



APPENDIX "E"

CONNECTION AND OPERATING AGREEMENT

by and between

**PUBLIC UTILITY DISTRICT NO. 1
OF OKANOGAN COUNTY, WA**

and

CONNECTION AND OPERATING AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, 20__, between Public Utility District No.1 of Okanogan County, Washington, a public utility district of the State of Washington, hereinafter referred to as "Okanogan PUD", and _____, hereinafter referred to as "Facility Sponsor", Okanogan PUD and Facility Sponsor each may be referred to as a "Party," or collectively as the "Parties."

WITNESSETH:

WHEREAS, Facility Sponsor intends to own and operate a/an _____ located in _____, _____; and,

WHEREAS, the Facility is located adjacent to the electrical facilities of Okanogan PUD; and,

WHEREAS, Facility Sponsor has requested, and Okanogan PUD has agreed to enter into, an agreement with Facility Sponsor to interconnect/connect the Facility with the Okanogan PUD System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

1.0 Whenever used in this Agreement, appendices, and attachments hereto, the following terms shall have the following meanings:

1.01 "Confidential Information" shall mean all information obtained by Okanogan PUD from, or disclosed to Okanogan PUD by Facility Sponsor, which relates to Facility Sponsor's business activities, and the results of Okanogan PUD's work under this Agreement, including drafts and associated materials, except –such information as is previously known to Okanogan PUD, or is publicly disclosed by Facility Sponsor prior or subsequent to Okanogan PUD's receipt of such information, or is rightfully received by Okanogan PUD from a third party other than in connection with this Agreement; and except such information that Okanogan PUD is compelled to disclose by order of a court of competent jurisdiction and/or as mandated, in Okanogan PUD's reasonable opinion,

pursuant to the State of Washington's Public Disclosure Law, R.C.W. 42.17.250 et. seq.

1.02 "Connection Facilities" shall mean all facilities presently in place or presently proposed to be installed, as identified in Exhibit 1, or facilities which are later installed, in order to provide connection service and deliver energy from the Facility to the Okanogan PUD System including, but not limited to, connection, distribution, engineering, administrative, transformation, switching, metering and safety equipment.

1.03 "Connection Point" shall mean the physical location on the power system of the change of ownership between Okanogan PUD and the Facility Sponsor and/or interconnecting utility.

1.04 "Connection Service" shall mean the services provided by Okanogan PUD to connect the Facility with the Okanogan PUD System pursuant to the terms of this Agreement. The term does not include the right to obtain transmission service on the Okanogan PUD System, which service shall be obtained in accordance with the provisions of a separate transmission service agreement between the Facility Sponsor, or its designee, and Okanogan PUD.

1.05 "Okanogan PUD System" shall mean the integrated electrical transmission and distribution facilities including primarily 115 and 13.2 kV lines and stations owned or controlled by Okanogan PUD on Okanogan PUD's side of the Connection Point.

1.06 "Emergency" shall mean any abnormal system condition that requires automatic or immediate manual action to prevent or limit loss of electrical facilities or generation supply that could adversely affect the reliability of the Okanogan PUD System or the systems to which the Okanogan PUD System is directly or indirectly connected; provided however, that the inability of Okanogan PUD to meet its load requirements because of insufficient generation resources shall not constitute an Emergency.

1.07 "Facility" shall mean the Facility Sponsor's electric generating facility identified generally in the first "Whereas" clause herein and more specifically identified in the "as built" drawings provided to Okanogan PUD together with the other property, facilities, and equipment owned and/or controlled by the Facility Sponsor on the Facility Sponsor's side of the Connection Point

1.08 "Force Majeure" shall mean an event or occurrence or circumstance beyond the reasonable control of the Party claiming Force Majeure, including, but not limited to, acts of God, labor dispute (including strikes), floods, earthquakes, storms, fires, lightning, epidemics, wars, riots, civil disturbances, sabotage, acts of public enemy, explosions,

curtailments, orders, regulations or restrictions imposed by governmental, military, or lawfully established civilian authorities, or any other event or cause which is beyond the claiming Party's reasonable control, and which wholly or in part prevents the claiming Party from performing its obligations under this Agreement. Mere economic hardship of a Party does not constitute Force Majeure. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither Party will be considered in Default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement.

1.09 "Good Utility Practice" shall mean any of the practices, methods and acts engaged in or approved by a significant proportion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of acceptable practices, methods or acts.

1.10 "Hazardous Substances" shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "hazardous constituents", "restricted hazardous materials", "extremely hazardous substances", "toxic substances", "contaminants", "pollutants", "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law. For purposes of this Agreement, the term "Environmental Law" shall mean Federal, state, and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders relating to pollution or protection of the environment, natural resources or human health and safety.

1.11 "Metering Equipment" shall mean all metering equipment currently installed at the Facility and/or other metering equipment to be installed at the metering points designated in Exhibit 3.

- 1.12 “NERC” shall mean the North American Electric Reliability Corporation, or its successor.
- 1.13 “Operation Date” shall mean the day commencing at 00:01 hours on the day following the day during which Connection Facilities and equipment of the Facility have been completed to Okanogan PUD’s and Facility Sponsor’s mutual satisfaction and energized in parallel operation of Okanogan PUD’s and Facility Sponsor’s systems as confirmed in a writing substantially in the form shown in Exhibit 6.
- 1.14 “Optional System Enhancements” shall mean enhancements to the Okanogan PUD System that have been identified as a result of a load flow analysis. Facility Sponsor has the option to elect or to not elect to have Optional System Enhancements constructed.
- 1.15 “Secondary Systems” shall mean control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers.
- 1.16 “Switching and Tagging Rules” shall mean Okanogan PUD’s and Project Sponsor’s switching and tagging procedures, as they may be amended.
- 1.17 “System Protection Facilities” shall mean the equipment required to protect (1) the Okanogan PUD System, the systems of others connected to the Okanogan PUD System, and Facility Sponsors from faults occurring at the Facility, and (2) the Facility from faults occurring on the Okanogan PUD System or on the systems of others to which the Okanogan PUD System is directly or indirectly connected.
- 1.18 “System Upgrades” shall mean modifications or improvements to the Okanogan PUD System required in order to interconnect the Facility with the Okanogan PUD System, as identified as "Required System Upgrades" in Exhibit 2. The cost of System Upgrades shall be borne by Facility Sponsor.
- 1.19 “WECC” shall mean the Western Electric Coordinating Council, or its successor.

ARTICLE 2

TERM OF AGREEMENT

- 2.0 Effective Date. This Agreement shall become effective when executed by the Parties

as of the first date written above and shall continue for a period of _____ years, and year to year thereafter until terminated with not less than one year's prior written notice by the terminating Party to the other Party or until the date and time that Facility Sponsor's Facility permanently ceases to operate within the Okanogan PUD System as determined by Okanogan PUD, whichever date should first occur.

However, said Agreement may be earlier terminated upon mutual written agreement of the Parties, or upon the effective date of an agreement between a Regional Transmission Organization (RTO) and Okanogan PUD, provided said agreement gives the RTO the right to control the portion of the Okanogan PUD System used by Facility Sponsor, as determined by Okanogan PUD. Should an RTO acquire such right, the Facility Sponsor shall enter into such new agreements as may be required by the RTO unless both Parties hereto and the RTO agree to grandfather this Agreement.

2.1.1 Termination Upon Default. This Agreement may be terminated upon a Party's Default in accordance with the provisions of Article 17.

2.2 Survival. The applicable provisions of this Agreement shall continue in effect after expiration, cancellation, or termination hereof to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

2.3 Technical Standards. Details, specifications, requirements, and procedures that further expand on the general information set forth in those sections herein titled Connection Service, Operations, Maintenance, Emergencies, Safety, and Metering, can be found in Appendix B, Technical Standards, and Appendix C, Protection Standards.

ARTICLE 3

CONNECTION SERVICE

3.0 Service Under this Agreement. Okanogan PUD shall provide Facility Sponsor with Connection Service for the Facility for the term of this Agreement.

3.1 Scope of Service. Okanogan PUD shall provide Connection Service for the Facility at the Connection Point. However, in the event of an increase in the output of the Facility or other material change or modification to the configuration and/or operation of the Facility, the Facility

Sponsor must initiate and complete a new Okanogan PUD Connection Study or System Impact Study process.

3.1.1 Except as otherwise provided under Section 4.7 of this Agreement, Okanogan PUD shall have no obligation under this Agreement to pay Facility Sponsor any wheeling or other charges for electric power and/or energy transferred through the Facility Sponsor's equipment or for power or ancillary services provided by Facility Sponsor under this Agreement for the benefit of the Okanogan PUD System.

3.1.2 Except as otherwise provided under this Agreement, Okanogan PUD shall have no obligation under this Agreement to make arrangements or pay under applicable tariffs for transfer and ancillary services associated with the delivery of electricity and ancillary electrical products produced by the Facility.

3.1.3 Except as otherwise provided under this Agreement, Okanogan PUD shall have no obligation under this Agreement to make arrangements under applicable Agreements for transmission, losses, and ancillary services associated with the use of the Okanogan PUD System for the delivery of electricity and ancillary electrical products to the Facility.

3.1.4 Except as otherwise provided in paragraph 3.2.5 of this Agreement, Okanogan PUD shall have no obligation under this Agreement to procure electricity and ancillary electrical products to satisfy the Facility Sponsor's station service or other requirements.

3.1.5 Station Service: Station Service is that power provided for local use at Project Sponsor's Facility to operate lighting, heat and auxiliary equipment. Alternate Station Service is a backup source of power, used only in emergency situations or during maintenance when primary Station Service is not available. Station Service and Alternate Station Service will be provided by Okanogan PUD unless:

- i. it is unable to serve the load, or
- ii. costs to connect to Okanogan PUD are prohibitive.

3.1.6 Okanogan PUD makes no representations to Facility Sponsor regarding the availability of transmission service on the Okanogan PUD System, and Facility Sponsor agrees that the availability of transmission service on the Okanogan PUD System may not be inferred or implied from Okanogan PUD's execution of this Agreement. If Facility Sponsor wishes to obtain transmission service on the Okanogan PUD System, Facility Sponsor must request such service and subsequently execute a transmission service agreement with Okanogan PUD.

3.2 Reporting. Each Party shall notify the other Party when it becomes aware of its inability to comply with the provisions of this Agreement. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including, but not limited to, the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply.

3.3 Third Party Actions. Facility Sponsor acknowledges and agrees that from time to time during the term of this Agreement other persons may develop, construct and operate, or acquire and operate generating facilities in Okanogan PUD's service territory, and construction or acquisition and operation of any such facilities, and reservations by any such other persons of transmission service may adversely affect the Facility and the availability of transmission service for the Facility's electric output. Facility Sponsor acknowledges and agrees that Okanogan PUD has no obligation under this Agreement to disclose to Facility Sponsor any information with respect to third party developments or circumstances, including the identity or existence of any such person or other facilities, except as may be required under Article 4 of this Agreement and elsewhere in this Agreement. Facility Sponsor and Okanogan PUD make no guarantees to the other under this Agreement with respect to transmission service that is available under an agreement for transmission service with Okanogan PUD or any other tariff under which transmission service may be available in the region.

3.4 Ancillary Services. Under normal operating conditions the Facility Sponsor shall provide reactive power as required by applicable provisions of Exhibit (1) at no cost to Okanogan PUD. If the Facility Sponsor wishes to sell or self-provide any Ancillary Services as set forth in Douglas PUD tariffs, and Okanogan PUD is able to accommodate said request, then the Facility Sponsor shall install and maintain all equipment, and provide Okanogan PUD and the Douglas PUD with all data necessary to monitor, verify, and facilitate billing for any such Ancillary Services. Upon reasonable requests by Okanogan PUD, the Facility Sponsor shall be required to test connected facilities to demonstrate and verify their ability to provide such Ancillary Services.

ARTICLE 4 OPERATIONS

4.0 Okanogan PUD Obligations. Okanogan PUD shall operate and control the Okanogan PUD System (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives,

including those of Okanogan PUD, NERC, and WECC; and (4) in accordance with the provisions of this Agreement.

4.1 Facility Sponsor Obligations. The Facility Sponsor shall operate and control the Facility (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of Okanogan PUD, NERC and WECC; and (4) in accordance with the provisions of this Agreement.

4.2 Access Rights. The Parties shall provide each other such easements and/or access rights as may be necessary for either Party's performance of their respective operational obligations under this Agreement; provided that, notwithstanding anything stated herein, a Party performing operational work within the boundaries of the other Party's facilities must abide by the rules applicable to that site.

4.3 Switching and Tagging Rules. The Parties shall abide by their respective Switching and Tagging Rules for obtaining clearances for work or for switching operations on equipment

4.4 Reactive Power.

4.4.1 Obligation to Supply Reactive Power Facility Sponsor will supply reactive power to the Okanogan PUD System in accordance with Good Utility Practice. Facility Sponsor shall respond to requests from Okanogan PUD to increase or decrease generator reactive power output in a manner consistent with Facility Sponsor's obligation to operate the Facility: (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of Okanogan PUD, NERC and WECC; and (4) in accordance with the provisions of this Agreement. The Facility shall generate such reactive power in accordance with the voltage schedule prescribed by Okanogan PUD a minimum of one day in advance as necessary to maintain reactive area support, but not in excess of the amount available from the Facility's equipment in operation

4.4.2 Reactive Power Standards. The Facility power factor design limitation minimum requirement shall be a reactive power capability sufficient to maintain a composite power delivery at the Connection Point at a power factor as set forth in Appendix B. Under normal operating conditions, Facility Sponsor shall operate the Facility to maintain a voltage schedule at the Connection Point as prescribed by the Engineering Department (the "Okanogan PUD Engineering Department") or designated representative within the Facility's power factor design limitations. In the event that the

voltage schedule at the Connection Point cannot be or is not maintained within this requirement, Okanogan PUD Engineering Department may request the Facility to be operated (within the design limitation of the equipment in operation at the time) to produce its maximum available reactive power output (measured in MVAR) in order to achieve the prescribed voltage schedule, provided that Okanogan PUD Dispatcher has requested other generating facilities and other reactive compensation resources in the affected area (including but not limited to Okanogan PUD's facilities) to produce their maximum available reactive power output (measured in MVAR) in order to achieve the prescribed voltage schedule. Facility Sponsor shall promptly comply with such requests made by Okanogan PUD Engineering Department. In the event that under normal operating conditions the Facility is unable to consistently maintain a reactive power capability sufficient to maintain a composite power delivery at the Connection Point at a power factor set forth in Appendix B, the Facility Sponsor shall take appropriate other steps to configure the Facility to meet such standards, including, as necessary, the installation of static and/or dynamic reactive power compensating devices. Records of requests made by Okanogan PUD Engineering Department, and records indicating actual responses to these requests, will be maintained by Okanogan PUD and subject to a third party independent audit at Facility Sponsor's request and expense. Any such request for an audit will be presented to Okanogan PUD by Facility Sponsor no later than twenty-four (24) months following a request by the Okanogan PUD Engineering Department that the Facility produce its maximum available reactive power output.

4.4.3 Emergency. During an Emergency as declared by Okanogan PUD Engineering Department on the Okanogan PUD System or on an adjacent electric system, Okanogan PUD Engineering Department has the authority to direct the Facility Sponsor to increase or decrease real power production (measured in MW) and/or reactive power production (measured in MVAR), within the design and operational limitations of the Facility equipment in operation at the time, in order to maintain the security of the Okanogan PUD System. In the event of such a declaration of an Emergency, determinations: (1) that the Okanogan PUD System security is in jeopardy, and (2) that there is a need to increase or decrease reactive power production, even if real power production is adversely affected, will be made solely by the Okanogan PUD Engineering Department or her designated representative. The Facility operator will honor the Okanogan PUD Engineering Department's orders and directives concerning Facility real

power and/or reactive power output within the design limitations of the Facility's equipment in operation at the time, such that the security of the Okanogan PUD System is maintained. Okanogan PUD will work expeditiously, in accordance with Good Utility Practice, to restore the Okanogan PUD System conditions to normal. Okanogan PUD's efforts to allocate such responsibility among all generators and other reactive compensation resources capable of such support shall be subject to the applicable audit provisions of this Agreement.

4.5 Operating Expenses Each Party shall be responsible for all expenses associated with (1) operating its own property, equipment, facilities, and appurtenances on its side of the Connection Point, and (2) operating its Connection Facilities.

4.6 Protection and System Quality. Facility Sponsor shall, at its expense, install, maintain, and operate System Protection Facilities, including such protective and regulating devices as are identified in Appendix C, Protection Standards, and as otherwise necessary to protect personnel and equipment and to minimize deleterious effects to Okanogan PUD's electric service operation arising from the Facility. Any such protective or regulating devices that may be required on Okanogan PUD's facilities in connection with the operation of the Facility shall be installed by Okanogan PUD at Facility Sponsor's expense.

4.6.1 Requirements for Protection. In compliance with the requirements set forth in Appendix C, Protection Standards, Facility Sponsor shall provide, install, own, and maintain relays, circuit breakers, and all other devices necessary to promptly remove any fault contribution of the Facility to any short circuit occurring on the Okanogan PUD System not otherwise isolated by Okanogan PUD equipment. Such protective equipment shall include, without limitation, a disconnecting device or switch with load interrupting capability to be located between the Facility and the Okanogan PUD System at an accessible, protected, and satisfactory site selected upon mutual agreement of the Parties. Facility Sponsor shall be responsible for protection of the Facility and Facility Sponsor's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Facility Sponsor shall be solely responsible for provisions to disconnect the Facility and Facility Sponsor's other equipment when any of the above described disturbances occur on the Okanogan PUD System.

4.6.2 System Quality. Facility Sponsor's facilities and equipment shall not cause

excessive voltage excursions nor cause the voltage to drop below or rise above the range maintained by Okanogan PUD without Facility Sponsor's generation. Facility Sponsor's facilities and equipment shall not cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as set forth in Appendix B, Technical Standards.

4.6.3 Inspection. Okanogan PUD shall have the right, but shall have no obligation or responsibility to: i) observe Facility Sponsor's tests and/or inspection of any of Facility Sponsor protective equipment; ii) review the settings of Facility Sponsor's protective equipment; and iii) review Facility Sponsor's maintenance records relative to the Facility and/or Facility Sponsor's protective equipment. The foregoing rights may be exercised by Okanogan PUD from time to time as deemed necessary by Okanogan PUD upon reasonable notice to Facility Sponsor. However, the exercise or non-exercise by Okanogan PUD of any of the foregoing rights of observation, review or inspection shall be construed neither as an endorsement or confirmation of any aspect, feature, element, or condition of the Facility or Facility Sponsor's protective equipment or the operation thereof, nor as a warranty as to the fitness, safety, desirability, or reliability of same.

4.7 Outages, Interruptions, and Disconnection.

4.7.1 Outage Authority and Coordination. In accordance with Good Utility Practice, each Party may, in close cooperation with the other, remove from service its facilities that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent the existence or imminence of an Emergency, the Party scheduling a removal of a facility from service will use best efforts to schedule such removal on a date mutually acceptable to both Parties, in accordance with Good Utility Practice.

4.7.2 The Parties will jointly develop, and Okanogan PUD shall have the final approval of, a set of procedures in accordance with the provisions of Appendix B, to be followed when the Facility is disconnected from or reconnected to the Okanogan PUD System. In addition to following said procedures, the Facility shall not be reconnected until such time as the Okanogan PUD Engineering Department specifically approves energization.

4.7.3 Outage Restoration

4.7.3.1 Unplanned Outage. In the event of an unplanned outage of a Party's facility that adversely affects the other Party's facilities, the Party that owns or controls the facility out of service will use commercially reasonable efforts to promptly restore that facility to service in accordance with Good Utility Practice.

4.7.3.2 Planned Outage. In the event of a planned outage of a Party's facility that adversely affects the other Party's facilities, the Party that owns or controls the facility out of service will use commercially reasonable efforts to promptly restore that facility to service in accordance with Good Utility Practice and in accordance with its schedule for the work that necessitated the planned outage.

4.7.4 Interruption. If at any time, in Okanogan PUD's reasonable judgment exercised in accordance with Good Utility Practice, the continued operation of the Facility would cause an Emergency, Okanogan PUD may curtail, interrupt, or reduce energy delivered from the Facility to the Okanogan PUD System until the condition which would cause the Emergency is corrected. Okanogan PUD shall give the Facility Sponsor as much notice as is reasonably practicable of Okanogan PUD's intention to curtail, interrupt, or reduce energy delivery from the Facility in response to a condition that would cause an Emergency and, where practicable, allow suitable time for the Facility Sponsor to remove or remedy such condition before any such curtailment, interruption, or reduction commences. In the event of any curtailment, interruption, or reduction, Okanogan PUD

shall promptly confer with the Facility Sponsor regarding the conditions that gave rise to the curtailment, interruption, or reduction, and Okanogan PUD shall give the Facility Sponsor Okanogan PUD's recommendation, if any, concerning the timely correction of such conditions. Okanogan PUD shall promptly cease the curtailment, interruption, or reduction of energy delivery when the condition that would cause the Emergency ceases to exist.

4.7.5 Disconnection.

4.7.5.1 Disconnection after Agreement Terminates Upon termination of the Agreement by its terms, Okanogan PUD may disconnect the Facility from the Okanogan PUD System in accordance with a plan for disconnection upon which the Parties agree.

4.7.5.2 Disconnection in Event of Emergency. Subject to the provisions of Section 4.7.5.3, Okanogan PUD or Facility Sponsor shall have the right to disconnect the Facility without notice if, in Okanogan PUD's or Facility Sponsor's sole opinion, an Emergency exists and immediate disconnection is necessary to protect persons or property from damage or interference caused by Facility Sponsor's Connection or lack of proper or properly operating protective devices. For purposes of this Section 4.7.5.2., protective devices may be deemed by Okanogan PUD to be not properly operating if Okanogan PUD's review under this Agreement discloses irregular or otherwise insufficient maintenance on such devices or that maintenance records do not exist or are otherwise insufficient to demonstrate that adequate maintenance has been and is being performed. Okanogan PUD shall promptly allow reconnection when the condition that caused or would cause the Emergency ceases to exist.

4.7.5.3. Disconnection after Underfrequency Load Shed Event. NERC Planning Criteria require the interconnected system frequency be maintained between 59.95 Hz and 60.05 Hz. In the event of an underfrequency system disturbance, the Bonneville Power Administration transmission system is designed to automatically activate a load shed program. The Facility delivering power to the Okanogan PUD System may be required to participate in the Douglas PUD underfrequency load shed program. In addition, after consultation with Douglas PUD, the Facility Sponsor may set a higher underfrequency relay set point, if necessary, to protect facilities and equipment.

4.7.5.4. Disconnection after Undervoltage Load Shed Event. NERC Planning Criteria require that transmission operators maintain transmission system voltage within a reliable operating range. In the event of an undervoltage system disturbance, the Bonneville Power Administration transmission system is designed to automatically activate a load shed program. The Facility delivering power to the Okanogan PUD System may be required to participate in the Bonneville Power Administration undervoltage load shed program. In addition, after consultation with the Bonneville Power Administration, the Facility Sponsor may set a different undervoltage relay set point, if necessary, to protect facilities and equipment.

4.7.6 Continuity of Service. Notwithstanding any other provision of this Agreement, Okanogan PUD shall not be obligated to accept, and Okanogan PUD may require Facility Sponsor to curtail, interrupt or reduce, deliveries of, energy if such delivery of energy impairs Okanogan PUD's ability to construct, install, repair, replace or remove any of its equipment or any part of its system or if Okanogan PUD determines that curtailment, interruption or reduction is necessary because of Emergencies, forced outages, operating conditions on its system, or any reason otherwise permitted by applicable rules or regulations promulgated by a regulatory agency having jurisdiction over such matters. The Parties shall coordinate, and if necessary negotiate in good faith, the timing of such curtailments, interruptions, reductions or deliveries with respect to maintenance, investigation or inspection of Okanogan PUD's equipment or system. Except in case of Emergency, in order not to interfere unreasonably with the other Party's operations, the curtailing, interrupting or reducing Party shall give the other Party reasonable prior notice of any curtailment, interruption or reduction, the reason for its occurrence, and its probable duration.

ARTICLE 5

MAINTENANCE

5.0 Okanogan PUD Obligations. Okanogan PUD shall maintain the Okanogan PUD System as may be reasonably expected to enable operation of the Facility: (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of Okanogan PUD, NERC and WECC; and (4) in accordance with the provisions of this Agreement.

5.1 Facility Sponsor Obligations. The Facility Sponsor shall maintain its facilities and equipment, to the extent they might reasonably be expected to have an impact on the operation of the Okanogan PUD System and Okanogan PUD's other systems: (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of Okanogan PUD, NERC and WECC; and (4) in accordance with the provisions of this Agreement.

5.2 Access Rights. The Parties shall provide each other such easements and/or access rights as may be necessary for either Party's performance of their respective maintenance obligations under this Agreement; provided that, notwithstanding anything stated herein, a Party performing maintenance work within the boundaries of the other Party's facilities must abide by the rules applicable to that site.

5.3 Maintenance Expenses. Each Party shall be responsible for all expenses associated with (1) maintaining its own property, equipment, facilities, and appurtenances on its side of the Connection Point, and (2) maintaining its Connection Facilities.

5.4 Coordination. The Parties agree to confer regularly to coordinate the planning and scheduling of preventative and corrective maintenance. Each Party shall conduct preventive and corrective maintenance activities as planned and scheduled in accordance with this section.

5.5 Inspections and Testing. Each Party shall perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued connection of the Facility with the Okanogan PUD System in a safe and reliable manner.

5.6 Right to Observe Testing. Each Party shall, at its own expense, have the right to observe the testing of any of the other Party's facilities and equipment whose performance may reasonably be expected to affect the reliability of the observing Party's facilities and equipment. Each Party shall notify the other Party in advance of its performance of tests of its facilities and equipment, and the other Party may have a representative attend and be present during such testing.

5.7 Cooperation. Each Party agrees to cooperate with the other in the inspection, maintenance, and testing of those Secondary Systems directly affecting the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Each Party will provide advance notice to the other Party before undertaking any work in these

areas, especially in electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.

5.8 Observation of Deficiencies. If a Party observes any deficiencies or defects on, or becomes aware of a lack of scheduled maintenance and testing with respect to, the other Party's facilities and equipment that might reasonably be expected to adversely affect the observing Party's facilities and equipment, the observing Party shall provide notice to the other Party that is prompt under the circumstance, and the other Party shall make any corrections required in accordance with Good Utility Practice.

ARTICLE 6

EMERGENCIES

6.0 Obligations. Each Party agrees to comply with NERC and WECC Emergency procedures and Okanogan PUD and Facility Sponsor Emergency procedures, as applicable, with respect to Emergencies.

6.1 Notice. Okanogan PUD shall provide the Facility Sponsor with oral notification that is prompt under the circumstances of an Emergency that may reasonably be expected to affect the Facility Sponsor's operation of the Facility, to the extent Okanogan PUD is aware of the Emergency. The Facility Sponsor shall provide Okanogan PUD with oral notification that is prompt under the circumstances of an Emergency which may reasonably be expected to affect the Okanogan PUD System, to the extent the Facility Sponsor is aware of the Emergency. To the extent the Party becoming aware of an Emergency is aware of the facts of the Emergency, such notification shall describe the Emergency, the extent of the damage or deficiency, its anticipated duration, and the corrective action taken and/or to be taken, and shall be followed as soon as practicable with written notice.

6.2 Immediate Action. In the event of an Emergency, the Party becoming aware of the Emergency may, in accordance with Good Utility Practice and using its reasonable judgment, take such action as is reasonable and necessary to prevent, avoid, or mitigate injury, danger, and loss. In the event the Facility Sponsor has identified an Emergency involving the Okanogan PUD System, the Facility Sponsor shall obtain the consent of Okanogan PUD personnel prior to manually performing any switching operations unless, in the Facility Sponsor's reasonable judgment, immediate action is required.

6.3 Okanogan PUD Authority. Okanogan PUD may, consistent with Good Utility Practice, take whatever actions or inactions with regard to the Okanogan PUD System that Okanogan

PUD deems necessary during an Emergency in order to: (1) preserve public health and safety; (2) preserve the reliability of the Okanogan PUD System; (3) limit or prevent damage; and (4) expedite restoration of service. Okanogan PUD shall use reasonable efforts to minimize the effect of such actions or inactions on the Facility.

6.4 Facility Sponsor Authority. The Facility Sponsor may, consistent with Good Utility Practice, take whatever actions or inactions with regard to the Facility the Facility Sponsor deems necessary during an Emergency in order to: (1) preserve public health and safety; (2) preserve the reliability of the Facility; (3) limit or prevent damage; and (4) expedite restoration of service. The Facility Sponsor shall use reasonable efforts to minimize the effect of such actions or inactions on the Okanogan PUD System.

6.5 Disconnection. If, for any reason, Facility Sponsor's Facility is disconnected from the Okanogan PUD System, any switching device used to disconnect the Facility from the Okanogan PUD System shall remain open until Okanogan PUD approves the reclosing of the switching device. Specific procedures and requirements for reclosing, including necessary synchronization are set forth in Appendix B.

6.7 Audit Rights. Each Party shall keep and maintain record of actions taken during an Emergency that may reasonably be expected to impact the other Party's facilities and make such records available for third party independent audit upon the request and expense of the Party affected by such action. Any such request for an audit will be no later than twenty-four (24) months following the action taken.

ARTICLE 7

SAFETY

7.0 General. Okanogan PUD and the Facility Sponsor agree that all work performed by either Party that may reasonably be expected to affect the other Party shall be performed in accordance with Good Utility Practice and all applicable laws, regulations, and other requirements pertaining to the safety of persons or property. A Party performing work within the boundaries of the other Party's facilities must abide by the safety rules applicable to the site.

7.1 Environmental Releases. Each Party shall notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities, each of which may reasonably be expected to affect the other Party, as soon as possible but not later than twenty-four (24) hours after the Party

becomes aware of the occurrence, and shall promptly furnish to the other Party copies of any reports filed with any governmental agencies addressing such events.

ARTICLE 8

SYSTEM UPGRADES, CONSTRUCTION AND MODIFICATIONS

8.0 System Upgrades. Okanogan PUD shall perform, and Facility Sponsor shall bear the reasonable cost of, any System Upgrades.

8.1 Construction.

8.1.1 Facility and Equipment Design and Construction. Facility Sponsor shall, at its sole expense, design, construct, and install the Facility and all equipment needed to interconnect the Facility with the Okanogan PUD System. The Facility Sponsor's Connection Facilities and equipment shall satisfy all requirements of applicable safety, reliability, and/or engineering codes, including Okanogan PUD technical connection requirements, and further, shall satisfy all requirements of any duly-constituted regulatory authority having jurisdiction. Facility Sponsor shall submit all specifications for Facility Sponsor's Connection Facilities and equipment, including System Protection Facilities, to Okanogan PUD for review at least ninety (90) days prior to interconnecting such Connection Facilities and equipment with the Okanogan PUD System in order to insure that such Connection is consistent with operational control, reliability and/or safety standards or requirements of Okanogan PUD. Okanogan PUD's review of Facility Sponsor's specifications shall be construed neither as confirming nor as endorsing the design, nor as any warranty as to fitness, safety, durability or reliability of Facility Sponsor's Connection Facilities or equipment. Okanogan PUD shall not, by reasons of such review or failure to review, be responsible for strength, details of design, adequacy or capacity of Facility Sponsor's Connection Facilities or equipment, nor shall Okanogan PUD's acceptance be deemed to be an endorsement of any facility or equipment. Facility Sponsor agrees to make and pay for ongoing changes to its Connection Facilities and equipment as may be reasonably required to meet the reasonable changing requirements of Okanogan PUD, NERC, and WECC standards. Facility Sponsor may appeal the necessity and cost of any required equipment changes or modifications to the Okanogan PUD Board of Commissioners.

8.1.2 Drawings. Subject to the requirements of Article 19, upon completion of any construction or modification to the Facility Sponsor's facilities and equipment that may

reasonably be expected to affect the Okanogan PUD System, but not later than ninety (90) days thereafter, Facility Sponsor shall issue “as built” drawings to Okanogan PUD, unless the Parties reasonably agree that such drawings are not necessary.

8.2 Modifications.

8.2.1 General. Subject to the conditions set forth in Section 3.1 herein, either Party may undertake modifications to its facilities. In the event a Party plans to undertake a modification that reasonably may be expected to impact the other Party’s facilities, that Party shall provide the other Party with sufficient information regarding such modification, including, without limitation, the notice required in accordance with Article 11 so that the other Party can evaluate the potential impact of such modification prior to commencement of the work. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) days in advance of the work or such shorter period upon which the Parties may agree, which agreement will not unreasonably be withheld or delayed.

ARTICLE 9

METERING

9.0 General. Okanogan PUD shall provide, install, own and maintain Metering Equipment necessary to meet its obligations under this Agreement as set forth in Appendix A. If necessary, Metering Equipment shall be either located or adjusted, at Okanogan PUD’s option, in such manner to account for any transformation or connection losses between the location of the meter and the Connection Point. All reasonable costs associated with the administration, maintenance, and calibration of Metering Equipment and the provision of metering data to Facility Sponsor shall be borne by Facility Sponsor. The costs of administration and of providing metering data shall be itemized on Okanogan PUD’s invoice to Facility Sponsor. All reasonable costs associated with either the initial installation of Metering Equipment, as more fully described in Exhibit 3, or any changes to Metering Equipment requested by Facility Sponsor, shall be borne by Facility Sponsor.

9.1 Ownership of Metering Equipment. Okanogan PUD shall provide and install Metering Equipment at Facility Sponsor’s, expense, as per Okanogan PUD’s specifications, necessary to meter the electrical output of the Facility. Okanogan PUD shall own, maintain, and calibrate Metering Equipment.

9.2 Testing of Metering Equipment. Okanogan PUD shall, at Facility Sponsor's expense, inspect, test, and calibrate all Connection Point Metering Equipment upon installation and at least once every five years thereafter. If requested to do so by Facility Sponsor, Okanogan PUD shall inspect or test Metering Equipment more frequently, at the expense of Facility Sponsor; provided, however, that should such inspection or test demonstrate that the Metering Equipment is inaccurate or defective, Okanogan PUD shall bear the cost of the testing. Okanogan PUD shall give reasonable notice of the time when any inspection or test shall take place, and Facility Sponsor may have representatives present at the test or inspection. If Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Okanogan PUD's expense as required to provide accurate metering. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies, by an amount determined by Okanogan PUD standards, from the measurement made by the standard meter used in the test, adjustment shall be made correcting all measurements made by the inaccurate meter for:

- a) the actual period during which inaccurate measurements were made, if the period can be determined, or if not,
- b) the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment; provided that the period covered by the correction shall not exceed six months.

9.3 Metering Data. Unless the Parties have not made other arrangements, if hourly and/or daily energy readings are available and if such data are requested by Okanogan PUD, Facility Sponsor shall report same to Okanogan PUD's representatives as designated pursuant to Article 22, by telephone or electronically or as the Parties otherwise agree, on a schedule to be agreed upon. At Facility Sponsor's expense, Facility Sponsor's metered data shall be telemetered to a location designated by Okanogan PUD and one or more locations designated by Facility Sponsor.

9.4 Communications.

9.4.1 At Facility Sponsor's expense, Facility Sponsor shall maintain satisfactory operating communications with Okanogan PUD's Engineering Department or representative, as designated by Okanogan PUD. Facility Sponsor will provide standard voice and facsimile communications at its Facility control room through use of the public telephone system. Facility Sponsor will also provide a 4-wire, full duplex data circuit (or circuits) operating at 9600 baud, or other digital communication system as reasonably

specified by Okanogan PUD. The data circuit(s) shall extend from Facility Sponsor's Facility to a location(s) specified by Okanogan PUD. Any required maintenance of such communications equipment shall be performed at Facility Sponsor's expense, but may be performed by Facility Sponsor or by Okanogan PUD. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

9.4.2. A Remote Terminal Unit ("RTU") or equivalent data collection and transfer equipment acceptable to both Parties shall be installed by Facility Sponsor, or by Okanogan PUD at Facility Sponsor's expense, to gather accumulated and instantaneous data to be telemetered to a location(s) designated by Okanogan PUD through use of a dedicated point-to-point data circuit(s) as indicated in Section 9.5.1. Facility Sponsor shall install or facilitate installation of such equipment as soon as practicable, provided that installation shall be accomplished within a time period of no more than 180 days following notice by Okanogan PUD and prior to initial operation of the Connection Facilities. The communication protocol for this data circuit(s) will be specified by Okanogan PUD. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Okanogan PUD.

ARTICLE 10

FORCE MAJEURE

10.0 The Party unable to carry out an obligation imposed on it by this Agreement due to Force Majeure shall notify the other Party in writing or by telephone within a reasonable time after the occurrence of the cause relied on.

10.1 A Party shall not be responsible for any non-performance under the Agreement due to Force Majeure whether occurring on the Okanogan PUD System, the Facility, Connection Facilities or any connecting electric system affecting the Party's operations. A Party shall be excused from whatever performance is affected only while a "Force Majeure" situation exists and while the Party attempts in good faith to alleviate such situation, except with respect to any labor disturbance.

ARTICLE 11
INFORMATION REPORTING

11.0 Information Reporting Obligations. Each Party shall, in accordance with Good Utility Practice, promptly provide to the other Party all relevant information, documents, or data regarding the Party's facilities and equipment which may reasonably be expected to pertain to the reliability of the other Party's facilities and equipment and which has been reasonably requested by the other Party.

ARTICLE 12
PAYMENTS AND BILLING PROCEDURES

12.0 General. Within a reasonable time after the first day of each month, each Party shall prepare and deliver to the other Party an invoice for those reimbursable services provided to the other Party under this Agreement during the preceding month.

12.1 Invoice. Each invoice shall delineate the month in which the services were provided, shall fully describe the services rendered, and shall be itemized to reflect the services performed or provided.

12.2 Payment. The invoice shall be paid within thirty (30) calendar days of receipt. All payments shall be made in immediately-available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party.

12.3 Disputes. Disputed amounts shall be paid on or before the invoice payment due date. In the event the dispute is resolved in favor of the Party disputing payment, the Party required to pay back disputed amounts shall, within thirty (30) days of resolution of the dispute, make payment with interest as calculated in accordance with Section 12.6. The Party disputing payment may pay into an independent escrow account the amount of the invoice in dispute, pending resolution of such dispute.

12.4 Waiver. Payment of an invoice shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement, nor shall such payment constitute a waiver of any claims arising hereunder.

12.5 Interest. Interest on any unpaid amounts, including disputed amounts, shall be calculated using an interest rate equal to 1.5% per month, not to exceed the maximum rate allowed by applicable law. Interest on unpaid amounts shall be calculated from the due date of

the invoice to the date of payment. When payments are made by mail, invoices shall be considered as having been paid on the date of receipt by the other Party.

12.6 Payment During Dispute. In the event of a billing dispute between Okanogan PUD and the Facility Sponsor, each Party shall continue to provide services and pay all invoices.

12.7 Collection Expenses. The prevailing Party shall be entitled to payment from the other Party for the costs of collecting amounts due under this Agreement, including attorney fees and expenses and the expenses of arbitration.

ARTICLE 13

ASSIGNMENT

13.0 Assignment; Successors and Assigns: The Facility Sponsor shall not assign, transfer or otherwise dispose of any of the privileges granted under this Agreement without the written consent of Okanogan PUD. Consents to assignments or transfer requests shall not be unreasonably delayed or denied. Transfer of Facility Sponsor's ownership does not entitle new owners to transfer of this Agreement without the written consent of Okanogan PUD. Under no circumstances shall any sale, transfer or assignment relieve the transferor or assignor of any liability for any breach of this Agreement occurring before the effective date of such transfer or assignment. Notwithstanding the foregoing, Facility Sponsor or its assignee may assign this Agreement to the persons, entities or institutions providing financing or refinancing for the development, design, construction or operation of the Facility, and if Facility Sponsor provides notice thereof to Okanogan PUD, Okanogan PUD shall provide notice and reasonable opportunity for such lenders to cure any default under this Agreement. Okanogan PUD shall, if requested by such lenders, execute its standard documents and certificates as may be requested with respect to the assignment and status of this Agreement, provided such documents do not change the rights of Okanogan PUD under this Agreement except with respect to providing notice and reasonable opportunity to cure. In the event of any foreclosure by such lenders, the purchasers at such foreclosure or any subsequent purchaser, shall upon request, be entitled to the rights and benefits of (and be bound by) this Agreement so long as it is an entity entitled to connect with the Okanogan PUD System.

ARTICLE 14

INSURANCE

14.0 Without limiting any obligations or liabilities under this Agreement, Facility Sponsor shall, at its expense, provide and maintain in effect for the life of this Agreement, minimum insurance coverage (in any combination of primary and excess layers), as follows:

14.0.1 Workers' Compensation Insurance in accordance with all applicable state, federal, and maritime laws, including Employer's Liability Insurance in the amount of \$1,000,000 per accident. Policy shall be endorsed to include a Waiver of Subrogation in favor of Okanogan PUD and its affiliated and associated companies.

14.0.1. Commercial General Liability Insurance, including Contractual Liability Coverage for liabilities assumed under this Agreement, and Personal Injury Coverage in the amount of \$25,000,000 per occurrence for Bodily Injury and Property Damage. Policy shall be endorsed (substantially in the form shown in Exhibit 4 to include Okanogan PUD as an Additional Insured.

14.1 Facility Sponsor, at its option, may self-insure all or part of the insurance required in this Article; provided, however, Facility Sponsor agrees that all other provisions of this Article, including, but not limited to, waiver of subrogation, waiver of rights of recourse, and additional insured status, which provide or are intended to provide protection for Okanogan PUD and its affiliated and associated companies under this Agreement, shall remain enforceable. Facility Sponsor's election to self-insure shall not impair, limit, or in any manner result in a reduction of rights and/or benefits otherwise available to Okanogan PUD and its affiliated and associated companies through formal insurance policies and endorsements as specified in the above paragraphs of this Article. Facility Sponsor further agrees that all amounts of self-insurance, retentions and/or deductibles are the responsibility of and shall be borne by the Facility Sponsor.

14.2 All policies of insurance shall provide for 30 days prior written notice of cancellation, or material adverse change. Prior to the date the Facility is first operated in parallel with the Okanogan PUD System and annually thereafter during the term of this Agreement, Certificates of Insurance shall be furnished by each Party to the other.

ARTICLE 15

INDEMNITY

15.0 Facility Sponsor agrees to fully indemnify, defend and hold Okanogan PUD, its directors, officers, managers, employees, agents, representatives, servants, harmless from and against any and all claims, demands, liability, losses, damage, costs or expenses (including attorneys' fees and other costs of defense), of any nature or kind whatsoever, including, but not limited to, claims, demands and/or liability for personal injury to (including death of) any person whomsoever (including payments and awards made to Facility Sponsor's employees or other under any workers' compensation law or under any plan for employees' disability and death benefits), and for damage to any property whatsoever (including Facility Sponsor's Facility and the Okanogan PUD System) arising out of, resulting from or related to the use, ownership, maintenance, or operation of the Facility or Facility Sponsor's Connection Facilities, regardless of whether such claims, demands or liability are alleged to have been caused by negligence or to have arisen out of Okanogan PUD's status as the owner or operator of facilities involved; provided, however, that the provisions of this paragraph shall not apply if any such personal injury or property damage is held to have been caused by the sole negligence or intentional wrongdoing of Okanogan PUD, its agents or employees. Facility Sponsor recognizes that it is waiving immunity under Washington Industrial Insurance law, Title 51 RCW, and further agrees that this indemnification clause has been mutually negotiated. This indemnification shall extend to and include attorney's fees and the costs of establishing the right of indemnification hereunder in favor of Okanogan PUD.

15.1 Except as otherwise provided herein, it is understood and agreed that Okanogan PUD shall not be liable pursuant to statute, contract, in tort (including negligence), strict liability, or otherwise to the other Party, its agents, representatives, its affiliated and associated companies, and/or its assigns, for any indirect, incidental or consequential loss or damage whatsoever, including, but not limited to, loss of profits or revenue on work not performed, for loss of use of or under-utilization of the other Party's facilities, or loss of use of revenues or loss of anticipated profits, resulting from either Party's performance or non-performance of an obligation imposed on it by this Agreement.

15.2 Okanogan PUD makes no warranty or representation whatsoever regarding the accuracy, completeness, or usefulness of the services provided herein (including any equipment or materials ordered and/or purchased hereunder), and Okanogan PUD expressly

disclaims any and all warranties, whether expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose. Okanogan PUD's performance of the services shall not be construed as confirming or endorsing the suitability of the services to connect the Facility to Okanogan PUD's facilities, or as any warranty of safety, durability, reliability or efficacy of the services for any use or purpose.

ARTICLE 16

BREACH, CURE AND DEFAULT

16.0 General. A breach of this Agreement ("Breach") shall occur upon the failure by a Party to perform or observe any material term or condition of this Agreement. A default of this Agreement ("Default") shall occur upon the failure of a Party in Breach of this Agreement to cure such Breach in accordance with the provisions of Section 16.3.

16.1 Events of Breach. A Breach of this Agreement shall include:

- (a) The failure to pay any amount when due;
- (b) The failure to comply with any material term or condition of this Agreement, including but not limited to any material Breach of a representation, warranty or covenant made in this Agreement;
- (c) If a Party: (1) becomes insolvent; (2) files a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; (3) makes a general assignment for the benefit of its creditors; or (4) consents to the appointment of a receiver, trustee or liquidator;
- (d) Assignment of this Agreement in a manner inconsistent with the terms of this Agreement;
- (e) Failure of either Party to provide such access rights, or a Party's attempt to revoke or terminate such access rights, as provided under this Agreement; or
- (f) Failure of either Party to provide information or data to the other Party as required under this Agreement, provided the Party entitled to the information or data under this Agreement requires such information or data to satisfy its obligations under this Agreement.

16.2 Continued Operation. In the event of a Breach by either Party, the Parties shall continue to operate and maintain, as applicable, such DC power systems, protection and Metering Equipment, telemetering equipment, SCADA equipment, transformers, Secondary

Systems, communications equipment, building facilities, software, documentation, structural components, and other facilities and appurtenances that are reasonably necessary for Okanogan PUD to operate and maintain the Okanogan PUD System, or for the Facility Sponsor to operate and maintain the Facility, in a safe and reliable manner.

16.3 Cure and Default. Upon the occurrence of an event of Breach, the Party not in Breach (hereinafter the “Non-Breaching Party”), when it becomes aware of the Breach, shall give written notice of the Breach to the Breaching Party (the “Breaching Party”) and to any other person a Party to this Agreement identifies in writing to the other Party in advance. Such notice shall set forth, in reasonable detail, the nature of the Breach, and where known and applicable, the steps necessary to cure such Breach. Upon receiving written notice of the Breach hereunder, the Breaching Party shall have thirty (30) days to cure such Breach. If the Breach is such that it cannot be cured within thirty (30) days, the Breaching Party will commence in good faith all steps as are reasonable and appropriate to cure the Breach within such thirty (30) day time period and thereafter diligently pursue such action to completion. In the event the Breaching Party fails to cure the Breach, or to commence reasonable and appropriate steps to cure the Breach, within thirty (30) days of becoming aware of the Breach, the Breaching Party will be in Default of the Agreement.

16.4 Remedies. Notwithstanding the foregoing, upon the occurrence of an event of Default, the non-Defaulting Party shall be entitled to: (1) commence an action to require the Defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof, (2) reimbursement by Defaulting Party for any fines, other monetary penalties, and expenses incurred by non-Defaulting Party as a result of such breach or violation, and (3) exercise such other rights and remedies as it may have in equity or at law. If, in Okanogan PUD’s opinion, the default, or series of defaults, are of sufficient magnitude, frequency, or duration, as to inhibit either Okanogan PUD’s, or any other entity interconnected to the Okanogan PUD System, ability to operate in a safe and reliable manner, then Okanogan PUD may disconnect Facility Sponsor’s Facility until such time as the Default has been corrected, or termination of this Agreement as set forth herein in Article 17.

ARTICLE 17

TERMINATION OF CONNECTION SERVICE

17.0 Expiration of Term. Except as otherwise specified in this Article 17, Connection Service for the Facility terminates at the conclusion of the Term of this Agreement stated in Article 2 of this Agreement.

17.1 Termination. A Party may terminate this Agreement upon the Default of other Party. Subject to the limitations set forth in Section 16.3, in the event of a Default, a non-Defaulting Party may terminate this Agreement only upon the later of:

- (a) Its giving of written notice of termination to the other Party; and
- (b) The filing of a notice of termination for the Agreement with the Okanogan PUD Board of Commissioners, which filing must be approved by said Board.

17.2 Survival of Rights. Termination of this Agreement shall not relieve either Party of any of its liabilities and obligations arising hereunder prior to the date termination becomes effective, and each Party may take whatever judicial or administrative actions as appear necessary or desirable to enforce its rights hereunder.

ARTICLE 18

SUBCONTRACTOR

18.0 General. Nothing in this Agreement shall prevent a Party from utilizing the services of such subcontractors as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

18.1 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. Each Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor it hires as if no subcontract had been made. Any applicable obligation imposed by this Agreement upon a Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

18.2 No Third Party Beneficiary. Except as may be specifically set forth to the contrary herein, no subcontractor or any other party is intended to be, nor will it be deemed to be, a third-party beneficiary of this Agreement.

18.3 No Limitation by Insurance. The obligations under this Article 18 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 19

CONFIDENTIALITY

19.0 Term During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 19, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

19.1 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party, after due inquiry, was under no obligation to the other Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or breach of this Agreement; or (6) is required, in accordance with Section 19.6 of this Agreement, to be disclosed by any federal or state government or agency or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

19.2 Release of Confidential Information. Neither Party shall release or disclose Confidential Information to any other person, except to its employees, consultants or to entities who may be or considering providing financing to or equity participation with Facility Sponsor, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 19 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 19.

19.3 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of

Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

19.4 No Warranties. By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

19.5 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as that it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this Agreement or its Regulatory Requirements.

19.6 Order of Disclosure. If a Court or a government agency or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the reasonable opinion of its counsel, the Party is legally compelled to disclose. Each Party will use reasonable effort to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

19.7 Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within ten days of receipt of a written request from the other Party, use reasonable efforts to destroy, erase, or delete (with such destruction, erasure and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

19.8 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's breach of its obligations under this Article 19. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party breaches or threatens to breach its obligations under this Article 19, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

Such remedy shall not be deemed to be an exclusive remedy for the breach of this Article, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 19.

ARTICLE 20

AUDIT RIGHTS

20.0 Subject to the requirements of confidentiality under Article 19 of the Agreement, either Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit each other's accounts and records pertaining to either Party's performance and/or satisfaction of obligations arising under this Agreement. Said audit shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to obligations under this Agreement.

ARTICLE 21

DISPUTES

21.0 Submission. Any claim or dispute, which either Party may have against the other, arising out of the Agreement shall be submitted in writing to the other Party not later than the latter of sixty (60) days after the circumstances which gave rise to the claim or dispute have taken place or sixty (60) days of discovery of such circumstances. The submission of any claim or dispute shall include a concise statement of the question or issue in dispute, together with relevant facts and documentation to fully support the claim.

21.1 Dispute Resolution. Dispute Resolution: The parties shall exercise reasonable efforts to resolve a dispute. Disputes shall initially be referred to the Chief Executive Officer of the Facility Sponsor, or a designee, and the General Manager of Okanogan PUD, or a designee, for good faith consultation and discussion endeavoring to reach amicable settlement within fifteen days of written notice by either Party to the other notifying that Party of the existence of said dispute. Should these discussions fail, either Party may initiate binding arbitration, to be held in Longview, Washington, for the purpose of resolving a dispute under this Agreement. The Parties should attempt to agree on the arbitrator, and if no agreement can be reached, the Presiding Judge of Okanogan County Superior Court shall select the arbitrator. Discovery shall

be allowed to the same extent and manner permitted by the Washington State Superior Court Civil Rules. The arbitrator has authority to decide any and all issues in dispute, provided that all issues of law shall be subject to review and vacation by application to Superior Court within 30 days of the arbitrator's decision. It is further provided that either Party shall be entitled to seek injunctive relief prior to and pending arbitration. Except as expressly set forth herein, Chapter 7.04 RCW is applicable to the arbitration. The substantially prevailing Party in any litigation/arbitration arising hereunder shall be entitled to its reasonable attorney's fees and court/arbitration costs, including appeals, if any.

21.2 Notwithstanding the provisions of Section 21.1, for disputes in excess of \$50,000.00, either Party may terminate its participation in binding arbitration prior to the entry of judgment upon the decision of an arbitrator and proceed to submit such claim or dispute for decision by a Okanogan County, Washington court or regulatory authority of competent jurisdiction.

ARTICLE 22
NOTICES

22.0 Any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party to the other may be so given, tendered or delivered, as the case may be, by depositing the same in any United States Post Office with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out below:

To Okanogan PUD:

Okanogan PUD
Attn:
1331 Second Avenue North
Okanogan, Washington 98840

To Facility Sponsor:

Attention: _____

ARTICLE 23**MISCELLANEOUS**

23.0. Generation Imbalance Service: Facility Sponsor shall contract for or have available to it resources, that are capable of supplying in real time any deviations between Facility Sponsor's generation schedules and the actual deliveries of electricity to the Okanogan PUD System by the Facility, as measured by the actual metered output of such Facility. To the extent Facility Sponsor fails to contract for or provide such generator imbalance service to the satisfaction of Okanogan PUD, Facility Sponsor shall be deemed to take, and hereby shall acquire and pay for, such generator imbalance service that Okanogan PUD may arrange pursuant to the terms and conditions of generator imbalance service tariffs offered by Douglas PUD.

23.1. Waiver. Any waiver at any time by either Party of its rights with respect to a Default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver or continuing waiver with respect to any subsequent default or other matter.

23.2. Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of Washington. The parties agree and stipulate that in the event any litigation occurs concerning or arising out of this Agreement, the sole venue of any legal action shall be the Okanogan County Superior Court of the State of Washington.

23.3 Headings Not To Affect Meaning. The descriptive headings of the various Sections and Articles of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions hereof.

23.4 Amendments. Nothing contained in this Agreement shall be construed as affecting in any way the right of Okanogan PUD to at any time to revise charges, pricing, terms and conditions, classification of service, or to make other amendments. The Okanogan PUD General Manager is authorized to make revisions and amendments to this Agreement, including but not limited to charge and/or pricing adjustments.

23.5 Entire Agreement. This Agreement including the attachments, exhibits, and appendices hereto and those contained in that document titled Okanogan PUD Facility Connection Requirements constitutes the entire agreement between the parties as to the services to be rendered hereunder. Any and all previous and contemporaneous agreements, representations or promises and conditions relating to the subject matter of this Agreement are hereby superseded. If any term, condition or provision of this Agreement is declared void or unenforceable or limited in its application or effect, such event shall not affect any other

provisions hereof and all other provisions shall continue in full force and effect and shall be binding upon the Parties hereto. Notwithstanding any other provisions of this Agreement to the contrary, the Parties may agree to specific arrangements that differ from the requirements of this Agreement including arrangements necessary to accommodate operational requirements, technical limitations, or legal requirements, whether statutory, regulatory, or contractual, specific to the Facility Sponsor. Said exceptions shall be listed in Appendix D, titled Connections Requirements – Exceptions, and also noted on Appendix E, titled Ownership Connection Requirements – Ownership, when applicable.

23.6 Binding Effect. This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their duly authorized officers on the day and year first above written.

WITNESSES:

Facility Sponsor

By: _____

Date: _____

Name _____

Title _____

PUBLIC UTILITY DISTRICT NO. 1
OF OKANOGAN COUNTY, WA

By _____

Date: _____

General Manager

EXHIBIT 1 - CONNECTION FACILITIES

This Exhibit 1 is a part of the Connection and Operating Agreement between Facility Sponsor and Okanogan PUD.

Point of Connection

The point of Connection will be at _____. See Okanogan PUD drawing _____ dated _____, which drawing is attached hereto and made a part hereof.

Facilities to be Furnished by Okanogan PUD

Okanogan PUD shall construct _____.

Facilities to be Furnished by Facility Sponsor

Facility Sponsor will construct _____.

Cost Responsibility

Facility Sponsor and Okanogan PUD hereby acknowledge and agree that the Estimated Cost listed below is only an estimate that includes estimated Tax Costs arising out of the transfer from Facility Sponsor to Okanogan PUD of any money or any other property, real or personal, related to Okanogan PUD's acquisition or construction of the Connection Facilities.

Facility Sponsor hereby agrees to and shall reimburse Okanogan PUD for Actual Costs; as used in this Exhibit 1, "Actual Costs" shall mean all dollar amounts incurred by Okanogan PUD for Okanogan PUD's acquisition or construction of said Connection Facilities.

The Estimated Cost for the Connection Facilities to be constructed by Okanogan PUD is \$_____.

Facility Sponsor hereby agrees to and Facility Sponsor shall provide reasonable and adequate security, as determined within Okanogan PUD's sole reasonable discretion, for payment and performance of obligations set forth in this Exhibit 1.

Prior to the Operation Date, Facility Sponsor may terminate this Agreement upon thirty (30) days prior written notice to Okanogan PUD. Upon notice of termination, Okanogan PUD will cease performance of all activities related to the Connection Facilities to be installed by Okanogan PUD pursuant to this Exhibit 1. Notwithstanding the foregoing, Facility Sponsor shall remain liable for payments to Okanogan PUD of all costs incurred by Okanogan PUD for the provision of Connection Facilities prior to termination, including cancellation costs less the cost of that portion of the Connection Facilities, if any, that Okanogan PUD elects to retain for its own use.

Facility Sponsor and Okanogan PUD hereby acknowledge and agree that the Parties are entering into the Agreement at this time solely on the basis of a completed Connection Study or System Impact Study and that any required additional studies have not yet been completed. Facility Sponsor acknowledges and agrees that there has been no final determination regarding the use or efficacy of the Connection Facilities specified in this Exhibit 1. Facility Sponsor hereby assumes all risk, cost, and expense resulting from entering into the Agreement on this basis. The Connection Facilities initially identified in this Exhibit 1, and the associated costs, may not be valid for the provision of Connection Service under the Agreement and may be altered significantly as a result of additional studies.

EXHIBIT 2 – SYSTEM UPGRADES

This Exhibit 2 is a part of the Connection and Operating Agreement between Facility Sponsor and Okanogan PUD.

Required System Upgrades

Okanogan PUD shall construct, own, operate and maintain the following as Required System Upgrades: _____.

Optional System Upgrades

Okanogan PUD shall construct, own, operate and maintain the following as Optional System Upgrades: _____.

Cost Responsibility

Facility Sponsor and Okanogan PUD hereby acknowledge and agree that the Estimated Cost listed below is only an estimate that includes estimated Tax Costs arising out of the transfer from Facility Sponsor to Okanogan PUD of any money or any other property, real or personal, related to Okanogan PUD's acquisition or construction of the Required System Upgrades and/or Optional System Upgrades.

Facility Sponsor hereby agrees to and shall reimburse Okanogan PUD for Actual Costs; as used in this Exhibit 2, "Actual Costs" shall mean all dollar amounts incurred by Okanogan PUD for Okanogan PUD's acquisition or construction of Required System Upgrades and/or Optional System Upgrades.

The Estimated Cost for the Required System Upgrades is \$_____, which reflects a Tax Cost gross-up of _____% (Estimated Cost excluding Tax Cost - \$_____).

The Estimated Cost for the Optional System Upgrades is \$_____.

Facility Sponsor hereby agrees to and Facility Sponsor shall provide reasonable and adequate security, as determined within Okanogan PUD's sole reasonable discretion, for payment and performance of obligations set forth in this Exhibit 2.

Notwithstanding the Required System Upgrades set forth above in this Exhibit 2, each Party hereby acknowledges and recognizes that should another generator(s) execute a Connection and Operating Agreement with Okanogan PUD, the new proposed generator(s) may have an impact on Facility Sponsor's Required System Upgrades. Accordingly, Okanogan PUD shall re-study Facility Sponsor's Connection to the Okanogan PUD System with respect to short circuit and stability analyses to determine if the incremental effects, if any, that Facility Sponsor's Facility may have on the Okanogan PUD System with the aforementioned generator(s) included in the planning models. Facility Sponsor hereby agrees to and shall comply with, and pay for, all costs associated with incremental Required System Upgrades that may result from such re-studying of Facility Sponsor's Connection to the Okanogan PUD System. In the event that Facility Sponsor does not comply with the results and requirements of the revised Connection Study within a reasonable time and in accordance with Good Utility Practice, Okanogan PUD has the right to disconnect Facility Sponsor's Facility from the Okanogan PUD System.

Facility Sponsor and Okanogan PUD hereby acknowledge and agree that the Parties are entering into the Agreement at this time solely on the basis of a completed Connection Study or System Impact Study and that additional studies that may be required have not yet been completed. Facility Sponsor acknowledges and agrees that there has been no final determination regarding the use or efficacy of the Required System Upgrades and/or Optional System Upgrades specified in this Exhibit 2. Facility Sponsor hereby assumes all risk, cost, and expense resulting from entering into the Agreement on this basis. The Required System Upgrades and/or Optional System Upgrades initially identified in this Exhibit 2, and the associated costs, may not be valid for the provision of Connection Service under the Agreement and may be altered significantly as a result of the additional studies.

Prior to the Operation Date, Facility Sponsor may terminate this Agreement upon thirty (30) days prior written notice to Okanogan PUD. Upon notice of termination, Okanogan PUD will cease performance of all activities related to the Required System Upgrades and/or Optional System Upgrades to be installed by Okanogan PUD pursuant to this Exhibit 2. Notwithstanding the foregoing, Facility Sponsor shall remain liable for payments to Okanogan PUD of all costs incurred by Okanogan PUD for the provision of Required System Upgrades and/or Optional

System Upgrades prior to termination, including cancellation costs less the cost of that portion of the Required System Upgrades and/or Optional System Upgrades, if any, that Okanogan PUD elects to retain for its own use.

EXHIBIT 3 - METERING EQUIPMENT

This Exhibit 3 is a part of the Connection and Operating Agreement between Facility Sponsor and Okanogan PUD.

The metering facilities are to be located at _____.

Metering Facilities to be Furnished by Okanogan PUD

Okanogan PUD, at Facility Sponsor's expense, will provide, own, operate, and maintain metering instrumentation as required for onsite metering and telemetering as follows:

Metering Facilities to be Furnished by Facility Sponsor

Facility Sponsor, at Facility Sponsor's expense, will provide, own, operate, and maintain metering instrumentation as required for metering the generation output and telemetering to a location specified by Okanogan PUD as follows:

_____.

Cost Responsibility

Facility Sponsor and Okanogan PUD hereby acknowledge and agree that the Estimated Cost listed below is only an estimate related to Okanogan PUD's acquisition or installation and construction of the Metering Equipment.

Facility Sponsor hereby agrees to and shall reimburse Okanogan PUD for Actual Costs; as used in this Exhibit 3, "Actual Costs" shall mean all dollar amounts incurred by Okanogan PUD for Okanogan PUD's acquisition or installation and construction of said Metering Equipment.

The Estimated Cost for the installation and construction of the Metering Equipment is \$_____.

Facility Sponsor hereby agrees to and Facility Sponsor shall provide reasonable and adequate security, as determined within Okanogan PUD's sole reasonable discretion, for payment and performance of obligations set forth in this Exhibit 3.

Prior to Operation Date, Facility Sponsor may terminate this Agreement upon thirty (30) days prior written notice to Okanogan PUD. Upon notice of termination, Okanogan PUD will cease performance of all activities related to the Metering Equipment to be installed by Okanogan PUD pursuant to this Exhibit 3. Notwithstanding the foregoing, Facility Sponsor shall remain liable for payment to Okanogan PUD of all costs incurred by Okanogan PUD for the provision of such Metering Equipment prior to termination including cancellation costs less the cost of that portion of the Metering Equipment, if any, that Okanogan PUD elects to retain for its own use.

EXHIBIT 4 - ADDITIONAL INSURED ENDORSEMENT

Facility Sponsor shall furnish Okanogan PUD an Additional Insured Endorsement with respect to such insurance in substantially the following form:

“In consideration of the premium charged, Okanogan PUD is named as an additional insured with respect to liabilities arising out of [Facility Sponsor]’s use and ownership of the Facility and Connection Facilities.

“The inclusion of more than one insured under this policy shall not operate to impair the rights of one insured against another insured and the coverage’s afforded by this policy will apply as though separate policies had been issued to each insured. The inclusion of more than one insured will not, however, operate to increase the limits of the carrier’s liability. Okanogan PUD will not, by reason of its inclusion under this policy, incur liability to the insurance carrier for payment of premium for this policy.”

EXHIBIT 5 – JOINT USE FACILITIES

This Exhibit 5 is a part of the Connection and Operating Agreement between Facility Sponsor and Okanogan PUD.

The following shall be Joint Use Facilities: _____.

EXHIBIT 6- OPERATION DATE

[Date]

[Facility Sponsor]

[Address]

[Address]

[Address]

Re: [Facility]

Dear _____:

On [Date], Public Utility District No. 1 of Okanogan County, Washington ("Okanogan PUD") and _____ (the "Facility Sponsor") completed to their mutual satisfaction all work on the [Facility] and associated Connection Facilities and related equipment required to interconnect the Facility with the Okanogan PUD System and have energized the Facility in parallel operation with the Okanogan PUD System. This letter confirms that the Facility may commence commercial operation of the Facility and associated Connection Facilities effective as of [Date plus one day].

Thank you.

[Signature]

[Okanogan PUD Representative]