

RESOLUTION

RCCC-2018-005

APPROVAL OF DETERMINATION THAT INCREASED PRELIMINARY REPOWERING COSTS CONSTITUTE COSTS OF THE GAS REPOWERING

On motion of Paul Schultz, seconded by Allen Johnson at a meeting of the Intermountain Power Project ("IPP") Renewal Contract Coordinating Committee (the "Committee"), held on November 6, 2018, the following Resolution was duly adopted:

WHEREAS, Intermountain Power Agency ("IPA") and the Purchasers represented on the Committee are parties to those certain Renewal Power Sales Contracts, dated January 16, 2017 (the "Contracts"); and

WHEREAS, on January 19, 2016, the Original Coordinating Committee (as defined in the Contracts) adopted Resolution No. CC-2016-001 (the "2016 CC Resolution") and the IPA Board of Directors (the "IPA Board") adopted Resolution No. IPA-2016-001 (Resolution No. IPA-2016-001 together with the 2016 CC Resolution being, collectively, the "2016 Resolutions") approving, among other things, the following: (a) the performance of the Preliminary Repowering Work (as defined in the 2016 Resolutions) by the Project Manager and third party consultants designated by the Project Manager; (b) the payment of the Preliminary Repowering Costs (as defined in the 2016 Resolutions) from the Contingency Reserve (as defined in the 2016 Resolutions) in an amount up to the Maximum Preliminary Repowering Authorization (as defined in the 2016 Resolutions) to the Project Manager and to such third party consultants for the performance of the Preliminary Repowering Work; and (c) the Preliminary Costs Reimbursement Policy (as defined in the 2016 Resolutions); and

WHEREAS, on March 21, 2017, the Original Coordinating Committee adopted Resolution No. CC-2017-001 (the "2017 CC Resolution") and the IPA Board adopted Resolution No. IPA-2017-002 (Resolution No. IPA-2017-002 together with 2017 CC Resolution being, collectively, the "2017 Resolutions") approving (a) an increase in the Maximum Preliminary Repowering Authorization in an amount equal to \$7,300,000 for a total amount of Maximum Preliminary Repowering Authorization equal to \$8,300,000; and (b) the amendment and restatement of the descriptions of the Preliminary Repowering Work and Preliminary Repowering Costs as set forth in Exhibit A to the 2017 Resolutions; and

WHEREAS, Section 15.1.2 of the Contracts requires IPA to obtain the prior approval of the Committee for Transition Project Indebtedness (as defined in the Contracts) issued or incurred by IPA unless certain conditions described in Section 15.1.2 of the Contracts are satisfied; and

WHEREAS, on March 21, 2017, the Committee adopted Resolution No. RCCC 2017-001 approving, among other things, the determination that (a) Transition Project Indebtedness issued or incurred to finance all or a portion of the Preliminary Repowering Costs shall constitute Transition Project Indebtedness issued or incurred to

finance the Gas Repowering (as defined in the Contracts); and (b) such Transition Project Indebtedness, to the extent issued or incurred, satisfies the condition set forth in Section 15.1.2(A)(i) of the Contracts; and

WHEREAS, on November 6, 2018, the Original Coordinating Committee adopted Resolution No. CC-2018-011 (the "2018 CC Resolution") approving, and recommending that the IPA Board approve, (a) the increase of the Maximum Preliminary Repowering Authorization by an additional \$20,700,000 for a total amount of Maximum Preliminary Repowering Authorization equal to \$29,000,000 (as such amount may be increased by the Original Coordinating Committee and the IPA Board from time to time, the "Second Increased Maximum Preliminary Repowering Authorization"); and (b) the amendment and restatement of the descriptions of the Preliminary Repowering Work and the Preliminary Repowering Costs set forth on Exhibit A to the 2018 CC Resolution; and

WHEREAS, the Committee has received a letter dated October 25, 2018, from Mr. Paul R. Schultz on behalf of the Project Manager (the "Project Manager Recommendation Letter") setting forth the foregoing recitals and recommending that the Committee approve, adopt and take the following action, and recommend that the IPA Board approve such action (the "Recommended Action"): determine by this Resolution that (a) Transition Project Indebtedness issued or incurred to finance all or a portion of the Preliminary Repowering Costs up to an amount equal to the Second Increased Maximum Preliminary Repowering Authorization shall constitute Transition Project Indebtedness issued or incurred to finance the Gas Repowering; and (b) such Transition Project Indebtedness, to the extent issued or incurred, satisfies the condition set forth in Section 15.1.2(A)(i) of the Contracts; and

WHEREAS, the Project Manager provided a briefing for the benefit of the Committee on October 31, 2018, and at a meeting of the Committee on November 6, 2018 (collectively, the "Project Manager Briefing") during which the Project Manager described and explained the basis for recommending the Recommended Action; and


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

NOW, THEREFORE, BE IT RESOLVED, that the Committee hereby approves, adopts and takes, and recommends that the IPA Board approve, the Recommended Action; and

November 6, 2018

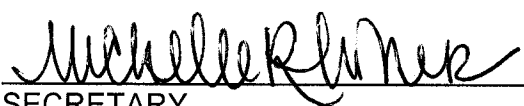
BE IT FURTHER RESOLVED, that the Chairman is hereby authorized and directed by the Committee to execute this Resolution and to do all things necessary to render the same in full force and effect.

INTERMOUNTAIN POWER PROJECT RENEWAL
CONTRACT COORDINATING COMMITTEE



CHAIRMAN

ATTEST:



SECRETARY



Los Angeles
Department of
Water & Power

CUSTOMERS FIRST

Eric Garcetti, Mayor

Board of Commissioners
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

October 25, 2018

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

Dear Mr. Eldredge:

Subject: Approval of Determination that Increased Preliminary Repowering Costs
Constitute Costs of the Gas Repowering

The Project Manager requests and recommends that the Intermountain Power Project (“IPP”) Renewal Contract Coordinating Committee (the “Committee”) approve, and recommend that the Intermountain Power Agency (“IPA”) Board of Directors (the “IPA Board”) approve, the determination that (a) Transition Project Indebtedness (as defined below) issued or incurred to finance all or a portion of the increased Preliminary Repowering Costs (as defined below) shall constitute Transition Project Indebtedness issued or incurred to finance the Gas Repowering (as defined below) and (b) such Transition Project Indebtedness, to the extent issued or incurred, satisfies the condition set forth in Section 15.1.2(A)(i) of the Contracts (as defined below). This letter is being sent pursuant to those certain Renewal Power Sales Contracts, dated January 16, 2017, between IPA and each of the Purchasers represented on the Committee (the “Contracts”).

On January 19, 2016, the Original Coordinating Committee (as defined in the Contracts) adopted Resolution No. CC-2016-001 (the “2016 CC Resolution”) and the IPA Board of Directors (the “IPA Board”) adopted Resolution No. IPA-2016-001 (Resolution No. IPA-2016-001 together with the 2016 CC Resolution being, collectively, the “2016 Resolutions”) approving, among other things, the following: (a) the performance of the Preliminary Repowering Work (as defined in the 2016 Resolutions) by the Project Manager and third party consultants designated by the Project Manager; (b) the payment of the Preliminary Repowering Costs (as defined in the 2016 Resolutions) from the Contingency Reserve (as defined in the 2016 Resolutions) in an amount up to the Maximum Preliminary Repowering Authorization (as defined in the 2016 Resolutions) to the Project Manager and to such third party consultants for the performance of the Preliminary Repowering Work; and (c) the Preliminary Costs Reimbursement Policy (as defined in the 2016 Resolutions). The Maximum Preliminary Repowering Authorization

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specifies the maximum amount of funds from the Contingency Reserve that may be spent on the Preliminary Repowering Costs.

On March 21, 2017, the Original Coordinating Committee adopted Resolution No. CC-2017-001 (the "2017 CC Resolution") and the IPA Board adopted Resolution No. IPA-2017-002 (Resolution No. IPA-2017-002 together with 2017 CC Resolution being, collectively, the "2017 Resolutions") approving (a) an increase in the Maximum Preliminary Repowering Authorization in an amount equal to \$7,300,000 for a total amount of Maximum Preliminary Repowering Authorization equal to \$8,300,000; and (b) the amendment and restatement of the descriptions of the Preliminary Repowering Work and Preliminary Repowering Costs as set forth in Exhibit A to the 2017 Resolutions.

Section 15.1.2 of the Contracts requires IPA to obtain the prior approval of the Committee for Transition Project Indebtedness issued or incurred by IPA unless certain conditions described in Section 15.1.2 of the Contracts are satisfied (the "Section 15.1.2 Conditions"). It is the intent of the Original Coordinating Committee, as expressed in Resolution Nos. CC-2016-001 and CC-2017-001 identified above, that the Preliminary Repowering Costs be financed through the issuance of Transition Project Indebtedness. As a result, the Project Manager has determined that it will help reduce uncertainty if the Committee determines concurrently with the approval of the increase in authorized Preliminary Repowering Costs that the Section 15.1.2 Condition specified in Section 15.1.2(A)(i) of the Contracts has been satisfied by determining that such Preliminary Repowering Costs constitute costs of the Gas Repowering for purposes of Section 15.1.2(A)(i) of the Contracts. Whether the other Section 15.1.2 Conditions have been satisfied will have to be determined once the terms of such Transition Project Indebtedness are known.

On March 21, 2017, the Committee adopted Resolution No. RCCC-2017-001 approving, among other things, the determination that (a) Transition Project Indebtedness issued or incurred to finance all or a portion of the Preliminary Repowering Costs shall constitute Transition Project Indebtedness issued or incurred to finance the Gas Repowering (as defined in the Contracts); and (b) such Transition Project Indebtedness, to the extent issued or incurred, satisfies the condition set forth in Section 15.1.2(A)(i) of the Contracts.

The Project Manager has recommended that the Original Coordinating Committee also adopt Resolution No. CC-2018-011 (the "2018 CC Resolution") approving, and recommending that the IPA Board approve, (a) the increase of the Maximum Preliminary Repowering Authorization by an additional \$20,700,000 for a total amount of Maximum Preliminary Repowering Authorization equal to \$29,000,000 (as such amount may be increased by the Original Coordinating Committee and the IPA Board from time to time, the "Second Increased Maximum Preliminary Repowering Authorization"); and (b) the amendment and restatement of the descriptions of the

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Preliminary Repowering Work and the Preliminary Repowering Costs set forth on Exhibit A to the 2018 CC Resolution.

Accordingly, in order to facilitate the financing of the Preliminary Repowering Costs in an amount up to the Maximum Preliminary Repowering Authorization (as increased to the Second Increased Maximum Preliminary Repowering Authorization) pursuant to the Preliminary Costs Reimbursement Policy, the Project Manager recommends and requests that the Committee determine, in anticipation of financing such Preliminary Repowering Costs through Transition Project Indebtedness to be approved and issued after November 1, 2019, that the increased Preliminary Repowering Costs reflected in the 2018 CC Resolution constitute costs of the Gas Repowering for purposes of Section 15.1.2 of the Contracts.

The Project Manager has included with this letter a proposed Resolution for taking the foregoing recommended actions.

The Project Manager will hold a telephone conference to discuss the proposed Resolution and the recommendations described in this letter for the benefit of the Committee and the IPA Board on October 31, 2018 at 9:00 a.m. prevailing Pacific Time. The telephone number for this telephone conference is (385) 881-0102, and the security code is 400646.

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