an assignor to an assignee shall only be made with the contemporaneous assignment of the Network Operating Agreement, by the same assignor to the same assignee. In addition, to the extent there are, at the time of the assignment, any arrangements in place between Bonneville and Tacoma Power (apart from those specified in the Tariff, this Service Agreement, and the Network Operating Agreement) that are material to Tacoma Power's provision of Network Integration Transmission Service or the operation of Tacoma Power's Transmission System consistent with Good Utility Practice, such assignment shall also be subject to the completion of comparable arrangements between Tacoma Power and the assignee. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their successors and assigns.

- 8.10 Tariff Governs. In the event of any irreconcilable difference between the Tariff, this Service Agreement, or the Network Operating Agreement, the terms of the Tariff shall govern.
- 8.11 Interconnection with Other Systems. Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering, or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.
- 8.12 Entire Agreement. This Service Agreement, together with the Network Operating Agreement and the Tariff, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and there are no other understandings or agreements between the Parties with respect hereto.

8.13 Effect of Paragraph Headings. Headings and captions appearing in this Service Agreement are inserted for convenience of reference only and shall not be construed to be interpretations of the text of this Service Agreement.

9. Signatures

The signatories represent that they are authorized to enter into this Service Agreement on behalf of the Party for which they sign.

**BONNEVILLE POWER
ADMINISTRATION**

TACOMA POWER

By: _____

By: _____

Name: Daniel R. Yokota
(Print/Type)

Name: Chris Robinson
(Print/Type)

Title: Manager, Transfer Services

Title: Power Superintendent/COO

Date: _____

Date: _____

Exhibit A

Statement of Specifications for Network Integration Transmission Service

1. TERM OF TRANSACTION

Start Date: Hour ending 1:00 on October 1, 2018.

Termination Date: Hour ending 24:00 on September 30, 2028.

2. NETWORK RESOURCES

(a) Power Purchased from Bonneville Power Administration by Parkland

Resource	Capacity (MW)	Capacity Designated As Network Resource	Scheduling Agent	Balancing Authority
Contract No. 09PB-13089	32	See the forecast as attached to Exhibit D	BPA	BPA

3. NETWORK LOAD

The Application provides Parkland’s initial annual load and resource information. Annual load and resource information updates shall be submitted to Tacoma Power at the address specified in 8.3 of this Service Agreement, by September 30 of each year, unless otherwise agreed to by the Parties.

4. DESCRIPTION OF POINT(S) OF RECEIPT

Canyon Substation

Location: The point of interconnection at Tacoma Power’s Canyon Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Cowlitz Substation

Location: The point of interconnection at Tacoma Power's Cowlitz Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Northeast Substation

Location: The point of interconnection at Tacoma Power's Northeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Southwest Substation

Location: The point of interconnection at Tacoma Power's Southeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

5. DESCRIPTIONS OF NETWORK POINT(S) OF DELIVERY

Brookdale Substation

Location: The point in Elmhurst Mutual's Brookdale Substation where the 115kV facilities of Tacoma Power on pole 34753 are connected to the 115kV facilities of Elmhurst Mutual. The Brookdale tap is located between Tacoma Power switches 10-400 and 10-410.

Voltage: 115kV

Metering: In Elmhurst Mutual's Brookdale Substation, in the 12.5 kV circuits over which power flows.

John Curtis Substation

Location: The point in Parkland Light and Water Company's John Curtis Substation where the 115kV facilities of Tacoma Power on pole 4548 are connected to the 115 kV facilities of Parkland in the substation. The transmission tap is located between Tacoma Power switches 10-77 and 10-119.

Voltage: 115kV

Metering: In Parkland Light and Water Company's John Curtis Substation, in the 12.5 kV circuits over which power flows.

Metering Loss Adjustment: Bonneville Power Administration will adjust for Transmission Losses between Parkland's point of delivery and point of metering. Such adjustments shall be specified in written correspondence between Tacoma Power and Bonneville.

Exceptions: None

6. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE

Bonneville

7. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

8. OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT

Exhibit B

Facilities Charges

DIRECT ASSIGNMENT FACILITIES CHARGES

Not applicable at this time.

Exhibit C

Ancillary and Other Services

	<u>Provided By</u>	<u>Contract No.</u>
1. Ancillary Services		
(a) Scheduling and Dispatch	Tacoma Power	
(b) Reactive Supply and Voltage Control	Tacoma Power	
(c) Regulation and Frequency Response	BPA	
(d) Energy Imbalance	BPA	
(e) Operating Reserve – Spinning Reserve	BPA	
(f) Operating Reserve – Supplemental Reserve	BPA	
2. Other		
(a) Transmission Losses	1.87%	
(b) Losses shall be settled [financially by monthly payment OR scheduled for return 168 hours after transfer]		

Exhibit D

Forecast of Load

2018 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation										5	6	7
John Curtis Substation										21	22	24
Total Load Forecast										26	28	31

2019 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	7	7	7	6	4	3	3	3	3	5	6	7
John Curtis Substation	23	23	21	18	15	13	13	13	15	21	22	24
Total Load Forecast	30	30	28	24	19	16	16	16	18	26	28	31

2020 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	7	7	7	6	4	3	3	3	3	5	6	7
John Curtis Substation	24	23	21	18	15	13	13	13	15	21	23	24
Total Load Forecast	31	30	28	24	19	16	16	16	18	26	29	31

2021 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	7	7	7	6	4	3	3	3	3	6	7	7
John Curtis Substation	24	23	21	18	15	13	13	13	15	21	23	24
Total Load Forecast	31	30	28	24	19	16	16	16	18	27	30	31

2022 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	7	7	7	6	4	3	3	3	3	6	7	7
John Curtis Substation	24	24	21	18	15	14	13	13	15	21	23	25
Total Load Forecast	31	31	28	24	19	17	16	16	18	27	30	32

2023 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	7	7	7	6	4	3	3	3	3	6	7	7
John Curtis Substation	24	24	21	18	15	14	14	14	15	21	23	25
Total Load Forecast	31	31	28	24	19	17	17	17	18	27	30	32

2024 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	7	7	7	6	4	3	3	3	3	6	7	7
John Curtis Substation	24	24	21	19	15	14	14	14	15	21	23	25
Total Load Forecast	31	31	28	25	19	17	17	17	18	27	30	32

2025 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	7	7	7	6	4	3	3	3	3	6	7	7
John Curtis Substation	24	24	21	19	16	14	14	14	15	21	23	25
Total Load Forecast	31	31	28	25	20	17	17	17	18	27	30	32

2026 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	7	7	7	6	4	3	3	3	3	6	7	7
John Curtis Substation	24	24	21	19	16	14	14	14	15	21	23	25
Total Load Forecast	31	31	28	25	20	17	17	17	18	27	30	32

2027 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	7	8	7	6	4	3	3	3	3	6	7	7
John Curtis Substation	24	24	21	19	16	14	14	14	16	22	23	25
Total Load Forecast	31	32	28	25	20	17	17	17	19	28	30	32

2028 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Brookdale Substation	8	8	8	6	4	3	3	3	3			
John Curtis Substation	24	24	22	19	16	14	14	14	16			
Total Load Forecast	33	32	30	25	20	17	17	17	19			

Exhibit E

Network Operating Agreement Between TACOMA POWER and BONNEVILLE POWER ADMINISTRATION

This Network Operating Agreement (“Agreement”) is dated September 25, 2014 and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Parkland Light and Water Company (“Parkland”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Tacoma Power and Bonneville currently operate interconnected electric systems; and

WHEREAS, with the agreement of Parkland, Bonneville requested Network Integration Transmission Service from Tacoma Power for service to the load of Parkland pursuant to the Tariff; and

WHEREAS, concurrently with the execution of this Agreement, Tacoma Power and Bonneville have executed a Network Integration Transmission Service Agreement (as it may be amended or replaced from time to time, the “Service Agreement”), under the Tariff, pursuant to which Tacoma Power will provide Network Integration Transmission Service to Bonneville for service to the load of Parkland; and

WHEREAS, execution of the Service Agreement by the Parties will constitute acceptance of the terms of this Agreement which will be an Exhibit attached to the Service Agreement; and

WHEREAS, Tacoma Power and Bonneville desire to set forth in this Agreement the operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System for purposes of the Service Agreement and the Tariff.

NOW, THEREFORE, the Parties agree as follows:

1. Scope of Network Operating Agreement

- 1.1. Relationship to Agreement Limiting Liability Among Western Interconnected Systems. This Agreement provides terms and conditions associated with technical and operational

issues necessary for the implementation of Network Integration Transmission Service under the Tariff and the Service Agreement. In performance of their respective obligations under this Agreement, the Service Agreement and the Tariff, each Party shall adhere to Good Utility Practice, subject to the Agreement Limiting Liability Among Western Interconnected Systems (“ALLAWIS”), or its replacement, so long as both Tacoma Power and Bonneville are parties to such agreement. If at any time during the term of this Agreement the ALLAWIS is terminated and is not replaced by a successor agreement to which Tacoma Power and Bonneville are both parties, Tacoma Power and Bonneville shall promptly consult in good faith and make commercially reasonable efforts to enter into mutually acceptable arrangements to address the matters previously addressed by the ALLAWIS.

- 1.2. Balancing Authority and Ancillary Services Requirements. In connection with Network Integration Transmission Service provided under the Service Agreement, Bonneville shall operate as a Balancing Authority (as defined by the NERC Reliability Standards) under applicable Reliability Requirements of NERC and WECC. The Parties acknowledge that the Network Load referred to in this Agreement is within Bonneville’s Balancing Authority Area (as defined by the NERC Reliability Standards) and the Network Resource referred to in this Agreement is within Bonneville’s Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. If at any time during the term of this Agreement, Bonneville ceases to operate as a Balancing Authority Area, then Bonneville shall provide timely notice to Tacoma Power and, effective as of such cessation, (a) satisfy its Balancing Authority requirements necessary to serve Parkland’s load, including all Ancillary Services, by contracting with Tacoma Power; (b) satisfy its Balancing Authority requirements necessary to serve Parkland’s load, including all Ancillary Services, by contracting with other entities that can satisfy those requirements in a manner that is consistent with Good Utility Practice and satisfies NERC and WECC Reliability Requirements; or (c) satisfy its Balancing Authority requirements through a combination of (a) and (b) above. If at any time during the term of this agreement Tacoma Power ceases to operate as a Balancing Authority Area, Bonneville shall have no further obligation to purchase Ancillary Services from Tacoma Power and the Parties shall work cooperatively to modify this Agreement and the Service Agreement to reflect any changes in Ancillary Service obligations.

2. Definitions

Unless defined in this Section 2 or otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

- 2.1 NERC. The North American Electric Reliability Corporation, or its successor.
- 2.2 NWPP. The Northwest Power Pool, or its successor.
- 2.3 Reliability Councils. The Western Electricity Coordinating Council (WECC), the North American Electric Reliability Corporation (NERC), their respective successors, or such other organization(s) whose mandate, in whole or in part, is to establish criteria, systems,

standards, rules, procedures, practices or management programs for the operation and reliability of the bulk electric systems.

- 2.4 Reliability Requirements. The Reliability Councils' reliability, operation, security and other similar standards applicable to a Party, and any other similar standards to which a Party is subject by law or any authority having jurisdiction.
- 2.5 Tariff. Tacoma Power's Open Access Transmission Tariff, as it may be amended or replaced from time to time.
- 2.6 Telemetry. The sending of, or the capability of sending, real-time load monitoring data from each delivery point at the interconnection site to Tacoma Power's Operating Center using RTU (SCADA) equipment for metering load, power flow, voltage or breaker status.
- 2.7 WECC. The Western Electricity Coordinating Council, or its successor.

3. Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement (see section 3.3 of the Service Agreement).

4. Network Operating Committee

- 4.1 Membership. The Network Operating Committee shall be composed of a representative(s) from Tacoma Power, Bonneville, and Parkland.
- 4.2 Responsibilities. The Network Operating Committee shall meet either in person or by means of electronic communication (e.g. telephone, internet, etc.) at least once per calendar year to: (a) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff and Service Agreement; (b) review designated Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (3) obtain from Tacoma Power its operating policies, procedures, and guidelines for network interconnection and operation.
- 4.3 General Customer Information Requirements. Bonneville shall, when requested by Tacoma Power, provide load forecasts, forecasts for generation by or for Parkland (excluding power purchased from Bonneville), schedules and any other information (a) necessary for Tacoma Power's calculation of available transmission capability on Tacoma Power's Transmission System; (b) necessary for Tacoma Power's implementation of redispatch, curtailment, load shedding and congestion management procedures; (c) necessary to enable Tacoma Power to operate its Transmission System consistent with Good Utility Practice; (d) required to be provided by a Transmission Customer under the Tariff; or (e) as otherwise required by law.

5. Interconnection of Network Resources

As of the execution date of this Agreement, Bonneville has no Network Resources directly interconnected with Tacoma Power's Transmission System. At such time as Bonneville intends to designate as a Network Resource a generation resource that is directly interconnected with Tacoma Power's Transmission System, and prior to such interconnection, Tacoma Power and Bonneville shall, subject to mutual agreement, specify applicable principles and requirements for the interconnection of generation resources and shall amend this section and this Agreement accordingly.

6. Curtailment of Network Service

6.1 Respective Roles of the Parties.

(a) As the Network Customer under the terms of the Tariff, Bonneville accepts the roles and responsibilities associated with the:

- (1) Balancing Authority; and
- (2) Load Serving Entity¹

as each is defined by NERC and WECC, for Parkland. Bonneville shall maintain these roles and responsibilities unless and until they are transferred to, and accepted by, Parkland.

(b) As the Transmission Provider under the terms of the Tariff, Tacoma Power retains the role and responsibilities of the Transmission Operator, as defined by NERC and WECC.

6.2 Balancing Authority Area of Network Load. Network Load referred to in this Agreement is within Bonneville's Balancing Authority Area and the Network Resource referred to in this Agreement originates in Bonneville's Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. In addition, as of the Effective Date of this Agreement, the Parties agree to treat the Network Load as a pseudo-tie in Bonneville's Balancing Authority Area.

6.3 Manner of Curtailing Network Service. Pursuant to Sections 33.4 and 33.5 of the Tariff, Tacoma Power may require the Curtailment of Bonneville's scheduled deliveries to Parkland load from designated contract Network Resources under the Service Agreement. In response to such curtailment request, Bonneville shall coordinate with Tacoma Power and Parkland to reduce Parkland load to match the new schedule by

¹ Bonneville is responsible for fulfilling the role of Load Serving Entity for scheduling and load forecasting. However, Parkland has taken on the responsibility for load shedding and consistent with the operating protocols developed with Tacoma Power, communications regarding load shedding will be between Tacoma Power and Parkland. In addition, it is understood that for the interconnected facilities owned by Parkland, Tacoma Power and Parkland will address any issues.

implementing the Operating Procedures referenced in section 9.2 of this Agreement. In the event of such Curtailment, Tacoma Power shall, to the extent feasible and consistent with Good Utility Practice and on a comparable basis with service to all other affected Network Customers and Tacoma Power's bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available delivery point on Tacoma Power's Transmission System.

- 6.4 Remote Load Shedding. Remote load shedding equipment is required for any substation with a load that is equal to or greater than 10 MW. If not already installed, remote load shedding equipment will be installed and operational within six (6) months of any substation load reaching the 10 MW threshold. Bonneville has coordinated the ownership and operation of the load shedding equipment with Parkland.² However, if Parkland fails to maintain the current load shedding plan, Bonneville is required to ensure that an alternative plan acceptable to Tacoma Power is put in place.
- 6.5 Firm Load Curtailments. Bonneville agrees to accept curtailments of Network Load as a reasonable mitigation for contingencies that require such load curtailments to protect the transmission systems of either Bonneville or Tacoma Power.

7. Scheduling

- 7.1. Designation of Network Resources. Bonneville's Network Resources under the Service Agreement constitute a contract for the purchase by Parkland from Bonneville of Bonneville system power, and may include a power purchase by Parkland from a resource interconnected with a third party. At such time as Bonneville intends to designate as a Network Resource under the Service Agreement another specific generation resource directly interconnected with Tacoma Power's Transmission System or interconnected with a third-party system not already specified in Exhibit A to the Service Agreement, this Agreement may be amended to provide applicable terms and conditions regarding the scheduling of such resource.
- 7.2. Scheduling Network Resources. Schedules for Bonneville's Network Resources under the Service Agreement shall be submitted to Tacoma Power consistent with industry requirements regarding e-tagging of pseudo-ties.
- 7.3. Modification of Scheduling Procedures. During the term of this Network Operating Agreement, either Party may modify the scheduling procedures applicable to delivery of Network Resources to Parkland, so long as any modified scheduling procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, consistent with Section 8.4. of the Service Agreement, and (c) consistent with all applicable Reliability Requirements.

² As described in footnote 1, Parkland and Tacoma have developed operating protocols and load shedding instructions will be communicated through these protocols.

8. Permits, Inspection, Metering and Communications

- 8.1. Right of Entry/Permit. If any equipment or facilities associated with any point of interconnection and belonging to a Party are, or are to be, located on the property of the other Party, a permit to install, test, maintain, inspect, replace, repair, and operate such equipment and facilities during the term of this Agreement and to remove such equipment and facilities at the expiration of the term of this Agreement (together with the right of entry to said property at all reasonable times during the term of this Agreement to carry out the activities pursuant to such permit) is hereby granted to the other Party.
- 8.2. Inspection. During the term of this Agreement, each Party (“First Party”) shall, upon receipt of reasonable prior notice from the other Party (“Second Party”) specifying the date and time of the visit, provide access for the Second Party’s representatives to the interconnected facilities of the First Party as may be reasonably necessary for such Second Party’s performance of its obligations under this Agreement. The Second Party shall cause its representatives to observe during any such visit all of the First Party’s safety and security procedures or requirements of which the Second Party is then notified.
- 8.3. Metering Equipment. Bonneville shall be responsible for all costs associated with the purchase, installation, operation, maintenance, repair and replacement of (and any necessary upgrades to) all revenue and interchange metering equipment necessary for Tacoma Power to provide Network Integration Transmission Service under the Service Agreement. All metering equipment and data of Bonneville shall conform to applicable Reliability Requirements. The Parties shall review the metering equipment prior to its installation to ensure conformance with such standards or practices.
- 8.4. Additional Metering Equipment. In addition to the metering equipment installed, each Party may at any time during the term of this Agreement install metering equipment; provided that, any such installation of such metering equipment shall not be inconsistent with permit provisions of Section 8.1 above. Any such metering equipment shall be owned, operated, and maintained by the Party installing such metering equipment.
- 8.5. Testing of Metering Equipment. Notwithstanding any other provision of this Agreement, each Party during the term of this Agreement shall, at its expense, test its metering equipment associated with this Agreement in accordance with applicable Reliability Requirements, and, if requested by the other Party, shall make additional tests or inspections of such metering equipment. Each Party shall give reasonable notice to the other Party of the time when any such test or inspection is to be made, and the Party receiving notice will have the opportunity to have representatives present at such test or inspection.
- 8.6. Adjustments. If any metering equipment fails to register, or if the measurement made by such metering equipment during a test made as provided above fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made. Should any metering equipment at any time fail to register, or should registration

thereof be so erratic as to be inherently unreliable, the capacity, energy and reactive power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction or failure, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. Any metering equipment tested and found to be not more than one percent (1 %) above or below normal shall be considered to be accurate insofar as correction of billing is concerned. If any meter is found to be out of tolerance by more than one percent (1%), then the Party owning such meter shall use its best efforts to adjust the meters immediately and accurately, and there shall be a retroactive adjustment of the inaccurate meter for the twelve (12)-month period prior to the test or inspection in which such inaccuracy is found or the date of the last test or inspection, whichever date is shorter. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.

- 8.7. Billing Information. Bonneville shall during the term of this Agreement transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power, the metered information of Bonneville's metering equipment, if any, (including kilowatt-hour and kiloVAR-hour) concerning electric power delivered under this Agreement. The metered information shall be transmitted or otherwise made available electronically in a format that is acceptable to Tacoma Power's billing function on a maximum time interval of one (1) hour or by mutual agreement to a longer time interval; such acceptance shall not be unreasonably withheld. With respect to currently installed and future replacement metering equipment, Tacoma Power shall use good faith efforts to work with the owners of such metering equipment to develop a format that is acceptable to Tacoma Power and such acceptance shall not be unreasonably withheld.
- 8.8. Exchange of Metered Data. The Party owning, operating, and maintaining each meter used to determine billing associated with the Service Agreement shall provide or arrange to be provided to the other Party all hourly meter readings and any more frequent load profile information, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to the other Party as soon as reasonably possible in the succeeding month and no later than by 10:00 a.m. of the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Each Party shall notify the other Party as soon as practicable of system configuration changes on its system or other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.
- 8.9. Use of Bonneville's Meter Reading Information. Consistent with Section 8.8 above, Bonneville shall transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power its real and reactive power metering data, if any, at the delivery points, in a format compatible with the billing information systems used by Tacoma Power.

- 8.10. Metering and Communications Required for Integration of Network Resources. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the integration of any generation resource to be designated an on-system Network Resource under the Service Agreement and on Tacoma Power's Transmission System. Such equipment, operation, maintenance shall comply with all applicable laws and regulations including Reliability Requirements.
- 8.11. Metering and Communications Required for Ancillary Services. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the provision of Ancillary Services by Bonneville or by a third party. All such metering and communication installations shall be installed, operated, and maintained pursuant to all applicable laws and regulations including Reliability Requirements.
- 8.12. Real-Time Data Acquisition.
- (a) Installation of real-time Telemetry equipment, if any, shall be performed by the Party responsible for providing such real-time Telemetry equipment. Any such real-time Telemetry equipment shall be owned, operated and maintained by the Party installing such equipment.
 - (b) Each Party shall permit the other Party to install, or cause to be installed, real-time Telemetry equipment reasonably acceptable to both Parties as may be necessary from time to time during the term of the Service Agreement to replace or upgrade the real-time Telemetry equipment as specified above. Any such replacement real-time Telemetry equipment is to be owned, operated and maintained by the Party installing such equipment.
- 8.13. Real-Time Data Acquisition Upgrades. Upgrades of real-time Telemetry equipment and data, if any, from time to time during the term of this Agreement to be received by Tacoma Power and Bonneville shall be at the reasonable discretion of Tacoma Power, as deemed necessary for reliability, security, and/or monitoring of Tacoma's Balancing Authority Area operations. To the extent Telemetry changes are required in order to meet applicable Reliability Requirements, Bonneville shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the Telemetry related to Parkland's load to be received by Tacoma Power. Each Party shall be responsible for its cost of making any computer modifications or changes required to its own computer system(s) as necessary to implement this Section 8.13.

9. **Operation and Maintenance**

- 9.1. Maintenance Scheduling and Continuity of Service. Tacoma Power may require Curtailment or otherwise temporarily suspend service at the delivery points:

- (a) pursuant to Section 33 of the Tariff; and
 - (b) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff.
- 9.2. Emergency Planning and Operation. As the operator of its Transmission System, Tacoma Power may undertake planning, coordinating, and implementing emergency operations applicable to Tacoma Power's Transmission System to meet NERC and WECC Reliability Requirements and NWPP reliability planning and operations objectives. Bonneville and Tacoma shall work jointly to develop Operating Procedures to determine actions to be taken by each Party during conditions such as constraints on Tacoma's system that reduce Tacoma's ability to provide transfer service to all of Parkland's load, or curtailments to Bonneville's schedules that reduce Bonneville's ability to schedule at a level needed to serve all of Parkland's load. The Operating Procedure shall include coordinated actions for restoring Parkland's load following return to normal transmission system conditions.
- 9.3. Modification of Operating Procedures. During the term of this Service Agreement, either Party may modify the Operating Procedures applicable to delivery of Network Resources to Network Load, provided that any proposed modifications to the Operating Procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, and (c) consistent with all applicable Reliability Requirements.

10. Miscellaneous

- 10.1. Notices. Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.
- 10.2. Assignment. See section 8.9 of the Service Agreement.
- 10.3. Amendments. This Agreement may be amended (a) upon Tacoma Power's application to and receipt of approval from the Utility Board provided that the Utility Board determines that such changes are required to maintain consistency with applicable Reliability Requirements or to reflect, consistent with Good Utility Practice, modifications to Tacoma Power's Transmission System, and (b) by written agreement of the Parties.

Exhibit F

Power Factor Compensation Calculation Methodology

Calculation Methodology for VAr Losses Charge:

The compensation formula uses the measured Voltage-Amperes (VA) and Volts (V) at the applicable points of delivery and/or metering points. The compensation to be paid by Bonneville for Volt-Ampere reactive (VAr) for each hour during which the Parkland load did not achieve a power factor of at least 0.97 shall be calculated as set forth below.

The formula for VAr losses when VAr flow measured is from Tacoma Power to Parkland is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{in-to-load}} - W \times 0.2506$$

The formula for VAr losses when VAr flow measured is from Parkland to Tacoma Power is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{out-of-load}} - W \times 0.2506$$

Where $\text{VAr}_{\text{in-to-load}}$, $\text{VAr}_{\text{out-of-load}}$, and Watts (W) are as measured at each point of delivery and/or metering point. The $W \times 0.2506$ term credits VAr consumption by Parkland down to a power factor of 0.97.

In each hour, the VAr_{loss} is calculated by the above formula. When the calculated VAr_{loss} is a positive number it is accumulated with all other positive VAr_{loss} in the metering period, and multiplied by the VAr charge per VArH. Examples of conditions with VAr in-to-load and VAr out-of-load are given in the following.

Sample Calculations

Example: VAr in-to-load for 1 hour

Power Factor (p.f.)	0.80	$\text{VAr} = \tan(\cos^{-1} \text{p.f.}) \times W$
Real Power	4,000	(kW)
Reactive Power	3,000	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{in-to-load}} - \text{kW} \times 0.2506 = 3,000 - 1,002 = 1,997 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$1.96

Example: kVArS out-of-load for 1 hour

Power Factor	0.90	
Real Power	4,000	(kW)
Reactive Power	1,937	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{out-of-load}} - \text{kW} \times 0.2506 = 1,937 - 1,002 = 934.5 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$0.92

NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT

This Network Integration Transmission Service Agreement (“Service Agreement”) is dated _____ and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Town of Steilacoom (“Steilacoom”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Bonneville requested Network Integration Transmission Service from Tacoma Power to serve the load of Steilacoom pursuant to the Tariff and accompanying rate schedules (as amended or replaced from time to time, “Rate Schedules”); and

WHEREAS, contemporaneously with entering into this Service Agreement, the Parties are also agreeing to the terms of the Network Operating Agreement (as it may be amended or replaced from time to time), in the form attached as Exhibit E to this Service Agreement, addressing, among other things, operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System; and

"WHEREAS, Tacoma Power has determined that Bonneville has provided sufficient information to form the basis of a Completed Application for Network Integration Transmission Service under the Tariff." NOW THEREFORE, the Parties agree as follows:

1. Definitions

Unless otherwise defined herein, all capitalized terms used in this Service Agreement shall have their respective meanings as set forth in the Tariff. For purposes of this Service Agreement and the Tariff, Bonneville shall be deemed to be the Transmission Customer as such term is used in the Tariff, and Tacoma Power is the provider of Network Integration Transmission Service as defined in the Tariff.

1.1 Tariff. Tacoma Power’s Open Access Transmission Tariff as it may be amended or replaced from time to time.

1.2 Rate Schedules. The transmission rate schedules accompanying the Tariff as they may be amended or replaced from time to time.

2. Standard Provisions

2.1 Terms and Conditions and Incorporation of Tariff. The terms and conditions under which Network Integration Transmission Service is offered and accepted are pursuant to this Service Agreement and the Tariff. The Tariff, including, without limitation, the Tacoma Power Rate Schedules attached thereto, is hereby incorporated by this reference

and made a part of this Service Agreement.

- 2.2 Exhibits. The following exhibits to this Service Agreement are by this reference incorporated herein and made a part hereof: Exhibit A (Statement of Specifications for Network Integration Transmission Service); Exhibit B (Facilities Charges); Exhibit C (Ancillary and Other Services); Exhibit D (Forecast of Load); Exhibit E (Network Operating Agreement); and Exhibit F (Power Factor Compensation Calculation Methodology).
- 2.3 Network Operating Agreement. Pursuant to Section 35 of the Tariff, the Parties are obligated to execute a Network Operating Agreement, included herein as Exhibit E, to address operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power's Transmission System.
- 2.4 Certification of Bonneville. Bonneville certifies that it is, or will be upon commencement of service, an Eligible Customer under the Tariff and shall remain an Eligible Customer during the term of the Service Agreement and Network Operating Agreement.

3. Term and Utility Board Approval

- 3.1 Effective Date and Submittal to Utility Board. This Service Agreement shall be effective as of hour ending 1:00 on October 1, 2018 (the "Effective Date"). Tacoma Power has previously been granted authority to execute this Service Agreement pursuant to Utility Board Resolution U-xxxxx adopted September 26, 2018.
- 3.2 Term of Agreement. This Service Agreement shall remain in effect through hour ending 24:00 on September 30, 2028.
- 3.3 Rollover Rights. Each Party acknowledges and agrees, except as specifically detailed in Section 3.2 above, that it enters into this Service Agreement subject to a right of first refusal and the five-year requirement of Section 2 of the Tariff on the first rollover date for this Service Agreement.

4. Network Integration Transmission Service

- 4.1 Network Integration Transmission Service Requirements Related to Network Resources.
 - 4.1.1 Provision of Network Integration Transmission Service. Commencing on the Effective Date, Tacoma Power shall provide to Bonneville, and Bonneville shall receive from Tacoma Power and pay for, Network Integration Transmission Service pursuant to the Tariff and applicable Rate Schedules. Tacoma Power's obligation to provide Network Integration Transmission Service shall be subject to Tacoma Power's rights to curtail or interrupt schedules pursuant to the Tariff. Section 34 of the Tariff outlines the applicable rates and charges methodology for Network Integration Transmission Service.

- 4.1.2 Network Resources. Exhibit A to this Service Agreement lists Bonneville's designated Network Resources and Network Loads. The Network Resources listed in Exhibit A are limited to (a) power purchased from Bonneville and, (b) non-federal resources, provided that any such non-federal resources (1) constitute "Dedicated Resources" serving "Above-RHWM Load," as those terms are defined in the Regional Dialogue Power Sales Agreement between Bonneville and Steilacoom (the "Steilacoom Regional Dialogue Agreement"), (2) are subject to and consistent with the provisions of Exhibits F and G to the Steilacoom Regional Dialogue Agreement and the Transfer Service Support for Non-Federal Resources Agreement between Bonneville and Steilacoom, and (3) are subject to Bonneville contractual rights to control output as necessary to comply with the terms of the Steilacoom Regional Dialogue Agreement and any curtailment instruction issued by Tacoma Power pursuant to the Tariff.
- 4.2 Facilities Charges. All applicable charges pursuant to the Direct Assignment Facilities Provisions for existing facilities and facilities built as a result of this Service Agreement are hereby incorporated as Exhibit B.
- 4.3 Charges for Network Integration Transmission Service. Bonneville shall pay Tacoma Power the applicable charges for services provided hereunder pursuant to the Tacoma Power Rate Schedules included as part of the Tariff. Tacoma Power may change the rates that apply to Network Integration Transmission Service under this Service Agreement pursuant to Section 9 of the Tariff.
- 4.4 Power Factor Requirements. Steilacoom's load should not adversely affect the voltage stability of the Tacoma Power Transmission System. Accordingly, Steilacoom load should operate at power factor of not less than 0.97. If, at any time during the term of this Service Agreement, there is a calendar month during which, in any hour, Steilacoom's load operates at a power factor below 0.97 (as measured at the applicable point of delivery and/or metering point), then Bonneville shall pay to Tacoma Power, for all hours during which the Steilacoom load operated at a power factor of less than 0.97, the compensation specified and calculated in accordance with Exhibit F to this Service Agreement. Tacoma Power and Bonneville shall use good faith efforts to jointly plan and operate their facilities at the points specified in Exhibit A in a manner that does not place an undue burden on the other party to supply or absorb reactive power at such points.

5. Other Services

- 5.1 Ancillary Services. Commencing on the Effective Date, Tacoma Power shall provide, and Bonneville shall take and pay for, the following Ancillary Services:
- (a) Scheduling, System Control, and Dispatch Service
 - (b) Reactive Supply and Voltage Control from Generation Sources Service

The amounts of such Ancillary Services, any exceptions, specific terms and/or conditions

associated with such Ancillary Services are listed in Exhibit C to this Service Agreement. Rates applicable to such Ancillary Services will be as stated in the Tacoma Power Rate Schedules included as part of the Tariff.

- 5.2 Transmission Losses. In addition to the Ancillary Services as set forth in Section 5.1 of this Service Agreement, Tacoma Power shall provide, and Bonneville shall take and pay for, Transmission Losses associated with the Network Integration Transmission Service provided under this Service Agreement, in accordance with the Transmission Loss Factor specified in the Tariff.

6. Construction of Facilities

As of the execution date of this Service Agreement, no construction or additional metering and communications are needed. Tacoma Power shall have the right to collect from Bonneville, acting through Bonneville's power service organization, any charges imposed on Tacoma Power by Bonneville, acting through its transmission service organization, for the use of or access to Bonneville's communications equipment for meter reading related to Network Integration Transmission Service provided under this Service Agreement.

7. Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to Bonneville shall be sent to:

Scheduling Coordination – PTK-5
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

All payments to Tacoma Power shall be electronic funds transferred (EFT) to:

Bank of America
ABA Routing # 026009593
Account Number: 67650200
Ref: (invoice #/payment purpose)

8. Miscellaneous Provisions

- 8.1 Governing Law and Venue for Disputes. This Service Agreement shall be interpreted, construed, and enforced in accordance with laws of the State of Washington, without reference to choice of law doctrine, except that to the extent the Parties' rights and obligations are required to be governed by United States Federal law, then such rights and obligations shall be governed by United States Federal law. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, or other forum available pursuant to Federal law, unless the parties agree to pursue alternative dispute resolution.
- 8.2 Provisions Governing Modifications to Service Agreement and Exhibits. This Service Agreement and its Exhibits may be modified only as provided in this Section 8.2.

- 8.2.1 Written Agreement of the Parties. Any provision of this Service Agreement or any of its Exhibits may be modified at any time by written agreement of the Parties, subject to any requirement Tacoma Power may have to obtain approval of the Utility Board.
- 8.2.2 Modifications Necessary to Comply with Law or Regulation. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) to the extent Tacoma Power determines in good faith that modification is necessary to comply with law or regulation applicable to Tacoma Power or its Transmission System; provided, however, that Tacoma Power may exercise its rights under this Section 8.2.2 only if Tacoma Power (a) first obtains Utility Board approval of any modifications to this Service Agreement (or any Exhibit) it determines are necessary to comply with applicable law or regulation, (b) provides at least 45 days' prior written notice to Bonneville of any modifications proposed pursuant to this Section 8.2.2 and an opportunity for Bonneville to confer with Tacoma Power before implementing the modifications (unless the circumstances are so exigent as to preclude 45 days' prior notice and consultation), and (c) provides prior written notice to Bonneville of the Utility Board meeting at which Tacoma Power will request approval of modifications pursuant to this Section 8.2.2. If Bonneville is not afforded prior written notice and consultation prior to the modification due to exigent circumstances, Bonneville will be given an opportunity to confer with Tacoma regarding the modification after its adoption, and be afforded prior written notice of the Utility Board meeting at which Tacoma Power will request approval of modifications.
- 8.2.3 Modifications to Conform to Tariff Amendments and Rate Determinations. Tacoma Power may unilaterally modify this Service Agreement (including any of its Exhibits) as necessary to maintain consistency between the provisions of this Service Agreement (including its Exhibits) and (a) the Tariff, as it may be amended from time to time in accordance with Section 9 of the Tariff, and (b) Rate Schedules and rate determinations properly established or adopted in accordance with Tacoma Power procedures and legal requirements; provided that Tacoma Power may exercise its rights under this Section 8.2.3 only if Tacoma Power has provided notice to Bonneville as required by Section 8.2.2.
- 8.3 Notices Relating to Provisions of the Service Agreement. Any notice, request, demand, or statement given to or made upon one Party by the other Party under any of the provisions of this Service Agreement, except those specified in Section 8.4 below, shall be in writing and shall be considered delivered when either personally delivered to the following or deposited in the mail postage prepaid and properly addressed to the following:

If to Bonneville:

Bonneville Power Administration
 Attn: Transfer Services Manager
 Address: 905 NE 11th Ave.
 City, State: Portland, OR 97232
 Phone: (503) 230-5164
 Fax: (503) 230-3242

If to Tacoma Power:

Tacoma Power
 Attention: T&D Manager
 3628 South 35th Street
 Tacoma, WA 98409-3192
 Phone: (253) 502-8286
 Fax: (253) 396-3085

- 8.4 Notices of an Operating Nature. Any notice, request, or demand pertaining to matters of an operating nature, exclusive of requests for additional or modified Transmission Service under the Tariff, shall be sufficient if given in writing, by telephone, by facsimile, or orally in person to the person designated in writing by the Party as its representative for such purposes, provided that should such notice, request, or demand not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served. The representative for receiving notices pursuant to this Section 8.4 and such representative's address shall be communicated by the Parties under separate letter within 45 days from the execution date of this Service Agreement.
- 8.5 Future Changes or Additions. Any obligation of Tacoma Power to change or increase the capability of the Tacoma Power Transmission System to provide Network Integration Transmission Service for Network Load shall be as provided in Section 31 of the Tariff. No action by Tacoma Power to otherwise change or make additions to its Transmission System shall confer on Bonneville any rights to additional transmission or other services under this Service Agreement.
- 8.6 Computation of Time. To compute any period of time prescribed or allowed by this Service Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day that is neither a Saturday, Sunday, nor legal holiday. For purposes of the administration of this Service Agreement, Pacific Time shall be used.
- 8.7 No Third Party Beneficiaries. This Service Agreement, to the extent that it does not contradict the terms of Section 6 of the Tariff, creates rights and obligations exclusively between the Parties hereto. Except as set forth in Section 6 of the Tariff, the Parties hereto do not intend to create any additional obligation or promise of performance to any other person or entity and the Parties have not conferred any right to enforce this Service Agreement or any remedy upon any third person or entity other than the Parties hereto and their respective successors and assigns.
- 8.8 Waivers. Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.
- 8.9 Assignment. Tacoma Power may assign this Service Agreement only upon the prior written consent of Bonneville, provided however, that Bonneville hereby consents to assignment of this Service Agreement if it is consistent with federal law, to any entity that has, pursuant to legally binding arrangements, assumed responsibility for operating the Tacoma Power Transmission System or administering transmission service on the Tacoma Power Transmission System. Bonneville and Steilacoom may request an assignment of this Service Agreement from Bonneville to Steilacoom. This assignment shall include all rights and post-assignment obligations associated with this Service Agreement. Such assignment shall require mutual agreement among Tacoma Power,

Bonneville and Steilacoom, provided that Tacoma Power shall not unreasonably withhold such agreement. When notice of such assignment is provided to Tacoma Power, Bonneville and Steilacoom shall work in good faith to make any necessary modifications to this Service Agreement and the Network Operating Agreement, implement metering modifications, ensure compliance with the Tariff, and make any other adjustments necessary to allow such assignment to proceed. If Tacoma Power withholds agreement to such assignment, Tacoma Power shall provide a detailed written explanation as to why it is withholding agreement and shall include a detailed list of items that would allow Tacoma Power to agree to such assignment. A Party requesting assignment shall provide at least six months' prior written notice to the other Party. Any assignment pursuant to this Section 8.9 by an assignor to an assignee shall only be made with the contemporaneous assignment of the Network Operating Agreement, by the same assignor to the same assignee. In addition, to the extent there are, at the time of the assignment, any arrangements in place between Bonneville and Tacoma Power (apart from those specified in the Tariff, this Service Agreement, and the Network Operating Agreement) that are material to Tacoma Power's provision of Network Integration Transmission Service or the operation of Tacoma Power's Transmission System consistent with Good Utility Practice, such assignment shall also be subject to the completion of comparable arrangements between Tacoma Power and the assignee. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their successors and assigns.

- 8.10 Tariff Governs. In the event of any irreconcilable difference between the Tariff, this Service Agreement, or the Network Operating Agreement, the terms of the Tariff shall govern.
- 8.11 Interconnection with Other Systems. Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering, or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.
- 8.12 Entire Agreement. This Service Agreement, together with the Network Operating Agreement and the Tariff, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and there are no other understandings or agreements between the Parties with respect hereto.

8.13 Effect of Paragraph Headings. Headings and captions appearing in this Service Agreement are inserted for convenience of reference only and shall not be construed to be interpretations of the text of this Service Agreement.

9. Signatures

The signatories represent that they are authorized to enter into this Service Agreement on behalf of the Party for which they sign.

**BONNEVILLE POWER
ADMINISTRATION**

TACOMA POWER

By: _____

By: _____

Name: Daniel R. Yokota
(Print/Type)

Name: Chris Robinson
(Print/Type)

Title: Manager, Transfer Services

Title: Power Superintendent/COO

Date: _____

Date: _____

Exhibit A

Statement of Specifications for Network Integration Transmission Service

1. TERM OF TRANSACTION

Start Date: Hour ending 1:00 on October 1, 2018.

Termination Date: Hour ending 24:00 on September 30, 2028.

2. NETWORK RESOURCES

(a) Power Purchased from Bonneville Power Administration by Steilacoom

Resource	Capacity (MW)	Capacity Designated As Network Resource	Scheduling Agent	Balancing Authority
Contract No. 09PB-13108	11	See the forecast as attached to Exhibit D	BPA	BPA

3. NETWORK LOAD

The Application provides Steilacoom's initial annual load and resource information. Annual load and resource information updates shall be submitted to Tacoma Power at the address specified in 8.3 of this Service Agreement, by September 30 of each year, unless otherwise agreed to by the Parties.

4. DESCRIPTION OF POINT(S) OF RECEIPT

Canyon Substation

Location: The point of interconnection at Tacoma Power's Canyon Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Cowlitz Substation

Location: The point of interconnection at Tacoma Power's Cowlitz Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Northeast Substation

Location: The point of interconnection at Tacoma Power's Northeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

Southwest Substation

Location: The point of interconnection at Tacoma Power's Southeast Substation where the 230 kV facilities of Tacoma Power and Bonneville are connected.

Voltage: 230 kV

Metering: Shall be located in the 230 kV circuits over which power flows.

5. DESCRIPTIONS OF NETWORK POINT(S) OF DELIVERY

Steilacoom Substation

Location: The point in Bonneville's Steilacoom Substation where the 115kV facilities of Tacoma Power, on pole 43121, are connected to the 115kV facilities of Bonneville, on the substation structure. The Steilacoom tap is located between Tacoma Power switches 10-109 and 10-188.

Voltage: 115kV

Metering: In Bonneville's Steilacoom Substation, in the 12.5 kV circuits over which power flows.

Metering Loss Adjustment: Bonneville Power Administration will adjust for Transmission Losses between Steilacoom's point of delivery and point of metering. Such adjustments shall be specified in written correspondence between Tacoma Power and Bonneville.

Exceptions: None

6. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE

Bonneville

7. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

8. OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT

Exhibit B

Facilities Charges

DIRECT ASSIGNMENT FACILITIES CHARGES

Not applicable at this time.

Exhibit C

Ancillary and Other Services

	<u>Provided By</u>	<u>Contract No.</u>
1. Ancillary Services		
(a) Scheduling and Dispatch	Tacoma Power	
(b) Reactive Supply and Voltage Control	Tacoma Power	
(c) Regulation and Frequency Response	BPA	
(d) Energy Imbalance	BPA	
(e) Operating Reserve – Spinning Reserve	BPA	
(f) Operating Reserve – Supplemental Reserve	BPA	
2. Other		
(a) Transmission Losses	1.87%	
(b) Losses shall be settled [financially by monthly payment OR scheduled for return 168 hours after transfer]		

Exhibit D

Forecast of Load

2018 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation										8	10	11

2019 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	10	9	7	7	5	6	6	6	8	10	11

2020 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	10	9	7	7	6	6	6	6	8	10	11

2021 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	10	9	7	7	6	6	6	6	8	10	11

2022 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	11	9	7	7	6	6	6	6	8	10	11

2023 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	11	9	7	7	6	6	6	6	8	10	11

2024 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	11	9	8	7	6	6	6	6	8	10	11

2025 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	11	9	8	7	6	6	6	6	8	10	11

2026 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	11	9	8	7	6	6	6	6	8	10	11

2027 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	11	9	8	7	6	6	6	6	8	10	11

2028 Monthly Load Forecast												
Point of Delivery	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Steilacoom Substation	11	11	9	8	7	6	6	6	6			

Exhibit E
Network Operating Agreement
Between
TACOMA POWER
and
BONNEVILLE POWER ADMINISTRATION

This Network Operating Agreement (“Agreement”) is dated September 25, 2014 and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the Bonneville Power Administration (“Bonneville”) to provide service to the Town of Steilacoom (“Steilacoom”). Tacoma Power and Bonneville may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, Tacoma Power and Bonneville currently operate interconnected electric systems; and

WHEREAS, with the agreement of Steilacoom, Bonneville requested Network Integration Transmission Service from Tacoma Power for service to the load of Steilacoom pursuant to the Tariff; and

WHEREAS, concurrently with the execution of this Agreement, Tacoma Power and Bonneville have executed a Network Integration Transmission Service Agreement (as it may be amended or replaced from time to time, the “Service Agreement”), under the Tariff, pursuant to which Tacoma Power will provide Network Integration Transmission Service to Bonneville for service to the load of Steilacoom; and

WHEREAS, execution of the Service Agreement by the Parties will constitute acceptance of the terms of this Agreement which will be an Exhibit attached to the Service Agreement; and

WHEREAS, Tacoma Power and Bonneville desire to set forth in this Agreement the operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System for purposes of the Service Agreement and the Tariff.

NOW, THEREFORE, the Parties agree as follows:

1. Scope of Network Operating Agreement

- 1.1. Relationship to Agreement Limiting Liability Among Western Interconnected Systems.
This Agreement provides terms and conditions associated with technical and operational

issues necessary for the implementation of Network Integration Transmission Service under the Tariff and the Service Agreement. In performance of their respective obligations under this Agreement, the Service Agreement and the Tariff, each Party shall adhere to Good Utility Practice, subject to the Agreement Limiting Liability Among Western Interconnected Systems (“ALLAWIS”), or its replacement, so long as both Tacoma Power and Bonneville are parties to such agreement. If at any time during the term of this Agreement the ALLAWIS is terminated and is not replaced by a successor agreement to which Tacoma Power and Bonneville are both parties, Tacoma Power and Bonneville shall promptly consult in good faith and make commercially reasonable efforts to enter into mutually acceptable arrangements to address the matters previously addressed by the ALLAWIS.

- 1.2. Balancing Authority and Ancillary Services Requirements. In connection with Network Integration Transmission Service provided under the Service Agreement, Bonneville shall operate as a Balancing Authority (as defined by the NERC Reliability Standards) under applicable Reliability Requirements of NERC and WECC. The Parties acknowledge that the Network Load referred to in this Agreement is within Bonneville’s Balancing Authority Area (as defined by the NERC Reliability Standards) and the Network Resource referred to in this Agreement is within Bonneville’s Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. If at any time during the term of this Agreement, Bonneville ceases to operate as a Balancing Authority Area, then Bonneville shall provide timely notice to Tacoma Power and, effective as of such cessation, (a) satisfy its Balancing Authority requirements necessary to serve Steilacoom’s load, including all Ancillary Services, by contracting with Tacoma Power; (b) satisfy its Balancing Authority requirements necessary to serve Steilacoom’s load, including all Ancillary Services, by contracting with other entities that can satisfy those requirements in a manner that is consistent with Good Utility Practice and satisfies NERC and WECC Reliability Requirements; or (c) satisfy its Balancing Authority requirements through a combination of (a) and (b) above. If at any time during the term of this agreement Tacoma Power ceases to operate as a Balancing Authority Area, Bonneville shall have no further obligation to purchase Ancillary Services from Tacoma Power and the Parties shall work cooperatively to modify this Agreement and the Service Agreement to reflect any changes in Ancillary Service obligations.

2. Definitions

Unless defined in this Section 2 or otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

- 2.1 NERC. The North American Electric Reliability Corporation, or its successor.
- 2.2 NWPP. The Northwest Power Pool, or its successor.
- 2.3 Reliability Councils. The Western Electricity Coordinating Council (WECC), the North American Electric Reliability Corporation (NERC), their respective successors, or such other organization(s) whose mandate, in whole or in part, is to establish criteria, systems,

standards, rules, procedures, practices or management programs for the operation and reliability of the bulk electric systems.

- 2.4 Reliability Requirements. The Reliability Councils' reliability, operation, security and other similar standards applicable to a Party, and any other similar standards to which a Party is subject by law or any authority having jurisdiction.
- 2.5 Tariff. Tacoma Power's Open Access Transmission Tariff, as it may be amended or replaced from time to time.
- 2.6 Telemetry. The sending of, or the capability of sending, real-time load monitoring data from each delivery point at the interconnection site to Tacoma Power's Operating Center using RTU (SCADA) equipment for metering load, power flow, voltage or breaker status.
- 2.7 WECC. The Western Electricity Coordinating Council, or its successor.

3. Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement (see section 3.3 of the Service Agreement).

4. Network Operating Committee

- 4.1 Membership. The Network Operating Committee shall be composed of a representative(s) from Tacoma Power, Bonneville, and Steilacoom.
- 4.2 Responsibilities. The Network Operating Committee shall meet either in person or by means of electronic communication (e.g. telephone, internet, etc.) at least once per calendar year to: (a) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff and Service Agreement; (b) review designated Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (3) obtain from Tacoma Power its operating policies, procedures, and guidelines for network interconnection and operation.
- 4.3 General Customer Information Requirements. Bonneville shall, when requested by Tacoma Power, provide load forecasts, forecasts for generation by or for Steilacoom (excluding power purchased from Bonneville), schedules and any other information (a) necessary for Tacoma Power's calculation of available transmission capability on Tacoma Power's Transmission System; (b) necessary for Tacoma Power's implementation of redispatch, curtailment, load shedding and congestion management procedures; (c) necessary to enable Tacoma Power to operate its Transmission System consistent with Good Utility Practice; (d) required to be provided by a Transmission Customer under the Tariff; or (e) as otherwise required by law.

5. Interconnection of Network Resources

As of the execution date of this Agreement, Bonneville has no Network Resources directly interconnected with Tacoma Power's Transmission System. At such time as Bonneville intends to designate as a Network Resource a generation resource that is directly interconnected with Tacoma Power's Transmission System, and prior to such interconnection, Tacoma Power and Bonneville shall, subject to mutual agreement, specify applicable principles and requirements for the interconnection of generation resources and shall amend this section and this Agreement accordingly.

6. Curtailment of Network Service

6.1 Respective Roles of the Parties.

(a) As the Network Customer under the terms of the Tariff, Bonneville accepts the roles and responsibilities associated with the:

- (1) Balancing Authority; and
- (2) Load Serving Entity¹

as each is defined by NERC and WECC, for Steilacoom. Bonneville shall maintain these roles and responsibilities unless and until they are transferred to, and accepted by, Steilacoom.

(b) As the Transmission Provider under the terms of the Tariff, Tacoma Power retains the role and responsibilities of the Transmission Operator, as defined by NERC and WECC.

6.2 Balancing Authority Area of Network Load. Network Load referred to in this Agreement is within Bonneville's Balancing Authority Area and the Network Resource referred to in this Agreement originates in Bonneville's Balancing Authority Area, unless otherwise specified in Exhibit A to the Service Agreement. In addition, as of the Effective Date of this Agreement, the Parties agree to treat the Network Load as a pseudo-tie in Bonneville's Balancing Authority Area.

6.3 Manner of Curtailing Network Service. Pursuant to Sections 33.4 and 33.5 of the Tariff, Tacoma Power may require the Curtailment of Bonneville's scheduled deliveries to Steilacoom load from designated contract Network Resources under the Service Agreement. In response to such curtailment request, Bonneville shall coordinate with Tacoma Power and Steilacoom to reduce Steilacoom load to match the new schedule by

¹ Bonneville is responsible for fulfilling the role of Load Serving Entity for scheduling and load forecasting. However, Steilacoom has taken on the responsibility for load shedding and consistent with the operating protocols developed with Tacoma Power, communications regarding load shedding will be between Tacoma Power and Steilacoom. In addition, it is understood that for the interconnected facilities owned by Steilacoom, Tacoma Power and Steilacoom will address any issues.

implementing the Operating Procedures referenced in section 9.2 of this Agreement. In the event of such Curtailment, Tacoma Power shall, to the extent feasible and consistent with Good Utility Practice and on a comparable basis with service to all other affected Network Customers and Tacoma Power's bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available delivery point on Tacoma Power's Transmission System.

- 6.4 Remote Load Shedding. Remote load shedding equipment is required for any substation with a load that is equal to or greater than 10 MW. If not already installed, remote load shedding equipment will be installed and operational within six (6) months of any substation load reaching the 10 MW threshold. Bonneville has coordinated the ownership and operation of the load shedding equipment with Steilacoom.² However, if Steilacoom fails to maintain the current load shedding plan, Bonneville is required to ensure that an alternative plan acceptable to Tacoma Power is put in place.
- 6.5 Firm Load Curtailments. Bonneville agrees to accept curtailments of Network Load as a reasonable mitigation for contingencies that require such load curtailments to protect the transmission systems of either Bonneville or Tacoma Power.

7. Scheduling

- 7.1. Designation of Network Resources. Bonneville's Network Resources under the Service Agreement constitute a contract for the purchase by Steilacoom from Bonneville of Bonneville system power, and may include a power purchase by Steilacoom from a resource interconnected with a third party. At such time as Bonneville intends to designate as a Network Resource under the Service Agreement another specific generation resource directly interconnected with Tacoma Power's Transmission System or interconnected with a third-party system not already specified in Exhibit A to the Service Agreement, this Agreement may be amended to provide applicable terms and conditions regarding the scheduling of such resource.
- 7.2. Scheduling Network Resources. Schedules for Bonneville's Network Resources under the Service Agreement shall be submitted to Tacoma Power consistent with industry requirements regarding e-tagging of pseudo-ties.
- 7.3. Modification of Scheduling Procedures. During the term of this Network Operating Agreement, either Party may modify the scheduling procedures applicable to delivery of Network Resources to Steilacoom, so long as any modified scheduling procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, consistent with Section 8.4. of the Service Agreement, and (c) consistent with all applicable Reliability Requirements.

² As described in footnote 1, Steilacoom and Tacoma have developed operating protocols and load shedding instructions will be communicated through these protocols.

8. Permits, Inspection, Metering and Communications

- 8.1. Right of Entry/Permit. If any equipment or facilities associated with any point of interconnection and belonging to a Party are, or are to be, located on the property of the other Party, a permit to install, test, maintain, inspect, replace, repair, and operate such equipment and facilities during the term of this Agreement and to remove such equipment and facilities at the expiration of the term of this Agreement (together with the right of entry to said property at all reasonable times during the term of this Agreement to carry out the activities pursuant to such permit) is hereby granted to the other Party.
- 8.2. Inspection. During the term of this Agreement, each Party (“First Party”) shall, upon receipt of reasonable prior notice from the other Party (“Second Party”) specifying the date and time of the visit, provide access for the Second Party’s representatives to the interconnected facilities of the First Party as may be reasonably necessary for such Second Party’s performance of its obligations under this Agreement. The Second Party shall cause its representatives to observe during any such visit all of the First Party’s safety and security procedures or requirements of which the Second Party is then notified.
- 8.3. Metering Equipment. Bonneville shall be responsible for all costs associated with the purchase, installation, operation, maintenance, repair and replacement of (and any necessary upgrades to) all revenue and interchange metering equipment necessary for Tacoma Power to provide Network Integration Transmission Service under the Service Agreement. All metering equipment and data of Bonneville shall conform to applicable Reliability Requirements. The Parties shall review the metering equipment prior to its installation to ensure conformance with such standards or practices.
- 8.4. Additional Metering Equipment. In addition to the metering equipment installed, each Party may at any time during the term of this Agreement install metering equipment; provided that, any such installation of such metering equipment shall not be inconsistent with permit provisions of Section 8.1 above. Any such metering equipment shall be owned, operated, and maintained by the Party installing such metering equipment.
- 8.5. Testing of Metering Equipment. Notwithstanding any other provision of this Agreement, each Party during the term of this Agreement shall, at its expense, test its metering equipment associated with this Agreement in accordance with applicable Reliability Requirements, and, if requested by the other Party, shall make additional tests or inspections of such metering equipment. Each Party shall give reasonable notice to the other Party of the time when any such test or inspection is to be made, and the Party receiving notice will have the opportunity to have representatives present at such test or inspection.
- 8.6. Adjustments. If any metering equipment fails to register, or if the measurement made by such metering equipment during a test made as provided above fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made. Should any metering equipment at any time fail to register, or should registration

thereof be so erratic as to be inherently unreliable, the capacity, energy and reactive power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction or failure, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. Any metering equipment tested and found to be not more than one percent (1 %) above or below normal shall be considered to be accurate insofar as correction of billing is concerned. If any meter is found to be out of tolerance by more than one percent (1%), then the Party owning such meter shall use its best efforts to adjust the meters immediately and accurately, and there shall be a retroactive adjustment of the inaccurate meter for the twelve (12)-month period prior to the test or inspection in which such inaccuracy is found or the date of the last test or inspection, whichever date is shorter. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.

- 8.7. Billing Information. Bonneville shall during the term of this Agreement transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power, the metered information of Bonneville's metering equipment, if any, (including kilowatt-hour and kiloVAR-hour) concerning electric power delivered under this Agreement. The metered information shall be transmitted or otherwise made available electronically in a format that is acceptable to Tacoma Power's billing function on a maximum time interval of one (1) hour or by mutual agreement to a longer time interval; such acceptance shall not be unreasonably withheld. With respect to currently installed and future replacement metering equipment, Tacoma Power shall use good faith efforts to work with the owners of such metering equipment to develop a format that is acceptable to Tacoma Power and such acceptance shall not be unreasonably withheld.
- 8.8. Exchange of Metered Data. The Party owning, operating, and maintaining each meter used to determine billing associated with the Service Agreement shall provide or arrange to be provided to the other Party all hourly meter readings and any more frequent load profile information, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to the other Party as soon as reasonably possible in the succeeding month and no later than by 10:00 a.m. of the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Each Party shall notify the other Party as soon as practicable of system configuration changes on its system or other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.
- 8.9. Use of Bonneville's Meter Reading Information. Consistent with Section 8.8 above, Bonneville shall transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power its real and reactive power metering data, if any, at the delivery points, in a format compatible with the billing information systems used by Tacoma Power.

- 8.10. Metering and Communications Required for Integration of Network Resources. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the integration of any generation resource to be designated an on-system Network Resource under the Service Agreement and on Tacoma Power's Transmission System. Such equipment, operation, maintenance shall comply with all applicable laws and regulations including Reliability Requirements.
- 8.11. Metering and Communications Required for Ancillary Services. Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the provision of Ancillary Services by Bonneville or by a third party. All such metering and communication installations shall be installed, operated, and maintained pursuant to all applicable laws and regulations including Reliability Requirements.
- 8.12. Real-Time Data Acquisition.
- (a) Installation of real-time Telemetry equipment, if any, shall be performed by the Party responsible for providing such real-time Telemetry equipment. Any such real-time Telemetry equipment shall be owned, operated and maintained by the Party installing such equipment.
 - (b) Each Party shall permit the other Party to install, or cause to be installed, real-time Telemetry equipment reasonably acceptable to both Parties as may be necessary from time to time during the term of the Service Agreement to replace or upgrade the real-time Telemetry equipment as specified above. Any such replacement real-time Telemetry equipment is to be owned, operated and maintained by the Party installing such equipment.
- 8.13. Real-Time Data Acquisition Upgrades. Upgrades of real-time Telemetry equipment and data, if any, from time to time during the term of this Agreement to be received by Tacoma Power and Bonneville shall be at the reasonable discretion of Tacoma Power, as deemed necessary for reliability, security, and/or monitoring of Tacoma's Balancing Authority Area operations. To the extent Telemetry changes are required in order to meet applicable Reliability Requirements, Bonneville shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the Telemetry related to Steilacoom's load to be received by Tacoma Power. Each Party shall be responsible for its cost of making any computer modifications or changes required to its own computer system(s) as necessary to implement this Section 8.13.

9. **Operation and Maintenance**

- 9.1. Maintenance Scheduling and Continuity of Service. Tacoma Power may require Curtailment or otherwise temporarily suspend service at the delivery points:

- (a) pursuant to Section 33 of the Tariff; and
 - (b) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff.
- 9.2. Emergency Planning and Operation. As the operator of its Transmission System, Tacoma Power may undertake planning, coordinating, and implementing emergency operations applicable to Tacoma Power's Transmission System to meet NERC and WECC Reliability Requirements and NWPP reliability planning and operations objectives. Bonneville and Tacoma shall work jointly to develop Operating Procedures to determine actions to be taken by each Party during conditions such as constraints on Tacoma's system that reduce Tacoma's ability to provide transfer service to all of Steilacoom's load, or curtailments to Bonneville's schedules that reduce Bonneville's ability to schedule at a level needed to serve all of Steilacoom's load. The Operating Procedure shall include coordinated actions for restoring Steilacoom's load following return to normal transmission system conditions.
- 9.3. Modification of Operating Procedures. During the term of this Service Agreement, either Party may modify the Operating Procedures applicable to delivery of Network Resources to Network Load, provided that any proposed modifications to the Operating Procedures are (a) transmitted to the other Party, (b) acknowledged and agreed to by an authorized representative from both Bonneville and Tacoma Power, and (c) consistent with all applicable Reliability Requirements.

10. Miscellaneous

- 10.1. Notices. Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.
- 10.2. Assignment. See section 8.9 of the Service Agreement.
- 10.3. Amendments. This Agreement may be amended (a) upon Tacoma Power's application to and receipt of approval from the Utility Board provided that the Utility Board determines that such changes are required to maintain consistency with applicable Reliability Requirements or to reflect, consistent with Good Utility Practice, modifications to Tacoma Power's Transmission System, and (b) by written agreement of the Parties.

Exhibit F

Power Factor Compensation Calculation Methodology

Calculation Methodology for VAr Losses Charge:

The compensation formula uses the measured Voltage-Amperes (VA) and Volts (V) at the applicable points of delivery and/or metering points. The compensation to be paid by Bonneville for Volt-Ampere reactive (VAr) for each hour during which the Steilacoom load did not achieve a power factor of at least 0.97 shall be calculated as set forth below.

The formula for VAr losses when VAr flow measured is from Tacoma Power to Steilacoom is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{in-to-load}} - W \times 0.2506$$

The formula for VAr losses when VAr flow measured is from Steilacoom to Tacoma Power is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{out-of-load}} - W \times 0.2506$$

Where $\text{VAr}_{\text{in-to-load}}$, $\text{VAr}_{\text{out-of-load}}$, and Watts (W) are as measured at each point of delivery and/or metering point. The $W \times 0.2506$ term credits VAr consumption by Steilacoom down to a power factor of 0.97.

In each hour, the VAr_{loss} is calculated by the above formula. When the calculated VAr_{loss} is a positive number it is accumulated with all other positive VAr_{loss} in the metering period, and multiplied by the VAr charge per VArH. Examples of conditions with VAr in-to-load and VAr out-of-load are given in the following.

Sample Calculations

Example: VAr in-to-load for 1 hour

Power Factor (p.f.)	0.80	$\text{VAr} = \tan(\cos^{-1} \text{p.f.}) \times W$
Real Power	4,000	(kW)
Reactive Power	3,000	Voltage-Ampere reactive (kVAr)

Formula for VAR losses:

$$\text{kVAR}_{\text{loss}} = \text{kVAR}_{\text{in-to-load}} - \text{kW} \times 0.2506 = 3,000 - 1,002 = 1,997 \text{ kVARH}$$

Reactive Charge (\$/kVARH) \$0.00098

kVAR Hourly Charge \$1.96

Example: kVARs out-of-load for 1 hour

Power Factor	0.90	
Real Power	4,000	(kW)
Reactive Power	1,937	Voltage-Ampere reactive (kVAR)

Formula for VAR losses:

$$\text{kVAR}_{\text{loss}} = \text{kVAR}_{\text{out-of-load}} - \text{kW} \times 0.2506 = 1,937 - 1,002 = 934.5 \text{ kVARH}$$

Reactive Charge (\$/kVARH) \$0.00098

kVAR Hourly Charge \$0.92