

RESOLUTION

RCCC-2018-001

ACKNOWLEDGEMENT OF ALTERNATIVE REPOWERING DESCRIPTION

On motion of Mark Montgomery, seconded by Blaine Haacke, at a meeting of the Intermountain Power Project Renewal Contract Coordinating Committee (the "Committee") held on March 13, 2018, the following Resolution was duly adopted:

WHEREAS, Intermountain Power Agency ("IPA") financed, acquired, constructed and owns the Project (as defined in the Original Power Sales Contracts) pursuant to which IPA sells, and intends to sell, electric power and associated rights to transmission capacity to the Utah Purchasers (as defined in the Original Power Sales Contracts) and the California Purchasers (as defined in the Original Power Sales Contracts) (collectively, the "Purchasers") through June 15, 2027, as such date may be extended, pursuant to Power Sales Contracts, as amended, including the Second Amendatory Power Sales Contracts dated as of December 8, 2015 (the "Original Power Sales Contracts"); and

WHEREAS, IPA and various Purchasers (the "Renewal Purchasers") entered into the Renewal Power Sales Contracts dated as of January 16, 2017, pursuant to which IPA intends to sell electric power and associated rights to transmission capacity of the Project to the Renewal Purchasers on and after June 16, 2027 (the "Renewal Power Sales Contracts"); and

WHEREAS, Appendix C to the Renewal Power Sales Contracts contains a general description of the Project after the Gas Repowering (as defined in the Original Power Sales Contracts); and

WHEREAS, the description of the Gas Repowering conforms to the provisions of Section 44.1 of the Original Power Sales Contracts; and

WHEREAS, Section 6.2.19 of the Renewal Power Sales Contracts authorizes the Committee to make recommendations to the IPA Board of Directors (the "IPA Board") with respect to the description of the Project contained in Appendix C to the Renewal Power Sales Contracts to conform such description to the actual Project; and

WHEREAS, Section 44.6 of the Original Power Sales Contracts provides for an Alternative Repowering (as defined in the Original Power Sales Contracts); and

WHEREAS, Section 44.1 of the Original Power Sales Contracts requires that the Original Power Sales Contracts be revised to the extent necessary to describe any Alternative Repowering; and

WHEREAS, the Generation and Transmission Subcommittee of the Intermountain Power Project Coordinating Committee (the "IPP Subcommittee") agreed by consensus in a

meeting of the IPP Subcommittee convened on February 12, 2018, to a general description of the Alternative Repowering, which description is attached hereto as Exhibit A (the "Alternative Repowering Description"); and

WHEREAS, based on the Alternative Repowering Description, the Project Manager has developed the Alternative Repowering Revisions (as defined in the Original Power Sales Contracts) and recommends that the Committee acknowledge the Alternative Repowering Revisions, which Alternative Repowering Revisions are attached hereto as Exhibit B (the "Original Power Sales Contract Revisions"); and

WHEREAS, based on the Alternative Repowering Description, the Project Manager has developed a modification to the description of the Project in Appendix C to the Renewal Power Sales Contracts (the "Appendix C Revisions"), and recommends that the Committee acknowledge such Appendix C Revisions, which Appendix C Revisions are attached hereto as Exhibit C; and

WHEREAS, Section 44.6.3 of the Original Power Sales Contracts requires that any Alternative Repowering receive all required governmental approvals and other required consents or approvals, including in respect of the governing bodies of the Renewal Purchasers, before any such Alternative Repowering is implemented; and

WHEREAS, the Committee is comprised of members representing the various Renewal Purchasers; and

WHEREAS, the Committee desires confirmation that the governing bodies of the Renewal Purchasers approve of the Alternative Repowering; and

WHEREAS, Mr. Paul Schultz, on behalf of the Project Manager, has delivered a letter dated March 5, 2018 (the "Project Manager Recommendation Letter"), to the Committee recommending that the Committee (a) acknowledge the Alternative Repowering Description, the Original Power Sales Contract Revisions and the Appendix C Revisions; (b) instruct the members of the Committee to seek approval for an Alternative Repowering from the governing bodies of the Renewal Purchasers; and (c) recommend that the IPA Board direct the General Manager of IPA to provide to the Renewal Purchasers information on the Alternative Repowering; and

WHEREAS, the Project Manager provided a briefing on a conference call on March 6, 2018 and at a meeting of the Committee on March 13, 2018 (collectively the "Project Manager Briefing"), during which the Project Manager described, and explained the basis of, the Project Manager's recommendations, advice and determinations described above; and

WHEREAS, the Committee has reviewed and considered the Project Manager Recommendation Letter and the Project Manager Briefing, including the recommendations, advice and determinations of the Project Manager.

NOW, THEREFORE, BE IT RESOLVED, that the Committee hereby acknowledges, and recommends that the IPA Board acknowledge, the Alternative Repowering Description; and

BE IT FURTHER RESOLVED, that the Committee hereby acknowledges, and recommends that the IPA Board acknowledge, the Original Power Sales Contract Revisions; and

BE IT FURTHER RESOLVED, that the Committee hereby acknowledges, and recommends that the IPA Board acknowledge, the Appendix C Revisions; and

BE IT FURTHER RESOLVED, that the Committee hereby recommends that the IPA Board authorize and direct the General Manager of IPA to provide the Alternative Repowering Description, the Original Power Sales Contract Revisions and the Appendix C Revisions to the Renewal Purchasers in writing; and

BE IT FURTHER RESOLVED, that the Committee hereby instructs each member of the Committee to seek any necessary approval from the Renewal Purchasers that each such member of the Committee represents in order for each such member to vote in favor of approving the Alternative Repowering Description, the Original Power Sales Contract Revisions and the Appendix C Revisions, in each case by June 30, 2018; and

BE IT FURTHER RESOLVED, that the Committee hereby delegates, and recommends that the IPA Board delegate, to the Project Manager and the General Manager of IPA, acting jointly, the authority to modify and revise the Original Power Sales Contract Revisions and the Appendix C Revisions as they deem necessary, advisable or appropriate to reflect the Alternative Repowering Revisions contemplated by the Alternative Repowering Description; and

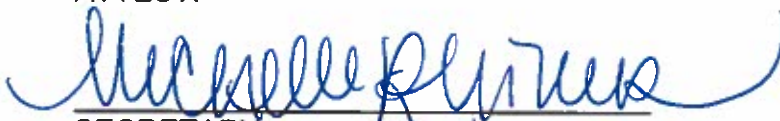
BE IT FURTHER RESOLVED, that the Chairman hereby is authorized and directed by the Committee to execute this Resolution and to do all things necessary to render the same in full force and effect.

INTERMOUNTAIN POWER PROJECT



CHAIRMAN, RENEWAL CONTRACT
COORDINATING COMMITTEE

ATTEST:



SECRETARY

EXHIBIT A

ALTERNATIVE REPOWERING DESCRIPTION

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

EXHIBIT B

ORIGINAL POWER SALES CONTRACT REVISIONS

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

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

EXHIBIT C

APPENDIX C REVISIONS

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

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

ERIC GARCETTI
Mayor

Commission
MEL LEVINE, *President*
WILLIAM W. FUNDERBURK JR., *Vice President*
JILL BANKS BARAD
CHRISTINA E. NOONAN
AURA VASQUEZ
BARBARA E. MOSCHOS, *Secretary*

DAVID H. WRIGHT
General Manager

March 5, 2018

Mr. R. Dan Eldredge
General Manager
Intermountain Power Agency
10653 South River Front Parkway, Suite 120
South Jordan, Utah 84095

Dear Mr. Eldredge:

Subject: Recommendation for Acknowledgement of Alternative Repowering

It is requested that the Intermountain Power Project Coordinating Committee (the "IPP Coordinating Committee"), the Renewal Contract Coordinating Committee (the "Renewal Contract Coordinating Committee") and Intermountain Power Agency ("IPA") Board of Directors (the "IPA Board") acknowledge the description of an Alternative Repowering (as more fully described below). It further is requested that the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board instruct the members of the IPP Coordinating Committee and the Renewal Contract Coordinating Committee to seek approval for an Alternative Repowering from the governing bodies of the electric utilities that currently purchase and will purchase electric power and associated rights to transmission capacity (the "Power Purchasers") from the Intermountain Power Project (the "Project") pursuant to Original Power Sales Contracts and Renewal Power Sales Contracts (as more fully described below). Finally, it is requested that the IPP Coordinating Committee and the Renewal Contract Coordinating Committee recommend to the IPA Board that the General Manager of IPA provide to the Power Purchasers information on the Alternative Repowering, and that the IPA Board authorize and direct the General Manager of IPA to provide to the Power Purchasers information on the Alternative Repowering.

IPA sells electric power generated at the Project and associated rights to transmission capacity to certain Power Purchasers in Utah and California (the "Original Purchasers") through June 15, 2027, as that date may be extended, under power sales contracts, as amended, including the Second Amendatory Power Sales Contracts dated as of December 8, 2015 (the "Original Power Sales Contracts"). The electric power sold to the Original Purchasers pursuant to the Original Power Sales Contracts currently is generated from two coal-fueled steam electric generating units and associated auxiliary equipment, as

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described in Appendix C to the Original Power Sales Contracts (the "Coal Powered Generation Units"). Appendix C to the Original Power Sales Contracts was designed to be revised by IPA with the approval of the IPP Coordinating Committee, based on modifications to the Project, including in respect of the Coal Powered Generation Units.

The Original Power Sales Contracts contemplate that the Coal Powered Generation Units would be replaced by two combined cycle natural gas-fired combustion turbine generating units and associated equipment, each with a design capacity of approximately 600 MW, subject to approval of a lesser design capacity prior to commencement of construction and installation (the "Gas Repowering"). In addition, Original Power Sales Contracts provide for one or more modified versions of or alternatives to the Gas Repowering in addition to, or in substitution for, the Gas Repowering (an "Alternative Repowering"). Any Alternative Repowering must provide increased benefits to, or otherwise be advantageous for, the Project, and must be approved by the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board. Pursuant to their existing terms and conditions, the Original Power Sales Contracts are to be revised as determined by the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board to reflect an Alternative Repowering. In addition, the Original Power Sales Contracts require that any Alternative Repowering receive all required governmental approvals and other required consents or approvals, including from the governing bodies of the Power Purchasers.

Pursuant to power sales contracts dated as of January 16, 2017 (the "Renewal Power Sales Contracts"), between IPA and certain of the Original Purchasers (the "Renewal Purchasers"), IPA agreed to sell electric power generated pursuant to the Gas Repowering and associated rights to transmission capacity to the Renewal Purchasers. Appendix C to the Renewal Power Sales Contracts contains a general description of the Project, including a description of the Gas Repowering. As with the Original Power Sales Contracts, the Renewal Power Sales Contracts contemplate an Alternative Repowering. In the event of an Alternative Repowering, the description of the Project in Appendix C to the Renewal Power Sales Contracts is to be revised accordingly.

The Generation and Transmission Subcommittee of the IPP Coordinating Committee (the "Subcommittee") reviewed the requirements for the Gas Repowering, and determined that the Gas Repowering is not in the best interests of the Project. As an alternative, the Subcommittee, in a meeting convened on February 12, 2018, reached consensus on the following general description of an Alternative Repowering (the "Alternative Repowering Description"):

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

Based on the Alternative Repowering Description, the Project Manager is of the opinion that an Alternative Repowering provides increased benefits to, and otherwise is advantageous for, the Project. The Alternative Repowering Description requires approval of the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board. An Alternative Repowering also will require revisions to the description of the Project in Appendix C to the Original Power Sales Contracts as determined by the IPP Coordinating Committee and the IPA Board (the "Original Power Sales Contract Appendix C Revision"), and revisions to the description of the Project in Appendix C to the Renewal Power Sales Contracts as determined by the Renewal Contract Coordinating Committee and the IPA Board (the "Renewal Power Sales Contract Appendix C Revision"), in each case based on the Alternative Repowering Description. In addition, based on the Alternative Repowering Description, an Alternative Repowering will require Alternative Repowering Revisions as defined in the Original Power Sales Contracts, and will require revisions to the Original Power Sales Contracts as determined to be necessary by the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board (the "Original Power Sales Contract Revisions"). Before requesting an affirmative vote in respect of the Alternative Repowering Description, the Original Power Sales Contract Appendix C Revision, the Renewal Power Sales Contract Appendix C Revision and the Original Power Sales Contract Revisions, the Project Manager wishes to confirm that the governing bodies of the Original Purchasers and the Renewal Purchasers, as applicable, support an Alternative Repowering.

With this letter, the Project Manager has provided a resolution for each of the IPP Coordinating Committee (the "IPP Coordinating Committee Resolution") and the Renewal Contract Coordinating Committee (the "Renewal Contract Coordinating Committee Resolution") and together with the IPP Coordinating Committee Resolution, the "Resolutions"). Based on the foregoing and the recitals in the Resolutions, the Project Manager requests and recommends that:

- a. the IPP Coordinating Committee acknowledge the Alternative Repowering Description, together with the Original Power Sales Contract Appendix C Revision and the Original Power Sales Contract Revisions, each as set forth in the IPP Coordinating Resolution; the Renewal Contract Coordinating Committee acknowledge the Alternative Repowering Description, together with the Renewal Power Sales Contract Appendix C Revision and the Original Power Sales Contract Revisions, each as set forth in the Renewal Contract Coordinating Committee Resolution; and the IPA Board acknowledge the Alternative Repowering Description, the Original Power Sales Contract Appendix C Revision, the Renewal Power Sales Contract Appendix C Revision and the Original Power Sales Contract Revisions, all as set forth in the respective Resolutions;
- b. the IPP Coordinating Committee recommend to the IPA Board that the General Manager of IPA provide the Alternative Repowering Description, the Original Power Sales Contract Appendix C Revision and the Original Power Sales Contract Revisions to the Original Purchasers; the Renewal Contract

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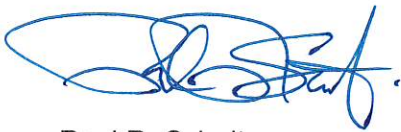
Coordinating Committee recommend to the IPA Board that the General Manager of IPA provide the Alternative Repowering Description, the Renewal Power Sales Contract Appendix C Revision and the Original Power Sales Contract Revisions to the Renewal Purchasers; and the IPA Board authorize and direct the General Manager of IPA to provide the Alternative Repowering Description, the Original Power Sales Contract Appendix C Revision, the Renewal Power Sales Contract Appendix C Revision and the Original Power Sales Contract Revisions, as applicable, to the Original Purchasers and the Renewal Purchasers; and

- c. the IPP Coordinating Committee, in respect of Original Purchasers, the Renewal Contract Coordinating Committee, in respect of Renewal Purchasers, and the IPA Board, in respect of the Original Purchasers and the Renewal Purchasers, instruct the members of the IPP Coordinating Committee and the Renewal Contract Coordinating Committee to first seek any necessary approval from the governing bodies of the Original Purchasers or the Renewal Purchasers that each such member represents, prior to voting in favor of the Alternative Repowering, in each case as applicable.

The Project Manager will hold a telephone conference for the benefit of the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board, to discuss, among other matters, the Resolutions and recommendations, on March 6, 2018, at 9:00 a.m. prevailing Pacific Standard Time. The call-in number for this telephone conference is (385) 881-0102. The security code is 400646#.

If you have any questions, you may contact me at (213) 367-2929 or Mr. Kevin T. Peng at (213) 367-0447.

Sincerely,



Paul R. Schultz
IPP Project Manager
Los Angeles Department of Water and Power, Project Manager

PRS:ktp/md
Enclosure
c/enc: Standard Distribution
Mr. Kevin T. Peng