

## **RESOLUTION**

**RCCC-2021-001**

### **APPROVAL OF STS RENEWAL PROJECT AND STS FINANCING PLAN**

On motion of Kevin Robison, seconded by Scott Mellon, at a virtual meeting of the Intermountain Power Project (“IPP”) Renewal Contract Coordinating Committee (the “Committee”) held March 9, 2021, the following Resolution was duly adopted:

WHEREAS, Intermountain Power Agency (“IPA”) is a party with the Purchasers (as defined in such Power Sales Contracts) to those certain Power Sales Contracts, dated as of September 28, 1978 for the Utah Purchasers (as defined in such Power Sales Contracts) and August 6, 1980 for the California Purchasers (as defined in such Power Sales Contracts) (such Power Sales Contracts, as amended, revised and updated, collectively, the “Power Sales Contracts”); and

WHEREAS, IPA is also a party to those certain Renewal Power Sales Contracts, dated as of January 16, 2017 (as amended and updated, the “Renewal Power Sales Contracts”) with those Purchasers that (i) accepted the Renewal Offer (as defined in the Power Sales Contracts) and (ii) did not subsequently terminate their Renewal Power Sales Contract pursuant to Section 42.1 of the Renewal Power Sales Contracts; and

WHEREAS, pursuant to Section 6.2.17 of the Power Sales Contracts, prior the Transition Date (as defined in the Renewal Power Sales Contracts), the Original Coordinating Committee (as defined in the Renewal Power Sales Contracts) has the responsibility to approve all Capital Improvements (as defined in the Power Sales Contracts), and the method of funding or financing of Capital Improvements; and

WHEREAS, the Project Manager has developed a scope of work for a Capital Improvement for the replacement, renewal, and expansion of converter stations, AC switchyards, and associated facilities at the Adelanto Converter Station (“ACS”) and the Intermountain Converter Station (“ICS”), as more particularly set forth on Exhibit A to Resolution CC-2021-003 adopted by the Original Coordinating Committee (such Capital Improvement being the “STS Renewal Project”); and

WHEREAS, the Project Manager has been working with the Southern California Public Power Authority (“SCPPA”), IPA, and the California Purchasers to arrange for SCPPA to finance the STS Renewal Project through payments-in-aid of construction (the “STS Financing”), all as described in Resolution Nos. CC-2020-010 and IPA-2020-009 (collectively, the “STS Financing Resolutions”); and

WHEREAS, the Project Manager has recommended that IPA finance the STS Renewal Project through the issuance of Transition Project Indebtedness (as defined in the Power Sales Contracts) if the STS Financing does not take place (the “STS Financing Plan”); and

WHEREAS, Section 6.3.1 of the Renewal Power Sales Contracts provide that prior to the Transition Date (as defined in the Renewal Power Sales Contracts), IPA shall obtain the approval of the Committee with respect to the incurrence of any Project Indebtedness (as defined in the Renewal Power Sales Contracts) to the extent that such Project Indebtedness expressly requires the approval of the Committee pursuant to Section 15.1 of the Renewal Power Sales Contracts; and

WHEREAS, to the extent that the conditions set forth in the proviso to Section 15.1.2 of the Renewal Power Sales Contracts are not satisfied, such Section 15.1 requires such approval of the Committee; and

WHEREAS, it is likely that it will not be possible to determine whether the STS Financing Plan would satisfy such requirements of such proviso until the time that the STS Renewal Project is financed through Transition Project Indebtedness and that, because the issuance of Transition Project Indebtedness is a backup to financing by SCPPA, such issuance, if any, may not occur until substantial amounts have been expended on the STS Renewal Project; and

WHEREAS, in order to proceed with the STS Renewal Project in a timely manner the Project Manager has requested that the Committee approve the STS Renewal Project and the STS Financing Plan while it is still uncertain whether any Transition Project Indebtedness needs to be issued; and

WHEREAS, the Project Manager considers the STS Renewal Project to be advisable and in accordance with Prudent Utility Practice, given that many components of the ACS and the ICS are reaching the end of their useful lives, and replacement of many of the major components is needed in order to transmit energy over the Southern Transmission System reliably for its remaining expected life of 30 years; and

WHEREAS, the Project Manager considers it to be advisable and in accordance with Prudent Utility Practice to finance the STS Renewal Project in accordance with the STS Financing Plan, so as to ensure that long-term financing is available in the unlikely event that the STS Financing does not take place; and

WHEREAS, the Committee has received a letter dated February 19, 2021 from Ms. Lori K. Morrish on behalf of the Project Manager (the "Project Manager Recommendation Letter") recommending that, to the extent required or otherwise effective under the Renewal Power Sales Contracts, the Committee approve, and recommend that the IPA Board of Directors (the "IPA Board") approve, the STS Renewal Project as a Capital Improvement, to be financed in accordance with the STS Financing Plan; and

WHEREAS, the Project Manager provided a briefing on a conference call on February 25, 2021, and at a meeting of the Committee on March 9, 2021 (collectively, the "Project Manager Briefing"), during which the Project Manager described and explained the basis of the Project Manager's recommendations, advice and determinations as set forth herein; 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, to the extent required or otherwise effective under the Renewal Power Sales Contracts, the Committee hereby approves, and recommends that the IPA Board approve, the STS Renewal Project as a Capital Improvement, to be financed in accordance with the STS Financing Plan as described above and in the Project Manager Recommendation Letter; 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



CHAIRMAN, RENEWAL CONTRACT  
COORDINATING COMMITTEE

ATTEST:

  
SECRETARY