

Appendix B

DEFINITIONS

The following terms shall have the following meanings in this agreement:

Additional Bonds means one or more series of additional bonds issued, executed, authenticated and delivered under the Indenture.

Agreement or Lease Agreement means the Lease Agreement dated as of \_\_\_\_\_ between the Issuer and the Lessee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Authorized Representative means, (i) in the case of the Issuer, the \_\_\_\_\_ or \_\_\_\_\_ thereof, or any officer or employee of the Issuer authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Lessee, those officers or employees authorized to act pursuant to letters of authority issued from time to time by the Administrator of the Lessee and delivered to the Issuer and the Trustee.

Beneficial Owner means, whenever used with respect to a Series 2004 Bond, the Person in whose name such Series 2004 Bond is recorded as the beneficial owner of such Series 2004 Bond by each of the Participants of DTC.

Bond Fund means the Bond Fund established by Section 5.01 of the Indenture.

Bond Registrar means the Trustee acting as registrar as provided in Section 3.04 of the Indenture.

Bondholder, Holder of Bonds, Holder or holder means any Person who shall be the registered owner of any Bond or Bonds.

Bonds means the Series 2004 Bonds and any Additional Bonds, authenticated and delivered pursuant to the Indenture.

Business Day means a day (a) other than a day on which banks located in The City of New York, New York or the cities in which the principal offices of the Trustee, the Paying Agent, the Lessee or the Issuer are located are required or authorized by law or executive order to close and (b) on which the New York Stock Exchange is not closed.

Capitalized Interest Account means the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Cede & Co. means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2004 Bonds.

Construction Account means the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Construction Agency Agreement means the Construction Agency Agreement, dated as of \_\_\_\_\_, 2004, between the Northwest Infrastructure Financing Corporation and the United States of America, Department of Energy acting by and through the Administrator of the Bonneville Power Administration.

Dated Date means \_\_\_\_\_, as indicated on the Series 2004 Bonds.

DTC means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

Event of Default under the Indenture shall have the meaning specified in Section 8.01 of the Indenture and Event of Default under the Lease Agreement shall have the meaning specified in Section 6.1 of the Lease Agreement.

Facility Equipment means all fixtures, machinery, equipment, chattels and articles of personal property the acquisition and/or the installment of all or a portion of which is financed with proceeds of the Bonds of any Series and all appurtenances and additions thereto and substitutions and replacements thereof, now or hereafter attached to or contained in or located on the Facility Realty, which are used or usable in connection with the present or future operation thereof or the activities at any time conducted therein, including, without limitation, any machinery, equipment and other tangible personal property acquired and installed as part thereof pursuant to Section 3.3 or 4.1 of the Lease Agreement, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor and all parts, additions and accessories incorporated therein or affixed thereto, but excluding property released pursuant to Section 3.4 or 7.1 of the Lease Agreement.

Facility Realty means the land described in the Description of Facility Realty in the Appendices to the Lease Agreement on which the Facility Equipment is located. The Facility Realty is not owned by the Issuer. The Facility Realty may be amended from time to time without the consent of the Bondholders.

Fiscal Year of the Lessee or Fiscal Year means a year of 365 or 366 days, as the case may be, commencing on October 1 and ending on September 30 or such other year of similar length as to which the Lessee shall have given prior written notice thereof to the Issuer and the Trustee at least sixty (60) days prior to the commencement thereof.

Funds means the Funds established and created pursuant to and held by the Trustee under the Indenture.

Government Obligations means direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America.

Impositions shall have the meaning set forth for such term in Section 3.5 of the Lease Agreement.

Indemnified Parties means, collectively, the Issuer, the Trustee, the Bond Registrar and the Paying Agent(s).

Indenture means the Indenture of Trust, dated as of \_\_\_\_\_, by and between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article 11 of the Indenture.

Interest Payment Date means, with respect to the Series 2004 Bonds, \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing \_\_\_\_\_.

Issuer means \_\_\_\_\_.

Legal Requirements shall have the meaning set forth for such term in Section 3.6 of the Lease Agreement.

Lessee means the United States of America Department of Energy acting by and through the Bonneville Power Administration.

Loss Event shall have the meaning set forth for such term in Section 4.1(a) of the Lease Agreement.

Opinion of Counsel means a written opinion of counsel who may (except as otherwise expressly provided in the Lease Agreement or Indenture) be counsel for the Lessee or the Issuer and who shall be acceptable to the Trustee.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, means all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Section 10.01 of the Indenture, there has been separately set aside and held in the Bond Fund either:

(a) moneys, and/or

(b) Government Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys, in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Government Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article 3 of the Indenture, provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Lessee shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded; and

(iv) Bonds paid or deemed paid pursuant to Section 10.02 of the Indenture.

Participants means those broker-dealers, banks and other financial institutions for which DTC holds Series 2004 Bonds as securities depository together with any indirect participants in DTC.

Paying Agent means any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Indenture or, if no separate Paying Agent is so appointed, means the Trustee.

Permitted Encumbrances means, as of any particular time,

(i) the Lease Agreement and the Indenture;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not in default;

(iii) utility, access and other easements and rights-of-way, restrictions and exceptions that an Authorized Representative of the Lessee certifies to the Issuer and the Trustee will not interfere with or impair the Lessee's use of the Project as provided in the Lease Agreement;

(iv) such minor defects, irregularities, encumbrances, easements, rights-of-way (including agreements with any railroad the purpose of which is to service a railroad siding) and clouds on title as normally exist with respect to property similar in character to the Project and as do not, in the Opinion of Counsel, either singly or in the aggregate, materially impair the value or use of the property affected thereby for the purpose for which it was acquired and held by the Issuer under the Lease Agreement;

(v) any mechanics', workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien or right in respect thereof if payment is not yet due and payable, all if and to the extent permitted by Section 5.4 of the Lease Agreement; and

(vi) any mortgage, lien, security interest or other encumbrance which exists in favor of the Trustee or to which the Trustee shall consent.

Person means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government, any agency or political subdivision thereof or any other entity.

Project means the Facility Equipment located on the Facility Realty, all more particularly described in the Description of Project in the Appendices to the Indenture and the Appendices to the Lease Agreement. Additions, extensions or improvements to the Project shall not be required to be directly connected to any existing part of the Project. The Project may be amended from time to time without the consent of the Bondholders. Notwithstanding anything herein to the contrary, the Project shall exclude any [fiber optic cable or wires or other facilities not used for the transmission of power across the lines] installed by the Lessee on any portion of the Project.

Project Costs means

(i) all costs of engineering and architectural services with respect to the Project, including the cost of test borings, surveys, estimates, plans and specifications and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;

(ii) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, suppliers, builders and materialmen in connection with the completion of the Project;

(iii) the interest on the Bonds during the construction of the Project;

(iv) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction;

(v) the payment of the fees and expenses of the Trustee during the period of construction of the Project, legal and financial fees and expenses, fees of Underwriters, printing and engraving costs, and all other costs and expenses incurred by or for the account of the Issuer or the Lessee in connection with the preparation, authorization, sale, printing, and issuance of the Bonds, Blue Sky fees and expenses, and the preparation and execution of the Lease Agreement and the Indenture and all other documents in connection therewith or herewith;

(vi) all costs which are required to be paid, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Lessee for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project;

(vii) all other costs and expenses relating to the completion of the Project or the issuance of Additional Bonds.

Project Fund means the Project Fund established by Section 5.01 of the Indenture.

Qualified Investments means, to the extent permitted by applicable law, the following: (i) Government Obligations; (ii) obligations issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: (a) Federal Home Loan Bank System; (b) Export-Import Bank of the United States; or (c) Federal Financing Bank; (iii) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933; (iv) certificates of deposit issued by commercial banks, savings and loan associations or mutual savings banks; (v) savings accounts, deposit accounts or money market deposits; (vi) commercial paper rated, at the time of purchase, "Prime - 1" by Moody's or "A-1" or better by S&P; (vii) bonds or notes issued by any state or municipality which are rated by Moody's or S&P in one of the three highest rating categories assigned by such agencies; (viii) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P; (ix) investment agreements; (x) money market mutual funds, including, without limitation, any fund for which the Trustee or an affiliate of the Trustee serves as an investment advisor, administrator, shareholder, servicing agent and/or custodian or subcustodian; and (xi) repurchase agreements.]

Record Date means, with respect to any Interest Payment Date for the Series 2004 Bonds, the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

Redemption Price means, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Representation Letter means the Representation Letter from the Issuer and the Trustee to DTC with respect to the Series 2004 Bonds, which shall be the binding obligation of the Issuer and the Trustee.

Reserved Rights means, collectively,

(i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Lease Agreement;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Lease Agreement;

(iii) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under, or otherwise exercise its rights under Sections 3.5, 3.6 and 5.2 of the Lease Agreement; and

(iv) the right of the Issuer in its own behalf to declare an Event of Default under Section 6.1 of the Lease Agreement with respect to any of the Issuer's Reserved Rights.

Series 2004 Bonds means the Issuer's [\$\_\_\_\_\_] Transmission Facility Lease Revenue Bonds, Series 2004 issued, executed, authenticated and delivered under the Indenture.

Series means all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

Sinking Fund Installment means the amount required by the Indenture as payable on a single future date for the retirement of any Outstanding Bonds of a Series which are expressed to mature after such future date, but does not include any amounts payable by reason only of the maturity of a Bond.

State means the State of Washington.

Supplemental Indenture means any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article 11 of the Indenture.

Trust Estate means all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee pursuant to the granting clauses of the Indenture.

Trustee means \_\_\_\_\_, in its capacity as Trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.