

**EXH. PAH-12C
DOCKETS UE-240004/UG-240005
2024 PSE GENERAL RATE CASE
WITNESS: PHILIP A. HAINES**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-240004
Docket UG-240005**

**ELEVENTH EXHIBIT (CONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

PHILIP A. HAINES

ON BEHALF OF PUGET SOUND ENERGY

REDACTED VERSION

FEBRUARY 15, 2024

**CONTRACT
FOR
SALE OF OUTPUT FROM THE ROCKY REACH
PROJECT AND ROCK ISLAND PROJECT**

Slice Product 38

REDACTED VERSION

INDEX TO SECTIONS

<u>Section</u>	<u>Page</u>
Section 1. Term of Contract	1
Section 2. Definitions	1
Section 3. Purchase and Sale of Output	7
Section 4. Output Availability	8
Section 5. Purchase Price and Payments by Purchaser	10
Section 6. Delivery of Output	11
Section 7. Points of Delivery/Transmission	17
Section 8. Metering	18
Section 9. Information to be Made Available to Purchaser	19
Section 10. Environmental Attributes	20
Section 11. Liability of Parties/Disclaimer of Warranties/Risk of Loss/No Dedication	20
Section 12. Notices and Computation of Time	22
Section 13. District's Licenses	23
Section 14. Assignment of Contract	23
Section 15. Default; Remedies on Default	23
Section 16. Termination Payment	26
Section 17. [REDACTED]	29
Section 18. Governing Law, Venue and Attorney Fees	29
Section 19. Compliance with Law	29
Section 20. Headings	30
Section 21. Entire Agreement; Modification; Conflict in Precedence	30
Section 22. No Partnership or Third Party Rights	30
Section 23. Representations and Warranties	30
Section 24. Severability	31
Section 25. Authority to Sign	33

Appendices

Appendix A – Output, Scheduling, Planning and Transmission

Appendix B – Purchaser's Bid Form (Attached Bid Form)

Appendix C – Start Cycle Tracking Methodology

**CONTRACT
FOR
SALE OF OUTPUT FROM THE ROCKY REACH PROJECT AND ROCK ISLAND
PROJECT**

Executed by
**PUBLIC UTILITY DISTRICT NO. 1
OF CHELAN COUNTY, WASHINGTON**
And

PUGET SOUND ENERGY, INC.

This contract is entered into as of March 29, 2023 (“Effective Date”) between Public Utility District No. 1 of Chelan County, Washington (the “District”), a municipal corporation of the State of Washington, and Puget Sound Energy, Inc. (the “Purchaser”), a corporation organized and existing under the laws of Washington. The District and the Purchaser are referred to as a “Party” and collectively as “Parties.”

SECTION 1. TERM OF CONTRACT

Except as otherwise provided herein, this Contract shall be in full force and effect from and after execution by the District and the Purchaser. [REDACTED]

[REDACTED]. Except as otherwise provided herein, all obligations accruing under this Contract are preserved until satisfied.

SECTION 2. DEFINITIONS

As used in this Contract, the following definitions shall apply throughout this Contract and Appendices. Other terms are defined in the text of the Contract, the Appendices and the Collateral Annex.

“Balancing Authority Area (BAA)” has the meaning given in the NERC glossary.

“Business Day” means any day other than a Saturday or Sunday or a national holiday (United States of America or Canadian). United States holidays shall be holidays observed by Federal Reserve member banks in New York, New York. If the Purchaser has its principal place of business in the United States, Canadian holidays shall not apply. If the Purchaser has its principal place of business in Canada, both United States and Canadian holidays shall apply. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. PPT.

“Canadian Entitlement” means the amount of energy and capacity that Rocky Reach and Rock Island are obligated to return to Bonneville Power Administration (BPA) in its capacity as the U.S. Entity for the account of the Canadian government to fulfill obligations under the U.S.-

Canadian Columbia River Treaty of 1964, or successor treaty or international agreement, as defined in the Canadian Entitlement Allocation Extension Agreement.

“Canadian Entitlement Allocation Extension Agreement” means the April 1997 Canadian Entitlement Allocation Extension Agreement by and between the United States of America, acting by and through the Bonneville Power Administration, acting in the capacity of Bonneville Power Administrator and acting for and on behalf of the United States Entity, and Public Utility District No. 1 of Chelan County, Washington, or any successor agreement that imposes an obligation to return Canadian Entitlement.

“Capacity” means the generation potential of Rocky Reach and Rock Island as adjusted for limitations and obligations in accordance with Appendix A.

"Change in Control" [REDACTED]

“COLA” means the District’s Coordinated Optimization Logic and Accounting system, which includes the energy management system, river models, project and unit dispatch models and logic, spill and other operational logic, and accounting systems for operations associated with Output.

“Collateral Annex” means the agreement entered into between the Parties entitled Collateral Annex.

“Contract” means this CONTRACT FOR SALE OF OUTPUT FROM THE ROCKY REACH PROJECT AND ROCK ISLAND PROJECT SLICE PRODUCT 38 in its entirety.

“Day Ahead Mid-C Off-Peak Index Price” means the price on a day-ahead basis for energy transactions (Physical Off-Peak “Off-Peak Hours” as defined by ICE) at Mid-C, as published by ICE.

“Day Ahead Mid-C Peak Index Price” means the price on a day-ahead basis for energy transactions (Physical Peak “Peak Hours” as defined by ICE) at Mid-C, as published by ICE.

“Defaulting Party” means the Party who is responsible for or suffers an “Event of Default” as defined in Section 15.

“Delivery Period Contract Price” has the meaning given in the Collateral Annex.

“District Business Practices” means those policies, procedures, operating protocols, and business practices of the District that are in effect and amended from time to time.

“District Slice Operating Instructions” means those instructions and details pertaining to the Rocky Reach Project and the Rock Island Project Output and provisions contained in this Contract adopted by the District from time to time.

“District System Emergency” means a condition or situation that, in the judgment of the District or in conformance with guidelines of FERC, NERC, the WECC, the RC West or other entities with regulatory jurisdiction (whether by contract or operation of law) over the District concerning system emergencies, adversely affects or is likely to adversely affect or is necessary to protect: (i) public health, life or property; (ii) District’s employees, agents or property; (iii) District’s ability to maintain safe and reliable electric service to its customers; (iv) preserve, maintain or reestablish the safety, reliability, integrity or operability of the Western Interconnection and the District’s electric system and the hydroelectric projects owned and operated by the District; or (v) environmental and water quality standards and requirements.

[REDACTED]

“Dynamic Transfer Agreement” means a dynamic scheduling, pseudo tie or other agreement entered into by the Purchaser and the District.

“Energy” means the energy production, expressed in megawatt hours, of the Rocky Reach Project and the Rock Island Project as measured in megawatts integrated over an hour and adjusted for limitations and obligations in accordance with Appendix A.

“Environmental Attributes” means the fuel, emissions, and all other environmental characteristics, credits, allowances, claims, reductions, offsets, and benefits associated with the generation of electricity from a renewable resource of the Rocky Reach Project and the Rock Island Project, except any energy, capacity, reliability or other power attributes used to provide electricity service as defined in this Contract. Environmental Attributes, also known as non-power attributes, include but are not limited to: (1) facility’s fuel type, geographic location, vintage; (2) any avoided emissions of pollutants to the air, soil or water such as (subject to the foregoing) sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; and (3) any avoided emissions of carbon dioxide (CO2), methane (CH4) and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to absorb infra-red radiation in the atmosphere and contribute to the actual or potential altering of the Earth's climate by trapping heat in the atmosphere.

“FERC” means the Federal Energy Regulatory Commission or its successor.

“FERC License” means the respective license for the Rocky Reach and Rock Island Hydroelectric Project issued by FERC, as applicable.

“Government Authority” means any federal, state, local, territorial or municipal government and any department, commission, board, bureau, agency, instrumentality, judicial, or administrative body thereof.

“Guarantor” means the entity providing a guarantee pursuant to a guarantee agreement, if applicable.

“ICE” means Intercontinental Exchange, Inc.

“Incremental Efficiency Gains” means the Energy derived from any improvements or efficiency upgrades at Rocky Reach Project and the Rock Island Project completed after January 1, 1994, including but not limited to the installation or modification of equipment and structures or operating protocols, which the District determines result in improved or increased efficiency or capacity and/or produces incremental electricity.

“MW” means a megawatt, or one thousand (1,000) kilowatts.

“MWh” means a megawatt hour or one thousand (1,000) kilowatt hours.

“NERC” means the North American Electric Reliability Corporation or its successor responsible for ensuring a reliable, adequate, and secure bulk electric system.

“NERC Holiday” means any day designated as a holiday by NERC.

“Off-Peak Hours” means (a) for Monday through Saturday (but excluding NERC Holidays), (i) the hours between 00:00 PPT and continuing through and including 06:00 PPT and (ii) the hours between 22:00 PPT and continuing through and including 24:00 PPT and (b) all hours on Sundays and NERC holidays.

“Operating Agreements” means any agreements to which the District is or may become a party, and which relate to the operation of Rocky Reach and Rock Island, including but not limited to, the Pacific Northwest Coordination Agreement, and the Northwest Power Pool (NWPP) Agreement, as such agreements currently exist or hereafter may be amended.

“Organized Market Participation” means the use of Purchaser’s Percentage of Output in an organized wholesale electric market where the Purchaser’s Percentage of Output dispatch instructions are issued by an independent market operator or similar party.

“Organized Market Participation Operating Agreement” means an agreement between the Purchaser and the District that describes the terms and requirements for Organized Market Participation by Purchaser’s Percentage of Output.

“Output” means an amount of Energy, Capacity, and certain related rights available from the Rocky Reach Project and the Rock Island Project, as applicable, in each case to the extent

described in and determined pursuant to Appendix A hereof. Output includes any Energy or Capacity from facilities producing Incremental Efficiency Gains, and the Purchaser's Output amounts will include the Purchaser's Output Percentage of any Energy or Capacity from facilities producing Incremental Efficiency Gains; however, the Purchaser's Output will be made available by the District pursuant to this Contract from that portion of the Rocky Reach Project and the Rock Island Project that does not include Incremental Efficiency Gains. Output includes Environmental Attributes.

"Pacific Northwest Coordination Agreement" or "PNCA" means the Agreement amongst northwest parties executed in 1997 for the coordinated operation of the Columbia River System which became effective August 1, 2003, as such Agreement may be amended or superseded from time to time.

"Peak Hours" means the hours between 06:00 PPT and continuing through and including 22:00 PPT, excluding Sundays and NERC Holidays.

"Performance Assurance" has the meaning given the Collateral Annex.

"Physical Start Cycle" has the meaning set forth in Appendix C.

"Point of Delivery" means one of the points of delivery described herein at Section 7(b).

"Powerdex Real Time Hourly Index Price" means the price as reported in the Powerdex Real Time Mid-Columbia Power Index, as published by Powerdex, Inc.

"Pre-Schedule Day" means days so designated by the District pursuant to the Western Electricity Coordinating Council Interchange Scheduling and Accounting Subcommittee daily scheduling calendar.

"Project" means the Rocky Reach Hydroelectric Project or the Rock Island Hydroelectric Project, as applicable, and Projects means both the Rocky Reach Hydroelectric Project and the Rock Island Hydroelectric Project.

"Prudent Utility Practice" means any of the practices, methods and acts engaged in, or approved by, a significant portion of the electric utility industry in the Western Interconnection for operating facilities of a size and technology similar to the Project during the relevant time period, or any of the practices, methods and acts, which, in the exercise of reasonable judgment in light of the facts known, at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with applicable laws, longevity, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of commonly used practices, methods and acts.

"Purchaser Allowable Start Cycles" has the meaning set forth in Appendix C.

"Purchaser Start Cycles" has the meaning set forth in Appendix C.

“Purchaser’s Output” and “Purchaser’s Output Percentage” have the meanings set forth in Section 3 of this Contract.

“Purchase Price” has the meaning set forth in Section 5.

“RC West” means the California Independent System Operator, or its successor, in its role as and fulfilling the duties of the registered Reliability Coordinator as defined by NERC, and as delegated by WECC for the District’s BAA and transmission system.

“Renewable Energy Credit” means a tradable certificate of proof of one megawatt-hour of a renewable resource. The certificate includes all of the Environmental Attributes associated with that one megawatt-hour of electricity.

“Rock Island” means the District’s Rock Island Hydroelectric Project as currently licensed by FERC under license number 943, and any successor license, including any efficiency improvements and upgrades that increase generating capacity, in each case made by the District from time to time during the term of this Contract. The improvements and upgrades are included in this definition only as related to the equivalent amount of Output to be delivered pursuant to the definitions in Section 3 of this Contract.

“Rocky Reach” means the District’s Rocky Reach Hydroelectric Project as currently licensed by FERC under license number 2145, and any successor license, including any efficiency improvements and upgrades that increase generating capacity, in each case, made by the District from time to time during the term of this Contract. The improvements and upgrades are included in this definition only as related to the equivalent amount of Output to be delivered pursuant to the definitions in Section 3 of this Contract.

“Slice Contract” means any contract titled “Contract(s) for Sale of Output from the Rocky Reach Project and Rock Island Project” executed by the Parties.

“Slice Termination Payment” means the sum of the amounts due as described in Section 16.

“Uncontrollable Forces” means any cause reasonably beyond the control of the Party and which the Party subject thereto has made reasonable efforts to avoid, remove or mitigate, including but not limited to acts of God, fire, flood, storm, explosion, strike, sabotage, acts of terrorism, acts of the public enemy, civil or military authority, including court orders, injunctions, and orders of government agencies (other than those of the District) with proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment or contractors, or inability to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers; provided, however, that in no event shall an Uncontrollable Force excuse the Purchaser from the obligation to pay any amount when due and owing under this contract. Uncontrollable Forces shall not be based on (i) the loss of Purchaser’s markets; (ii) Purchaser’s inability economically to use or resell the Output purchased hereunder; or (iii) the District’s ability to sell the Output at a price greater than the Purchase Price agreed upon in this Contract. Purchaser shall not be entitled to and may not raise a

claim of Uncontrollable Forces based in whole or in part on the curtailment by a third-party transmission provider.

“Unit” means each generating unit or collectively the generating units at the Projects, as applicable.

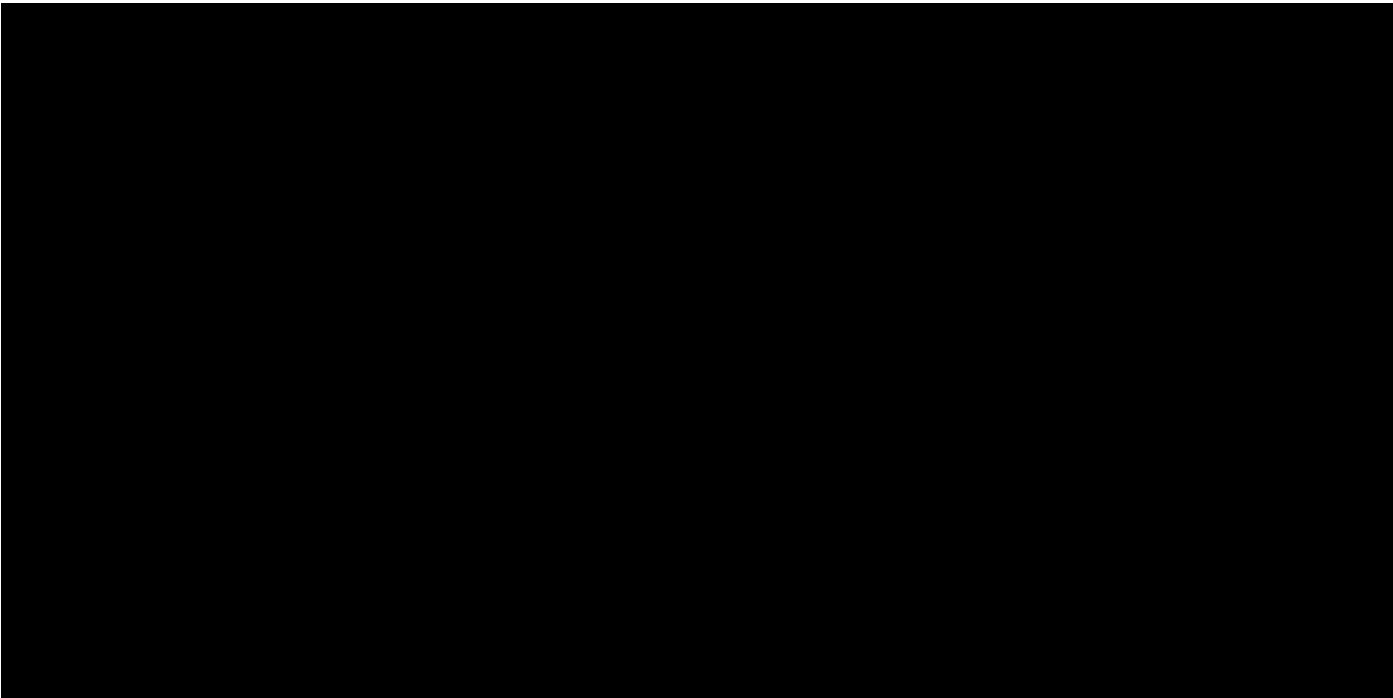
“WECC” means the Western Electricity Coordinating Council or its successor, or such other entity or entities responsible for regional reliability as determined by the District.

“Western Interconnection” means the synchronously operated electric transmission grid located in the western part of North America, including parts of Montana, Nebraska, New Mexico, South Dakota, Texas and Mexico and all of Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, Washington, Wyoming and the Canadian provinces of British Columbia and Alberta.

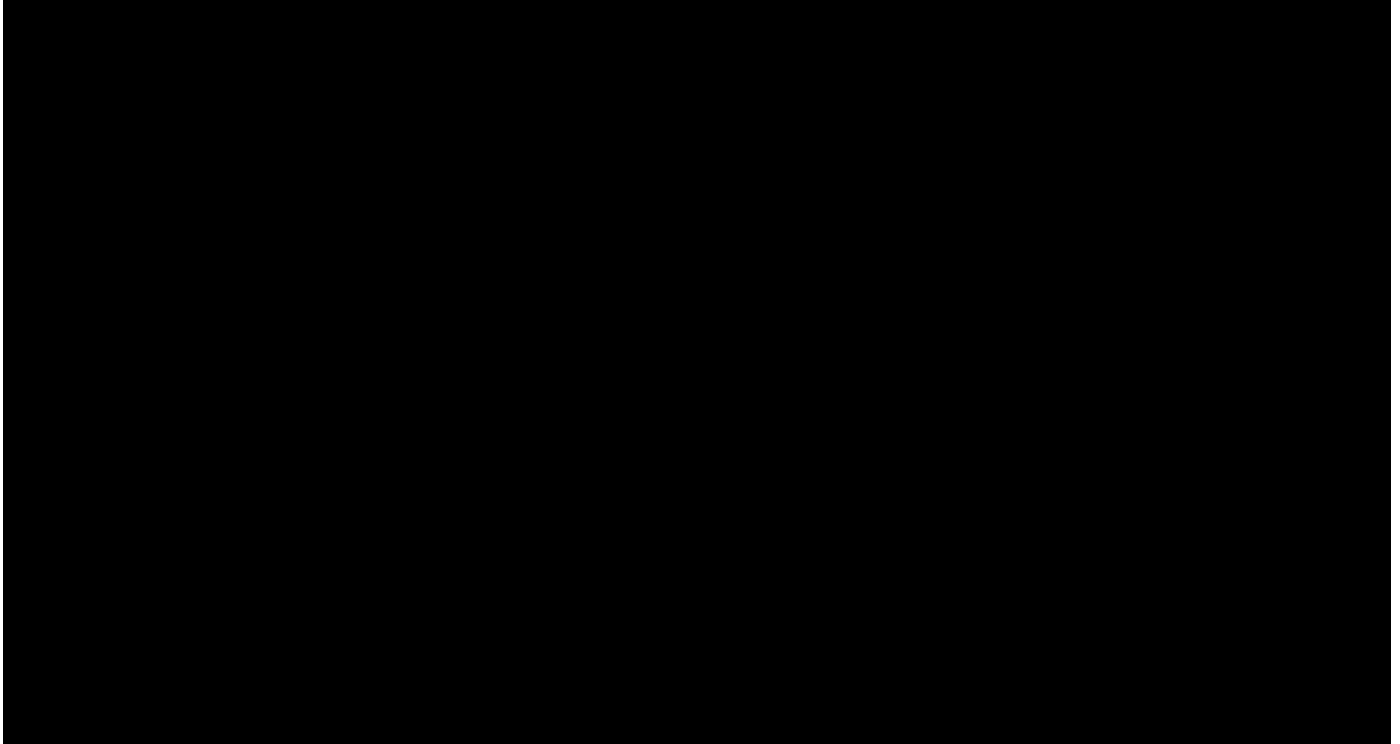
“WSPP Agreement” means the WSPP Agreement, including Service Schedules and Exhibits attached, the Master Confirmation Agreement to the WSPP Agreement executed by the Parties, any amendments and annexes thereto agreed to between the Parties, and all transactions evidenced by confirmations between the Parties entered into or conducted thereunder. The numbering of sections contained herein correspond to the WSPP Agreement effective as of August 26, 2022 and any renumbering of the sections shall not affect the terms of this Agreement.

“WSPP Transactions” mean all transactions between the Parties conducted under the WSPP Agreement including Service Schedules and Exhibits attached, as may be amended, and any confirmations of such transactions as defined in the WSPP Agreement.

SECTION 3. PURCHASE AND SALE OF OUTPUT

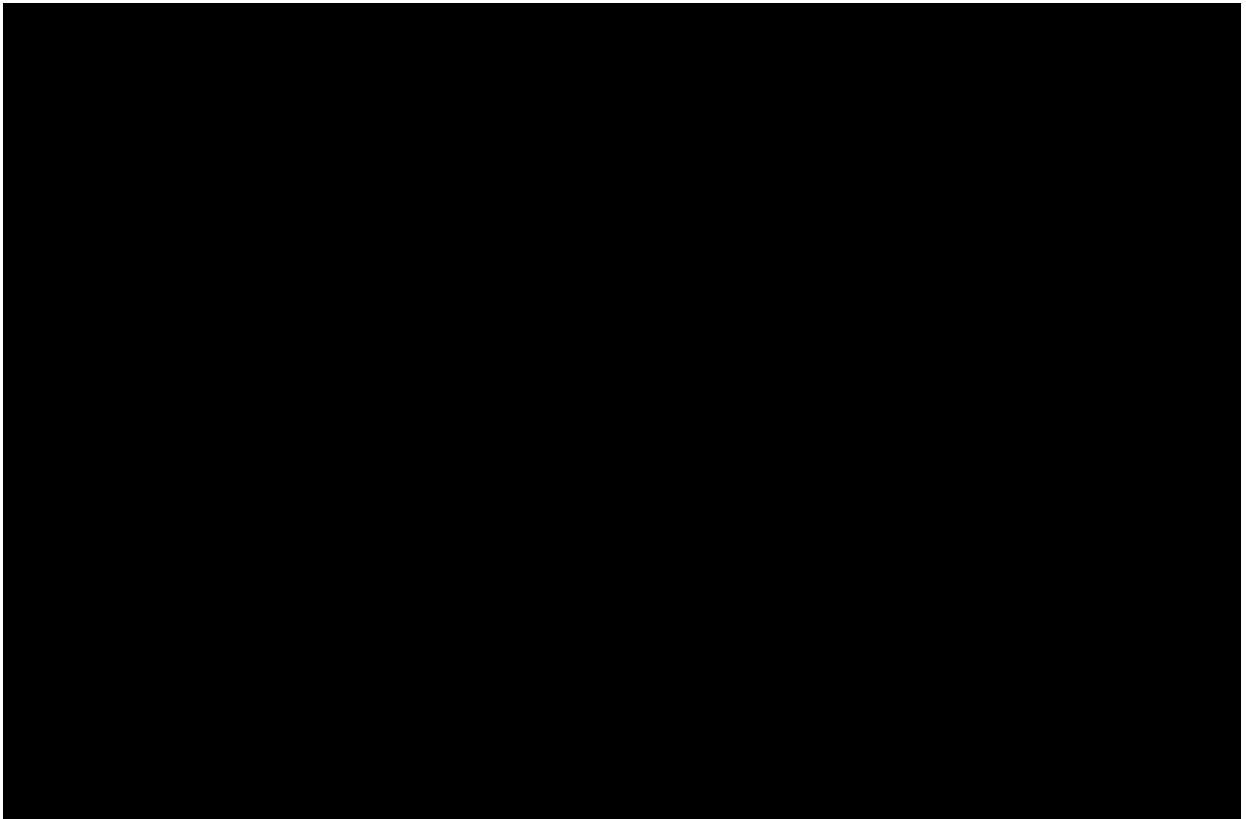






SECTION 4. OUTPUT AVAILABILITY

(a)



(b)

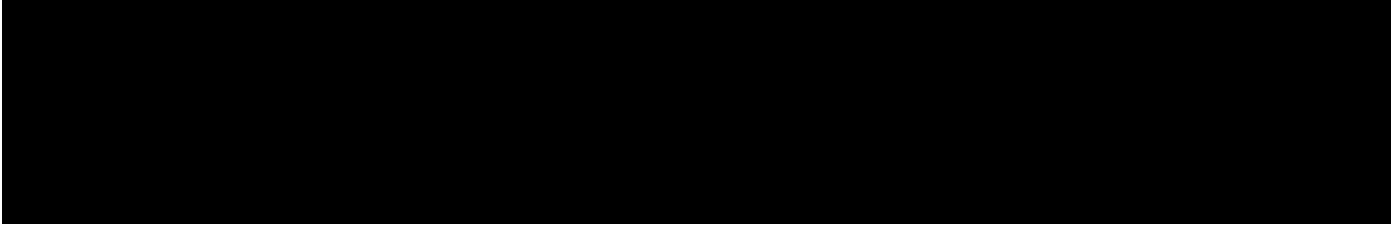


(c)

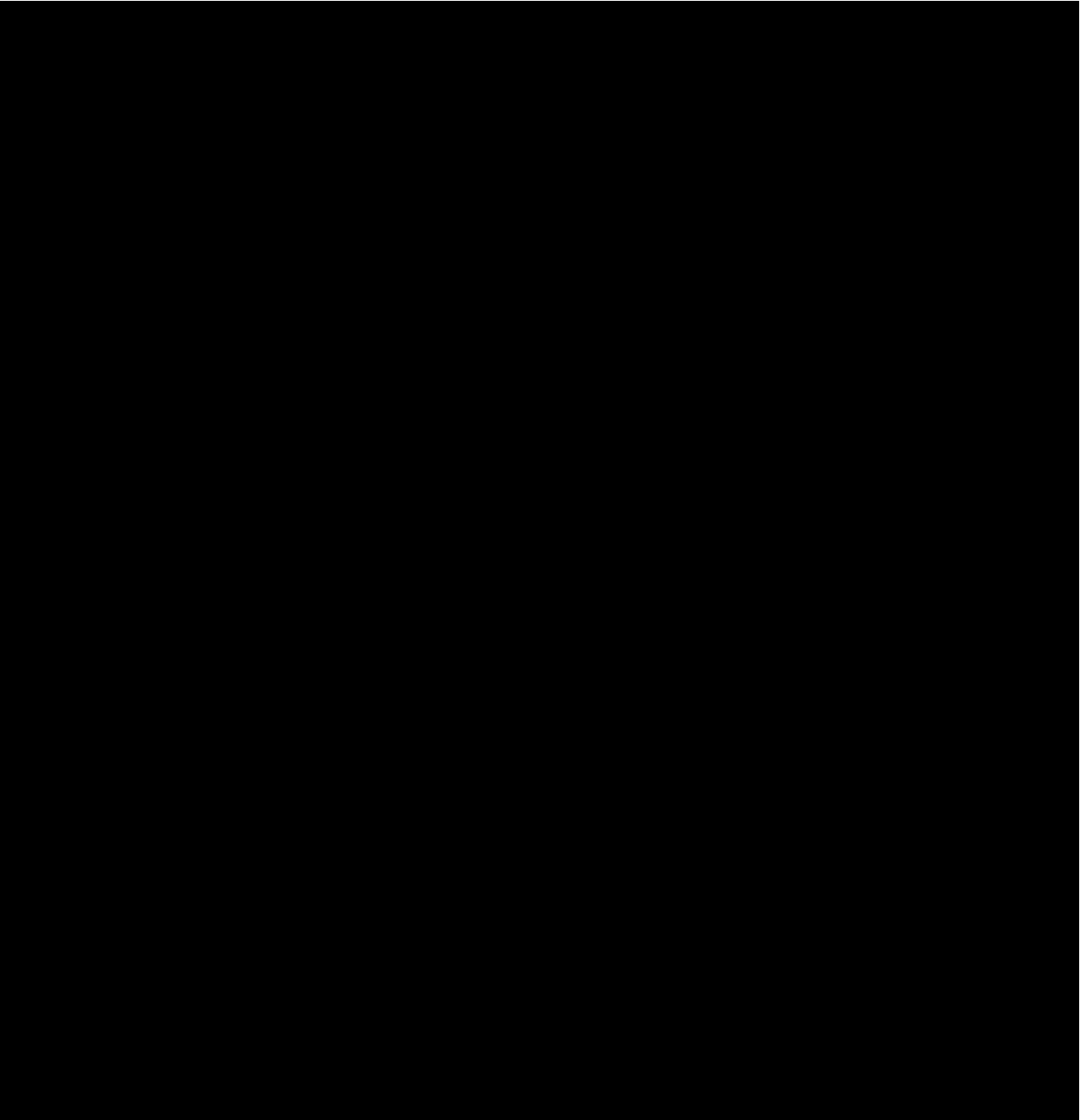
(d)

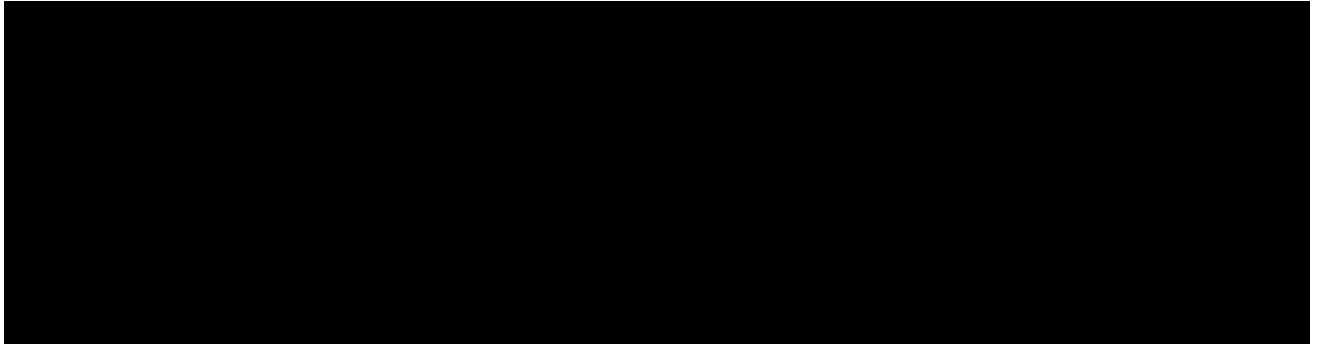
(e)





SECTION 5. PURCHASE PRICE AND PAYMENTS BY PURCHASER





(f)



(g)

SECTION 6. DELIVERY OF OUTPUT

This Section 6 shall apply to the delivery of the Purchaser's Output. Subject to the provisions of this Contract, the District shall make the Purchaser's Output available to the Purchaser.

(a)



(b)



(c)

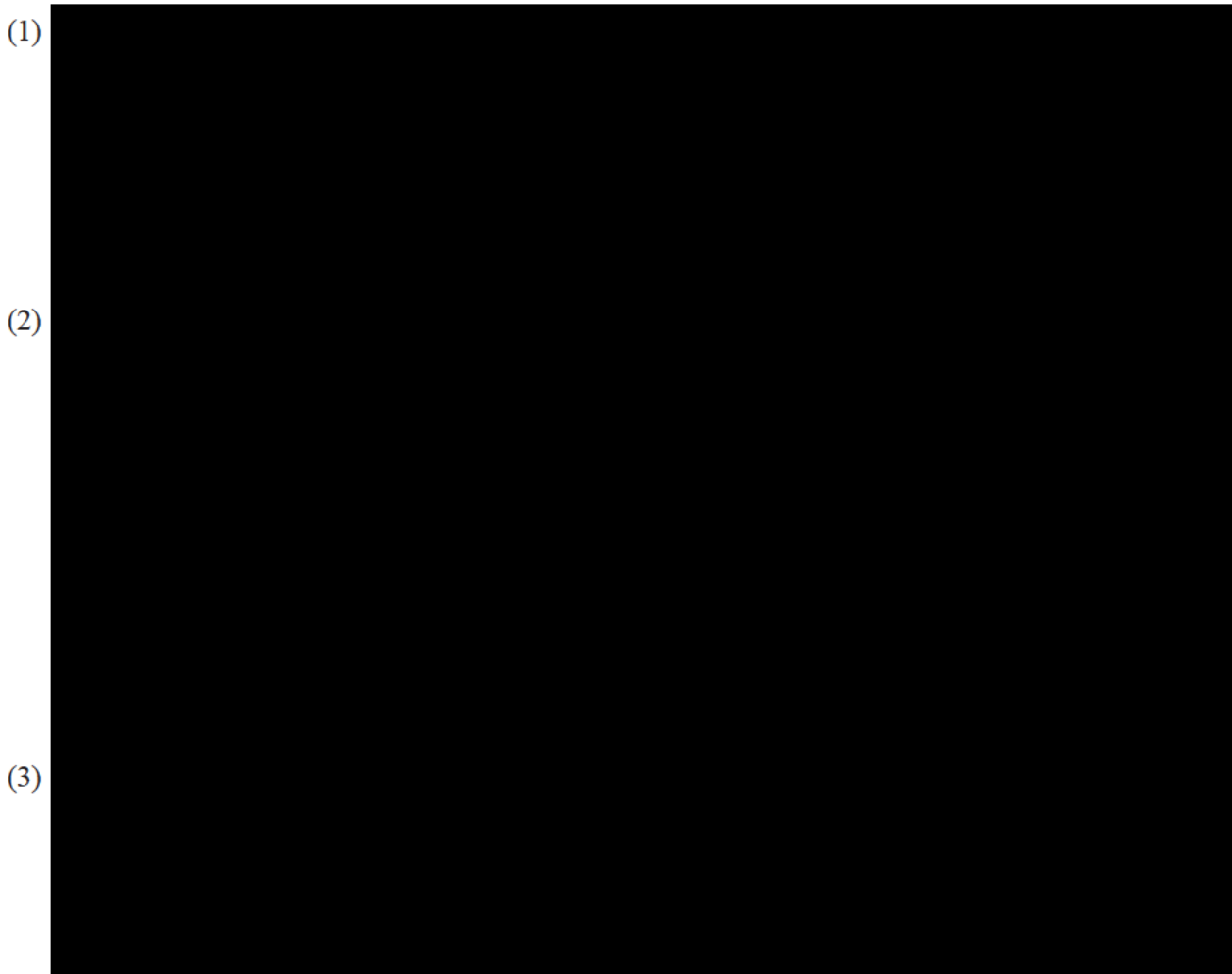


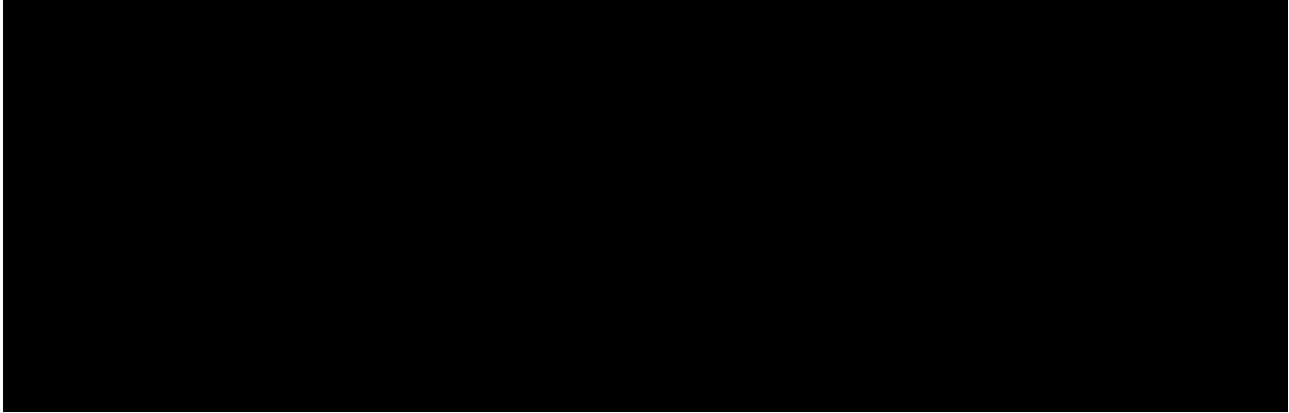
(d)





(f) [Redacted]





[Redacted text block]

(5) [Redacted text block]

(g) [Redacted text block]

(h) [Redacted text block]

(1) [Redacted text block]

(2) [Redacted text block]

(i) [Redacted text block]

(j) [Redacted text block]



[Redacted]

(l)

[Redacted]

(m)

(n)

(o)

(p)

(q)

(r)

(1)

[Redacted]

(2)



[Redacted text block]

(s) [Redacted text]

(1) [Redacted text block]

(2) [Redacted text block]

(t) [Redacted text]

[Redacted text block]

(u) [Redacted text]

(1) [Redacted text block]

[REDACTED]

(2)

[REDACTED]

(3) [Redacted]

(v) [Redacted]

SECTION 7. POINTS OF DELIVERY/TRANSMISSION

(a) [Redacted]

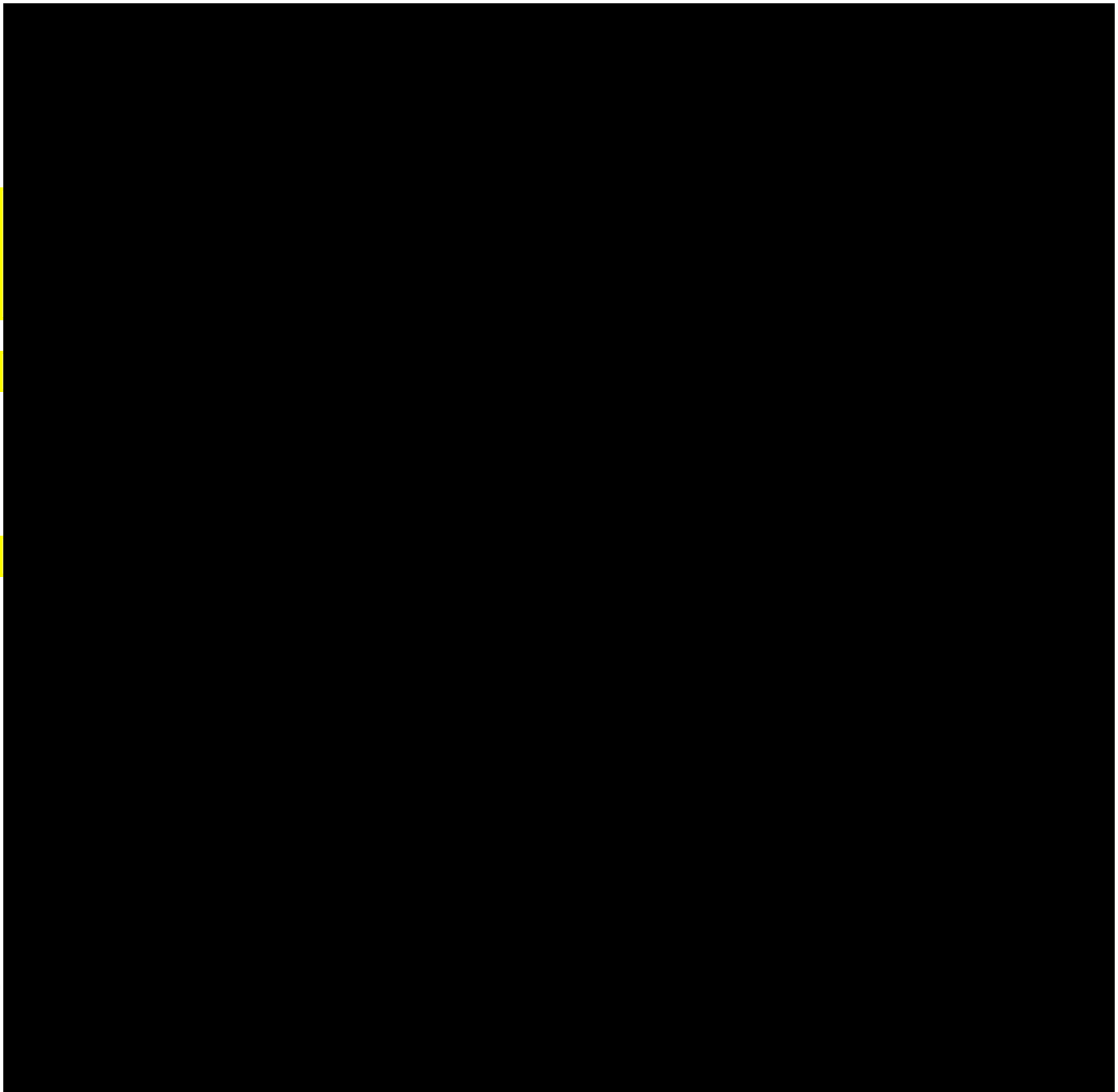
(b) [Redacted]

[Redacted]

[REDACTED]

(4)

[REDACTED]



(c)

(d)

SECTION 8. METERING

- (a) Metering Installation. [Redacted]

(b) Measurements.

[REDACTED]

(c) Meter Testing. [Redacted]

(d) Recalculations. [Redacted]

(e) Adjustment for Inaccurate Metering. [Redacted]

SECTION 9. INFORMATION TO BE MADE AVAILABLE TO THE PURCHASER

(a) [Redacted]

(b) [Redacted]

[REDACTED]

[REDACTED]

SECTION 10. ENVIRONMENTAL ATTRIBUTES

[REDACTED]

[REDACTED]

[REDACTED]

SECTION 11. LIABILITY OF PARTIES/DISCLAIMER OF WARRANTIES/RISK OF LOSS/NO DEDICATION

(a) [REDACTED]

(b) [REDACTED]

(c) [REDACTED]

[REDACTED]

(d)

[REDACTED]

THE FOREGOING IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, IN FACT OR BY LAW WITH RESPECT TO THE OUTPUT PROVIDED HEREUNDER. DISTRICT HEREBY DISCLAIMS ANY AND ALL OTHER WARRANTIES WHATSOEVER.

(e) [Redacted text block]

(f) [Redacted text block]

(g) [Redacted text block]

(h) [Redacted text block]

[REDACTED]

CONTRACT.

SECTION 12. NOTICES AND COMPUTATION OF TIME

(a) [REDACTED]

All notices, demands or requests shall be directed to:

To District: Public Utility District No. 1 of Chelan County
Attn: General Manager
P.O. Box 1231
327 N. Wenatchee Avenue
Wenatchee, Washington 98807
Fax: 509-661-8115
Email: slicecontract@chelanpud.org

Public Utility District No. 1 of Chelan County
Attn: General Counsel
P. O. Box 1231
327 N. Wenatchee Avenue
Wenatchee, WA 98807
Fax: 509-661-8115

To Purchaser: Puget Sound Energy, Inc.
Attn: Ron Roberts, Sr Vice President Energy Supply
P.O. Box 97034
Bellevue, WA 98009-9734
Email: ron.roberts@pse.com

Puget Sound Energy, Inc.
Attn: Lorna Luebbe, Sr Vice President General Counsel
and Chief Sustainability Officer
P.O. Box 97034
Bellevue, WA 98009-9734
Email: lorna.luebbe@pse.com

(b) [REDACTED]

(c) [REDACTED]

SECTION 13. DISTRICT'S LICENSES

It is recognized by the Parties that the District, in its operation of the Projects, must comply with the requirements of the FERC Licenses together with amendments thereof from time to time made, and the Purchaser acknowledges that compliance with such requirements in a manner determined necessary and appropriate by the District may adversely affect the Output of the Projects. If such actions will affect the Output of the Projects, the District will provide written notice to the Purchaser as soon as is practicable under the circumstances.

SECTION 14. ASSIGNMENT OF CONTRACT

[REDACTED]

[REDACTED]



SECTION 15. DEFAULT; REMEDIES ON DEFAULT

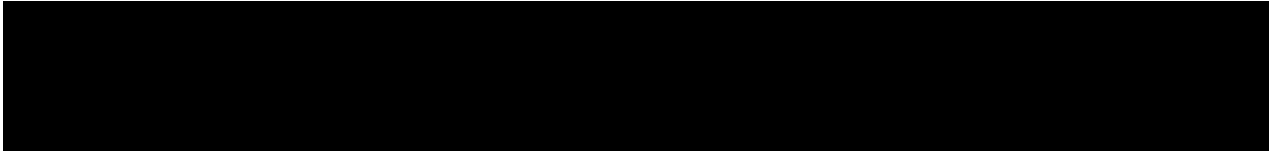
(a) An "Event of Default" means with respect to a Party ("Defaulting Party"):

(1) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]; or

(2) [REDACTED]
[REDACTED]
[REDACTED] or

(3) [REDACTED]
[REDACTED]
[REDACTED]; or

[REDACTED]



[REDACTED]
[REDACTED]
[REDACTED] or

(7) [REDACTED]
[REDACTED]; or

(8) [REDACTED]
[REDACTED], or

(9) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(10) with respect to Purchaser's Guarantor, if any, an Event of Default means:

(i) [REDACTED]
[REDACTED]
[REDACTED]; or

(ii) [REDACTED]
[REDACTED]
[REDACTED]; or

(iii) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]; or

(iv) [REDACTED]
[REDACTED]
[REDACTED]; or

(v) [REDACTED]

(11) [REDACTED]

[REDACTED]

[REDACTED]

(d) [REDACTED]

SECTION 16. TERMINATION PAYMENT

[REDACTED]

(a) Calculation Agent. [REDACTED]

(b) Quotation Methodology. [REDACTED]



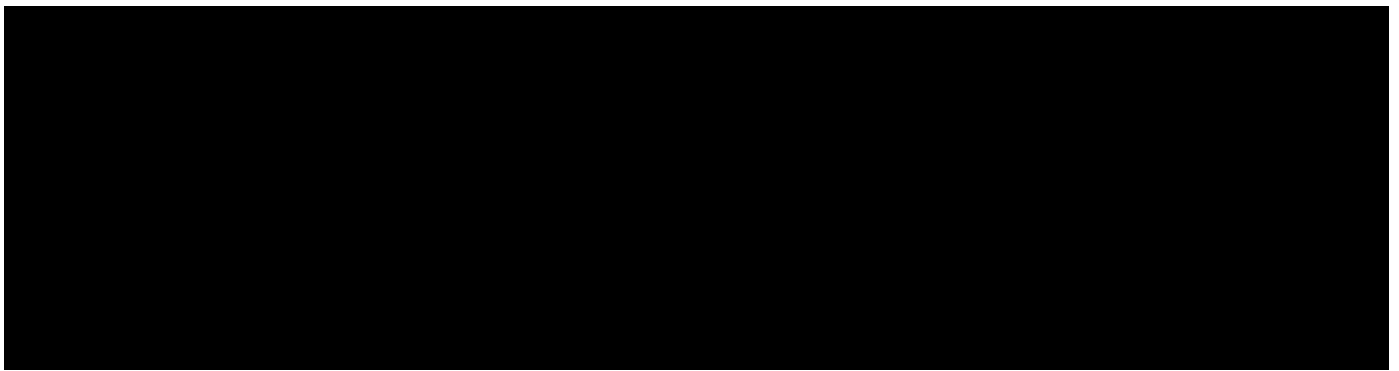
[REDACTED]

[REDACTED]

(c) Alternative Determination Methodology. [REDACTED]

(d) Present Value. [REDACTED]

(e) Payment of Termination Amount. [REDACTED]



(g) Setoff and Netting. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]



SECTION 17. [REDACTED]

[REDACTED]

SECTION 18. GOVERNING LAW, VENUE, AND ATTORNEY FEES

[REDACTED]

SECTION 19. COMPLIANCE WITH LAW

(a) [REDACTED]

(b) RCW 54.16.040 contains provisions relating to the District's sale of electric energy. The Parties understand and acknowledge that the District must comply with RCW 54.16.040 to the extent applicable to this Contract and the District's obligations and performance of this Contract are hereby expressly made subordinate and subject to such compliance.

SECTION 20. HEADINGS

The headings of sections and paragraphs of this Contract are for convenience of reference only and are not intended to restrict, affect, or be of any weight in the interpretation or construction of the provisions of such sections and paragraphs.

SECTION 21. ENTIRE AGREEMENT; MODIFICATION; CONFLICT IN PRECEDENCE

This Contract constitutes the entire agreement between the Parties with respect to the subject matter of this Contract, and supersedes all previous communications between the Parties, either verbal or written, with respect to such subject matter. No modifications of this Contract shall be

binding upon the Parties unless such modifications are in writing signed by each Party.

SECTION 22. NO PARTNERSHIP OR THIRD PARTY RIGHTS

- (a) This Contract shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership obligations or liability upon any Party.
- (b) This Contract shall not be construed to create rights in or grant remedies to any third party as a beneficiary of this Contract.
- (c) This Contract is for the sale of Output only. Nothing in this Contract is intended to grant Purchaser any rights or interest in any specific District project, facility or resource.

SECTION 23. REPRESENTATIONS AND WARRANTIES

At the time of the Effective Date of this Contract, each Party represents and warrants to the other Party that:

- (a) It is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation.

(b) [Redacted]

(c) [Redacted]

(d) [Redacted]

(e) [Redacted]

(f)



(g) [REDACTED]

(h) [REDACTED]

SECTION 24. SEVERABILITY

[REDACTED]

SECTION 25. AUTHORITY TO SIGN

Each of the individuals executing this Contract warrant that they are the authorized signatory of the entity for which they are signing and have sufficient corporate authority to execute this Contract.

PUBLIC UTILITY DISTRICT NO. 1
OF CHELAN COUNTY, WASHINGTON



By: Kirk Hudson
Title: General Manager

Date: 03/31/2023

PUGET SOUND ENERGY, INC.

By: Ron Roberts
Title: Vice President Energy Supply *Ron Roberts*
Date: 03/30/2023

APPENDIX A

OUTPUT, SCHEDULING, PLANNING AND TRANSMISSION

This Appendix A shall govern the determination of the Output to be made available to Purchaser under this Contract.

Definitions

In addition to the terms elsewhere defined in this Contract, the following terms used in this Appendix A shall have the meanings ascribed to them below.

Biological Opinion – Any opinion issued by a Government Authority authorized to do so under the Endangered Species Act (ESA) that reviews and assesses whether the operating plan submitted by BPA, the U.S. Army Corps of Engineers and the Bureau of Reclamation will jeopardize the survival of any creature or creatures that have been determined to be threatened or endangered pursuant to the ESA.

Black Start Capability – The ability of generators to self-start without any source of off-site electric power and maintain adequate voltage and frequency while energizing isolated transmission facilities and auxiliary loads of other generators.

Bonneville Power Administration (BPA) - The Federal power marketing agency responsible for selling the output of all Columbia River Federal project generation, and for ownership, operation, and maintenance of a major share of the northwest high-voltage transmission system.

Fish Spill – The required spill of water for the passage of fish past the Projects as required by FERC order, the District's HCP, spill for studies, or other Regulatory Authorities.

Habitat Conservation Plans (HCP) - The plans approved as part of the Projects' licenses to protect anadromous fish passing upstream and downstream at the Projects.

Hanford Reach Fall Chinook Protection Program (Vernita Bar) - The agreement which defines the Mid-Columbia projects' (Grand Coulee, Chief Joseph, Wells, Rocky Reach, Rock Island, Wanapum, and Priest Rapids) operational obligations for the fresh water life cycle protection of the Hanford Reach Fall Chinook, which has been signed by the District, National Oceanic and Atmospheric Administration's Department of Fisheries (NOAA Fisheries), Washington Department of Fish and Wildlife, PUD No. 2 of Grant County, and PUD No. 1 of Douglas County.

Immediate Spill Replacement - The energy received from the Federal government for the purpose of moving spill from the Federal system to reduce total dissolved gas levels downstream from Federal reservoirs.

Load Following/Regulation - The ability to adjust generation within an hour (or pursuant to dynamic scheduling) to follow variations in load. Load Following/Regulation is limited and constrained by the number of Units available, any limitations on the Units, Ramp Rate, and any other power or non-power restrictions.

Non-Spinning Operating Reserves – Those reserves that may be available at any time from all Units of Rocky Reach and Rock Island not then connected to the system but capable of being connected and serving demand within a specified time.

Operational Constraints – Constraints on the operation of the Units or a Project that are needed to meet any requirement due to the HCP, regulations, laws, court orders, authority, safety, or Operating Agreements, or to minimize equipment wear, maintain equipment, or repair/replace equipment, or that are due to any other event or circumstance described in this Appendix A or in the Contract.

Pacific Northwest Coordination Agreement (PNCA) – The agreement among Northwest parties for the coordinated operation of the Columbia River system on a seasonal and monthly basis. The PNCA defines the firm energy output of Rocky Reach and Rock Island as well as other rights and obligations, including provisional energy, interchange energy, in-lieu energy, and others defined in the contract. The PNCA does not allow resources above the head works of Bonneville Dam to be removed from coordination, and currently all Capacity and Energy of Rocky Reach and Rock Island are included in PNCA planning. PNCA serves as a settlement of the Federal Power Act Section 10(f) obligation to reimburse upstream Federal projects for energy gains as a result of the storage provided, as well as a FERC approved settlement among all Non-Federal parties for upstream benefit payments.

Pond/Storage – The volume of water, expressed in MWh, that can be stored behind a Project between its minimum and maximum headwater elevations.

Ramp Rate – The rate of change in the level of generation for a specified period within all applicable Operational Constraints as determined by the District in its sole discretion. The maximum Ramp Rate is a variable quantity based upon these limitations.

Remedial Action Schemes (RAS) – Any action implemented by the District utilizing Rocky Reach and Rock Island, as applicable, to maintain the transfer capabilities and stability of the Western Interconnection and employed consistent with the definition of RAS in the NERC glossary.

Spinning Operating Reserves – The difference at any time between total available Capacity of all Units of Rocky Reach and Rock Island then on-line and the sum of the then current generation level of those on-line Units.

Unit - Each generating unit or collectively, the generating units at the Project. The Units currently consist of the eleven generating Units at Rocky Reach and eighteen generating Units at Rock Island plus the house unit. Unit may also include any other generating Units installed in the Rocky Reach and Rock Island Projects (for example attraction water turbines).

Voltage Support / MegaVars (MVARs) – Shall mean reactive power supplied or absorbed by Rocky Reach and Rock Island as required to maintain voltage at adjacent switchyards. Under certain operating conditions, the MVARs output from the Units may cause a reduction in the Capacity of Rocky Reach and Rock Island.

OUTPUT

Section 1. Rocky Reach and Rock Island Output

(A) **Capacity and Energy Component.** [REDACTED]

[REDACTED] with respect thereto:

(i) [REDACTED]

(ii) [REDACTED]

(iii) [REDACTED]

(iv) [REDACTED]

(v) [REDACTED];

(vi) [REDACTED] and [REDACTED]

(vii) [REDACTED].

[REDACTED]

[REDACTED]

(C) **Load Following and Regulation.** [REDACTED]

[REDACTED]

(D) Frequency Response. [REDACTED]

[REDACTED]

(E) Rocky Reach and Rock Island Rights and Obligations. [REDACTED]

[REDACTED]

(F) Output Limitations. Output is subject to limitation or adjustments due to:

- i. [REDACTED]
- ii. [REDACTED]
- iii. [REDACTED]
- iv. [REDACTED]
- v. [REDACTED]
- vi. [REDACTED]
- vii. [REDACTED]
- viii. Uncontrollable Forces;
- ix. [REDACTED]; and
- x. [REDACTED].

(G) Excluded Products and Services. Output does not include the following:

- i. [REDACTED]

ii.

[REDACTED]

iii.

[REDACTED]

iv.

[REDACTED]

[REDACTED]

(H) **Spinning Operating Reserves and Non-Spinning Operating Reserves.** [REDACTED]

[REDACTED]

(I) **Implementation.** [REDACTED]

[REDACTED]

MEASUREMENT OF ENERGY

Section 2. Measurement of Energy Made Available. [REDACTED]

[REDACTED]

MANAGEMENT

Section 3. Management of Rocky Reach and Rock Island. [REDACTED]

[REDACTED]

[REDACTED]

(A)

[REDACTED]

[REDACTED]

(B)

[REDACTED]

PLANNING DATA

Section 4. Planning Data.

[REDACTED]

APPENDIX B
PURCHASER'S BID FORM

Attached completed Bid Form.

Shaded information is designated as
CONFIDENTIAL per WAC 480-07-160
REDACTED VERSION
Bid Form for Sale of Slice Product 38

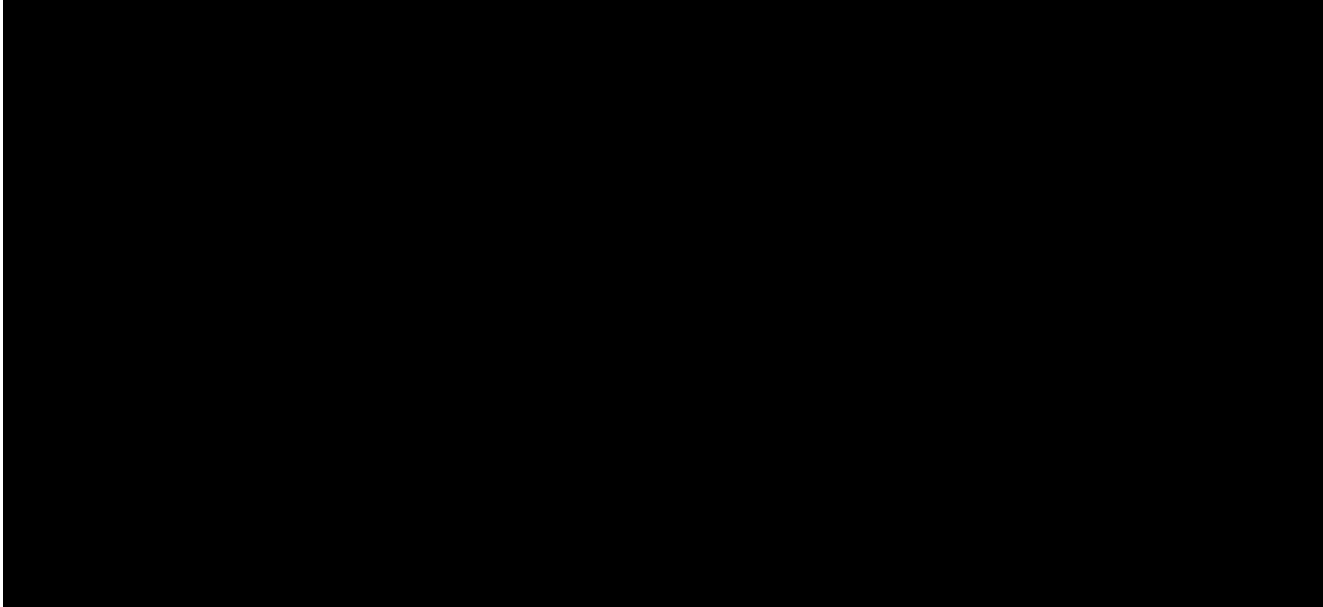


Table 1. (Slice Product 38)

Delivery Period	Slice Product 38 Output Percentage
[Redacted]	

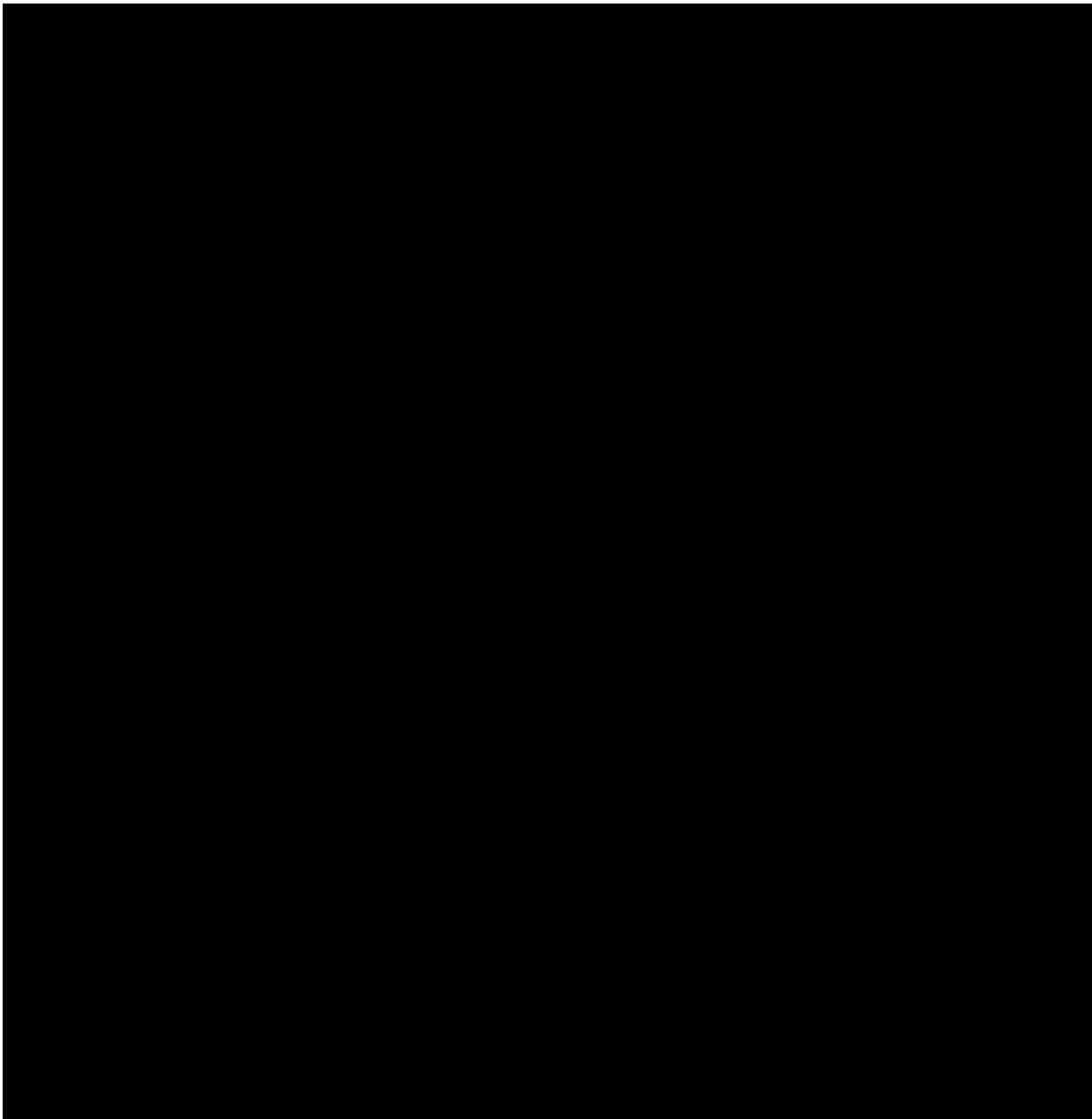
[Redacted]
[Redacted]
[Redacted]

BIDDER HEREBY SUBMITS BID FOR THE PURCHASE OF OUTPUT (US DOLLARS) IN TABLE 2.

Table 2.

Delivery Period	Percent of Total Purchase Price to Be Paid Each Delivery Period (“Annual Percentage”)
[Redacted]	
	Purchase Price (\$US) for Slice Product 38

Total Purchase Price for Rocky Reach Project and Rock Island Project Output	\$ [REDACTED] <i>enter total bid here</i>
--	--



The person signing this document has the authority to sign this bid and bind the named entity to the bid and terms of the Contract.

BIDDER: Puget Sound Energy, Inc.

ADDRESS: Puget Sound Energy, Inc.

BY: Ron Roberts

10885 NE 4th ST

(Type or Print Name)

TITLE: Vice President Energy Supply

Bellevue, WA 98004

SIGNED: Ron Roberts

Phone (425) 456-2442

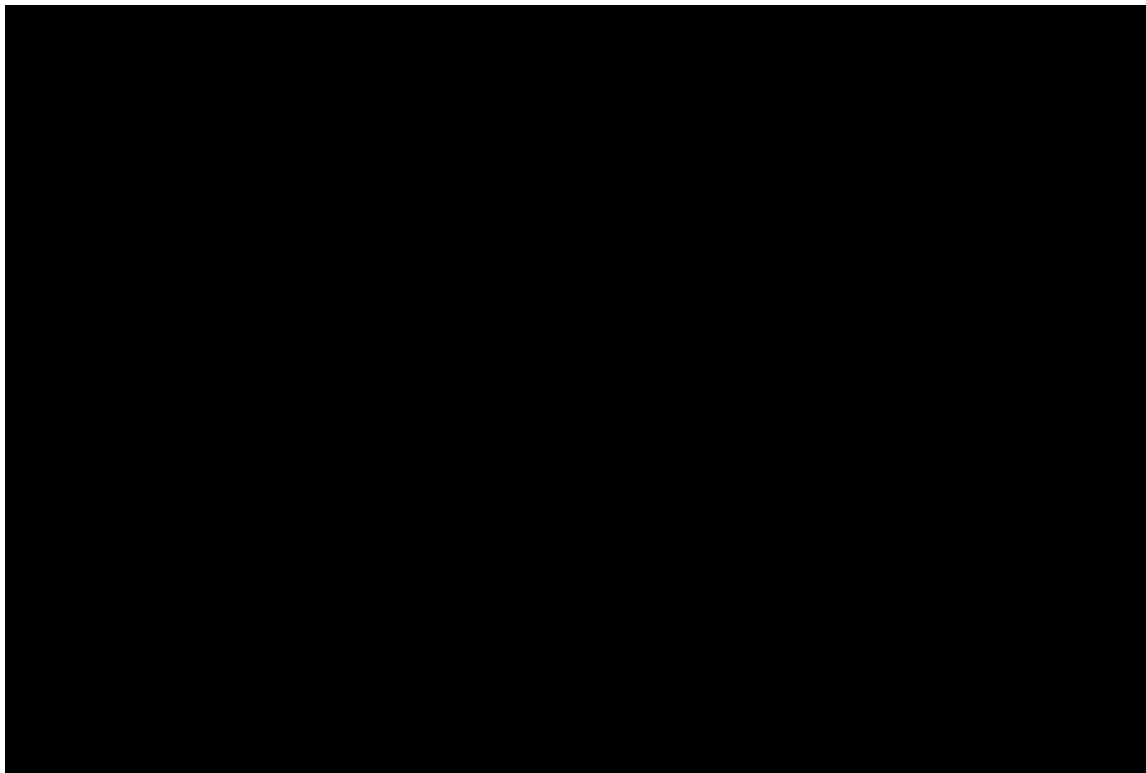
DATE: 03/29/2023

BIDDER PRIMARY CONTACT NAME: _____ BIDDER CONTACT PHONE NUMBER: _____

Zacarias Yanez

206-356-1951

Bid Instructions for Sale of Output for Slice Products 38



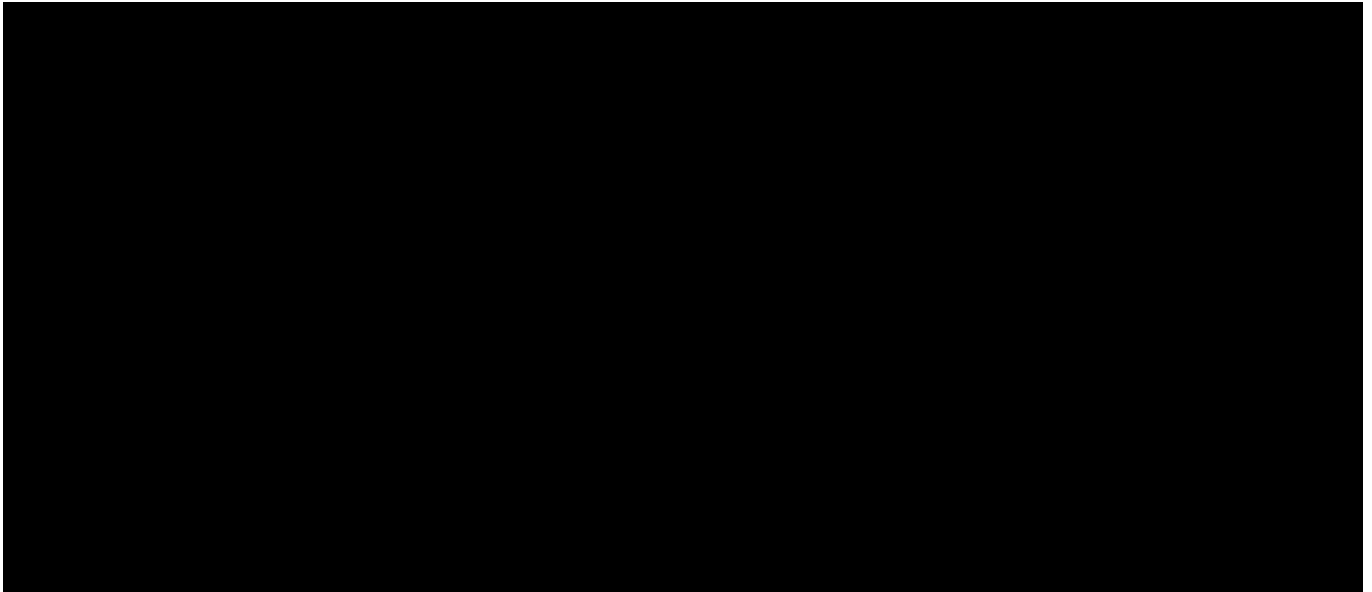
District e-mail address for Bid submittal (address is not case sensitive):

SliceSale@chelanpud.org

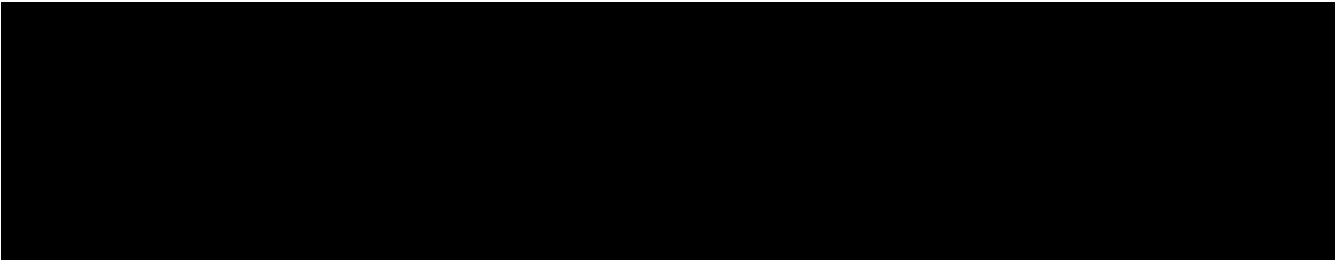
APPENDIX C
START CYCLE TRACKING METHODOLOGY

DEFINITIONS

In addition to the terms elsewhere defined in this Contract, the following terms used in this Appendix C shall have the meanings ascribed to them below.



METHODOLOGY



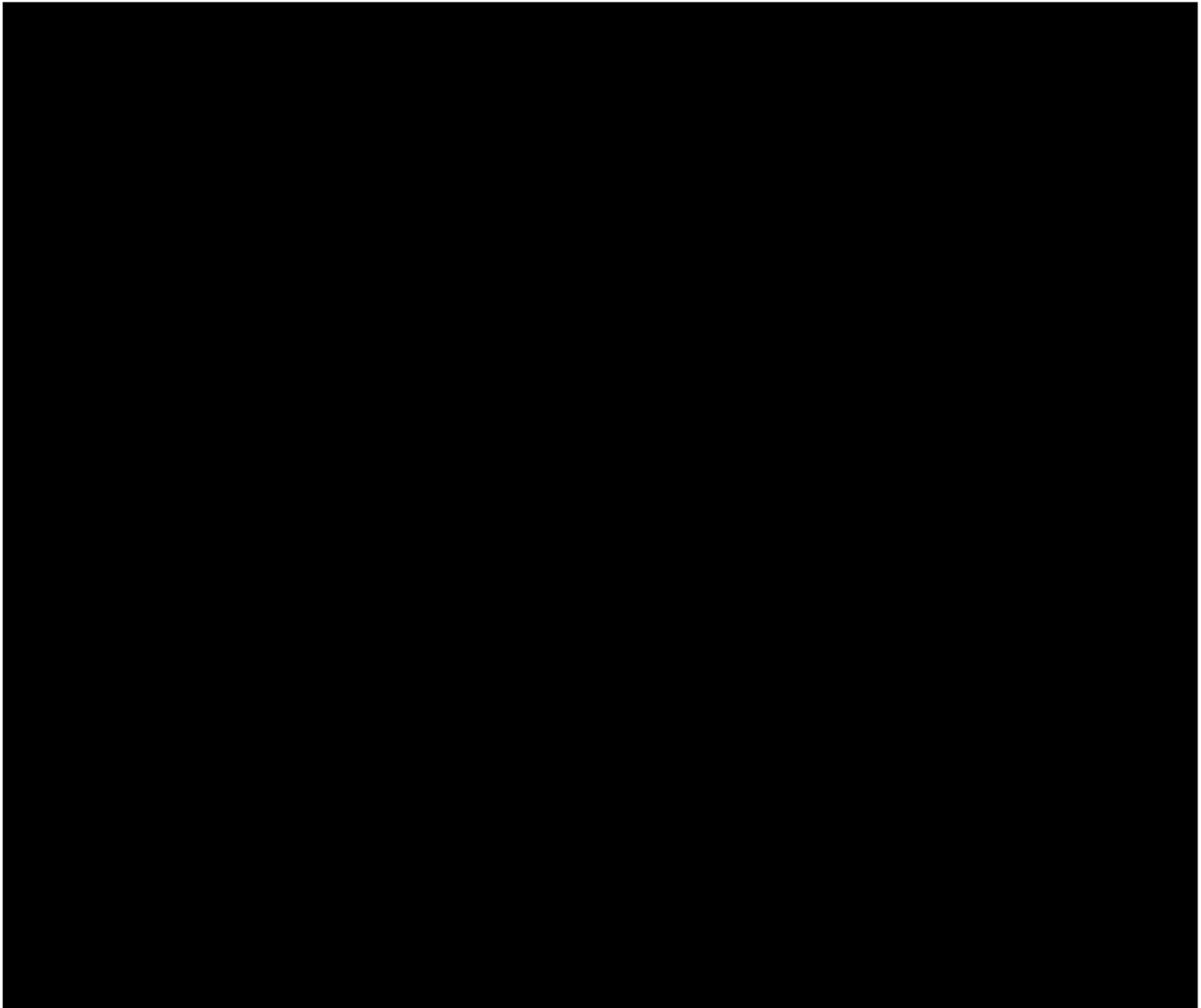


Table 1: [Redacted]

Step 2. [Redacted]



Table 2:

The content of Table 2 is completely redacted with a solid black bar. The table structure, including any headers or data rows, is not visible.