

## **RESOLUTION**

**RCCC-2020-002**

### **APPROVAL OF PLANS FOR PRE-FUNDING RETIREMENT COSTS**

On motion of Paul Schultz, seconded by Ted Olson, at a telephonic meeting of the Intermountain Power Project (“IPP”) Renewal Contract Coordinating Committee (the “Committee”) held on August 4, 2020, the following Resolution was duly adopted:

WHEREAS, Intermountain Power Agency (“IPA”) is a party with the Purchasers (as defined in such Renewal Power Sales Contracts) to those certain Renewal Power Sales Contracts, dated as of January 16, 2017 (as amended and updated, collectively, the “Renewal Power Sales Contracts”); and

WHEREAS, as described in Resolution CC-2019-018 of the Original Coordinating Committee (as defined in the Renewal Power Sales Contracts) and Resolution IPA-2019-019 of the IPA Board of Directors (the “IPA Board”), the Project Manager has commenced the Alternative Repowering (the “Project”); and

WHEREAS, Section 44.2 of the Original Power Sales Contracts (as defined in the Renewal Power Sales Contracts) provides that the Project shall not proceed without a plan for performing Retirement Actions (as defined in the Original Power Sales Contracts) and paying Retirement Costs (as defined in the Original Power Sales Contracts) (the “Section 44 Retirement Plan”); and

WHEREAS, the Section 44 Retirement Plan was approved by the Original Coordinating Committee, the Committee, and the IPA Board on August 6, 2019, pursuant to Resolutions CC-2019-014, RCCC-2019-002, and IPA-2019-014, respectively; and

WHEREAS, the Section 44 Retirement Plan estimates that the Retirement Costs will total \$260,412,000 (that amount, the “2019 Retirement Cost Estimate”); and

WHEREAS, Section 44.5 of the Original Power Sales Contracts contemplates payment of the Retirement Costs through the issuance of IPA Bonds, but allows the Original Coordinating Committee to approve other methods of funding; and

WHEREAS, if the Retirement Costs are paid through the issuance of IPA Bonds, those Bonds would likely be issued in Fiscal Year 2024-25 for a 20 year term, such that the Original Purchasers (as defined in the Renewal Power Sales Contracts) would pay the debt service on those Bonds during Fiscal Years 2025-26 and 2026-27 until the Transition Date, and thereafter the Purchasers would pay the debt service over the eighteen Fiscal Years from and after the Transition Date; and

WHEREAS, rather than issuing IPA Bonds for the entire amount of the Retirement Costs, the Operating Agent proposes funding the Retirement Costs according to the Pre-Funding Plan (as defined and described in Resolution CC-2020-012 of the Original Coordinating Committee (the “CC Resolution”)), and the “Renewal Pre-Funding Plan,” which shall consist of (i) the same terms

as the Pre-Funding Plan but with each reference to a “Purchaser” therein referring to an Original Purchaser and each reference to a “Renewal Purchaser” therein referring to a Purchaser (as defined in the Renewal Power Sales Contracts); and (ii) the following paragraph 10 (with each reference to a “Purchaser” below referring to a Purchaser (as defined in the Renewal Power Sales Contracts)):

10. During each Fiscal Year commencing on or after the Transition Date, invoices for each Purchaser’s Monthly Power Costs for such Fiscal Year will include a line item for Retirement Costs for such Fiscal Year as a debit against that Purchaser’s Pre-Funding Credit, if any, with Pre-Funding Credits being first allocated in equal monthly amounts up to but not exceeding the line item for Retirement Costs included on the monthly invoice for such Purchaser’s Monthly Power Costs. A Purchaser’s Pre-Funding Credit exceeding the total of all Retirement Costs included as a line item on such Purchaser’s invoices for Monthly Power Costs after the Transition Date, if any, shall be allocated as illustrated in Table 1b of Example 4 on Exhibit A to the CC Resolution.

WHEREAS, Exhibit A to the CC Resolution includes illustrative examples of how the Plans (as defined below) will operate in practice based on different assumptions regarding the amount of the 2025 Retirement Cost Estimate and the amounts that Original Purchasers or Purchasers elect to pre-fund (including illustrations of the Renewal Pre-Funding Plan in Tables 1c of the various examples on Exhibit A to the CC Resolution); and

WHEREAS, the Operating Agent is of the opinion that the Pre-Funding Plan and the Renewal Pre-Funding Plan (individually and collectively, the “Plans”) are advantageous because they could greatly reduce the amount of Transition Project Indebtedness to be incurred to pay Retirement Costs, and thereby reduce interest costs for those Original Purchasers and Purchasers who elect to pay Pre-Funding Charges; and

WHEREAS, the Operating Agent is also of the opinion that the Plans are equitable, because they ensure that those Original Purchasers and Purchasers that do not elect to pay Pre-Funding Charges pay no more and no less than the share of Retirement Costs that they would pay if IPA were to issue Bonds for the entire amount of the Retirement Costs; and

WHEREAS, the Committee has received a letter dated July 27, 2020 from Mr. Gregory S. Huynh on behalf of the Operating Agent (the “Operating Agent Recommendation Letter”) recommending that the Committee approve and adopt, and recommend that the IPA Board approve and adopt, the Plans as described therein; and

WHEREAS, the Operating Agent provided a briefing at meetings of the Original Coordinating Committee and the Committee on March 10, 2020, and on conference calls on March 19, June 22, July 13, and July 29, 2020 (collectively, the “Operating Agent Briefing”), during which the Operating Agent described, and explained the basis of, the Operating Agent’s recommendations, advice and determinations described in the Operating Agent Recommendation Letter; and

WHEREAS, the Original Coordinating Committee, by the CC Resolution, approved, and recommended that the Committee and the IPA Board approve, the Pre-Funding Plan on the terms and conditions described in the Operating Agent Recommendation Letter and the Operating Agent Briefing; provided that such terms are consistent with the approval of the Pre-Funding Plan by the IPA Board, with the Project Agreements (as defined in the Construction Management and Operating Agreement between IPA and the Operating Agent) and applicable law; and

WHEREAS, the Committee has reviewed and considered the Operating Agent Recommendation Letter, the Operating Agent Briefing, and the CC Resolution, including the recommendations, advice and determinations of the Operating Agent.

NOW THEREFORE, BE IT RESOLVED, that the Committee hereby approves and adopts, and recommends that the IPA Board approve and adopt, the Plans on the terms and conditions described in the Operating Agent Recommendation Letter and the Operating Agent Briefing; provided that such terms are consistent with the approval of the Plans by the IPA Board, with the Project Agreements (as defined in the Construction Management and Operating Agreement between IPA and the Operating Agent) and applicable law; and

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