

RESOLUTION

RCCC-2018-004

**APPROVAL OF
ALTERNATIVE REPOWERING**

On motion of Allen Johnson, seconded by Brad Packer, at a telephone meeting of the Renewal Contract Coordinating Committee (the "Committee") held on September 24, 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 (the "Transition Date"), 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 the Transition Date (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), which description will be revised from time to time to reflect changes to the Project during the term of the Renewal Power Sales Contracts; and

WHEREAS, the 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 of 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 an 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 developed the Alternative Repowering Revisions (as defined in the Original Power Sales Contracts) and recommended 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 developed a modification to the description of the Project in Appendix C to the Renewal Power Sales Contracts (the "Appendix C Revisions"), and recommended 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 Purchasers, before any such Alternative Repowering is implemented; and

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

WHEREAS, pursuant to Resolution No. RCCC-2018-001, dated March 13, 2018 and adopted by the Committee (the "Prior RCCC Resolution"), the Committee acknowledged the Alternative Repowering Description, the Original Power Sales Contract Revisions and the Appendix C Revisions; recommended 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 instructed each member of the Committee to seek the necessary approval of the Renewal Purchasers that each such member of the Committee represents in order for each such member to vote in favor of approving (a) the Alternative Repowering as described in the Alternative Repowering Description; (b) the Original Power Sales Contract Revisions; and (c) the Appendix C Revisions; and

WHEREAS, pursuant to Resolution No. IPA-2018-009, dated March 13, 2018 (the "Prior Board Resolution"), the IPA Board acknowledged the Alternative Repowering Description, the Original Power Sales Contract Revisions and the Appendix C Revisions; and

WHEREAS, pursuant to the Prior RCCC Resolution and the Prior Board Resolution, the General Manager of IPA provided the Alternative Repowering Description, the Original Power Sales Contract Revisions and the Appendix C Revisions to the Renewal Purchasers in writing; and

WHEREAS, pursuant to the Prior RCCC Resolution and the Prior Board Resolution, each member of the Committee obtained the necessary approval of the Renewal Purchasers that each such member of the Committee represents, including all approvals required by such Renewal Purchaser's or Renewal Purchasers' governing bodies, so that each such member is authorized to vote in favor of approving (a) the Alternative Repowering as described in the Alternative Repowering Description; (b) the Original Power Sales Contract Revisions; and (c) the Appendix C Revisions; and

WHEREAS, Mr. Paul Schultz, on behalf of the Project Manager, has delivered a letter dated August 2, 2018 (the "Project Manager Recommendation Letter"), to the Committee explaining that the Alternative Repowering as described in the Alternative Repowering Description provides increased benefits and is otherwise advantageous for the Project in substitution for the Gas Repowering, and that the Alternative Repowering as described in the Alternative Repowering Description is capable of supplying the electric generation of the Project, and recommending that the Committee (a) approve (i) the Alternative Repowering as described in the Alternative Repowering Description; (ii) the Original Power Sales Contract Revisions; and (iii) the Appendix C Revisions; and (b) recommend that the IPA Board approve (i) the Alternative Repowering as described in the Alternative Repowering Description; (ii) the Original Power Sales Contract Revisions; and (iii) the Appendix C Revisions; and

WHEREAS, the Project Manager provided a briefing at a meeting of the Committee on August 7, 2018 (the "Project Manager Briefing"), during which the Project Manager described, and explained the basis of, the Project Manager's recommendations, advice and determinations described in the Project Manager Recommendation Letter; 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 each member of the Committee hereby ratifies and confirms the accuracy of the Recitals to this Resolution to the extent that such Recitals include statements about the Renewal Purchaser or Renewal Purchasers represented by such member of the Committee; and

BE IT FURTHER RESOLVED, that the Committee hereby approves, and recommends that the IPA Board approve, the Alternative Repowering as described in the Alternative Repowering Description; and

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

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

BE IT FURTHER RESOLVED, that the Committee hereby confirms and ratifies, and recommends that the IPA Board confirm and ratify, the delegation of authority as set forth in the Prior RCCC Resolution and the Prior Board Resolution, to the Project Manager and the General Manager of IPA, acting jointly, 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 hereby is 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 hereby is deleted in its entirety and replaced with the following:

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



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August 2, 2018

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

Dear Mr. Eldredge:

Subject: Recommendation for Approval 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 the Intermountain Power Agency ("IPA") Board of Directors (the "IPA Board") approve the Alternative Repowering as described in the Alternative Repowering Description (as more fully described below). This request is based in part on the approval for the Alternative Repowering received from the governing bodies of 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).

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 (the "Transition Date"), 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 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 will 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, the 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, among other things, must (a) be capable of supplying the electric generation of the Project, (b) provide increased benefits to, or otherwise be advantageous for, the Project, and (c) 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 any 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 Renewal 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 on and after the Transition Date. 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 determined that the Alternative Repowering is capable of supplying the electric generation of the Project, and 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. The 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 Revisions"), 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 Revisions”), in each case based on the Alternative Repowering Description. In addition, based on the Alternative Repowering Description, the 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”).

Pursuant to Section 44.6.3 of the Original Power Sales Contracts, any Alternative Repowering is subject to receipt of all required government regulatory approvals and other required consents or approvals, including all approvals required by the governing bodies of the Original Purchasers and the Renewal Purchasers. Based on this requirement, pursuant to a letter dated March 5, 2018, the Project Manager requested, among other things, that (a) the IPP Coordinating Committee and the IPA Board acknowledge the Alternative Repowering Description, the Original Power Sales Contract Appendix C Revisions, and the Original Power Sales Contract Revisions; (b) the Renewal Contract Coordinating Committee and the IPA Board acknowledge the Alternative Repowering Description, the Renewal Power Sales Contract Appendix Revision, and the Original Power Sales Contract Revisions; and (c) the members of the IPP Coordinating Committee seek approval for the Alternative Repowering from the governing bodies of the Original Purchasers, and the Renewal Contract Coordinating Committee seek approval for an Alternative Repowering from the governing bodies of the Renewal Purchasers, in each case based on the Alternative Repowering Description. Resolutions to that effect were approved on March 13, 2018, by the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board (the “March 13, 2018 Resolutions”). Based on the March 13, 2018 Resolutions, the members of the IPP Coordinating Committee obtained approvals for the Alternative Repowering from the governing bodies of the Original Purchasers that they represent, and members of the Renewal Contract Coordinating Committee obtained approvals for the Alternative Repowering from the governing bodies of the Renewal Purchasers that they represent, in each case as applicable.

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 approve, and recommend that the IPA Board approve, (i) the Alternative Repowering as set forth in the Alternative Repowering Description; (ii) the Original Power Sales Contract Appendix C Revisions; and (iii) the Original Power Sales Contract Revisions, each as set forth in the IPP Coordinating Committee Resolution; (b) the Renewal Contract Coordinating Committee approve, and recommend that the IPA Board approve, (i) the Alternative Repowering as set forth in the Alternative Repowering Description; (ii) the Renewal Power Sales Contract Appendix C Revisions; and (iii) the Original Power Sales Contract Revisions, each as set forth in the Renewal Contract Coordinating Committee Resolution; and (c) the IPA Board approve (i) the Alternative Repowering as set forth in the Alternative Repowering Description; (ii) the Original Power Sales Contract Appendix C Revisions; (iii) the Renewal

Mr. R. Dan Eldredge
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Power Sales Contract Appendix C Revisions; and (iv) the Original Power Sales Contract Revisions, all as set forth in the respective Resolutions. The Resolutions also ratify and confirm the delegation of authority to the IPA General Manager and the Project Manager, acting jointly, to modify the Original Power Sales Contract Appendix C Revisions, the Renewal Power Sales Contract Appendix C Revisions and the Original Power Sales Contract Revisions, as originally set forth in the Resolutions. The Project Manager is of the opinion that the ratification and confirmation of this delegation of authority is the most efficient way to make conforming changes to the Original Power Sales Contract Appendix C Revisions, the Renewal Power Sales Contract Appendix C Revisions and the Power Sales Contract Revisions without the need to seek approval of the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board.

The Project Manager will discuss the Resolutions and recommendations described in this letter at the regularly scheduled meetings of the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and the IPA Board, currently scheduled for August 7, 2018.

Sincerely,



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

PRS/KTP: md
Enclosure
c/enc: IPP CC Standard Distribution