

RESOLUTION

RCCC-2023-001

APPROVAL OF CLARIFICATIONS TO STS FINANCING

On motion of Paul Schultz, seconded by Mark Montgomery, at a meeting of the Intermountain Power Project (“IPP”) Renewal Contract Coordinating Committee (the “Renewal Committee”) held March 7, 2023, 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, pursuant to Resolution Nos. CC-2020-010, IPA-2020-009, CC-2021-014, RCCC-2021-004 and IPA-2021-014 (the “Prior STS Financing Resolutions”), the IPP Coordinating Committee (the “Committee”), the Renewal Committee, and the IPA Board of Directors (the “IPA Board”), respectively, authorized the Project Manager (as defined in the Power Sales Contracts) to arrange for the Southern California Public Power Authority (“SCPPA”) to finance the STS Renewal Project (as defined in the Prior STS Financing Resolutions) through payments-in-aid of construction (the “STS Financing”); and

WHEREAS, the STS Financing, as originally defined and approved by the Prior STS Financing Resolutions, did not dictate when payments-in-aid of construction would commence, nor when debt service payments would commence, but when the first Prior STS Financing Resolutions were approved in August of 2020, it was expected that SCPPA would provide payments-in-aid of construction beginning in 2021, with repayment of the bonds used to fund such payments-in-aid of construction commencing in 2026, when the STS Renewal Project was expected to be completed in its entirety and in service; and

WHEREAS, a number of things have changed since the Prior STS Financing Resolutions were adopted: (i) due to unforeseen delays in executing the necessary agreements, SCPPA has not yet issued bonds, and the payments-in-aid of construction have not yet commenced, (ii) SCPPA’s bond counsel has determined that debt service on the SCPPA bonds cannot be deferred until the entire STS Renewal Project is complete, but rather, debt service will need to commence when each individual major component of the STS Renewal Project is placed in service, and (iii) due to delays in the procurement of a contractor to design and construct new Converter Stations, as part of the STS Renewal Project, it is now expected that the entire STS Renewal Project will not be completed until early 2027, instead of 2026 as originally planned; and

WHEREAS, the Project Manager estimates that the net effect of these changes will be to reduce the total amount of debt service to be paid prior to the Transition Date (as defined in the Power Sales Contracts), but because these changes will also require debt service to be paid earlier than originally anticipated — commencing in 2024 instead of 2026 — the Project Manager deems

it advisable to clarify the timing of the STS Financing so that Purchasers can budget accordingly; and

WHEREAS, specifically, the Project Manager recommends that the following clarifications be made to the STS Financing: (i) SCPPA's payments-in-aid of construction will commence as soon as reasonably practicable, and (ii) debt service payments to SCPPA will commence separately for each of the four major components of the STS Renewal Project — the IPP switchyard, Adelanto switchyard, Synchronous Condensers, and Converter Stations — as each one is completed and placed into service (together, the "STS Financing Clarifications"); and

WHEREAS, the Renewal Committee has received a letter dated February 22, 2023 from Ms. Lori K. Morrish on behalf of the Project Manager (the "Project Manager Recommendation Letter") recommending that the Committee and the Renewal Committee approve, and recommend that the IPA Board approve, the STS Financing Clarifications, as described above; and

WHEREAS, the Project Manager provided a briefing on a conference call on February 27, 2023, and at a meeting of the Renewal Committee on March 7, 2023 (collectively, the "Project Manager Briefing"), during which the Project Manager Briefing, the Project Manager described and explained the basis of the Project Manager's recommendations, advice and determinations as set forth herein; and

WHEREAS, the Renewal 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 Renewal Committee hereby approves, and recommends that the IPA Board approve, the STS Financing Clarifications 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 Renewal 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