

## A G E N D A

**GRANT COUNTY PUBLIC UTILITY DISTRICT  
30 C Street SW – Commission Meeting Room  
Ephrata, Washington  
COMMISSION MEETING  
Tuesday, May 23, 2023**

An Executive Session may be called at any time for purposes authorized by the Open Public Meetings Act

- 8:30 a.m.** Executive Session
- 9:00 a.m.** Commission Convenes  
Review and Sign Vouchers
- 9:30 a.m.** Reports from staff
- 12:00 Noon** Lunch with County Commissioners
- 1:00 p.m.** Safety Briefing  
Pledge of Allegiance  
Attendance  
Public requests to discuss agenda items/non-agenda items  
Correspondence  
Business Meeting

### **1. Consent Agenda**

Approval of Vouchers

Meeting minutes of May 9, 2023

### **2. Regular Agenda**

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 130-11843 with Anixter Inc., in an amount not-to-exceed \$1,152,549.00 and in effect for a three-year term from date of execution. (3444)

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 7 to Contract 130-09724 with Quanta Infrastructure Solutions Group, LLC., increasing the not-to-exceed contract amount by \$31,913,638.00 for a new contract total of \$104,188,895.27, extending the contract completion date to March 31, 2025 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 7. (3445)

### **3. Review Items For Next Business Meeting**

XXXX – Resolution Amending Grant PUD’s Customer Service Policy.

XXXX – Resolution of the Commission of Public Utility District No. 2 of Grant County, Washington, providing for the issuance of Electric System Revenue refunding Bonds of the District in the aggregate principal amount not to exceed \$55,000,000.00 for the purpose of refunding certain outstanding Electric System Bonds; and delegating authority to approve the final terms of the Bonds.

XXXX – Resolution of the Commission of Public Utility District No. 2 of Grant County, Washington, providing for the issuance of one of more series of Priest Rapids Hydroelectric Project revenue and refunding bonds of the District in the aggregate principal amount not to exceed \$180,000,000.00 for the purpose of financing improvements to the District’s Priest Rapids Hydroelectric Project and defeasing and/or refunding certain outstanding Priest Rapids Project revenue bonds; and delegating authority to approve the final terms of the Bonds.

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 170-11931 with Altec Industries, Inc. in an amount not-to exceed \$1,052,118.00 plus applicalbe sales tax. (xxxx)

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 7 to Contract 130-08756 with North Sky Communications, LLC, increasing the not-to-exceed contract amount by \$16,300,000.00 for a new contract total of \$87,000,000.00 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 7. (xxxx)

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 9 to Contract 430-4151 with Jack R Benjamin and Associates increasing the not-to-exceed contract price by \$1,000,000.00 for a new contract total of \$3,000,00.00, extending the contract completion date to June 30, 2025 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 9. (xxxx)

### **4. Calendar**

### **5. Reports from Staff (if applicable)**

### **Adjournment**

# **CONSENT AGENDA**

# Draft – Subject to Commission Review

REGULAR MEETING  
OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY

May 9, 2023

The Commission of Public Utility District No. 2 of Grant County, Washington, convened at 8:30 a.m. at Grant PUD’s Main Headquarters Building, 30 C Street SW, Ephrata, Washington and via Microsoft Teams Meeting / +1 509-703-5291 Conference ID: 596 502 173# with the following Commissioners present: Nelson Cox, President; Tom Flint, Vice-President; Terry Pyle, Secretary; and Larry Schaapman, Commissioner. Judy Wilson was absent due to personal business.

An executive session was announced at 8:30 a.m. to last until 9:00 a.m. to review performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 9:00 a.m. and the regular session resumed.

The Commission convened to review vouchers and correspondence.

The Commission recessed at 9:05 a.m.

The Commission resumed at 9:30 a.m.

A round table discussion was held regarding the following topics: Commissioner Schaapman received a call from Lisa Marcusen regarding her continued concerns with Wanapum to Mountain View Transmission Route 4B and inquired about project next steps; recent memorial and tribute to Rex Buck, Jr., former Wanapum Leader; potential real estate availability; Commissioner Cox reported on discussions from the recent Energy NW board meeting; and noted appreciation to Grant PUD staff Rich Cole and Chris Buchmann for their outstanding efforts in sustaining compliance with the energy conservation requirements of the Energy Independence Act (EIA) as per the recent State Auditor’s Office (SAO) audit.

David Klinkenberg, Project Manager of the Enterprise Project Management Office, and Allen Chatriand, Manager of the Enterprise Project Management Office, provided an updated on the Design Build 2 Project.

Chuck Allen, Senior Manager of External Affairs, and Ryan Holterhoff, Senior Policy Analyst, presented the Federal and State Legislative Report.

Rod Noteboom, Manager of Transmission Services; Brian Owens, Engineering Tech V; and Bonnie Overfield, Chief Financial Officer, provided an overview of the Deferred Compensation Plan.

An executive session was announced at 12:00 p.m. to last until 12:55 p.m. to review performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 12:55 p.m. and the regular session resumed.

Motion was made by Mr. Flint and seconded by Mr. Schaapman excusing the absence of Commissioner Wilson. After consideration, the motion passed by unanimous vote of the Commission.

Lisa Marcusen, Quincy, Washington, requested the Commission use the existing Jericho transmission line rather than the proposed route 4B for the Wanapum to Mountain View transmission line.

John Rylaarsdam, Quincy, Washington, thanked Commissioner Larry Schaapman for his support during recent discussion related to the Wanapum to Mountain View Transmission Line Project.

Consent agenda motion was made Mr. Flint and seconded by Mr. Pyle to approve the following consent agenda items:

Payment Number	131170	through	131625	\$16,347,158.61
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Payroll Direct Deposit	216045	through	216830	\$2,355,485.28
Payroll Tax and Garnishments	20230503A	through	20230503B	\$1,014,460.67

Meeting minutes of April 25, 2023.

After consideration, the above consent agenda items were approved by unanimous vote of the Commission.

Resolution No. 9015 relative to amending the ethics policy was presented to the Commission. Motion was made by Mr. Flint and seconded by Mr. Schaapman to approve Resolution No. 9015. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 9015

A RESOLUTION AMENDING GRANT PUD'S CODE OF ETHICS POLICY AND SUPERSEDING ALL PRIOR RESOLUTIONS RELATING TO GRANT PUD'S CODE OF ETHICS

Recitals

1. Grant PUD has a Code of Ethics policy adopted August 14, 1978 via Resolution 3696, and as amended by Resolution Nos. 5434, 7461, 8061, 8495, 8533, 8554, 8732, and 8981;
2. Grant PUD desires to update its Code of Ethics policy to provide guidance to Grant PUD personnel in their conduct, to enhance public confidence in Grant PUD and its employees, and to assure that Grant PUD resources and services are applied for the benefit of the public; and
3. Grant PUD's Executive Management has reviewed the updated Code of Ethics policy attached hereto and recommends that it be adopted.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that:

Section 1. The attached Code of Ethics policy is hereby approved and adopted and shall be effective June 1, 2023.

Section 2. As of June 1, 2023, any prior resolutions inconsistent with the Code of Ethics policy adopted herein are superseded to the extent of the inconsistency.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 9<sup>th</sup> day of May, 2023.

Resolution No. 9016 relative to pre-qualifying contractors to perform electrical work was presented to the Commission. Motion was made by Mr. Flint and seconded by Mr. Schaapman to approve Resolution No. 9016. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 9016

A RESOLUTION PRE-QUALIFYING CONTRACTORS TO PERFORM ELECTRICAL WORK FOR GRANT PUD

Recitals

1. RCW 54.04.085 requires that contractors be pre-qualified to do electrical work for Grant PUD, and pursuant thereto, contractors listed in Appendix A have filed applications for pre-qualification with Grant PUD;
2. Grant PUD's staff have reviewed all applications and their recommendations with respect to the same are set forth in Appendix A attached hereto;
3. Grant PUD's staff recommend rejection of certain contractor pre-qualification requests, and Grant PUD's General Manager concurs with those recommendations; and
4. The Commission has reviewed and considered the recommendations of Grant PUD's staff.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that:

Section 1. The various contractor requests received by Grant PUD for pre-qualification are hereby approved and rejected as set forth in Appendix A attached hereto.

Section 2. For these contractors who are pre-qualified as set forth in Appendix A, they shall each designate their employees, and/or subcontractors with electrical contract licenses prior to performing any electrical work for Grant PUD requiring the same.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 9<sup>th</sup> day of May, 2023.

Resolution No. 9017 relative to awarding a contract was presented to the Commission. Motion was made by Mr. Schaapman and seconded by Mr. Pyle to approve Resolution No. 9017. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 9017

A RESOLUTION ACCEPTING A BID AND AWARDING CONTRACT 170-11524, FOR SUPPLYING 15KV UNDERGROUND CONDUCTOR

Recitals

1. Bids were publicly opened on March 16, 2023 for Contract 170-11524, for Supplying 15kV Underground Conductor;
2. Bid proposals were received from the following suppliers/contractors and evaluated by Grant PUD's staff;
  - Wesco/Anixter                      \$12,611,000.00
3. The low bid, submitted by Wesco/Anixter is both commercially and technically compliant with Grant PUD's contract requirements;
4. The bid is less than the Engineer's Estimate of \$13,500,000.00; and
5. Grant PUD's Senior Manager of Power Delivery Engineering and General Manager concur with staff and recommend award to Wesco/Anixter as the lowest responsible and best bid based on Grant PUD's plan and specifications.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that the General Manager is authorized to enter into a contract, Contract 170-11524, for Supplying 15kV Underground Conductor with Wesco/Anixter of Portland, Oregon in the amount of \$12,611,000.00 plus applicable sales tax, upon receipt of the required payment and performance bond in a manner satisfactory to Grant PUD's Counsel.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 9<sup>th</sup> day of May 2023.

The Commissioners reviewed future agenda items.

The Commission calendar was reviewed.

The Commission recessed at 1:35 p.m.

The Commission resumed at 1:40 p.m.

An executive session was announced at 1:40 p.m. to last until 2:00 p.m. to discuss lease or purchase of real estate if disclosure would increase price with legal counsel present pursuant to RCW 42.30.110(1)(b) and to review performance of a public employee with legal counsel present pursuant to RCW 42.30.110(1)(g). The executive session concluded at 2:00 p.m. and the regular session resumed.

The Commission attended a Control Room / Dispatch Center tour.

There being no further business to discuss, the Commission adjourned at 2:50 p.m. on May 9 and reconvened on Tuesday, May 16 at 8:30 a.m. at Grant PUD's Main Headquarters Building,

Conference Room E, 30 C Street SW, Ephrata, Washington for the purpose of holding a Commission Workshop and any other business that may come before the Commission with the following Commissioners present: Judy Wilson, Nelson Cox, Tom Flint, Terry Pyle and Larry Schaapman. A copy of the notice of adjournment was posted to the Grant PUD website.

There being no further business to discuss, the Commission adjourned at [redacted] p.m. on May 16 and reconvened on Thursday, May 18 at 8:00 a.m. at Wanapum – Hydro Office Building, Room 107, 14352 Hwy 243 S., Beverly, Washington for the purpose of attending the Yakama Nation Tribal Council and Grant PUD Commissioner joint meeting and any other business that may come before the Commission with the following Commissioners present: Judy Wilson, Nelson Cox, Tom Flint, Terry Pyle and Larry Schaapman. A copy of the notice of adjournment was posted to the Grant PUD website.

There being no further business to discuss, the May 9, 2023 meeting officially adjourned at [redacted] on May 18, 2023.

\_\_\_\_\_  
Nelson Cox, President

ATTEST:

\_\_\_\_\_  
Terry Pyle, Secretary

\_\_\_\_\_  
Tom Flint, Vice President

ABSENT

\_\_\_\_\_  
Larry Schaapman, Commissioner

\_\_\_\_\_  
Judy Wilson, Commissioner

# **REGULAR AGENDA**



Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 130-11843 with Anixter Inc., in an amount not-to-exceed \$1,152,549.00 and in effect for a three-year term from date of execution.

3444

## MEMORANDUM

Date

**TO:** Rich Wallen, General Manager/Chief Executive Officer

**VIA:** Jeff Grizzel, Chief Operating Officer  
Ron Alexander, Managing Director of Power Delivery  
Chris Heimbigner, Senior Manager of Construction and Maintenance

**FROM:** John Kemman, District Representative

**SUBJECT:** Contract 130-11843 with Anixter Inc.

**Purpose:** To request Commission approval of contract 130-11843 for the professional services from Anixter Inc, to continue the operation and support of the Advanced Metering Infrastructure (AMI) system. The not to exceed contract price is set at \$1,152,549.00 dollars over a 3-year term.

**Discussion:** At the end of 2022, the original AMI Software-as-a-Service (SaaS) contract 130-4026A was set to expire. Utilizing the remaining funds to initiate a change order to extend the contract until March 30, 2023 the responsible parties commenced with creating the next contract to carry on for the next 3 years. With a combined effort between IT, construction and maintenance, and procurement, the decision was made that the new contract would mirror the existing one for a 3-year term.

In the coming 3-year term, the AMI system will be evaluated for possible expansion. There are several products offered by the vendor that would allow the District to take advantage of incoming metering data more effectively. These products can help with revenue recovery, system modeling, asset management, device protection, power quality, and GIS accuracy. The SaaS platform allows for minimal effort on the districts part to maintain the software products. Periodic maintenance and upgrades will all be performed through the existing cloud-based system that has been in use since the projects inception. The new contract will maintain the functionality that the district currently has built into the AMI system.

I was selected as the district representative due to my routine use of the system and combined efforts with multiple end users of the product. There are a multitude of users from billing to planning, down to field level troubleshooting with the meter-relay department and the power quality group. I will continue to effectively assist these groups in their use of the system and the associated software modules contained in it.

**Justification:** The AMI system SaaS Contract cannot be allowed to lapse as it provides the routing for all meter read information to flow into CCS for billing. Essentially, if the system is allowed to lapse, none of the pathways for meter data will be supported by the vendor, no information will be collected from the mesh network, which will lead to billing not functioning.

Additionally, the AMI system is being used to collect information on customer power quality and overall system health and issues. Customer voltages, power factor, and historical meter information are all handled through the AMI software suite and provide an immense benefit to the maintenance of the electric system. Utilizing that data, the district can more effectively serve the customer base by billing

accurately, providing historical reference to their usage for troubleshooting, and real time views into the distribution system in a non-invasive manner.

The existing contract and extension is set to expire March 30, 2023. There is a brief grace period allowed by the vendor to allow for processing of the new contract. The expedient nature of the contract request comes from the reallocation of personnel responsible for creating and executing the new contract. Myself and the rest of the responsible groups have been working very hard to create a contract to eliminate the risk of a lapse in the system. Itron is the only vendor for the AMI system that the district uses so there was no bid process involved.

**Financial Considerations:** the total cost to the district for the three year period will be \$1,152,549.00. The previous service contract in 2017 was for \$1.3 million. The difference in cost is due to normal growth of the system. On the initial SaaS contract 130-4026A, the new meters were being installed throughout the county under the construction and deployment contract 130-4026. The initial endpoint count was 47,628 at project deployment. Currently, the district is supporting over 54,000 endpoints and there is a tiered cost for the scale of the network. In the future, as the number of meters grows this cost will grow along with that. The cost is reasonable as it is in line with the expected costs based in the current system size.

**Recommendation:** The Districts management recommends the Commission to approve the contract 130-11843 to Anixter Inc., for the continued Software as a Service support to maintain the AMI system. The contract is set for a not to exceed value of \$1,152,549.00 million.

**Legal Review:** See attached e-mail(s).

**From:** [Ron Alexander](#)  
**To:** [Shelli Tompkins](#); [John Kemman](#); [Chris Heimbigner](#)  
**Cc:** [Patrick Bishop](#)  
**Subject:** Re: 130-11843 Itron AMI Software-as-a-Service - Commission Packet  
**Date:** Saturday, April 15, 2023 9:30:03 PM

---

I approve

Ron

---

**From:** Shelli Tompkins <stompkins@gcpud.org>  
**Sent:** Friday, April 14, 2023 12:57:26 PM  
**To:** Ron Alexander <ralexander@gcpud.org>; John Kemman <jkemman@gcpud.org>; Chris Heimbigner <Cheimbigner@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** 130-11843 Itron AMI Software-as-a-Service - Commission Packet

Good afternoon,

Legal has approved the award of Contract 130-11843, Itron AMI SaaS, to Anixter. Would each of you listed on this email please provide your approval of the attached memo by return email, which will serve as your signature sign-off. After we have this, the Contract will be submitted to the Commission Packet.

Thank you,

**Shelli Tompkins**

*Procurement Officer*

**OFFICE** 509.906.6983

**EMAIL** [stompkins@gcpud.org](mailto:stompkins@gcpud.org)

**HOURS** M-TH 8AM-4:30PM, FRI 7:30AM-4PM



[grantpud.org](http://grantpud.org)

**From:** [Chris Heimbigner](#)  
**To:** [Ron Alexander](#); [Shelli Tompkins](#); [John Kemman](#)  
**Cc:** [Patrick Bishop](#)  
**Subject:** Re: 130-11843 Itron AMI Software-as-a-Service - Commission Packet  
**Date:** Monday, April 17, 2023 11:54:00 AM

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I approve as well.

Chris

Get [Outlook for iOS](#)

---

**From:** Ron Alexander <ralexander@gcpud.org>  
**Sent:** Monday, April 17, 2023 1:15:18 PM  
**To:** Shelli Tompkins <stompkins@gcpud.org>; John Kemman <jkemman@gcpud.org>; Chris Heimbigner <Cheimbigner@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** Re: 130-11843 Itron AMI Software-as-a-Service - Commission Packet

Do we have enough time for the contract to get proper approval and funded before they turn off revenue metering communication in the district?

---

**From:** Shelli Tompkins <stompkins@gcpud.org>  
**Sent:** Monday, April 17, 2023, 12:57  
**To:** John Kemman <jkemman@gcpud.org>; Ron Alexander <ralexander@gcpud.org>; Chris Heimbigner <Cheimbigner@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** RE: 130-11843 Itron AMI Software-as-a-Service - Commission Packet

Yes, it is necessary. Thank you.

## Shelli Tompkins

*Procurement Officer*

**OFFICE** 509.906.6983

**EMAIL** [stompkins@gcpud.org](mailto:stompkins@gcpud.org)

---

**From:** John Kemman <jkemman@gcpud.org>  
**Sent:** Monday, April 17, 2023 10:17 AM  
**To:** Shelli Tompkins <stompkins@gcpud.org>; Ron Alexander <ralexander@gcpud.org>; Chris Heimbigner <Cheimbigner@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** Re: 130-11843 Itron AMI Software-as-a-Service - Commission Packet

I don't know if you need my approval shelli but I approve.

John Kemman  
253-678-6109

---

**From:** Shelli Tompkins <[stompkins@gcpud.org](mailto:stompkins@gcpud.org)>  
**Sent:** Monday, April 17, 2023 8:58:30 AM  
**To:** Ron Alexander <[ralexander@gcpud.org](mailto:ralexander@gcpud.org)>; John Kemman <[jkemman@gcpud.org](mailto:jkemman@gcpud.org)>; Chris Heimbigner <[Cheimbigner@gcpud.org](mailto:Cheimbigner@gcpud.org)>  
**Cc:** Patrick Bishop <[Pbishop@gcpud.org](mailto:Pbishop@gcpud.org)>  
**Subject:** RE: 130-11843 Itron AMI Software-as-a-Service - Commission Packet

Good morning, Ron.

Thank you!

## Shelli Tompkins

*Procurement Officer*

**OFFICE** 509.906.6983

**EMAIL** [stompkins@gcpud.org](mailto:stompkins@gcpud.org)

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**Cc:** Patrick Bishop <[Pbishop@gcpud.org](mailto:Pbishop@gcpud.org)>  
**Subject:** Re: 130-11843 Itron AMI Software-as-a-Service - Commission Packet

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Ron

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Commission Packet.

Thank you,

**Shelli Tompkins**

*Procurement Officer*

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**HOURS** M-TH 8AM-4:30PM, FRI 7:30AM-4PM



**grantpud.org**

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**From:** Shelli Tompkins <stompkins@gcpud.org>

**Sent:** Monday, April 17, 2023 12:57:42 PM

**To:** John Kemman <jkemman@gcpud.org>; Ron Alexander <ralexander@gcpud.org>; Chris Heimbigner <Cheimbigner@gcpud.org>

**Cc:** Patrick Bishop <Pbishop@gcpud.org>

**Subject:** RE: 130-11843 Itron AMI Software-as-a-Service - Commission Packet

Yes, it is necessary. Thank you.

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*Procurement Officer*

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**Subject:** RE: 130-11843 Itron AMI Software-as-a-Service - Commission Packet

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Thank you!

**Shelli Tompkins**

*Procurement Officer*

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*Procurement Officer*

**OFFICE** 509.906.6983

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**From:** [John Kemman](#)  
**To:** [Shelli Tompkins](#); [Ron Alexander](#); [Chris Heimbigner](#)  
**Cc:** [Patrick Bishop](#)  
**Subject:** Re: 130-11843 Itron AMI Software-as-a-Service - Commission Packet  
**Date:** Monday, April 17, 2023 10:16:40 AM

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I don't know if you need my approval shelli but I approve.

John Kemman  
253-678-6109

---

**From:** Shelli Tompkins <[stompkins@gcpud.org](mailto:stompkins@gcpud.org)>  
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**To:** Ron Alexander <[ralexander@gcpud.org](mailto:ralexander@gcpud.org)>; John Kemman <[jkemman@gcpud.org](mailto:jkemman@gcpud.org)>; Chris Heimbigner <[Cheimbigner@gcpud.org](mailto:Cheimbigner@gcpud.org)>  
**Cc:** Patrick Bishop <[Pbishop@gcpud.org](mailto:Pbishop@gcpud.org)>  
**Subject:** RE: 130-11843 Itron AMI Software-as-a-Service - Commission Packet

Good morning, Ron.

Thank you!

## Shelli Tompkins

*Procurement Officer*

**OFFICE** 509.906.6983

**EMAIL** [stompkins@gcpud.org](mailto:stompkins@gcpud.org)

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**From:** Ron Alexander <[ralexander@gcpud.org](mailto:ralexander@gcpud.org)>  
**Sent:** Saturday, April 15, 2023 9:30 PM  
**To:** Shelli Tompkins <[stompkins@gcpud.org](mailto:stompkins@gcpud.org)>; John Kemman <[jkemman@gcpud.org](mailto:jkemman@gcpud.org)>; Chris Heimbigner <[Cheimbigner@gcpud.org](mailto:Cheimbigner@gcpud.org)>  
**Cc:** Patrick Bishop <[Pbishop@gcpud.org](mailto:Pbishop@gcpud.org)>  
**Subject:** Re: 130-11843 Itron AMI Software-as-a-Service - Commission Packet

I approve

Ron

---

**From:** Shelli Tompkins <[stompkins@gcpud.org](mailto:stompkins@gcpud.org)>  
**Sent:** Friday, April 14, 2023 12:57:26 PM  
**To:** Ron Alexander <[ralexander@gcpud.org](mailto:ralexander@gcpud.org)>; John Kemman <[jkemman@gcpud.org](mailto:jkemman@gcpud.org)>; Chris Heimbigner <[Cheimbigner@gcpud.org](mailto:Cheimbigner@gcpud.org)>  
**Cc:** Patrick Bishop <[Pbishop@gcpud.org](mailto:Pbishop@gcpud.org)>  
**Subject:** 130-11843 Itron AMI Software-as-a-Service - Commission Packet

Good afternoon,

Legal has approved the award of Contract 130-11843, Itron AMI SaaS, to Anixter. Would each of you listed on this email please provide your approval of the attached memo by return email, which will serve as your signature sign-off. After we have this, the Contract will be submitted to the Commission Packet.

Thank you,

**Shelli Tompkins**

*Procurement Officer*

**OFFICE** 509.906.6983

**EMAIL** [stompkins@gcpud.org](mailto:stompkins@gcpud.org)

**HOURS** M-TH 8AM-4:30PM, FRI 7:30AM-4PM



[grantpud.org](http://grantpud.org)

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement, effective upon full execution, is by and between Public Utility District No. 2 of Grant County, Washington (“District”) and Anixter Inc. (“Contractor”);

R e c i t a l s :

The District desires to obtain ongoing support services as a solution to the operation of the current Itron Advanced Metering Infrastructure (AMI) SmartGrid System. This solution is to continue utilizing the Software-as-a-Service (SaaS) and hosted by Itron, a subcontractor of Contractor.; and

The District's Managing Director of Power Delivery believes it is in the District's best interest to continue this service, which is of the utmost importance to maintain the District's AMI network functionality. This software suite allows for AMI meter billing and integration with current District systems. Without these services, the district will lose the ability to automatically bill the entire metering system. All functionality for locating, integrating and testing meters will also be lost without the service; and

The undersigned Contractor is willing to perform professional services on the terms and conditions specified herein.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto agree as follows:

1. Scope of Services

- A. The Agreement describes the Ongoing Services that Contractor, itself and through its subcontractor, Itron. (“**Itron**”) will provide to the District for the ongoing deployment and support of Itron AMI SmartGrid System. Ongoing services set forth in attached Appendix “B” – “AMI SaaS Statement of Work” and Appendix “A” – “Pricing, Fees, and Notes – Rate Schedule”. This will include all activities planned to support and maintain the AMI head end infrastructure and software hosted by Itron. Itron is a subcontractor of Contractor and shall cause Itron to perform all tasks and responsibilities identified in Exhibit “B”. This includes, but is not limited to, one production environment for 60,000 meters, and one testing environment and associated modules required for these environments.
- B. In the event that the District requires the Contractor to perform specific services in addition to the above detailed Scope of Services, the District will authorize the Contractor to perform such work by means of a Task Authorization for Professional Services (Appendix “D”) to be signed by both the District and the Contractor. Such authorization may be issued by the District Representative, and will define the scope of the task, any time requirements, and budget limitations.

The District reserves the right to suspend or terminate any authorized task at any time or to extend the Contract beyond the initial term by issuance of a Change Order in accordance with Section 5 to complete any work already initiated and/or authorized under the original term and scope of the Contract. In the event of any suspension or termination under this Section or otherwise, the District shall pay all reasonable costs that Contractor incurs as a result of the suspension or termination.

2. Independent Contractor

- A. The Contractor shall operate as, and have the status of, an independent Contractor and will not be an agent or employee of the District nor will it be entitled to any employee benefits provided by the District. All the Contractor's activities will be conducted at its own risk and be in compliance with all federal, state and local laws.
- B. The Contractor shall perform its services with the level of skill, care and diligence normally provided by and expected of professional persons performing services similar to or like those to be performed hereunder. Contractor understands that the District will be relying upon the accuracy, competency, credibility and completeness of the services provided by the Contractor hereunder and that the District and its customers will be utilizing the results of such services.

3. Term - Schedule

This Agreement shall remain in full force and in effect for three years from the date of execution or until terminated pursuant to Section 17.

4. Compensation and Payment

- A. Compensation for services rendered and all reimbursable costs shall be per the rates set forth in Appendix "A", Rate Schedule, after the effective date of this Agreement. Any changes to rates and costs shall be in accordance with Appendix "A". Contractor shall notify the District in writing at least 30 days prior to any such rate increase going into effect. A payment is considered made on the day it is mailed or is sent through electronic or wire transfer.

In no event however, shall the total amount paid to Contractor for services and all reimbursable costs exceed the sum of \$1,152,549.00 USD unless a Change Order authorizing the same is issued in accordance with Section 5 below.

- B. Contractor shall submit monthly invoices to the attention of:

Public Utility District No. 2  
of Grant County, Washington  
Attn: Accounts Payable<sup>3</sup>  
PO Box 878  
Ephrata, WA 98823  
Or AccountsPayable@gcpud.org

- C. Invoices shall include the Contract number and a detailed description of the work performed.
- D. Payment will be made by the District upon completion of work following District approval of Contractor's invoices. Invoice shall be subject to the review and approval of the District. Invoice shall be in a detailed and clear manner supported by such information the District may require. The District will make payment to Contractor within 30 days after District's receipt and approval of said invoice.

5. Change Orders

Except as provided herein, no official, employee, agent or representative of the District is authorized to approve any change in this Contract and it shall be the responsibility of the Contractor before proceeding with any change, to satisfy itself that the execution of the written Change Order has been properly authorized on behalf of the District. The District's management has limited authority to approve Change Orders. The current level and limitations of such authority are set forth in District Resolution No. 8609 which may be amended from time to time. Otherwise, only the District's Board of Commissioners may approve changes to this Contract.

Charges or credits for the work covered by the approved changes shall be determined by written agreement of the parties and shall be made on Change Order form as reflected on Appendix "C".

When a change is ordered by the District, as provided herein, a Change Order shall be executed by the District and the Contractor before any Change Order work is performed. When requested, Contractor shall provide a detailed proposal for evaluation by the District, including details on proposed cost. The District shall not be liable for any payment to Contractor, or claims arising there from, for Change Order work which is not first authorized in writing. All terms and conditions contained in the Contract Documents shall be applicable to Change Order work. Change Orders shall be issued on the form attached as Appendix "C" and shall specify any change in time required for completion of the work caused by the Change Order and, to the extent applicable, the amount of any increase or decrease in the Contract Price.

6. Taxes.

A. Except for the Washington State retail sales and use taxes as may be levied upon the Contract, pursuant to RCW Chapters 82.08 and 82.12, the Contract Price includes and the Contractor shall have the full exclusive liability for the payment of all taxes, levies, duties and assessments of every nature due and payable in connection with this Contract or its employees and subcontractors performing work related to this Contract.

B. Washington State retail sales tax and use taxes levied upon this Contract pursuant to RCW Chapters 82.08 and 82.12 are excluded from the rates and if applicable will be reimbursed as follows:

1. If the Contractor has, or is required to have a valid Washington State sales tax identification number, the identification number shall be furnished to the District upon request. The Contractor shall make payment of any Washington State retail sales and use taxes due and Contractor shall be reimbursed by the District for the same. Contractor shall be solely responsible for any interest or penalties arising from late or untimely payment of said taxes.

2. If the Contractor is not required to have a valid Washington State sales tax identification number, it shall notify the District of the same. In such event, the District, after receiving proper invoices from Contractor, shall make payment of said Washington State retail sales and use taxes levied upon this Contract to the Washington State Department of Revenue.

7. Hold Harmless and Indemnification

Contractor shall, at its sole expense, indemnify, defend, save, and hold harmless the District, its officers, agents, and employees from all actual or potential claims or losses, including costs and legal fees at trial and on appeal, and damages arising from claims for damages to property or

persons, suffered by any third-party, to the extent caused by any negligent act of or omission of the Contractor or its subcontractors, excluding damages caused by the negligence of the District, in the administration or performance of this Agreement or any subcontracts, and for which either of the parties, their officers, agents, or employees may or shall be liable. This indemnity provision shall be valid and enforceable only to the extent of the negligence of the Contractor or its subcontractors. Contractor waives its immunity under industrial insurance, Title 51 RCW, to the extent necessary to effectuate this indemnification/hold harmless agreement. Contractor's indemnification obligation shall not apply to liability for damages arising out of bodily injury to a person or damage to property caused by the negligence of the District or its agents or employees and not attributable to any act or omission on the part of the Contractor. In the event of damages to a person or property caused by or resulting from the concurrent negligence of District or its agents or employees and the Contractor or its agents or employees, the Contractor's indemnity obligation shall apply only to the extent of the Contractor's (including that of its agents and employees) negligence.

Contractor acknowledges that by entering into this Contract with the District, it has mutually negotiated the above indemnity provision with the District. Contractor's indemnity and defense obligations shall survive the termination or completion of the Contract and shall remain in full force and effect until satisfied in full.

8. Insurance

- A. Prior to the commencement of any work under this Agreement, and at all times during the term of this Agreement, Contractor shall obtain and maintain continuously, at its own expense, a policy or policies of insurance with insurance companies rated A- VII or better by A. M. Best or A by S&P, as enumerated below. Any deductible, self-insured retention or coverage via captive \$25K or above must be disclosed and is subject to approval by the District's Risk Manager. The cost of any claim payments falling within the deductible or self-insured retention shall be the responsibility of the Contractor and not recoverable under any part of this Contract.

Contractor Required Insurance

- 1. **General Liability Insurance:** Commercial general liability insurance, covering all operations by or on behalf of Contractor against claims for bodily injury (including death) and property damage (including loss of use). Such insurance shall provide coverage for:

- a. Premises and Operations;
- b. Products and Completed Operations;
- c. Contractual Liability;
- d. Personal Injury Liability (with deletion of the exclusion for liability assumed under Contract);

with the following **minimum limits:**

- e. \$1,000,000 Each Occurrence
- f. \$1,000,000 Personal Injury Liability
- g. \$2,000,000 General Aggregate (per project)
- h. \$2,000,000 Products and Completed Operations Aggregate

Commercial general liability insurance will include the District as additional insured on a primary and non-contributory basis. A waiver of subrogation will apply in favor of the District.

2. **Workers' Compensation and Stop Gap Employers Liability:** When applicable, Workers' Compensation Insurance as required by law for all employees. Employer's Liability Insurance, including Occupational Disease coverage, in the amount of **\$1,000,000 for Each Accident, Each Employee, and Policy Limit.** Employer's Liability may be procured as an endorsement to the commercial general liability via the Stop Gap Coverage endorsement. The Contractor expressly agrees to comply with all provisions of the Workers' Compensation Laws of the states or countries where the work is being performed, including the provisions of Title 51 of the Revised Code of Washington for all work occurring in the State of Washington.

If there is an exposure of injury or illness under the U.S. Longshore and Harbor Workers (USL&H) Act, Jones Act, or under U.S. laws, regulations or statutes applicable to maritime employees, coverage shall be included for such injuries or claims. Such coverage shall include USL&H and/or Maritime Employer's Liability (MEL).

3. **Automobile Liability Insurance:** Automobile Liability insurance against claims of bodily injury (including death) and property damage (including loss of use) covering all owned (if any), rented, leased, non-owned, and hired vehicles used in the performance of the work, with a **minimum limit of \$1,000,000 per accident** for bodily injury, property damage, or death combined and containing appropriate uninsured motorist and No-Fault insurance provision, where applicable.

Automobile liability insurance will include the District as additional insured on a primary and non-contributory basis. A waiver of subrogation will apply in favor of the District.

4. **Excess Insurance:** Excess (or Umbrella) Liability insurance with a **minimum limit of \$10,000,000 per occurrence and in the aggregate.** This insurance shall provide coverage in excess of the underlying primary liability limits, terms, and conditions for each category of liability insurance in the foregoing subsections 1, 2 (Employer's Liability only) and 3. If this insurance is written on a claims-made policy form, then the policy shall be endorsed to include an automatic extended reporting period of at least five years or the statute of repose.

Umbrella/Excess liability insurance will include the District as additional insured on a primary and non-contributory basis. A waiver of subrogation will apply in favor of the District.

5. **Professional Liability:** Contractor shall provide professional liability insurance with a **minimum limit of \$1,000,000 per claim.**

If such policy is written on a claims made form, the retroactive date shall be prior to or coincident with the Effective Date of this Agreement. Claims made from coverage shall be maintained by the Contractor for a minimum of five years



following the termination of this Agreement, and the Contractor shall annually provide the District with proof of renewal. If renewal of the claims made form of coverage becomes unavailable, or economically prohibitive, the Contractor shall purchase an Extended Reporting Period Tail or execute another form of guarantee acceptable to the District to assure financial responsibility for liability for services performed.

If Contractor shall hire subcontractor for all operations and risk involving professional services exposure, this requirement may be satisfied by subcontractor's policies. Contractor shall impute the insurance requirements stated in this section to subcontractor by written contract or written agreement. Any exceptions must be mutually agreed in writing with the District.

6. **Professional Liability/Network Security Insurance:** Contractor shall obtain professional errors and omissions liability insurance in an amount of **not less than \$10,000,000 per claim and in the aggregate**. Coverage shall respond to wrongful acts in the rendering of, or failure to render, professional services under this Agreement, electronic data losses or damage or breaches of electronic data security including disclosures of private or Protected Information of the District or any employee, participant or beneficiary of the Services provided by Contractor pursuant to this contract. In the event of a claim and upon the District's request, Contractor shall provide a copy of its Professional Liability/Network Security Insurance policy. The Professional Liability Insurance retroactive coverage date shall be no later than the effective date of this agreement. Contractor shall continuously maintain such insurance or purchase an extended reporting period providing that claims first made and reported to the insurance company within two years after termination of the Agreement will be deemed to have been made during the policy period.

If Contractor shall hire subcontractor for all operations and risk involving professional network services exposure, this requirement may be satisfied by subcontractor's policies. Contractor shall impute the insurance requirements stated in this section to subcontractor by written contract or written agreement. Any exceptions must be mutually agreed in writing with the District.

- B. Evidence of Insurance - Prior to performing any services, and within 10 days after receipt of the Contract Award, then annually thereafter, the Contractor shall file with the District a Certificate of Insurance showing the Insuring Companies, policy numbers, effective dates, limits of liability and deductibles with copies of the endorsements or policy documents where policy terms required under Section A are met.

Failure of the District to demand such certificate or other evidence of compliance with these insurance requirements or failure of the District to identify a deficiency from the provided evidence shall not be construed as a waiver of the Contractor's obligation to maintain such insurance. Acceptance by the District of any certificate or other evidence of compliance does not constitute approval or agreement by the District that the insurance requirements have been met or that the policies shown in the certificates or other evidence are in compliance with the requirements.

The District shall have the right but not the obligation of prohibiting the Contractor or subcontractor from entering the project site until such certificates or other evidence of

insurance has been provided in full compliance with these requirements. If the Contractor fails to maintain insurance as set forth above, the District may purchase such insurance at the Contractor's expense. The Contractor's failure to maintain the required insurance may result in termination of this Contract at the District's option.

- C. Subcontractors - Contractor shall ensure that each subcontractor meets the applicable insurance requirements and specifications of this Agreement. All coverage for subcontractors shall be subject to all the requirements stated herein and applicable to their profession. Contractor shall furnish the District with copies of certificates of insurance evidencing coverage for each subcontractor upon request.
- D. Cancellation of Insurance - The Contractor shall not cause any insurance policy to be canceled or permit any policy to lapse. Insurance companies, to the extent commercially available, or Contractor shall provide 30 days advance written notice to the District for cancellation or any material change in coverage or condition, except 10 days advance written notice for cancellation due to non-payment of premium. Should the Contractor receive any notice of cancellation or notice of nonrenewal from its insurer(s), Contractor shall provide immediate notice to the District no later than two days following receipt of such notice from the insurer. Notice to the District shall be delivered by facsimile or email.

9. Assignment

Contractor may not assign this Agreement, in whole or in part, voluntarily or by operation of law, unless approved in writing by the District.

10. Records - Audit

- A. The results of all work and services performed by the Contractor hereunder shall become the property of the District upon completion of the work herein performed and shall be delivered to the District prior to final payment.
- B. Until the expiration of three years after final acceptance by District of all the work, Contractor shall keep and maintain complete and accurate records of its costs and expenses related to the work or this Contract in accordance with sound and generally accepted accounting principles applied on a consistent basis. To the extent this Contract provided for compensation on a cost-reimbursable basis or whenever such records may, in the opinion of the District, be useful in determining any amounts payable to Contractor or District (e.g., the nature of a refund, credit or otherwise), Contractor shall provide District access to all such records for examination, copying and audit. Such audits shall be subject to a mutually agreed upon methodology and scope, limited to the prior twelve (12) months' records, conducted no more frequently than once every twelve (12) months, and conducted by a third-party certified public accountant who does not accept commissions or contingency fees.

11. Nondisclosure

Contractor agrees that it will not divulge to third parties, without the written consent of the District, any information obtained from or through District in connection with the performance of this Contract. Contractor further agrees that it will not, without the prior written consent of District, disclose to any third party any information developed or obtained by the Contractor in the performance of this Contract and, if requested by District, to require its employees and

subcontractors, if any, to execute a nondisclosure agreement prior to performing any services under this Contract. Nothing in this section shall apply to:

- A. Information which is already in the Contractor's possession not subject to any existing confidentiality provisions,
- B. Information which, at the time of disclosure, is in the public domain by having been printed and published and available to the public libraries or other public places where such data is usually collected, and
- C. Information required to be disclosed by court order or by an agency with appropriate jurisdiction.

12. Public Records Act

The District is subject to the disclosure obligations of the Washington Public Records Act of RCW 42.56. The Contractor expressly acknowledges and agrees that any information Contractor submits may be subject to public disclosure pursuant to the Public Records Act or other applicable law and the District, after informing Contractor and Contractor having adequate time, not less than 10 business days, to object, may disclose Contractor's proposal and/or information if required by its obligations under applicable law.

13. Applicable Law

Contractor shall comply with all applicable federal, state and local laws and regulations including amendments and changes as they occur. All written instruments, agreements, specifications and other writing of whatsoever nature which relate to or are a part of this Agreement shall be construed, for all purposes, solely and exclusively in accordance and pursuant to the laws of the State of Washington. The rights and obligations of the District and Contractor shall be governed by the laws of the State of Washington. Venue of any action filed to enforce or interpret the provisions of this Agreement shall be exclusively in the Superior Court, County of Grant, State of Washington or the Federal District Court for the Eastern District of Washington at the District's sole option. In the event of litigation to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable legal fees in addition to any other relief allowed.

14. Subcontracts/Purchases

- A. The Contractor is authorized to enter into subcontracts and is not authorized to make purchases of materials and equipment required for the work. Any material purchases shall be approved in advance by the District Representative and Procurement Officer.
- B. Whenever the cost for any single item of material is estimated to exceed \$5,000.00, the Contractor shall obtain three quotes and submit to the Procurement Officer for approval. These quotes shall be submitted for approval prior to purchasing the material. Approved material shall be invoiced at cost. A copy of the invoice showing actual cost must be submitted with the Contractor's invoice to the District. In addition, if prevailing wages apply to the material purchase, a copy of the associated Intent to Pay Prevailing Wages and Affidavit of Wages Paid must be attached. In no event shall a material purchase of like items exceed \$15,000.00.

15. Notices

Before entering into any subcontracts and throughout the duration of the Contract, the District Representative and Procurement Officer may request copies of the subcontractor agreements from the Contractor, excluding pricing. Any notice or other communication under this Contract given by either party shall be sent via email to the email address listed below, or mailed, properly addressed and stamped with the required postage, to the intended recipient at the address and to the attention of the person specified below and shall be deemed served when received and not mailed. Either party may from time to time change such address by giving the other party notice of such change.

District  
John Kemman  
Public Utility District No. 2  
of Grant County, Washington  
PO Box 878  
154 A Street SE  
Ephrata, WA 98823  
JKemman@gcpud.org

Contractor  
Legal Department  
WESCO Distribution, Inc.  
225 W. Station Square Drive, Suite 700  
Pittsburgh, PA 15219  
(208) 957-3499  
Daniel.Schultz@wesco.com  
with a copy to: [CLC@wescodist.com](mailto:CLC@wescodist.com)  
(253) 678-6109

For purposes of technical communications and work coordination only, the District designates John Kemman as its representative. Said individual shall have no authority to authorize any activity which will result in any change in the amount payable to Contractor. Such changes, if any, must be by written Change Order issued in accordance with Section 5 to be valid and binding on the District.

16. Ownership of Work Product/Copyright

- A. All rights in the various work produced for or under this Agreement, including but not limited to study plans, results, drafts, charts, graphs, videos, summaries and any other forms of presentation, collectively referred to as "Work Product" shall belong to and be the exclusive property of the District. Contractor shall not use the Work Product outside the scope of this Contract without express written permission from the District.
- B. Contractor acknowledges and agrees that all services/work are specifically ordered under an agreement with Public Utility District No. 2 of Grant County, Washington, and shall be considered "work made for hire" and "Work Product" for purposes of copyright. All copyright interest in Work Product shall belong to and be the exclusive property of the District.
- C. Upon final acceptance or termination of this Agreement, Contractor shall immediately turn over to the District all Work Product. This does not prevent the Contractor from making a file copy for their records.

17. Termination

- A. District may, at any time, for any reason, terminate Contractor's services in connection with this Agreement, or any part thereof, by designating that portion of the services to be terminated. In case of termination pursuant to this Section A, District will make payment at the rates specified in this Agreement for services properly performed up to the date of

termination. However, in no event shall Contractor be entitled to any other payment to or any anticipated fee or profit on unperformed work.

- B. In the event of Contractor's breach or abandonment of this Contract, the District may thereupon and with thirty (30) days' written notice and an opportunity to cure, terminate this Agreement.

18. Non-Waiver

No waiver of any provision of this Agreement, or any rights or obligations of either Party under this Agreement, shall be effective, except pursuant to a written instrument signed by the Party or Parties waiving compliance, and any such waiver shall be effective only in the specific instance and for the specific purpose stated in such writing. The failure of either Party to require the performance of any term of this Agreement or the waiver of either Party of any breach under this Agreement shall not operate or be construed as a waiver of any other provision hereof, nor shall it be construed as a waiver of any subsequent breach by the other Party hereto.

19. Physical Security

If any performance under this Contract is to be conducted on District facilities or worksites, it shall be the responsibility of the Contractor to ensure that its employees and those of its Subcontractors are informed of and abide by the District's Security Policies as if fully set out herein a copy of which shall be provided to the Contractor by the District Representative at the preconstruction meeting or prior to beginning work. Without limiting the foregoing, Contractor and its employees shall be required to:

- A. Keep all external gates and doors locked at all times and interior doors as directed.
- B. Visibly display ID badges on their person at all times.
- C. Stay out of unauthorized areas or in authorized areas outside of authorized work hours, without express authorization from the District.
- D. Provide proper notification to the appropriate parties, and sign in and out upon entry and exit to secured locations. If unsure of who to notify, Contractor shall contact the District Representative.
- E. Immediately notify the District if any of Contractor's employees no longer need access or have left the Contractor's employment.
- F. Immediately report any lost or missing access device to the District Representative. A minimum charge will be assessed the Contractor in the amount of \$50.00 per badge and the fee for lost or non-returned keys may include the cost to re-key the plant facilities. The Contractor is strictly prohibited from making copies of keys.
- G. Not permit 'tailgating' through any controlled access point (i.e. person(s), authorized or unauthorized, following an authorized person through an entry point without individual use of their issued ID badge or key).
- H. Return all District property, including but not limited to keys and badges, to the District Representative when an individual's access to the facility is no longer needed.

20. Security, Safety Awareness Training, Dam Safety Awareness Training, and Transmission and Distribution Access Training

Prior to receiving access to any District facilities, all Contractors, Contractor's employees, subcontractors and subcontractor's employees, material suppliers and material supplier's employees, or any person who will be engaged in the work under this Contract that requires access to District facilities, shall be required to take and pass the District's Security and Safety Awareness training before being issued a security access badge to access District facilities. Under no circumstances will the failure of any Contractor or subcontractor employee to pass the required training, be grounds for any claim for delay or additional compensation.

The Safety and Security Awareness training is available online and is a 20-30 minute training. The training is located at: <https://www.grantpud.org/for-contractors>. All contractors and their employees are required to successfully complete Safety and Security Awareness training before coming onsite. The Security and Safety certificates should be emailed directly to SecurityTrainingCerts@gcpud.org.

District Representative shall ensure that Contractor's employees, subcontractor's and subcontractor's employees have completed and submitted the certificate of completion for the training in a timely manner to avoid any delay in execution of the work. All such certificates shall be submitted before any security access badges will be issued.

If applicable, Dam Safety Awareness Training is required for Contractors who are performing work in and around Priest Rapids and Wanapum Dams and are badged. The training is available online only and is a 20-30 minute training. Contractor shall ensure that its employees, Subcontractors and Subcontractor's employees have completed, passed and printed the certificate of completion for the training in a timely manner to avoid any delay in execution of the work. All such certificates shall be submitted to the District Representative before any security access badges will be issued.

If applicable, Transmission and Distribution Access Training is required for Contractors, or their Subcontractors, who may hold a clearance or hotline hold order as part of performance of work under this Contract. The training is available online only and is a 20-30 minute training. Contractor shall ensure that its employees, Subcontractors and Subcontractor's employees have completed, passed and printed the certificate of completion for the training in a timely manner to avoid any delay in execution of the work. All such certificates shall be submitted to the District Representative before any security access badges will be issued.

If you are uncertain which of the above courses you or your employees must complete, please contact your District Representative.

21. 2008 Early Retirement Factors Acknowledgement

By executing this Contract, Contractor acknowledges that they are in compliance with RCW 41.50.139 regarding the 2008 early retirement factors per WAC 415-02-325. Contractors found to be in non-compliance shall be responsible for all penalties incurred.

22. Qualification of Contractor's Access and Personnel Change Approval

The District reserves the right to deny any Contractor or employee thereof access to District facilities or Protected Information at the District's sole discretion. The District will be the sole

judge of such effect. All Contractors and employees thereof shall be subject to the nondisclosure provisions of this Contract.

The District reserves the right to conduct or to require Contractor to conduct criminal background checks, provide an identity validation document (I-9, Social Security card, driver's license) and complete the District provided training for its employee(s) before the District will grant such individuals access to secure areas of District facilities. Criminal background checks may be conducted in such depth as the District reasonably determines to be necessary or appropriate for the type of access to be granted. The cost of such background checks shall be borne by the Contractor. For access to Protected Information relating to Critical Infrastructure Protection, the District reserves the right to require a Non-Disclosure Agreement and a certificate of completion from the District-provided training for each employee before the District will grant access to such individuals.

In the event the District determines in its sole discretion that an individual or Contractor is unsatisfactory or fails to provide a background check as requested by the District, or fails to provide the information listed above, the District reserves the right to exclude such individual or Contractor from secure areas and/or from having any access to Protected Information.

23. Contractor Safety Requirements

The following applies if Contractor, or any of its sub-consultants, subcontractors, or suppliers of any tier, performs any activities on premises owned, leased, possessed, or controlled by the District. The Contractor Safety Requirements shall be required when applicable as determined by the District Representative based upon the scope of work. To the extent applicable, the Contractor shall ensure that all workers, sub-consultants, subcontractors, and suppliers comply with these requirements. In fulfilling these requirements, the Contractor shall also comply with material and equipment manufacturer instructions, and safety and health requirements in accordance with WAC 296-126-094 and this Agreement where applicable. If there are conflicts between any of the requirements referenced in the Contract Documents, the more stringent requirement shall prevail.

A. General

Initial/Warning Notice: Any District employee may notify the Contractor of any safety or health concern. The notice may be delivered verbally to any Contractor employee or subcontractor and the District employee shall notify the District Representative of the Notice. Written notification may be provided to the Contractor at the discretion of the District Representative. The notice shall have the same effect on the Contractor regardless of format or recipient. The Contractor shall take immediate action to mitigate the safety and health concerns identified in the District's notice.

B. Stop Work Order: District employees also have the authority to immediately stop a work activity without issuing the Initial/Warning Notice. The District employee will immediately notify the District Representative of the Stop Work Order. The District Representative may direct the Contractor to stop work due to safety and health concerns. The Stop Work Order may cover all work on the Contract or only a portion of the work. After the District issues a Stop Work Order, the Contractor shall meet with District Representatives (as determined by the District Representative) to present a written statement outlining specific changes and/or measures the Contractor will make to work procedures and/or conditions to improve safety and health. A Stop Work Order can be rescinded only with the written approval of the District Representative.

1. The Contractor shall not be entitled to any adjustment of the Contract price or schedule when the District stops a work activity due to safety and health concerns that occurred under the Contractor's, Subcontractor's, or supplier's control.
  2. The District's conduct does not alter or waive the Contractor's safety and health obligations.
- C. The Contractor shall maintain an accurate record of, and shall immediately report to the District Representative all cases of near miss or recordable injury as defined by OSHA, damage to District or public property, or occupational diseases arising from, or incident to, performance of work under this Contract.
1. The record and report shall include where the incident occurred, the date of the incident, a brief description of what occurred, and a description of the preventative measures to be taken to avoid recurrence, any restitution or settlement made, and the status of these items. A written report shall be delivered to the District Representative within five business days of any such incident or occurrence.
  2. In the event of a serious incident, injury or fatality the immediate group shall stop work. The Contractor/subcontractor shall secure the scene from change until released by the authority having jurisdiction. The Contractor shall collect statements of the crew/witnesses as soon as practical. The District reserves the right to perform an incident investigation in parallel with the Contractor. The Contractor, subcontractor, and their workers shall fully cooperate with the District in this investigation.
  3. All cases of death, serious incidents, injuries or other incidents, as determined by the District Representative, shall be investigated by the Contractor to identify all causes and to recommend hazard control measures. A written report of the investigation shall be delivered to the District Representative within 30 calendar days of any such incident or occurrence.
  4. For situations that meet the reporting requirements of WAC 296-800, the Contractor shall self-report and notify the District Representative. The District Representative shall notify the District's Safety personnel.
- D. The Contractor/subcontractor shall conduct and document job briefings each morning with safety as an integral part of the briefing. The Contractor/Subcontractor shall provide an equivalent job briefing to personnel and/or visitors entering the job site after the original job briefing has been completed for work within their scope. Immediately upon request, the Contractor shall provide copies of the daily job briefing and any other safety meeting notes to the District Representative. The notes, at a minimum, shall include date, time, topics, and attendees and shall be retained by the Contractor for three years after completion of all work.
- E. Job Site Reviews Performed by the District: The Contractor Site Representative or other lead personnel, if requested by the District, shall be required to participate in District job briefs and/or District job site reviews that pertain to other work being performed that may impact the Contractor's work.
- F. Job Site Reviews Performed by Contractor: Each Contractor and Subcontractor shall perform and document weekly safety reviews of their work area(s) by a competent person as defined by WAC 296-62-020. Immediately upon request, the Contractor shall provide a copy of the documented job site review to the District Representative. Contractor and



Subcontractor supervisors/foremen shall take immediate action to correct violations, unsafe practices, and unsafe conditions. The Contractor and Subcontractor shall be solely responsible to review and monitor the work area or location of all their employees during the performance of work.

- G. Site Specific Safety Plan (SSSP): The Contractor shall prepare, implement, and enforce a SSSP for all work included in this Contract. The SSSP shall be delivered to and accepted by the District Representative prior to the start of any on-site work.
1. The SSSP shall, at a minimum, identify and provide mitigation measures for any recognized hazards or conditions. Site and adjacent conditions shall be considered. All significant hazards, including unusual or unique hazards or conditions specific to the Contract work shall be identified and mitigated. The Contractor shall provide a clear delegation of authority for the work site(s). The Contractor shall identify, locate, and provide direction to the nearest emergency medical facilities. This shall include telephone numbers for emergency services in the area.
  2. The Contractor shall make available to all workers at the site(s) the SSSP and ensure that all workers are familiar with the content and requirements of the SSSP. Any subcontractors shall adhere to the Contractor's SSSP.
  3. Any emergent hazards not identified in the SSSP shall require a Job Hazard Analysis prior to starting work on the associated job.

In lieu of the SSSP, the District Representative may, at their discretion, accept an Accident Prevention Program implemented and maintained in accordance with Washington state law (WAC 296-155-110).

- H. District Rescue Team and Relation to Contractor Emergencies and Back Shift Operations When District Rescue Team is Not Present: Contractors shall be required to submit an Emergency Plan that covers first response and rescues. This is required to be submitted for approval by the District Representative prior to work starting. Contractors are encouraged to familiarize themselves with District First Responder and Rescue Team capabilities. District Response Teams may not be available during all work hours and typically are not available on off-shifts, weekends, and District holidays. Contractors choosing not to provide their own response personnel must include a process that does not rely on the District in the event District Response Teams are not available.

24. Limitation of Liability

To the fullest extent permitted by law, in no event shall contractor be liable for any lost profits, lost business, lost revenue, delay damages, or any other special, incidental, liquidated, indirect, punitive, or consequential damages, however arising, even if the parties have knowledge of the possibility of such damages and whether or not such damages are foreseeable. Furthermore, to the fullest extent permitted by law, except for claims covered by contractor's insurance, contractor's liability on any claim arising out of or connected with this agreement or the manufacture, sale, delivery or use of the products, software, or services, whether in tort (including negligence and strict liability), misrepresentation, breach of contract, or otherwise, shall not exceed the amount actually paid for the products, software, and/or services giving rise to the claim. For claims covered by contractor's insurance, contractor's liability shall not exceed the amount of contractor's insurance coverage.

IN WITNESS WHEREOF, the Contractor and the District have executed this Agreement each by its proper respective officers and officials thereunto duly authorized the day and year first above written.

Public Utility District No. 2  
of Grant County, Washington

Anixter Inc.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX “A” – PRICING, FEES, & NOTES  
RATE SCHEDULE**

**DIRECT EXPENSES:**

Fixed hourly billing rates shall be in US Dollars and include all i) payroll, payroll taxes and fringe benefits; ii) all reproduction and printing costs including electronic media; iii) communications costs including all phones, faxes, internet, postage, shipping, delivery, couriers; iv) computer, software, printers, scanners, office machines and related costs of operations including consumables; v) insurance costs; vi) indirect and overhead burden; and vii) profit.

**1. Software-as-a-Service (SaaS)**

<b>Software-as-a-Service (SaaS) Fees</b>			
<b>Item</b>	<b>Term (Months)</b>	<b>Price / Month</b>	<b>Total</b>
<b><i>PRODUCTION Environment Reoccurring Fees</i></b>			
UtilityIQ SaaS Monthly Fee - Prod	12	\$17,369.00	\$208,428.00
ODS Managed Service Subscription Fee PROD	12	\$6,824.00	\$81,888.00
Communication Tester Annual SW Maintenance & Support 290-030001	1	\$963.00	\$963.00
<b><i>TEST Environment Reoccurring Fees</i></b>			
UtilityIQ SaaS Monthly Fee TEST #1	12	\$5,945.00	\$71,340.00
ODS Managed Service Subscription Fee TEST #1	12	\$1,797.00	\$21,564.00

**Notes and Assumptions**

- SaaS Monthly Fee includes hardware, software, and hosting for one 1 Production Environment supporting up to 60,000 Endpoints, 1 Test Environment supporting up to 1,000 Endpoints.
- Taxes, duties, and tariffs are not included.
- Pricing subject to the Detectent Software License Agreement, effective as of 2/16/2011. Prices are in USD.
- SaaS Extensions are subject to the following escalations:
  - 3 Years: 5%/year in years 2 & 3
  - 5 Years: 3%/year in years 2, 3, 4, & 5
  - 7 Years: 1.5%/year in years, 2, 3, 4, 5, 6, & 7
- Pricing assumes 45 days of storage for data included in AMM.

**REIMBURSABLE EXPENSES:**

Reimbursable expenses are those reasonable and necessary costs incurred on or directly for the District's project, including necessary transportation costs, meals and lodging. Any actual expenses in non-US dollars will be converted using the conversion tables at [www.x-rates.com](http://www.x-rates.com) for the applicable period. Reimbursement will be subject to the following limitations:

Meals and Incidental Expenses: Meals and incidental expenses will be limited to the Federal Per Diem rate for meals and incidentals established for the location where lodging is obtained. The current rate for all Grant County locations is \$59.00 per day. Federal Per Diem guidelines which includes the meal breakdown and Federal Per Diem rates for other locations can be found at [www.gsa.gov](http://www.gsa.gov).

Lodging: Lodging will be billed at cost, including applicable taxes, not to exceed 200% of the Federal Per Diem maximum lodging rate for the location where the work is being performed. The current federal maximum lodging rate for all Grant County locations is \$98.00. The District Representative may increase this limit in writing when circumstances require.

Travel: Air travel (at coach class or equivalent), airport shuttles, etc. billed at cost. Ground transportation by privately owned vehicle, if utilized, billed at the Internal Revenue Service mileage rate for privately owned vehicles in effect at the time of travel. Expenses for a rental car, at cost, in the ratio of one mid-size class rental car for each three Contractor's personnel directly engaged in performance of the work at the prevailing rental rates then in effect. Rental car options such as refueling fees, GPS, collision & liability insurance, etc. will not be reimbursed by the District unless such options are approved in advance by the District Representative. **Appropriate insurance coverage should be included in the Contractor's insurance policies.**

Other: All other expenses will be based on actual costs and include appropriate documentation.

**Reimbursable expenses must be accompanied by receipts for airfare, hotel, and rental car, and any other support documentation as the District may require.**

**APPENDIX “B”**  
**AMI SaaS STATEMENT OF WORK**

Please see Appendix B – AMI SaaS Statement of Work as a separate document.

**APPENDIX "C"**  
**CHANGE ORDER**  
NO. \_\_

Pursuant to Section 5, the following changes are hereby incorporated into this Contract:

- A. Description of Change:
  
- B. Time of Completion: The revised completion date shall be \_\_\_\_\_.  
*OR*  
The completion date shall remain \_\_\_\_\_.
  
- C. Contract Price Adjustment: As a result of this Change Order, the not to exceed Contract Price shall remain unchanged (be increased/decreased by the sum of \$\_\_\_\_\_ plus applicable sales tax). This Change Order shall not provide any basis for any other payments to or claims by the Contractor as a result of or arising out of the performance of the work described herein. The new total revised maximum Contract Price is \$\_\_\_\_\_, including changes incorporated by this Change Order. *Insert the Maximum verbiage when dealing with any contract with a Not to Exceed dollar amount in the Contract Documents.*
  
- D. Except as specifically provided herein, all other Contract terms and conditions shall remain unchanged.

Public Utility District No. 2  
of Grant County, Washington

Anixter Inc.

Accepted By: \_\_\_\_\_

Accepted By: \_\_\_\_\_

Name of Authorized Signature  
Title

Name of Authorized Signature  
Title

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX "D"**  
**TASK AUTHORIZATION FOR**  
**PROFESSIONAL SERVICES**

Contract No.:	130-11843	Task Authorization No.:		Amendment No.:	
Project Name:					

The Scope of Services covered by this authorization shall be performed in accordance with all the terms and conditions in the above referenced Contract Documents which are incorporated herein by this reference.

The District hereby requests and authorizes the Contractor to perform the following services:

Sample Only

Compensation is to be paid in accordance with and subject to the limitations in Section 4.A of the Contract Documents. In addition, the total cost of the above described work shall not exceed \$\_\_\_\_\_ without advance amendment of this Task Authorization by the District.

Public Utility District No. 2  
of Grant County, Washington

Anixter Inc.

Approved for District

Accepted by Contractor

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: District Representative

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

	ADVANCED METERING INFRASTRUCTURE AGREEMENT
	<b>APPENDIX "B"</b> <b>AMI SAAS</b> <b>STATEMENT OF WORK</b>

This Statement of Work ("**SOW**") is entered into as of the effective date of this Agreement ("**SOW Effective Date**") between ANIXTER Inc ("**ANIXTER**") and **Public Utility District No. 2 of Grant County, Washington** ("**Customer**"), and describes the Services that ANIXTER, itself and through its subcontractor, Itron. ("**Itron**") will provide to Customer for the ongoing deployment of Itron GEN5 ' AMI System. This SOW is subject to the terms of the Master Agreement between the Parties ("**Agreement**"). Unless otherwise defined in this SOW, the capitalized terms will have the same meaning as in the Agreement.

Those portions of this SOW applicable to ongoing services shall be included under the Ongoing Services Agreement.

**Summary**

Itron and ANIXTER wish to work together to continue providing a SmartGrid system with electric endpoints to Customer. This SOW includes all of the activities planned to maintain the AMI head end infrastructure and software (hosted by Itron).

Itron will manage and operate the AMI System which will be hosted by Itron. Itron is a subcontractor of ANIXTER, and ANIXTER shall cause Itron to perform all tasks and responsibilities identified herein as Itron’s responsibilities.

**Definitions**

**"AMI"** or **"Advanced Metering Infrastructure"** means hardware and software that, along with communications services, enable automated meter reading and other capabilities.

**"AMI Project"** means Customer’s full deployment AMI project as described in this SOW. The AMI Project comprises all Parties’ responsibilities under this SOW and identifies all deliverables they are to provide. "AMI Project" does not include materials, equipment, software or services provided by third parties not under the Parties’ direction or control.

**"AMI System"** means the AMI products and technologies that Anixter and Itron will provide, including: (1) the Back Office, (2) WAN connections to/from Access Points, and (3) the NAN, exclusive of eBridges.

**"AMI Traffic"** means (a) communications between and among the UIQ System and Access Points, Relays and Endpoints associated with routine network management and diagnostic functions; and (b) data and communications flowing between the UIQ System and Endpoints through Itron RF mesh network, provided that the same are related to meter reading, meter configuration, meter maintenance, meter status, and remote disconnect switch operation or status.

**"Anchor Read"** means the "register value" stored once daily in a register in the Communication Module as installed in the Integrated Meter (usually at midnight).

**"Backhaul"** means the WAN between the Access Points and the Itron data center (e.g., cellular 3G networks, broadband over power line (BPL), Wi-Fi, fibermux over Ethernet, etc.).

**"Back Office"** means and includes the UIQ System.

**"Change Management Process"** means the process outlined in Attachment 7 that Itron uses to obtain approvals in order to apply Updates to the AMI System. Itron reserves the right to modify this process as needed.

**"Communication Tester"** means Itron’s software tool for testing and analyzing the RF network.

**"Firmware Support Services"** means the maintenance and support services for Firmware, as described in this SOW that Itron provides upon payment of applicable Fees.



**“Fronthaul”** means the connection between Customer’s data center or corporate network and the Back Office, which enables (1) Customer’s staff to access the UIQ System’s user interface and (2) communications between Customer’s backend systems (e.g. MDMS) and the UIQ System. Fronthaul connectivity can be established via VPN, dedicated telecommunications circuit, MPLS circuit or other mutually agreed transport.

**“Incident”** means an event that is not a standard operation and causes or may cause a disruption to or reduction in the quality of a Service, system or Customer productivity.

**“Incident Management Process”** means the process outlined in Attachment 6 that Itron uses to respond to Incidents as they are reported by Customer. Itron reserves the right to modify this process as needed.

**“Integrated Meter”** means an electricity metering endpoint into which the Communication Module has been integrated in accordance with applicable specifications.

**“IP”** means Internet Protocol.

**“Maintenance Window”** is defined in Task.

**“Meter Data Management System (MDMS)”** means a meter data management system that Customer will provide.

**“MicroAP”** A Communications Module that includes a cellular modem that can be configured to act as a self-contained Access Point (AP). This is especially useful to connect isolated or hard-to-hear devices.

**“Micromesh™ technology”** The Itron technology used when a WAN-enabled Communications Module connects to nearby grid devices via an RF mesh and acts as their take-out point for the WAN. This option allows utilities to adapt the number of cellular connections needed based on such factors as topography, coverage, density, bandwidth requirements, and the pace of deployment.

**“NOC”** means Itron’s network operations center.

**“Parties”** or **“Party”** means ANIXTER and Itron, as applicable.

**“Preventive Maintenance”** means activities performed by Itron that are necessary or desirable for the continuous provision of Solution Services at their stated Service Levels, including, but not limited to, those activities that require the temporary cessation of one or more Solution Services.

**“Provisioned”** means an Endpoint that is located in an area of the NAN and which is in any of the following operational states within the UIQ System: “active,” “inactive,” or “disconnected,” and which has been Optimized, but which is not: (1) in a “discovered,” “installed,” “initializing,” “unreachable” or “init\_failed” state; or (2) considered to be in the process of being deployed.

**“RF”** means radio frequency.

**“Secure FSU – (Secure Field Service Unit)”** means a 900MHz Frequency Hopping Spread Spectrum (“FHSS”) radio manufactured by Itron that works with a laptop or handheld computer to provide field service personnel the ability to wirelessly interrogate Itron’s radio communication network devices.

**“Service Level”** means the measurement of the performance of UIQ or Services, as applicable, and is generally expressed as a percentage of a goal (e.g., the percentage of the time a network or system is operative or successful transactions are processed).

**“Service Point”** means a location where an Endpoint will be installed.

**“SLAs”** means service level agreements.

**“Software”** means the software applications that enable the functionality delivered by the service.

**“Solution Services”** means Itron’s deployment and network management services for the UIQ System and the NAN.

**“SOW Effective Date”** means the date when this SOW becomes effective, which is the last signature date on the signature page of this SOW.

“**System Change**” means any change or modification to any infrastructure components of the UIQ System and the NAN.

“**Update(s)**” means a new release of Software supported by Itron that either (1) adds features and functionality improving overall product performance, efficiency and usability ( a “Major Release”), or (2)impacts overall product performance, efficiency and usability (a “Minor Release”), or (3) provides Error fixes (a “Patch Release”). Updates do not include stand-alone, plug-in or add-on software products or modules licensed separately that contain new features and functionality for which Itron charges separate license and Software Support Services fees.

“**UtilityIQ Software**”, “**UtilityIQ**” or “**UIQ**” means the object code version of Itron’s UtilityIQ® software. The UIQ modules must be licensed individually.

## **SaaS – Terms of Service**

Itron will grant Customer a non-exclusive, non-transferable, non-assignable, limited right to access and use the software and third party applications identified in Attachment 2 hereto for the period set forth therein, subject to Customer’s compliance with the SaaS terms of service set forth in Attachment 2.

## **Services**

For the ongoing support of the AMI Project, Customer will purchase from ANIXTER, for the Fees specified in Attachment 1 to Appendix "A", the Services outlined in this SOW. The Parties will perform the respective tasks described below.

### ***Task 1 - Ongoing Maintenance and Management***

1.1. Software Support.

1.1.1. Terms for the Software Support that Itron will provide are in Attachment 6.

1.2. Application Hosting and Management

1.2.1. **General.** Itron will administer and monitor the Server, database and storage for the UIQ environments listed in Attachment 2, and related Back Office network circuits and components. Itron will monitor the UIQ System 24x7 remotely from its NOC. When an Incident triggers an alert, Itron will communicate with Customer as set forth in Attachment 6, track the incident, troubleshoot the problem, and escalate to Itron subject matter experts or third party vendors as needed, pursuant to the agreed Incident management process. Customer will cooperate with reasonable requests that Itron makes as part of its efforts to respond to Incidents.

1.2.1.1. **Reports.** UIQ includes built-in reports regarding the health of the NAN and performance of meter reads and event activities.

1.2.1.2. **System Changes.** For any planned or urgent System Change related to any aspect of the Back Office, Itron will follow the established SaaS change management process and implement the change during a Maintenance Window as described below, or as the Parties otherwise agree.

1.2.2. **Customer Duty to Alert Itron of Expected or Current Downtime.** Customer will promptly notify Itron Customer Support by telephone if Customer experiences any downtime of or material performance degradation in, or if Customer plans any downtime of, any Customer system, component or function that UIQ depends upon or communicates with (“**UtilityIQ-Related Assets of Customer**”).

1.2.3. **Maintenance by Itron; Back Office Maintenance Windows.** In accordance with the established SaaS change management procedures, Itron will perform maintenance on Back Office hardware and

software during one maintenance window (“**Maintenance Window**”) per week, at a regularly scheduled time and lasting four (4) hours unless otherwise agreed. The Maintenance Window will always be available, but may not always be used. Unless mutually agreed, and for additional fees, all Maintenance Window will take place on a weekday after Customer’s local business hours. Annually, Itron will publish its standard maintenance window schedule and, if necessary, work with Customer to align their maintenance window.

1.2.3.1. **Updates.** Itron will provide and install, if applicable, Updates in accordance with Attachment 6.

1.2.4. **Capacity Management.** Before introducing any non-AMI Traffic into the NAN and/or WAN, Customer must determine with Itron whether non-AMI Traffic will impact the available capacity of the NAN and WAN and to plan for any such introduction to avoid interference with the timely performance of meter reads and other AMI functions. This analysis will provide a summary capacity assessment of which Access Points are overloaded if any. As part of this analysis, the Parties will determine whether additional Access Points or Relays are required or current Access Points and Relays must be relocated, at Customer’s expense. If a more detailed analysis is required, the parties agree to work to a mutually agreeable scope and services for the same.

1.2.5. **Fronthaul Connectivity.** For VPN-based connectivity, each Party will pay its expenses associated with Internet connectivity at its location and will provide ongoing monitoring and management of the VPN termination equipment. Customer acknowledges that any additional VPN connection or dedicated telecommunications circuit(s) that Customer may require for the Fronthaul connectivity will be configured or installed and maintained at Customer’s additional expense.

1.2.6. **Backups and Restoration of Data.** Each Business Day, Itron will conduct daily backups of application configuration files and Generated Data. Customer acknowledges that these backups are for operational purposes only and are not a disaster recovery solution or a solution to be used by Customer for testing or analysis purposes.

### 1.3. **Field Network and WAN Backhaul Monitoring and Management**

1.3.1. **General.** Itron will remotely monitor from its NOC the Access Points, Relays and WAN Backhaul circuit 24x7. When an Incident triggers an alert, Itron will communicate with Customer as set forth in Attachment 6, track the incident, troubleshoot the problem, and escalate to Itron subject matter experts or third-party vendors as needed, pursuant to the agreed incident management process. Customer will cooperate with reasonable requests that Itron makes as part of its efforts to respond to Incidents.

#### 1.3.1.1. **Itron Responsibilities.**

- a. **Reports.** UIQ will provide built-in reports regarding the health and performance of Access Points and Relays.
- b. **System Changes.** For any planned or urgent System Change related to any aspect of monitoring and management of the NAN or WAN backhaul described in this Task, Itron will follow the established SaaS change management process. Such change will be implemented during a Maintenance Window, or as the Parties otherwise agree.

1.3.1.2. **Customer Responsibilities.** Customer will cooperate with reasonable requests that Itron makes as part of its efforts to respond to incidents.

### 1.3.2. Remote vs. In-Field Actions.

#### 1.3.2.1. Itron Responsibilities.

- a. Itron will perform its administration, monitoring and investigations (as detailed below) remotely, from its NOC.
- b. At Customer's request and assuming that Itron's remote assistance is unable to resolve a problem, Itron resources can be made available on-site at Customer's facilities or in the field as mutually scheduled for an additional fee; *provided, however*, that Itron resources are available in-field at no fee during the startup period and the large scale deployment plan and build period.

#### 1.3.2.2. Customer Responsibilities.

- a. Customer will perform all in-field investigations of the NAN.
- b. **Equipment Replacement.** After in-field investigation or upon Itron's recommendation, Customer will remove Equipment experiencing problems and replace such Equipment using the inventory of spare Equipment Itron recommends in the Equipment section of this SOW. Customer will communicate promptly with Itron Customer Support when any such Equipment is removed or replaced. Customer will seek the replacement of all uninstalled Equipment using Itron's then-current RMA process.
- c. Customer shall maintain in UIQ the current location information for all devices, including latitude, longitude, and the street address, and the current administrative state of such devices in UIQ (e.g., "maintenance", "retired", etc.).

1.3.3. **Endpoint and MicroAP Support.** Customer will be responsible for monitoring and resolving single Endpoint and MicroAP issues, including but not limited to performing in-field troubleshooting of all post-installation problems with Endpoints and MicroAPs. Itron will initiate investigation (remotely) of any Incidents involving Endpoints and MicroAPs that fail to initialize and Endpoints that transition to the "unreachable" state within the Production environment that are caused by a systemic problem (architectural, engineering, software, product design, etc.). Itron will liaise with Customer as necessary.

1.3.4. **Access Points and Relays.** Itron will manage the configuration, updates, monitoring and remote troubleshooting of Access Points and Relays for the production environment.

1.3.5. **WAN.** Customer will pay for the services of the WAN provider(s) for Access Point to WAN connectivity and the WAN backhaul circuit. If reasonably requested by Itron or as the Parties otherwise agree, Customer will work directly with the WAN provider(s) to investigate and resolve WAN service incidents.

1.3.6. **WAN Backhaul Circuit.** Each Party will pay its respective expenses associated with Internet connectivity at its location. Customer will maintain and pay for a VPN connection from the WAN backhaul provider.

1.3.7. **Firmware Maintenance.** Itron will install Firmware Updates to the Communications Modules in Equipment, as a planned System Change. Equipment receiving a Firmware Update will be unavailable for a few minutes during the final step of the update process. For clarity, installation of meter firmware updates is not included in this SOW, but can be performed under a separate SOW.

## General Assumptions

- A. The Parties will continually work together to make all processes as efficient as commercially reasonable.
- B. Unless otherwise stated, any work required beyond completion of the Optimization of the Integrated Meters is not included in this SOW. Any material change to any task, including any material change to quantities or other parameters referenced in any task, may result in reasonable changes to pricing, based on ANIXTER’s then-current List Prices.
- C. Unless otherwise stated, Itron team members other than Customer Support staff will be available during normal local business hours (9am-6pm on Business Days) for that specific resource – for example, Itron team members in San Jose, CA, are available during those hours Pacific Time, while Itron team members performing in-field assistance are available during those hours in Customer’s time zone. Off-hour resources can be arranged during critical periods. For Customer Support hours, refer to Attachment 6 of this SOW.
- D. This SOW covers support of Customer’s AMI System only. Support for planning or deployment beyond basic AMI (e.g., HAN devices, eBridges and electric vehicle charging infrastructure), will be covered under a separate SOW.

**Approvals**

The Parties have caused this SOW to be executed by their duly authorized representatives as of the SOW Effective Date.

<b>Public Utility District No. 2 of Grant County, WA</b>		<b>ANIXTER</b>	
By: _____		By: _____	
Name: _____		Name: _____	
Title: _____		Title: _____	
Date: _____		Date: _____	

***[End]***

**Attachment 1 to Appendix "A" - AMI SOW**

**Pricing**

Please refer to Appendix "A" of the Agreement (Pricing, Fees, and Notes), the contents of which are incorporated herein by reference as Attachment 1.



### **Term of Solution Services**

An environment will be deemed available when Customer confirms application reachability and access/authorization functionality for an environment listed in Table 1. Upon such availability, Itron will begin providing SaaS for that environment for the term listed in Table 1 and, consistent with Exhibit P and the Agreement, Itron will commence invoicing the monthly SaaS fees.

For each environment, the date listed for availability in Table 1 is a target, and the Parties will work cooperatively to finalize the date with reasonable notice. Upon the expiration of the term for Solution Services, the Solution Services shall renew at Itron's then-current rates, unless Customer has provided at least ninety (90) days' notice prior to such expiration of its intent not to renew the Solution Services.

If Customer intends for an environment to be temporary, the termination date in Table 1 is noted as an estimate, and the Parties will work cooperatively to finalize the date reasonably in advance.

Itron reserves the right to reassign relevant Back Office equipment and staffing upon termination or expiration of SaaS for any environment(s).

***[End]***



### Attachment 3 to Appendix “B”- SaaS SOW

#### Service Levels and Service Level Credits (Electric Only)

1. **SLA Triggers.** Each Service Level listed below will start to be enforceable, and to be reported on, upon the satisfaction of the condition noted below (each a “Service Level Trigger”).
2. **Endpoint Read Data Service Level.** The Service Level Trigger for Service Levels related to Endpoint Read Data is the Optimization of Endpoints within a given Optimization Area. As each additional Area is Optimized, Itron will identify the Endpoints that are Optimized, and such Endpoints will be added to the set of Endpoints subject to the Service Levels.
  - 2.1. **Integrated Meters.** For newly available data on the Communication Module, the UIQ System will gather and process Anchor Reads and Interval Reads from Provisioned Integrated Meters from at least ninety-nine point five percent (99.5%) of Anchor Reads captured at midnight and of Interval Reads captured each day, by 10:00 am local time the next day.
  - 2.2. **SLA Credits for Failure to Deliver Meter Read Data.** If Itron fails to meet Endpoint read data Service Levels described in Section 2 above, the Service Level credits specified in Table 2.2 will apply. The Service Level Credits apply to the monthly recurring fees associated with the Production UIQ Environment.

<b>Table 2.2 - Credits for Failure to Deliver Meter Read Data at the Specified Service Levels</b>	
<b>No. of Daily Failures in the Applicable Month</b>	<b>Service Level Credit</b> <i>(% of monthly recurring fees)</i>
1 – 5	0%
6 – 10	2%
11-15	5%
16 – 20	15%
21 +	30%

3. **On-Demand Requests Service Level.** The Service Level Trigger for Service Levels related to on-demand performance is the Optimization of Integrated Meters within a given Optimization Area. As each additional Area is Optimized, Itron will identify the Integrated Meters that are Optimized, and such Integrated Meters will be added to the set of Integrated Meters subject to the Service Levels.
  - 3.1. **On-Demand Performance.** The UIQ System will successfully execute at least ninety-eight percent (98.0%) of all (a) on-demand read, (b) on-demand remote connect and (c) on-demand remote disconnect requests made by CUSTOMER for Provisioned Integrated Meters which are actively communicating. An on-demand request is a single transaction to a single Integrated Meter, initiated by a single user of the UIQ system. An on-demand read request does not include batch read jobs targeted at multiple Integrated Meters (e.g. “read all unread meters”). For the purposes of calculating this Service Level, multiple attempts to connect with a single device within a twenty-four (24) hour period will count as one failed attempt; on-demand read requests (single or batch) targeted at an Integrated Meter which was not read in the previous 24 hours will be excluded; and on-demand read jobs initiated by system-level accounts (“root” and “UIQ”) will be excluded.
  - 3.2. **SLA Credits for Failure to Deliver On Demand Performance.** If Itron fails to meet the on-demand request Service Levels, the Service Level credits specified in Table 3.2 will apply. The Service Level Credits apply to the monthly recurring fees associated with the Production UIQ Environment.

Table 3.2 – Credits for Failure to Meet On-Demand Service Levels	
% of On-demand Requests Successfully Executed in the Applicable Month	Service Level Credit* (% of monthly recurring fees)
≥98.0% and 100.0%	0%
≥95.0% and <98.0%	5%
≥90.0% and <95.0%	10%
<90.0%	30%
*Service Level credits will apply only if there is a minimum of 500 on-demand requests in the applicable month.	

4. **UIQ Availability Service Level.** The Service Level Trigger for the Service Level related to the availability of UIQ is the confirmation that CUSTOMER can access and log into the production environment pursuant to Task 3.1.3.3.b.

4.1. **Availability.** UIQ will be available to and accessible by CUSTOMER ninety-nine point five percent (99.5%) of the time via (a) a web browser client and (b) web services interface. A determination of availability will be based on 24x7 accessibility (less time for Preventive Maintenance). This metric will be measured by simulating a login from the Itron network management systems to the UIQ application with valid username/password, looking for a timestamp on the homepage and validating it against the current time. This measures the availability of the hosted environment by exercising all three tiers of the application (i.e., “UI”, “Middle Tier”, and “Database”). CUSTOMER will not be entitled to Service Level credits for failure to meet the foregoing target to the extent this measurement is affected by CUSTOMER’s VPN connection.

4.2. **SLA Credits for Failure to Meet Availability SLA.** CUSTOMER will be entitled to Service Level credits for Itron’s failure to meet the foregoing target for the production environment only, according to Table 4.1. The Service Level Credits apply to the monthly recurring fees associated with the Production UIQ Environment.

Table 4.1 – Credits for Failure to Meet the Availability Service Level (Production Environments Only)	
Monthly Availability Performance	Service Level Credit (% of monthly recurring fees)
≥99.0% and <99.5%	2%
≥98.0% and <99.0%	4%
≥96.5% and <98.0%	10%
≥95.0% and <96.5%	12.5%
<95.0%	30%

5. **Service Level Monitoring and Management.**

5.1 **Service Level Targets.** Itron will provide Service Level credits to CUSTOMER if Itron fails to meet the Service Levels specified in this Attachment 3. If Itron fails to meet more than one Service Level in a single measurement period, the sum of the corresponding Service Level credits will be credited to CUSTOMER; provided however that in no event will the total amount of Service Level credits in a single month exceed fifty percent (50%) of the total monthly recurring charges for the Solution Services. Notwithstanding the foregoing, if a single event gives rise to a Service Level credit as measured by more than one Service Level metric, CUSTOMER will be entitled only to the highest applicable Service Level credit attributable to that

event across all of those metrics. EXCEPT AS EXPRESSLY PROVIDED IN THIS SOW, THE SERVICE LEVEL CREDITS SPECIFIED IN THIS SOW WILL BE CUSTOMER'S SOLE AND EXCLUSIVE REMEDY FOR ITRON'S FAILURE TO MEET THE SERVICE LEVEL COMMITMENTS SPECIFIED IN THIS SOW; PROVIDED, HOWEVER, THE ISSUANCE OF A SERVICE LEVEL CREDIT SHALL NOT AFFECT CUSTOMER'S RIGHT TO TAKE ACTION OR SEEK DAMAGES FOR ADDITIONAL MATTERS UNRELATED TO ITRON'S FAILURE TO MEET SUCH SERVICE LEVEL COMMITMENTS OR TO TERMINATE THIS AGREEMENT DUE TO ITRON'S REPEATED FAILURE TO MEET SUCH SERVICE LEVEL COMMITMENTS, PROVIDED SUCH REPEATED FAILURE CONSTITUTES A MATERIAL BREACH OF THE AGREEMENT.

5.2 **Reporting.** Itron will measure and report Service Levels on a monthly basis, each calendar month, starting with the Service Level Triggers defined in this Attachment 3. That report will list performance against all Service Levels in the prior month and an estimate of any Service Level credits that may apply. Following each such report, the Parties will discuss such performance and the extent to which the estimated Service Level credits either are appropriate or should be modified due to circumstances not captured by the reporting methodology. Upon agreement concerning the Service Level credits due, such credits will be applied against Itron's charges for the second month following the month in which the credits were incurred.

### 5.3 Exclusions.

5.3.1 **Maintenance Windows and System Changes.** Service Level credits will not apply during (i) any Maintenance Window that is used and is the source of the performance failure causing the Service Level credit, (ii) an urgent System Change that occurs at a time when the UIQ System is otherwise operational, or (iii) the installation of Firmware and for seventy-two (72) hours thereafter as the NAN returns to normal operating ranges.

5.3.2 **Failures.** Itron will not be liable for failure to meet applicable Service Levels to the extent any such failure is attributable to any one or more of the following causes:

5.3.2.1 An act or omission of Anixter, CUSTOMER or third parties (other than Itron's contractors, subcontractors or suppliers), including security incidents caused by such act or omission provided that Itron has reasonably performed its responsibilities under this SOW;

5.3.2.2 Anixter or CUSTOMER's delay in performing tasks designated as its responsibility in the Agreement, this SOW, or other relevant SOWs, including without limitation a delay in removal and replacement of Equipment pursuant to Task 5.3.2.2.b of this SOW;

5.3.2.3 Failure resulting from (i) Endpoints that have not been Optimized to reach the NAN, (ii) failures of the WAN backhaul, or (iii) failures in external Internet, VPN, or leased line connectivity;

5.3.2.4 Any failure of a non-redundant Admin Link that prevents Itron from monitoring and managing the UIQ System and the NAN;

5.3.2.5 A Force Majeure event affecting connectivity to Endpoints;

5.3.2.6 Any and all third party hardware and/or software failures not directly caused by Itron;

5.3.2.7 **[If not obtaining Disaster Recovery: ]** A Force Majeure event affecting a single data center, with the exclusion terminating upon resumption of service;

- 5.3.2.8 ***[If not obtaining Disaster Recovery: ]*** During an event not caused by Force Majeure and not within the control of Itron that disables the Production data center, the total amount of time exceeding one (1) day that the UIQ System is down until resumption of service;
  - 5.3.2.9 Following any resumption of service after an extended outage of the UIQ System exceeding 24 hours for any reason, a mutually agreed period of no less than twenty-four (24) hours after the resumption of service (both to allow the system to return to normal operating ranges and to collect any data stored on Endpoints in the field);
  - 5.3.2.10 Any On-Demand Read requests targeted at an Integrated Meter which was not read in the previous 24 hour period;
  - 5.3.2.11 Any equipment that is out of warranty or not covered by a Firmware maintenance agreement;
  - 5.3.2.12 Any equipment or software that Customer has not upgraded to Itron's guidance;
  - 5.3.2.13 Any failure that Itron determines is attributable to a Itron product defect and for which Itron is obligated to remedy under this SOW or the Agreement; or
  - 5.3.2.14 Any other cause to which the Parties mutually agree in writing.
- 5.3.3 **Inconclusive Analyses.** Itron will conduct root cause analyses of Service Level failures to the extent that such analyses can be conducted remotely and do not require a field visit. If a field visit is required, then ANIXTER will require CUSTOMER to perform the work under direction from Itron. If Itron's analysis is inconclusive or if the Parties agree that circumstances outside Itron's control caused the Service Level failure (e.g., known or expected unreachable Endpoint patterns in a given area), CUSTOMER will not be entitled to a Service Level credit.

## Attachment 6 to Appendix “B” - AMI SaaS SOW

### Software Support Terms

**1. SUPPORT SERVICES.** Itron will provide Customer (on behalf of ANIXTER) with the Support Services for the term for which Customer has purchased the Services:

**1.1. Access to Customer Support.** Itron will provide 24x7x365 secure access to a web-based customer portal containing Itron product documentation, Updates, and other “self-service” materials, including a ticketing system that allows the customer to open and track the status of issues. Itron Customer Support will be available to provide the Services described in this Attachment, on weekdays (excluding Itron holidays as Itron will specify annually in advance), during the hours listed below in Table 1. Except as required for Priority 1 Incidents pursuant to Table 2 below, contact during Customer Support Business Hours may be made by telephone or email using the contact information provided in Table 1, or via a Itron-provided ticketing system.

**Table 1 – Customer Support Business Hours and Contact Information**

Customer Location	Customer Support Business Hours	Email Support	Telephone Support
Asia	7:30 a.m. – 7:30 p.m.(IST)	<a href="mailto:support@itron.com">support@itron.com</a>	+86 108 418 1820 (China) +1 800 815 309 (Malaysia) +853 626 26300 (Macau) +65 3158 2849 (Singapore)
Australia/New Zealand	6 a.m. – 6 p.m. (AEST)	<a href="mailto:support@itron.com">support@itron.com</a>	+1 300 706 769 (New Zealand) +61 3 9236 5200 (Australia)
Brazil	9 a.m. – 6 p.m. (BRT)	<a href="mailto:support@itron.com">support@itron.com</a>	+55 113 230 1116
Europe	9 a.m. – 9 p.m. (CET)	<a href="mailto:support@itron.com">support@itron.com</a>	352 208 81 866 (Luxembourg) +351 308 801 767 (Portugal) +44 203 318 8450 (UK)
North America	5 a.m.– 6 p.m. (Pacific)	<a href="mailto:support@itron.com">support@itron.com</a>	669-770-4700 (US) 888 776 9876 (US)

Calls made after Customer Support Business Hours will be diverted to Itron personnel for Priority 1 Incidents. Customer must centralize its interactions with Itron’s Customer Support staff by assigning no more than two (2) persons who are authorized to contact Itron for Support Services (“Customer Representatives”). Customer Representatives will be responsible for relaying information between Itron and other members of Customer’s support staff.

Itron’s Customer Support personnel will respond to Incidents, Questions and Errors as described below. Unless otherwise mutually agreed on a case by case basis, Itron’s Customer Support personnel will be Customer’s primary point of contact.

Customer is be responsible for providing Tier 1 support to End Customers. Itron Customer Support personnel will not interact with End Customers directly.

**1.2. Incidents and Questions.** Itron’s Customer Support personnel will provide Tier 2 support, and receive and respond to Incidents and Questions. As a result of an Incident or Question being entered into the ticketing system, a new “Service Request” will be generated and referenced from that point forward. As Tier 2 support, Itron’s Customer Support personnel will respond only to Incidents and Questions submitted by the Customer Representatives after they have attempted to resolve problems from Customer’s other staff. Itron will use reasonable efforts to provide support within the timeframes and in the manner specified in Table 2 below. Customer will cooperate with Itron’s reasonable requests.

Itron’s Customer Support personnel will proactively alert Customer about Priority 1 Incidents that Itron discovers in the course of its monitoring and management responsibilities under Solution Services.

**1.3. Classification of Incidents and Questions.** When Customer submits an Incident or a Question, Customer will reasonably assess its urgency according to the appropriate Priority Levels defined in Table 2. Itron will confirm

the Priority Level and the Parties will resolve any disagreement regarding the Priority Level designation as soon as is reasonably practical.

**Table 2 –Priority Levels, Response and Resolution Process Regarding Incidents and Questions**

Priority	Description	Response Time and Continuing Communication	Resolution Process	Escalation
1	Mission-critical functions in supported production services are unavailable such that Customer cannot reasonably continue work.	<p><b>Itron Detects:</b> Itron will contact Customer by telephone within 30 minutes of initial detection, regardless of time of day.</p> <p><b>Customer Detects:</b> Customer will contact Itron by telephone to report the incident. If this contact is outside of Customer Support Business Hours, Itron will contact Customer within 30 minutes of receipt of the Incident to acknowledge receipt of the report.</p> <p><b>Target:</b> Itron will meet the stated Response times for 90% of all Priority 1 Incidents and will respond to 100% within 4 hours of receipt of the Incident.</p> <p><b>Continuing Communication:</b> Every 2 hours after initial contact, unless the Parties otherwise agree.</p>	Itron will investigate and work on a 24 x 7 basis to provide Customer with a root cause analysis and to: (1) resolve the Incident with a workaround; (2) implement a change to eliminate the root cause; or (3) downgrade the Priority to a P2, P3 or P4, whichever is earlier. Customer must be available 24x7 to work with Itron. If the root cause is found (or suspected) to be due to an Error, Itron will issue an Error Report and track the progress toward the completion of a change which resolves the Error, according to Table 3 below.	<p>If Itron fails to respond within targeted response times, the Incident will be escalated as follows:</p> <p><b>After 30 minutes:</b> Director, Front Line Support</p> <p><b>After 1 hour :</b> Senior Director, Customer Support</p> <p><b>After 4 hours:</b> Client Delivery Executive</p> <p><b>After 8 hours:</b> SVP, Smart Grid Services and Operations</p>
2	Major functions in supported production services are significantly and adversely affected. The function has major and material business impact to Customer.	<p><b>Itron Detects:</b> During Customer Support Business Hours, Itron will contact Customer within 90 minutes of initial detection.</p> <p><b>Customer Detects:</b> Customer will contact Itron to report the Incident during Customer Support Business Hours.</p> <p><b>Target:</b> Itron will meet the stated Response times for 90% of all Priority 2 Incidents and will respond to 100% within 4 hours of receipt of the Incident.</p> <p><b>Continuing Communication:</b> Every 6 hours after initial contact during Customer Support Business Hours, unless the Parties otherwise agree, unless the Parties otherwise agree.</p>	Itron will investigate and work during Customer Support Business Hours to: (1) resolve the Incident with a workaround; (2) implement a change to eliminate the root cause; or (3) downgrade the Priority to a P3 or P4, whichever is earlier. If the root cause is found (or suspected) to be due to an Error, Itron will issue an Error Report and track the progress toward the completion of a change which resolves the Error, according to Table 3 below.	<p>If Itron fails to respond within targeted response times, the Incident will be escalated as follows:</p> <p><b>After 90 minutes:</b> Director, Front Line Support</p> <p><b>After 4 hours</b> Senior Director, Customer Support</p> <p><b>After 8 hours:</b> Client Delivery Executive</p> <p><b>After 24 hours:</b> SVP, Smart Grid Services and Operations</p>
3	Minor functions in supported services are either severely degraded or inoperable and may have low business impact but do not prevent Customer from performing regular business activity.	<p>Customer will contact Itron to report the Incident during Customer Support Business Hours. Itron will acknowledge the Incident within 1 business day.</p> <p><b>Target:</b> Itron will respond to 100% within 1 business day of Incident Report receipt.</p> <p><b>Continuing Communication:</b> Weekly, unless the Parties otherwise agree.</p>	Itron will investigate and work during Customer Support Business Hours to: (1) resolve the Incident with a workaround; (2) implement a change to eliminate the root cause; or (3) downgrade the Priority to a P4, whichever is earlier. If the root cause is found (or suspected ) to be due to an Error, Itron will issue an Error Report and track the progress toward the completion of a change which resolves the Error, according to Table 3 below.	On Request

Priority	Description	Response Time and Continuing Communication	Resolution Process	Escalation
4	Errors with day-to-day use of the services, whether classified as user interface related, errors in documentation, presentation, or functionality that do not prevent Customer from performing daily business.	Customer will contact Itron to report the incident during Customer Support Business Hours. Itron will acknowledge the Incident within one business day of receipt of the Incident.  <b>Target:</b> Itron will respond to 100% within one business day of receipt of the Incident.  <b>Continuing Communication:</b> Weekly, unless the Parties otherwise agree.	Itron will investigate and work during Customer Support Business Hours to: (1) resolve the Incident with a workaround; or (2) implement a change to eliminate the root cause. If the root cause (or suspected root cause) is due to an Error, Itron will issue an Error Report and track the progress toward the completion of a change which resolves the Error, according to Table 3 below.	On Request

No incident regarding a non-production service will be considered a Priority 1 incident (i.e., an incident that would be considered Priority 1 if it affected the production service, will be categorized as Priority 2 if it affected a non-production service).

**1.4. Error Management.** To the extent Itron determines or suspects that the root cause of a reported Incident is an Error, Itron will open a report (“Error Report”) and use reasonable efforts to investigate and resolve the Error in accordance with Table 3 below. Target resolution timeframes in Table 3 do not include the time that elapsed before a problem was identified as an Error.

**1.5. Classification of Errors.** When Itron determines that the root cause of an Incident is an Error, it will reasonably classify the Error in accordance with the Severity Levels defined in Table 3. The Parties will resolve any disagreements about the Severity Level designation as soon as is reasonably practical.

**Table 3 – Software and Firmware Error Management with Severity Levels, Response and Target Resolution Times**

Severity	Technical (System) Error	Operational Error	Target Resolution Time and Continuing Communication preceding Resolution
1	<b>Critical Error.</b> Critical functions in supported applications within a production system have stopped or unavailable such that Customer cannot reasonably continue work. The function is mission critical to the Customer’s business and has significant material impact. Severity 1 defects are a function of the software application affected, and typical examples would include: (i) correctness of metrology data used for usage derived billing generation purposes; and (ii) major documented functions such as meter read, remote disconnect and meter data export are inoperable. This would also include the system hanging frequently and indefinitely even after repeated restarts, causing unacceptable or indefinite delays for resources or response. An example of a Severity 1 issue for Firmware would be the loss of communication to the network resulting in a large number of estimated bills. For Firmware to qualify as a Severity 1 issue, the Error must impact a significant number of the deployed endpoints.	<b>Emergency Priority Operations Error.</b> Stops business from performing essential daily work. Measurement of energy use is not functioning correctly, and a manual workaround is not feasible.	As soon as possible, with communication after opening of Error Report every 4 hours until resolution. Itron will provide continuous efforts until the earlier of: (a) a change resolves the root cause, or (b) a workaround is provided. Customer must work with Itron continuously until such time. Typically, resolution of Severity 1 Errors requires an emergency Patch Release.

Severity	Technical (System) Error	Operational Error	Target Resolution Time and Continuing Communication preceding Resolution
2	<b>Major System Error.</b> Major functions in supported production services are significantly and adversely affected and have a major business impact to the Customer. Severity 2 defects are a function of the application affected and would include major documented functions such as displaying inaccurate billing or consumption data to greater than 25% of End Customers.	<b>High Priority Operations Error.</b> The Error has a significant adverse impact on Customer. High risk security errors are considered to be "high priority."	As soon as possible, with daily communication after opening of Error Report until Itron provides a diagnosis and reasonable action plan. Thereafter, every other business day until resolution. Itron will use commercially reasonable efforts to provide a diagnosis and reasonable action plan within 2 Business Days. Customer must work with Itron to facilitate resolution. Typically, resolution of Severity 2 Errors requires an emergency Patch Release.
3	<b>Moderate System Error.</b> Minor functions in the supported service are severely degraded or inoperable and may have low business impact, but do not prevent the Customer from performing regular business activity.	<b>Medium Priority Operations Error.</b> The Error affects system users, but does not stop the performance of Customer's daily business and there is a reasonable workaround.	180 calendar days (based on relative prioritization*) after opening of Error Report with ongoing communication until Itron provides diagnosis and reasonable action plan, or until resolution.  *. After fixes for higher rated Errors are made available, fixes for moderate Errors will be considered for inclusion in the next available Update.
4	<b>Minor System Error.</b> Errors with day-to-day use of the service, whether classified as user interface related, errors in documentation, presentation, or functionality which may have small material business impact but do not prevent the Customer from performing daily business.	<b>Low Priority Operations Error.</b> The Error is an irritant."	Upon mutual agreement, 365 calendar days after opening of Error Report, to be resolved in the normal course of Itron's development activities** unless Itron and Customer agree to close the Error Report without any resolution. Communication after opening of Error Report will be monthly until Itron provides diagnosis and reasonable action plan, then quarterly until resolution.  ** After higher rated Errors have been fixed and scheduled for release, fixes for minor Errors will be considered for inclusion in that release or in a subsequent release in the normal course of Itron's development activities.

**1.6. Remote Support.** Itron will primarily provide remote support. If required and requested by ANIXTER on behalf of Customer, Itron will provide on-site support at a mutually agreed time, at Itron's then-current standard consulting rates, plus all travel, lodging and incidental expenses.

**1.7. Customer's Responsibilities.** Customer will provide Tier 1 Support.

**2. Definitions.** Unless otherwise defined in the Agreement, the capitalized terms in this Attachment have the following meanings. In the event of a conflict between the following definitions and those in the Agreement, the definitions in this Attachment will control.

**"Customer Representatives"** has the meaning specified in Section 1.1.

**"CSRs"** means Customer's customer support representatives who provide support to End Customers.

**"CSR Supervisors"** means Customer personnel who supervise the CSRs.

**"End Customer"** means Customer's customers.

**"Error"** means a material failure of the Service to perform in accordance with its Documentation. Errors do not include, and Itron will have no responsibility for, any failure of the Service caused by any of the following: (i) any alterations, or modifications not made or approved by Itron in writing; (ii) misuse or abuse, including without limitation the failure to operate the Service in accordance with Itron's installation and operating instructions, or Documentation, including without limitation on computing devices or with computer operating systems and/or third party software other than those recommended by Itron in writing; (iii) the failure is due to the fault or



negligence of any person or entity other than Itron or Itron's authorized contractor; (iv) Customer fails to reasonably assist Itron in verifying, reproducing and correcting error conditions, or Itron is unable, after using reasonable efforts, to verify and reproduce the error condition reported by Customer; (v) any failure of the computer operating systems, hardware environment, and/or third party software utilized by Customer; or (vi) accident or Force Majeure.

**"Incident"** means an event occurring that is an unplanned loss or degradation of service of the NAN, Backhaul, UIQ or Firmware.

**"Questions"** means Customer's requests for general technical support or information.

**"Software"** means the software applications that enable the functionality delivered by the service.

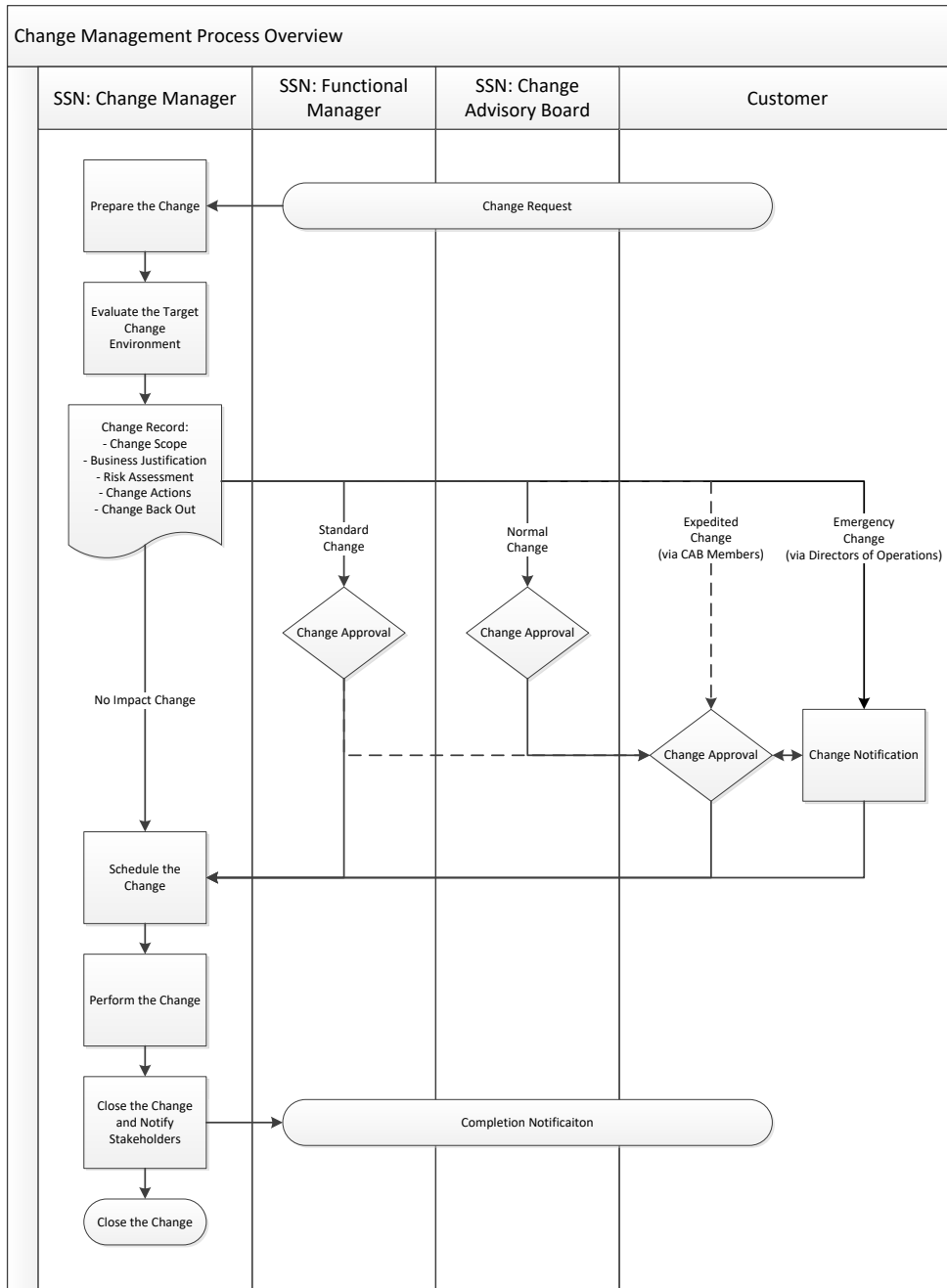
**"Support Services"** means support services described in Attachment 6.

**"Tier 1 Support"** means support provided by Customer to End Customers.

**"Tier 2 Support"** means support provided by Itron's Customer Support staff to Customer, when Customer is unable to resolve the problem.

***[End]***

**Attachment 7 to Appendix "B" - AMI SaaS SOW  
Silver Spring SaaS Change Management Process**



Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 7 to Contract 130-09724 with Quanta Infrastructure Solutions Group, LLC., increasing the not-to-exceed contract amount by \$31,913,638.00 for a new contract total of \$104,188,895.27, extending the contract completion date to March 31, 2025 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 7.

**MEMORANDUM**

3/28/23

**TO:** Rich Wallen, General Manager/Chief Executive Officer

**VIA:** Jeff Grizzel, Chief Operating Officer  
Julie Pyper, Chief Administrative Officer  
Ron Alexander, Managing Director of Power Delivery  
Aaron Kuntz, Senior Manager of the EPMO  
Allen Chatriand, Manager of Power Delivery Projects

**FROM:** Shane Schafer, Project Manager

**SUBJECT:** Change Order No. 7 to Contract 130-09724, Grant County Load Growth Project (DB2)

**Purpose:**

To request Commission approval of Change Order No. 7 to Contract 130-09724 with Quanta Infrastructure Solutions Group, LLC. in the amount of \$31,913,638.00. This will increase the contract price from \$72,275,257.28 to \$104,188,895.28 and extend contract completion to March 31, 2025.

**Discussion:**

DB2 is using the Progressive Design Build project delivery method to design and construct 10 projects. When completed, these projects will help improve the District's system reliability and provide additional load service capacity for District customers. DB2 includes a combination of building new substations, expanding existing substations and constructing a new transmission line. The 10 project sites are Quincy Plains Substation Transformer Addition, Mountain View Mobile Tap, Mountain View Capacitor Banks, Royal Substation Rebuild, Burke Substation Rebuild, Baird Springs Substation, Frenchman Hills Breaker Addition, South Ephrata Substation & Ring Bus, Red Rock Substation, and Red Rock Transmission Line.

This change order, the Guaranteed Maximum Price (GMP) Amendment, locks in funding for the Red Rock Transmission Line material procurement, construction costs, associated program management costs as well as project change requests that have occurred since the approval of GMP 2.

Below is a breakdown of each project site's cost, revised mechanical completion dates and summary of scope modifications included in this change order.

	<b>Current Budget</b>	<b>Change Order No.7</b>	<b>Revised Total Cost</b>
<b>QISG - TOTAL COST</b>	<b>\$72,275,257</b>	<b>\$31,913,638</b>	<b>\$ 104,188,895</b>
<b>0.0 - General Program Management - Not to Exceed</b>	\$14,166,850	\$7,763,297	\$ 21,930,147
<b>1.0 - Quincy Plains Substation</b>	\$1,635,687	\$0	\$ 1,635,687
<b>2.0 - Burke Substation Rebuild</b>	\$6,255,276	\$324,654	\$ 6,579,930
<b>3.0 - Mountain View Cap Bank</b>	\$15,692,050	\$1,306,241	\$ 16,998,291
<b>3.0A - Mountain View Mobile Tap</b>	\$2,682,224	\$128	\$ 2,682,352
<b>4.0 - Baird Springs Substation</b>	\$9,516,828	\$510,246	\$ 10,027,074
<b>5.0 - Red Rock Substation</b>	\$5,974,754	\$629,918	\$ 6,604,672
<b>6.0 - Frenchman Hill Substation</b>	\$1,744,048	\$9,285	\$ 1,753,333
<b>7.0 - Red Rock Line</b>	\$544,230	\$20,537,393	\$ 21,081,623
<b>8.0 - South Ephrata Substation</b>	\$8,185,438	\$686,533	\$ 8,871,971
<b>9.0 - South Ephrata Ring Bus</b>	\$62,478	\$-	\$ 62,478
<b>10.0 - Royal City Substation</b>	\$5,815,394	\$145,943	\$ 5,961,337

	<b>Initial Mechanical Completion Dates</b>	<b>Change Order No.5 Mechanical Completion Dates</b>	<b>Change Order No.7 Mechanical Completion Dates</b>
<b>1.0 - Quincy Plains Substation</b>	Feb 12, 2021	Feb 12, 2021	Feb 12, 2021
<b>2.0 - Burke Substation Rebuild</b>	May 7, 2021	June 25,2021	Jun 25,2021
<b>3.0 - Mountain View Cap Bank</b>	Jun 1, 2022	Jun 6, 2023	Oct 8, 2024
<b>3.0A - Mountain View Mobile Tap</b>	Mar 16, 2021	Apr 9, 2021	Apr 9, 2021
<b>4.0 - Baird Springs Substation</b>	Feb 8, 2022	Jun 17, 2022	Jun 1, 2023
<b>4.0A – Baird Springs Second Line Up</b>	N/A	Apr 11, 2023	Feb 14, 2024
<b>5.0 - Red Rock Substation</b>	TBD	Mar 31, 2023	Mar 29, 2024
<b>6.0 - Frenchman Hill Substation</b>	Apr 27, 2022	Dec 29, 2022	Nov 7, 2023
<b>7.0 - Red Rock Line</b>	TBD	TBD	Dec 16, 2024
<b>8.0 - South Ephrata Substation</b>	Jan 4, 2023	Mar 31, 2023	May 28, 2024
<b>10.0 - Royal City Substation</b>	Jan 7, 2022	May 6, 2022	Jul 22, 2022

**1.0 Quincy Plains Substation: \$0**

- None

**2.0 Burke Substation: \$324,654**

- Add 5' of A rock beyond gate swing
- Tommer Fuel Escalation
- SEL Relay
- Change in battery charger due to owner preference
- Conduit supply chain impacts due to COVID
- Tommer Substation Labor & Equipment Escalation
- Burke Site Fill

**3.0 Mountain View Cap Bank: \$1,306,241**

- Tommer Fuel Escalation
- Corona Ring and Adjustments
- Add FO-05 at Mt View Cap Bank
- "A" Rock Revised Spec – Water & Roll at Mt View Cap Bank
- Transmission P&C Standards Change
- Engineering escalation for 2023
- Mt View Distribution Buildout
- Requested orientation change on breakers (IPO)
- Conduit supply chain impacts due to COVID
- Added Cost for labor escalation in 2023
- Tommer Substation Labor & Equipment Escalation

**3.0A Mountain View Mobile Tap: \$128**

- Tommer Fuel Escalation

**4.0 Baird Springs Substation: \$510,246**

- Add 5' of A rock beyond gate swing
- Tommer Fuel Escalation
- Corona Ring and Adjustments
- B14 work - Added breaker position per GCPUD request
- SEL Relay
- "A" Rock Revised Spec - Water & Roll
- Distribution Circuit Breaker Final Vendor
- Engineering escalation for 2023
- Cancelled outage by Grant County which created added labor Cost
- Conduit supply chain impacts due to COVID
- Tommer Substation Labor & Equipment Escalation

**5.0 Red Rock Substation: \$629,918**

- Add 5' of A rock beyond gate swing
- Tommer Fuel Escalation
- Added Rock and Foundations
- "A" Rock Revised Spec - Water & Roll
- Distribution Circuit Breaker Final Vendor
- Engineering escalation for 2023
- Tommer Substation Labor & Equipment Escalation

**6.0 Frenchman Hills Substation: \$9,285**

- Tommer Fuel Escalation
- Conduit supply chain impacts due to COVID

**7.0 Red Rock Transmission Line: \$20,537,393**

- Added scope to complete procurement and construction
- Change Request #24 - Engineering escalation for 2023

**8.0 South Ephrata Substation & Ring Bus: \$686,533**

- Access Road
- Asphalt Access
- Tommer Fuel Escalation
- "A" Rock Revised Spec - Water & Roll
- Transmission P&C Standards
- Distribution Circuit Breaker Final Vendor
- Engineering escalation for 2023
- Conduit supply chain impacts due to COVID
- Added Cost for labor escalation in 2023
- Tommer Substation Labor & Equipment Escalation

**10.0 Royal City Substation: \$145,943**

- Change Request #05 – Add 5' of A rock beyond gate swing
- Change Request #10 – Tommer Fuel Escalation
- SEL Relay
- Distribution Circuit Breaker Final Vendor
- Conduit supply chain impacts due to COVID
- GCPUD requested yard be wetted and rolled
- Tommer Substation Labor & Equipment Escalation

**Justification:**

Executing this change order is essential to finance the Design-Builder's outstanding scope of work related to the procurement and construction of the Red Rock Transmission Line. This change order is necessary to facilitate the efficient planning and organization of the remaining tasks required to complete the initial scope of work in the Design-Build 2 project.

In the event of a delay in approving this change order, the procurement and delivery of crucial materials may also be delayed potentially pushing back the completion date of the Design Build 2 project and leading to increased costs for the Design Builder's General Conditions.

**Financial Considerations:**

The budgeted cost for this project is based on a negotiation between the Design-Builder and the District. Per the Progressive Design-Build process, the Design-Build team was selected based on their qualifications. During Phase 1 planning, the Design-Build team developed and submitted their price proposal for Phase 2. Over the course of several months the District team and Design-Builder negotiated a final price. District's review included input from District Staff, the project's Owner's Engineer – Stanley Consultants and a third-party construction estimator with Aubrey Silvey Enterprises.

The hourly labor rates, equipment rates, overhead costs, and profit margins in this contract have been determined to be fair and reasonable for both the Design-Builder and the District. Approximately 25% of this contract will be paid to the Design-Builder as a lump sum cost. The remaining 75% is a not to exceed price. Any cost savings associated with the not to exceed work will revert back to the District at the end of the project.

The General Conditions budget encompasses various expenditures such as Project and Construction Management, procurement, scheduling and construction equipment for Tommer, QISG, and Potelco. Additionally, HDRE maintains an ongoing engineering contract. Historically, the project's monthly average expenditure has been \$350,000. With the anticipated completion of the DB2 project by June 2023, the GMP3 General Conditions budget, set at \$7.7 million, is designed to accommodate the overhead expenses associated with the previously scheduled construction and the Red Rock Transmission Line.

This project is included in the District's capital budget.



**Change Order History:** See attached change order table.

**Change Orders #1, 2 & 3:** Funded design work and long lead material procurement required to maintain project schedule during initial cost negotiations.

**Change Orders #4:** Funded construction and remaining material procurement for the first eight project sites (Group 1).

**Change Orders #5:** Funded district driven scope changes/additions to Group 1 Sites, Red Rock Substation material and construction costs and Red Rock Transmission Line engineering effort.

**Change Orders #6:** District Driven Scope Additions.

**Change Orders #7:** Guaranteed Maximum Price (GMP) Amendment. Locks in funding for the Red Rock Transmission Line material procurement, construction costs, associated program management, and project change requests that have occurred since the approval of GMP 2.

**Legal Review:** See attached email.

**Recommendation:** Commission approval of Change Order No. 7 to Contract 130-09724 with Quanta Infrastructure Solutions Group in the amount of \$31,913,638.00. to complete the final amendment to the Load Growth Project. Future planned change orders will be required to complete the overall program.

**From:** Allen Chatriand <achatriand@gcpud.org>  
**Sent:** Tuesday, April 25, 2023 6:59 AM  
**To:** Beau Schwab <bschwab@gcpud.org>; Julie Pyper <Jpyper@gcpud.org>; Aaron Kuntz <Akuntz@gcpud.org>; Shane Schafer <sschafer@gcpud.org>  
**Cc:** David Klinkenberg <dklinkenberg@gcpud.org>; Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** RE: [Approval Request] FW: Contract 130-09724 - Change No. 7 - Legal Review

I approve

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*Allen Chatriand, Manager PMO – Power Delivery  
Grant County PUD  
509-378-7720*

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**From:** Shane Schafer <sschafer@gcpud.org>  
**Sent:** Tuesday, April 25, 2023 6:40 AM  
**To:** Beau Schwab <bschwab@gcpud.org>  
**Subject:** RE: [Approval Request] FW: Contract 130-09724 - Change No. 7 - Legal Review

I approve

---

**From:** Aaron Kuntz <Akuntz@gcpud.org>  
**Sent:** Monday, April 24, 2023 3:49 PM  
**To:** Beau Schwab <bschwab@gcpud.org>; Julie Pyper <Jpyper@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Shane Schafer <sschafer@gcpud.org>  
**Cc:** David Klinkenberg <dklinkenberg@gcpud.org>; Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** RE: [Approval Request] FW: Contract 130-09724 - Change No. 7 - Legal Review

I approve

---

*Aaron Kuntz  
Senior Manager Enterprise Project Management Office  
Grant County PUD  
509-306-9099*

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**From:** Beau Schwab <[bschwab@gcpud.org](mailto:bschwab@gcpud.org)>  
**Sent:** Monday, April 24, 2023 11:00 AM  
**To:** Julie Pyper <[Jpyper@gcpud.org](mailto:Jpyper@gcpud.org)>; Aaron Kuntz <[Akuntz@gcpud.org](mailto:Akuntz@gcpud.org)>; Allen Chatriand <[achatriand@gcpud.org](mailto:achatriand@gcpud.org)>; Shane Schafer <[sschafer@gcpud.org](mailto:sschafer@gcpud.org)>  
**Cc:** David Klinkenberg <[dklinkenberg@gcpud.org](mailto:dklinkenberg@gcpud.org)>; Patrick Bishop <[Pbishop@gcpud.org](mailto:Pbishop@gcpud.org)>; Beau Schwab <[bschwab@gcpud.org](mailto:bschwab@gcpud.org)>  
**Subject:** [Approval Request] FW: Contract 130-09724 - Change No. 7 - Legal Review

Hello all,

We have Legal approval to move the GMP Amendment No. 3 for the Grant County Load Growth Project (Design Build 2) to the Commission Packet for review at the May 9<sup>th</sup>, 2023 meeting. Prior to doing so, can each of you please acknowledge by return email that you approve of the attached Commission Memo? If you need to review anything else, all the information can be found [here](#).

Thank you,

**Beau Schwab**

*Procurement Officer II*

**EMAIL** [bschwab@gcpud.org](mailto:bschwab@gcpud.org)

**ADDRESS** 14352 Hwy 243 S Bldg. 6, Beverly, WA 99321



[grantpud.org](http://grantpud.org)

**GMP 3 AMENDMENT  
GRANT COUNTY PUBLIC UTILITY DISTRICT  
LOAD GROWTH PROJECT**

1. The parties entered into previous GMP Amendments GMP 1 on September 23, 2020, and GMP 2 on June 13, 2022, and ("GMP 1 Amendment") Pursuant to Section 6.6.1 of the Agreement, this GMP 3 Amendment incorporates the following terms into the Agreement. To the extent any terms set forth in this GMP 3 Amendment conflict with the Agreement, the Phase 1 Amendment, or GMP 1 and GMP 2 Amendments, the terms in this GMP 3 Amendment shall govern.

2. The Design-Builder has submitted to Owner the GMP 3 Proposal pursuant to Section 6.6.1.5 of the Agreement.

3. The Owner has reviewed the GMP 3 Proposal, the parties have reconciled the Owner's Comments pursuant to Section 6.6.1.6 of the Agreement, and the Owner has accepted the GMP 3 Proposal as reconciled. The conformed, reconciled GMP 3 Proposal contains the following documents and is attached to this GMP 3 Amendment as Attachments 1 through 5 and is incorporated as if fully set forth herein.

- a. Proposed GMP 3 pursuant to Section 2.04C of Exhibit C to the Agreement including the following itemized amounts as set forth in the Schedule of Values, Attachment 1 to the GMP 3 Amendment.
  - i. The Design-Builder's Lump Sum Fee pursuant to Section 6.2.3 of the Agreement.
  - ii. If applicable, a list of Allowance Items, Allowance Values, and a statement of their basis pursuant to Section 6.4.1 of the Agreement.
  - iii. If applicable, a list of all Not to Exceed Amounts and the information required pursuant to Section 6.4.2 of the Agreement.
  - iv. If applicable, a list of Lump Sums and the information required pursuant to 6.4.3 of the Agreement.
  - v. The Cost of the Work Contingency pursuant to Section 6.4.4.1.a of the Agreement.
  - vi. The Design-Builder's Contingency pursuant to Section 6.4.4.1.b of the Agreement.
  - vii. The Design-Builder's Lump Sum General Conditions Amount pursuant to Section 6.4.5 of the Agreement.
  - viii. If applicable, a schedule of unit prices.
  - ix. A list of the assumptions and clarifications made by the Design-Builder in preparation of the GMP 3 Proposal, as set forth in the Basis of Design Documents.
- b. The GMP 3 Basis of Design Documents pursuant to Section 2.03 of Exhibit C to the Agreement. A list of documents that comprise the GMP 3 Basis of Design Documents is set forth in Attachment 2 to this GMP 3 Amendment.
- c. A current Project Schedule pursuant to Section 2.02.D of Exhibit C to the Agreement is set forth in Attachment 3 to this GMP 3 Amendment.
- d. The Contract Close-Out Plan pursuant to Section 2.10 of Exhibit C to the Agreement is incorporated into the GMP 3 Basis of Design Documents.

e. Differing Site Conditions Report pursuant to Section 2.11 of Exhibit C to the Agreement. The Differing Site Conditions Report is set forth as Attachment 4 to the GMP 3 Amendment.

4. The Owner has decided to exercise its option to enter into Phase 2 of the Agreement for the Work set forth in this GMP 3 Amendment pursuant to Section 6.6.1.6.b of the Agreement.

5. Consistent with the GMP 3 Proposal, the parties hereby establish the following Commercial Terms:

Cost of the Work	29,112,516.00
<i>Lump Sum General Conditions Costs</i>	<i>\$ 7,030,753.00</i>
<i>Cost of Work</i>	<i>\$22,081,763.00</i>
Design-Builder's Lump Sum Fee	\$1,573,366.00
Design Builder's Contingency	\$1,087,756.00
Quarterly Incentive Total Amount	\$140,000.00
Guaranteed Maximum Price Amendment	\$31,913,638.00
Phase 1 Not To Exceed Amount	\$6,231,295.26
GMP 1 Amendment GMP	\$51,930,956.00
GMP 2 Amendment GMP	\$14,003,913.56
CO #06	\$109,092.46
GMP 3 Amendment GMP	\$31,913,638.00
Revised Guaranteed Maximum Price	\$104,188,895.28
Commercial Completion Dates (Milestone Dates)	
Quincy Plains Substation Mechanical Completion	2/12/2021
Burke Substation Mechanical Completion	6/25/2021
Mountain View Mobile Tap Mechanical Completion	4/9/2021
Mountain View Cap Bank Mechanical Completion	10/8/2024
Baird Springs Substation Mechanical Completion	6/1/2023
Baird Springs 2 <sup>nd</sup> Line Up Mechanical Completion	2/14/2024
Red Rock Substation Mechanical Completion	3/29/2024
Frenchman Hills Mechanical Completion	11/7/2023
South Ephrata Substation Mechanical Completion	5/28/2024
South Ephrata Ring Bus Mechanical Completion	5/28/2024
Royal City Substation Mechanical Completion	7/22/2022
Red Rock Transmission Line	12/16/2024
Overall Project Completion Date	3/31/2025

6. Pursuant to Section 10.2 of the Agreement, Design-Builder shall provide a Payment and Performance Bond pursuant to RCW Chapter 39.08 equal to one hundred percent (100%) of the amount of the Guaranteed Maximum Price set forth above.

In executing this Amendment, Owner and Design-Builder each individually represents that it has the necessary financial resources to fulfill its obligations under this Amendment, and each has the necessary corporate approvals to execute this Amendment, and perform the services described herein.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on the date set forth below.

**Public Utility District No. 2  
of Grant County, Washington**

**Quanta Electric Power Construction, LLC**

Accepted By: \_\_\_\_\_

Accepted By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Attachments

1	GMP 3/Schedule of Values
2	List of GMP 3 Basis of Design Documents
3	Project Schedule
4	Differing Site Conditions Report
5	Scope of Work

**ATTACHMENT 1**  
**SCHEDULE OF VALUES/GMP 3**

The Schedule of Values agreed by the parties and dated March 2, 2023 is incorporated into the GMP 3 Amendment as if fully set forth herein. The schedule is available for viewing [here](#).

**ATTACHMENT 2**  
**LIST OF GMP 3 BASIS OF DESIGN DOCUMENTS**

The following documents comprise the GMP 3 Basis of Design Documents. These documents are incorporated into this GMP 3 Amendment as if fully set forth herein. The documents set forth in the GMP 1 and GMP 2 Amendment and the list of documents set forth in this GMP 3 Amendment make up the full Basis of Design Documents for this Project.

Name	Date
<b>Baird Springs</b>	
Baird Springs Structural IFC Rev 1B	3/8/2021
Baird Springs IFC Grounding Package	5/17/2021
Baird Springs Civil/Electrical IFC	7/13/2021
Baird Springs 2nd Lineup IFC	12/22/2021
Baird Springs Conduit IFC	3/15/2021
Baird Springs Revised Conduit IFC	4/15/2021
Baird Springs Rev Cable & Conduit/Cable Qty IFC	5/3/2021
Baird Springs Transmission Line IFC	6/25/2021
<b>Burke Substation</b>	
Burke IFC Physical Package	9/11/2020
Burke Revised Physical & Conduit IFC	3/15/2021
Burke Revised Conduit IFC	4/1/2021
Burke Transmission Drawings IFC MOD	9/30/2021
Burke IFC Controls Package	10/2/2020
Burke Rev IFC Communication Drawings	11/30/2020
Burke Revised IFC Electrical Package	3/17/2021
Burke Revised MOD Control Box IFC	4/12/2021
Burke Revised Autosectionalizing Cabinet	4/23/2021
Burke 27DC IFC Revisions	6/11/2021
Burke Revised Grading IFC	10/27/2020
Burke/Royal Mindcore motor operator switches	1/5/2021
Burke Post IFC Distribution Layout	11/17/2020
Burke Retaining Wall	2/18/2021
Burke Main Power Xfmr(s) Vac Fill Test Report(s)	5/5/2021
Burke Metering IFC	8/6/2021
Burke Telecom IFC	8/27/2021
Burke MOD Vendor IFC	12/1/2021
<b>Frenchman Hills Substation</b>	
Frenchman Hills 100% Design Package	4/14/2021
Frenchman Hills SSSP_Rev1	8/4/2021
Frenchman Hills Partial Civil & Electrical IFC	8/4/2021
<b>Mountain View Cap Bank</b>	
Mountain View Cap Bank IFC	7/8/2021



Mountain View Cap Bank Foundation IFC Rev	9/7/2021
Mountain View Cap Bank Structural IFC Amendment 2	10/19/2021
Mountain View Cap Bank Isolation Fnd IFC Adjustment	11/19/2021
Mt View Cap Bank Septic Design	11/4/2021
Mountain View Cap Bank 100% Structural Control House	12/30/2021
Mountain View Cap Bank FINAL Conceptual Package (Electrical)	05/12/2020
Mountain View Mobile Tap	
Mountain View Mobile Tap IFC Design Package	9/18/2020
Mountain View Mobile Tap IFC Revised Foundation	10/16/2020
Quincy Plains Substation	
Quincy Plains IFC Package	7/22/2020
Quincy Plains Redlines	1/4/2022
Royal City Substation	
Burke/Royal Mindcore motor operator switches	1/5/2021
Royal IFC Package	11/19/2020
Royal IFC Ground Grid	11/30/2020
Royal Structural Revised	2/5/2021
Royal IFC Conduit Drawings Revised	4/12/2021
Royal Revised IFC Drawings	4/23/2021
Royal Panel Fabrication Drawing	6/22/2021
Royal IFC Updates	6/29/2021
Royal Revised Circuit Breaker IFC	9/10/2021
Royal Transmission Line IFC	1/18/2021
South Ephrata Substation	
South Ephrata 30% FINAL Conceptual Package	5/5/2020
Hazmat Analysis Memo South Ephrata 2020.05.08	6/2/2020
South Ephrata IFC Structural	07/06/2022
South Ephrata IFC Physical	07/06/2022
South Ephrata IFC Transmission	02/01/2023
Red Rock Substation	
Red Rock Substation 100% Design	1/17/2022
Red Rock Transmission Line	
Red Rock Transmission Line SSSP/EAP Map	8/10/2020
Red Rock Transmission Line – GT Report	9/29/2020
Red Rock T-Line 30% Final Design Package	2/18/2021
Red Rock T-Line 60% Design Package	7/20/2022
Red Rock T-Line 90% Design Package	12/20/2022
GCPUD LGP – SOW GMP 2 Master	12/13/2021
GCPUD LGP - RFI Log	01/17/2022
QEPC LGP GCPUD Design Log	01/17/2022

**ATTACHMENT 3  
PROJECT SCHEDULE**

The approved Project Schedule dated December 1, 2022 is set forth herein. The schedule is available for viewing [here](#).

**ATTACHMENT 4  
DIFFERING SITE CONDITIONS REPORT**

The Differing Site Conditions Report consists of the following Geotech and hazardous materials reports which are incorporated into this GMP Amendment as if fully set forth herein:

Name	Date
Grant County PUD Transmission Line Geotech Engineering Evaluation for Mountain View 115kv Transmission line Mountain View 230kv Transmission line Wheeler to Warden 115kv Transmission line Rocky Ford to Dover 115kv Transmission line	December 19, 2014
Mountain View Switchyard Geotech Engineering Evaluation	October 22, 2014
Mountain View Soils Resistivity Report	February 4, 2015
Mountain View Step Potential	February 4, 2015
Mountain View Touch Voltages	February 4, 2015
Frenchman Hills Substation Report of Geotechnical Investigation	June 2000
Geotechnical Engineering Evaluation Report Baird Springs Substation	May 4, 2020
Geotechnical Engineering Evaluation Report Burke Substation	April 14, 2020
Geotechnical Engineering Evaluation Report Royal City Substation	April 14, 2020
Geotechnical Engineering Evaluation Report South Ephrata Substation	April 14, 2020
Hazardous Materials Assessment of Properties Burke Substation	April 22, 2020
Hazardous Materials Assessment of Properties Baird Springs Substation	May 5, 2020
Hazardous Materials Assessment of Properties Royal City Substation	April 22, 2020
Hazardous Materials Assessment of Properties South Ephrata Substation	May 1, 2020
Red Rock Transmission Line Report of Geotechnical Investigation	September 28, 2020
Red Rock Substation Additional Survey (Topo)	February 17, 2022

**ATTACHMENT 5  
SCOPE OF WORK**

The approved Scope of Work dated October 12<sup>th</sup>, 2022 is set forth herein. The Scope of Work is available for viewing [here](#).



Change Order Table

**Contract Title:** Grant County Load Growth Project

Contract No.	130-09724	Award Date:	12/10/2019
Project Manager:	David Klinkenberg	Original Contract Amount:	\$2,028,023.14
District Representative (If Different):		Original Contract completion:	6/30/2022
Contractor:	Quanta Electric Power Construction, LLC.	Total CO Cost Change Amt	\$102,160,872.14

CO#	Change Description	Approved by	Executed Date	Revised Completion Date	Cost Change Amount	Revised Contract Amount	Authority Level Tracking
1	Increase the Contract Price to fund Design Builder procured long lead materials and revises Section 6.2.3, Design-Builder's Fee Percentage and Lump Sum Fee.	Managing Director	07/07/20	N/A	\$265,317.81	\$2,293,340.95	\$265,317.81
2	Increase the Contract Price to fund additional Design Builder procured long lead materials, continued engineering & program management and extend Phase 1 of the project.	Comm	07/31/20	N/A	\$3,442,954.31	\$5,736,295.26	\$3,708,272.12
3	Extend Phase 1 design, issue a limited Notice to Proceed to begin labor, amend the Agreement, the General Conditions, and Exhibits A & K and establish a final project completion date.	Managing Director	09/08/20	04/04/23	\$495,000.00	\$6,231,295.26	\$495,000.00

4	Establishes the Guaranteed Maximum Price (GMP) and incorporates Attachments 1 through 6 to fully establish the GMP Amendment and transition to Phase 2 of the project.	Comm	09/23/20	N/A	\$51,930,956.00	\$58,162,251.26	\$52,425,956.00
5	Increases the GMP and revises Schedule of Values, List of Basis of Design Documents, and the Differing Site Conditions Report from Change Order No. 4. Change Order No. 5 also updates the current Project Schedule.	Comm	06/13/23	06/06/23	\$14,003,913.56	\$72,166,164.82	\$14,003,913.56
6	Increase the Contract Price to add a mobile restroom at the District's Ephrata Substation and to have the Contractor relocate an existing power transformer from the District's Burke Substation to the Soap Lake Substation.	Senior/Plant Mgr	04/18/23	N/A	\$109,092.46	\$72,275,257.28	\$109,092.46
7	Increase the GMP to fund scope changes as well as material and labor costs for the Red Rock transmission construction.	Comm		03/31/25	\$31,913,638.00	\$104,188,895.28	\$32,022,730.46
Total Change Order Cost Change Amount					102,160,872.14		

# For Commission Review – 05/23/2023

RESOLUTION NO. XXXX

A RESOLUTION AMENDING GRANT PUD'S CUSTOMER SERVICE POLICY

Recitals

1. Grant PUD is authorized by RCW 54.16.040 to regulate and control the use, distribution, rates, service, charges and price of energy; and
2. Grant PUD's Chief Customer Officer and staff are of the opinion that the revised Customer Service Policies are in the best interest of Grant PUD.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that the changes to sections 2, 4, 5, 6, 9 and 10, as set forth in the attached Exhibit A are hereby approved and adopted and shall be effective September 1, 2023.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 13<sup>th</sup> day of June, 2023.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

**MEMORANDUM**

**May 10, 2023**

**TO:** Rich Wallen, General Manager

**VIA:** Dave Churchman, Chief Customer Officer (*outgoing*)  
Ty Ehrman, Chief Customer Officer (*incoming*)

**FROM:** Cary West, Senior Manager of Customer Solutions *CSW*

**SUBJECT:** Customer Service Policy and related Fees Schedule updates

**Purpose:** To update the Customer Service Policy and related Fees Schedule from its last version dated April 23, 2019 (Resolution 8916).

**Discussion:** Various updates to the Customer Service Policy and related Fees are needed or desired since the last version. These updates are primarily driven around Customer Solutions, Energy Services, Power Delivery and Large Power Solutions business operations.

The only notable change following the Commission workshop held on March 21, 2023, includes reinstating the 25% discount for line extensions for the Residential and Irrigation customer classes as noted in the Related Fee Schedule. For Residential customers under Rate Schedule 1 (excluding plat developers), the 25% discount, up to a maximum \$2,500 discount, remains intact. For Irrigation customers under Rate Schedule 3, the 25% discount, up to a maximum \$10,000 discount, remains intact.

Recommended Policy changes by section and related rationale are noted in the following table:

Section #	Section Description	Change Description	Change Rationale
2.1.1	Metering Point	Callout of account aggregation for billing purposes for LPS customers.	To match current structure.
2.8	Disconnecting Services	Distinction between remote and non-remote meter disconnections.	With AMI, we now have both remote and non-remote meter disconnections.
2.9.1	Customer Obligations	Callout for customer to notify Grant PUD of no longer needing life support designation.	Clarity on responsibility.
	Material Sales to Customers	Section removed from Customer Service Policy.	Covered in separate Procurement Policy.
2.14	Revenue Protection and Power Diversion	May bill up to 3x damages.	Tampering 1x (Damage to District) vs. Power Diversion 3x (Revenue Protection).
	Loan Program	Section removed from Customer Service Policy.	No longer offer a loan program.



Section #	Section Description	Change Description	Change Rationale
3.1	Demand Response	Added new section for Demand Response viability.	Demand Response is an emphasis going forward and is a Big 3 in 2023 goal.
4.0	Line Extension Policy for Customer Services Under 500 KW	Removed distinction between Simple and Complex WO's.	Simplifying language for Simple and Line Extensions.
4.2	Underground Line Extensions	Callout of Grant PUD and Customer responsibilities for work and material costs.	Adds clarity on responsibility.
4.3.1	Permanent Service	Improve language from "shall" to "reserves the right"	Adds clarity.
4.3.3	Construction Temporary Service	Added metered temp service with a one-time fee for up to 12 months.	Move from unmetered to metered service under the designated rate schedule. Covers costs of labor and energy consumption.
4.4	Service Requirements by Rate Class	Added reference pursuant to Grant PUD Construction Standards	Adds clarity.
4.5.1	Line Extension Fees	Simple Service fee for both Electric and Fiber connection. For Line Extensions, Customer pays 100% estimated cost. For work orders exceeding \$20k, true-up provision applies. Also, added refund ability provision.	Improved cost accounting and revenue collections. Removed 25% subsidy for Complex WOs unless a Residential under Rate Schedule 1 (excluding plat developers) and Irrigator customers under Rate Schedule 3 in which case the subsidy remains intact.
4.12	Manufactured Home / Mobile Home Parks	Added reference pursuant to Grant PUD Construction Standards and callout of Connection Point.	Adds clarity.
5.2.1	Overhead Service Laterals	Meter pole ownership callout for Customer.	Adds clarity.
5.3.2	Wiring	Customer responsibility for wiring/conduit materials cost.	Shifting direct material costs to customer.
	Demand Metering	Removed as no longer needing callout certain services to have a demand metering capability.	All Grant PUD meters now have demand metering capability.
6.1	Meter Reading	Added AMI reference for daily meter reading and capability for remote connection and disconnection.	To match current AMI ability/process.

Section #	Section Description	Change Description	Change Rationale
6.2	Adjustment of Billing Errors	Incorporate over/underbillings lookback periods into said Policy and ability to offer interest free payment arrangement for hardships not to exceed the lookback period.	Lookback period of 6 years for underbillings pursuant to RCW 4.16.040.
6.3	Billing Periods	Remove mention of pro-rated reads as no longer needed with daily reads with AMI.	No longer an issue with AMI.
	Non-Metered Service	Section removed from Customer Service Policy.	Obsolete.
6.9	BudgetPay	Re-titled to current branded name "BudgetPay" and replaced generic "Level Billing Plan".	To match current Branding.
6.12	After-Hours Fee	Refers to Call Center days/hours for CSR related assistance and Power Delivery days/hours for on-site assistance for service crews.	To match current operational days/hours for business lines, respectively.
6.13	Deposits	Added "may be" required.	Matches current Deposits initiative.
6.13.2	Interest on Deposits	Interest rate applied to be made available upon request.	If requested by customer.
6.17.1	Disconnect Fee	Removed "ordered".	Fee will apply when disconnection has been executed.
6.19	Eligibility for Special Low Income Rate Discounts	Increases eligibility from 150% to 200% of the poverty guidelines. Adds requalification every 3 years and allows for option for in home energy audits for discount customers.	Matches CETA % threshold for low income. Adding reverification and in-home audits will help with fairness and compliance.
6.20	Net Metering Billing	Annual banked kWh reset to be on 3/31, not 4/30.	Matches RCW 80.60.030.
6.21	Renewable Energy System Cost Recovery	Removed sub-bullet details as applicable RCW 82.16.120 is referenced.	No need to callout sub-bullets; just refer to RCW.
9.1.1	Concentration Risk	Added 5% threshold against the service request queue.	To match updated RS17 parameters.
9.1.2	Business Risk	Added clarifying language for unrecoverable costs due to...	To match updated RS17 parameters.

Section #	Section Description	Change Description	Change Rationale
9.2	Periodic Review by Assessment Team	Added clarifying language.	To match current process.
9.3	Evolving Industry Entry and Exit Criteria	Added Inclusion language.	To match updated RS17 parameters.
9.4	Rate 17 Design	Changed review period to 2 years instead of 1 year.	Matches review period in Section 9.2.
9.5	Commission Reporting	Changed reporting period to 2 years instead of 1 year.	Matches review period in Section 9.2.
9.7	Attestations	Added clarifying language for Customer responsibility.	Adds clarity.
10.0	Revisions	Moved Revisions section from Table of Contents to end of Policy.	Better placement.

**Justification:** Updating the Customer Service Policy and related Fees Schedule ensures proper fee charges to applicable work as performed by Grant PUD for our retail customers. Additionally, updates are needed to clarify and improve underlying business processes for various compliance and performance measures.

**Financial Considerations:** The related Fees Schedule has been updated to match current labor and materials costs.

**Policy Change History (last updated):** April 23, 2019 (Resolution 8916).

**Legal Review:** See attached email.

**Recommendation:** Commission approval of the Customer Service Policy and related Fees Schedule.

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## CUSTOMER SERVICE POLICIES

### PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON

#### **1.0 PREAMBLE**

These Customer Service Policies (“CSP”s) have been adopted by Public Utility District No. 2 of Grant County, Washington (“District” or “Grant PUD”) in accordance with Grant PUD’s mission, vision and values. The CSP is subject to revision by Grant PUD Board of Commissioners (Commission) at any time to meet these objectives. These policies are to serve as a guide to the employees of Grant PUD to provide the best possible service to our customers using uniform and equitable consideration. Construction details and specifications will conform to current state and national regulations governing such matters and are intended to comply with any state, regional, and local statutes. The CSP shall be considered to be amended whenever a law, regulation, statute, ordinance or equivalent changes so as to comply with such change until the CSP is updated.

Grant PUD reserves the right to disconnect the supply of electric energy, capacity, and ancillary services in the event the Customer fails to comply with any policies, provisions or any agreement the Customer has with Grant PUD. Service may be disconnected by Grant PUD at any time to prevent fraudulent use or to protect its property.

Grant PUD encourages and invites public input regarding Grant PUD Rate Schedules and policies. Grant PUD will make reasonable efforts to notify the public of changes to the CSP. Such notification may include press releases, public announcements, notices with Customer billings, or posts on Grant PUD’s website. Agenda information and commission meeting schedules can be found at [grantpud.org](http://grantpud.org).



## 1.1 DEFINITION OF TERMS

The following terms shall have the meanings as defined below:

Term	Definition
<b>Account</b>	The physical premises and Meter or Metering Point record plus the measurement, billing and payment information and other data associated with the Electric Service provided to the Customer at the Premises.
<b>Area Feeder</b>	A primary distribution circuit constructed to provide for general area load growth and system reliability, the cost of which is borne entirely by Grant PUD and included in Grant PUD's rate base. (See Section 4.10.1)
<b>Backbone Facilities</b>	Those facilities within a subdivision required to provide Electric Power to the property line of each lot or tract. Said facilities include transformers when multiple lots or tracts are to be served from a single transformer and the location of transformers can be established at the time Backbone Facilities are installed.
<b>Billing Demand</b>	The billing determinant for capacity that uses the highest kW demand after adjusting for Power Factors below 95%. Can be based on the metered kWh, computed, or fixed monthly amount.
<b>Billing Determinant</b>	The unit used to calculate a bill such as kilowatt-hours.
<b>Connection Point</b>	The designated point on the Customer's property where their secondary service is connected to Grant PUD's facilities. This would be at the weatherhead for an overhead service and at a secondary termination point (moped(pedestal)/vault/transformer) for an underground service.
<b>Construction Temporary Service</b>	A temporary service providing power to a construction site for a limited period of time.
<b>Construction Temporary Service Fee</b>	The fee paid for a Construction Temporary Service for a limited period of time.
<b>Customer</b>	Any individual, group, partnership, corporation, firm or government agency who has applied for or is accepting Electric and Fiber services from Grant PUD.
<b>Customer Contribution</b>	An amount paid by a Customer that is adding incremental load to Grant PUD's Electric System which reduces or eliminates the shifting of long-term costs to other Customers or Customer classes for the provision of Electric Power to the new load.
<b>Demarcation Point</b>	A designated point on the Customer's property, at which Grant PUD's Facilities end and the Customer's Facilities begin. This can be for either an overhead or underground primary metered service.
<b>Distribution System</b>	That part of Grant PUD's Facilities operated nominally at 13.2 kV and 12.47 kV voltage levels and used to distribute and deliver Electric Power to the Demarcation Point.
<b>Domestic Electric Service or Domestic Service</b>	Single phase electric connection to Grant PUDs Distribution System for deliveries of Electric Power under a Rate Schedule exclusively to single family dwellings, individual apartments, condominiums and farms.

Term	Definition
<b>Effective Electric Service Date</b>	The date upon which a Customer accepts delivery of Electric Power under a Rate Schedule at the Account Premises by having the power turned on (made available) and the service placed in or transferred to their name.
<b>Electric Power</b>	The physical electric energy and capacity provided by Grant PUD, including all ancillary services, independent of the Rate Schedule under which the Customer is receiving Electric Service.
<b>Electric Service</b>	Electric Power delivered to a Customer under a Rate Schedule.
<b>Electric Service Connection Agreement</b>	An agreement between Grant PUD and the Customer, which must be signed by the Customer when applying for a Line Extension from Grant PUD.
<b>Electric Service Suspension Notice</b>	A reminder letter, sent separately from the billing statement, to inform Customers of past due amounts and provide instructions to prevent their service from being disconnected for non-payment.
<b>Electric System</b>	Grant PUD's infrastructure used to generate, transmit, and deliver Electric Power to its Customers.
<b>Estimated Extension Cost</b>	The estimated cost, based on current Grant PUD standard unit values, for a line extension. The estimate includes all material, labor, transportation, and applicable overheads with credit for any salvage.
<b>Evolving Industry</b>	Evolving Industry (or EI) is the class covered by Rate Schedule 17.
<b>Facilities Plan</b>	The document that contains detailed information about the electric Facilities Grant PUD is constructing intended to deliver Electric Power to a Customer.
<b>Facility or Facilities</b>	The physical land, equipment, wire, cable and appurtenances in a location or a group of locations.
<b>False Call Fee</b>	A charge paid by a customer that requests Grant PUD service and is not prepared when Grant PUD arrives on site at the requested timeframe.
<b>Fiber Subscriber</b>	A person or entity that is receiving access to Telecommunication Services from a Service Provider.
<b>Grant PUD Construction Standards</b>	A set of rules, drawings, guidelines, and specifications for construction of Electric Power Facilities, established by the Grant PUD Standards group. These standards secure uniform construction methods, optimize safety, serviceability, appearance, and economy and comply with or exceed local, state and federal regulations.
<b>Hearing Officer</b>	Commission-appointed person responsible for adjudicating contested bills not resolved to the Customer's satisfaction working through the Customer Care Team(s).
<b>Identified Uses</b>	The industry, functions, applications or uses included in Rate Schedule 17 as determined by the Rate Schedule 17 review process.
<b>Industry</b>	Grant PUD classifies industries based on activities that represent a means of production, target a market, produce a product and/or provide a service. Activities are grouped together such that the risk characteristics of the grouped activities are similar and can be analyzed as a single industry. It is possible for a Customer to participate in multiple Industries.

Term	Definition
<b>Irrigation Electric Service</b>	Electric Service used specifically for irrigation, orchard temperature control or soil drainage loads only not exceeding 2,500 horsepower. Electric Power delivered under the Irrigation Rate Schedule(s) may only be used as described in the Rate Schedule including any supporting ancillary equipment needed.
<b>Large Electric Service</b>	Electric Service provided to Large Power Customers.
<b>Large Electric Service Application</b>	Application form for Large Power Customers (available at <a href="http://grantpud.org">grantpud.org</a> ) used to request new or additional Electric Service from the Grant PUD. While all Customers are required to inform Grant PUD of all material load changes, Large Power Customers must use this form to inform Grant PUD.
<b>Large Power Customer</b>	Customers with electric loads exceeding 500 kW/kVA who accept Electric Power under a Rate Schedule 7, 14, 15, 16, 17, 85, 94 or a written agreement for Electric Power deliveries with Grant PUD that is not delivered under a current Rate Schedule.
<b>Line Extension</b>	Any customer projects requiring the outlay of materials and labor in excess of the limitations of a Simple Service shall be considered a Line Extension. These extensions require an electrical design prior to construction and may involve right-of-way requirements in excess of those provided for by the Service Connection Agreement. Facilities that are designated as part of an Area Feeder are not included in the definition of Line Extension.
<b>Line Extension Fee</b>	The applicable Customer paid fees for a Line Extension. (Refer to Section 4.5.1.)
<b>Net Metering Application</b>	The application provided by the Customer to Grant PUD, on Grant PUD's form, which provides the design of the Net Metering system and initiates the interconnection process.
<b>Net Metering Interconnection Agreement</b>	An agreement provided by Grant PUD to the Customer setting forth the terms and conditions for allowing a Customer to interconnect an energy producing Customer-owned resource. Customers may not connect a Net Metering System without written approval by Grant PUD and execution of a Net Metering Interconnection Agreement.
<b>Net Metering System</b>	As defined in RCW 80.60.010, means a fuel cell, a facility that produces electricity and used and useful thermal energy from a common fuel source, or a facility for the production of electrical energy that generates renewable energy, and that: <ul style="list-style-type: none"> <li>(a) Has an electrical generating capacity of not more than one hundred (100) kilowatts;</li> <li>(b) Is located on the customer-generator's premises;</li> <li>(c) Operates in parallel with the electric utility's transmission and distribution facilities; and</li> </ul> Is intended primarily to offset part or all of the customer-generator's requirements for electricity.
<b>New Large Load</b>	An increase of any load(s) over 10 average MW of a Customer's annual average load (average MW) above the Customer's highest annual average load since 2010.
<b>Orchard Temperature Control</b>	Frost control fans or pumps used in the heating or cooling of orchards.

Term	Definition
<b>Ownership Costs</b>	A monthly charge required to be paid by the Customer for Non-Permanent service. The charge reflects costs associated with Grant PUD owning, operating and maintaining the Non-Permanent facilities. This charge is for use of the facilities only and does not include Electric Service. The charge is calculated using standard Grant PUD accounting practices.
<b>Premises</b>	The building and land that constitutes the location where a Customer will be accepting Electric Power under a Rate Schedule and this Customer Service Policy. Premises is both singular and plural.
<b>Rate Schedule</b>	Any Commission approved method to calculate a Customer's bill for Electric Service for a given time frame, determined by service dates. The methods describe the billing components such as minimum fees, basic charges, cost of the various billing determinants such as energy use and billing demand. Rate Schedules can be found at <a href="http://grantpud.org">grantpud.org</a> .
<b>Renewable Energy</b>	As defined in RCW 80.60.010, means "energy generated by a facility that uses water, wind, solar energy, or biogas from animal waste as a fuel".
<b>Secondary Service</b>	The wire providing service from Grant PUD's facilities to a Customer's meter.
<b>Simple Service</b>	Any Customer project that only requires a Customer's secondary service wire to be connected to Grant PUD's existing facilities. This would include any inspections needed as well as making the final connection and setting the meter.
<b>Simple Service Fee</b>	A Customer paid charge that is collected for a Simple Service.
<b>Start of Electric Service</b>	The date and time when a Customer starts accepting deliveries of Electric Power under an approved Rate Schedule.
<b>Termination Charge</b>	A Customer paid amount to reflect the Grant PUD's costs to remove Line Extension Facilities no longer being used by the Customer. The amount to be paid by the Customer shall reflect the cost of labor to remove the Line Extension plus a pro-rated portion of any unsalvageable equipment and materials.
<b>Up and Down Charge</b>	Customer paid amount for Grant PUD to providing install or construct non-permanent Facilities for the delivery of Electric Service on short-term, interim or provisional basis. The charge shall be based on all
<b>VAR kVAR MVAR</b>	A technical term that refers to the component of the Electric Power that is not used to perform work such as rotating the shaft of an electric motor but provides the component that maintains voltage and provides the magnetic field required to turn an Electric motor's shaft. Sometimes this term is also referred to as 'reactive power'. The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kVAR means kilovolt-ampere reactive and MVAR means megavolt- ampere reactive.
<b>VARh kVARh MVARh</b>	The amount of reactive power, measured in VAR delivered in one hour. The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kVARh means kilovolt-ampere reactive hour and is often used to calculate Billing Determinants by Grant PUD and MVARh means megavolt-ampere reactive hour, more commonly used in wholesale electric markets.

Term	Definition
<b>Volt-ampere (VA)</b> <b>(kVA, MVA)</b>	<p>The product of the current and voltage of a load. Represents the total burden the load places on the Electric System. Often referred to as 'apparent power' it is generally the limiting characteristic of Facilities.</p> <p>The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kVA means kilovolt-ampere and MVA means megavolt-ampere.</p>
<b>Watt</b> <b>kW</b> <b>MW</b>	<p>The measurement of power in the International System of Units (SI) the equivalent of horsepower in the English measurement system. Watts are the component of volt-amperes that perform work such as rotate the shaft of an electric motor or produce light from a light bulb.</p> <p>The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kW means kilowatt and MW means megawatt.</p>
<b>kWh</b>	<p>Kilowatt-hour and is the most common billing determinant used by Grant PUD representing the amount of Electric Power, measured in thousands of watts delivered in one hour. The prefix k stands for one thousand (1,000).</p>

**2.0 GENERAL POLICIES**

**2.1 RATE APPLICABILITY**

**2.1.1 Metering Point**

The rates of Grant PUD are based upon the supply of service to the entire premises through a single metering point. Separate metering points will be billed individually unless aggregated for Large Power Customer Electric Service Above 500 kW/kVa. Refer to Section 8.0.

**2.1.2 Determination of Applicability**

Grant PUD shall determine the applicable rate schedule to be applied for each Customer load based on available information. In the case of multiple Customer meters or facilities, Grant PUD reserves the right to aggregate Customer loads and meter reads for purposes of determining the applicable rate schedule. If over time a Customer's electrical usage or load characteristics change in a way that would qualify the Customer to be on a different rate schedule, it shall be the obligation of the Customer to notify Grant PUD of such changes. Changes in applicable rate schedules will be made on a prospective basis only.

If a Customer exceeds the billing demand limit of their current rate schedule they may be moved to the appropriate schedule for future billings. If the Customer has been below the billing demand limit of their current rate schedule for a period of at least (12) consecutive calendar months they may request Grant PUD move them to the rate schedule appropriate for their current billing demand.

**2.2 RATE SCHEDULES**

The rates of Grant PUD are based upon a balance between electric service requirements, environmental considerations, and cost. Rate schedules have been adopted by Grant PUD's Commission to establish charges for service according to classification of Customers. Copies of the rate schedules are available upon request.

Schedule No. 1	Domestic Service
Schedule No. 2	General Service
Schedule No. 3	Irrigation Service
Schedule No. 6	Street Lighting Service
Schedule No. 7	Large General Service
Schedule No. 13	Alternative Energy Resources
Schedule No. 13SS	Specified Source Purchase
Schedule No. 13REC	Renewable Energy Certificate Purchase
Schedule No. 14	Industrial Service
Schedule No. 15	Large Industrial Service
Schedule No. 16	Agricultural Food Processing Service
Schedule No. 17	Evolving Industry Service
Schedule No. 85	Agricultural Food Processing Boiler Service
Schedule No. 94	New Large Load Service

**2.2.1 Rate Schedule Exceptions**

Service may be supplied to Customers not coming within the scope of the regular rate schedules of Grant PUD; provided that such service shall be covered by separate contract and shall be approved by the Commissioners of Grant PUD.

### **2.3 NEW LOADS**

Service to New Large Loads will only be made pursuant to Rate Schedule No. 94, New Large Load Service.

### **2.4 EXCLUSIVE SOURCE AND RESALE**

Unless otherwise provided by special contract, service will be rendered only to those loads which secure their source of electric power exclusively from Grant PUD. Unless otherwise provided in the contract, the Customer shall not resell the electric energy purchased from Grant PUD.

### **2.5 GRANT PUD'S OBLIGATIONS**

Grant PUD will attempt to provide, but does not guarantee, a regular and uninterrupted supply of service. Grant PUD may suspend the delivery of electric service for the purpose of making repairs or improvements to its system. Grant PUD will attempt to provide reasonable advance notice of such suspension to the Customer. Repairs or improvements that can be scheduled will be scheduled, when feasible, at such time as to minimize impact to Grant PUD Customers. In making repairs and improvements to Grant PUD's electrical system, Grant PUD will do so with diligence and complete them as soon as reasonably practicable in accordance with prudent utility practice. Electric Service is inherently subject to interruption, suspension, curtailment and fluctuation. In no event, however, shall Grant PUD be liable to its Customers or any other persons for any damages to person or property arising out of, or related to, any interruption, suspension, curtailment or fluctuation in service if such interruption, suspension, curtailment or fluctuation results in whole or part from any of the following:

- A. Causes beyond Grant PUD's reasonable control including, but not limited to, accident or casualty, fire, flood, drought, wind, acts of the elements, court orders, insurrections or riots, generation failures, lack of sufficient generating capacity, breakdowns of or damage to equipment/facilities of Grant PUD or of third parties, acts of God or public enemy, strikes or other labor disputes, civil, military or governmental authority, electrical disturbances originating on or transmitted through electrical systems with which Grant PUD's system is interconnected and acts or omissions of third parties.
- B. Repair, maintenance, improvement, renewal or replacement work on Grant PUD's electrical system, which work, in the sole judgment of Grant PUD, is necessary or prudent.
- C. Automatic or manual actions taken by Grant PUD, which in its sole judgment are necessary or prudent to protect the performance, integrity, reliability or stability of Grant PUD's electrical system or any electrical system with which it is interconnected. Such actions shall include, but shall not be limited to, the operation of automatic or manual protection equipment installed in Company's electrical system, including, without limitation, such equipment as automatic relays, generator controls, circuit breakers, and switches. Automatic equipment is preset to operate under certain prescribed conditions, which in the sole judgment of Grant PUD, threaten system performance, integrity, reliability and stability.
- D. Actions taken to conserve energy.

The limitation of liability provisions set forth above and in Section 2.5.1 shall apply notwithstanding any negligence of Grant PUD, unless the actions of Grant PUD are determined to be intentional or shall constitute gross negligence.

#### **2.5.1 Limitations of Damages**

In no event shall Grant PUD have any obligation or liability for any lost profits, consequential, incidental, indirect, special, or punitive damages of any type arising out of, or in any way connected to, Grant PUD's supply electricity or any interruption, suspension, curtailment or fluctuation thereof regardless of the causes thereof.

## **2.6 CUSTOMER'S OBLIGATIONS**

### **2.6.1 Increased Load**

In the event the Customer desires to increase load, the Customer shall request new service from Grant PUD. If the Customer fails to notify Grant PUD and Grant PUD's equipment is damaged as a result of such increase in load, the Customer shall reimburse for all repair and replacement costs to Grant PUD.

### **2.6.2 Balancing of Load**

Except in the case of three-phase four-wire delta services, the current unbalance in three-phase services shall not exceed 10 percent of the current, which would be required at maximum load under balanced conditions.

### **2.6.3 Total Harmonic Distortion (THD)**

1. The application of any nonlinear load by the Customer (e.g., static power converters, arc furnaces, adjustable speed drive systems, etc.) shall not cause voltage and/or current Total Harmonic Distortion (THD) levels greater than the levels as recommended by IEEE standard 519-1992, or subsequent revision, on Grant PUD's electric system at the point of power delivery to the Customer's facility. Grant PUD will determine the appropriate SCR (short circuit ratio) at the Customer's facility for the purpose of applying IEEE 519.
2. The Customer shall disclose to Grant PUD all nonlinear loads prior to connection. Grant PUD may test the Customer's load to determine the THD levels.
3. It shall be the responsibility of the Customer to assure that the THD requirements are met, including the purchase of necessary filtering equipment. Any load found not in compliance with this policy shall be corrected immediately by the Customer at the Customer's expense. If not corrected, Grant PUD may terminate service to the Customer's facility.
4. The Customer shall be liable for all damages, losses, claims, costs, expenses and liabilities of any kind or nature arising out of, caused by, or in any way connected with the application by the Customer of any nonlinear load operating with maximum THD levels in excess of the values stated in paragraph 1. The Customer shall hold harmless and indemnify Grant PUD from and against any claims, losses, costs of investigation, expenses, reasonable attorneys' fees, damages and liabilities of any kind or nature arising out of, caused by, or in any way connected with the application by the Customer of any nonlinear load operating with maximum THD levels in excess of the values stated in paragraph 1.

### **2.6.4 Surge Protection**

The Customer shall be responsible to provide surge protection for all voltage sensitive equipment such as electronic appliances or devices.

## **2.7 APPLICATION FOR SERVICE**

Grant PUD will accept application for electric service over the telephone or by personal visit to any of Grant PUD's Local Offices and the following shall apply:

- A. All applicants for electric service shall provide Grant PUD with service and billing information as required and agree to Grant PUD's terms and conditions for service.
- B. Acceptance of service shall subject the Customer to compliance with the terms of the applicable rate schedule, Grant PUD's Customer Service Policies, Grant PUD Workbooks and Initiatives. The Customer is responsible for all electricity used until notification of the change in occupancy has been received by Grant PUD.



- C. All applicants shall provide the following information or documentation:
  - 1. A full name, mailing address and service address where services are to be delivered.
  - 2. Full name of any occupants over 18 years of age living where services are to be delivered who are authorized to conduct transactions on the account.
  - 3. Proof of identity, such as a valid social security number and/or government-issued picture identification. Other identification may be accepted at Grant PUD's discretion provided it convincingly proves the identity of the prospective Customer.
  - 4. At least one active primary telephone number and email address (if available) where the Customer can be contacted.
  - 5. Whether service termination would create a danger to the health of any occupant(s) residing therein.

## **2.8 DISCONNECTING SERVICES**

Customers requesting service disconnects must contact Grant PUD by telephone or in person. Grant PUD will execute service disconnects according to the following:

- A. At the time a Customer requests service disconnect Grant PUD will attempt to verify (1) the individual's identity by personal recognition, social security number, driver's license or other identification, (2) the authority of the individual to request the disconnect when there is reason to question the identity of the requesting party, (3) the name and mailing address of the occupant of the residence where electric service is to be terminated, and (4) whether any occupant would be endangered by the termination of service. If Grant PUD obtains information that the residence is being occupied by someone other than the person making the termination request, Grant PUD will inform such person that services may not be discontinued until the occupant is given a minimum period of five days to put service in his/her own name.
- B. If Grant PUD has no reason to believe that the premises are occupied by a person other than the one making the request, or that any occupant's health will be endangered, Grant PUD may proceed to terminate electric service. However, before service is terminated, the employee executing the non-remote disconnect will make a reasonable effort to inspect the property for which termination has been requested in order to ascertain whether the property is occupied by persons other than the one making the termination request or to determine whether extenuating circumstances, such as conditions endangering life or property, may result from the disconnect. If such circumstances appear to exist, or if Grant PUD has actual notice or reason to believe that someone other than the person requesting the termination is residing at the premises, then a five-day notice will be left at the premises and the disconnect will be held in abeyance until an investigation can be made by the Local Office.
- C. Where Grant PUD does not have reasonable belief after inspection that someone other than the person requesting termination occupies the premises, or that extenuating circumstances exist, such as life or property-endangering conditions, Grant PUD may terminate service. However, in the event Grant PUD fulfills the request to terminate utility service, it may post on the door of the property a notice which will inform any occupants of the premises that they may request immediate restoration of the utility service.
- D. For single-family units or individually-metered multi-family units, if the premises are occupied by a person other than the Customer of record, Grant PUD will upon request transfer electric service into the occupant's name. With respect to such transfer of service:

the occupant will not be responsible for any charges accrued prior to the date notice of opportunity to place service in the user's name is provided (except where occupant has agreed by lease to pay for electrical service, in which case charges will begin on the date the tenancy began).

- E. For residential buildings containing more than one dwelling unit in which service is not individually provided, a five-day notice will be provided giving the occupants an opportunity to put service in their own name(s).
- F. Refer to Section 6.18 of these policies for disconnects for nonpayment.

## **2.9 LIFE SUPPORT SYSTEMS**

Grant PUD is unable to guarantee constant or continuous electric service. Grant PUD will make reasonable effort to notify all known electrically supplied life support system Customers of planned power outages, in advance, giving the date, time and estimated length of planned power outages.

### **2.9.1 Customer Obligations**

It shall be the responsibility of the Customer to furnish Grant PUD by phone or in writing a telephone number and/or email address which will enable timely contact by Grant PUD 24 hours per day, 365 days per year and to notify Grant PUD of any change in telephone number and/or email address; and of any change in the medical situation of the person on life support services. If a customer no longer has life support, it shall be the responsibility of the customer to notify Grant PUD.

## **2.10 DAMAGE TO GRANT PUD FACILITIES**

Each individual, group, or organization shall pay Grant PUD for all damages to, or destruction of, property of Grant PUD where such is caused by the individual, group, or organization, except that Grant PUD will not require payment for accidental damage to poles resulting from weed and brush burning. Customer shall be responsible to reimburse Grant PUD for any damage to Grant PUD transformers or other Grant PUD facilities, caused by Customer overloading said facilities.

## **2.11 DISCLOSURE OF PUBLIC RECORDS**

Public records of Grant PUD are available for inspection and copying. Policies and procedures related to disclosure of public records are available on Grant PUD's Web site or can be requested by contacting our offices.

## **2.12 SERVICE OUTSIDE GRANT COUNTY**

Grant PUD will only serve loads outside of Grant County in areas that are covered under Agreements with the serving utility for the area. Service shall be in accordance with the terms of the Agreement. Requests for service outside of Grant County in areas not covered under an Agreement will be considered on an individual basis by Grant PUD's Commissioners. Refer to Section 4.5, Calculation of Charges, for Customer cost obligations for service outside Grant County.

## **2.13 UNDERGROUND FACILITIES**

Grant PUD will install electrical facilities underground at Grant PUD expense in the following situations:

- A. Substation underground feeder get-a-ways.
- B. When determined by Grant PUD that applicable electrical codes or public safety considerations require placement of electrical facilities underground.
- C. Transmission lines and Area Feeders where it is more economically beneficial to Grant PUD to place electrical facilities underground. In making this determination, Grant PUD will consider capital investment costs, projected operations and maintenance costs, and public safety consideration.

- D. Except as otherwise specifically provided above or in Section 4.2 of these Customer Service Policies, all costs incurred by Grant PUD in connection with placement of electrical facilities underground shall be the responsibility and paid by the Customer or municipality requesting or requiring underground service.

## 2.14 REVENUE PROTECTION AND POWER DIVERSION

The purpose of Grant PUD's Revenue Protection Policy is to reduce or eliminate revenue loss due to metering defects and power diversion. The policy establishes a program for the prevention, detection and responsive action to be taken with regard to power diversion on Grant PUD's system.

The significant elements of this policy include the following:

- A. Meter Seals. All Grant PUD meters and associated equipment utilized for billing purposes will be sealed. Included will be meters utilized for measuring KWH, KW, KVARH, potential and current transformer enclosures and test switches.
- B. Meter Sealing Fee. If a service has been reconnected which has been previously disconnected or a meter seal has been cut on an active service WITHOUT PRIOR AUTHORIZATION from Grant PUD, a fee will be charged to the Customer, owner, or person in control of the premises, refer to fee schedule. Prior authorization may be obtained from Grant PUD. Additional fees shall be assessed if power diversion has occurred.
- C. Meter Testing. Grant PUD meters utilized for billing purposes will be tested periodically to assure all meters operate within the accuracy limits established for each type and class of meter.
- D. Power Diversion/Theft of Power. Diversion of power, as defined in RCW 80.28.240, is strictly prohibited. The Customer, owner, or person in control of the premises will be presumed liable for all losses, damages and costs related to such actions.
- E. Violations. Grant PUD may seek prosecution for any power diversion, destruction of Grant PUD property and other violations of law affecting delivery of its services, and will pursue collection for any losses, damages and costs related to such actions to the full extent provided by law.
- F. Investigations. Grant PUD personnel will determine if power diversion has occurred. A preliminary investigation shall include an evaluation of the Customer's account history, examination of on-site conditions by appropriate personnel and other pertinent information.
- G. Notice. After the investigation is complete and Grant PUD determines that power diversion has occurred, the Customer shall be notified that power diversion has occurred and:
1. The Customer has been assessed all of the damages, if any, plus the costs incurred on account of the bypassing, tampering, or unauthorized reconnection, including, but not limited to, costs and expenses for investigation, disconnection, reconnection and service calls;
  2. The Customer may be billed up to triple the amount of actual damages as provided by RCW 80.28.240; and
  3. That all sums due must be paid within 30 days unless other arrangements acceptable to Grant PUD are made;
  4. If a civil action becomes necessary, Grant PUD shall seek to recover its costs of suit, reasonable attorneys' fees and expert witness fees; and

- H. Connection and Disconnection. Grant PUD may refuse to connect or may disconnect service to a Customer for unlawful current diversion, theft of power or other violation of Grant PUD's Customer Service Policy, until all charges, losses and damages have been paid in full or other arrangements acceptable to Grant PUD have been made. Grant PUD will attempt to give the Customer reasonable advance notice of the disconnection including the reasons for the disconnection and the time of the disconnection.

## **2.15 INFORMAL CONFERENCE / HEARINGS**

Customers having questions about or disputing the application of these policies billings or Rate Schedules may request an informal conference with a Grant PUD representative by calling a Grant PUD Customer Solutions Supervisor or Manager. The informal conference may be conducted by telephone or in person at the Customer's request. The Customer may present any information which the Customer deems relevant to the matter. If, following the informal conference, the Customer wishes to pursue the matter, the Customer may request a hearing with Grant PUD's designated Hearing Officer. The hearing will be scheduled at a mutually convenient time and the Hearing Officer shall render his or her decision in writing as soon as practical.

**3.0 CONSERVATION**

Grant PUD recognizes the value of conservation and retail energy services. Therefore, the Energy Services Department shall pursue cost-effective energy conservation resources. A current list of all available programs is available from Grant PUD's Energy Services Department. Any use of Grant PUD funds for conservation purposes shall be in accordance with applicable laws.

**3.1 DEMAND RESPONSE**

Grant PUD recognizes that wholesale electric prices and various operational constraints can materially impact its overall cost to serve its customers. The ability to work with Customers to schedule or manage when electric power is consumed (Demand Response) provides value to all Customers, not just the participants. Grant PUD staff may develop rate schedules to capture seasonal, monthly, weekly, daily, or hourly value. In addition, Grant PUD may work with certain customers or groups of customers to develop Demand Response arrangements such as avoiding placing incremental load on or reducing loads on Grant PUD's electric system for safety improvement, economic benefit, operational flexibility, or reliability purposes provided the arrangement is designed to reduce Grant PUD's power costs or generates incremental value for all its Customers. Customers who are able to participate in Demand Response will typically receive the benefit in the form of a billing credit unless specific arrangements are made prior to entering into the activity.

**3.2 RESIDENTIAL, COMMERCIAL, INDUSTRIAL AND IRRIGATION ASSISTANCE**

Any Customer of Grant PUD, in these sectors, is eligible for conservation assistance to the extent Grant PUD has the necessary equipment and expertise to provide it. Rebates and /or cost sharing will be offered as provided by Washington State Law and to the extent funding is available and cost effective to Grant PUD.

#### **4.0 LINE EXTENSION POLICY FOR CUSTOMER SERVICES UNDER 500 KW**

A Line Extension is an addition or modification of electrical equipment and/or an increase in the size or length of Grant PUD's existing electrical facilities to serve new customer electric load within Grant PUD's service area. Line Extensions are categorized as consisting of either Overhead or Underground electrical facilities or a combination of both.

Grant PUD will extend or modify its facilities through Simple Service or Line Extensions to Permanent, Non-Permanent or Construction Temporary Services. Facilities will be extended to provide service under applicable Rate Schedules in accordance with Grant PUD Construction Standards. Customer supplied fiber optic conduit is for Grant PUD fiber optic cable only. Each line extension will be subject to evaluation as to feasibility, permanence, and compatibility with Grant PUD's system. Final determination as to specific conditions applicable to the extension, type of construction, route and design shall be made solely by Grant PUD.

Customer compliance with Grant PUD Policies and Construction Standards are a condition of service. The Customer is required to sign a Service Connection Agreement for any proposed Line Extension and pay any applicable Line Extension Fees.

#### **4.1 OVERHEAD LINE EXTENSIONS**

When Grant PUD determines overhead facilities should be installed to serve a Customer, at the Customer's expense, Grant PUD will provide and install all materials and equipment necessary to provide said service from its existing facilities to the Connection Point in accordance with current Grant PUD Construction Standards. Grant PUD will own and maintain all overhead Secondary Services after they are energized.

#### **4.2 UNDERGROUND LINE EXTENSIONS**

When the District determines underground facilities should be installed to serve a Customer, the installation shall be made on the same basis as overhead and in conformance with all other District policies and standards applicable to underground service (refer to Section 4.11 for Customer obligations for Backbone Facilities).

Grant PUD will own and maintain all underground Secondary Services providing power to any single family home, any single unit manufactured/mobile home, any irrigation service fed directly from a pole to the meter (if meter is within twenty feet of the pole), and any single structure duplex. The Customer will own all underground Secondary Services providing power to commercial buildings, multi-family buildings, mobile home parks, and potentially others not mentioned here.

##### **Examples**

- A. Single house on an individual lot – Grant PUD owns the secondary wire from the connection point to the meter.
- B. Single mobile home on an individual lot – Grant PUD owns the secondary wire from the connection point to the meter.
- C. One duplex on an individual lot – Grant PUD owns the secondary wire from the connection point to the meter.
- D. Irrigation service for a crop – Grant PUD owns the secondary wire from the pole to the metering equipment as long as the metering equipment is within twenty feet of the pole.
- E. Small or large commercial building on an individual lot – Customer owns the secondary wire from the connection point to the metering equipment.
- F. Two or more duplexes on the same lot – Customer owns the secondary wire from the connection point to the metering equipment.
- G. Any service inside of a mobile home park – Customer owns the secondary wire from the connection point to the metering equipment.

- H. Multi-unit building on an individual lot – Customer owns the secondary wire from the connection point to the metering equipment.
- I. One meter controlling landscape lighting and sprinkler system at an entrance to a plat – Customer owns the secondary wire from the connection point to the metering equipment.

**4.3 TYPES OF SERVICE**

**4.3.1 Permanent Service**

For Line Extensions to permanent electric loads, all of the following conditions must be met:

- A. The need for electricity is intended to be permanent in the location applied for.
- B. The property owner must sign a Service Connection Agreement.
- C. The Customer must furnish all necessary permits, licenses and other governmental approvals required in connection with the line extension.
- D. When deemed necessary by Grant PUD, the Customer shall provide perpetual easements, permits and/or licenses required in connection with the line extension.
- E. For all water pumping loads, excluding domestic wells, Grant PUD reserves the right to require the Customer to provide a written permit from the agency having jurisdiction over the water to be pumped.
- F. The Customer shall make payment of the Line Extension Fee as specified in Section 4.5.1.

Service to electric loads meeting all of the conditions as set forth above shall be considered permanent.

**4.3.2 Non-Permanent Service**

When a Customer requesting a Line Extension cannot meet the conditions set forth in Section 4.3.1 above, non-permanent service may be extended under the following conditions:

- A. The Customer must sign a Service Connection Agreement.
- B. The Customer must pay the estimated Up and Down Charge and a monthly facility charge equal to Grant PUD’s Ownership Cost for the line extension as specified in Section 4.5.1. The facility charge shall continue until the Customer notifies Grant PUD to discontinue the service or when all permanency requirements are met.
- C. In the event all permanency requirements are met, the costs for the extension shall be computed according to the applicable Line Extension Policy for permanent service (Section 4.3.1) less credit for facilities charges.

**4.3.3 Construction Temporary Service**

Where sufficient distribution facilities already exist, the Customer may install a metered temporary service, for the purpose of construction only. Service shall be provided for a Construction Temporary Service for a one-time designated fee to be determined by Grant PUD. Subsequent usage will be billed at the appropriate rate schedule up to one year. At the end of one year, Grant PUD will either remove the service or charge the customer the simple service connection fee and consider the service permanent.

Service may be extended for one six-month period with re-application and payment of a second Construction Temporary Service Fee. Such flat fee will be charged against the Customer’s account. Where no distribution facilities exist, refer to Section 4.3.2 for construction of Non-Permanent Service.

**4.4 SERVICE REQUIREMENTS BY RATE CLASS**

- A. Schedule 1, Domestic Service

Domestic service is defined in Grant PUD rate schedules as single-phase service to single family dwellings, individual apartments or farmhouse. In addition to all other requirements for Line Extension as set forth by Section 4.0, a Customer(s) applying for said extension

for Domestic Service shall:

1. Provide and install all material, trenching, etc., necessary for electric service from the load being served to the designated Connection Point.

Refer to Section 4.11 for Customer requirements for residential (domestic) subdivisions and Section 4.12 for manufactured home parks.

**B. Schedule 2, General Service**

General Service is defined in Grant PUD rate schedules as single phase or three-phase service to electric loads not to exceed 500 kW (as measured by billing demand) for general service lighting, heating and power requirements, excluding irrigation service.

In addition to all other requirements for Line Extension as set forth by Section 4.0, a Customer(s) applying for said extension for General Service shall:

1. Provide and install all material, trenching, etc., as necessary for electric service from the load being served to the designated Connection Point.

Refer to Section 4.11.1 for Customer requirements for commercial subdivisions that qualify under this rate schedule.

**C. Schedule 3, Irrigation Service**

Irrigation Service is defined in Grant PUD rate schedules as electric service to irrigation, orchard temperature control or soil drainage loads not to exceed 2,500 horsepower and other miscellaneous power needs including lighting.

In addition to all other requirements for Line Extension as set forth by Section 4.0, a Customer(s) applying for said extension for Irrigation Service shall:

1. 1. Provide and install all material, trenching etc., as necessary for electric service from the load being served to the designated Connection Point.
2. 2. Provide and install a District-approved concrete pad for all padmount transformers 750 KVA and larger.

**D. Large Electric Service**

Refer to Section 8 for additional Customer requirements for Large Electric Service above 500 kW.

**4.5 CALCULATION OF CHARGES**

**4.5.1 Line Extension Fees**

**A. Permanent Service:**

The Customer shall pay a Line Extension fee (refer to fee schedule) for services located within Grant County, unless service qualifies for a Simple Service (See Definition of Terms, Section 1.1). The Line Extension fee may be refundable upon termination of the request, less any amounts already expended or committed by Grant PUD in relation to the Line Extension request.

For Line Extension estimates in excess of \$20,000, the Customer shall be responsible for the actual cost of the project. A Customer Service Contract must be signed when the initial estimate is paid. When the project is complete and all project costs have been accumulated, Grant PUD will either refund or invoice any differential between the actual and estimated costs to the customer.

When more than one rate schedule could apply, the maximum will be established by the rate schedule which gives the lowest billing for energy usage.

The minimum payment for any Line Extension shall be equal to the Simple Service Fee.

Customers applying for Permanent Service to an electric load outside Grant County shall be



required to pay 100% of the Estimated Extension Cost.

B. Simple Service Fees:

The Customer shall pay a non-refundable Simple Service Electric fee, refer to fee schedule.

The Customer shall pay a non-refundable Simple Service Fiber fee, refer to fee schedule.

C. Non-Permanent Service:

The Customer shall pay a non-refundable Up and Down Charge for Non-Permanent Service equal to the estimated cost of furnishing, installing and removing the required facilities, less any salvage value, for service inside or outside of Grant County. In addition, the Customer shall pay a monthly facility charge equal to Grant PUD's Ownership Costs. (See Definition of Terms, Section 1.1)

D. Construction Temporary Service:

The Customer shall pay a non-refundable Construction Temporary Service Fee, refer to fee schedule.

E. Permit Fees:

In addition to payment of the appropriate Line Extension Fee, any charges levied by any agency for permits, surveys, easements, licenses, etc. necessary for the Line Extension, shall be paid for by the Customer.

#### 4.5.2 Line Extension Fee Payments

Charges for Simple Services, both Overhead and Underground, shall be included in the Customer's energy usage bill for the service. Charges for Line Extensions are due prior to scheduling construction.

Exception: Customers applying for Line Extensions to Backbone Facilities and/or Customers with an account(s) requiring a deposit under Section 6.14, shall be required to pay prior to energizing the service.

For projects with an estimated cost in excess of \$20,000, the Customer shall be responsible for the actual cost of the project. A Customer Service Contract must be signed when the initial estimate is paid. When the project is complete and all project costs have been accumulated, Grant PUD will provide to the Customer an itemized invoice reflecting all project costs incurred. Grant PUD will either refund or invoice any differential between the actual and estimated costs to the Customer. Final payment will be due 25 days after the invoice date. Permanent Service will be subject to disconnection if full payment is not received by the due date.

Payment of the Line Extension Fee is in addition to any energy use, deposits, or outstanding invoices that may be due. Political subdivisions of the State of Washington and Agencies of the Federal Government may make payment after Grant PUD facilities are installed provided Grant PUD has received written agreement that payment will be made in full upon completion of Grant PUD work.

#### 4.6 MODIFICATION OF FACILITIES

Modifications are those changes to existing electrical facilities required to allow for installation of new facilities requested by a Customer. Upon request from an individual Customer Grant PUD will modify its facilities provided:

- A. The Customer signs and submits a Service Connection Agreement.
- B. The Customer pays the pro-rated Termination Charge for the modified facilities in addition to the appropriate Line Extension Fee for the new facilities.
- C. The modifications comply with current Customer Service Policies and Grant PUD Construction Standards.

**4.7 REBUILDING EXISTING LINES**

When it becomes necessary to rebuild existing line to serve added electric load, the cost of the rebuild shall be considered as part of the Estimated Extension Cost for the new load except when the line is designated to be an Area Feeder. (See Section 4.10.1)

**4.8 TRANSMISSION FACILITIES**

Transmission facilities required to provide for general area load growth and basic system reliability will be constructed entirely at Grant PUD expense as part of an overall development plan.

**4.9 SUBSTATIONS**

Substations required to provide for general area load growth and basic system reliability will be constructed entirely at Grant PUD expense as part of an overall development plan.

**4.10 DISTRIBUTION POWER LINES**

**4.10.1 Area Feeder Lines**

Primary distribution lines designed to provide for general electric load growth and system reliability are designated as “Area Feeders”. These lines are constructed at Grant PUD expense, included in the rate base and limited to the following:

- A. Incorporated Cities and Towns
 

Primary lines along all platted streets and alleys inside or adjoining the city limits shall be designated as Area Feeders.
- B. Developed Irrigation Blocks
 

Primary lines along all county road and state highway rights-of-way inside or adjoining developed irrigation blocks shall be designated as Area Feeders.
- C. Proposed Irrigation Blocks
 

When, in the opinion of Grant PUD, the road plan and canal construction schedule has been established, all distribution lines along county road and state highway rights-of-way shall be designated as Area Feeders. When requested by a Customer to provide service inside the proposed irrigation block more than one year prior to scheduled delivery of irrigation water, Grant PUD will construct the necessary area feeders, the size and location being in accordance with the feeder plan for the block. The Customer requesting the service shall enter into an agreement to pay the annual interest on Grant PUD’s estimated investment for the Area Feeder(s). Said agreement shall continue for ten (10) years or until irrigation water is delivered to the block.

When no road plan or canal construction schedule has been established, Grant PUD will construct requested lines to serve Customer loads without consideration of the area becoming an irrigation block and the estimated construction costs shall be included as part of the Estimated Extension Cost.
- D. Sandwells Irrigation Block
 

Primary lines along all established and legally recorded county road and state highway rights-of-way inside or adjoining the Sandwells area shall be designated as Area Feeders. (Refer to Grant PUD maps for boundaries of the Sandwells area.)
- E. Other
 

Certain distribution facilities that extend into areas of anticipated development or that are for the purpose of system reliability may be designated as Area Feeders at the sole discretion of Grant PUD.

**4.10.2 Distribution Power Lines That Are Not Area Feeders**

Essentially, a “Non-Area Feeder” is any primary distribution line not meeting the criteria established

by Section 4.10.1. Additionally, Extensions (Backbone Facilities) into residential and commercial subdivisions shall not be considered Area Feeders. Construction costs for distribution lines that are not designated, as Area Feeders shall be included as part of the Estimated Extension Cost except as follows:

- A. When it is deemed necessary by Grant PUD to add a distribution system neutral conductor to an existing power line, Grant PUD will pay 100% of the construction cost for the addition of the system neutral.

#### **4.11 EXTENSIONS TO RESIDENTIAL/COMMERCIAL SUBDIVISIONS**

##### **4.11.1 Approved Subdivisions**

Grant PUD will extend electric service to any new city or county approved subdivision according to the following conditions:

- A. The Customer must provide a Backbone Facility design in accordance with Grant PUD Construction Standards, subject to Grant PUD approval.
- B. The Customer must pay the appropriate Line Extension Fee as required by Section 4.5.1, prior to construction.
- C. All trenching, conduit, transformer boxes, pads, junction boxes, sand bedding and backfill shall be provided and installed by the Customer in accordance with Grant PUD Construction Standards.
- D. The costs for Off-Site Facilities or Line Extensions outside the boundaries of a residential or commercial subdivision necessary for providing service to the subdivision, will be included as part of the Estimated Line Extension Costs for the subdivision.

##### **4.11.2 Services within a Subdivision**

Grant PUD facilities installed in addition to a Backbone Facility to serve individual Customers shall be considered a separate Extension and subject to the appropriate Section(s) of Line Extension Policy 4.0.

Where Backbone Facilities have not been provided for by a developer, any Customer(s) requesting service within the subdivision shall be responsible for the necessary Backbone Facilities in accordance with Line Extension Policy, Section 4.11, as if he/she were the developer.

#### **4.12 MANUFACTURED HOME / MOBILE HOME PARKS**

Line Extensions will be made to new manufactured home parks and additions will be made to existing mobile home/manufactured home parks under the following conditions:

- A. If the Line Extension is considered to be permanent, construction will be done in accordance with the Line Extension Policy, Section 4.11.1.
- B. Grant PUD will consider a Line Extension permanent in cases where the Customer makes a substantial permanent investment in other improvements. This requirement will be satisfied when initial improvements include permanent water and sewer facilities, graded and paved or graveled streets and electric service entrance capability at each manufactured home or mobile home space.
- C. Grant PUD will provide the appropriate electrical system to the Connection Point(s). For an individual manufactured/mobile home, the Connection Point will be at the moped/pedestal, and Grant PUD will own and maintain the underground conduit and secondary service wire up to the meter after the service is energized. For manufactured/mobile homes within a mobile home park, the Connection Point will either be at the transformer or at the moped/pedestal and will be dependent on the design. For manufactured/mobile homes within a mobile home park, the Customer will own and maintain the underground conduit and secondary service wire from the Connection Point to the meter(s) after the service is energized.

**4.13 UNUSED IRRIGATION SERVICE FACILITIES**

Grant PUD-owned irrigation service facilities may be removed by Grant PUD at any time following disconnection for nonpayment of arrears from a previous irrigation billing season.

## **5.0 SERVICE AND METER REGULATIONS**

### **5.1 AVAILABILITY AND CONDITIONS OF SERVICE**

#### **5.1.1 Determination of Availability**

The availability of service for the equipment to be used shall be determined by Grant PUD before proceeding with the wiring or the installation of equipment. Grant PUD shall advise the Customer of the available phase and voltage for that service, and of any required reduced voltage motor starting equipment to protect the service to its other customers (see Section 5.3.3).

#### **5.1.2 Compliance with Regulations and Codes**

The Customer's wiring and equipment shall comply with State, Municipal and Grant PUD regulations, the National Electrical Code and the National Electrical Safety Code. Grant PUD reserves the right to discontinue service at any time, or refuse to connect where such service will adversely affect the service to its Customers, or where the Customer has not complied with said regulations and codes, or where the Customer's equipment or wiring are found to be defective or dangerous, until the same are repaired to the satisfaction of Grant PUD; however, Grant PUD is not obligated to inspect the Customer's electrical property and assumes no liability for the condition of, or resultant damage or injury from, the Customer's electrical property.

#### **5.1.3 Access to and Care of Grant PUD Property**

Grant PUD shall have the right, through its employees or other agents, to enter upon the premises of the Customer at all times for the purpose of reading, inspecting, repairing or removing the metering devices, appliances and wiring owned by Grant PUD. The Customer shall provide space for, and exercise proper care to protect Grant PUD property on the Customer's premises. Such property shall include, but is not limited to, meters, instrument transformers, wires and other facilities installed by Grant PUD. In the event of damage to Grant PUD property, the Customer, owner, or person in control will be presumed to be liable for the cost to repair or replace Grant PUD property, which is damaged or destroyed. If power diversion has occurred, Grant PUD may recover additional costs, expenses, and damages as provided under Customer Service Policy 2.14 or other applicable law. Additionally, the Customer shall have such rights to conferences with Grant PUD personnel as are provided in Customer Service Policy 2.14.

#### **5.1.4 Customer Responsibility**

Nothing in these Policies shall be construed as placing upon Grant PUD any responsibility for the condition of the Customer's wiring or equipment, and Grant PUD shall not be held liable for any loss or damage resulting from defects in the Customer's installation and shall not be held liable for damage to persons or property arising from the use of the service on the premises of the Customer.

#### **5.1.5 Separate Services**

Grant PUD will not totalize metering of separate services. Where Grant PUD contracts to furnish separate transformers to provide multiple services or multiple voltages for the mutual benefit of Grant PUD and the Customer, metering and billing shall be either by separate services at low voltage or consolidated at high voltage and include transformation losses.

Separate Customers shall have separate metering and separate accounts, subject to the conditions set forth in Section 2.1.1. Grant PUD will not allow two or more separate customers to combine or totalize metering.

### **5.1.6 Backup and Maintenance Power**

Backup power and maintenance power will be provided by Grant PUD upon request, to Cogeneration and Small Power Production Facilities as defined under the Public Utilities Regulatory Policies Act of 1978. Grant PUD shall provide excitation power during interconnected parallel operations with Cogeneration and Small Power Production Facilities of 100 kW or less.

### **5.1.7 Station Service - Customer Owned**

Station Service Power for Customer-owned generating facilities will be provided by Grant PUD only when the facility is not generating power.

## **5.2 SERVICE LATERAL AND POINT OF CONNECTION**

The route of the service and the location of the service connection and metering equipment shall be determined by Grant PUD. Any wiring not complying with these Policies and installed without first determining the location of the service connection and/or meters will have to be brought into compliance with these Policies upon notification by Grant PUD.

### **5.2.1 Overhead Service Laterals**

- A. For overhead service, the service entrance shall be so located that the secondary service wires installed by Grant PUD will reach the service entrance by attachment at one location only on the building.
- B. The point of service attachment of an overhead service on the building shall be of sufficient height to provide the required ground clearance for secondary service drop conductors. A service mast or other approved structure to terminate secondary service conductors or reinforcement of the building for adequate anchorage shall be provided and installed by the Customer or their contractor. Grant PUD will supply, for installation by the Customer, anchor bolts for service attachments to concrete, masonry, or other buildings where necessary.
- C. Only one set of service entrance conductors will be connected to any one overhead secondary service drop except by special approval of Grant PUD.
- D. Grant PUD will supply and install, as part of the Customer extension costs, meter poles for overhead services. The meter pole shall then be owned and maintained by the Customer.
- E. Permission must be obtained before attachments are made to Grant PUD owned poles. Attachments to Grant PUD owned poles shall be done strictly in accordance with Grant PUD specifications.

### **5.2.2 Underground Service Laterals**

- A. In general, a building or other premises will be supplied through only one underground service lateral. Where the use of multiple service entrance conductors is necessary, the means and location of connection to the underground service lateral shall be determined by Grant PUD.
- B. The Customer is responsible for trench, conduit, sand bedding and backfill in accordance with Grant PUD specifications.
- C. Where conductors are buried directly in the earth, supplementary mechanical protection may be required by Grant PUD.
- D. Each underground installation shall be in accordance with specifications and drawings available from Grant PUD.

### **5.3 SERVICE ENTRANCE INSTALLATION AND EQUIPMENT**

#### **5.3.1 Responsibility of Customer/Grant PUD**

All service entrance equipment, instrument transformer enclosures, meter enclosures, meter sockets, conduits and raceways are the responsibility of the Customer and shall be of a type approved by Grant PUD. The instrument transformers secondary circuit conductors will be supplied and installed by Grant PUD.

#### **5.3.2 Wiring**

The Customer shall provide and install all wiring between the Connection Point and the metering equipment with said installation subject to the provisions of Section 5.1.2. When the use of multiple conduits is necessary, the weatherheads shall be grouped such that none is more than 18 inches from the point of service attachment on the building. Underground wiring shall be buried enclosed in conduit (i.e. direct buried cable is not allowed).

#### **5.3.3 Protective Devices**

Suitable protective devices on the Customer's premises may be required whenever Grant PUD deems such installation necessary to protect its property or that of its other Customers.

Grant PUD may require installation of reduced voltage starting equipment by the Customer in cases where across the line motor starting would result in excessive voltage disturbances to other Customers or to Grant PUD's system. Grant PUD will furnish the Customer with written motor starting requirements based on the motor horsepower information given at the time of formal application for service. These requirements will be furnished only to the Customer. Construction and/or energization of Grant PUD Facilities to serve motor loads will not occur until the Customer acknowledges receipt of said requirements by signing and returning the motor starting requirements letter.

#### **5.3.4 Protective Equipment on Motor Installations**

On motor installations, adequate relays or other approved protective equipment to guard any and all motors against damage due to excessive under voltage and to protect three-phase motors against damage from single-phasing operation shall be the responsibility of the Customer. Three-phase motors equipped for restarting after a service interruption should be protected against any line condition resulting in single-phase service to the motors (single-phasing). Automatic restarting on 50 HP and larger motors must be approved by Grant PUD prior to installation.

It is recommended that three thermal over-current devices (for three-phase motors) and, in addition, dual element time delay fuses or circuit breakers of suitable rating be installed as minimum protection.

#### **5.3.5 Service Connection**

Service connections will be made only after it has been determined Grant PUD Construction Standards have been met and the Customer's electrical equipment/installation has been approved by a Washington State Electrical Inspector. Said equipment must display the State of Washington "Safe Wiring Decal", legibly filled out and readily accessible.

A False Call Fee will apply when a customer requests Grant PUD service and is not prepared when Grant PUD arrives on site at the requested timeframe, refer to fee schedule.

### **5.4 METER LOCATIONS**

#### **5.4.1 Placement of Meters**

Grant PUD encourages placement of meters as close as possible to the designated Connection Point. In any event, meters or metering equipment shall be placed in locations that allow Grant

PUD free and safe access for installing, removing, testing, and reading. Metering equipment shall not be installed over open pits, moving machinery or hatchways. There shall be ample clearance from any such openings or hazardous locations and there shall be at least three (3) feet of unobstructed space between the nearest point of said metering equipment and any obstructions.

- A. Metering for residences shall be installed on the outside of the building, not enclosed, and readily accessible for meter reading and maintenance. (See Section 5.4.7)
- B. Metering equipment for commercial and industrial service shall be installed on the outside of the building in accordance with Section 5.4.1.A (above) except where prior approval of other locations has been granted by Grant PUD.
- C. Metering equipment for Irrigation service shall be outside of any buildings and may be installed on Grant PUD's transformer pole when such installation will provide improved access to the metering. For underground secondary service fed directly from a pole, meter location shall not exceed 20' distance from pole.

#### **5.4.2 Meter Height Requirements**

Meter bases or meter enclosures shall be located at such a height that the center of the meter when installed will not be more than six (6) feet, nor less than five (5) feet above finished grade, an accessible permanent platform or landing; except as follows:

- A. Meters for a special application may be installed at a height of less than five (5) feet in power rooms, if installed in a factory-built, metal cabinet approved by Grant PUD before fabrication.
- B. Outdoor factory-built multiple meter load centers for multifamily apartment buildings having seven (7) or more meters may be installed with up to four (4) vertical rows of meter sockets. (See Section 5.4.6) Mounting height shall be established by consulting with Grant PUD before proceeding with each such installation. The Customer shall plainly and permanently mark each meter location designating the portion of the building it serves before the service is connected.
- C. Meter height shall be measured from finished grade in meter pole applications.
- D. Meters on underground systems may be installed less than five (5) feet above finished grade at pad-mount transformer locations or in pedestals approved for the purpose.
- E. Where a written variance has been obtained from Grant PUD.

#### **5.4.3 Line Side/Load Side Placement of Equipment**

Metering equipment shall be installed on the line side of the main service switch or service panel, except on multiple meter installations where a main disconnecting means is required by Code. When meters are installed on the load side of the main disconnect as indicated above, they shall be installed on the line side of the individual subservice disconnect. The meters shall be connected directly to the main disconnect or through a bus gutter suitable for sealing. The Customer shall plainly and permanently mark each meter location, designating the portion of the building it serves before the service is connected.

#### **5.4.4 Conditions Adversely Affecting Meters**

Meters shall be installed in locations free from vibrations, condensation, or where live steam or hot liquids are used. They shall not be installed where such conditions exist which would adversely affect their operation. Metering equipment shall be located so it will not be in the path of water from eaves, rainspouts, or drains.



#### **5.4.5 New Installation - Instrument Transformers**

On new installations, meters used in connection with instrument transformers shall not be separated from the instrument transformer enclosures by a wall or partition. Secondary circuits of instrument transformers shall not be run in the same conduit or raceway with any other circuits. (See 5.5.5)

#### **5.4.6 Placement of Meter Bases**

There shall be a minimum of four (4) inches clearance between the meter base and service switch enclosure and/or any physical obstruction which might interfere with the installation of the meter or use of a test jack in the meter base.

Where a subdivision of the service requires the use of more than one meter, the meters shall be grouped and the space between sockets shall be not less than three (3) inches. On initial construction ganged meter troughs having two (2) or more meter sockets should be the bussed type.

#### **5.4.7 Meter Violation**

When any changes, alterations, additions or obstruction are made on the Customer's premises resulting in violation(s) of these meter requirements, the Customer shall correct the violation(s) at his expense or pay a monthly meter obstruction fee until said violation is corrected, refer to fee schedule.

### **5.5 METERING EQUIPMENT**

#### **5.5.1 Standards for Metering Equipment**

Grant PUD establishes standards for metering equipment. The Customer's compliance with such standards shall be a condition of service.

#### **5.5.2 Power Factor Metering**

Grant PUD shall install reactive (Power Factor) metering on all Large Electric Service loads expected to operate such that the power factor will be below 95% lagging or leading. Nothing in the above shall preclude Grant PUD from installing reactive metering on any service, regardless of rate schedule or demand, when deemed necessary by Grant PUD. Meters for measurement of reactive power shall have registers for both leading and lagging power factors for the purpose of billing demand adjustments.

#### **5.5.3 Pulse Metering Data Connection**

Upon written request and execution of a letter agreement, Grant PUD will install and maintain Current Transformer (CT) metering, capable of KYZ output, as defined by Grant PUD Construction Standards for Industrial and Large General Customers subject to the following terms conditions:

- A. The Customer shall be responsible for paying in advance, all of Grant PUD's estimated costs for labor, materials, overheads and equipment needed for the installation and upon demand shall promptly reimburse Grant PUD for all repairs and maintenance costs incurred by it from time to time.
- B. Grant PUD will not synchronize the KYZ output to the meter demand timing.
- C. Grant PUD will retain ownership of all meters and equipment installed by it.
- D. The Customer shall be solely responsible for installation, operation, and maintenance of data logging equipment from Grant PUDs installed isolation relay(s). The Customer shall also provide voltage potential for the data logging equipment.
- E. The Customers communication equipment from the isolation relay(s) to the Customer's data logging equipment must be approved in advance by Grant PUD.
- F. Grant PUD shall have the right to work on the meter, including de-energization, without notice to or permission by the Customer. In the event the meter is removed and/or

replaced, Grant PUD may attempt, but will not guarantee, reconnection at the isolation relay(s).

- G. Grant PUD shall have no liability whatsoever or for any damages of any type to Customer resulting from or arising from the installation, operation or use of the KYZ output or from any malfunction thereof.

## **5.6 INTERCONNECTION OF CUSTOMER-OWNED NET METERING SYSTEMS**

Grant PUD will allow net metering systems meeting Grant PUD's Construction Standards to interconnect on a first-come, first-served basis to Grant PUD's distribution system under the following terms and conditions:

### **5.6.1 Application, Fees and Agreement**

Customer shall submit a Net Metering Application to Grant PUD prior to installing the generating facility along with an application fee, refer to fee schedule. Upon Grant PUD's approval of the Customer's Net Metering Application, Customer shall sign a Net Metering Interconnection Agreement. After Grant PUD's approval of the Net Metering Interconnection Agreement, Customer may at Customer's expense install the approved Net Metering System or modify as necessary or directed by Grant PUD Customer's generating facility in existence on Customer's property prior to the date these policies were enacted.

### **5.6.2 Certification of Completion**

Upon the Customer's completion of the Net Metering System installation or modification, the Customer shall submit to Grant PUD a Certificate of Completion on a form provided by Grant PUD. Such form shall include evidence of inspection and approval of the Net Metering System by the State Electrical Inspector. Interconnection work to Grant PUD's distribution system will commence following receipt of the Certificate of Completion.

### **5.6.3 Unauthorized Connections**

For the purposes of public and employee safety, any non-approved generation interconnections discovered will be immediately disconnected from Grant PUD's system.

### **5.6.4 Metering**

Grant PUD shall install a kilowatt-hour meter, or meters as the installation may determine, capable of registering the bi-directional flow of electricity at a level of accuracy that meets all applicable standards, regulations and statutes. If Grant PUD requires separate metering to measure the energy produced by the generating facility, such equipment shall be installed at the Customer's expense.

### **5.6.5 Future Modification or Expansion**

Prior to any future modification or expansion of the Customer-owned generating facility, the Customer will obtain Grant PUD approval. Grant PUD reserves the right to require the Customer, at the Customer's expense, to provide corrections or additions to existing electrical devices in the event of modification of government or industry regulations and standards.

#### **5.6.6 Grant PUD System Capacity**

The cumulative generating capacity of net metering systems shall be limited to 0.25% of Grant PUD's peak demand during 1996. Additionally, interconnection of Customer-owned generation to individual distribution feeders will be limited to 10% of the feeder's peak capacity. Additional generation interconnection to individual distribution feeders may be allowed beyond these stated limits at Grant PUD's discretion.

#### **5.6.7 Customer Owned Protection**

It is the responsibility of the Customer to protect their facilities, loads and equipment and comply with the requirements of all appropriate standards, codes, statutes and authorities. The Customer's Net Metering System must include, at the Customer's expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electrical Code (NEC), National Electrical Safety Code (NESC), the Institute of Electrical and Electronics Engineers (IEEE), Underwriters Laboratories (UL).

#### **5.6.8 Interconnection Costs**

Customer shall be responsible for all additional costs above and beyond the application fee, if any. Such costs will be based on actual costs, including overheads. For example additional costs may be incurred for transformers, production meters, and Grant PUD testing, qualification, and approval of non UL 1741 listed equipment.

## **6.0 METER READING, BILLING AND COLLECTING**

### **6.1 METER READING**

Meters will normally be read daily via advanced metering infrastructure.

If for any reason a reading cannot be obtained, the billing may be based on estimating energy use and demand, and subject to later correction.

Grant PUD's current technology has the ability to read, connect and disconnect meters remotely. The deployed technologies are Grant PUD's standards. If a Customer declines to adhere to Grant PUD's standards, refer to fee schedule and Opt-Out Agreement.

### **6.2 ADJUSTMENT OF BILLING ERRORS**

Grant PUD may adjust any billing when it has been determined that an error in billing has been made and a correction is in order. Grant PUD may revise such bill on the basis of the best evidence available.

If the billing error is favorable to the Customer, Grant PUD will credit or refund the Customer's account for overcharges back to the date of when the billing error occurred and up to the date of discovery of the billing error.

If the billing error is unfavorable to the Customer, Grant PUD will charge the Customer's account for undercharges to the date of when the billing error occurred or six years (whichever lookback period is shorter) up to the date of discovery of the billing error. Grant PUD may establish an interest-free monthly payment arrangement for the undercharged amount for a Customer with a financial hardship as a result of the billing adjustment. The term of the payment arrangement term will not exceed the number of months of the lookback period.

### **6.3 BILLING PERIODS**

The normal monthly billing period is 30 days. However, due to weekends and holidays, monthly billing periods may range from 26 to 34 days. Monthly charges for shorter or longer periods will be prorated on the basis that such fractional period bears to 30 days.

### **6.4 NON-METERED SERVICE**

Non-metered service may be supplied when the connected load is known and average monthly energy consumption can be accurately calculated.

### **6.5 DETERMINATION OF DEMAND**

Where Grant PUD rate is based on kW demand, the Metered/Billing Demand shall be calculated to the nearest thousandth (0.001) of a kW. Inaccurate demand readings caused by meter failure or loads with constantly changing demands may require the demand to be calculated by Grant PUD, taking into consideration installed capacity necessary to serve the load and abnormal effects on Grant PUD's system. Power factor metering data (if available) and/or the load history or load checks would also be used to compute the demand.

Grant PUD shall, if requested by Customer in advance, waive demand reads in one two-hour period for the sole purpose of Customer testing equipment. Grant PUD will not waive demand reads for this purpose more than one time in any 12-month period.

If monthly demand charges are based on Customer's highest demand, as provided by Grant PUD's then applicable rate schedule, a number of such recording periods equal to the first two hours following a system outage, not related to a failure in the Customer's Facility, shall be disregarded if noted by Grant PUD or if requested by the Customer.

**6.6 PAYMENT**

All monthly bills for service rendered and minimum charges are due and payable when rendered and become delinquent if not paid within 25 days.

**6.7 RETURN CHECK FEE**

A return check fee may be assessed to a Customer's account for which payment has been received by any check or legal tender which is subsequently returned to Grant PUD by the bank, refer to fee schedule.

**6.8 PAYMENT OPTIONS**

Customers may make payments to Grant PUD by cash, check, credit cards, debit cards, automated checking and savings account withdrawal and other Grant PUD approved electronic means.

**6.9 BUDGETPAY**

Rate Schedule 1 and 2 Customers may request to have BudgetPay. Monthly payments are due even if the account reflects a credit balance. BudgetPay accounts are subject to all other applicable articles of these policies. Copies of Grant PUD's level billing plan option is on file and is available upon request.

**6.10 LATE PAYMENT CHARGES**

If payment hasn't been received by Grant PUD on or before the due date, a late payment fee shall be assessed on the unpaid balances, refer to fee schedule.

**6.11 ACCOUNT SERVICE CHARGE**

During Grant PUD's normal business hours, an account service fee will be made for a service transfer or a turn on, refer to fee schedule.

**6.12 AFTER-HOURS FEE**

Any Customer requested service requiring Call Center service call-out (excluding power outages) outside of regular Call Center hours (visit [www.grantpud.org](http://www.grantpud.org) for listed hours) will incur an after-hours fee. Refer to fee schedule.

Any Customer requested service requiring an on-site service call-out (excluding power outage response) outside of normal work hours (6:00am and 4:00pm Monday – Thursday), an after-hours fee will be applied. Exceptions may apply on Friday's if service crews are scheduled to work. Refer to fee schedule.

**6.13 DEPOSITS**

Deposits may be required for Customers. If the Customer fails to comply with or make any of

the payments required by Grant PUD, or fails to maintain other security in lieu of a cash deposit the Customer will not be provided service or may be disconnected in accordance with Grant PUD's disconnect for non-payment policy. The full amount of the deposit, plus the disconnect for non-payment fee, will be required prior to turning the service back on.

#### **6.13.1 Current Credit Rating**

Credit activity for every Customer account is rated via a point system. Prior to any deduction, each account has a Current Credit Rating of 1,000. Credit activity at any service under the account may affect the credit point total.

Deductions will remain in effect for 12 months from the date incurred for Domestic Services and 18 months for all other services unless otherwise noted.

Customers will return to a credit rating score of 1,000 when all adverse credit activity deductions have expired according to the above schedule.

#### **6.13.2 Interest on Deposits**

Deposits will earn interest and will be calculated and accrued monthly. The applicable interest rate applied is available upon request.

### **6.14 NEW OR ADDITIONAL DEPOSIT REQUIREMENTS**

Grant PUD may require a new or additional deposit for Customers whose service(s) experience significant electrical load changes or develop credit problems.

#### **ADEQUATE ASSURANCE OF FUTURE PAYMENT**

When a Customer files a bankruptcy petition, the Customer's existing service(s) will be closed and new service(s) established. If any of the Customer's accounts are delinquent at the time of such filing, Grant PUD may require a new or additional deposit or other adequate assurance of future payment pursuant to 11 USC Section 366. Payment of the deposit or other assurance of future payment will be required within twenty (20) days of the date of the order for relief as provided in 11 USC Section 366.

### **6.15 TERMINATION OF SERVICE**

Upon termination of service, Grant PUD will refund to the Customer the amount currently on deposit plus accumulated interest after deducting all amounts due Grant PUD.

### **6.16 DELINQUENCY-DISCONTINUANCE OF SERVICE**

#### **6.16.1 Right to Disconnect**

The right to discontinue service when delinquent may be exercised whenever and as often as delinquency shall occur and neither delay nor omission on the part of Grant PUD to enforce this rule at any one or more times shall be deemed as a waiver of its rights to enforce the same at any time, so long as the delinquency continues.

Except where prohibited by law, Grant PUD reserves the right to refuse, to limit or to disconnect service to any Customer having a delinquent balance and may transfer the delinquent balance to the Customer's active account for collection purposes.

The Customer Service Representative may make payment arrangements with the Customer for a payment schedule for the bill. However, Grant PUD shall not be required to enter into a payment schedule with a Customer who has not fully and satisfactorily complied with the terms of a previous payment schedule.

**6.16.2 Due Process**

Except in the case of emergencies and exceptional circumstances, as determined by Grant PUD, notice will be given to the Customer or occupant warning of discontinuance of service to allow the opportunity for reconciliation of an account and cancel a disconnect for non-payment.

**6.17 DISCONNECT FOR NON-PAYMENT**

This section will apply to all disconnects for non-payment except as otherwise specified.

**6.17.1 Disconnect Fee**

Whenever service has been disconnected for non-payment or fraudulent use, a disconnect fee will be charged to the account, refer to fee schedule. The disconnect fee may be waived for Customers who under Washington law qualify for medical or public assistance and when reconnection payment is funded by a private, non-profit funding agency subject to 501(C)(3) tax exemption.

For re-connection outside of Grant PUD's normal business hours for services that have been disconnected for non-payment refer to Section 6.13.

**6.17.2 Moratorium**

Grant PUD's disconnect for non-payment policy is set forth in Section 6.18 and shall be subject to the requirements of RCW 54.16.285.

**6.18 LANDLORD/TENANT ARRANGEMENTS**

Landlords of rental residences may arrange with Grant PUD for service to the designated rental to remain energized and to be transferred to the landlord when tenants request termination of service by signing up for Landlord Service. The landlord shall be responsible for any basic charges and energy consumption prior to the transfer of the service to a new tenant.

In most cases where the Landlord is the Customer and requests termination of service to a rental residence or fails to pay for such service, Grant PUD may notify the tenant by hanging a door tag stating that the tenant has five (5) days to put the account into their name and the Landlord will be assessed a fee, refer to fee schedule. Requests for termination of utility service by a landlord, for the purpose of evicting a tenant, is prohibited by RCW 59.18.300.

**6.19 ELIGIBILITY FOR SPECIAL LOW INCOME RATE DISCOUNTS**

Grant PUD offers a Low-Income Senior Citizen rate discount and a Low-Income Disabled rate discount for qualifying residential Customers as defined in Rate Schedule 1.

To be eligible for either of these rate discounts, the total household income including Customer's spouse or co-tenant(s) must be equal to or less than 200% of the poverty guidelines as updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).

Eligibility requirements for low-income rate discounts are as follows:

- A. **LOW-INCOME SENIOR CITIZEN DISCOUNT:** In addition to meeting the household income eligibility criteria as stated above, Customer must be 62 years or older prior to or

during the month in which the discount will be applied.

- B. **LOW-INCOME DISABLED DISCOUNT:** In addition to meeting the household income eligibility criteria as stated above, Customer must obtain certification from a Physician or Mental Health Professional that Customer meets the disability criteria defined in RCW 74.18.020, RCW 71A.10.020 or RCW 46.16.381. Such certification must be on Grant PUD's approved form.

Only one low-income rate discount shall be applied to Customer's account regardless of whether they qualify for both rate discounts. Rate discounts will be applied only to the residential service serving as the Customer's primary dwelling. Eligibility will be verified in writing by either Grant PUD staff, Department of Social and Human Services or other Grant PUD-approved assistance agency.

Changes in the customers income or location will require reverification of the eligibility requirements. The low-income discount rate shall expire, three (3) years from the date the discount was applied but may be allowed to continue for additional three (3) year periods provided the customer provides reverification of the eligibility requirements. Customers unable to verify eligibility requirements within 30 days of Grant PUD's request or upon expiration of the discount will be removed from the rate discount program.

Grant PUD reserves the right to schedule a no cost home energy assessment at the premise where the discount is applied. If the customer refuses the home energy assessment, the customer discount will be removed within 30 days upon failure to allow the assessment.

## **6.20 NET METERING BILLING**

Pursuant to RCW 80.60.030, Customers participating in Grant PUD's Net Metering Program shall be billed and credited in accordance with the following:

- A. Grant PUD shall measure the net electricity produced or consumed by the Customer during each billing period, in accordance with normal metering practices.
- B. If the electricity supplied by Grant PUD exceeds the electricity generated by the Customer and fed back to Grant PUD during the billing period, or any portion thereof, then the Customer shall be billed for the net electricity supplied by Grant PUD together with the appropriate Basic charge paid by the Customers in the same rate class.
- C. If the electricity generated by the Customer and distributed back to Grant PUD during the billing period, or any portion thereof, exceeds the electricity supplied by Grant PUD, then the Customer shall be:
  - 1. billed for the appropriate Basic charge or minimum charge as other customers in the same rate class for that billing period; and
  - 2. credited for the net excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on Customer's bill for the following billing period
- D. On March 31st of each calendar year, any remaining unused kilowatt-hour credit accumulated by the Customer during the previous year shall be granted to Grant PUD, without any compensation to the Customer.
- E. Customer shall pay any amount owing for electric service provided by Grant PUD in accordance with applicable rates and policies. Nothing in this Section shall limit Grant PUD's rights under applicable Rate Schedules, City Ordinances, Customer Service Policies, and General Provisions.



**6.21 RENEWABLE ENERGY SYSTEM COST RECOVERY**

Customers participating in Grant PUD's Net Metering Program may be eligible each fiscal year for an investment recovery incentive for each kilowatt-hour generated by the Customer provided Customer complies with RCW 82.16.120.

**7.0 STREET LIGHTING SERVICE**

**7.1 AVAILABILITY**

Street Lighting Service will be made available in accordance with Rate Schedule 6, Street Lighting Service and the terms and conditions of these Customer Service Policies, as they now exist or may be hereafter amended.

**7.2 SPECIFICATIONS**

For qualified applicants, Grant PUD will provide and install a system of unmetered street lighting facilities for dusk to dawn operation. Conventional Street Lighting consists of overhead or underground conductors with mast arms and luminaries mounted on wood, concrete, or metal poles. Decorative Street Lighting units consist of a decorative post and two decorative arms, each with a single acorn globe. Modified arm units consist of two decorative arms, each with a single acorn globe, modified to fit on existing street light standards. When streetlights are installed, the Customer shall pay a monthly charge based on the facilities provided as specified in Rate Schedule 6.

**7.3 LINE EXTENSION POLICY - STREET LIGHTS**

Grant PUD will construct and supply the necessary lighting equipment to include single-phase transformers and secondary voltage facilities to effect delivery of street lighting service upon written request and authorization from qualifying customers. Primary facilities that do not qualify as an Area Feeder and are installed by Grant PUD to provide power for the aforementioned secondary facilities, shall be provided in accordance with Line Extension Policy, Section 4.0 and the appropriate Line Extension Fee paid by the Customer.

**7.3.1 Underground Service to Street Lights**

Underground Service will be provided where practicable. The Customer is responsible for trenching, conduit, sand bedding and backfilling. For decorative street lighting, the Customer shall also supply and install any mounting bases required. If Grant PUD provides the trenching, the full cost will be charged to the Customer at the time of construction.

**7.4 TERMINATION OF SERVICE**

The Customer shall continue to pay for service to all types of streetlights until such time as a written request for termination, signed by an authorized individual, is received by Grant PUD. Upon termination the Customer shall pay a Termination Charge reduced by; (a) 20% for Conventional Street Lighting; or (b) 5% for Decorative Street Lighting, for each full twelve (12) month period since installation of the facilities.

**7.5 CONTINUITY OF SERVICE**

Grant PUD does not guarantee continuity of service and shall not be liable for any interruption of street light service or damage resulting therefrom which is caused by vandalism, normal equipment failure, accidents, acts of God, unavailability of power supply to meet Grant PUD's load requirements, the necessity for making repairs or changes in Grant PUD's equipment and facilities, or by any other cause reasonably beyond Grant PUD's control.

Grant PUD has determined it is not cost effective or practicable to patrol at night to find streetlights that are not functioning properly and/or are damaged. Because of this Grant PUD depends on the Customer and the general public to notify Grant PUD that streetlights are not functioning properly

and/or are damaged. Grant PUD will, within a reasonable time after notification, make necessary repairs to restore street lighting service.

**8.0 LARGE POWER CUSTOMER ELECTRIC SERVICE ABOVE 500 KW/KVA**

Customers with loads in excess of 500 kW/kVA are considered Large Power Customers and can take Electric Service from Grant County PUD under the following Rate Schedules:

Rate Schedule 7	Large General Service
Rate Schedule 14	Industrial Service
Rate Schedule 15	Large Industrial Service
Rate Schedule 16	Agricultural Food Processing Service
Rate Schedule 17-B	Evolving Industry Service
Rate Schedule 85	Agricultural Food Processing Boiler Service
Rate Schedule 94	New Large Load Service

Rate Schedules can be found at [grantpud.org](http://grantpud.org).

A Large Power Customer’s presence on Grant PUD’s Electric System has material impacts on it. In addition to design considerations for deliverability of large amounts of Electric Power, there are also rate impacts caused by the magnitude of capital and incremental O&M required to connect and serve Large Power Customers. This Section 8 describes the policies that shall be used to implement the Large Power Customer Rate Schedules including mitigating the shifting of long- term costs to other Rate Schedules.

**8.1 NEW LARGE ELECTRIC SERVICE**

Those desiring Electric Service in excess of 500 kW/kVA on Grant PUD’s Electric System must provide Grant PUD a completed Large Electric Service Application along with a nonrefundable application fee (see Grant PUD’s Fee Schedule). Applications for non-Evolving Industry uses shall be placed into the “Large Electric Service Queue” and processed prior to the Evolving Industry Queue.

Applications submitted for Evolving Industry uses as defined per Rate Schedule 17, shall be placed into a separate queue (Evolving Industry Queue) on a first-come-first-served basis. The Evolving Industry Queue is independent of the Large Electric Service Queue for all other Rate Schedules. The Evolving Industry queue shall be processed after the Large Electric Service Queue is processed, unless the Evolving Industry Customer’s requests coincides with a Large Electric Service Queue expansion or study.

**8.2 CUSTOMER RESPONSIBILITIES**

The Customer shall work with Grant PUD staff to identify Facilities Customer may construct for itself or Grant PUD for the delivery of Electric Power. Grant PUD requires the Customer comply with all applicable Grant PUD standards, laws, codes and regulations when constructing Facilities and allow Grant PUD to approve and inspect Metering Facilities and the first Customer Facility protective device beyond the Demarcation Point.

The Customer shall also provide the appropriate transfer(s) of property and the appropriate rights and easements to Grant PUD to allow it to construct and operate Grant PUD Facilities required to provide Electric Service to the Customer.

### **8.3 FACILITIES**

Grant PUD will generally supply Large Electric Service requests of 2000 kW/kVA and below at three phase secondary voltage. Grant PUD's standard secondary nominal voltages are 120/208V and 277/480V. Industrial customers requesting Electrical Service above 2000 kW/kVA shall be provided primary voltage metered service at nominal 13.2kV three phase.

Unless otherwise agreed to in writing between Grant PUD and the Customer, Grant PUD will establish the Demarcation Point.

### **8.4 CUSTOMER CONTRIBUTION FOR CONNECTION**

Grant PUD shall perform the necessary studies to determine what Facilities need to be constructed, reconfigured, upgraded or refurbished as the Large Electric Service Application moves through the queue. Upon completion of the studies the Customer shall be briefed on the results of such studies and the amount of a Customer Contribution shall be estimated.

Assuming the Customer wishes to continue, it shall execute an agreement that includes the details for the Facilities Plan, provisional power, design, and proposed schedule along with the Customer Contribution amount ("Facilities Agreement"). The Customer Contribution is calculated to prevent the shifting of long-term costs within a rate class or group or to other rate classes or groups.

The Customer Contribution is calculated by Grant PUD staff. Customers requiring 20 MVA or less use a prescriptive method to calculate the Customer Contribution. Customers requiring more than 20 MVA of new service require more detailed study.

Should the Customer cancel the project, a portion or all of the Customer Contribution may be returned to the Customer provided that the refunding does not, in Grant PUD's sole discretion, shift costs to others.

### **8.5 REDUNDANT FACILITIES**

Prudent utility practice ensures that Facilities are adequate to provide Electric Service to Customers safely, reliably and cost effectively but does not provide redundancy to any particular Customer. If the Customer has a need for a greater level of redundancy than provided by Grant PUD, it can request such redundancy for its Electric Service. Any Facilities provided by Grant PUD to increase redundancy shall in no way modify or alter Grant PUD's obligations or limitations of liability provided in Section 2.

Because redundant facilities are by definition unloaded and available for use at any time, the Customer Contribution required to avoid shifting costs to others may be significant. The Facilities Agreement associated with redundant Electric Service shall specify the required Customer Contribution. If Grant PUD, in its sole discretion, identifies that there are on-going operating costs that need to be recovered related to the redundant unloaded facilities, it shall work with the Customer to identify such costs and establish a Rate Schedule or execute contracts to provide payment to prevent shifting long-term costs to others.

Redundant Electric Service Facilities fall into three broad categories as described below.

#### **8.5.1 Redundant Distribution**

Includes the provision of a second distribution feeder to serve the Customer's Facilities. Redundant distribution may or may not come from two different substations.

#### **8.5.2 Redundant Transformer**

Provides additional substation capacity through additional unloaded equipment such that the

failure of one transformer will not cause the Customer an Electric Service interruption. Redundant transformers may or may not be in the same substation.

**8.5.3 Redundant Transmission**

Consists of an alternate source of transmission connected to a substation or substations where the alternate source comes from a different transmission yard breaker.

**9.0 EVOLVING INDUSTRY**

To retail Customers whose load activity and/or industry meets the requirements of an Evolving Industry (EI Criteria).

**9.1 RISK CONSIDERATIONS FOR INCLUSION**

**9.1.1 Concentration Risk**

Potential for significant load concentration within Grant PUD's service territory resulting in a meaningful aggregate impact and corresponding future risk to Grant's revenue stream. Evaluation would begin to occur when industry concentration of existing and service request queue customer loads exceeds 5% of Grant PUD's total load and service request queue.

**9.1.2 Business Risk**

The risk of stranding Grant PUD assets constructed to serve a Customer or causing unrecoverable costs due to cessation or significant reduction of electric consumption arising from an Industry's general business environment.

**9.1.3 Regulatory Risk**

Risk of detrimental changes to regulation with the potential to render the industry inviable within a foreseeable time horizon.

**9.2 PERIODIC REVIEW BY ASSESSMENT TEAM**

At least every two years a team will review which Customers, customer types, or uses of electricity are to be included in the Evolving Industry Rate Class. The Evolving Industries Assessment Team shall use prudent business and utility practices to establish criteria and classify load activities and industries as belonging to the Evolving Industry Rate Class.

The Evolving Industry Assessment Team shall include Grant PUD staff representing the following departments and sections (or their successors) of Grant PUD:

- A. Large Power Solutions
- B. Customer Solutions
- C. Engineering
- D. Rates & Pricing
- E. Finance/Accounting

The Evolving Industry Assessment Team shall be selected by the PUD's executive management.

Grant PUD posts the list of Industries or Identified Uses that qualify for Rate Schedule 17 on its website at [www.grantpud.org](http://www.grantpud.org).

The Evolving Industry Assessment Team shall review and value the costs and risks associated with serving Evolving Industries and provide any recommended changes to the Commission. Risk elements considered include, but are not limited to, future transmission requirements, impact to Grant PUD equipment, increased power supply cost risk, and potential stranded asset risk.

**9.3 INCLUSION IN THE EVOLVING INDUSTRY RATE CLASS**

A load activity and/or industry shall be included in the Evolving Industry Rate Class if it meets the

criterion of section 9.1.1., Concentration Risk, and also meets the criteria of either section 9.1.2. or section 9.1.3., Business Risk and Regulatory Risk, respectively.

A load activity and/or industry shall be removed from the Evolving Industry Rate Class if and only if it no longer meets the criteria of 9.1.2. and 9.1.3.

#### **9.4 RATE 17 DESIGN**

Rate Schedule 17 is designed to consider risks associated with the Evolving Industry class in order to minimize cost shifting to other Customer classes.

Rate 17 includes factors common to any Customer class such as allocated operating and capital costs, a risk premium, and any Commission policy direction applicable to Rate 17 that may include specific additional charges or adders. The risk premium portion of the rate may include but not be limited to risks such as future transmission / infrastructure requirements, loading and utilization of Grant PUD equipment, potential increase or additional volatility in power supply cost, risk of under or unutilized (stranded) assets, and future revenue volatility or loss.

The risk component of Rate Schedule 17 will be reviewed at least every two years and may be adjusted up or down by the Commission in accordance with changes to the risk profile.

#### **9.5 COMMISSION REPORTING**

When the Evolving Industry Assessment Team determines that an industry meets the Rate 17 criteria, staff will provide a memo for Commission review and action. Likewise, when staff determines that an industry no longer meets the criteria of Rate 17, staff will provide notice to the Commission for Commission review and action. The memos are part of the public packet posted to Grant PUD's website. Customers and stakeholders may comment to the Commission in public session regarding the change.

The Evolving Industry Assessment Team will also at least every two years update the Commission, independent of whether or not any changes are being made to the Evolving Industry Rate class, with a summary of the evaluation of the risk premium of Rate Schedule 17. Based upon this information the Commission will consider the need for rate changes and may modify Rate 17.

#### **9.6 APPLICATION AND QUEUE**

Customers desiring to apply for new or increased service shall apply as described in Section 2.7 and Section 8.1 of this Customer Service Policy.

#### **9.7 ATTESTATIONS**

Any new or existing customers placed under the Evolving Industry Rate Schedule 17 shall provide an attestation demonstrating they do not qualify or meet the criteria to be served under this rate schedule as a condition of Grant PUD to provide Electric Service under a different rate schedule.

Once established, if a Customer changes its business such that it no longer meets the Rate Schedule 17 Evolving Industry criteria, the customer may be required to affirm their attestation that they are not participating in an Evolving Industry and no load on its Premises is participating in any Evolving Industry. If a customer changes its business such that it does meet the Rate Schedule 17 Evolving Industry criteria the customer is required to inform the PUD of the change in status. Failure to inform the PUD may result in penalties as described in section 9.8.

#### **9.8 LOAD SPLITTING AND METERING**

If residential Customers on Rate Schedule 1 are participating in an Evolving Industry or plan to



participate in an Evolving Industry, the entire load at that Premises will be billed in accordance with Rate Schedule 17. Grant PUD, in its sole discretion, may allow the Customer to split the loads provided however, the customer is required to reimburse Grant PUD for all costs associated with providing the additional metering.

If a Large Power Customer has a portion of their load that qualifies for Rate Schedule 17, Grant PUD, in its sole discretion, may allow the Customer to split the loads provided however, the customer is required to reimburse Grant PUD for all costs associated with providing the additional metering.

## **9.9 DETECTION AND ENFORCEMENT**

The PUD shall monitor Customers in the normal course of business just as it does for diversion of service and unsafe conditions. Grant PUD will use various means it has available to collect information and make observations about its Customers to ensure each Customer is on the correct Rate Schedule.

Industries tend to have similar usage patterns which may identify certain Premises where a change of Rate Schedules would be appropriate. Grant PUD shall reconfirm the self-attestation made by the Customer.

Grant PUD will make reasonable efforts to contact the Customer and discuss Grant PUD's findings and shall ask the Customer for assurances that they are not participating in the Evolving Industry. Should the Customer refuse to provide adequate assurances that it is not participating in an Evolving Industry, Grant PUD shall assume the Customer is participating in the Evolving Industry and convert the Customer to Rate Schedule 17 until the Customer ceases to participate in the Evolving Industry or demonstrates that it is not.

## **9.10 PENALTIES**

Grant PUD has the authority to enforce its Rate Schedules and intends to do so to the full extent allowed by the law. Customers found to have knowingly deceived and/or found to have been charged under an incorrect Rate Schedule based on Customer representations will be processed the same way as diversion in Section 2.15 of this Customer Service Policy and subject to penalties. Grant PUD reserves the option to assess damages from the date Grant PUD estimates the customer's Rate Schedule should have changed, as allowed in Section 2.1.2, and pursue any uncollected applicable charges.

## **9.11 INFORMAL CONFERENCE / HEARINGS**

Customers who have a dispute regarding the application of this Customer Service Policy may request an informal conference as described in Section 2.16 herein. If the Customer wishes to pursue the matter further, Section 2.16 also describes how to request a hearing.

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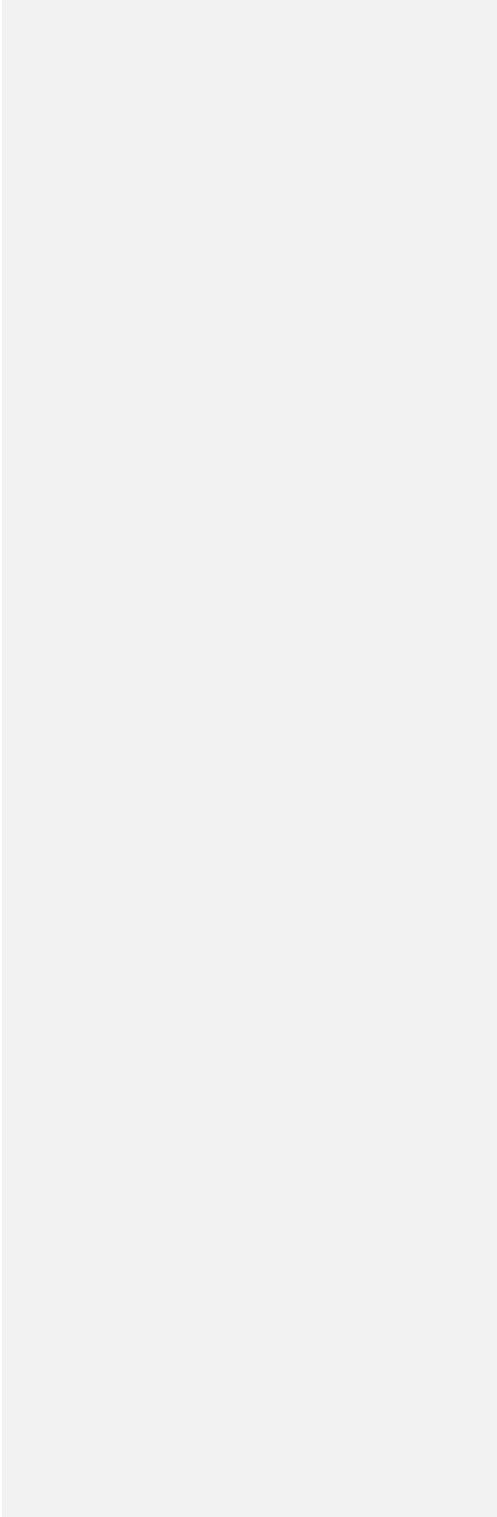
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Rev. 4/1/2023  
Rev. 04/23/19

CUSTOMER SERVICE POLICIES  
PUBLIC UTILITY DISTRICT NO. 2  
OF GRANT COUNTY, WASHINGTON

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**1.0 PREAMBLE**

These Customer Service Policies ("CSP"s) have been adopted by Public Utility District No. 2 of [Grant County](#), Washington ("District" or "Grant PUD") in accordance with [the DistrictGrant PUD's](#) mission, vision and values. The CSP is subject to revision by Grant PUD Board of Commissioners (Commission) at any time to meet these objectives. These policies are to serve as a guide to the employees of Grant PUD to provide the best possible service to our customers using uniform and equitable consideration. Construction details and specifications will conform to current state and national regulations governing such matters and are intended to comply with any state, regional, and local statutes. The CSP shall be considered to be amended whenever a law, regulation, statute, ordinance or equivalent changes so as to comply with such change until the CSP is updated.

Grant PUD reserves the right to disconnect the supply of electric energy, capacity, and ancillary services in the event the Customer fails to comply with any policies, provisions or any agreement the Customer has with Grant PUD. Service may be disconnected by [the DistrictGrant PUD](#) at any time to prevent fraudulent use or to protect its property.

Grant PUD encourages and invites public input regarding [DistrictGrant PUD](#) Rate Schedules and policies. Grant PUD will make reasonable efforts to notify the public of changes to the CSP. Such notification may include press releases, public announcements, notices with Customer billings, or posts on Grant PUD's website. Agenda information and commission meeting schedules can be found at [grantpud.org](#).

1.1 DEFINITION OF TERMS

The following terms shall have the meanings as defined below:

<u>Term</u>	<u>Definition</u>
<u>Account</u>	<u>The physical premises and Meter or Metering Point record plus the measurement, billing and payment information and other data associated with the Electric Service provided to the Customer at the Premises.</u>
<u>Area Feeder</u>	<u>A primary distribution circuit constructed to provide for general area load growth and system reliability, the cost of which is borne entirely by Grant PUD and included in Grant PUD's rate base. (See Section 4.10.1)</u>
<u>Backbone Facilities</u>	<u>Those facilities within a subdivision required to provide Electric Power to the property line of each lot or tract. Said facilities include transformers when multiple lots or tracts are to be served from a single transformer and the location of transformers can be established at the time Backbone Facilities are installed.</u>
<u>Billing Demand</u>	<u>The billing determinant for capacity that uses the highest kW demand after adjusting for Power Factors below 95%. Can be based on the metered kWh, computed, or fixed monthly amount.</u>
<u>Billing Determinant</u>	<u>The unit used to calculate a bill such as kilowatt-hours.</u>
<u>Connection Point</u>	<u>The designated point on the Customer's property where their secondary service is connected to Grant PUD's facilities. This would be at the weatherhead for an overhead secondary service and at a secondary termination point (moped/pedestal/vault/transformer) for an underground service.</u>
<u>Construction Temporary Service</u> <u>Complex Line Extension</u> <u>Billing-Determinant</u>	<u>A temporary service providing power to a construction site for a limited period of time. Any line extension requiring the outlay of materials and labor in excess of the limitations of a Simple Electric Service Extension shall be considered a Complex Line Extension. These extensions require an electrical design prior to construction and may involve right of way requirements in excess of those provided for by the Electric Service Connection Agreement. The unit used to calculate a bill such as kilowatt-hours.</u>

Field Code Changed



Term	Definition
<u>Construction Power</u> <u>Complex Line Extension</u>	Electric Power delivered to the Customer for the purpose of operating temporary heating and cooling equipment, tools, lights, and other applications solely for the purpose of constructing the Customer's Facilities. This is a non-metered Electric Service and Customers are not allowed to use Construction Electric Power for commissioning or limited operations. Any line extension requiring the outlay of materials and labor in excess of the limitations of a Simple Electric Service Extension shall be considered a Complex Line Extension. These extensions require an electrical design prior to construction and may involve right of way requirements in excess of those provided for by the Electric Service Connection Agreement.
<u>Construction Temporary Service</u> <u>Construction Power</u>	A temporary service providing power to a construction site for a limited period of time. Electric Power delivered to the Customer for the purpose of operating temporary heating and cooling equipment, tools, lights, and other applications solely for the purpose of constructing the Customer's Facilities. This is a non-metered Electric Service and Customers are not allowed to use Construction Electric Power for commissioning or limited operations.
<u>Construction Temporary Service Fee</u> <u>Construction Temporary Service</u>	The fee paid for a Construction Temporary Service for a limited period of time. <b>The fee paid for limited capacity Electric Service for unmetered construction power as determined by Grant PUD, for a limited period of time. A temporary service providing power to a construction site for a limited period of time.</b>
<u>Customer Construction Temporary Service Fee</u> <u>Construction Temporary Service Fee</u>	Any individual, group, partnership, corporation, firm or government agency who has applied for or is accepting <u>Electric and Fiber services from Grant PUD.</u> <b>The fee paid for a Construction Temporary Service for a limited period of time. The fee paid for limited capacity Electric Service for unmetered construction power as determined by Grant PUD, for a limited period of time.</b>
<u>Customer Contribution</u> <u>Customer</u>	An amount paid by a Customer that is adding incremental load to Grant PUD's Electric System which reduces or eliminates the shifting of long-term costs to other Customers or Customer classes for the provision of Electric Power to the new load. Any individual, group, partnership, corporation, firm or government agency who has applied for or is accepting <u>Electric Service from Grant PUD.</u>

**Commented [KW1]:** should this be expanded to Fiber? or remove Electric to include any Service?

**Commented [CW2R1]:** I agree. Propose dropping Electric

**Commented [JAC3]:** I would suggest using the term "utility service"

**Commented [KW4]:** should this be expanded to Fiber? or remove Electric to include any Service?

**Commented [CW5R4]:** I agree. Propose dropping Electric

**Commented [JAC6]:** I would suggest using the term "utility service"

<u>Term</u>	<u>Definition</u>
<u>Demarcation Point</u> <u>Customer- Contribution</u>	<u>A designated point on the Customer's property, at which Grant PUD's Facilities end and the Customer's Facilities begin, location established for the purpose of construction to define where the Grant PUD's circuit and the customer's circuit are interconnected. For an overhead system, the demarcation point is the splice point just outside the customer's service mast or a temporary meter socket. For underground service, the demarcation point is the first secondary connection on the customer's property either at a padmount transformer, secondary handhole, secondary pedestal or a meter socket. Demarcation only applies to construction. Once a service is activated, a service point is established which defines control. An amount paid by a Customer that is adding incremental load to Grant PUD's Electric System which reduces or eliminates the shifting of long-term costs to other Customers or Customer classes for the provision of Electric Power to the new load.</u>
<u>Distribution System</u> <u>Demarcation- Point</u>	<u>That part of Grant PUD's Facilities operated nominally at 13.2 kV and 12.47 kV voltage levels and used to distribute and deliver Electric Power to the Demarcation Point. The designated connection point, on the Customer's property, at which Grant PUD's Facilities end and the Customer's Facilities begin.</u>
<u>Domestic Electric Service or Domestic Service</u>	<u>Single phase electric connection to Grant PUD's Distribution System for deliveries of Electric Power under a Rate Schedule exclusively to single family dwellings, individual apartments, condominiums and farms.</u>
<u>Effective Electric Service Date</u>	<u>The date upon which a Customer accepts delivery of Electric Power under a Rate Schedule at the Account Premises by having the power turned on (made available) and the service placed in or transferred to their name.</u>
<u>Electric Power</u>	<u>The physical electric energy and capacity provided by Grant PUD, including all ancillary services, independent of the Rate Schedule under which the Customer is receiving Electric Service.</u>
<u>Electric Service</u>	<u>Electric Power delivered to a Customer under a Rate Schedule.</u>
<u>Electric Service Connection Agreement</u>	<u>An agreement between Grant PUD and the Customer, which must be signed by the Customer when applying for a Line Extension from Grant PUD.</u>
<u>Electric Service Suspension Notice</u>	<u>A reminder letter, sent separately from the billing statement, to inform Customers of past due amounts and provide instructions to prevent their service from being disconnected for non-payment.</u>
<u>Electric System</u>	<u>Grant PUD's infrastructure used to generate, transmit, and deliver Electric Power to its Customers.</u>
<u>Estimated Extension Cost</u>	<u>The estimated cost, based on current Grant PUD standard unit values, for a line extension. The estimate includes all material, labor, transportation, and applicable overheads with credit for any salvage.</u>
<u>Evolving Industry</u>	<u>Evolving Industry (or EI) is the class covered by Rate Schedule 17.</u>
<u>Facilities Plan</u>	<u>The document that contains detailed information about the electric Facilities Grant PUD is constructing intended to deliver Electric Power to a Customer.</u>

<u>Term</u>	<u>Definition</u>
<u>Facility or Facilities</u>	The physical land, equipment, wire, cable and appurtenances in a location or a group of locations.
<u>False Call Fee</u>	<b>A charge paid by a customer that requests Grant PUD service and is not prepared when Grant PUD arrives on site at the requested timeframe.</b>
<u>Fiber Subscriber</u>	A person or entity that is receiving access to Telecommunication Services from a Service Provider.
<u>Grant PUD Construction Standards</u>	A set of rules, drawings, guidelines, and specifications for construction of Electric Power Facilities, established by the Grant PUD Standards group. These standards secure uniform construction methods, optimize safety, serviceability, appearance, and economy and comply with or exceed local, state and federal regulations.
<u>Hearing Officer</u>	Commission-appointed person responsible for adjudicating contested bills not resolved to the Customer's satisfaction working through the Customer Care Team(s).
<u>Identified Uses</u>	The industry, functions, applications or uses included in Rate Schedule 17 as determined by the Rate Schedule 17 review process.
<u>Industry</u>	Grant PUD classifies industries based on activities that represent a means of production, target a market, produce a product and/or provide a service. Activities are grouped together such that the risk characteristics of the grouped activities are similar and can be analyzed as a single industry. It is possible for a Customer to participate in multiple Industries.
<u>Irrigation Electric Service</u>	Electric Service used specifically for irrigation, orchard temperature control or soil drainage loads only not exceeding 2,500 horsepower. Electric Power delivered under the Irrigation Rate Schedule(s) may only be used as described in the Rate Schedule including any supporting ancillary equipment needed.
<u>Large Electric Service</u>	Electric Service provided to Large Power Customers.
<u>Large Electric Service Application</u>	Application form for Large Power Customers (available at <a href="http://grantpud.org">grantpud.org</a> ) used to request new or additional Electric Service from the Grant PUD. While all Customers are required to inform Grant PUD of all material load changes, Large Power Customers must use this form to inform Grant PUD.
<u>Large Power Customer</u>	Customers with electric loads exceeding 500 kW/kVA who accept Electric Power under a Rate Schedule 7, 14, 15, 16, 17, 85, 94 or a written agreement for Electric Power deliveries with Grant PUD that is not delivered under a current Rate Schedule.
<u>Line Extension</u>	Any customer projects requiring the outlay of materials and labor in excess of the limitations of a Simple Electric Service Extension shall be considered a Line Extension. These extensions require an electrical design prior to construction and may involve right-of-way requirements in excess of those provided for by the Electric Service Connection Agreement. Facilities that are designated as part of an Area Feeder are not included in the definition of Line Extension.
<u>Line Extension Fee</u>	The applicable Customer paid fees for a Line Extension. (Refer to Section 4.5.1.)
<u>Net Metering Application</u>	The application provided by the Customer to Grant PUD, on Grant PUD's form, which provides the design of the Net Metering system and initiates the interconnection process.

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<u>Term</u>	<u>Definition</u>
<u>Net Metering Interconnection Agreement</u>	An agreement provided by Grant PUD to the Customer setting forth the terms and conditions for allowing a Customer to interconnect an energy producing Customer-owned resource. Customers may not connect a Net Metering System without written approval by Grant PUD and execution of a Net Metering Interconnection Agreement.
<u>Net Metering System</u>	As defined in RCW 80.60.010, means a fuel cell, a facility that produces electricity and used and useful thermal energy from a common fuel source, or a facility for the production of electrical energy that generates renewable energy, and that: (a) Has an electrical generating capacity of not more than one hundred (100) kilowatts; (b) Is located on the customer-generator's premises; (c) Operates in parallel with the electric utility's transmission and distribution facilities; and Is intended primarily to offset part or all of the customer-generator's requirements for electricity.
<u>New Large Load</u>	An increase of any load(s) over 10 average MW of a Customer's annual average load (average MW) above the Customer's highest annual average load since 2010.
<u>Orchard Temperature Control</u>	Frost control fans or pumps used in the heating or cooling of orchards.
<u>Ownership Costs</u>	A monthly charge required to be paid by the Customer for Non-Permanent service. The charge reflects costs associated with Grant PUD owning, operating and maintaining the Non-Permanent facilities. This charge is for use of the facilities only and does not include Electric Service. The charge is calculated using standard Grant PUD accounting practices.
<u>Premises</u>	The building and land that constitutes the location where a Customer will be accepting Electric Power under a Rate Schedule and this Customer Service Policy. Premises is both singular and plural.
<u>Rate Schedule</u>	Any Commission approved method to calculate a Customer's bill for Electric Service for a given time frame, determined by service dates. The methods describe the billing components such as minimum fees, basic charges, cost of the various billing determinants such as energy use and billing demand. Rate Schedules can be found at <a href="http://grantpud.org">grantpud.org</a> .
<u>Renewable Energy</u>	As defined in RCW 80.60.010, means "energy generated by a facility that uses water, wind, solar energy, or biogas from animal waste as a fuel".
<u>Secondary Service</u>	The wire providing service from the Connection Point to a Customer's meter.
<u>Simple Service</u>	Any Customer project that only requires a Customer's secondary service wire to be connected to Grant PUD's existing facilities. This would include any inspections needed as well as making the final connection and setting the meter. <del>Limitations for maximum distances between Grant PUD's existing facilities and the Demarcation Point are available by request.</del>
<u>Simple Service Fee</u>	A Customer paid charge that is collected for a Simple Service.
<u>Start of Electric Service</u>	The date and time when a Customer starts accepting deliveries of Electric Power under an approved Rate Schedule.

Commented [RC7]: "Energy producing devices" would include generators, which is not the purpose.

<u>Term</u> <u>Term</u>	<u>Definition</u> <u>Definition</u>
<u>Termination Charge</u>	A Customer paid amount to reflect the Grant PUD's costs to remove Line Extension Facilities no longer being used by the Customer. The amount to be paid by the Customer shall reflect the cost of labor to remove the Line Extension plus a pro-rated portion of any unsalvageable equipment and materials.
<u>Up and Down Charge</u>	Customer paid amount for Grant PUD to providing install or construct non-permanent Facilities for the delivery of Electric Service on short-term, interim or provisional basis. The charge shall be based on all
<u>VAR</u> <u>kVAR</u> <u>MVAR</u>	A technical term that refers to the component of the Electric Power that is not used to perform work such as rotating the shaft of an electric motor but provides the component that maintains voltage and provides the magnetic field required to turn an Electric motor's shaft. Sometimes this term is also referred to as 'reactive power'. The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kVAR means kilovolt-ampere reactive and MVAR means megavolt- ampere reactive.
<u>VARh</u> <u>kVARh</u> <u>MVARh</u>	The amount of reactive power, measured in VAR delivered in one hour. The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kVARh means kilovolt-ampere reactive hour and is often used to calculate Billing Determinants by Grant PUD and MVARh means megavolt-ampere reactive hour, more commonly used in wholesale electric markets.
<u>Volt-ampere (VA)</u> <u>(kVA, MVA)</u>	The product of the current and voltage of a load. Represents the total burden the load places on the Electric System. Often referred to as 'apparent power' it is generally the limiting characteristic of Facilities. The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kVA means kilovolt-ampere and MVA means megavolt-ampere.
<u>Watt</u> <u>kW</u> <u>MW</u>	The measurement of power in the International System of Units (SI) the equivalent of horsepower in the English measurement system. Watts are the component of volt-amperes that perform work such as rotate the shaft of an electric motor or produce light from a light bulb. The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kW means kilowatt and MW means megawatt.
<u>kWh</u>	Kilowatt-hour and is the most common billing determinant used by Grant PUD representing the amount of Electric Power, measured in thousands of watts delivered in one hour. The prefix k stands for one thousand (1,000).

Term	Definition
<b>Distribution System</b>	That part of Grant PUD's Facilities operated nominally at 13.2 kV and 12.47 kV voltage levels and used to distribute and deliver Electric Power to the Demarcation Point.
<b>Domestic Electric Service or Domestic Service</b>	Single phase electric connection to Grant PUD's Distribution System for deliveries of Electric Power under a Rate Schedule exclusively to single family dwellings, individual apartments, condominiums and farms.
<b>Effective Electric Service Date</b>	The date upon which a Customer accepts delivery of Electric Power under a Rate Schedule at the Account Premises by having the power turned on (made available) and the service placed in or transferred to their name.
<b>Electric Power</b>	The physical electric energy and capacity provided by Grant PUD, including all ancillary services, independent of the Rate Schedule under which the Customer is receiving Electric Service.
<b>Electric Service</b>	Electric Power delivered to a Customer under a Rate Schedule.
<b>Electric Service Connection Agreement</b>	An agreement between Grant PUD and the Customer, which must be signed by the Customer when applying for a Line Extension from Grant PUD.
<b>Electric Service Suspension Notice</b>	A reminder letter, sent separately from the billing statement, to inform Customers of past due amounts and provide instructions to prevent their service from being disconnected for non-payment.
<b>Electric System</b>	Grant PUD's infrastructure used to generate, transmit, and deliver Electric Power to its Customers.
<b>Estimated Extension Cost</b>	The estimated cost, based on current District Grant PUD standard unit values, for a line extension. The estimate includes all material, labor, transportation and applicable overheads with credit for any salvage.
<b>Evolving Industry</b>	Evolving Industry (or EI) is the class covered by Rate Schedule 17.
<b>Facilities Plan</b>	The document that contains detailed information about the electric Facilities Grant PUD is constructing intended to deliver Electric Power to a Customer.
<b>Facility or Facilities</b>	The physical land, equipment, wire, cable and appurtenances in a location or a group of locations.
<b>Grant PUD Construction Standards</b>	A set of rules, drawings, guidelines and specifications for construction of Electric Power Facilities, established by the Grant PUD Standards group. These standards secure uniform construction methods, optimize safety, serviceability, appearance and economy and comply with or exceed local, state and federal regulations.
<b>Hearing Officer</b>	Commission appointed person responsible for adjudicating contested bills not resolved to the Customer's satisfaction working through the Customer Care Team(s).
<b>Identified Uses</b>	The industry, functions, applications or uses included in Rate Schedule 17 as determined by the Rate Schedule 17 review process.

Industry	Term	Definition
<b>Irrigation Electric Service</b>		Grant PUD classifies industries based on activities that represent a means of production, target a market, produce a product and/or provide a service. Activities are grouped together such that the risk characteristics of the grouped activities are similar and can be analyzed as a single industry. It is possible for a Customer to participate in multiple Industries.
<b>Large Electric Service Large Electric Service Application</b>		Electric Service used specifically for irrigation, orchard-temperature control or soil drainage loads only not exceeding 2,500 horsepower. Electric Power delivered under the Irrigation Rate Schedule(s) may only be used as described in the Rate Schedule including any supporting ancillary equipment needed.
<b>Large Power Customer</b>		Electric Service provided to Large Power Customers.
<b>Line Extension</b>		Application form for Large Power Customers (available at <a href="http://grantpud.org">grantpud.org</a> ) used to request new or additional Electric Service from the Grant PUD. While all Customers are required to inform Grant PUD of all material load changes, Large Power Customers must use this form to inform Grant PUD.
<b>Line Extension Fee</b>		Customers with electric loads exceeding 500 kW/kVA who accept Electric Power under a Rate Schedule 7, 14, 15, 16, 17, 85, 94 or a written agreement for Electric Power deliveries with Grant PUD that is not delivered under a current Rate Schedule.
<b>Net Metering Application</b>		<u>Any customer projects requiring the outlay of materials and labor in excess of the limitations of a Simple Electric Service Extension shall be considered a Line Extension. These extensions require an electrical design prior to construction and may involve right of way requirements in excess of those provided for by the Electric Service Connection Agreement. Any Facilities added to Grant PUD's Distribution System to supply Electric Power to Customers. Facilities that are</u>
<b>Net Metering Interconnection Agreement</b>		The applicable Customer paid fees for a Line Extension. (Refer to Section 4.5.1.)
<b>Net Metering Interconnection Agreement</b>		The application provided by the Customer to Grant PUD, on Grant PUD's form, which provides the design of the Net Metering system and initiates the interconnection process.
<b>Net Metering Interconnection Agreement</b>		An agreement provided by Grant PUD to the Customer setting forth the terms and conditions for allowing a Customer to interconnect an energy producing Customer-owned resource. Customers may not connect energy producing devices <u>Net Metering System without written approval by Grant PUD or and execution of a Net Metering Interconnection</u>

Commented [RC8]: "Energy producing devices" would include generators, which is not the purpose.

<b>Net Metering System</b>	<p>As defined in RCW 80.60.010, means a fuel cell, a facility that produces electricity and used and useful thermal energy from a common fuel source, or a facility for the production of electrical energy that generates renewable energy, and that:</p> <ul style="list-style-type: none"><li>(a) Has an electrical generating capacity of not more than one hundred (100) kilowatts;</li><li>(b) Is located on the customer-generator's premises;</li><li>(c) Operates in parallel with the electric utility's transmission and distribution facilities; and</li><li>(d) Is intended primarily to offset part or all of the customer-generator's requirements for electricity.</li></ul>
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Term	Definition
<b>New Large Load</b>	An increase of any load(s) over 10 average MW of a Customer's annual average load (average MW) above the Customer's highest annual average load since 2010.
<b>Orchard Temperature Control</b>	Frost control fans or pumps used in the heating or cooling of orchards.
<b>Ownership Costs</b>	A monthly charge required to be paid by the Customer for Non-Permanent service. The charge reflects costs associated with Grant PUD owning, operating and maintaining the Non-Permanent facilities. This charge is for use of the facilities only and does not include Electric Service. The charge is calculated using standard Grant PUD accounting practices.
<b>Premises</b>	The building and land that constitutes the location where a Customer will be accepting Electric Power under a Rate Schedule and this Customer Service Policy. Premises is both singular and plural.
<b>Rate Schedule</b>	Any Commission approved method to calculate a Customer's bill for Electric Service for a given time frame, determined by service dates. The methods describe the billing components such as minimum fees, basic charges, cost of the various billing determinants such as energy use and billing demand. Rate Schedules can be found at <a href="http://grantpud.org">grantpud.org</a> .
<b>Renewable Energy</b>	As defined in RCW 80.60.010, means "energy generated by a facility that uses water, wind, solar energy, or biogas from animal waste as a fuel".
<b>Simple Service Extension</b>	<u>Any Customer project that only requires a Customer's secondary service wire to be connected to Grant PUD's existing facilities. This would include any inspections needed as well as making the final connection and setting the meter.</u> Any extension of Facilities that does not exceed the normal allowance(s) to connect a new Customer or new load. There are many components that make up the
<b>Simple Service Extension Fee</b>	A Customer paid charge that is collected as described elsewhere in this document when Grant PUD facilities
<b>Start of Electric Service</b>	The date and time when a Customer starts accepting deliveries of Electric Power under an approved Rate Schedule.
<b>Termination Charge</b>	A Customer paid amount to reflect the Grant PUD's costs to remove Line Extension Facilities no longer being used by the Customer. The amount to be paid by the Customer shall reflect the cost of labor to remove the Line Extension plus a pro-rated portion of any unsalvageable equipment and materials.
<b>Up and Down Charge</b>	Customer paid amount for Grant PUD to providing install or construct non-permanent Facilities for the delivery of Electric Service on short-term, interim or provisional basis. The charge shall be based on all

Term	Definition
<p><b>VAR</b> <b>kVAR</b> <b>MVAR</b></p>	<p>reasonable costs estimated to be incurred by Grant PUD for the provision of such Facilities.</p> <p>A technical term that refers to the component of the Electric Power that is not used to perform work such as rotating the shaft of an electric motor, but provides the component that maintains voltage and provides the magnetic field required to turn an Electric motor's shaft. Sometimes this term is also referred to as "reactive power".</p> <p>The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kVAR means kilovolt-ampere reactive and MVAR means megavolt-ampere reactive.</p>
<p><b>VARh</b> <b>kVARh</b> <b>MVARh</b></p>	<p>The amount of reactive power, measured in VAR delivered in one hour.</p> <p>The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kVARh means kilovolt-ampere reactive hour and is often used to calculate Billing Determinants by Grant PUD and MVARh means megavolt-ampere reactive hour, more commonly used in wholesale electric markets.</p>
<p><b>Volt-ampere (VA)</b> <b>(kVA, MVA)</b></p>	<p>The product of the current and voltage of a load. Represents the total burden the load places on the Electric System. Often referred to as "apparent power" it is generally the limiting characteristic of Facilities.</p> <p>The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kVA means kilovolt-ampere and MVA means megavolt-ampere.</p>
<p><b>Watt</b> <b>kW</b> <b>MW</b></p>	<p>The measurement of power in the International System of Units (SI) the equivalent of horsepower in the English measurement system. Watts are the component of volt-amperes that perform work such as rotate the shaft of an electric motor or produce light from a light bulb.</p> <p>The prefix k and M stand for one thousand (1,000) and one million (1,000,000) respectively. kW means kilowatt and MW means megawatt.</p>
<p><b>kWh</b></p>	<p>Kilowatt-hour and is the most common billing determinant used by Grant PUD representing the amount of Electric Power, measured in thousands of watts delivered in one hour.</p> <p>The prefix k stands for one thousand (1,000).</p>

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## 2.0 GENERAL POLICIES

### 2.1 RATE APPLICABILITY

#### ~~2.1.1~~ 2.1.1 Metering Point

The rates of ~~the DistrictGrant PUD~~ are based upon the supply of service to the entire premises through a single metering point. Separate metering points will be billed individually unless aggregated for Large Power Customer Electric Service Above 500 kW/kVa. Refer to Section 8.0.

#### ~~2.1.2~~ 2.1.2 Determination of Applicability

~~The DistrictGrant PUD~~ shall determine the applicable rate schedule to be applied for each Customer load based on available information. In the case of multiple Customer meters or facilities, ~~the DistrictGrant PUD~~ reserves the right to aggregate Customer loads and meter reads for purposes of determining the applicable rate schedule. If over time a Customer's electrical usage or load characteristics change in a way that would qualify the Customer to be on a different rate schedule, it shall be the obligation of the Customer to notify ~~the DistrictGrant PUD~~ of such changes. Changes in applicable rate schedules will be made on a prospective basis only.

If a Customer exceeds the billing demand limit of their current rate schedule they may be moved to the appropriate schedule for future billings. If the Customer has been below the billing demand limit of their current rate schedule for a period of at least (12) consecutive calendar months, one year they may request ~~the DistrictGrant PUD~~ move them to the rate schedule appropriate for their current billing demand.

### 2.2 RATE SCHEDULES

The rates of ~~the DistrictGrant PUD~~ are based upon a balance between electric service requirements, environmental considerations, and cost. Rate schedules have been adopted by ~~the DistrictGrant PUD's~~ Commission to establish charges for service according to classification of Customers. Copies of the rate schedules are available upon request.

Schedule No. 1	Domestic Service
Schedule No. 2	General Service
Schedule No. 3	Irrigation Service
Schedule No. 6	Street Lighting Service
Schedule No. 7	Large General Service
Schedule No. 13	Alternative Energy Resources
Schedule No. 13SS	Specified Source Purchase
Schedule No. 13REC	Renewable Energy Certificate Purchase
Schedule No. 14	Industrial Service
Schedule No. 15	Large Industrial Service
Schedule No. 16	Agricultural Food Processing Service
Schedule No. 17	Evolving Industry Service
Schedule No. 85	Agricultural Food Processing Boiler Service
Schedule No. 94	New Large Load Service

#### ~~2.2.1~~ 2.2.1 Rate Schedule Exceptions

Service may be supplied to Customers not coming within the scope of the regular rate schedules of ~~the DistrictGrant PUD~~; provided that such service shall be covered by separate contract and shall be approved by the Commissioners of ~~the DistrictGrant PUD~~.

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Commented [RC9]: Is this still true? Are there aggregated meters?

Commented [CW10R9]: Yes, we still have aggregation for large industrial accounts.

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**2.3 NEW LOADS**

Service to New Large Loads will only be made pursuant to Rate Schedule No. 94, New Large Load Service.

**2.4 EXCLUSIVE SOURCE AND RESALE**

Unless otherwise provided by special contract, service will be rendered only to those loads which secure their source of electric power exclusively from ~~the DistrictGrant PUD~~. Unless otherwise provided in the contract, the Customer shall not resell the electric energy purchased from ~~the DistrictGrant PUD~~.

**2.5 DISTRICTGRANT PUD'S OBLIGATIONS**

~~The DistrictGrant PUD~~ will attempt to provide, but does not guarantee, a regular and uninterrupted supply of service. ~~The DistrictGrant PUD~~ may suspend the delivery of electric service for the purpose of making repairs or improvements to its system. ~~The DistrictGrant PUD~~ will attempt to provide reasonable advance notice of such suspension to the Customer. Repairs or improvements that can be scheduled will be scheduled, when feasible, at such time as to minimize impact to ~~DistrictGrant PUD~~ Customers. In making repairs and improvements to ~~the DistrictGrant PUD's~~ electrical system, ~~the DistrictGrant PUD~~ will do so with diligence and complete them as soon as reasonably practicable in accordance with prudent utility practice. Electric Service is inherently subject to interruption, suspension, curtailment and fluctuation. In no event, however, shall ~~the DistrictGrant PUD~~ be liable to its Customers or any other persons for any damages to person or property arising out of, or related to, any interruption, suspension, curtailment or fluctuation in service if such interruption, suspension, curtailment or fluctuation results in whole or part from any of the following:

- A. Causes beyond ~~the DistrictGrant PUD's~~ reasonable control including, but not limited to, accident or casualty, fire, flood, drought, wind, acts of the elements, court orders, insurrections or riots, generation failures, lack of sufficient generating capacity, breakdowns of or damage to equipment/facilities of ~~DistrictGrant PUD~~ or of third parties, acts of God or public enemy, strikes or other labor disputes, civil, military or governmental authority, electrical disturbances originating on or transmitted through electrical systems with which ~~DistrictGrant PUD's~~ system is interconnected and acts or omissions of third parties.
- B. Repair, maintenance, improvement, renewal or replacement work on ~~DistrictGrant PUD's~~ electrical system, which work, in the sole judgment of ~~DistrictGrant PUD~~, is necessary or prudent.
- C. Automatic or manual actions taken by ~~DistrictGrant PUD~~, which in its sole judgment are necessary or prudent to protect the performance, integrity, reliability or stability of ~~DistrictGrant PUD's~~ electrical system or any electrical system with which it is interconnected. Such actions shall include, but shall not be limited to, the operation of automatic or manual protection equipment installed in Company's electrical system, including, without limitation, such equipment as automatic relays, generator controls, circuit breakers, and switches. Automatic equipment is preset to operate under certain prescribed conditions, which in the sole judgment of ~~DistrictGrant PUD~~, threaten system performance, integrity, reliability and stability.
- D. Actions taken to conserve energy.

The limitation of liability provisions set forth above and in Section 2.5.1 shall apply notwithstanding any negligence of ~~the DistrictGrant PUD~~, unless the actions of ~~the DistrictGrant PUD~~ are determined to be intentional or shall constitute gross negligence.

~~2.5.1~~ **2.5.1 Limitations of Damages**

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## 2.6 CUSTOMER'S OBLIGATIONS

### ~~2.6.1~~ 2.6.1 Increased Load

In the event the Customer desires to increase load, the Customer shall request new service from [the DistrictGrant PUD](#). If the Customer fails to notify [the DistrictGrant PUD](#) and [the DistrictGrant PUD](#)'s equipment is damaged as a result of such increase in load, the Customer shall reimburse for all repair and replacement costs to [the DistrictGrant PUD](#).

### ~~2.6.2~~ 2.6.2 Balancing of Load

Except in the case of three-phase four-wire delta services, the current unbalance in three-phase services shall not exceed 10 percent of the current, which would be required at maximum load under balanced conditions.

### ~~2.6.3~~ 2.6.3 Total Harmonic Distortion (THD)

1. The application of any nonlinear load by the Customer (e.g., static power converters, arc furnaces, adjustable speed drive systems, etc.) shall not cause voltage and/or current Total Harmonic Distortion (THD) levels greater than the levels as recommended by IEEE standard 519-1992, or subsequent revision, on [the DistrictGrant PUD](#)'s electric system at the point of power delivery to the Customer's facility. [The DistrictGrant PUD](#) will determine the appropriate SCR (short circuit ratio) at the Customer's facility for the purpose of applying IEEE 519.
2. The Customer shall disclose to [the DistrictGrant PUD](#) all nonlinear loads prior to connection. [The DistrictGrant PUD](#) may test the Customer's load to determine the THD levels.
3. It shall be the responsibility of the Customer to assure that the THD requirements are met, including the purchase of necessary filtering equipment. Any load found not in compliance with this policy shall be corrected immediately by the Customer at the Customer's expense. If not corrected, [the DistrictGrant PUD](#) may terminate service to the Customer's facility.
4. The Customer shall be liable for all damages, losses, claims, costs, expenses and liabilities of any kind or nature arising out of, caused by, or in any way connected with the application by the Customer of any nonlinear load operating with maximum THD levels in excess of the values stated in paragraph 1. The Customer shall hold harmless and indemnify [the DistrictGrant PUD](#) from and against any claims, losses, costs of investigation, expenses, reasonable attorneys' fees, damages and liabilities of any kind or nature arising out of, caused by, or in any way connected with the application by the Customer of any nonlinear load operating with maximum THD levels in excess of the values stated in paragraph 1.

### ~~2.6.4~~ 2.6.4 Surge Protection

The Customer shall be responsible to provide surge protection for all voltage sensitive equipment such as electronic appliances or devices.

## 2.7 APPLICATION FOR SERVICE

[The DistrictGrant PUD](#) will accept application for electric service over the telephone or by personal visit to any of [the DistrictGrant PUD](#)'s Local Offices and the following shall apply:

- A. All applicants for electric service shall provide [the DistrictGrant PUD](#) with service and billing information as ~~required, and required and~~ agree to [the DistrictGrant PUD](#)'s terms and conditions for service.
- B. Acceptance of service shall subject the Customer to compliance with the terms of the applicable rate schedule, [DistrictGrant PUD](#)'s Customer Service Policies, [DistrictGrant PUD](#) Workbooks and Initiatives. The Customer is responsible for all electricity used until notification of the change in occupancy has been received by [the DistrictGrant PUD](#).

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- C. All applicants shall provide the following information or documentation:
  1. A full name, mailing address and service address where services are to be delivered.
  2. Full name of any occupants over 18 years of age living where services are to be delivered who are authorized to conduct transactions on the account.
  3. Proof of identity, such as a valid social security number and/or government-issued picture identification. Other identification may be accepted at the DistrictGrant PUD's discretion provided it convincingly proves the identity of the prospective Customer.
  4. At least one active primary telephone number and email address (if available) where the Customer can be contacted.
  5. Whether service termination would create a danger to the health of any occupant(s) residing therein.

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### 2.8 DISCONNECTING SERVICES

Customers requesting service disconnects must contact the DistrictGrant PUD by telephone or in person. The DistrictGrant PUD will execute service disconnects according to the following:

- A. At the time a Customer requests service disconnect the DistrictGrant PUD will attempt to verify (1) the individual's identity by personal recognition, social security number, driver's license or other identification, (2) the authority of the individual to request the disconnect when there is reason to question the identity of the requesting party, (3) the name and mailing address of the occupant of the residence where electric service is to be terminated, and (4) whether any occupant would be endangered by the termination of service. If Grantthe PUD obtains information that the residence is being occupied by someone other than the person making the termination request, Grant PUD it will inform such person that services may not be discontinued until the occupant is given a minimum period of five days to put service in his/her own name.
- B. If the DistrictGrant PUD has no reason to believe that the premises are occupied by a person other than the one making the request, or that any occupant's health will be endangered, the DistrictGrant PUD may proceed to terminate electric service. However, before service is terminated, the employee executing the non-remote disconnect will make a reasonable effort to inspect the property for which termination has been requested in order to ascertain whether the property is occupied by persons other than the one making the termination request or to determine whether extenuating circumstances, such as conditions endangering life or property, may result from the disconnect. If such circumstances appear to exist, or if the DistrictGrant PUD has actual notice or reason to believe that someone other than the person requesting the termination is residing at the premises, then a five-day notice will be left at the premises and the disconnect will be held in abeyance until an investigation can be made by the Local Office.
- C. Where the DistrictGrant PUD does not haasve neither actual notice nor reasonable belief after inspection that someone other than the person requesting termination occupies the premises, or that extenuating circumstances exist, such as life or property-endangering conditions, the DistrictGrant PUD may terminate service. However, in the event the DistrictGrant PUD decides fulfills the request to terminate utility service, it will conspicuously may post on the door of the property a notice which will inform any occupants of the premises that they may request immediate restoration of the utility service.
- D. Upon completion of the service disconnect, a quick check will be made to insure service is actually disconnected at the intended address.
- E-D. For single-family units or individually-metered multi-family units, if the premises are occupied by a person other than the Customer of record, the DistrictGrant PUD will upon request transfer electric service into the occupant's name. With respect to such transfer of service:

Commented [KW13]: With the AMI change - is this still effective - it seems like A, B, and C are similar and could be revised?? The new tenant or old tenant based on who calls and who is there would still need to sign up for the service and with automated ons/offers - it seems that the sooner it is off and the new customer makes application - the better?? Am I missing something here??

Commented [CW14R13]: Added "non-remote"

Commented [RC15]: I do not believe the door is posted anymore.

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the occupant will not be responsible for any charges accrued prior to the date notice of opportunity to place service in the user's name is provided (except where occupant has agreed by lease to pay for electrical service, in which case charges will begin on the date the tenancy began).

F.E. For residential buildings containing more than one dwelling unit in which service is not individually provided, a five-day notice will be provided giving the occupants an opportunity to put service in their own name(s).

G.F. Refer to Section 6.18 of these policies for disconnects for nonpayment.

## 2.9 LIFE SUPPORT SYSTEMS

The DistrictGrant PUD is unable to guarantee constant or continuous electric service. The DistrictGrant PUD will make reasonable effort to notify all known electrically supplied life support system Customers/patients of planned power outages, in advance, giving the date, time and estimated length of planned power outages.

### ~~2.9-2.9.1~~ Customer/Patient Obligations

It shall be the responsibility of the Customer/patient to furnish the DistrictGrant PUD by phone or in writing a telephone number and/or email address which will enable timely contact by the DistrictGrant PUD 24 hours per day, 365 days per year and to notify the DistrictGrant PUD of any change in telephone number and/or email address; and of any change in the medical situation of the person on life support services. If a customer no longer has life support, it shall be the responsibility of the customer to notify Grant PUD.

~~In the event the Customer/patient desires to increase his the life support system load materially, the DistrictGrant PUD shall be given sufficient advance notice, so it may provide added facilities if necessary. If the Customer fails to notify the DistrictGrant PUD and the DistrictGrant PUD's equipment is damaged as a result, the Customer shall be held liable for the cost of such damage.~~

## 2.10 DAMAGE TO DISTRICTGRANT PUD FACILITIES

Each individual, group, or organization shall pay the DistrictGrant PUD for all damages to, or destruction of, property of the DistrictGrant PUD where such is caused by the individual, group, or organization, except that the DistrictGrant PUD will not require payment for accidental damage to poles resulting from weed and brush burning. Customer shall be responsible to reimburse the DistrictGrant PUD for any damage to DistrictGrant PUD transformers or other DistrictGrant PUD facilities, caused by Customer overloading said facilities.

## 2.11 MATERIAL SALES TO CUSTOMERS

~~The DistrictGrant PUD recognizes that local merchants will occasionally be out of items or cannot timely secure items that may also be included in the DistrictGrant PUD's normal supply of stock. When this situation arises the DistrictGrant PUD will, upon request, sell normal stock items.~~

~~Sales are restricted to DistrictGrant PUD Customers, are for their own use, on a cash and carry basis. The selling price is the DistrictGrant PUD's inventory cost, plus applicable stores expense, plus sales tax. Materials will not be sold for resale.~~

## 2.122.11 DISCLOSURE OF PUBLIC RECORDS

Public records of the DistrictGrant PUD are available for inspection and copying. Policies and procedures related to disclosure of public records are available on the DistrictGrant PUD's Web site or can be requested by contacting our offices.

## 2.132.12 SERVICE OUTSIDE GRANT COUNTY

The DistrictGrant PUD will only serve loads outside of Grant County in areas that are covered under

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- Commented [JS18]: @Carol Mayer Didn't we eliminate this from the warehouse policy? Recalling sale of transformer in the last couple years.
- Commented [JS19R18]: @Cary West We need to update this. We have a conflict with the Warehouse policy. We wanted to address it on next CS update.
- Commented [CW20R18]: Deleted as covered in separate accounting/support services policy.
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Agreements with the serving utility for the area. Service shall be in accordance with the terms of the Agreement. Requests for service outside of Grant County in areas not covered under an Agreement will be

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considered on an individual basis by ~~the DistrictGrant PUD~~'s Commissioners. Refer to Section 4.55, Calculation of Charges, for Customer cost obligations for service outside Grant County.

**2.142.13 UNDERGROUND FACILITIES**

~~The DistrictGrant PUD~~ will install electrical facilities underground at ~~DistrictGrant PUD~~ expense in the following situations:

- A. Substation underground feeder get-a-ways.
- B. When determined by ~~the DistrictGrant PUD~~ that applicable electrical codes or public safety considerations require placement of electrical facilities underground.
- C. Transmission lines and Area Feeders where it is more economically beneficial to ~~the DistrictGrant PUD~~ to place electrical facilities underground. In making this determination, ~~the DistrictGrant PUD~~ will consider capital investment costs, projected operations and maintenance costs, and public safety consideration.
- D. Except as otherwise specifically provided above or in Section **Error! Hyperlink reference not valid.** 4.2 of these Customer Service Policies, all costs incurred by ~~the DistrictGrant PUD~~ in connection with placement of electrical facilities underground shall be the responsibility and paid by the Customer or municipality requesting or requiring underground service.

**2.152.14 REVENUE PROTECTION AND POWER DIVERSION**

The purpose of ~~the DistrictGrant PUD~~'s Revenue Protection Policy is to reduce or eliminate revenue loss due to metering defects and power diversion. The policy establishes a program for the prevention, detection and responsive action to be taken with regard to power diversion on ~~the DistrictGrant PUD~~'s system.

The significant elements of this policy include the following:

- A. Meter Seals. All ~~DistrictGrant PUD~~ meters and associated equipment utilized for billing purposes will be sealed. Included will be meters utilized for measuring KWH, KW, KVARH, potential and current transformer enclosures and test switches.
- B. Meter Sealing Fee. If a service has been reconnected which has been previously disconnected or a meter seal has been cut on an active service WITHOUT PRIOR AUTHORIZATION from ~~the DistrictGrant PUD~~, a fee will be charged to the Customer, owner, or person in control of the premises, refer to fee schedule. Prior authorization may be obtained from ~~the DistrictGrant PUD~~. Additional fees shall be assessed if power diversion has occurred.
- C. Meter Testing. ~~DistrictGrant PUD~~ meters utilized for billing purposes will be tested periodically to assure all meters operate within the accuracy limits established for each type and class of meter.
- D. Power Diversion/Theft of Power. Diversion of power, as defined in RCW 80.28.240, is strictly prohibited. The Customer, owner, or person in control of the premises will be presumed liable for all losses, damages and costs related to such actions.
- E. Violations. ~~The DistrictGrant PUD~~ may seek prosecution for any power diversion, destruction of ~~DistrictGrant PUD~~ property and other violations of law affecting delivery of its services, and will pursue collection for any losses, damages and costs related to such actions to the full extent provided by law.
- F. Investigations. ~~DistrictGrant PUD~~ personnel will determine if power diversion has occurred. A preliminary investigation shall include an evaluation of the Customer's account history, examination of on-site conditions by appropriate personnel and other pertinent information.

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G. Notice. After the investigation is complete and [the District Grant PUD](#) determines that power diversion has occurred, the Customer shall be notified that power diversion has occurred and:

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1. The Customer has been assessed all of the damages, if any, plus the costs incurred on account of the bypassing, tampering, or unauthorized reconnection, including, but not limited to, costs and expenses for investigation, disconnection, reconnection and service calls;
2. The Customer ~~may beis being~~ billed up to triple the amount of actual damages as provided by RCW 80.28.240; and
3. That all sums due must be paid within 30 days unless other arrangements acceptable to ~~the District~~Grant PUD are made;
4. If a civil action becomes necessary, ~~the District~~Grant PUD shall seek to recover its costs of suit, reasonable attorneys' fees and expert witness fees; and

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H. Connection and Disconnection. The District Grant PUD may refuse to connect or may disconnect service to a Customer for unlawful current diversion, theft of power or other violation of the District Grant PUD's Customer Service Policies, until all charges, losses and damages have been paid in full or other arrangements acceptable to the District Grant PUD have been made. The District Grant PUD will attempt to give the Customer reasonable advance notice of the disconnection including the reasons for the disconnection and the time of the disconnection.

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**2.462.15 INFORMAL CONFERENCE / HEARINGS**

Customers having questions about or disputing the application of these policies billings or Rate Schedules may request an informal conference with a District Grant PUD representative by calling a the District Grant PUD's Customer Solutions Supervisor or Manager. The informal conference may be conducted by telephone or in person at the Customer's request. The Customer may present any information which the Customer deems relevant to the matter. If, following the informal conference, the Customer wishes to pursue the matter, the Customer may request a hearing with the District Grant PUD's designated Hearing Officer. The hearing will be scheduled at a mutually convenient time and the Hearing Officer shall render his or her decision in writing as soon as practical.

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### 3.0 CONSERVATION

The District Grant PUD recognizes the value of conservation and retail energy services. Therefore, the Energy Services Department shall attempt to acquire practicable pursue cost-effective energy conservation and/or provide a value-added customer service resources. A current list of all available programs is available from the District Grant PUD's Energy Services Department. Any use of District Grant PUD funds for conservation purposes shall be in accordance with applicable laws.

### 3.1 LOAN PROGRAM

Complete documentation on the District's loan program is available from the District's Energy Services Department. An appropriate (APR) simple interest rate that is cost effective to the District is charged on the loan. All loans are made in accordance with RCW 54.16.280, Article VIII, Section 10 of the Constitution of the State of Washington, and Regulation Z, truth in lending.

Commented [RC24]: Loans are no longer offered.

### 3.1 DEMAND RESPONSE

Grant PUD recognizes that wholesale electric prices and various operational constraints can materially impact its overall cost to serve its customers. The ability to work with Customers to schedule or manage when electric power is consumed (Demand Response) provides value to all Customers, not just the participants. Grant PUD staff may develop rate schedules to capture seasonal, monthly, weekly, daily, or hourly value. In addition, Grant PUD may work with certain customers or groups of customers to develop Demand Response arrangements such as avoiding placing incremental load on or reducing loads on Grant PUD's electric system for safety improvement, economic benefit, operational flexibility, or reliability purposes provided the arrangement is designed to reduce Grant PUD's power costs or generates incremental value for all its Customers. Customers who are able to participate in Demand Response will typically receive the benefit in the form of a billing credit unless specific arrangements are made prior to entering into the activity.

### 3.2 RESIDENTIAL, COMMERCIAL, INDUSTRIAL AND IRRIGATION ASSISTANCE

Any Customer of the District Grant PUD, in these sectors, is eligible for conservation assistance to the extent the District Grant PUD has the necessary equipment and expertise to provide it. Loans, rebates and /or cost sharing will be offered as provided by Washington State Law and to the extent funding is available and cost effective to the District Grant PUD.

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#### 4.0 LINE EXTENSION POLICY FOR CUSTOMER SERVICES UNDER 500 KW

A Line Extension is an addition or modification of electrical equipment and/or an increase in the size or length of ~~the DistrictGrant PUD's~~ existing electrical facilities to serve new customer electric load within ~~the DistrictGrant PUD's~~ service area. Line Extensions are categorized as consisting of either Overhead or Underground electrical facilities or a combination of both. ~~The line construction within these categories can be either Simple or Complex. (See Definition of Terms, Section 1.1)~~

~~The DistrictGrant PUD~~ will extend or modify its facilities through Simple Service ~~Extensions~~ or ~~Complex~~ Line Extensions to Permanent, Non-Permanent or Construction Temporary Services. Facilities will be extended to provide service under applicable Rate Schedules in accordance with ~~DistrictGrant PUD~~ Construction Standards. ~~Customer supplied fiber optic conduit is for Grant PUD fiber optic cable only.~~ Each line extension will be subject to evaluation as to feasibility, permanence, and compatibility with ~~the DistrictGrant PUD's~~ system. Final determination as to specific conditions applicable to the extension, type of construction, route and design shall be made solely by ~~the DistrictGrant PUD.~~

Customer compliance with ~~DistrictGrant PUD~~ Policies and Construction Standards are a condition of service. The Customer is required to sign an ~~Electric~~ Service Connection Agreement for any proposed Line Extension and pay any applicable Line Extension Fees.

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#### 4.1 OVERHEAD LINE EXTENSIONS

When ~~the DistrictGrant PUD~~ determines overhead facilities should be installed to serve a Customer, ~~at the Customer's expense, the DistrictGrant PUD~~ will provide and install all materials and equipment necessary to provide said service from its existing facilities to the ~~Demarcation Connection Point~~ in accordance with current ~~DistrictGrant PUD~~ Construction Standards. ~~Grant PUD will own and maintain all overhead Secondary Services after they are energized.~~

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#### 4.2 UNDERGROUND LINE EXTENSIONS

When ~~the DistrictGrant PUD~~ determines underground facilities should be installed to serve a Customer, the installation shall be made on the same basis as overhead and in conformance with all other ~~DistrictGrant PUD~~ policies and standards applicable to underground service (refer to Section 4.11 for Customer obligations for Backbone Facilities).

~~Grant PUD will own and maintain all underground Secondary Services providing power to any single-family home, any single unit manufactured/mobile home, any irrigation service fed directly from a pole to the meter (if meter is within twenty feet of the pole), and any single structure duplex. The Customer will own all underground Secondary Services providing power to commercial buildings, multi-family buildings, mobile home parks, and potentially others not mentioned here.~~

##### Examples

- A. ~~Single house on an individual lot – Grant PUD owns the secondary wire from the connection point to the meter.~~
- B. ~~Single mobile home on an individual lot – Grant PUD owns the secondary wire from the connection point to the meter.~~
- C. ~~One duplex on an individual lot – Grant PUD owns the secondary wire from the connection point to the meter.~~
- D. ~~Irrigation service for a crop – Grant PUD owns the secondary wire from the pole to the metering equipment as long as the metering equipment is within twenty feet of the pole.~~
- E. ~~Small or large commercial building on an individual lot – Customer owns the secondary wire from the connection point to the metering equipment.~~
- F. ~~Two or more duplexes on the same lot – Customer owns the secondary wire from the~~

connection point to the metering equipment.

G. Any service inside of a mobile home park – Customer owns the secondary wire from the connection point to the metering equipment.

H. Multi-unit building on an individual lot – Customer owns the secondary wire from the connection point to the metering equipment.

I. One meter controlling landscape lighting and sprinkler system at an entrance to a plat – Customer owns the secondary wire from the connection point to the metering equipment.

### 4.3 TYPES OF SERVICE

#### ~~4.3.1~~ 4.3.1 Permanent Service

For Line Extensions to permanent electric loads, all of the following conditions must be met:

~~A-J.~~ The need for electricity is intended to be permanent in the location applied for.

~~B-K.~~ The property owner must sign an ~~Electric~~ Service Connection Agreement.

~~C-L.~~ The Customer must furnish all necessary permits, licenses and other governmental approvals required in connection with the line extension.

~~D-M.~~ When deemed necessary by ~~the District Grant PUD~~, the Customer shall provide perpetual easements, permits and/or licenses required in connection with the line extension.

~~E-N.~~ For all water pumping loads, excluding domestic wells, ~~Grant PUD reserves the right to require~~ the Customer shall to provide a written permit from the agency having jurisdiction over the water to be pumped.

~~F-O.~~ The Customer shall make payment of the Line Extension Fee as specified in Section 4.5.1.

Service to electric loads meeting all of the conditions as set forth above shall be considered permanent.

#### ~~4.3.2~~ 4.3.2 Non-Permanent Service

When a Customer requesting a Line Extension cannot meet the conditions set forth in Section 4.3.1 above, non-permanent service may be extended under the following conditions:

~~A.~~ The Customer must sign an ~~Electric~~ Service Connection Agreement.

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In addition to all other requirements for Line Extension as set forth by Section 4.0, a Customer(s) applying for said extension for Irrigation Service shall:

1. Provide and install all material, trenching etc., as necessary for electric service from the load being served to the designated Demarcation-Connection Point.
2. Provide and install a DistrictGrant PUD-approved concrete pad for all padmount transformers 750 KVA and larger.

D. Large Electric Service

Refer to Section 8 for additional Customer requirements for Large Electric Service above 500 kW.

4.5 CALCULATION OF CHARGES

~~4.5.1~~ 4.5.1 ~~Line Extension Fees~~

A. Permanent Service:

The Customer shall pay a ~~non-refundable~~ Line Extension fee (refer to fee schedule) for services located within Grant County, unless service qualifies for a Simple Service Extension (See Definition of Terms, Section 1.1). The Line Extension fee may be refundable upon termination of the request, less any amounts already expended or committed by Grant PUD in relation to the Line Extension request.

~~For Line Extension estimates in excess of \$20,000, the Customer shall be responsible for the actual cost of the project. A Customer Service Contract must be signed when the initial estimate is paid. When the project is complete and all project costs have been accumulated, Grant PUD will either refund or invoice any differential between the actual and estimated costs to the customer.~~

~~For Line Extension estimates in excess of \$20,000, the Customer shall be responsible for the actual cost of the project. A Customer Service Contract must be signed when the initial estimate is paid. When the project is complete and all project costs have been accumulated, Grant PUD will either refund or invoice any differential between the actual and estimated costs to the Customer.~~

When more than one rate schedule could apply, the maximum will be established by the rate schedule which gives the lowest billing for energy usage.

The minimum payment for any Line Extension shall be equal to the Simple Service Extension Fee.

Customers applying for Permanent Service to an electric load outside Grant County shall be required to pay 100% of the Estimated Extension Cost.

B. Simple Service Extension Fees:

The Customer shall pay a non-refundable Simple Service Electric Extension-fee, refer to fee schedule.

The Customer shall pay a non-refundable Simple Service Fiber fee, refer to fee schedule.

C. Non-Permanent Service:

The Customer shall pay a non-refundable Up and Down Charge for Non-Permanent Service equal to the estimated cost of furnishing, installing and removing the required facilities, less any salvage value, for service inside or outside of Grant County. In addition, the Customer shall pay a monthly facility charge equal to the DistrictGrant PUD's Ownership Costs. (See Definition of Terms, Section 1.1).

D. Construction Temporary Service:

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~~Exception: Customers applying for Complex Line Extensions to Backbone Facilities and/or Customers with an account(s) requiring a deposit under Section 6.14, shall be required to pay prior to energizing the service.~~

Payment of the Line Extension Fee is in addition to any energy use, deposits, or outstanding invoices that may be due. Political subdivisions of the State of Washington and Agencies of the Federal Government may make payment after [DistrictGrant PUD](#) facilities are installed provided [the DistrictGrant PUD](#) has received written agreement that payment will be made in full upon completion of [DistrictGrant PUD](#) work.

**4.6 MODIFICATION OF FACILITIES**

Modifications are those changes to existing electrical facilities required to allow for installation of new facilities requested by a Customer. Upon request from an individual Customer, [the DistrictGrant PUD](#) will modify its facilities provided:

- A. The Customer signs and submits a Service Connection Agreement.
- B. The Customer pays the pro-rated Termination Charge for the modified facilities in addition to the appropriate Line Extension Fee for the new facilities.
- C. The modifications comply with current Customer Service Policies and [DistrictGrant PUD](#) Construction Standards.

**4.7 REBUILDING EXISTING LINES**

When it becomes necessary to rebuild existing line to serve added electric load, the cost of the rebuild shall be considered as part of the Estimated Extension Cost for the new load except when the line is designated to be an Area Feeder. (See Section 4.10.1)

**4.8 TRANSMISSION FACILITIES**

Transmission facilities required to provide for general area load growth and basic system reliability will be constructed entirely at [DistrictGrant PUD](#) expense as part of an overall development plan.

**4.9 SUBSTATIONS**

Substations required to provide for general area load growth and basic system reliability will be constructed entirely at [DistrictGrant PUD](#) expense as part of an overall development plan.

**4.10 DISTRIBUTION POWER LINES**

~~4.10.1~~ **4.10.1 Area Feeder Lines**

Primary distribution lines designed to provide for general electric load growth and system reliability are designated as "Area Feeders". These lines are constructed at [DistrictGrant PUD](#) expense, included in the rate base and limited to the following:

- A. Incorporated Cities and Towns  
Primary lines along all platted streets and alleys inside or adjoining the city limits shall be designated as Area Feeders.
- B. Developed Irrigation Blocks  
Primary lines along all county road and state highway rights-of-way inside or adjoining developed irrigation blocks shall be designated as Area Feeders.
- C. Proposed Irrigation Blocks  
When, in the opinion of [the DistrictGrant PUD](#), the road plan and canal construction schedule has been established, all distribution lines along county road and state highway rights-of-way shall be designated as Area Feeders. When requested by a Customer to

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provide service inside the proposed irrigation block more than one year prior to scheduled delivery of

irrigation water, the DistrictGrant PUD will construct the necessary area feeders, the size and location being in accordance with the feeder plan for the block. The Customer requesting the service shall enter into an agreement to pay the annual interest on the DistrictGrant PUD's estimated investment for the Area Feeder(s). Said agreement shall continue for ten (10) years or until irrigation water is delivered to the block.

When no road plan or canal construction schedule has been established, the DistrictGrant PUD will construct requested lines to serve Customer loads without consideration of the area becoming an irrigation block and the estimated construction costs shall be included as part of the Estimated Extension Cost.

D. Sandwells Irrigation Block

Primary lines along all established and legally recorded county road and state highway rights-of-way inside or adjoining the Sandwells area shall be designated as Area Feeders. (Refer to DistrictGrant PUD maps for boundaries of the Sandwells area.)

E. Other

Certain distribution facilities that extend into areas of anticipated development or that are for the purpose of system reliability may be designated as Area Feeders at the sole discretion of the DistrictGrant PUD.

4.10.2 4.10.2 Distribution Power Lines That Are Not Area Feeders

Essentially, a "Non-Area Feeder" is any primary distribution line not meeting the criteria established by Section 4.10.1. Additionally, Extensions (Backbone Facilities) into residential and commercial subdivisions shall not be considered Area Feeders. Construction costs for distribution lines that are not designated, as Area Feeders shall be included as part of the Estimated Extension Cost except as follows:

- A. A. When it is deemed necessary by the DistrictGrant PUD to add a distribution system neutral conductor to an existing power line, the DistrictGrant PUD will pay 100% of the construction cost for the addition of the system neutral.

4.11 EXTENSIONS TO RESIDENTIAL/COMMERCIAL SUBDIVISIONS

4.11.1 4.11.1 Approved Subdivisions

The DistrictGrant PUD will extend electric service to any new city or county approved subdivision according to the following conditions:

- A. The Customer must provide a Backbone Facility design in accordance with DistrictGrant PUD Construction Standards, subject to DistrictGrant PUD approval.
- B. The Customer must pay the appropriate Line Extension Fee as required by Section 4.5.1, prior to construction.
- C. All trenching, conduit, transformer boxes, pads, junction boxes, sand bedding and backfill shall be provided and installed by the Customer in accordance with DistrictGrant PUD Construction Standards.
- D. The costs for Off-Site Facilities or Line Extensions outside the boundaries of a residential or commercial subdivision necessary for providing service to the subdivision, will be included as part of the Estimated Line Extension Costs for the subdivision.

4.11.2 4.11.2 Services within a Subdivision

DistrictGrant PUD facilities installed in addition to a Backbone Facility to serve individual Customers shall be considered a separate Extension and subject to the appropriate Section(s) of Line Extension Policy 4.0.

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Where Backbone Facilities have not been provided for by a developer, any Customer(s) requesting service within the subdivision shall be responsible for the necessary Backbone Facilities in accordance with Line Extension Policy, Section 4.11, as if he/she were the developer.

4.12 MANUFACTURED HOME / MOBILE HOME PARKS

Line Extensions will be made to new manufactured home parks and additions will be made to existing mobile home/manufactured home parks under the following conditions:

- A. If the Line Extension is considered to be permanent, construction will be done in accordance with the Line Extension Policy, Section 4.11.1.
  - B. ~~The DistrictGrant PUD will consider a Line Extension permanent in cases where the Customer makes a substantial permanent investment in other improvements. This requirement will be satisfied when initial improvements include permanent water and sewer facilities, graded and paved or graveled streets and electric service entrance capability at each manufactured home or mobile home space.~~
  - C. ~~Grant PUD will provide the appropriate electrical system to the Connection Point(s). For an individual manufactured/mobile home, the Connection Point will be at the moped/pedestal, and Grant PUD will own and maintain the underground conduit and secondary service wire up to the meter after the service is energized. For manufactured/mobile homes within a mobile home park, the Connection Point will either be at the transformer or at the moped/pedestal and will be dependent on the design. For manufactured/mobile homes within a mobile home park, the Customer will own and maintain the underground conduit and secondary service wire from the Connection Point to the meter(s) after the service is energized.~~
- ~~C. Connection/mobile as well as for manufactured/mobile homes within a mobile home park. The DistrictGrant PUD will provide the appropriate electrical system to the Demarcation Point(s).~~

4.13 UNUSED IRRIGATION SERVICE FACILITIES

~~DistrictGrant PUD~~-owned irrigation service facilities may be removed by ~~the DistrictGrant PUD~~ at any time following disconnection for nonpayment of arrears from a previous irrigation billing season.

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## 5.0 SERVICE AND METER REGULATIONS

### 5.1 AVAILABILITY AND CONDITIONS OF SERVICE

#### ~~5.1.1~~ 5.1.1 Determination of Availability

The availability of service for the equipment to be used shall be determined by ~~the DistrictGrant PUD~~ before proceeding with the wiring or the installation of equipment. ~~The DistrictGrant PUD~~ shall advise the Customer of the available phase and voltage for that service, and of any required reduced voltage motor starting equipment to protect the service to its other customers (see Section 5.3.3).

#### ~~5.1.2~~ 5.1.2 Compliance with Regulations and Codes

The Customer's wiring and equipment shall comply with State, Municipal and ~~DistrictGrant PUD~~ regulations, the National Electrical Code and the National Electrical Safety Code. ~~The DistrictGrant PUD~~ reserves the right to discontinue service at any time, or refuse to connect where such service will adversely affect the service to its Customers, or where the Customer has not complied with said regulations and codes, or where the Customer's equipment or wiring are found to be defective or dangerous, until the same are repaired to the satisfaction of ~~the DistrictGrant PUD~~; however, ~~the DistrictGrant PUD~~ is not obligated to inspect the Customer's electrical property and assumes no liability for the condition of, or resultant damage or injury from, the Customer's electrical property.

#### ~~5.1.3~~ 5.1.3 Access to and Care of ~~DistrictGrant PUD~~ Property

~~The DistrictGrant PUD~~ shall have the right, through its employees or other agents, to enter upon the premises of the Customer at all times for the purpose of reading, inspecting, repairing or removing the metering devices, appliances and wiring owned by ~~the DistrictGrant PUD~~. The Customer shall provide space for, and exercise proper care to protect ~~DistrictGrant PUD~~ property on the Customer's premises. Such property shall include, but is not limited to, meters, instrument transformers, wires and other facilities installed by ~~the DistrictGrant PUD~~. In the event of damage to ~~DistrictGrant PUD~~ property, the Customer, owner, or person in control will be presumed to be liable for the cost to repair or replace ~~DistrictGrant PUD~~ property, which is damaged or destroyed. If power diversion has occurred, ~~the DistrictGrant PUD~~ may recover additional costs, expenses, and damages as provided under Customer Service Policy 2.14 or other applicable law. Additionally, the Customer shall have such rights to conferences with ~~DistrictGrant PUD~~ personnel as are provided in Customer Service Policy 2.14.

#### ~~5.1.4~~ 5.1.4 Customer Responsibility

Nothing in these Policies shall be construed as placing upon ~~the DistrictGrant PUD~~ any responsibility for the condition of the Customer's wiring or equipment, and ~~the DistrictGrant PUD~~ shall not be held liable for any loss or damage resulting from defects in the Customer's installation and shall not be held liable for damage to persons or property arising from the use of the service on the premises of the Customer.

#### ~~5.1.5~~ 5.1.5 Separate Services

~~The DistrictGrant PUD~~ will not totalize metering of separate services. Where ~~the DistrictGrant PUD~~ contracts to furnish separate transformers to provide multiple services or multiple voltages for the mutual benefit of ~~the DistrictGrant PUD~~ and the Customer, metering and billing shall be either by separate services at low voltage or consolidated at high voltage and include transformation losses.

Separate Customers shall have separate metering and separate accounts, subject to the conditions set forth in Section 2.1.1. ~~The DistrictGrant PUD~~ will not allow two or more separate customers to combine or totalize metering.

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~~5.1.65.1.6~~ **Backup and Maintenance Power**

Backup power and maintenance power will be provided by [the DistrictGrant PUD](#) upon request, to Cogeneration and Small Power Production Facilities as defined under the Public Utilities Regulatory Policies Act of 1978. [The DistrictGrant PUD](#) shall provide excitation power during interconnected parallel operations with Cogeneration and Small Power Production Facilities of 100 kW or less.

~~5.1.75.1.7~~ **Station Service - Customer Owned**

Station Service Power for Customer-owned generating facilities will be provided by [the DistrictGrant PUD](#) only when the facility is not generating power.

**5.2 SERVICE LATERAL AND POINT OF CONNECTION**

The route of the service and the location of the service connection and metering equipment shall be determined by [the DistrictGrant PUD](#). Any wiring not complying with these Policies and installed without first determining the location of the service connection and/or meters will have to be brought into compliance with these Policies upon notification by [the DistrictGrant PUD](#).

~~5.2.15.2.1~~ **Overhead Service Laterals**

- A. For overhead service, the service entrance shall be so located that the service wires installed by [the DistrictGrant PUD](#) will reach the service entrance by attachment at one location only on the building.
- B. The point of service attachment of an overhead service on the building shall be of sufficient height to provide the required ground clearance for service drop conductors. A service mast or other approved structure to terminate service conductors or reinforcement of the building for adequate anchorage shall be provided and installed by the Customer or ~~his~~ [their](#) contractor. [The DistrictGrant PUD](#) will supply, for installation by the Customer, anchor bolts for service attachments to concrete, masonry, or other buildings where necessary.
- C. Only one set of service entrance conductors will be connected to any one overhead service drop except by special approval of [the DistrictGrant PUD](#).
- D. [The DistrictGrant PUD](#) will supply and install, as part of the Customer extension costs, meter poles for overhead services. ~~The meter pole shall then be owned and maintained by the Customer.~~
- E. Permission must be obtained before attachments are made to [DistrictGrant PUD](#) owned poles ~~and meter poles~~. Attachments to [DistrictGrant PUD](#) owned poles shall be done strictly in accordance with [DistrictGrant PUD](#) specifications.

~~5.2.25.2.2~~ **Underground Service Laterals**

- A. In general, a building or other premises will be supplied through only one underground service lateral. Where the use of multiple service entrance conductors is necessary, the means and location of connection to the underground service lateral shall be determined by [the DistrictGrant PUD](#).
- B. The Customer is responsible for trench, conduit, sand bedding and backfill in accordance with [DistrictGrant PUD](#) specifications.
- C. Where conductors are buried directly in the earth, supplementary mechanical protection may be required by [the DistrictGrant PUD](#).
- D. Each underground installation shall be in accordance with specifications and drawings available from [the DistrictGrant PUD](#).

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### 5.3 SERVICE ENTRANCE INSTALLATION AND EQUIPMENT

#### ~~5.3.5.3.1~~ Responsibility of Customer/District Grant PUD

All service entrance equipment, instrument transformer enclosures, meter enclosures, meter sockets, conduits and raceways are the responsibility of the Customer and shall be of a type approved by the District Grant PUD. The instrument transformers secondary circuit conductors will be supplied and installed by the District Grant PUD.

#### ~~5.3.25.3.2~~ Wiring

Where metering equipment and the designated Demarcation Point are one and the same, all wiring on the line side of the metering equipment shall be installed by the District Grant PUD according to District Grant PUD Construction Standards. When metering equipment is located elsewhere, the Customer shall provide and install all wiring between the Demarcation Connection Point and the metering equipment with said installation subject to the provisions of Section 5.1.2. When the use of multiple conduits is necessary, the weatherheads shall be grouped such that none is more than 18 inches from the point of service attachment on the building. Underground wiring shall be buried enclosed in conduit (i.e. direct buried cable is not allowed).

#### ~~5.3.35.3.3~~ Protective Devices

Suitable protective devices on the Customer's premises may be required whenever the District Grant PUD deems such installation necessary to protect its property or that of its other Customers.

The District Grant PUD may require installation of reduced voltage starting equipment by the Customer in cases where across the line motor starting would result in excessive voltage disturbances to other Customers or to the District Grant PUD's system. The District Grant PUD will furnish the Customer with written motor starting requirements based on the motor horsepower information given at the time of formal application for service. These requirements will be furnished only to the Customer. Construction and/or energization of District Grant PUD Facilities to serve motor loads will not occur until the Customer acknowledges receipt of said requirements by signing and returning the motor starting requirements letter.

#### ~~5.3.45.3.4~~ Protective Equipment on Motor Installations

On motor installations, adequate relays or other approved protective equipment to guard any and all motors against damage due to excessive under voltage and to protect three-phase motors against damage from single-phasing operation shall be the responsibility of the Customer. Three-phase motors equipped for restarting after a service interruption should be protected against any line condition resulting in single-phase service to the motors (single-phasing). Automatic restarting on 50 HP and larger motors must be approved by the District Grant PUD prior to installation.

It is recommended that three thermal over-current devices (for three-phase motors) and, in addition, dual element time delay fuses or circuit breakers of suitable rating be installed as minimum protection.

#### ~~5.3.55.3.5~~ Service Connection

Service connections will be made only after it has been determined District Grant PUD Construction Standards have been met and the Customer's electrical equipment/installation has been approved by a Washington State Electrical Inspector. Said equipment must display the State of Washington "Safe Wiring Decal", legibly filled out and readily accessible.

A False Call Fee will apply when a customer requests Grant PUD service and is not prepared when Grant PUD arrives on site at the requested timeframe, refer to fee schedule.

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5.4 METER LOCATIONS

~~5.4.1~~ Placement of Meters

~~The District~~ Grant PUD encourages placement of meters ~~atas close as possible to~~ the designated Connection ~~Connection~~ Demarcation Point. In any event, meters or metering equipment shall be placed in locations that allow Grant PUD free and safe access for installing, removing, testing, and reading. Metering equipment shall not be installed over open pits,

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moving machinery or hatchways. There shall be ample clearance from any such openings or hazardous locations and there shall be at least three (3) feet of unobstructed space between the nearest point of said metering equipment and any obstructions.

- A. Metering for residences shall be installed on the outside of the building, not enclosed, and readily accessible for meter reading and maintenance. (See Section 5.4.7)
- B. Metering equipment for commercial and industrial service shall be installed on the outside of the building in accordance with Section 5.4.1.A (above) except where prior approval of other locations has been granted by the District Grant PUD.
- C. Metering equipment for Irrigation service shall be outside of any buildings and may be installed on the District Grant PUD's transformer pole when such installation will provide improved access to the metering. For underground secondary service fed directly from a pole, meter location shall not exceed 20' distance from pole.

**5.4.25.4.2 — Meter Height Requirements**

Meter bases or meter enclosures shall be located at such a height that the center of the meter when installed will not be more than six (6) feet, nor less than five (5) feet above finished grade, an accessible permanent platform or landing; except as follows:

- A. Meters for a special application may be installed at a height of less than five (5) feet in power rooms, if installed in a factory-built, metal cabinet approved by the District Grant PUD before fabrication.
- B. Outdoor factory-built multiple meter load centers for multifamily apartment buildings having seven (7) or more meters may be installed with up to four (4) vertical rows of meter sockets. (See Section 5.4.6) Mounting height shall be established by consulting with the District Grant PUD before proceeding with each such installation. The Customer shall plainly and permanently mark each meter location designating the portion of the building it serves before the service is connected.
- C. Meter height shall be measured from finished grade in meter pole applications.
- D. Meters on underground systems may be installed less than five (5) feet above finished grade at pad-mount transformer locations or in pedestals approved for the purpose.
- E. Where a written variance has been obtained from the District Grant PUD.

**5.4.35.4.3 — Line Side/Load Side Placement of Equipment**

Metering equipment shall be installed on the line side of the main service switch or service panel, except on multiple meter installations where a main disconnecting means is required by Code. When meters are installed on the load side of the main disconnect as indicated above, they shall be installed on the line side of the individual subservice disconnect. The meters shall be connected directly to the main disconnect or through a bus gutter suitable for sealing. The Customer shall plainly and permanently mark each meter location, designating the portion of the building it serves before the service is connected.

**5.4.45.4.4 — Conditions Adversely Affecting Meters**

Meters shall be installed in locations free from vibrations, condensation, or where live steam or hot liquids are used. They shall not be installed where such conditions exist which would adversely affect their operation. Metering equipment shall be located so it will not be in the path of water from eaves, rainspouts, or drains.

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**5.4.5.5.5 New Installation - Instrument Transformers**

On new installations, meters used in connection with instrument transformers shall not be separated from the instrument transformer enclosures by a wall or partition. Secondary circuits of instrument transformers shall not be run in the same conduit or raceway with any other circuits. (See 5.5.5)

**5.4.6.5.4.6 Placement of Meter Bases**

There shall be a minimum of four (4) inches clearance between the meter base and service switch enclosure and/or any physical obstruction which might interfere with the installation of the meter or use of a test jack in the meter base.

Where a subdivision of the service requires the use of more than one meter, the meters shall be grouped and the space between sockets shall be not less than three (3) inches. On initial construction ganged meter troughs having two (2) or more meter sockets should be the bussed type.

**5.4.7.5.4.7 Meter Violation**

When any changes, alterations, additions or obstruction are made on the Customer's premises resulting in violation(s) of these meter requirements, the Customer shall correct the violation(s) at his expense or pay a monthly meter obstruction fee until said violation is corrected, refer to fee schedule.

**5.5 METERING EQUIPMENT**

**5.5.1.5.5.1 Standards for Metering Equipment**

The District Grant PUD's Transmission and Distribution Divisions establishes standards for metering equipment. The Customer's compliance with such standards shall be a condition of service.

**5.5.2 Demand Metering**

District Rate Schedule 3 Customers shall have suitable demand meters installed if the billing horsepower is 300 horsepower or more. Other rate schedule Customers shall have suitable demand meters installed if the maximum demand is expected to be 100 kW or more.

**5.5.2.5.5.3 Power Factor Metering**

The District Grant PUD shall install reactive (Power Factor) metering on all Large Electric Service loads expected to operate such that the power factor will be below 95% lagging or leading. Nothing in the above shall preclude the District Grant PUD from installing reactive metering on any service, regardless of rate schedule or demand, when deemed necessary by the District Grant PUD. Meters for measurement of reactive power shall have registers for both leading and lagging power factors for the purpose of billing demand adjustments.

**5.5.3 Pulse Metering Data Connection**

Upon written request and execution of a letter agreement, the District Grant PUD will install and maintain Current Transformer (CT) metering, capable of KYZ output, as defined by District Grant PUD Construction Standards for Industrial and Large General Customers subject to the following terms conditions:

- A. The Customer shall be responsible for paying in advance, all of the District Grant PUD's estimated costs for labor, materials, overheads and equipment needed for the installation and upon demand shall promptly reimburse the District Grant PUD for all repairs and maintenance costs incurred by it from time to time.
- B. The District Grant PUD will not synchronize the KYZ output to the meter demand timing.
- C. The District Grant PUD will retain ownership of all meters and equipment installed by it.

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- D. The Customer shall be solely responsible for installation, operation, and maintenance of data logging equipment from ~~the DistrictGrant PUDs~~ installed isolation relay(s). The Customer shall also provide voltage potential for the data logging equipment.
- E. The Customers communication equipment from the isolation relay(s) to the Customer's data logging equipment must be approved in advance by ~~the DistrictGrant PUD~~.
- F. ~~DistrictGrant PUD~~ shall have the right to work on the meter, including de-energization, without notice to or permission by the Customer. In the event the meter is removed and/or replaced, ~~the DistrictGrant PUD~~ may attempt, but will not guarantee, reconnection at the isolation relay(s).
- G. ~~The DistrictGrant PUD~~ shall have no liability whatsoever or for any damages of any type to Customer resulting from or arising from the installation, operation or use of the KYZ output or from any malfunction thereof.

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5.6 INTERCONNECTION OF CUSTOMER-OWNED NET METERING SYSTEMS

~~DistrictGrant PUD~~ will allow net metering systems meeting ~~the DistrictGrant PUD's~~ Construction Standards to interconnect on a first-come, first-served basis to ~~the DistrictGrant PUD's~~ distribution system under the following terms and conditions:

~~5.6.45.6.1~~ Application, Fees and Agreement

Customer shall submit a Net Metering Application to ~~the DistrictGrant PUD~~ prior to installing the generating facility along with an application fee, refer to fee schedule. Upon ~~the DistrictGrant PUD's~~ approval of the Customer's Net Metering Application, Customer shall sign a Net Metering Interconnection Agreement. After ~~DistrictGrant PUD's~~ approval of the Net Metering Interconnection Agreement, Customer may at Customer's expense install the approved Net Metering System or modify as necessary or directed by ~~the DistrictGrant PUD~~ Customer's generating facility in existence on Customer's property prior to the date these policies were enacted.

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~~5.6.25.6.2~~ Certification of Completion

Upon the Customer's completion of the Net Metering System installation or modification, the Customer shall submit to ~~the DistrictGrant PUD~~ a Certificate of Completion on a form provided by ~~the DistrictGrant PUD~~. Such form shall include evidence of inspection and approval of the Net Metering System by the State Electrical Inspector. Interconnection work to ~~the DistrictGrant PUD's~~ distribution system will commence following receipt of the Certificate of Completion.

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~~5.6.35.6.3~~ Unauthorized Connections

For the purposes of public and employee safety, any non-approved generation interconnections discovered will be immediately disconnected from ~~the DistrictGrant PUD's~~ system.

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~~5.6.45.6.4~~ Metering

~~The DistrictGrant PUD~~ shall install a kilowatt-hour meter, or meters as the installation may determine, capable of registering the bi-directional flow of electricity at a level of accuracy that meets all applicable standards, regulations and statutes. If ~~the DistrictGrant PUD~~ requires separate metering to measure the energy produced by the generating facility, such equipment shall be installed at the Customer's expense.

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~~5.6.55.6.5~~ Future Modification or Expansion

Prior to any future modification or expansion of the Customer-owned generating facility, the Customer will obtain ~~DistrictGrant PUD~~ approval. ~~The DistrictGrant PUD~~ reserves the right to require the

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Customer, at the Customer's expense, to provide corrections or additions to existing electrical devices in the event of modification of government or industry regulations and standards.

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**5-0-65.6.6 — DistrictGrant PUD System Capacity**

The cumulative generating capacity of net metering systems shall be limited to 0.25% of the DistrictGrant PUD's peak demand during 1996. Additionally, interconnection of Customer-owned generation to individual distribution feeders will be limited to 10% of the feeder's peak capacity. Additional generation interconnection to individual distribution feeders may be allowed beyond these stated limits at the DistrictGrant PUD's discretion.

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**5-0-75.6.7 — Customer Owned Protection**

It is the responsibility of the Customer to protect their facilities, loads and equipment and comply with the requirements of all appropriate standards, codes, statutes and authorities. The Customer's Net Metering System must include, at the Customer's expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electrical Code (NEC), National Electrical Safety Code (NESC), the Institute of Electrical and Electronics Engineers (IEEE), Underwriters Laboratories (UL).

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**5-0-85.6.8 — Interconnection Costs**

Customer shall be responsible for all additional costs above and beyond the application fee, if any. Such costs will be based on actual costs, including overheads. For example additional costs may be incurred for transformers, production meters, and DistrictGrant PUD testing, qualification, and approval of non UL 1741 listed equipment.

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## 6.0 METER READING, BILLING AND COLLECTING

### 6.1 METER READING

Meters will normally be read ~~daily via advanced metering infrastructure monthly, except for Customers served under Rate Schedule No. 3, Irrigation Service, where meters will be read during the irrigation season.~~

If for any reason a reading cannot be obtained, the billing may be based on estimating energy use and demand, and subject to later correction.

~~The DistrictGrant PUD's will deploy current technology has the ability to read, connect and disconnect meters remotely. The deployed technologies are the DistrictGrant PUD's standards. If a Customer you declines to adhere to the DistrictGrant PUD's standards, refer to fee schedule and Opt-Out Agreement.~~

### 6.2 ADJUSTMENT OF BILLING ERRORS

~~The DistrictGrant PUD may adjust any billing when it has been determined that an error in billing has been made and a correction is in order. The DistrictGrant PUD may revise such bill on the basis of the best evidence available.~~

~~If the billing error is favorable to the Customer, Grant PUD will credit or refund the Customer's account for overcharges back to the date of when the billing error occurred and up to the date of discovery of the billing error.~~

~~If the billing error is unfavorable to the Customer, Grant PUD will charge the Customer's account for undercharges to the date of when the billing error occurred or six years (whichever lookback period is shorter) up to the date of discovery of the billing error. Grant PUD may establish an interest-free monthly payment arrangement for the undercharged amount for a Customer with a financial hardship as a result of the billing adjustment. The term of the payment arrangement term will not exceed the number of months of the lookback period.~~

### 6.3 BILLING PERIODS

The normal monthly billing period is 30 days. However, due to weekends and holidays, monthly billing periods may range from 26 to 34 days. Monthly charges for shorter or longer periods will be prorated on the basis that such fractional period bears to 30 days.

~~At the DistrictGrant PUD's discretion, closing and opening reads may be prorated from the nearest read — either before or after the transaction date. The meter reading may also be provided by the Customer, subject to verification.~~

### 6.4 NON-METERED SERVICE

Non-metered service may be supplied when the connected load is known and average monthly energy consumption can be accurately calculated.

### 6.5 TRANSFER AND SPECIAL READINGS

~~When the DistrictGrant PUD allows special readings due to unusual conditions, special procedures shall be used for billing purposes.~~

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Commented [RC35]: Even though Rate Schedule 3 meters are read in the off season they are not billed, unless the use exceeds \$5. This section should be updated to conform to Grants new meters and those that opt out of the remote read.

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Commented [CW43R42]: I think this can be deleted. Not aware of any applicability.

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**6.66.5 DETERMINATION OF DEMAND**

Where ~~the DistrictGrant PUD~~ rate is based on kW demand, the Metered/Billing Demand shall be calculated to the nearest thousandth (0.001) of a kW. Inaccurate demand readings caused by meter failure or loads with constantly changing demands may require the demand to be calculated by ~~the DistrictGrant PUD~~, taking into consideration installed capacity necessary to serve the load and abnormal effects on ~~the DistrictGrant PUD's~~ system. Power factor metering data (if available) and/or the load history or load checks would also be used to compute the demand.

~~The DistrictGrant PUD~~ shall, if requested by Customer in advance, waive demand reads in one two-hour period for the sole purpose of Customer testing equipment. ~~The DistrictGrant PUD~~ will not waive demand reads for this purpose more than one time in any 12-month period.

If monthly demand charges are based on Customer's highest demand, as provided by ~~the DistrictGrant PUD's~~ then applicable rate schedule, a number of such recording periods equal to the first two hours

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following a system outage, not related to a failure in the Customer's Facility, shall be disregarded if noted by Grant PUD or if requested by the Customer.

**6.76.6 PAYMENT**

All monthly bills for service rendered and minimum charges are due and payable when rendered and become delinquent if not paid within 25 days.

**6.86.7 RETURN CHECK FEE**

A return check fee may be assessed to a Customer's account for which payment has been received by any check or legal tender which is subsequently returned to the District Grant PUD by the bank, refer to fee schedule.

**6.96.8 PAYMENT OPTIONS**

Customers may make payments to the District Grant PUD by cash, check, credit cards, debit cards, automated checking and savings account withdrawal and other District Grant PUD approved electronic means.

**6.106.9 LEVEL BILLING PLAN BUDGET PAY**

~~Domestic/Residential Service and General Service Rate Schedule 1 and 2~~ Customers may request to have a level billing plan Budget Pay. Monthly payments are due even if the account reflects a credit balance. Level billing plan Budget Pay accounts are subject to all other applicable articles of these policies. Copies of the District Grant PUD's level billing plan option is on file and is available upon request.

**6.116.10 LATE PAYMENT CHARGES**

If payment hasn't been received by the District Grant PUD on or before the due date, a late payment fee shall be assessed on the unpaid balances, refer to fee schedule.

**6.126.11 ACCOUNT SERVICE CHARGE**

During the District Grant PUD's normal business hours, an account service fee will be made for a service transfer or a turn on, refer to fee schedule.

**6.136.12 AFTER-HOURS FEE**

~~Any Customer requested service connection or disconnection made after 4:00 p.m. PM or before 8:00~~

~~a.m. AM Monday through Friday for a non-remotely activated meter or any customer requested service connection or disconnection made outside of Call Center Hours. Monday through Friday for a remotely activated meter will incur an after-hours fee, refer to fee schedule. Any Customer requested service requiring Call Center service call-out (excluding power outages) outside of regular Call Center hours (visit www.grantpud.org for listed hours) will incur an after-hours fee. Refer to fee schedule.~~

Any Customer requested service requiring an on-site service call-out (excluding power outage response) outside of normal work hours (6:00am and 4:00pm Monday – Thursday), an after-

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hours fee will be applied. Exceptions may apply on Friday's if service crews are scheduled to work. Refer to fee schedule.

**6.146.13 DEPOSITS**

Deposits ~~may be are~~ required for all Customers. ~~Except a Rate Schedule 1 customer may have their deposit waived if the customer's credit report shows a favorable credit history.~~ If the Customer fails to comply with or make any of the payments required by the District Grant PUD, or fails to maintain other security in lieu of a cash deposit the Customer will not be provided service or may be disconnected in accordance with the District Grant PUD's disconnect for non-payment policy. The full amount of the deposit, plus the disconnect for non-payment fee, will be required prior to turning the service back on.

**6.14.6.13.1 Current Credit Rating**

Credit activity for every Customer account is rated via a point system. Prior to any deduction, each account has a Current Credit Rating of 1,000. Credit activity at any service under the account may affect the credit point total.

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Deductions will remain in effect for 12 months from the date incurred for Domestic Services and 18 months for all other services unless otherwise noted.

Customers will return to a credit rating score of 1,000 when all adverse credit activity deductions have expired according to the above schedule.

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~~6.14.26.13.2~~ **Interest on Deposits**

Deposits will earn interest and will be calculated and accrued monthly. The applicable interest rate applied is available upon request.

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**6.456.14 NEW OR ADDITIONAL DEPOSIT REQUIREMENTS**

The District Grant PUD may require a new or additional deposit for Customers whose service(s) experience significant electrical load changes or develop credit problems.

**ADEQUATE ASSURANCE OF FUTURE PAYMENT**

When a Customer files a bankruptcy petition, the Customer's existing service(s) will be closed and new service(s) established. If any of the Customer's accounts are delinquent at the time of such filing, the District Grant PUD may require a new or additional deposit or other adequate assurance of future payment pursuant to 11 USC Section 366. Payment of the deposit or other assurance of future payment will be required within twenty (20) days of the date of the order for relief as provided in 11 USC Section 366.

**6.466.15 TERMINATION OF SERVICE**

Upon termination of service, the District Grant PUD will refund to the Customer the amount currently on deposit plus accumulated interest after deducting all amounts due the District Grant PUD.

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**6.476.16 DELINQUENCY-DISCONTINUANCE OF SERVICE**

~~6.17.16.16.1~~ **Right to Disconnect**

The right to discontinue service when delinquent may be exercised whenever and as often as delinquency shall occur and neither delay nor omission on the part of the District Grant PUD to enforce this rule at any one or more times shall be deemed as a waiver of its rights to enforce the same at any time, so long as the delinquency continues.

Except where prohibited by law, the District Grant PUD reserves the right to refuse, to limit or to disconnect service to any Customer having a delinquent balance and may transfer the delinquent balance to the Customer's active account for collection purposes.

The Customer Service Representative may make payment arrangements with the Customer for a payment schedule for the bill. However, the District Grant PUD shall not be required to enter into a payment schedule with a Customer who has not fully and satisfactorily complied with the terms of a previous payment schedule.

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~~6.17.26.16.2~~ **Due Process**

Except in the case of emergencies and exceptional circumstances, as determined by the District Grant PUD, notice will be given to the Customer or occupant warning of discontinuance of service to allow the opportunity for reconciliation of an account and cancel a disconnect for non-payment.

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**6.486.17 DISCONNECT FOR NON-PAYMENT**

This section will apply to all disconnects for non-payment except as otherwise specified.

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~~6.18.16.17.1~~ **Disconnect Fee**

Whenever service has been ~~ordered~~ disconnected for non-payment or fraudulent ~~use and a service call has been made~~, a disconnect fee will be charged to the account, refer to fee schedule. The disconnect fee may be waived for Customers who under Washington law qualify for medical or public assistance and when reconnection payment is funded by a private, non-profit funding agency subject to 501(C)(3) tax exemption.

For re-connection outside of ~~the DistrictGrant PUD's~~ normal business hours for services that have been disconnected for non-payment (refer to Section 6.13).

~~6.18.26.17.2~~ **Moratorium**

~~The DistrictGrant PUD's~~ disconnect for non-payment policy is set forth in Section 6.18 and shall be subject to the requirements of RCW 54.16.285.

**6.496.18 LANDLORD/TENANT ARRANGEMENTS**

Landlords of rental residences may arrange with ~~the DistrictGrant PUD~~ for service to the designated rental to remain energized and to be transferred to the landlord when tenants request termination of service by signing up for Landlord Service. The landlord shall be responsible for any basic charges and energy consumption prior to the transfer of the service to a new tenant.

In most cases where the Landlord is the Customer and requests termination of service to a rental residence or fails to pay for such service, ~~the DistrictGrant PUD will~~ may notify the tenant by hanging a door tag stating that the tenant has five (5) days to put the account into their name and the Landlord will be assessed a fee, refer to fee schedule. Requests for termination of utility service by a landlord, for the purpose of evicting a tenant, is prohibited by RCW 59.18.300.

**6.206.19 ELIGIBILITY FOR SPECIAL LOW INCOME RATE DISCOUNTS**

~~The DistrictGrant PUD~~ offers a Low-Income Senior Citizen rate discount and a Low-Income Disabled rate discount for qualifying residential Customers as defined in Rate Schedule 1.

To be eligible for either of these rate discounts, the total household income including Customer's spouse or co-tenant(s) must be equal to or less than ~~150~~200% of the poverty guidelines as updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).

Eligibility requirements for low-income rate discounts are as follows:

- A. ~~LOW-INCOME SENIOR CITIZEN DISCOUNT:~~ In addition to meeting the household income eligibility criteria as stated above, Customer must be 62 years or older prior to or during the month in which the discount will be applied.
- B. ~~LOW-INCOME DISABLED DISCOUNT:~~ In addition to meeting the household income eligibility criteria as stated above, Customer must obtain certification from a Physician or Mental Health Professional that Customer meets the disability criteria defined in RCW 74.18.020, RCW 71A.10.020 or RCW 46.16.381. Such certification must be on ~~the DistrictGrant PUD's~~ approved form.

~~Only one low-income rate discount shall be applied to Customer's account regardless of whether they qualify for both rate discounts. Rate discounts will be applied only to the residential service serving as the Customer's primary dwelling. Eligibility will be verified in writing by either, DistrictGrant PUD staff, Department of Social and Human Services or other,~~

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Changes in the customers income or location will require reverification of the eligibility requirements. The low-income discount rate shall expire three (3) years from the date the discount was applied but may be allowed to continue for additional three (3) year periods provided the customer provides reverification of the eligibility requirements. The District may require Customers enrolled in low income rate discount programs to verify that they continue to meet eligibility criteria. Customers unable to verify eligibility requirements within 30 days of the District Grant PUD's request or upon expiration of the discount will be removed from the rate discount program.

Grant PUD reserves the right to schedule a no cost home energy assessment at the premise where the discount is applied. If the customer refuses the home energy assessment, the customer discount will be removed within 30 days upon failure to allow the assessment.

Each applicant will be encouraged to shall apply for request a no cost home energy assessment at the premise where the discount is applied. The customer will be removed from the discount rate within 30 days upon failure to allow the assessment audit at no cost.

6.246.20 NET METERING BILLING

Pursuant to RCW 80.60.030, Customers participating in the District Grant PUD's Net Metering Program shall be billed and credited in accordance with the following:

- A. The District Grant PUD shall measure the net electricity produced or consumed by the Customer during each billing period, in accordance with normal metering practices.
- B. If the electricity supplied by the District Grant PUD exceeds the electricity generated by the Customer and fed back to the District Grant PUD during the billing period, or any portion thereof, then the Customer shall be billed for the net electricity supplied by the District Grant PUD together with the appropriate Customer Basic charge paid by the Customers of the District in the same rate class.
- C. If the electricity generated by the Customer and distributed back to the District Grant PUD during the billing period, or any portion thereof, exceeds the electricity supplied by the District Grant PUD, then the Customer shall be:
  - A.1 billed for the appropriate Customer service Basic charge or minimum charge as other customers of the District in the same rate class for that billing period; and
  - B.2 credited for the net excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on Customer's bill for the following billing period
- D. On April 30th / March 31st of each calendar year, any remaining unused kilowatt-hour credit accumulated by the Customer during the previous year shall be granted to the District Grant PUD, without any compensation to the Customer.
- E. Customer shall pay any amount owing for electric service provided by the District Grant PUD in accordance with applicable rates and policies. Nothing in this Section shall limit the District Grant PUD's rights under applicable Rate Schedules, City Ordinances, Customer Service Policies, and General Provisions.

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**6.226.21 RENEWABLE ENERGY SYSTEM COST RECOVERY**

Customers participating in ~~the District Grant PUD's~~ Net Metering Program may be eligible each fiscal year for an investment recovery incentive for each kilowatt-hour generated by the Customer provided Customer complies with RCW 82.16.120. ~~the meets the following requirements:~~

- ~~A. The Customer must have a customer-generated electricity renewable energy system installed on its property; and~~
- ~~B. The electricity produced by Customer must meet the definition of "customer-generated electricity" and that its renewable energy system produces electricity in accordance with the provisions of RCW 82.16.120; and~~
- ~~C. Before submitting for the first time an application for the incentive allowed under this policy, the Customer shall first submit to the Washington Department of Revenue (DOR) and to the climate and rural energy development center at the Washington State University, a certification in a form and manner prescribed by the DOR; and~~

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- ~~D. By August 1st of each year, Customer shall submit an application for the incentive to the District in a form and manner prescribed by the DOR; and~~
- ~~E. Within sixty days of receipt of the incentive certification the District shall notify the Customer in writing whether the incentive payment will be authorized or denied; and~~
- ~~F. Incentive payments will be in the form of a check to the Customer. No incentives will be paid for kilowatt hours generated before July 1, 2005, or after June 30, 2020; and~~
- ~~G. District incentive payments shall be calculated in accordance with the provisions of RCW 82.16.120 (4) and not to exceed \$5,000 per year for each eligible individual, household, business or local government entity as set forth in RCW 82.16.120 (5)(a); and~~
- ~~H. The total credit under this program shall be disbursed on a first come first serve bases and limited as stated in RCW 82.16.130. "The credit under this section for the fiscal year shall not exceed one-half percent of the businesses' taxable power sales due under RCW 82.16.020(1)(b) or one hundred thousand dollars, whichever is greater."~~

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## 7.0 STREET LIGHTING SERVICE

### 7.1 AVAILABILITY

Street Lighting Service will be made available in accordance with Rate Schedule 6, Street Lighting Service and the terms and conditions of these Customer Service Policies, as they now exist or may be hereafter amended.

### 7.2 SPECIFICATIONS

For qualified applicants, [the DistrictGrant PUD](#) will provide and install a system of unmetered street lighting facilities for dusk to dawn operation. Conventional Street Lighting consists of overhead or underground conductors with mast arms and luminaries mounted on wood, concrete, or metal poles. Decorative Street Lighting units consist of a decorative post and two decorative arms, each with a single acorn globe. Modified arm units consist of two decorative arms, each with a single acorn globe, modified to fit on existing street light standards. When street lights are installed, the Customer shall pay a monthly charge based on the facilities provided as specified in Rate Schedule 6.

### 7.3 LINE EXTENSION POLICY - STREET LIGHTS

[The DistrictGrant PUD](#) will construct and supply the necessary lighting equipment to include single-phase transformers and secondary voltage facilities to effect delivery of street lighting service upon written request and authorization from qualifying customers. Primary facilities that do not qualify as an Area Feeder and are installed by [the DistrictGrant PUD](#) to provide power for the aforementioned secondary facilities, shall be provided in accordance with Line Extension Policy, Section 4.0 and the appropriate Line Extension Fee paid by the Customer.

#### ~~7.3~~ **7.3.1 Underground Service to Street Lights**

Underground Service will be provided where practicable. The Customer is responsible for trenching, conduit, sand bedding and backfilling. For decorative street lighting, the Customer shall also supply and install any mounting bases required. If [the DistrictGrant PUD](#) provides the trenching, the full cost will be charged to the Customer at the time of construction.

### 7.4 TERMINATION OF SERVICE

The Customer shall continue to pay for service to all types of street lights until such time as a written request for termination, signed by an authorized individual, is received by [the DistrictGrant PUD](#). Upon termination the Customer shall pay a Termination Charge reduced by; (a) 20% for Conventional Street Lighting; or (b) 5% for Decorative Street Lighting, for each full twelve (12) month period since installation of the facilities.

### 7.5 CONTINUITY OF SERVICE

[The DistrictGrant PUD](#) does not guarantee continuity of service and shall not be liable for any interruption of street light service or damage resulting therefrom which is caused by vandalism, normal equipment failure, accidents, acts of God, unavailability of power supply to meet [DistrictGrant PUD](#)'s load requirements, the necessity for making repairs or changes in [the DistrictGrant PUD](#)'s equipment and facilities, or by any other cause reasonably beyond [the DistrictGrant PUD](#)'s control.

[The DistrictGrant PUD](#) has determined it is not cost effective or practicable to patrol at night to find street lights that are not functioning properly and/or are damaged. Because of this [the DistrictGrant PUD](#) depends on the Customer and the general public to notify [the DistrictGrant PUD](#) that street lights are not functioning properly

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and/or are damaged. [The District Grant PUD](#) will, within a reasonable time after notification, make necessary repairs to restore street lighting service.

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### 8.0 LARGE POWER CUSTOMER ELECTRIC SERVICE ABOVE 500 KW/KVA

Customers with loads in excess of 500 kW/kVA are considered Large Power Customers and can take Electric Service from Grant County PUD under the following Rate Schedules:

Rate Schedule 7	Large General Service
Rate Schedule 14	Industrial Service
Rate Schedule 15	Large Industrial Service
Rate Schedule 16	Agricultural Food Processing Service
Rate Schedule 17-B	Evolving Industry Service
Rate Schedule 85	Agricultural Food Processing Boiler Service
Rate Schedule 94	New Large Load Service

Rate Schedules can be found at [grantpud.org](http://grantpud.org).

A Large Power Customer's presence on Grant PUD's Electric System has material impacts on it. In addition to design considerations for deliverability of large amounts of Electric Power, there are also rate impacts caused by the magnitude of capital and incremental O&M required to connect and serve Large Power Customers. This Section 8 describes the policies that shall be used to implement the Large Power Customer Rate Schedules including mitigating the shifting of long-term costs to other Rate Schedules.

### 8.1 NEW LARGE ELECTRIC SERVICE

Those desiring Electric Service in excess of 500 kW/kVA on Grant PUD's Electric System must provide Grant PUD a completed Large Electric Service Application along with a nonrefundable application fee (see Grant PUD's Fee Schedule). Applications for non-Evolving Industry uses shall be placed into the "Large Electric Service Queue" and processed prior to the Evolving Industry Queue.

Applications submitted for Evolving Industry uses as defined per Rate Schedule 17, shall be placed into a separate queue (Evolving Industry Queue) on a first-come-first-served basis. The Evolving Industry Queue is independent of the Large Electric Service Queue for all other Rate Schedules. The Evolving Industry queue shall be processed after the Large Electric Service Queue is processed, unless the Evolving Industry Customer's requests coincides with a Large Electric Service Queue expansion or study.

### 8.2 CUSTOMER RESPONSIBILITIES

The Customer shall work with Grant PUD staff to identify Facilities Customer may construct for itself or Grant PUD for the delivery of Electric Power. Grant PUD requires the Customer comply with all applicable Grant PUD standards, laws, codes and regulations when constructing Facilities and allow Grant PUD to approve and inspect Metering Facilities and the first Customer Facility protective device beyond the Demarcation Point.

The Customer shall also provide the appropriate transfer(s) of property and the appropriate rights and easements to Grant PUD to allow it to construct and operate Grant PUD Facilities required to provide Electric Service to the Customer.

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8.3 FACILITIES

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Grant PUD will generally supply Large Electric Service requests of 2000 kW/kVA and below at three phase secondary voltage. Grant PUD's standard secondary nominal voltages are 120/208V and

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277/480V, Industrial customers requesting Electrical Service above 2000 kW/kVA shall be provided primary voltage metered service at nominal 13.2kV three phase.

Unless otherwise agreed to in writing between Grant PUD and the Customer, Grant PUD will establish the Demarcation Point.

8.4 CUSTOMER CONTRIBUTION FOR CONNECTION OF LARGE ELECTRIC SERVICE

Grant PUD shall perform the necessary studies to determine what Facilities need to be constructed, reconfigured, upgraded or refurbished as the Large Electric Service Application moves through the queue. Upon completion of the studies the Customer shall be briefed on the results of such studies and the amount of a Customer Contribution shall be estimated.

Assuming the Customer wishes to continue, it shall execute an agreement that includes the details for the Facilities Plan, provisional power, design, and proposed schedule along with the Customer Contribution amount ("Facilities Agreement"). The Customer Contribution is calculated to prevent the shifting of long-term costs within a rate class or group or to other rate classes or groups.

The Customer Contribution is calculated by Grant PUD staff. Customers requiring 20 MVA or less use a prescriptive method to calculate the Customer Contribution. Customers requiring more than 20 MVA of new service require more detailed study.

Should the Customer cancel the project, a portion or all of the Customer Contribution may be returned to the Customer provided that the refunding does not, in Grant PUD's sole discretion, shift costs to others.

8.5 REDUNDANT FACILITIES - LARGE ELECTRIC SERVICE

Prudent utility practice ensures that Facilities are adequate to provide Electric Service to Customers safely, reliably and cost effectively but does not provide redundancy to any particular Customer. If the Customer has a need for a greater level of redundancy than provided by Grant PUD, it can request such redundancy for its Electric Service. Any Facilities provided by Grant PUD to increase redundancy shall in no way modify or alter Grant PUD's obligations or limitations of liability provided in Section 2.

Because redundant facilities are by definition unloaded and available for use at any time, the Customer Contribution required to avoid shifting costs to others may be significant. The Facilities Agreement associated with redundant Electric Service shall specify the required Customer Contribution. If Grant PUD, in its sole discretion, identifies that there are on-going operating costs that need to be recovered related to the redundant unloaded facilities, it shall work with the Customer to identify such costs and establish a Rate Schedule or execute contracts to provide payment to prevent shifting long-term costs to others.

Redundant Electric Service Facilities fall into three broad categories as described below.

8.5.1 Redundant Distribution

Includes the provision of a second distribution feeder to serve the Customer's Facilities. Redundant distribution may or may not come from two different substations.

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8.5.2 Redundant Transformer



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**8.5.2 Redundant Transformer**

Provides additional substation capacity through additional unloaded equipment such that the failure of one transformer will not cause the Customer an Electric Service interruption.

Redundant transformers may or may not be in the same substation.

**8.5.3 Redundant Transmission**

Consists of an alternate source of transmission connected to a substation or substations where the alternate source comes from a different transmission yard breaker.

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## 9.4 9.0 EVOLVING INDUSTRY

To retail Customers whose Industry or particular use of elecload activity and/tricity or industry meets the requirements of an Evolving Industry (EI Criteria).

### 9-29.1 RISK CONSIDERATIONS FOR INCLUSION ~~Risk Considerations for Inclusion in Evolving Industry Class~~

#### ~~9-1-9.1.1~~ Concentration Risk

Potential for significant load concentration within Grant PUD's service territory resulting in a meaningful aggregate impact and corresponding future risk to Grant's revenue stream. Evaluation would begin to occur when industry concentration of existing and service request queue customer loads exceeds the threshold described in Rate Schedule 175% of Grant PUD's total load and service request queue on a planning basis.

#### ~~9-1-29.1.2~~ Business Risk

The risk of stranding of District Grant PUD assets constructed to serve a Customer or causing unrecoverable costs caused by due to cessation or significant reduction of electric consumption due to arising from an Industry's general business environment.

#### ~~9-1-39.1.3~~ Regulatory Risk

Risk of detrimental changes to regulation with the potential to render the industry inviable within a foreseeable time horizon.

### 9-39.2 PERIODIC REVIEW BY ASSESSMENT TEAM ~~Periodic Review by Assessment Team~~

~~Resolution No. 8891 states that a~~ At least every two years a team will be established with the responsibility of at least every two years annually reviewing which Customers, customer types, or uses of electricity are to be included in the Evolving Industry Rate Class. ~~Theis~~ Evolving Industries Assessment Team ~~has the responsibility to shall~~ use prudent business and utility practices to establish criteria identify and classify Industries or uses of electricity load activities and industries as belonging to the Evolving Industry Rate Class.

The Evolving Industry Assessment Team shall include Grant PUD staff representing the following departments and sections (or their successors) of the District Grant PUD:

- A. Large Power Solutions ~~Customer Care~~
- B. Customer Solutions
- C. Engineering
- D. Rates & Pricing
- E. Finance/Accounting

The Evolving Industry Assessment Team shall ~~convene no less than annually every two years with members being~~ be selected by the PUD's executive management.

~~The Evolving Industry Assessment Team will assess business conditions and risks that indicate~~

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~~which Industries should be included or excluded from the Evolving Industry Rate Class.~~

Grant PUD posts the list of Industries or Identified Uses that qualify for Rate Schedule 17 on its website at [www.grantpud.org](http://www.grantpud.org).

The Evolving Industry Assessment Team ~~will annually shall~~ review and value the costs and risks associated with serving Evolving Industries, ~~calculate the premium component(s) of the Rate Schedule 17,~~ and provide any recommended changes to the Commission. Risk elements considered ~~Changes that~~

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~~impact the risk premium~~ include, but are not limited to, future transmission requirements, impact to ~~District Grant PUD~~ equipment, increased power supply cost risk, and potential stranded asset risk.

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**9.3 INCLUSION IN THE EVOLVING INDUSTRY ENTRY AND EXIT RATE CLASS**  
**CRITERIA**Evolving Industry Entry and Exit Criteria

A load activity and/or industry shall be included in the Evolving Industry Rate Class if it meets the criterion of section 9.1.1., Concentration Risk, and also meets the criteria of either section 9.1.2. or section 9.1.3., Business Risk and Regulatory Risk, respectively.

A load activity and/or industry shall be removed from the Evolving Industry Rate Class if and only if it no longer meets the criteria of 9.1.2. and 9.1.3.

**9.4 RATE 17 DESIGN**Rate 17 Rate Design

Rate Schedule 17 is designed to consider risks associated with the Evolving Industry class in order to minimize cost shifting to other Customer classes.

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Rate 17 includes factors common to any Customer class such as allocated operating and capital costs, a risk premium, and any Commission policy direction applicable to Rate 17 that may include specific additional charges or adders. The risk premium portion of the rate may include but not be limited to risks such as future transmission / infrastructure requirements, loading and utilization of ~~District Grant PUD~~ equipment, potential increase or additional volatility in power supply cost, risk of under or unutilized (stranded) assets, and future revenue volatility or loss.

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The risk component of Rate Schedule 17 will be reviewed annually at least every two years and may be adjusted up or down by the Commission in accordance with changes to the risk profile.

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**9.5 COMMISSION REPORTING**Commission Reporting

When the Evolving Industry Assessment Team determines that an industry meets the Rate 17 criteria, staff will provide a memo for Commission review and action. Likewise, when staff determines that an industry no longer meets the criteria of Rate 17, staff will provide notice to the Commission for Commission review and action. The memos are part of the public packet posted to Grant PUD's website. Customers and stakeholders may comment to the Commission in public session regarding the change.

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The Evolving Industry Assessment Team will also annually at least every two years update the Commission, independent of whether or not any changes are being made to the Evolving Industry Rate class, with a summary of the evaluation of the risk premium of Rate Schedule 17. Based upon this information the Commission will consider the need for rate changes and may modify Rate 17.

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**9.6 APPLICATION AND QUEUE**Application and Queue

Customers desiring to apply for new or increased service shall apply as described in Section 2.7 and Section 8.1 of this Customer Service Policy.

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**9.7 ATTESTATIONS**Attestations

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~~Any new or existing customers placed under the Evolving Industry Rate Schedule 17 Both new and existing Customers may be required to shall provide an attestation indicating demonstrating if they intend to participate they do not qualify or meet the criteria to be served under this rate schedule in an Evolving Industry. New Customers and Customers requesting additional Electric Service may attest to the intended use of the new or increased Electric Service as a condition of the District Grant PUD to provide Electric Service under a different rate schedule.~~

Once established, if a Customer changes its business such that it no longer meets the Rate Schedule 17 Evolving Industry criteria, the customer may be required to affirm their attestation that they are not participating in an Evolving Industry and no load on its Premises is participating in any Evolving Industry. If a customer changes its business such that it does meet the Rate Schedule 17 Evolving Industry criteria the customer is required to inform the PUD of the change in status. Failure to inform the PUD may result in penalties as described in section 9.8.

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**9.8 LOAD SPLITTING AND METERING**~~Load-Splitting and Metering~~

If residential Customers on Rate Schedule 1 ~~declare they~~ are participating in an Evolving Industry or plan to participate in an Evolving Industry, the entire load at that Premises will be billed in accordance with Rate Schedule 17. Grant PUD, in its sole discretion, may allow the Customer to split the loads provided however, the customer is required to reimburse Grant PUD for all costs associated with providing the additional metering.

If a Large Power Customer has a portion of their load that qualifies for Rate Schedule 17, Grant PUD, in its sole discretion, may allow the Customer to split the loads provided however, the customer is required to reimburse Grant PUD for all costs associated with providing the additional metering.

**9.9 DETECTION AND ENFORCEMENT**~~Detection and Enforcement~~

The PUD shall monitor Customers in the normal course of business just as it does for diversion of service and unsafe conditions. ~~The District Grant PUD~~ will use various means it has available to collect information and make observations about its Customers to ensure each Customer is on the correct Rate Schedule.

Industries tend to have similar usage patterns which may identify certain Premises where a change of Rate Schedules would be appropriate. ~~The District Grant PUD~~ shall reconfirm the self-attestation made by the Customer, ~~or request the Customer provide an attestation if none was provided earlier, if usage patterns or other observations indicate the Customer may be participating in an Evolving Industry.~~

~~The District Grant PUD~~ will make reasonable efforts to contact the Customer and discuss ~~the District Grant PUD's~~ findings and shall ask the Customer for assurances that they are not participating in the Evolving Industry. Should the Customer refuse to provide adequate assurances that it is not participating in an Evolving Industry, ~~the District Grant PUD~~ shall assume the Customer is participating in the Evolving Industry and convert the Customer to Rate Schedule 17 until the Customer ceases to participate in the Evolving Industry or demonstrates that it is not.

**9.10 PENALTIES**~~Penalties~~

~~The District Grant PUD~~ has the authority to enforce its Rate Schedules and intends to do so to the full extent allowed by the law. Customers found to have knowingly deceived and/or found to have been charged under an incorrect Rate Schedule based on Customer representations will be processed the same way as diversion in Section 2.15 of this Customer Service Policy and subject to penalties. ~~The District Grant PUD~~ reserves the option to assess damages from the date ~~the District Grant PUD~~ estimates the customer's Rate Schedule should have changed, as allowed in Section 2.1.2, and pursue any uncollected applicable charges.

**9.11 INFORMAL CONFERENCE / HEARINGS**~~Informal Conference / Hearings~~

Customers who have a dispute regarding the application of this Customer Service Policy may request an informal conference as described in Section 2.16 herein. If the Customer wishes to pursue the matter further, Section 2.16 also describes how to request a hearing.

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## 10.0 REVISIONS

Section	Description	Revised	Resolution
<a href="#">1.0</a>	<a href="#">PREAMBLE</a>	<a href="#">04/23/19</a>	<a href="#">8916</a>
<a href="#">1.1</a>	<a href="#">DEFINITION OF TERMS</a>	<a href="#">04/23/19</a>	<a href="#">8916</a>
<a href="#">2.0</a>	<a href="#">GENERAL POLICIES</a>	<a href="#">08/09/82</a>	<a href="#">4150</a>
<a href="#">2.1.1</a>	<a href="#">Metering Point</a>	<a href="#">03/20/06</a>	<a href="#">7952</a>
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**Page 2: [93] Commented [JS48] Jennifer Sager 7/13/2022 4:14:00 PM**

Should this be Monday-Thursday with the 4 10s schedule of the line crew?

**Page 2: [94] Commented [RC49] Richard Cole 4/20/2022 10:03:00 AM**

Align with Grants current process and allows the expansion of the call center hours.

**Page 3: [95] Commented [KW51] Kerri Wendell 5/13/2022 4:49:00 PM**

I have a suggestion to break this out with residential customers - deposit requirements and amounts then for Non-Residential or General Service and above since the deposit requirements are similar but there are other ways for commercial and industrial customers to waive the deposit. If that is easier to understand for customers.

**Page 3: [96] Commented [RC53] Richard Cole 4/20/2022 10:04:00 AM**

Rate 1 customers, upon approval, may have the deposit waived.

**Page 3: [97] Commented [RC54] Richard Cole 4/20/2022 10:07:00 AM**

Missing appears to be the return of the deposits. Should that be addressed in the policy?

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**CUSTOMER SERVICE POLICIES**  
**FEE SCHEDULE**

*Fees shown on the Fee Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.*

<b>Customer Service Policy Section</b>	<b>Item</b>	<b>Fee</b>
2.14	Revenue Protection and Power Diversion Fees	Actual Damages
2.14 B	Meter Resealing Fee	\$100.00
4.5.1 A	<p align="center">Line Extension Fee</p> <p>If the Design cost is \$20,000 or greater, a true-up provision applies pursuant to a Time and Materials Contract.</p> <p>If actual costs are above the Design cost, the Customer will be billed for the difference. If the actual costs are below the Design cost, the Customer will receive an account credit for the difference.</p>	<p align="center">Actual Fee per Design</p> <p>A 25% discount, up to a maximum \$2,500 discount, is available to Residential Customers on Rate Schedule 1, <i>excluding plat developers.</i></p> <p>A 25% discount, up to a maximum \$10,000 discount, is available to Irrigation Customers on Rate Schedule 3.</p>
4.5.1 B	<p align="center">Underground Simple Service Fee (if moped and fiber handhole are already installed)</p> <hr/> <p align="center">Overhead Simple Service Extension Fee (if transformer is already on pole and pole is within 100' of new meter base/mast)</p>	<p align="center">Electric - \$850.00 Fiber - \$400.00</p> <hr/> <p align="center">Electric - \$450.00 Fiber - \$430.00</p>
4.5.1 D	<p align="center">Overhead Temporary Service</p> <p align="center">Underground Temporary Service</p>	<p align="center">\$380.00</p> <p align="center">\$340.00</p>
5.3.5	False Call Fee	\$215.00
5.4.7	Meter Obstruction Fee	Basic Charge
5.6.1	Net Metering Application Fee	\$300.00

**CUSTOMER SERVICE POLICIES**  
**FEE SCHEDULE**

*Fees shown on the Fee Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.*

<b>Customer Service Policy Section</b>	<b>Item</b>	<b>Fee</b>
6.1	Manual Meter Read	Installation Cost - \$250.00  Meter Read - \$65.00 per month
6.8	Return Check Fee	\$25.00
6.101	Late Payment Charge	Refer to CS110042-POL
6.112	Account Service Charge	\$15.00
6.123	After-Hours Fee (Call Center)	\$250.00
	After-Hours Fee (On-Site)	\$450.00
	<i>(Combined fees apply when both call-outs are applicable)</i>	
6.178.1	Disconnect Fee	\$50.00
6.189	Door Tag Fee	\$50.00
8.1	Application Fee	New Demand Load Request 0.5 MW to 2 MW      \$2,500 Up to 10 MW      \$6,500 Up to 20 MW      \$15,000 Up to 40 MW      \$52,000 Over 40 MW      \$21,000 (*requires different process)
8.5	Redundant Capacity Charge	Monthly charge of \$0.85 per kW

**CUSTOMER SERVICE POLICIES**  
**FEES SCHEDULE**

Fees shown on the Fee Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.

Customer Service Policy	Item	Fee
2.1 <del>4</del> 5	Revenue Protection and Power Diversion Fees	Actual Damages
2.1 <del>5</del> 4 B	Meter Resealing Fee	\$ <del>50</del> 100.00
4.5.1 <del>A</del> .A 4.5.1.A	Line Extension Fees: <b>Permanent Service maximums:</b>  \$10,000. per Residence on Schedule 1 \$25,000. per account on Schedule 2 \$40,000. per account on Schedule 3 \$200,000. per account on Schedule 7 (up to 500 KVA) <u>Line Extension fees in excess of \$20,000</u>	<u>Actual Fee per Design</u> <u>Seventy five percent (75%) of the Estimated Line Extension fee for Permanent Service. Plus 100% of the cost in excess of the applicable maximum amount listed.</u>  <u>See T&amp;M Contract</u> <u>If the Design cost is \$20,000 or greater, a true-up provision applies pursuant to Time and Materials Contract. If actual costs are above the Design cost, the Customer will be billed for the difference. If the actual costs are below the Design cost, the Customer will receive an account credit for the difference.</u>  <u>A 25% discount, up to a maximum \$2,500 discount, is available to Residential Customers on Rate Schedule 1, excluding plat developers.</u>  <u>A 25% discount, up to a maximum \$10,000 discount, is available to Irrigation Customers on Rate Schedule 3.</u>

**Commented [RA1]:** This does not cover the meter/relay or lineman going out to the site and coming back. If this is due to a customer tampering, it should be more. But if this is due to work in the house being done under L&I, then it should at least cover 1 hour plus overhead. That would be closer to \$100

**Commented [CW2R1]:** Thank you, @Ron Alexander. I'll update it for 1 hr of labor + OH. If tampering, we multiply tampering charges by 3x.

**Commented [CW3R1]:** Lineman \$54.18 x 1.0 hr x 1.6 (60% OH rate) = \$86.69

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**CUSTOMER SERVICE POLICIES**  
**FEES SCHEDULE**

Fees shown on the Fee Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.

4.5.1-B	<u>Underground Simple Service Extension Fee (if moped and fiber handhole are already installed)</u>	\$300.00 Electric - <del>\$8503.00</del> & Fiber - <del>\$4008.00</del>
	<u>Overhead Simple Service Extension Fee (if transformer is already on pole and pole is within 100' of new meter base/mast)</u>	Electric - <del>\$4504.00</del> ###00_ Fiber - <del>\$4309.00</del>
4.5.1-D	<u>Construction Temporary Service</u>	\$60.00
4.5.1 D	<u>Overhead Temporary Service</u>	<del>\$3807.00</del> 76
	<u>Underground Temporary Service</u>	<del>\$3404.00</del> 30
5.3.5	<u>False Call Fee</u>	\$215.00
5.4.7	<u>Meter Obstruction Fee</u>	Basic Charge
5.6.1	<u>Net Metering Application Fee</u>	\$300.00
6.1	<u>Manual Meter Read</u>	Installation Cost - <del>\$250.9900</del> Meter Read - <del>\$654.3400</del> per
6.8	<u>Return Check Fee</u>	<del>\$205.00</del>
6.10+	<u>Late Payment Charge</u>	Greater of 2% or <del>\$5</del> Minimum of <del>\$5</del> or 2%
6.112	<u>Account Service Charge</u>	<del>\$105.00</del>
6.123	<u>After-Hours Fee (Call Center)</u>	<del>\$4250.00</del>
	<u>After-Hours Fee (On-Site)</u>	\$450.00
	<i>(Combined fees apply when both call-outs are applicable)</i>	
6.178.1	<u>Disconnect Fee (Remote Meter)</u>	\$ 50.00
	<u>Disconnect Fee (Non-Remote Meter)</u>	\$ 100.00

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**Commented [RA4]:** What is the basic charge in \$?

**Commented [CW5R4]:** It varies by rate class but RS1 (residential) is \$0.55/day. We really don't see this anymore with AMI's ability to get reads. For any manual meter reads, we have the opt-out fee + this obstruction charge if unable to access meter.

**Commented [RA6]:** Last time I checked, this was \$25. What are we paying for returned check fees?

**Commented [CW7R6]:** We only pay \$2.50 but we could up this to \$25.00 to help discourage customer from writing checks with NSF's. Also having the higher fee covers the admin time with processing NSF's.

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**Commented [RA8]:** Is this enough to cover personnel time?

**Commented [CW9R8]:** Will increase to \$15. Inherently low to encourage customers to sign into service.

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**Commented [RA10]:** This does not cover the call out and overtime needed to reconnect a person. At present we pay 2.5 hours of OT, which equates to more than this fee. Can we raise it?

**Commented [CW11R10]:** Thank you. I've updated and have broken out between non-remote vs. remote meters as actual costs are different:

Remote - CSR IV \$31.07 x 2 (OT rate) x 2.5 hrs (min call out) x 1.6 (60% OH rate) = \$248.56

Non-Remote:  
Lineman \$54.18 x 2 (OT rate) x 2.5 hrs (min call out) x 1.6 (60% OH rate) = \$433.44

Foreman Lineman \$60.85 x 2 (OT rate) x 2.5 hrs (min call out) x 1.6 (60% OH rate) = \$486.80

Total for Non-Remote = \$920.24

**Commented [CW12R10]:** Ron has updated the callout procedure to only callout one individual, not two. Can up...

**Commented [RA13]:** What is the cost difference between a remote disconnect and one where we have to have a line ...

**Commented [CW14R13]:** Thank you, I've updated and have broken out between non-remote vs. remote meters as ...



Resolution XXXX

Exhibit A

**CUSTOMER SERVICE POLICIES**  
**EEE SCHEDULE**

*Fees shown on the Fee Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.*

6.1 <del>89</del>	Door Tag Fee	\$ 50.00
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Resolution XXXX

Exhibit A

**CUSTOMER SERVICE POLICIES**  
**EEE SCHEDULE**

*Fees shown on the Fee Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.*

8.1	Application Fee	New Demand Load Request  0.5 MW to 2 MW      \$2,500  Up to 10 MW      \$6,500  Up to 20 MW      \$15,000  Up to 40 MW      \$52,000  Over 40 MW      \$21,000 (*require different process)
8.5-B	Redundant Capacity Charge	Monthly charge of \$0.85 per kW

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ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES 2023-U  
BOND RESOLUTION

**For Commission Review – 05/23/2023**

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000 FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING ELECTRIC SYSTEM BONDS; AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS.

PASSED JUNE \_\_\_\_, 2023

PREPARED BY:

PACIFICA LAW GROUP LLP  
Seattle, Washington



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RESOLUTION NO. \_\_\_\_

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000 FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING ELECTRIC SYSTEM BONDS; AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS.

WHEREAS, Public Utility District No. 2 of Grant County, Washington (the “District”), owns and operates an electric utility system (as further defined herein, the “Electric System”) for the transmission and distribution of electric energy; and

WHEREAS, the District has issued and has outstanding certain senior parity lien obligations of the Electric System described herein (as defined herein, the “Outstanding Parity Bonds”); and

WHEREAS, the resolutions authorizing the Outstanding Parity Bonds authorize the District to issue Future Parity Bonds (as hereinafter defined) for the purpose of refunding outstanding Electric System obligations if certain conditions are met; and

WHEREAS, the District finds that the subordinate lien obligation of the Electric System listed in Appendix A attached hereto (the “Refunding Candidate”) may be refunded with proceeds of a new series of Future Parity Bonds at an overall debt service savings to the District and its ratepayers; and

WHEREAS, the Commission of the District (the “Commission”) deems it in the best interest of the District to issue Electric System revenue refunding bonds in the aggregate principal amount not to exceed \$55,000,000 (the “Bonds”) to be used, with available funds of the District, if any, to redeem the Refunding Candidate (as described herein, the “Refunded Bond”) and to pay costs of issuing the Bonds; and

WHEREAS, once refunded with proceeds of the Bonds authorized herein, the obligations represented by the Refunded Bond will move from a subordinate lien position to a senior lien position in the District’s debt portfolio; and

WHEREAS, the Commission wishes to delegate authority to the General Manager and the Chief Financial Officer/Treasurer of the District (each, a “Designated Representative”) for a limited time, to approve the interest rates, maturity dates, redemption terms, principal maturities and other terms for the Bonds within the parameters set by this resolution; and

WHEREAS, the Bonds shall be sold by negotiated sale as set forth herein;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington:

ARTICLE I  
DEFINITIONS

Section 1.1 Definitions. As used in this resolution, the following terms shall have the following meanings:

**“Annual Debt Service”** for any Fiscal Year means the sum of the amounts required to be paid into the Bond Fund, in such Fiscal Year, to pay:

- (a) the interest due in such Fiscal Year on all Outstanding Parity Bonds, excluding interest to be paid from the proceeds of the sale of Parity Bonds; and
- (b) the principal of all Outstanding Serial Bonds due in such Fiscal Year; and
- (c) the Sinking Fund Requirement, if any, for such Fiscal Year; and
- (d) any regularly scheduled District Payments, adjusted by any regularly scheduled Reciprocal Payments, during such Fiscal Year.

For purposes of computing Annual Debt Service on any Parity Bonds which constitute Balloon Indebtedness, it shall be assumed that the principal of such Balloon Indebtedness, together with interest thereon at the rate applicable to such Balloon Indebtedness, shall be amortized in equal annual installments over a term equal to the least of (1) 25 years or (2) the average weighted useful life (expressed in years and rounded to the next highest integer) of the properties and assets constituting the project (if any) financed out of the proceeds of such Balloon Indebtedness.

In calculating the Annual Debt Service, the District may exclude the direct payment the District is expected to receive in respect of any Future Parity Bonds for which the federal government will provide the District with a direct payment of a portion of the interest from the interest portion of Annual Debt Service.

**“Balloon Indebtedness”** means any series or maturity of Parity Bonds that are specifically designated by the District as “Balloon Indebtedness.” The principal amount maturing on any date shall be the amount of bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date. The Bonds shall constitute Balloon Indebtedness.

**“Beneficial Owner”** means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

**“Bond Counsel”** means Pacifica Law Group LLP or an attorney at law or firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

“**Bond Fund**” means the Electric System Revenue Bond Fund created by Resolution No. 4744 of the District.

“**Bond Purchase Contract**” means the contract for the purchase of the Bonds between the Underwriter and District.

“**Bond Register**” means the records kept by the Registrar on behalf of the District containing the name and mailing address of each Registered Owner of the Bonds or nominee of such Registered Owner, and such other information as the Registrar shall determine.

“**Bondowners’ Trustee**” means a trustee appointed pursuant to this resolution.

“**Bonds**” mean the Electric System Revenue Refunding Bonds, Series 2023-U of the District issued pursuant to this resolution.

“**Call Date**” means the date specified by a Designated Representative for the refunding of the Refunded Bond.

“**Closing Memorandum**” means the closing memorandum prepared by the Underwriter and delivered on the date of issuance of the Bonds.

“**Code**” means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

“**Commission**” means the general legislative authority of the District, as duly constituted from time to time.

“**Continuing Disclosure Certificate**” means a written undertaking for the benefit of the Registered Owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

“**Coverage Requirement**” means rates or charges sufficient to provide Net Revenue, taking into account any transfers to or from the R&C Fund pursuant to this resolution, in any Fiscal Year hereafter in an amount equal to at least 1.25 times the Annual Debt Service in such Fiscal Year, excluding any capitalized interest thereon in said Fiscal Year.

“**Derivative Facility**” means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for the District’s obligations under one or more Derivative Products.

“**Derivative Payment Date**” means any date specified in the Derivative Product on which a District Payment is due and payable under the Derivative Product.

“**Derivative Product**” means a written contract or agreement between the District and the Reciprocal Payor that has (or whose obligations are unconditionally guaranteed by a party that has) as of the date of the Derivative Product at least an investment grade rating from a rating agency, which provides that the District’s obligations thereunder will be conditioned on the performance by the Reciprocal Payor of its obligations under the agreement; and

(a) under which the District is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the District Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the District, on scheduled and specified Derivative Payment Dates, the Reciprocal Payments;

(b) for which the District's obligations to make District Payments may be secured by a pledge of and lien on the Gross Revenue on an equal and ratable basis with the Parity Bonds then Outstanding;

(c) under which Reciprocal Payments are to be made directly into the Bond Fund;

(d) for which the District Payments are either specified to be one or more fixed amounts or are determined as provided by the Derivative Product; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined as set forth in the Derivative Product.

***“Designated Representative”*** means the General Manager and the Chief Financial Officer/Treasurer of the District, and any successor to the functions of such offices. The signature of one Designated Representative shall be sufficient to bind the District.

***“District”*** means Public Utility District No. 2 of Grant County, Washington, a municipal corporation duly organized and existing under the laws of the State.

***“District Payment”*** means any regularly scheduled payment designated as such by resolution and required to be made by or on behalf of the District under a Derivative Product and which is determined according to a formula set forth in the Derivative Product.

***“DTC”*** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to this resolution.

***“Electric System”*** means the electric utility and telecommunications properties, rights and assets, real and personal, tangible and intangible, now owned and operated by the District and used or useful in the generation, transmission, distribution and sale of electric energy, telecommunication services, and the business incidental thereto, and all properties, rights and assets, real and personal, tangible and intangible, hereafter constructed or acquired by the District as additions, betterments, improvements or extensions to said electric utility and telecommunications properties, rights and assets, including, but not limited to, the contract interest of the District in the P.E.C. Headworks Powerplant Project and in the Quincy Chute Project, but shall not include the Priest Rapids Project or any additions thereto, or any other generating, conservation, transmission or distribution facilities which heretofore have been or hereafter may be acquired or constructed by the District as a utility system that is declared by the Commission, at the time of financing thereof, to be separate from the Electric System, the revenues of which may be pledged to the payment of bonds issued to purchase, construct or otherwise acquire or expand such separate utility system or are otherwise pledged to the payment of the bonds of another such separate utility system of the District other than the Electric System. The Electric System

does not include any interest of the District in contracts for the sale to other parties of power and energy from the Priest Rapids Project, but does include the right of the District to receive power and energy from the Priest Rapids Project. The Commission may, by resolution, elect to combine with and include as a part of the Electric System any other separate utility system of the District, provided that full provision for the payment of any Outstanding indebtedness of such separate system shall first be made in the manner set forth herein or such indebtedness shall be refunded with bonds issued in accordance with this resolution.

**“Event or Events of Default”** means those events described as Events of Default in this resolution.

**“Fiscal Year”** means the Fiscal Year used by the District at any time. At the time of the adoption of this resolution, the Fiscal Year is the 12-month period beginning January 1 of each year.

**“Future Parity Bonds”** means any note, bonds or other obligations for borrowed money of the District issued after the date of issuance of the Bonds which will have a lien upon the Gross Revenue of the Electric System for the payment of the principal thereof and interest thereon equal to the lien upon the Gross Revenue of the Electric System for the payment of the principal of and interest on the Bonds and the Outstanding Parity Bonds.

**“Government Obligations”** mean those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of the United States or obligations unconditionally guaranteed by the United States, as such chapter may be hereafter amended or restated.

**“Gross Revenue”** means all income and revenues received by the District from the sale of electric energy through the ownership or operation of the Electric System and all other commodities, services and facilities sold, furnished or supplied by the District through the ownership or operation of the Electric System, together with the proceeds received by the District directly or indirectly from the sale, lease or other disposition of any of the properties, rights or facilities of the Electric System, and together with the investment income earned on money held in any fund or account of the District, including any bond redemption funds and the accounts therein, and federal credit payments for interest on bonds, in connection with the ownership and operation of the Electric System (but exclusive of income derived from investments irrevocably pledged to the payment of any specific revenue bonds of the District, such as bonds heretofore or hereafter refunded, or any Bonds defeased pursuant to this resolution or other bonds defeased, or the payment of which is provided for, under any similar provision of any other bond resolution of the District, exclusive of investment income earned on money in any arbitrage rebate account, grants for capital purposes, assessments in any local utility district, any Reciprocal Payments and any ad valorem tax revenues).

**“Letter of Representation”** means a blanket issuer letter of representations from the District to DTC, as amended from time to time.

**“Maximum Interest Rate”** means, with respect to any particular Variable Rate Bond, a numerical rate of interest, which shall be set forth in any Parity Bond resolution authorizing

such bond, that shall be the maximum rate of interest such bond, including any bond registered in the name of the liquidity provider, may at any time bear.

**“Minimum Interest Rate”** means, with respect to any particular Variable Rate Bond, a numerical rate of interest, which shall be set forth in any Parity Bond resolution authorizing such bond, that shall be the minimum rate of interest such bond may at any time bear.

**“MSRB”** means the Municipal Securities Rulemaking Board or any successors to its functions.

**“Net Revenue”** means, for any period, the excess of Gross Revenue over Operating Expenses for such period, excluding from the computation of Gross Revenue (a) any profit or loss derived from the sale or other disposition, not in the ordinary course of business, of properties, rights or facilities of the Electric System, or resulting from the early extinguishment of debt and (b) insurance proceeds other than proceeds to replace lost revenue.

**“Official Statement”** means the final official statement delivered in connection with the sale of the Bonds.

**“Operating Expenses”** means the District’s expenses for operation and maintenance of the Electric System and shall include ordinary repairs, renewals, replacements and reconstruction of the Electric System, all costs of delivering electric power and energy and payments into reasonable reserves in the Revenue Fund for items of Operating Expenses the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, costs of purchased power (including costs of power and energy required by any resolution or contract of the District to be taken by the District from the Priest Rapids Project for the account of the Electric System); costs of transmission and distribution operation and maintenance expenses; rents; administrative and general expenses; engineering expenses; legal and financial advisory expenses; required payments to pension, retirement, health and hospitalization funds; insurance premiums; and any taxes, assessments, payments in lieu of taxes or other lawful governmental charges, all to the extent properly allocable to the Electric System; and the fees and expenses of the Registrar. Operating Expenses shall not include any costs or expenses for new construction, interest, amortization, any allowance for depreciation and District Payments.

**“Outstanding”** when used with respect to the Parity Bonds means, as of any date, any Parity Bonds issued pursuant to a resolution of the Commission except (a) any Parity Bonds cancelled by the Registrar or paid at or prior to such date, (b) Parity Bonds in lieu of or in substitution for which other Parity Bonds have been delivered, and (c) Parity Bonds deemed no longer outstanding under the resolution authorizing their issuance.

**“Outstanding Parity Bond Resolutions”** mean the resolutions authorizing the Outstanding Parity Bonds, as applicable.

**“Outstanding Parity Bonds”** mean the Outstanding 2017-O Bonds, the 2020-Q Bonds, the 2020-R Bonds and the 2020-S Bonds.

**“Parity Bond Reserve Accounts”** mean the reserve accounts and/or funds created by the District to secure the payment of principal of and interest on one or more series of Parity Bonds.



As of the date of this resolution, the District maintains separate Parity Bond Reserve Accounts for the 2017-O Bonds and the 2020-Q Bonds, respectively. There are no Parity Bond Reserve Accounts established for the 2020-R Bonds or the 2020-S Bonds.

***“Parity Bonds”*** mean the Outstanding Parity Bonds, the Bonds, and any Future Parity Bonds.

***“Parity Lien Obligations”*** means all charges and obligations against Gross Revenue ranking on a parity of lien with the Parity Bonds, including but not limited to reimbursement agreement obligations so designated, any regularly scheduled District Payments, adjusted by any regularly scheduled Reciprocal Payments, and Resource Obligations for any month such Obligations are not eligible for payment as Operating Expenses. Parity Lien Obligations do not include Parity Bonds.

***“Permitted Investments”*** mean any investments or investment agreements permitted under the laws of the State as amended from time to time.

***“Preliminary Official Statement”*** means the preliminary official statement prepared and delivered in connection with the negotiated sale, issuance and delivery of the Bonds.

***“Priest Rapids Development”*** means the utility system of the District acquired and constructed pursuant to the provisions of Resolution No. 313, adopted by the Commission on June 19, 1956, including a dam at the Priest Rapids Development, all generating and transmission facilities associated therewith, and all additions, betterments and improvements to and extensions of such system, but shall not include any additional generation, transmission and distribution facilities hereafter constructed or acquired by the District as a part of the Electric System, or any other utility properties of the District acquired as a separate utility system, the revenues of which may be pledged to the payment of bonds issued to purchase, construct or otherwise acquire such separate utility system.

***“Priest Rapids Project”*** means the Priest Rapids Development and the Wanapum Development, which were consolidated pursuant to Resolution No. 8475.

***“Professional Utility Consultant”*** means the independent person(s) or firm(s) selected by the District having a favorable reputation for skill and experience with electric systems of comparable size and character to the Electric System in such of the following as are relevant to the purposes for which they are retained: (a) engineering and operations and (b) the design of rates.

***“Qualified Insurance”*** means any noncancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest rating categories by Moody’s Investors Service or S&P Global Ratings or their comparably recognized business successors.

***“Qualified Letter of Credit”*** means any irrevocable letter of credit issued by a financial institution for the account of the District on behalf of the owners of any Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance

of such letter of credit, is rated in one of the two highest rating categories by Moody's Investors Service or S&P Global Ratings or their comparably recognized business successors.

**"R&C Fund"** means the Reserve and Contingency Fund of the District created by Resolution No. 4112.

**"Rate Stabilization Account"** means the account within the R&C Fund.

**"Rebate Amount"** means the amount, if any, determined to be payable with respect to the Tax-Exempt Bonds by the District to the United States of America in accordance with Section 148(f) of the Code.

**"Reciprocal Payment"** means any payment, designated as such by resolution, to be made to, or for the benefit of, the District under a Derivative Product by the Reciprocal Payor.

**"Reciprocal Payor"** means a party to a Derivative Product that is obligated to make one or more Reciprocal Payments thereunder.

**"Record Date"** means the close of business for the Registrar that is 15 days preceding any interest and/or principal payment or redemption date.

**"Refunded Bond"** mean the Refunding Candidate designated by a Designated Representative for refunding pursuant to this resolution and set forth in the Bond Purchase Contract.

**"Refunding Agent"** means the escrow agent or paying agent, if any, selected by a Designated Representative to perform the duties described herein and under the applicable Refunding Agreement.

**"Refunding Agreement"** means the agreement, if any, between the District and the Refunding Agent and executed pursuant to this resolution to facilitate the refunding of the Refunded Bond.

**"Refunding Candidate"** mean the obligation of the Electric System listed in Appendix A attached hereto.

**"Registered Owner"** means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC (or its nominee) shall be deemed to be the sole Registered Owner.

**"Registrar"** means the registrar, authenticating agent, paying agent and transfer agent appointed pursuant to Section 4.1 hereof, its successor or successors and any other entity which may at any time be substituted in its place pursuant to this resolution.

**"Reserve Account"** means the Reserve Account contained in the Bond Fund as provided in this resolution.

**"Reserve Account Requirement"** means, initially with respect to the Bonds, zero (\$0.00).

“**Resource Obligation**” means an obligation of the District to pay the following costs associated with a resource from Gross Revenue as:

(a) Operating Expenses for any month in which any power and energy or other goods and services from such resource were made available to the Electric System during such month (regardless of whether or not the Electric System actually scheduled or received energy from such resource during such month) and

(b) at all other times as an indebtedness of the Electric System payable from Gross Revenue on a parity of lien with Parity Bonds and any Parity Lien Obligation:

(i) costs associated with facilities or resources for the generation of power and energy or for the conservation, transformation, transmission or distribution of power and energy (including any common undivided interest therein) hereafter acquired, purchased or constructed by the District and declared by the Commission to be a separate system, which such costs shall include but are not limited to costs of normal operation and maintenance, renewals and replacements, additions and betterments and debt service on the bonds or other obligations of such separate system but shall exclude costs paid or to be paid from the proceeds of the sale of bonds or other obligations of such separate system, or

(ii) costs associated with the purchase of energy, capacity, capability, reserves, conservation or services under a contract.

“**Revenue Fund**” means the Electric System Revenue Fund of the District created by Section 6 of Resolution No. 75 of the District.

“**Rule**” means the SEC’s Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

“**SEC**” means the Securities and Exchange Commission.

“**Serial Bonds**” mean Parity Bonds other than Term Bonds.

“**Sinking Fund Requirement**” means, for any Fiscal Year, the principal amount and premium, if any, of Term Bonds required to be purchased, redeemed or paid at maturity in such Fiscal Year as established by the resolution of the District authorizing the issuance of such Term Bonds.

“**Special Tax Counsel**” means Nixon Peabody LLP, or an attorney at law or firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

“**State**” means the State of Washington.

“**Supplemental Resolution**” means any resolution amending, modifying or supplementing the provisions of this resolution.

**“Tax Certificate”** means the tax certificate executed by a Designated Representative pertaining to the Tax-Exempt Bonds, as supplemented and amended.

**“Taxable Bonds”** means any Bonds determined to be issued on a taxable basis pursuant to Section 11.1 of this resolution.

**“Tax-Exempt Bonds”** means any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to Section 11.1 of this resolution.

**“Term Bonds”** means Parity Bonds of any principal maturity which are subject to mandatory distribution or redemption or for which mandatory sinking fund payments are required.

**“Treasurer”** means the duly appointed and acting Treasurer of the District or any successor in function.

**“Underwriter”** means J.P. Morgan Securities LLC and its successors.

**“Variable Rate”** means a variable interest rate or rates to be borne by a series of Parity Bonds or any one or more maturities within a series of Parity Bonds. The method of computing such variable interest rate shall be specified in the bond resolution authorizing such series of Parity Bonds; provided that such variable interest rate shall be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such resolution. Such resolution shall also specify either (a) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (b) the time or times upon which any change in such variable interest rate shall become effective.

**“Variable Rate Bonds”** means, for any period of time, Parity Bonds that during such period bear a Variable Rate, provided that Parity Bonds the interest rate on which shall have been fixed for the remainder of the term to the maturity thereof shall no longer be Variable Rate Bonds.

**“Wanapum Development”** means the second stage of the Priest Rapids Hydroelectric Project (F.P.C. (or FERC) Project No. 2114), as more fully described in Section 2.2 of Resolution No. 474 adopted by the Commission on June 30, 1959, or as the same may be modified in accordance with Section 2.3 of Resolution No. 474, but shall not include any generation, transmission and distribution facilities hereafter constructed or acquired by the District as a part of the Electric System, or any other utility properties of the District acquired as a separate utility system, the revenues of which may be pledged to the payment of bonds issued to purchase, construct or otherwise acquire such separate utility system.

**“2017-O Bonds”** means the District’s Electric System Revenue Refunding Bonds, Series 2017-0 authorized by Resolution No. 8866.

**“2020-Q Bonds”** means the District’s Electric System Revenue Refunding Bonds, Series 2020-Q (Taxable) authorized by Resolution No. 8933.

**“2020-R Bonds”** means the District’s Electric System Revenue Refunding Bonds, Series 2020-R (Mandatory Put Bonds) authorized by Resolution No. 8947.

“**2020-S Bonds**” means the District’s Electric System Revenue Refunding Bonds, Series 2020-S (Mandatory Put Bonds) authorized by Resolution No. 8947.

**Rules of Interpretation.** In this resolution, unless the context otherwise requires:

- (a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution; and
- (b) Words of any gender shall mean and include correlative words of any other genders and words importing the singular number shall mean and include the plural number and vice versa; and
- (c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons; and
- (d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and
- (e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and
- (f) Words importing the singular number include the plural number and vice versa.

## ARTICLE II FINDINGS

**Section 2.1** **Compliance with Parity Conditions.** In accordance with the Outstanding Parity Bond Resolutions, which permit the issuance of Future Parity Bonds upon compliance with the conditions set forth therein, the District hereby finds and determines, as follows:

- (a) The Bonds are being issued for the purpose of providing funds to refund and restructure as senior lien bonds certain outstanding obligations of the Electric System;
- (b) There is not now and there will not be, at the time of the issuance of the Bonds, any deficiency in the Bond Fund or in any of the accounts therein, and no Event of Default has occurred and is continuing;
- (c) This resolution contains the covenants and representations required by the Outstanding Parity Bond Resolutions; and
- (d) Prior to the delivery of a series of Bonds, the District shall have on file a certificate meeting the requirements of the Outstanding Parity Bond Resolutions.

As set forth above, the applicable parity conditions required by the Outstanding Parity Bond Resolutions have been or will be satisfied, and the Bonds shall be issued on a parity of lien with the Outstanding Parity Bonds.

The District hereby covenants and agrees that the Bonds will not be issued and delivered to the purchasers thereof as bonds on a parity with the Outstanding Parity Bonds until the certificate required herein, in form and contents satisfactory to the District and its counsel, has been filed with the District.

Section 2.2 Best Interests of the District. The Commission hereby finds and determines that it is in the best interests of the District and its customers that the District issue the bonds authorized herein for the purpose of refunding the Refunded Bond.

Section 2.3 Gross Revenue Sufficient. The Commission hereby finds and determines that the Gross Revenue will be sufficient in the judgment of the Commission to meet all Operating Expenses, to make all payments required to pay the Bonds, to make all necessary repairs, replacements and renewals thereof, and to permit the setting aside out of such Gross Revenue and money in the Revenue Fund into the Bond Fund of such amounts as may be required to pay the principal of and interest on the Bonds and the Outstanding Parity Bonds as the same become due and payable.

Section 2.4 Due Regard. The Commission hereby finds and determines that due regard has been given to the Operating Expenses of the Electric System and that it has not obligated the District to set aside into the Bond Fund for the account of the Parity Bonds a greater amount of the revenues and proceeds of the Electric System than in its judgment will be available over and above such Operating Expenses.

### ARTICLE III AUTHORIZATION, ISSUANCE AND REDEMPTION OF BONDS

Section 3.1 Authorization of Issuance and Sale of the Bonds. For the purposes of refunding the Refunded Bond and paying costs of issuance of the Bonds, the District is hereby authorized to issue and sell its Electric System revenue refunding bonds in the aggregate principal amount not to exceed \$55,000,000 (the “Bonds”).

The Bonds shall be designated as the “Electric System Revenue Refunding Bonds, Series 2023-U,” with additional series designation, designation regarding tax status, or other designation as set forth in the Bond Purchase Contract and approved by a Designated Representative.

The Bonds shall be dated as of the date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof within a maturity, shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification and control, and shall bear interest payable on the dates set forth in the Bond Purchase Contract. The Bonds shall bear interest at the rates set forth in the Bond Purchase Contract and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 11.1 of this resolution.

The Bonds shall be special obligations of the District payable only from the Bond Fund and shall be payable and secured as provided herein. The Bonds shall not be general obligations of the District, the State, or any political subdivision thereof.

Section 3.2    Reservation of Right to Purchase. The District reserves the right to use money in the Revenue Fund or any other funds legally available therefor at any time to purchase any of the Bonds in the open market if such purchase shall be found by the District to be economically advantageous and in the best interest of the District. Any purchases of Bonds may be made with or without tenders of Bonds and at either public or private sale in such amount and at such price as the District shall, in its discretion, deem to be in its best interest. Any money which is to be applied to the purchase or redemption of Bonds shall, prior to such purchase or redemption, be transferred to and deposited in the Bond Fund to the credit of the appropriate account therein. Purchases of Term Bonds may be credited against the Sinking Fund Requirement for such Term Bonds. Bonds purchased pursuant to this Section 3.2 shall be cancelled.

Section 3.3    Redemption of Bonds.

(a)    *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 11.1. The Bonds shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 11.1 of this resolution.

(b)    *Selection of Bonds for Redemption.* If the District redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds and maturity to be redeemed shall be selected by lot (or in such manner determined by the Registrar or as set forth in the Bond Purchase Contract) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the District and the Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of Bonds by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized. Notwithstanding the foregoing, as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC.

(c)    *Notice of Redemption.*

(1)    *Official Notice.* Unless waived by any Outstanding of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Registrar on behalf of the District by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register

or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notwithstanding anything herein to the contrary, so long as the Bonds are held in book-entry form, notice of redemption will be given in accordance with the operational arrangements in effect at DTC, and neither the District nor the Registrar will provide any notice of redemption to any Beneficial Owners.

All official notices of redemption shall be dated and shall state:

- (i) the redemption date,
- (ii) the redemption price,
- (iii) if fewer than all Outstanding Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (iv) that unless conditional notice of redemption has been given and such conditions have not been satisfied or waived or such notice has been rescinded, on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and if the Registrar then holds sufficient funds to pay such Bonds at the redemption price, interest thereon shall cease to accrue from and after said date,
- (v) any conditions to redemption, and
- (vi) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the District shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The District retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain Outstanding.

(2) *Effect of Notice; Bonds Due.* If an unconditional notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Registrar then holds sufficient funds to pay such Bonds at the redemption price, then from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.



(3) *Additional Notice.* In addition to the foregoing notice, further notice shall be given by the District as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to a Continuing Disclosure Certificate and with such additional information as the District shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(d) *Amendment of Notice Provisions.* The foregoing notice provisions of this Section 3.3, including, but not limited to, the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

#### ARTICLE IV REGISTRATION, FORM AND GENERAL TERMS

##### Section 4.1 Registrar; Exchanges and Transfers.

(a) *Registrar/Bond Register.* The District hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a State fiscal agent, and appoints the fiscal agent of the State, U.S. Bank Trust Company, National Association, as the Registrar. The District shall cause a Bond Register to be maintained by the Registrar. So long as any Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal office. The Registrar may be removed at any time at the option of the District upon prior notice to the Registrar and a successor Registrar appointed by the District. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder.

(b) *Registered Ownership.* The District and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as otherwise provided in this resolution or in the Continuing Disclosure Certificate of the District), and neither the District nor the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in subsection (h) below, but such Bond may be transferred as herein provided. All such payments made as described in herein shall be valid and shall satisfy and discharge the liability of the District upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in book-entry form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the District has executed and delivered to DTC a Blanket Issuer Letter of

Representations. Neither the District nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the District to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in book-entry form, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds of each series in a denomination corresponding to the total principal therein within a series to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the District pursuant to subsection (2) below or such substitute depository’s successor; or (iii) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the District to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the District may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of subsection (1) above, the Registrar shall, upon receipt of all Outstanding Bonds of a series, issue a single new Bond for each series and maturity then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the District determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in book-entry form. The District shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Bonds together with a written request of the District to the Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the District's paying agent for the Bonds and to carry out all of the Registrar's powers and duties under this resolution and resolutions of the District establishing a system of registration for the District's bonds and obligations. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or to exchange any Bond during the period from the Record Date to the redemption or payment date.

(f) *Registrar's Ownership of Bonds.* The Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The District covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and 12 30-day months. For so long as all Bonds are in book-entry form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer held in book-entry form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Registrar at least 10 days prior to the applicable payment date), such payment shall be made by the Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the District on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

Section 4.2 Form of Bonds. The Bonds shall be in substantially the form set forth in Appendix B, which is incorporated herein by this reference.

Section 4.3 Execution and Authentication of Bonds. The Bonds shall be executed on behalf of the District with the manual or facsimile signature of the President or Vice President of the Commission and attested with the manual or facsimile signature of the Secretary of the Commission and the seal of the District shall be imprinted or impressed on each of the Bonds. The Bonds shall bear thereon a certificate of authentication, executed manually by the Registrar. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Registrar. Such certificate of the Registrar upon any Bond executed on behalf of the District shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this resolution and that the Registered Owner thereof is entitled to the benefits of this resolution.

In case any of the officers who shall have signed, attested, or sealed any of the Bonds shall cease to be such officers before the Bonds so signed, attested, authenticated, registered or sealed shall have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the District with the same effect as though the persons who had signed, attested, authenticated, registered or sealed such Bonds had not ceased to be such officers.

## ARTICLE V SPECIAL FUNDS AND DEFEASANCE

Section 5.1 Revenue Fund. The District covenants and agrees that so long as any of the Parity Bonds are Outstanding and unpaid it will continue to pay into the Revenue Fund all Gross Revenue, exclusive of earnings on money on hand in any arbitrage rebate account or any bond fund (including the Bond Fund), the R&C Fund, or the Parity Bond Reserve Accounts, which may be retained in such funds and account or transferred to other funds as required by this resolution or other bond resolution.

(a) The Gross Revenue of the District shall be used only for the following purposes and in the following order of priority:

(1) to pay Operating Expenses and Resource Obligations (to the extent payable as Operating Expenses);

(2) to make all payments required to be made into the Bond Fund for the payment of accrued interest on Parity Bonds on the next interest payment date and to make any District Payments;

(3) to make all payments required to be made into the Bond Fund for the payment of the principal amount of Serial Bonds next coming due, and for the optional or mandatory redemption of Term Bonds;

(4) to make all payments required to be made into the Parity Bond Reserve Accounts, or to meet a reimbursement obligation with respect to any Qualified Insurance or

Qualified Letter of Credit or other credit enhancement device, if so required by resolution of the Commission; and

(5) to make all payments required to be made into any special fund or account created to pay or secure the payment of the principal of and interest on any Subordinate Lien Bonds and any other revenue bonds, warrants or other revenue obligations of the District having a lien upon Gross Revenue and money in the Revenue Fund and Bond Fund and accounts therein subordinate to the lien thereon for the payment of the principal of and interest on the Parity Bonds.

(b) Resource Obligations, not payable as Operating Expenses, shall be paid on a parity with Outstanding Parity Bonds as provided in subsections (2) and (3) above.

(c) After all of the above payments and credits have been made, amounts remaining in the Revenue Fund may be used for any other lawful purpose of the District.

Section 5.2 Bond Fund; Reserve Account.

(a) *Bond Fund.* A special fund of the District known as the “Electric System Revenue Bond Fund” (herein referred to as the “Bond Fund”), was created by Resolution No. 4744 of the District, and shall be continued and used for the purpose of paying the principal of, premium, if any, and interest on the Parity Bonds, and for the purpose of retiring such bonds prior to maturity. At the option of the District, separate accounts may be created in the Bond Fund for the purpose of paying or securing the payment of the principal of, premium, if any, and interest on the Bonds and any Future Parity Bonds.

District Payments shall be made from, and Reciprocal Payments shall be made into, the Bond Fund. The District hereby obligates and binds itself irrevocably to set aside and pay into the Bond Fund out of the Gross Revenue certain fixed amounts, without regard to any fixed proportion of such Gross Revenue, sufficient (together with other available funds on hand and paid into the Bond Fund) to pay the principal of, premium, if any, and interest on the Parity Bonds from time to time Outstanding as the same become due and payable. Such fixed amounts shall be as follows:

(1) In the case of all Parity Bonds other than Variable Rate Bonds, on or prior to the date upon which an installment of interest falls due, the District will pay into the Bond Fund an amount (together with such other money as is on hand and available in such Fund) equal to the installment of interest then falling due on all Outstanding Parity Bonds. In the case of Variable Rate Bonds, the District shall make transfers to the Bond Fund at such time and in such amount as shall be specified in the resolution authorizing the issuance of such Variable Rate Bonds.

(2) On or prior to the date upon which an installment of principal of the Parity Bonds falls due, the District shall pay into the Bond Fund an amount (together with such other money as is on hand and available in such account) equal to the installment of principal then falling due on all Parity Bonds then Outstanding.

(3) The Bond Fund shall be used for the purpose of redeeming Term Bonds pursuant to the Sinking Fund Requirement pertaining to such Term Bonds and to otherwise retire the Bonds prior to maturity. On or prior to the due date of each Sinking Fund Requirement, the District shall pay from the Revenue Fund into the Bond Fund an amount (together with such other

money as is on hand and available in such account) equal to the Sinking Fund Requirement for such date.

The District shall apply the money paid into the Bond Fund to the redemption of Term Bonds on the next ensuing Sinking Fund Requirement due date (or may so apply such money prior to such Sinking Fund Requirement due date), pursuant to the terms of this resolution or of the resolution authorizing the issuance thereof. The District may also apply the money paid into the Bond Fund for the purpose of retiring Term Bonds by the purchase of such Bonds at a purchase price (including any brokerage charge) not in excess of the principal amount thereof, in which event the principal amount of such Bonds so purchased shall be credited against the next ensuing Sinking Fund Requirement. If as of any January 1 the principal amount of Term Bonds retired by purchase or redemption exceeds the cumulative amount required to have been redeemed by sinking fund installments on or before such January 1, then such excess may be credited against the Sinking Fund Requirement for Term Bonds for the following Fiscal Year, or, if determined by resolution of the Commission, may be credited against the Sinking Fund Requirement for any succeeding Fiscal Year. Any such purchase of Bonds by the District may be made with or without tenders of Bonds in such manner as the District shall, in its discretion, deem to be in its best interest.

(b) *Parity Bond Reserve Accounts.* The District has previously established separate debt service reserve accounts and Reserve Account Requirements in connection with the issuance of certain of its Outstanding Parity Bonds. The District may determine to establish new reserve accounts and new reserve account requirements in connection with the issuance of the Bonds and any Future Parity Bonds. Reserve accounts securing the payment of principal of and interest on one or more series of Parity Bonds are referred to herein as “Parity Bond Reserve Accounts.”

Each Designated Representative is authorized to determine if the Bonds are to be secured by a Parity Bond Reserve Account and the corresponding Reserve Account Requirement, which may be zero. Any such designation and Reserve Account Requirement shall be set forth in the Bond Purchase Contract. The District hereby covenants and agrees that it will establish and fund any such Parity Bond Reserve Account, to the extent such reserve account is required to be funded, to the Reserve Account Requirement as set forth herein and in the applicable Bond Purchase Contract.

The Reserve Account Requirement may, at the District’s option, be recalculated as of the date of the defeasance of any Parity Bonds. Notwithstanding the provisions of this subsection, any resolution providing for the issuance of Parity Bonds may provide (or the Commission may provide by resolution at any other time) for the District to obtain Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the reserve account. The face amount of any such Qualified Insurance or Qualified Letter of Credit shall be credited against the amounts required to be maintained in the reserve account by this section to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution. Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than five years notice. In the event of any cancellation, the reserve account shall be funded in accordance with the provisions of this section providing for payment to the reserve account in the event of a deficiency therein.

Money in the Bond Fund and any Parity Bond Reserve Account securing the Bonds may, at the option of the District, be invested and reinvested as permitted by law in Permitted Investments maturing, or which are retireable at the option of the Registered Owner, prior to the maturity date of the final installment of principal of the Parity Bonds. For the purpose of determining the amount credited to any Parity Bond Reserve Account securing the Bonds, obligations in which money in such Parity Bond Reserve Account shall have been invested shall be valued at the market value thereof, plus accrued interest to the date of calculation. The term “market value” shall mean, in the case of securities which are not then currently redeemable at the option of the Outstanding, the current bid quotation for such securities, as reported in any nationally circulated financial journal, and the current redemption value in the case of securities that are then redeemable at the option of the Outstanding. For obligations that mature within six months, the market value shall be the par value thereof. The valuation of the amount in the Parity Bond Reserve Account shall be made by the District as of the close of business on each December 31 (or on the next preceding business day if December 31 does not fall on a business day) and may be made on each June 30 (or on the next preceding business day if June 30 does not fall on a business day).

If the valuation of the amount in the Parity Bond Reserve Account shall be less than the Reserve Account Requirement in effect on the date of valuation, the District shall credit to such Parity Bond Reserve Account on or before the 25th day of each of the six succeeding calendar months one-sixth of the amount necessary to make the valuation of the amount in the Parity Bond Reserve Account equal to 100% of the Reserve Account Requirement. If the valuation of the amount in the Parity Bond Reserve Account is greater than 100% of the Reserve Account Requirement, then and only then may the District withdraw at any time prior to the next date of valuation from the Parity Bond Reserve Account (i) the interest earned on the amounts credited to the Parity Bond Reserve Account, and (ii) the difference, if any, between the amount in the Parity Bond Reserve Account and the Reserve Account Requirement.

In calculating the amount required to be on hand in the Parity Bond Reserve Account at any time, the election by the District to make payments therein pursuant to this resolution may be taken into account.

Money in the Bond Fund shall be transmitted to the Registrar for the Parity Bonds in amounts sufficient to meet the next maturing installments of principal and interest and premiums, if any, at or prior to the time upon which any interest, principal or premium, if any, is to become due. If there is a deficiency in the Bond Fund for such purpose, the District shall make up any such deficiency from the Parity Bond Reserve Account established or maintained for such series of Parity Bonds, by the withdrawal of cash therefrom for that purpose, and, if necessary, by sale or redemption of any authorized investments in such amount as will provide cash in the respective Parity Bond Reserve Account sufficient to make up any such deficiency.

Any reduction in the Parity Bond Reserve Account by reason of any such withdrawal shall be made up from money in the Revenue Fund first available after making the current specified payments into the Bond Fund and after paying and making necessary provision for the payment of Operating Expenses. If a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the District shall then draw from any Qualified Letter of Credit,

Qualified Insurance, or other credit enhancement instrument. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. The District shall pay any reimbursement obligation as a result of a draw under a Qualified Letter of Credit or Qualified Insurance from the Revenue Fund. The District shall deposit Gross Revenue into the Revenue Fund sufficient to meet such reimbursement obligation and all other obligations of the Revenue Fund.

Whenever and so long as the assets of the Bond Fund, the Parity Bond Reserve Account are sufficient to provide money to pay the Parity Bonds then Outstanding, including such interest as may thereafter become due thereon and any premiums upon redemption, no payments need be made into the Bond Fund pursuant to this resolution during any period in which such excess continues.

Money set aside from time to time with the Registrar for the Parity Bonds and the interest thereon shall be held in trust for the owners of such Parity Bonds. Until so set aside for the retirement of principal, payment of sinking fund installments, payment of interest and premium, if any, as aforesaid, money in the Bond Fund shall be held in trust for the benefit of the owners of the Parity Bonds then Outstanding and payable equally and ratably and without preference or distinction as between different installments or maturities.

Section 5.3 Defeasance. In the event that money and/or Government Obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of and interest on the certain Bonds so provided for and such Bonds shall then cease to be entitled to any lien, benefit or security of this resolution, except the right to receive the funds so set aside and pledged, and such Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the District.

Within 10 business days of defeasance of any Bonds, the Registrar shall provide notice of defeasance of Bonds to Registered Owners of the Bonds being defeased in accordance with a Continuing Disclosure Certificate.

Section 5.4 Rate Stabilization Account. In accordance with the priorities set forth in Section 5.1, the District may from time to time deposit Net Revenue into the Rate Stabilization Account in the R&C Fund and may from time to time withdraw amounts therefrom to enhance rate stability or for other lawful purposes of the District related to the Electric System. Solely for purposes of calculating the Coverage Requirement set forth in Section 7.2, there shall be added to the Net Revenue in any year any amount withdrawn from the Rate Stabilization Account in such calendar year and deposited in the Revenue Fund, and there shall be subtracted from Net Revenue in any year any amount withdrawn from the Revenue Fund and deposited in the Rate Stabilization Account. Money in the R&C Fund may, at the option of the District, be invested and reinvested as permitted by law.



ARTICLE VI  
APPLICATION OF BOND PROCEEDS; PLAN OF REFUNDING

Section 6.1    Application of Bond Proceeds; Plan of Refunding.

(a)    *Parity Bond Reserve Account.* If and to the extent a Parity Bond Reserve Account is established to secure payment of the principal of and interest on the Bonds as provided in Section 5.2(b) of this resolution, the District is hereby authorized to deposit available funds of the District and/or a portion of the proceeds of the Bonds, and/or purchase Qualified Insurance or a Qualified Letter of Credit and pay the associated policy premium, to satisfy the Reserve Account Requirement at the time of issuance of the Bonds.

(b)    *Refunding Plan.* For the purpose of realizing a debt service savings and restructuring the debt service obligations for the Refunded Bond, the District proposes to refund the Refunded Bond as set forth herein. If a Designated Representative determines that it is in the best interest of the District to proceed with the refunding authorized herein, a Designated Representative shall designate the Refunding Candidate as the Refunded Bond and such designation shall be set forth in the Bond Purchase Contract.

The District shall deposit a portion of the Bonds, together with other available funds of the District, if any, into the Bond Fund or other authorized fund and use such funds to refund the Refunded Bond pursuant to the terms of the applicable authorizing bond resolution. Alternatively, the District may direct that the proceeds of the Bonds be deposited with a Refunding Agent pursuant to a Refunding Agreement to be used immediately to refund the Refunded Bond pursuant to the terms of their authorizing bond resolution. Each Designated Representative is hereby authorized to designate the Refunding Candidate as the Refunded Bond, to establish the Call Date for the Refunded Bond, to provide or cause to be provided the notices of redemption of the Refunded Bond in accordance with the provisions of the bond resolution authorizing the Refunded Bond, to select a Refunding Agent (if any), to execute a Refunding Agreement (if any) and to take any action as determined to be necessary and in the best interest of the District to refund the Refunded Bond. The District hereby calls the Refunded Bond for redemption on the Call Date in accordance with the provisions of the bond resolution authorizing the Refunded Bond.

(c)    *Costs of Issuance.* The District may allocate a portion of proceeds of the Bonds, net of any Underwriter's discount, and/or available funds of the District to the payment of costs of issuance of the Bonds, including any costs associated with the refunding of the Refunded Bond, in the manner as set forth in the Closing Memorandum for the Bonds. The District may pay such costs of issuance directly or contract with the Refunding Agent to pay costs of issuance of the Bonds on its behalf.

ARTICLE VII  
COVENANTS TO SECURE BONDS

Section 7.1    Security for Parity Bonds. All Parity Bonds and Parity Lien Obligations are special limited obligations of the District payable from and secured solely by Gross Revenue, subject to the payment of Operating Expenses and Resource Obligations qualifying for payment as Operating Expenses, and by other money and assets specifically pledged hereunder for the

payment thereof. There are hereby pledged as security for the payment of the principal of, premium, if any, and interest on all Parity Bonds and Parity Lien Obligations in accordance with the provisions of this resolution, subject only to the provisions of this resolution restricting or permitting the application thereof for the purposes and on the terms and conditions set forth in this resolution: (a) the Gross Revenue (exclusive of any money credited to a fund or account for the purpose of paying arbitrage rebate to the federal government), and (b) the money and investments, if any, credited to the Revenue Fund, the Bond Fund, and the R&C Fund and the income therefrom. The Gross Revenue and other money and securities hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District regardless of whether such parties have notice thereof.

All Parity Bonds and Parity Lien Obligations now or hereafter Outstanding shall be equally and ratably payable and secured hereunder without priority by reason of date of adoption of the resolution providing for their issuance or by reason of their series, number or date of sale, issuance, execution or delivery, or by the liens, pledges, charges, trusts, assignments and covenants made herein, except as otherwise expressly provided or permitted in this resolution and except as to insurance which may be obtained by the District to insure the repayment of one or more series or maturities within a series.

The pledge of the Gross Revenue and of the amounts to be paid into and maintained in the funds and accounts described above in this section to pay and secure the payment of Parity Bonds and Parity Lien Obligations is hereby declared to be a prior lien and charge on the Gross Revenue and the money and investments in such funds and accounts superior to all other liens and charges of any kind or nature, subject to prior application for the payment of Operating Expenses and payments associated with Resource Obligations in any month in which any power and energy or other goods and services from such resources were made available to the Electric System during such month (regardless of whether or not the Electric System actually scheduled or received energy from such resource during such month). At all other times such Resource Obligation shall be an obligation payable from Gross Revenue on a parity of lien with any Parity Bonds or Parity Lien Obligations.

Parity Bonds shall not in any manner or to any extent constitute general obligations of the District or of the State, or any political subdivision of the State, or a charge upon any general fund or upon any money or other property of the District or of the State, or of any political subdivision of the State, not specifically pledged thereto by this resolution.

Section 7.2 General Covenants. The District covenants with the Registered Owners of the Parity Bonds as follows:

(a) *Rate Covenant.* The District shall establish, maintain and collect rates or charges for electric energy sold through the ownership or operation of the Electric System, and all other commodities, services and facilities sold, furnished or supplied by the District in connection with the ownership or operation of the Electric System that shall be fair and nondiscriminatory and adequate to provide Gross Revenue, together with other available money, including without limitation transfers from the R&C Fund, sufficient for the payment of the principal of and interest on all Parity Bonds then Outstanding and all payments which the District is obligated to set aside

in the Bond Fund, and for the proper operation and maintenance of the Electric System, and all necessary repairs, replacements and renewals thereof, the working capital necessary for the operation thereof, and for the payment of all amounts that the District may now or hereafter become obligated to pay from Gross Revenue. In the resolutions authorizing the bonds for the Priest Rapids Project, the District has covenanted to pay to the Priest Rapids Project from the Electric System that portion of the annual costs of the Priest Rapids Project for such Fiscal Year, including without limitation for operating expenses and annual debt service, that is not otherwise paid or provided for from payments received by the Priest Rapids Project from the sale of power and energy and related products from the Priest Rapids Project to purchasers other than the District and to establish, maintain and collect rates or charges for electric power and energy and related products sold through the Electric System sufficient to make any such payments to the Priest Rapids Project. Except as provided in the following sentence, the obligation to pay such amounts shall rank as a lien and charge against the revenues of the Electric System subordinate in rank to all other obligations of the Electric System. Payments made by the Electric System for the costs of purchased power and energy shall be an Operating Expense of the Electric System.

(b) Such rates or charges shall be sufficient to provide Net Revenue, taking into account any transfers to or from the R&C Fund pursuant to this resolution, in any Fiscal Year hereafter in an amount equal to at least the Coverage Requirement.

The failure to collect Gross Revenue in any Fiscal Year sufficient to comply with the covenants contained in this section shall not constitute an Event of Default if the District, before the 90th day of the following Fiscal Year, both:

(1) Employs a Professional Utility Consultant to recommend changes in the District's rates which are estimated to produce Gross Revenue sufficient (once the rates recommended by the Professional Utility Consultant have been imposed by the District) to meet the requirements of this section; and

(2) Imposes rates at least as high as those recommended by such Professional Utility Consultant at the time or times so recommended.

The calculation of the Coverage Requirement set forth above, and the calculations set forth in Section 7.3 hereof, and the District's compliance therewith, shall be made solely with reference to this resolution without regard to future changes in generally accepted accounting principles. If the District has changed one or more of the accounting principles used in the preparation of its financial statements, because of a change in generally accepted accounting principles or otherwise, then an event of default relating to these calculations shall not be considered an Event of Default if the ratios would have been complied with had the District continued to use those accounting principles employed at the date of the most recent audited financial statements prior to the date of this resolution.

(c) *Maintenance and Repair.* The District will maintain, preserve and keep the Electric System and all additions and betterments thereto and extensions thereof and every part and parcel thereof in good repair, working order and condition, and will from time to time make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto so that at all times the business carried on in connection therewith shall be properly and advantageously conducted,

and the District will at all times operate such properties and the business in connection therewith in an efficient manner and at reasonable cost.

(d) *Disposal of Electric System.* The District will not sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the Electric System properties, or permit the sale, mortgage, lease or other disposition thereof, except as hereinafter provided in this subsection (d):

(1) The District may sell, lease or otherwise dispose of all or substantially all of the Electric System, provided that simultaneously with such sale, lease or other disposition, the District shall cause all of the Bonds to be, or deemed to be, no longer Outstanding.

(2) Except as provided in the last paragraph of this subsection (2), the District will not sell, mortgage, lease or otherwise dispose of any part of the Electric System in excess of 5% of the value of the net utility plant of the Electric System in service unless prior to such sale, mortgage, lease or other disposition:

(i) there shall have been filed with the Secretary of the Commission a certificate of a Professional Utility Consultant stating that such sale, mortgage, lease or other disposition will not impair the ability of the District to comply with the covenants set forth in Section 7.2(a) and 7.2(b) of this resolution; or

(ii) the proceeds of such disposition are used to acquire new operating properties of the Electric System or provision is made for the payment, redemption or other retirement of a principal amount of Parity Bonds equal to the greater of the following amounts:

(A) an amount which will be in the same proportion of the net principal amount of Parity Bonds then Outstanding (defined as the total principal amount of such bonds then Outstanding less the amount of cash and investments in the Bond Fund) that the Revenue attributable to the part of the Electric System sold or disposed of for the 12 preceding months bear to the total Revenue for such period; or

(B) an amount which will be in the same proportion to the net principal amount of Parity Bonds then Outstanding that the book value of the part of the Electric System sold or disposed of bears to the book value of the entire Electric System immediately prior to such sale or disposition.

The District may sell or otherwise dispose of any part of the Electric System which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the Electric System, or no longer necessary, material to or useful in such operation. The proceeds of any such sale or disposition pursuant to this paragraph shall be paid into the Bond Fund for credit to the Parity Bond Reserve Accounts on a pro rata basis to the extent of any deficiency in such reserve accounts, and the balance of such proceeds, if any, shall be deposited in the Revenue Fund.

(e) *Insurance.* The District will keep the works, plants, properties and facilities comprising the Electric System insured, and will carry such other insurance, with responsible insurers, with policies payable to the District, against risks, accidents or casualties, at least to the extent that insurance is usually carried by municipal corporations operating like properties;

provided, however, that the District may, if deemed necessary and advisable by the Commission, institute or continue a self-insurance program with respect to any or all of the aforementioned risks.

(f) *Books and Records.* The District shall keep proper books of account in accordance with generally accepted accounting principles as applied to governmental entities and with the rules and regulations prescribed by the State Auditor's office of the State, and if no such rules or regulations are prescribed as aforesaid, then in substantial accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission or other federal agency having jurisdiction over electric public utility companies owning and operating properties similar to the properties of the District, whether or not the District is at the time required by law to use such system of accounts. The District shall cause its books of account to be audited annually by the State Auditor's office or other State department or agency as may be authorized and directed by law to make such audits, or if such an audit shall not be made for 12 months after the close of any Fiscal Year of the District, by independent certified public accountants. In keeping said books of account, the District shall accrue depreciation monthly thereon on its depreciable properties in accordance with the accounting practice prescribed by the public departments or agencies above mentioned. Any Registered Owner of any Bond may obtain at the office of the District, copies of the balance sheet and statement of revenues, expenses and changes in net assets showing in reasonable detail the financial condition of the Electric System as of the close of each Fiscal Year, and the income and expenses of such year, including the amounts paid into the Revenue Fund, the Bond Fund, and in any and all special funds created pursuant to the provisions of this resolution, and the amounts expended for maintenance, renewals, replacements, and gross capital additions to the Electric System. All calculations, classifications and other financial determinations required by this resolution shall be made in accordance with the accounting practices then being observed by the District.

(g) *No Free Service.* Except as required by law or in an amount per year not exceeding 1/10 of 1% of annual Operating Expenses, the District will not furnish or supply or permit the furnishing or supplying of electric energy or any other commodity, service or facility furnished by or in connection with the operation of the Electric System, free of charge to any person, firm or corporation, public or private, so long as any Bonds are Outstanding and unpaid, and the District will promptly enforce the payment of any and all accounts owing to the District and delinquent, by discontinuing service to the extent then permitted by law, or by legal suits, actions and proceedings, or both; provided, that, to the extent permitted by law, the District may lend money and may provide commodities, services or facilities free of charge or at a reduced charge in connection with a plan of conservation of electric energy adopted by the Commission.

(h) *Dissolution or Termination.* The District shall not dissolve or terminate its existence without paying or providing for the payment of all Parity Bonds then Outstanding.

(i) *FERC License.* The District will use its best efforts to retain the FERC License for the Priest Rapids Project and to renew the FERC License when it expires.

Section 7.3 Future Parity Bonds and Resource Obligations. The District hereby covenants and agrees that for as long as any Bonds remain Outstanding:

(a) It will not issue any bonds or other obligations on a parity of lien with the Outstanding Parity Bonds and the Bonds, except, upon the conditions hereinafter provided, the District reserves the right to issue Future Parity Bonds and to incur Resource Obligations, obligations under reimbursement agreements and under Derivative Products as provided this resolution. Future Parity Bonds may be issued for any lawful purpose of the District, including but not limited to, acquiring, constructing and installing additions, betterments and improvements to and extensions of, acquiring necessary equipment for, or making necessary renewals, replacements or repairs and capital improvements to the Electric System.

The District covenants that Future Parity Bonds shall be issued only upon compliance with the following conditions:

(1) That at the times of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund or in any of the accounts therein and no Event of Default has occurred and is continuing.

(2) That Net Revenue of the Electric System for any 12 consecutive months out of the months next preceding the issuance of the Future Parity Bonds (not including any transfer from the R&C Fund), will equal at least 1.25 times the Annual Debt Service required to be paid in any Fiscal Year thereafter. In calculating Annual Debt Service for the purpose of this subparagraph (2), if the interest rate on any Parity Bonds is other than a fixed rate, the rate used shall be any rate published as the Bond Buyer Revenue Bond Index for municipal revenue bonds within the 30-day period prior to the date of such calculation. If such index is no longer published, a comparable index designated by the District shall be utilized in lieu thereof.

If on the date of such calculation the interest rate on any Variable Rate Bonds is then fixed for a specified period, including pursuant to a Derivative Product, the interest rate used for such specified period for the purpose of such calculation shall be such actual interest rate.

For the purposes of this subparagraph (2), the “Net Revenue of the Electric System” may be adjusted as follows:

(i) To include a full 12 months of Net Revenue from any customers added during the 12-month period being considered.

(ii) To include the annual estimated net revenue to be received as a result of any additions, betterments and improvements to and extensions of the Electric System to be acquired, constructed or installed by the District from the proceeds of the Future Parity Bonds to be issued or under construction at the time of such certificate.

(iii) To include the additional Net Revenue which would have been received by the District if any rate change adopted prior to the delivery of the Future Parity Bonds, but subsequent to the beginning of the 12-month period being considered, had been in force during the full 12-month period.

(3) That at or prior to the time of the issuance of such Future Parity Bonds the District shall obtain and have on file a certificate from the Treasurer which shall certify full compliance with conditions (1) and (2) of this subsection (a), or in the alternative the District obtains a certificate from a Professional Utility Consultant stating that the projected annual Net Revenue for the Fiscal Years in which the Parity Bonds, including the Future Parity Bonds being issued, are expected to at least equal 1.25 times the Annual Debt Service required to be paid in any Fiscal Year thereafter. Such certificate shall have attached thereto financial statements of the District for the period upon which the same is based and audits by the Division of Municipal Corporations of the State Auditor's Office of the State of Washington or from an independent certified public accountant for as many fiscal years within such period as such audits have been made and completed.

(4) That the resolution authorizing the issuance of the Future Parity Bonds shall contain covenants and provisions substantially the same as Sections 5.1, 5.2 and 5.4, 7.1 through 7.5, 8.1 through 8.8, and 9.1 through 9.7 hereof.

(b) *Refunding Bonds.* In the event that any Future Parity Bonds provided for in this Section 7.3 are issued for the sole purpose of exchanging with or providing funds to purchase or refund or redeem and retire at or prior to their maturity any or all Parity Bonds then Outstanding and the issuance of such refunding Future Parity Bonds and retirement of Outstanding bonds and such refunding Future Parity Bonds will not require a greater amount (except as necessary to round maturities to the nearest \$5,000) to be paid in any Fiscal Year thereafter as Annual Debt Service than would have been required to be paid in the same Fiscal Year for Annual Debt Service on the bonds being refunded, then subsections (2) and (3) of subsection (a) of this Section 7.3 need not be complied with to permit such refunding Future Parity Bonds to be issued, although the provisions of subsections (1) and (4) of subsection (a) of this Section 7.3 must still be complied with.

(c) *Resource Obligations.* The District may enter into or incur a Resource Obligation pursuant to a resolution of the Commission provided that the following requirements shall be met at the time of adoption of such resolution:

(1) No Event of Default with respect to any Parity Bonds or Resource Obligations has occurred and is continuing.

(2) There shall have been filed with the Secretary of the Commission a certificate of the Professional Utility Consultant stating that the additional source of power and energy or conservation from such Resource Obligation is consistent with sound utility power supply planning.

(3) There shall have been filed with the Secretary of the Commission a report of the Professional Utility Consultant stating that estimated annual Net Revenue for the second full Fiscal Year after the date of initial operation of the facilities, costs of which are to be financed as a Resource Obligation, or after the date of first delivery of energy, capacity, reserves or services pursuant to a contract, costs of which are declared to be a Resource Obligation, as the case may be, shall be at least equal to 125% of maximum Annual Debt Service in any future Fiscal Year. In estimating Net Revenue, the Professional Utility Consultant shall base such an estimate on factors

the Professional Utility Consultant deems to be reasonable and shall treat the costs of the Resource Obligation as Operating Expenses.

(4) In the event that the Resource Obligation is a contract to purchase energy, capacity, reserves or services, there shall have been filed with the Secretary of the Commission opinions of counsel to all other parties to the contract which opinions state that each such party to such contract has all requisite right, power and authority to execute and deliver such contract and to perform its obligations thereunder and that such contract constitutes a legally valid and binding obligation of such party thereto.

(5) The Resource Obligations shall not be subject to acceleration if an event of default has occurred.

(d) *Separate System.* Nothing in this resolution shall prevent the District from entering into contracts to purchase energy, capacity, capability, reserves, conservation or services or from authorizing and issuing bonds, notes, certificates or other obligations or evidences of indebtedness, other than Bonds, to acquire or construct facilities or resources for the generation of power and energy, or for the conservation, transformation or transmission of power and energy, and any incidental properties to be constructed or acquired in connection therewith, which facilities or resources shall be a separate system, provided that such contractual obligations, bonds or other obligations or evidences of indebtedness shall be payable solely from the revenues or other income derived from the ownership or operation of such separate system.

(e) *Reimbursement Obligations.*

(1) In the event that the District elects to meet the requirements with respect to a Parity Bond Reserve Account through the use of a Qualified Letter of Credit, Qualified Insurance or other credit enhancement device, the District may contract with the person providing such Qualified Letter of Credit, Qualified Insurance or other credit enhancement device that the District's reimbursement obligation, if any, to such entity ranks on a parity of lien with payments into the Reserve Account to secure the Bonds.

(2) In the event that the District elects additionally to secure any issue of Variable Rate Bonds through the use of a letter of credit, insurance or other credit enhancement device, the District may contract with the entity providing such letter of credit, insurance or other credit enhancement device that the District's reimbursement obligation, if any, to such entity ranks on a parity of lien with the Bonds; provided that the payments due under such reimbursement obligation are such that if such reimbursement obligation were a series of Future Parity Bonds and assuming that such credit enhancement device were to be drawn upon for the full amount available, such Future Parity Bonds could be issued in compliance with the provisions of Section 7.3(a)(2) excluding Annual Debt Service on the Variable Rate Bonds.

#### Section 7.4 Restrictions on Contracting of Obligations Secured by Revenue.

(a) The District will not hereafter issue any bonds, warrants or other obligations or create any additional indebtedness which will have a lien and charge on the Gross Revenue and funds of the Electric System prior to the lien and charge thereon established by this resolution. The District will not issue any Future Parity Bonds except as provided under Section 7.3.



(b) The District may issue bonds, notes, warrants or other obligations payable from and secured by a lien on the Gross Revenue and funds of the Electric System that is subordinate to the lien on such Gross Revenue of the Parity Bonds and may create a special fund or funds for payment of such subordinate obligations (provided, however, that such bonds, notes, warrants or other obligations and the resolutions authorizing the same shall expressly state that the right to receive payment thereon is subordinated to the rights of the Registered Owners of the Parity Bonds to receive payment at the times and in the amounts provided in this resolution and the resolutions authorizing Parity Bonds and that any money received by the owners of such subordinate lien bonds, notes, warrants or other obligations which should have been paid to the Registered Owners of the Parity Bonds by reason of such subordination provision shall be held in trust for the Registered Owners of such Parity Bonds and shall be forthwith turned over to the Registrar for payment to the Registered Owners of such Parity Bonds). Subordinate lien bonds, notes, warrants or other obligations shall not be subject to acceleration upon the occurrence of an event of default.

(c) The District shall not hereafter enter into any agreement, other than a Resource Obligation, obligating the District to pay to another person or corporate entity, from Gross Revenue, for (1) generating or transmission capacity or the use or lease of generating or transmission facilities, which agreement is not conditioned on the availability of such capacity or facility, or (2) the installment purchase or lease of property which, whether or not subject to annual appropriations, otherwise transfers to the District the burdens and benefits of ownership of such property, unless such agreement specifically states that the obligation of the District thereunder is subordinate to the obligation of the District to make payments from the Revenue Fund into the Bond Fund. This paragraph shall not be applicable to, and shall not restrict the District in entering into, any agreement relating to the Priest Rapids Project or any other hydroelectric facility owned and operated by the District.

Section 7.5 Derivative Products. To the extent permitted by State law, the District may enter into Derivative Products on a parity with the Parity Bonds subject to the conditions provided in this section. The following shall be conditions precedent to the use of any Derivative Product on a parity with any Bonds under this resolution:

(a) *General Parity Tests*. The Derivative Product (and the obligations to which it relates) must satisfy the requirements for Future Parity Bonds described in Section 7.3 of this resolution taking into consideration District Payments and Reciprocal Payments under the Derivative Product. Termination payments owed pursuant to a Derivative Product shall not be on a parity with the Parity Bonds.

(b) *Opinion of Bond Counsel*. The District shall obtain an opinion of Bond Counsel and/or Special Tax Counsel on the due authorization and execution of such Derivative Product, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this resolution and will not adversely affect the excludability for federal income tax purposes of the interest on any Outstanding tax-exempt Parity Bonds, as applicable.

(c) *Payments*. Each Derivative Product shall set forth the manner in which the District Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(d) *Supplemental Resolutions to Govern Derivative Products.* Prior to entering into a Derivative Product, the District shall adopt a Supplemental Resolution, which shall:

(i) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(ii) set forth such other matters as the District deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this resolution.

Section 7.6 Tax Covenants.

(a) The District hereby covenants to comply with all applicable requirements set forth in the Code and the Tax Certificate to the extent that such compliance shall be necessary to maintain the exclusion from gross income for federal income taxes of the interest on the Tax-Exempt Bonds. The District hereby further covenants to observe all applicable requirements in any future federal tax legislation to the extent that such compliance is determined by the District to be legal and practicable and required for such exemption.

(b) The District will pay the Rebate Amount, if any, to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the exclusion from gross income for federal income tax purposes of interest payments on the Tax-Exempt Bonds, in accordance with the Tax Certificate.

The covenants of this section will survive payment in full or defeasance of the Tax-Exempt Bonds.

ARTICLE VIII  
DEFAULTS AND REMEDIES

Section 8.1 Events of Default. The Commission hereby finds that the continuous operation of the Electric System and the collection, deposit and disbursement of the Gross Revenue in the manner provided in this resolution are essential to the payment and security of the Bonds, and the failure or refusal of the District to perform the covenants and obligations contained in this resolution will endanger the necessary continuous operation of the Electric System and the application of the Gross Revenue to the purposes set forth in this resolution.

The District hereby covenants and agrees with the Registered Owners from time to time of the Bonds, in order to protect and safeguard the covenants and obligations undertaken by the District securing the Bonds, that the following shall constitute “Events of Default”:

(a) If default shall be made in the due and punctual payment of the principal of and premium, if any, on any of the Parity Bonds when the same shall become due and payable, either at maturity or by proceedings for mandatory distribution or otherwise;

(b) If default shall be made in the due and punctual payment of interest on any Parity Bond when the same shall be due and payable;

(c) If the District shall fail to purchase or redeem Term Bonds in an aggregate principal amount at least equal to the Sinking Fund Requirement for the applicable Fiscal Year;

(d) If the District shall default in the observance and performance of any other of the covenants, conditions and agreements on the part of the District contained in this resolution and such default or defaults shall have continued for a period of 90 days after the District shall have received from the Bondowners Trustee or from the Registered Owners of not less than 20% in principal amount of Parity Bonds then Outstanding, a written notice specifying and demanding the cure of such default;

(e) If the District shall (except as herein permitted) sell, transfer, assign or convey any properties constituting the Electric System or interests therein, or any part or parts thereof, or shall make any agreement for such sale or transfer (except as expressly authorized by Section 7.2(d) hereof);

(f) If an order, judgment or decree shall be entered by any court of competent jurisdiction: (1) appointing a receiver, trustee or liquidator for the District or the whole or any substantial part of the Electric System; (2) approving a petition filed against the District seeking the bankruptcy, arrangement or reorganization of the District under any applicable law of the United States or the State; or (3) assuming custody or control of the District or of the whole or any substantial part of the Electric System under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree shall not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated) within 60 days from the date of the entry of such order, judgment or decree; or

(g) If the District shall: (1) admit in writing its inability to pay its debts generally as they become due; (2) file a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law; (3) make an assignment for the benefit of its creditors; (4) consent to the appointment of a receiver of the whole or any substantial part of the Electric System; or (5) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the District or of the whole or any substantial part of the Electric System.

Section 8.2 Bondowners' Trustee. If an Event of Default has occurred, is continuing, and has not been remedied, the owners of 25% in principal amount of Parity Bonds then Outstanding may appoint a bondowners' trustee (the "Bondowners' Trustee") by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Bonds or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the District. That appointment shall become effective immediately upon acceptance thereof by the Bondowners' Trustee. Any Bondowners' Trustee appointed under the provisions of this section shall be a bank or trust company organized under the laws of the State or the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the Registered Owners of a majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners of the Parity Bonds or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require such security and indemnity as may be

reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties.

The Bondowners' Trustee may resign upon 60 days' notice and a new Bondowners' Trustee appointed by the owners of at least 25% in principal amount of Parity Bonds; provided, however, that no such resignation or removal shall be effective until a successor Bondowners' Trustee shall have been appointed and shall have delivered a written instrument of acceptance of the duties and responsibilities of the Bondowners' Trustee under this resolution to the District and the owners of the Parity Bonds then Outstanding.

In the event that any Event of Default in the sole judgment of the Bondowners' Trustee is cured and the Bondowners' Trustee furnishes to the District a certificate so stating, that Event of Default shall be conclusively deemed to be cured, and the District, the Bondowners' Trustee and the Registered Owners of the Parity Bonds then Outstanding shall be restored to the same rights and position which they would have held if no Event of Default had occurred.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the Registered Owners of all the Parity Bonds then Outstanding and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

Section 8.3 Suits at Law or in Equity. Upon the happening of an Event of Default and during the continuance thereof, the Bondowners' Trustee may, and upon the written request of the Registered Owners of not less than 25% in principal amount of the Parity Bonds then Outstanding shall, take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the Registered Owners of the Parity Bonds, to collect any amounts due and owing to or from the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution or in any of the Parity Bonds.

Nothing contained in this resolution shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Parity Bonds, and the remedy of acceleration is expressly denied to the Registered Owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Parity Bonds or the provisions of this resolution may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the Registered Owners of those Parity Bonds, subject to the provisions of this resolution. The respective Registered Owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective Registered Owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust

any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the Registered Owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered Owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District is a party.

Section 8.4 Application of Money Collected by Bondowners' Trustee. Any money collected by the Bondowners' Trustee at any time pursuant to this Article shall be applied in the following order of priority:

(a) first, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys; and

(b) second, to the payment to the persons entitled thereto first of required interest and then of unpaid principal amounts on any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

When the Bondowners' Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief.

Section 8.5 Duties and Obligation of Bondowners' Trustee. The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this resolution, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this resolution.

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

The Bondowners' Trustee shall not be bound to recognize any person as a Registered Owner of any Bond until his or her title thereto, if disputed, has been established to its reasonable satisfaction.

The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

Section 8.6 Suits by Individual Bondowners Restricted. Neither the Registered Owner nor the Beneficial Owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the same unless:

- (a) an Event of Default has happened and is continuing; and
- (b) a Bondowners' Trustee has been appointed; and
- (c) such Outstanding previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and
- (d) the Registered Owners of 25% in principal amount of the Parity Bonds, after the occurrence of such Event of Default, has made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and
- (e) there have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and
- (f) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No Registered Owner or Beneficial Owner of any Parity Bond shall have any right in any manner whatever by his or her action to affect or impair the obligation of the District to pay from the Net Revenue the principal of and interest on such Parity Bonds to the respective Registered Owner thereof when due.

Section 8.7 Waivers of Default. No delay or omission of the Bondowners' Trustee or of any Outstanding of Parity Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Article to the Bondowners' Trustee or to the Registered Owners of Parity Bonds may be exercised from time to time and as often as may be deemed expedient by the Bondowners' Trustee or by such Registered Owners.

The Bondowners' Trustee or the owners of not less than 50% in principal amount of the Parity Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of

the owners of all of the Parity Bonds waive any past default under this resolution and any resolution authorizing the issuance of other Parity Bonds and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Parity Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto:

Section 8.8 Remedies Granted in Resolution Not Exclusive. No remedy conferred by this resolution upon or reserved to the Bondowners' Trustee or the owners of the Parity Bonds is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to every other remedy given under this resolution or existing at law or in equity or by statute on or after the date of adoption of this resolution.

## ARTICLE IX AMENDMENTS

Section 9.1 Execution of Instruments by Bondowners. Any request, direction, consent or other instrument in writing required or permitted by this resolution to be signed or executed by Registered Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this resolution if made in the following manner: (1) the fact and date of the execution by any person of any such instrument may be proved by either (a) an acknowledgment executed by a notary public or other officer empowered to take acknowledgments of deeds to be recorded in the particular jurisdiction, or (b) an affidavit of a witness to such execution sworn to before such a notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such acknowledgment or affidavit shall also constitute sufficient proof of his authority.

The foregoing shall not be construed as limiting the District to such proof, it being intended that the District may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Registered Owner of any Parity Bond shall bind every future Outstanding of the same Parity Bond in respect of anything done by the District in pursuance of such request, direction or consent.

Section 9.2 Vote Required to Amend Resolution. Any amendment to the provisions of this resolution, may be made by a Supplemental Resolution of the District and with written consent, as hereinafter provided in Section 9.3, of the Registered Owners of not less than 66-2/3% in principal amount of the Parity Bonds then Outstanding; provided, however, that no such amendment shall (a) extend the date of payment of the principal of any Parity Bond or of any installment of interest thereon or reduce the principal or redemption price thereof or the rate of interest thereon or advance the date upon which any Parity Bond may first be called for redemption prior to its fixed maturity date; (b) give to any Parity Bond or Bonds any preference over any other Parity Bond or Bonds secured equally and ratably therewith; (c) reduce the aforesaid percentage of Parity Bonds, the Registered Owners of which are required to consent to any such resolution amending the provisions of this resolution; or (d) authorize the creation of any pledge prior to or, except as provided in this resolution for the issuance of Future Parity Bonds, on a parity with the pledge afforded by this resolution, without the consent of the Registered Owner of each such Parity Bond affected thereby.

Section 9.3 Alternate Method of Obtaining Approval of Amendments. The District may at any time adopt a resolution amending the provisions of this resolution, or of any Parity Bonds, to the extent that such amendment is permitted by the provisions of this Article, to take effect when and as provided in this section. Upon adoption of such resolution, the District shall mail a form of consent to the Registered Owners. Such resolution shall not be effective unless and until there shall have been filed with the District the written consents of the percentages of Registered Owners of Parity Bonds then Outstanding specified in Section 9.2 hereof and a notice shall have been published in The Bond Buyer. Each such consent shall be effective only if accompanied by proof of ownership of the Parity Bonds for which such consent is given. A certificate or certificates of the Secretary of the Commission that he or she has examined such proof and that such proof is sufficient shall be conclusive that the consents have been given by the Registered Owners of the Parity Bonds described in such certificate or certificates. Any such consent shall be binding upon the Registered Owner of the Parity Bonds giving such consent and on every subsequent Registered Owner of such Parity Bonds (whether or not such subsequent Registered Owner has notice thereof). A notice stating that the resolution has been consented to by the Registered Owners of the required percentages of Parity Bonds and will be effective as provided in this section, may be given to the Registered Owners by mailing such notice to the Registered Owners by first-class mail, and shall be given by publishing the same at least once in The Bond Buyer. A record, consisting of the papers required by this section to be filed with the District, shall be proof of the matters therein stated, and the resolution shall be deemed conclusively to be binding upon the District and the Registered Owners of all Parity Bonds at the expiration of 30 days after the notice last provided for in this section, except in the event of a final decree of a court of competent jurisdiction setting aside such consent or annulling the action taken thereby in a legal action or equitable proceeding for such purpose commenced within such period.

Section 9.4 Amendment of Resolution In Any Respect by Approval of All Bondowners. Notwithstanding anything contained in the foregoing provisions of this Article, the rights and obligations of the District and of the Registered Owners of the Parity Bonds and the terms and provisions of the Parity Bonds and of this resolution may be amended in any respect with the consent of the District, by the affirmative vote of the Registered Owners of all said Parity Bonds then Outstanding, such consent to be given as provided in Section 9.3, except that no notice to Registered Owners either by mailing or publication shall be required, and the amendment shall be effective immediately upon such unanimous vote or written consent of all of the Registered Owners.

Section 9.5 Parity Bonds Owned by District. Parity Bonds owned or held by or for the account of the District shall not be deemed Outstanding for the purpose of any vote or consent or other action or any calculation of Parity Bonds then Outstanding in this resolution provided for, and shall not be entitled to vote or consent or take any other action in this resolution provided for.

Section 9.6 Endorsement of Amendment on Parity Bonds. Parity Bonds delivered after the effective date of any action amending this resolution taken as hereinabove provided may bear a notation by endorsement or otherwise as to such action, and in that case, upon demand of the Registered Owner of any Parity Bond then Outstanding at such effective date and presentation of his or her Parity Bond for the purpose at the designated office of the Registrar, suitable notation shall be made on such Parity Bond by the Registrar as to any such action. If the District shall so determine, new Parity Bonds so modified as in the opinion of the District and its counsel to



conform to such action shall be prepared, delivered and, upon demand of the Registered Owner of any Parity Bond then Outstanding, shall be exchanged without cost to such Outstanding for Parity Bonds then Outstanding hereunder, upon surrender of such Parity Bonds.

Section 9.7 Amendments by District.

(a) Notwithstanding the preceding provisions of this Article IX, or the provisions of Section 7.3(a)(4), the District from time to time and at any time may adopt a Supplemental Resolution or resolutions, which resolution or resolutions thereafter shall become a part of this resolution, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the District contained in this resolution, other covenants and agreements thereafter to be observed, which shall not adversely affect the interest of the Registered Owners of any Parity Bonds or Future Parity Bonds in any material way, or to surrender any right or power herein reserved to or conferred upon the District.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provisions contained in this resolution or any resolution authorizing Future Parity Bonds in regard to matters or questions arising under such resolutions as the District may deem necessary or desirable and which shall not adversely affect the interest of the owners of such bonds in any material respect.

(3) To modify any of the provisions of this resolution in any other respect, if such modification does not adversely affect any Registered Owner in any material respect.

Any such Supplemental Resolution of the District may be adopted without the consent of the Registered Owners of any Parity Bonds or Parity Lien Obligations at any time Outstanding.

(b) Upon the adoption of any Supplemental Resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this resolution and all Registered Owners of Parity Bonds Outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes.

ARTICLE X  
ONGOING DISCLOSURE

Section 10.1 Undertaking to Provide Ongoing Disclosure. The District covenants to execute and deliver on the date of issuance of the Bonds a Continuing Disclosure Certificate, and hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. The Designated Representatives are each hereby authorized and directed to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of the Bonds with such terms and provisions as such officer shall deem appropriate and in the best interests of the District, upon consultation with counsel to the District. Notwithstanding any other provision of this resolution, failure of the District to comply with a Continuing Disclosure Certificate shall not be considered an Event of Default as to the Bonds and shall not be deemed to

create any monetary liability on the part of the District to any other persons, including the Registered Owners of the Bonds, or result in acceleration of the Bonds.

## ARTICLE XI SALE OF THE BONDS

Section 11.1 Sale of the Bonds. The Bonds shall be sold at negotiated sale to the Underwriter pursuant to the terms of the Bond Purchase Contract. The Commission has determined that it would be in the best interest of the District to delegate to the Designated Representatives for a limited time the authority to determine whether to issue the Bonds as Taxable Bonds or Tax-Exempt Bonds, to designate the Refunding Candidate as a Refunded Bond, to establish the Reserve Account Requirement (if any) for the Bonds, and to approve the final interest rates, aggregate principal amount, principal amounts of each maturity, and redemption rights for the Bonds. The final determination of the terms for the Bonds shall be set forth in a Bond Purchase Contract to be signed by a Designated Representative.

The Designated Representatives are each hereby authorized to make such determinations with respect to the Bonds so long as:

- (a) the aggregate principal amount of the Bonds issued under this resolution does not exceed \$55,000,000;
- (b) the final maturity date for the Bonds is no later than January 1, 2030;
- (c) the Bonds are sold (in the aggregate) at a price not less than 90%;
- (d) the true interest cost for the Bonds (in the aggregate) does not exceed 5.0%; and
- (e) the Bonds conform to all other terms of this resolution.

The Bonds shall be sold by negotiated sale to the Underwriter selected by a Designated Representative. Subject to the terms and conditions set forth in this Section 11.1, the Designated Representatives are each hereby authorized to execute the Bond Purchase Contract.

Following the sale of the Bonds and the execution of a Bond Purchase Contract, a Designated Representative shall provide a report to the Commission describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representatives by this Section 11.1 shall expire June 1, 2024. If the Bonds authorized herein have not been sold by June 1, 2024, and a Bond Purchase Contract has not been executed by such date, the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Commission. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part or may be in the form of an amendatory resolution approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 11.1.

Section 11.2 Preliminary and Final Official Statements.

(a) *Preliminary Official Statement.* The District hereby approves and authorizes the use and distribution of a Preliminary Official Statement by the Underwriter in connection with the offer and sale of the Bonds, including any amendments or supplements thereto. Prior to the distribution of the Preliminary Official Statement, the Designated Representatives are each hereby authorized, empowered and directed to deem such Preliminary Official Statement final as of its date for purposes of the Rule (except for the omission of certain information as provided in and pursuant to Rule), such action to be conclusively evidenced by delivery of the Preliminary Official Statement to the Underwriter for distribution thereof.

(b) *Official Statement.* The Designated Representatives are each hereby authorized, empowered and directed to execute and deliver a final Official Statement, including any amendments or supplements thereto, with such changes therein from the Preliminary Official Statement as such officer shall deem appropriate and in the best interests of the District, as conclusively evidenced by execution thereof. The Underwriter for the Bonds is hereby authorized to distribute the Official Statement in connection with the offer and sale of such Bonds.

ARTICLE XII  
MISCELLANEOUS

Section 12.1 Resolution a Contract. This resolution and the provisions of Title 54 RCW shall constitute a contract with the Registered Owners of each of the Bonds, enforceable by any Registered Owner of any Bond by mandamus or any other appropriate suit or action in any court of competent jurisdiction subject to the provisions of limitations on remedies contained in this resolution.

Section 12.2 Benefits of Resolution Limited to District, Bondowners, Registrar, and Bondowners' Trustee. Nothing in this resolution, expressed or implied, is intended or shall be construed to confer upon or give to any person or corporation other than the District, the Registrar, the Bondowners' Trustee and the Registered Owners from time to time of the Bonds any rights, remedies or claims under or by reason of this resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this resolution contained by or on behalf of the District shall be for the sole and exclusive benefit of the District, the Registrar, the Bondowners' Trustee and the Registered Owners from time to time of the Bonds.

Section 12.3 Severability. If any one or more of the covenants or agreements provided in this resolution on the part of the District to be performed shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this resolution or of the Bonds issued hereunder.

Section 12.4 General Authorization. The General Manager of the District, the Chief Financial Officer/Treasurer of the District, and the President, Vice President and Secretary of the Commission and each of the other appropriate officers of the District are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters,

certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this resolution. Such documents may include, but are not limited to, documents related to Qualified Insurance and/or a municipal bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on all or a portion of the Bonds as provided therein, if such insurance is determined by a Designated Representative to be in the best interest of the District.

Section 12.5 Prior Acts. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.

Section 12.6 Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this \_\_\_\_ day of June, 2023.

PUBLIC UTILITY DISTRICT NO. 2 OF  
GRANT COUNTY, WASHINGTON

By \_\_\_\_\_  
President and Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Secretary of the Commission

**APPENDIX A:  
Refunding Candidate**

<b>Series</b>	<b>Final Maturity Date</b>	<b>Outstanding Principal Amount</b>
Electric System Revenue Refunding Bond, Series 2021-T (subordinate lien obligation)	June 10, 2024	\$50,000,000

**APPENDIX B:  
Bond Form**

The Bonds shall be in substantially the following form, with additions and deletions as permitted by the Resolution.

NO. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF WASHINGTON

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON  
ELECTRIC SYSTEM REVENUE REFUNDING BOND, SERIES 2023-U

INTEREST RATE: %                      MATURITY DATE:                      CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, a municipal corporation of the state of Washington (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from the date of delivery, or the most recent date to which interest has been paid or duly provided for, until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_, and semiannually thereafter on the first days of each succeeding \_\_\_\_\_ and \_\_\_\_\_. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in book-entry form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations from the District to DTC.

Principal of and interest and premium, if any, on this bond are payable solely out of the special fund of the District known as the "Electric System Revenue Bond Fund" (the "Bond Fund"). This bond is not a general obligation of the District.

This bond is one of a duly authorized series of bonds aggregating [\$\_\_\_\_\_] in principal amount and designated as "Electric System Revenue Refunding Bonds, Series 2023-U." This bond and the bonds of the series of which it is a part (the "Bonds") are issued under and pursuant to Resolution No. \_\_\_\_\_ of the District adopted on June \_\_\_\_, 2023 (the "Bond Resolution"), and under the authority of and in full compliance with the Constitution and laws of the state of Washington, including Title 54 of the Revised Code of Washington. The Bonds are issued for the purpose of refunding certain outstanding revenue bonds of the District, and paying costs of issuance for the Bonds. Terms not otherwise defined herein shall have the meanings set forth in the Bond Resolution.

The Bonds are being issued on a parity of lien on Gross Revenue of the Electric System with the District's Outstanding Parity Bonds, subject only to the prior payment of Operating Expenses. The District has reserved the right in the Bond Resolution to issue additional bonds ("Future Parity Bonds") and certain Parity Lien Obligations on a parity with the Bonds and the Outstanding Parity Bonds. The Outstanding Parity Bonds, the Bonds and any Future Parity Bonds are referred to herein as the "Parity Bonds."

Under the Bond Resolution, the District is obligated to set aside and pay into the Bond Fund out of the Gross Revenue of the Electric System, certain fixed amounts sufficient to pay the principal of and interest and premium, if any, on all Parity Bonds as the same become due and payable, all as is more fully provided in the Bond Resolution.

Copies of the Bond Resolution are on file at the office of the District, and reference thereto, and to any and all modifications and amendments thereof, is hereby made for a more complete description of the Gross Revenue available for the payment of the principal of, premium, if any, and interest on the Bonds and the rights and remedies of the Registered Owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds have been issued, and the terms and conditions upon which this bond shall no longer be secured by the Bond Resolution or deemed to be Outstanding thereunder if money or certain specified securities sufficient for the payment of this bond shall have been set aside in a special account and held in trust for the payment thereof.

In and by the Bond Resolution, the District covenants to establish, maintain and collect rates or charges for electric energy sold through the ownership or operation of the Electric System and all other services, facilities and commodities sold, furnished or supplied by the District in connection with the ownership or operation of the Electric System that shall be fair and nondiscriminatory and reasonably anticipated to provide Gross Revenue sufficient for the payment of the Parity Bonds, and any other indebtedness of the Electric System, and all payments that the District is obligated to set aside in the Bond Fund and for the proper operation and maintenance of the Electric System, all necessary repairs thereto and replacements and renewals thereof and all other costs of the Electric System.

This bond is subject to redemption prior to maturity as provided in the Bond Resolution and Bond Purchase Contract.

This bond shall be transferable by the Registered Owner at the designated office of the Registrar upon surrender and cancellation of this bond, and thereupon a new registered Bond of the same principal amount and interest rate and maturity will be issued to the transferee as provided in the Bond Resolution. The District, the Registrar, and any other person may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment hereof and for all purposes.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

It is hereby certified, recited and declared that all acts, conditions and things essential to the validity of this bond and the Bonds of this series, required by the Constitution and statutes of the state of Washington do exist, have happened and have been performed.

IN WITNESS WHEREOF, Public Utility District No. 2 of Grant County, Washington, by its Commission, has caused this bond to be executed in its name with the manual or facsimile signature of the President of its Commission, and attested by the manual or facsimile signature of the Secretary of the Commission and the seal of said District to be impressed or imprinted hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 2023.

PUBLIC UTILITY DISTRICT NO. 2 OF  
GRANT COUNTY, WASHINGTON

(SEAL)

\_\_\_\_\_  
President of the Commission

Attest:

\_\_\_\_\_  
Secretary of the Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the revenue bonds described in the within mentioned Bond Resolution and is one of the Electric System Revenue Refunding Bonds, Series 2023-U, of Public Utility District No. 2 of Grant County, Washington.

WASHINGTON STATE FISCAL  
AGENCY, Registrar

By \_\_\_\_\_  
Authorized Signer



CERTIFICATE

I, the undersigned, Secretary of the Board of Commissioners of Public Utility District No. 2 of Grant County, Washington, and keeper of the records of said Commission (herein called the "Commission"), DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Resolution No. \_\_\_\_ (herein called the "Resolution") of the Commission, duly passed at a regular meeting thereof held on the \_\_\_\_ day of June, 2023.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

DATED this \_\_\_\_ day of June, 2023.

---

Secretary, Board of Commissioners

MEMORANDUM

May 9, 2023

TO: Bonnie Overfield, Chief Financial Officer/Treasurer  
VIA: Angelina Johnson, Senior Manager of Treasury/Deputy Treasurer  
FROM: Amy Thompson, Financial Analyst - Treasury  
SUBJECT: Resolution for the Refunding / Defeasing Bonds

*Angelina Johnson*

Purpose:

To request Commission review of the bond resolutions for the refunding and/or defeasing of Priest Rapids Project (PRP) and Electric System (ES) bonds during the May 23rd commission meeting.

Discussion:

The financing transaction requires board delegation of authority to specified management (Designated Representative) to execute the transaction and associated details. Due to there being a combination of PR/Wanapum, PRP, and ES bonds being chosen for this transaction, a resolution for each system delegating authority to the District Representative(s) to proceed with the transactions has been attached. The District Representative as defined in the bond resolutions is the CFO/Treasurer or CEO/Manager (secondary).

Market conditions have presented an opportunity for the District to defease and refund select PR/Wanapum, and PRP taxable Make-Whole Call (MWC) bond series into tax exempt series; providing the opportunity for the District to realize savings with reduced future debt service costs, eliminating the associated sureties, and reducing compliance and administration related to the bonds. Additionally, refunding the existing ES variable rate series with associated interest rate volatility into a short-term fixed rate product will provide stability and debt service predictability. Analysis of the bonds to be considered for inclusion in the transactions began in December of 2022 as the District began receiving updates on market changes. From the initial analysis to current, the District has identified potential candidates to include in the transaction that will generate savings to the District through either refunding or defeasance. The attached bond resolutions list the outstanding series that are potential candidates generating savings for the transaction.

- PRP Series: 2005Z, 2006Z, 2010Z, and 2012Z
- Wanapum Series: 2006Z
- Electric System Series: 2021T

The predicted par amount of the refunded / defeased bonds currently is \$198M but is subject to conditions at the time of market. The District reserves the right not to price bonds if the market is unfavorable due to a variety of economic stressors and the bond resolution will be in effect if a replacement time is needed thru June 2024. It is anticipated that the pricing of bonds will occur in the later part of June/early July. The resulting new series of new and refunding bonds will be a calculation of sources to fund redemption, closing costs, and premium/pricing. Per the resolution, a detailed report will be provided to the District upon executing the transaction from the CFO/Treasurer as to the result of the financing. Terms and conditions of the refunding bonds will remain consistent with past practice and in alignment with the parity obligations in addition to district policy/procedures. Note this bond resolution only covers the series listed above. The upcoming November transaction to refund the mandatory redemption of the Electric System 2020-S bonds will be separate and distinct.

The District's Financial Advisor, Public Financial Management, and JP Morgan assisted the District in analyzing the options and costs associated with the refunding and/or defeasance of each of these products. After extensive analysis, the products and options chosen for each are the best savings and use of cash for the District at this time. Continual analysis will take place up to the transaction date to adjust for any market changes that may occur.

District bond counsel, Pacifica Law Group LLC, and tax counsel, Nixon Peabody LLC, represent the District on legal matters in execution of the transaction, including the preparation of the delegating resolution. Due to size of the transaction, Bank of America, NA will be listed in the syndicate to support financing needs/requirements.

Recommendation:

To request Commission review of the PR/Wanapum, PRP, and ES bond resolutions for the refunding and/or defeasance transaction during the May 23<sup>rd</sup> meeting and for approval at the June 13<sup>th</sup> meeting.

## Amy Thompson

---

**From:** Mitchell Delabarre  
**Sent:** Wednesday, May 10, 2023 11:16 AM  
**To:** Amy Thompson; Jennifer Sager  
**Cc:** Angelina Johnson; Bonnie Overfield; Leah Mauceri  
**Subject:** RE: Notice of upcoming Debt Activity-Commission Bond Resolutions

The bond resolutions are approved and there is no objection to you proceeding.  
Mitch

*Mitchell P. Delabarre*  
General Counsel/Chief Legal Officer  
Grant PUD  
[mdelaba@gcpud.org](mailto:mdelaba@gcpud.org)  
509 793-1565

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**From:** Amy Thompson <[athompson@gcpud.org](mailto:athompson@gcpud.org)>  
**Sent:** Wednesday, May 3, 2023 8:24 AM  
**To:** Jennifer Sager <[Jsager@gcpud.org](mailto:Jsager@gcpud.org)>; Mitchell Delabarre <[Mdelaba@gcpud.org](mailto:Mdelaba@gcpud.org)>  
**Cc:** Angelina Johnson <[Ajohnso@gcpud.org](mailto:Ajohnso@gcpud.org)>; Bonnie Overfield <[Boverfi@gcpud.org](mailto:Boverfi@gcpud.org)>; Leah Mauceri <[Lmaucer@gcpud.org](mailto:Lmaucer@gcpud.org)>  
**Subject:** FW: Notice of upcoming Debt Activity-Commission Bond Resolutions  
**Importance:** High

Good morning, Jennifer and Mitch-

Please see the attached draft resolutions for the PRP and Electric System debt transactions for your review and approval. Please let us know if you are unable to review and approve by this Friday, May 5, as this is extremely time sensitive.

Once you have reviewed and approved, we will send to Bonnie for her final review and approval to meet the Commission Packet deadline.

Thank you,  
Amy

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**From:** Angelina Johnson <[Ajohnso@gcpud.org](mailto:Ajohnso@gcpud.org)>  
**Sent:** Thursday, April 20, 2023 3:31 PM  
**To:** Richard Wallen <[rwallen@gcpud.org](mailto:rwallen@gcpud.org)>; Bonnie Overfield <[Boverfi@gcpud.org](mailto:Boverfi@gcpud.org)>; Charles Meyer <[cmeyer@gcpud.org](mailto:cmeyer@gcpud.org)>; Jennifer Sager <[Jsager@gcpud.org](mailto:Jsager@gcpud.org)>; John Mertlich <[jmertlich@gcpud.org](mailto:jmertlich@gcpud.org)>; Tod Ayers <[tayers@gcpud.org](mailto:tayers@gcpud.org)>; Julio Aguirre Carmona <[jaguirre@gcpud.org](mailto:jaguirre@gcpud.org)>; Fallon Long <[flong@gcpud.org](mailto:flong@gcpud.org)>; Paul Dietz <[Pdietz@gcpud.org](mailto:Pdietz@gcpud.org)>; Rich Flanigan <[Rflanig@gcpud.org](mailto:Rflanig@gcpud.org)>; Phillip Law <[Plaw@gcpud.org](mailto:Plaw@gcpud.org)>; Susan Manville <[smanville@gcpud.org](mailto:smanville@gcpud.org)>; Louis Szablya <[lszablya@gcpud.org](mailto:lszablya@gcpud.org)>; Christopher Buchmann <[Cbuchmann@gcpud.org](mailto:Cbuchmann@gcpud.org)>; Chuck Allen <[Callen@gcpud.org](mailto:Callen@gcpud.org)>; Brett Lenz <[Blenz@gcpud.org](mailto:Blenz@gcpud.org)>; Ross Hendrick <[Rhendr1@gcpud.org](mailto:Rhendr1@gcpud.org)>; Rebecca Simpson <[Rsimpso@gcpud.org](mailto:Rsimpso@gcpud.org)>; Mitchell Delabarre <[Mdelaba@gcpud.org](mailto:Mdelaba@gcpud.org)>; Terry Mckenzie <[Tmckenz@gcpud.org](mailto:Tmckenz@gcpud.org)>

Cc: Amy Thompson <[athompson@gcpud.org](mailto:athompson@gcpud.org)>; Bryndon Ecklund <[becklund@gcpud.org](mailto:becklund@gcpud.org)>; Mark Buchta <[mbuchta@gcpud.org](mailto:mbuchta@gcpud.org)>

**Subject:** Notice of upcoming Debt Activity

Hello,

Treasury has been working on some upcoming debt transaction activity that we would like you all to be aware of, if you are receiving this you have been identified as part of the official statement review process. The timeline for the transaction is quite condensed due to the uncertainty of market movement and wanting to optimize the availability of savings.

We anticipate the preliminary OS to be circulated around the middle of May for review and approval, we are looking for a two week turn around to receive feedback.

Much of the information in the OS is derived from the annual report and information that you have already provided. There may be additional information requests, please remember that we have a responsibility to disclose the most accurate information we can for our investors.

Thank you for your attention to this matter, and please let Treasury know if you have any questions.

Angelina

*Angelina Johnson*

*Grant County Public Utility District*

*Senior Manager of Treasury / Deputy Treasurer*

*[ajohnso@gcpud.org](mailto:ajohnso@gcpud.org)*

*(509) 361-9947*

PRIEST RAPIDS HYDROELECTRIC PROJECT  
REVENUE AND REFUNDING BONDS, 2023 SERIES A  
BOND RESOLUTION

**For Commission Review – 05/23/2023**

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE OF ONE OR MORE SERIES OF PRIEST RAPIDS HYDROELECTRIC PROJECT REVENUE AND REFUNDING BONDS OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$180,000,000 FOR THE PURPOSE OF FINANCING IMPROVEMENTS TO THE DISTRICT'S PRIEST RAPIDS HYDROELECTRIC PROJECT AND DEFEASING AND/OR REFUNDING CERTAIN OUTSTANDING PRIEST RAPIDS PROJECT REVENUE BONDS; AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS.

PASSED JUNE \_\_, 2023

PREPARED BY:

PACIFICA LAW GROUP LLP  
Seattle, Washington

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Appendix A: Refunding Candidates

Appendix B: Form of Bonds



RESOLUTION NO. \_\_\_\_

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE OF ONE OR MORE SERIES OF PRIEST RAPIDS HYDROELECTRIC PROJECT REVENUE AND REFUNDING BONDS OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$180,000,000 FOR THE PURPOSE OF FINANCING IMPROVEMENTS TO THE DISTRICT'S PRIEST RAPIDS HYDROELECTRIC PROJECT AND DEFEASING AND/OR REFUNDING CERTAIN OUTSTANDING PRIEST RAPIDS PROJECT REVENUE BONDS; AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS.

WHEREAS, Public Utility District No. 2 of Grant County, Washington (the "District"), owns and operates the Priest Rapids Development and the Wanapum Development, which in 2010 were consolidated into a single electric utility system known as the "Priest Rapids Hydroelectric Project" pursuant to Resolution No. 8475, for the generation and transmission of electric energy (as further defined herein, the "Priest Rapids Project"); and

WHEREAS, as part of the consolidation of the Priest Rapids Development and the Wanapum Development into the Priest Rapids Project, pursuant to Resolution No. 8475, the bond funds securing bonds payable from revenues of the separate developments were combined; and

WHEREAS, the District has issued and has outstanding certain senior parity lien obligations of the Priest Rapids Development, the Wanapum Development and the Priest Rapids Project described herein (as defined herein, the "Outstanding Parity Bonds"); and

WHEREAS, the resolutions authorizing the Outstanding Parity Bonds authorize the District to issue Future Parity Bonds (as hereinafter defined) for the purpose of refunding Outstanding Parity Bonds if certain conditions are met; and

WHEREAS, the District finds that it is necessary and desirable to undertake certain improvements at the Priest Rapids Project as further described herein (the "Improvements") and to issue revenue bonds to finance costs of the Improvements; and

WHEREAS, the District further finds that the Outstanding Parity Bonds listed in Appendix A attached hereto (the "Refunding Candidates") may be defeased and/or refunded with proceeds of Priest Rapids Project revenue and refunding bonds and available funds of the District at an overall debt service savings to the District and its ratepayers; and

WHEREAS, the Commission of the District (the "Commission") deems it in the best interest of the District to issue one or more series of Priest Rapids Project revenue and refunding bonds in the aggregate principal amount not to exceed \$180,000,000 (the "Bonds") to be used, with available funds of the District, to finance costs of the Improvements, to defease and/or redeem all or a portion of the Refunding Candidates (as described herein, the "Refunded Bonds") and to pay costs of issuing the Bonds; and

WHEREAS, the Commission wishes to delegate authority to the General Manager and the Chief Financial Officer/Treasurer of the District (each, a “Designated Representative”) for a limited time, to select the Refunding Candidates to be refunded and to approve the interest rates, maturity dates, redemption terms, principal maturities and other terms for the Bonds within the parameters set by this resolution; and

WHEREAS, the Bonds shall be sold by negotiated sale as set forth herein;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington:

## ARTICLE I DEFINITIONS

Section 1.1 Definitions. As used in this resolution, the following terms shall have the following meanings:

“*Annual Debt Service*” for any Fiscal Year means the sum of the amounts required to be paid in such Fiscal Year to pay:

- (a) the interest due in such Fiscal Year on all Parity Bonds then Outstanding, excluding interest to be paid from the proceeds of the sale of Parity Bonds; and
- (b) the principal of all Outstanding Serial Bonds due in such Fiscal Year; and
- (c) the Sinking Fund Requirement, if any, for any Term Bonds for such Fiscal Year (reduced by any credits made pursuant to any resolution authorizing the issuance of Parity Bonds); and
- (d) any regularly scheduled District Payments, adjusted by any regularly scheduled Reciprocal Payments, during such Fiscal Year.

With the consent of the appropriate percentage of Registered Owners of Outstanding Parity Bonds, when calculating Annual Debt Service, the District may exclude the direct payment the District is expected to receive in respect of any Parity Bonds for which the federal government will provide the District with a direct payment of a portion of the interest from the interest portion of Annual Debt Service. The Registered Owners of the Priest Rapids Project bonds issued in 2012, 2013, 2014, 2015 and 2020 have consented to such provision, and Registered Owners of the Bonds, by taking and holding the same, shall be deemed to have consented to such provision.

“*Acquired Obligations*” means the Government Obligations, if any, acquired by the District under the terms of this resolution and the Escrow Agreement to effect the defeasance and/or refunding of the Refunded Bonds.

“*Beneficial Owner*” means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

**“Bond Counsel”** means Pacifica Law Group LLP or an attorney at law or firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

**“Bond Fund”** means the Priest Rapids Project Revenue Bond Fund created by Resolution No. 8475.

**“Bond Purchase Contract”** means the contract for the purchase of the Bonds between the Underwriter and District.

**“Bond Register”** means the records kept by the Registrar on behalf of the District containing the name and mailing address of each Registered Owner of the Bonds or nominee of such Registered Owner, and such other information as the Registrar shall determine.

**“Bondowners’ Trustee”** means a trustee appointed pursuant to this resolution.

**“Bonds”** mean the Priest Rapids Hydroelectric Project Revenue and Refunding Bonds, 2023 Series A of the District issued pursuant to this resolution.

**“Call Date”** means the date specified by a Designated Representative for the refunding of the Refunded Bonds.

**“Closing Memorandum”** means the closing memorandum prepared by the Underwriter and delivered on the date of issuance of the Bonds.

**“Code”** means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

**“Commission”** means the general legislative authority of the District, as duly constituted from time to time.

**“Continuing Disclosure Certificate”** means a written undertaking for the benefit of the Registered Owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

**“Coverage Requirement”** means (a) 1.15 times the Annual Debt Service in a Fiscal Year, plus (b) any money required by Sections 5.2 and 7.3 to be deposited into the Reserve Account in the Bond Fund and payments required under Section 5.2 in that Fiscal Year, less (c) any amounts transferred into the Bond Fund or the Subordinate Lien Bond Fund as surplus money as of the end of the preceding Fiscal Year pursuant to Section 5.3.

**“Current Power Sales Contracts”** means the contracts entered into in December 2001 between the District and other electric utilities for the sale of power and energy from the Priest Rapids Project and as such contracts have been and may be amended or supplemented from time to time.

**“Derivative Facility”** means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for the District’s obligations under one or more Derivative Products.

**“Derivative Payment Date”** means any date specified in the Derivative Product on which a District Payment is due and payable under the Derivative Product.

**“Derivative Product”** means a written contract or agreement between the District and the Reciprocal Payor that has (or whose obligations are unconditionally guaranteed by a party that has) as of the date of the Derivative Product at least an investment grade rating from a rating agency, which provides that the District’s obligations thereunder will be conditioned on the performance by the Reciprocal Payor of its obligations under the agreement; and

(a) under which the District is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the District Payments in exchange for the Reciprocal Payor’s obligation to pay or to cause to be paid to the District, on scheduled and specified Derivative Payment Dates, the Reciprocal Payments;

(b) for which the District’s obligations to make District Payments may be secured by a pledge of and lien on the Gross Revenues on an equal and ratable basis with the Parity Bonds then Outstanding;

(c) under which Reciprocal Payments are to be made directly into the Bond Fund;

(d) for which the District Payments are either specified to be one or more fixed amounts or are determined as provided by the Derivative Product; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined as set forth in the Derivative Product.

**“Designated Representative”** means the General Manager and the Chief Financial Officer/Treasurer of the District, and any successor to the functions of such offices. The signature of one Designated Representative shall be sufficient to bind the District.

**“District”** means Public Utility District No. 2 of Grant County, Washington, a municipal corporation duly organized and existing under the laws of the State.

**“District Payment”** means any regularly scheduled payment designated as such by resolution and required to be made by or on behalf of the District under a Derivative Product and which is determined according to a formula set forth in the Derivative Product.

**“DTC”** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to this resolution.

**“Electric System”** means the electric utility and telecommunications properties, rights and assets, real and personal, tangible and intangible, now owned and operated by the District and used or useful in the generation, transmission, distribution and sale of electric energy, telecommunication services, and the business incidental thereto, and all properties, rights and assets, real and personal, tangible and intangible, hereafter constructed or acquired by the District as additions, betterments, improvements or extensions to said electric utility and telecommunications properties, rights and assets, including, but not limited to, the contract interest

of the District in the P.E.C. Headworks Powerplant Project and in the Quincy Chute Project, but shall not include the Priest Rapids Project or any additions thereto, or any other generating, conservation, transmission or distribution facilities which heretofore have been or hereafter may be acquired or constructed by the District as a utility system that is declared by the Commission, at the time of financing thereof, to be separate from the Electric System, the revenues of which may be pledged to the payment of bonds issued to purchase, construct or otherwise acquire or expand such separate utility system or are otherwise pledged to the payment of the bonds of another such separate utility system of the District other than the Electric System. The Electric System does not include any interest of the District in the Power Sales Contracts, but does include the right of the District to receive power and energy from the Priest Rapids Project.

**“Escrow Agent”** means the escrow agent, if any, selected by a Designated Representative to perform the duties described herein and under the Escrow Agreement with respect to the Refunded Bonds.

**“Escrow Agreement”** means one or more Escrow Deposit Agreements, if any, between the District and the Escrow Agent, executed pursuant to this resolution.

**“Event or Events of Default”** means those events described as Events of Default in this resolution.

**“FERC License”** means the license granted by the Federal Power Commission to develop the Priest Rapids site on the Columbia River, which development consisted of two stages designated the Priest Rapids Development and the Wanapum Development, as such license has been amended and may be amended from time to time.

**“FGIC”** means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto, as issuer of a bond insurance policy and a surety bond for the 2005 Priest Rapids Bonds.

**“Fiscal Year”** means the Fiscal Year used by the District at any time. At the time of the adoption of this resolution, the Fiscal Year is the 12-month period beginning January 1 of each year.

**“Future Parity Bonds”** means any note, bonds or other obligations for borrowed money of the District issued after the date of issuance of the Bonds which will have a lien upon the Gross Revenues of the Priest Rapids Project for the payment of the principal thereof and interest thereon equal to the lien upon the Gross Revenues of the Priest Rapids Project for the payment of the principal of and interest on the Bonds and the Outstanding Parity Bonds.

**“Government Obligations”** mean those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of the United States or obligations unconditionally guaranteed by the United States, as such chapter may be hereafter amended or restated.

**“Gross Revenues”** mean all income, revenues, receipts and profits derived by the District through the ownership and operation of the Priest Rapids Project, together with the proceeds

received by the District directly or indirectly from the sale, lease or other disposition of any of the properties, rights or facilities of the Priest Rapids Project, and together with the investment income earned on money held in any fund or account of the District, including any bond redemption funds and the accounts therein and federal credit payments for interest on bonds, in connection with the ownership and operation of the Priest Rapids Project, exclusive of insurance proceeds and income derived from investments irrevocably pledged to the payment of any specific revenue bonds of the District, such as bonds heretofore or hereafter refunded, or any Bonds defeased pursuant to this resolution or other bonds defeased, or the payment of which is provided for, under any similar provision of any other bond resolution of the District, and exclusive of investment income earned on money in any arbitrage rebate fund established for any Parity Bonds.

**“Improvements”** means those improvements to the Priest Rapids Project authorized in Section 2.3 of this resolution.

**“Interest Account”** means the Interest Account created in the Bond Fund pursuant to this resolution.

**“Letter of Representation”** means a blanket issuer letter of representations from the District to DTC, as amended from time to time.

**“Maximum Interest Rate”** means, with respect to any particular Variable Rate Bond, a numerical rate of interest, which shall be set forth in any Parity Bond Resolution authorizing such bond, that shall be the maximum rate of interest such bond, including any bond registered in the name of the liquidity provider, may at any time bear.

**“Minimum Interest Rate”** means, with respect to any particular Variable Rate Bond, a numerical rate of interest, which shall be set forth in any Parity Bond resolution authorizing such bond, that shall be the minimum rate of interest such bond may at any time bear.

**“MSRB”** means the Municipal Securities Rulemaking Board or any successors to its functions.

**“Net Revenue”** means, for any period, the excess of Gross Revenues over Operating Expenses for such period, excluding from the computation of Gross Revenues any profit or loss derived from the sale or other disposition, not in the ordinary course of business, of properties, rights or facilities of the Priest Rapids Project, or resulting from the early extinguishment of debt.

**“Official Statement”** means the final official statement delivered in connection with the sale of the Bonds.

**“Operating Expenses”** means the District's expenses for operation and maintenance of the Priest Rapids Project, and ordinary repairs, renewals of and replacements to the Priest Rapids Project, including payments into working capital reserves in the Revenue Fund for items of Operating Expenses the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, operation and maintenance expenses; rents; administrative and general expenses; engineering expenses; legal and financial advisory expenses; required payments to pension, retirement, health and hospitalization funds; insurance premiums; and any taxes, assessments, payments in lieu of taxes or other lawful governmental charges, all to the extent

properly allocable to the Priest Rapids Project; and the fees and expenses of the Registrar. Operating Expenses shall not include any costs or expenses for new construction, interest, amortization or any allowance for depreciation.

**“Outstanding”** when used with respect to the Parity Bonds means, as of any date, any Parity Bonds issued pursuant to a resolution of the Commission except (a) any Parity Bonds cancelled by the Registrar or paid at or prior to such date, (b) Parity Bonds in lieu of or in substitution for which other Parity Bonds have been delivered, and (c) Parity Bonds deemed no longer outstanding under the resolution authorizing their issuance.

**“Outstanding Parity Bond Resolutions”** mean the resolutions authorizing the Outstanding Parity Bonds, as applicable.

**“Outstanding Parity Bonds”** means the Outstanding Priest Rapids Bonds, the Outstanding Wanapum Bonds, and the Outstanding Priest Rapids Project Bonds.

**“Outstanding Priest Rapids Bonds”** means the currently Outstanding 2005 Priest Rapids Bonds and 2006 Priest Rapids Bonds.

**“Outstanding Priest Rapids Project Bonds”** means the Parity Bonds Outstanding as of the date of this resolution, including the 2010 Priest Rapids Project Bonds, 2012 Priest Rapids Project Bonds, 2015 Priest Rapids Project Bonds, 2017 Priest Rapids Project Bond, and the 2020 Priest Rapids Project Bonds.

**“Outstanding Wanapum Bonds”** means the currently Outstanding 2006 Wanapum Bonds.

**“Parity Bonds”** mean the Outstanding Parity Bonds, the Bonds, and any Future Parity Bonds.

**“Permitted Investments”** mean any investments or investment agreements permitted under the laws of the State as amended from time to time.

**“Power Sales Contracts”** means the Current Power Sales Contracts, and any other contracts entered into by the District for the sale of power and energy from the Priest Rapids Project, and as such contracts may be amended and supplemented from time to time.

**“Preliminary Official Statement”** means the preliminary official statement prepared and delivered in connection with the negotiated sale, issuance and delivery of the Bonds.

**“Priest Rapids Development”** means the utility system of the District acquired and constructed pursuant to the provisions of Resolution No. 313, adopted by the Commission on June 19, 1956, including a dam at the Priest Rapids Development, all generating and transmission facilities associated therewith, and all additions, betterments and improvements to and extensions of such system, but shall not include any additional generation, transmission and distribution facilities hereafter constructed or acquired by the District as a part of the Electric System or the Wanapum Development, or any other utility properties of the District acquired as a separate utility system, the revenues of which may be pledged to

the payment of bonds issued to purchase, construct or otherwise acquire such separate utility system.

**“*Priest Rapids Project*”** means the Priest Rapids Development and the Wanapum Development, which were consolidated pursuant to Resolution No. 8475.

**“*Principal and Bond Retirement Account*”** means the Principal and Bond Retirement Account created in the Bond Fund pursuant to Resolution No. 8475.

**“*Professional Utility Consultant*”** means the independent person(s) or firm(s) selected by the District having a favorable reputation for skill and experience with generation, transmission and distribution systems of comparable size and character to the Priest Rapids Project in such areas as are relevant to the purposes for which they are retained: (a) engineering and operations and (b) the design of rates.

**“*Project Account*”** means the special account or fund of that name authorized to be created pursuant to this resolution.

**“*Qualified Insurance*”** means any municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in the highest rating category (one of the two highest rating categories if the conditions of Section 5.2(b) are met) by Moody's Investors Service or S&P Global Ratings or their comparably recognized business successors or both Moody's Investors Service and S&P Global Ratings or their comparably recognized business successors if such institution is rated by both. So long as the 2005 Priest Rapids Bonds are insured by FGIC and FGIC is not in default under such policy, any Qualified Insurance must satisfy the requirements of Section 13.1.B of Resolution No. 7777 or be otherwise acceptable to FGIC.

**“*Qualified Letter of Credit*”** means any irrevocable letter of credit issued by a financial institution for the account of the District on behalf of the Registered Owners of the Parity Bonds, which institution maintains an office, agency or branch in the United States and, as of the time of issuance of such letter of credit, is currently rated in the highest rating category (one of the two highest rating categories if the conditions of Section 5.2(b) are met) by Moody's Investors Service or S&P Global Ratings or their comparably recognized business successors or both Moody's Investors Service and S&P Global Ratings or their comparably recognized business successors if such institution is rated by both. So long as the 2005 Priest Rapids Bonds are insured by FGIC and FGIC is not in default under such policy, any Qualified Letter of Credit must satisfy the requirements of Section 13.1.B of Resolution No. 7777 or be otherwise acceptable to FGIC.

**“*Rebate Amount*”** means the amount, if any, determined to be payable with respect to the Tax-Exempt Bonds by the District to the United States of America in accordance with Section 148(f) of the Code.

**“*Reciprocal Payment*”** means any payment, designated as such by resolution, to be made to, or for the benefit of, the District under a Derivative Product by the Reciprocal Payor.



**“Reciprocal Payor”** means a party to a Derivative Product that is obligated to make one or more Reciprocal Payments thereunder.

**“Record Date”** means the close of business for the Registrar that is 15 days preceding any interest and/or principal payment or redemption date.

**“Refunded Bonds”** mean those Refunding Candidates designated by a Designated Representative for refunding pursuant to this resolution and set forth in the Bond Purchase Contract.

**“Refunding Candidates”** mean the Outstanding Parity Bonds listed in Appendix A attached hereto.

**“Registered Owner”** means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC (or its nominee) shall be deemed to be the sole Registered Owner.

**“Registrar”** means the registrar, authenticating agent, paying agent and transfer agent appointed pursuant to Section 4.1 hereof, its successor or successors and any other entity which may at any time be substituted in its place pursuant to this resolution.

**“Reserve Account”** means the Reserve Account created in the Bond Fund as provided in this resolution.

**“Reserve Account Requirement”** means (a) with respect to the Outstanding Parity Bonds, the maximum amount of interest due in any Fiscal Year on such Parity Bonds computed as of the date of closing of such issue, (b) with respect to all Outstanding Parity Bonds then Outstanding, the sum of all amounts computed under (a) above, (c) with respect to the Bonds, the amount, if any, determined by a Designated Representative and set forth in the Bond Purchase Contract, and (d) with respect to an issue of Future Parity Bonds, the amount set forth in the resolution authorizing such Future Parity Bonds; provided, however, that so long as any 2005 Priest Rapids Bonds are insured under a policy issued by FGIC and such insurer is not in default thereunder, or so long as any 2006 Priest Rapids Bonds or 2006 Wanapum Bonds are insured under a policy issued by MBIA Insurance Corporation and such insurer is not in default thereunder, the Reserve Account Requirement with respect to any Future Parity Bonds secured by the Reserve Account shall be an amount equal to the maximum amount of interest due in any Fiscal Year on such Future Parity Bonds.

The resolution authorizing Future Parity Bonds may establish a separate reserve account for any such Future Parity Bonds or provide that some or all of such Future Parity Bonds be secured by a common reserve account.

In the case of Variable Interest Rate Bonds, the interest rate thereon shall be calculated on the assumption that such Bonds will bear interest at a rate equal to the rate most recently reported by The Bond Buyer as The Bond Buyer's index for long-term revenue bonds; provided that if on such date of calculation the interest rate on such Parity Bonds shall then be fixed to maturity, the interest rate used for such specified period for the purpose of the foregoing calculation shall be such actual interest rate.

“**Revenue Fund**” means the Priest Rapids Project Revenue Fund created pursuant to Resolution No. 8475.

“**RR&C Fund**” means the Priest Rapids Project Repair, Renewal and Contingency Fund created pursuant to Resolution No. 8475.

“**Rule**” means the SEC’s Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

“**SEC**” means the Securities and Exchange Commission.

“**Serial Bonds**” mean Parity Bonds other than Term Bonds.

“**Sinking Fund Requirement**” means, for any Fiscal Year, the principal amount and premium, if any, of Term Bonds required to be purchased, redeemed or paid at maturity in such Fiscal Year as established by the resolution of the District authorizing the issuance of such Term Bonds.

“**Special Tax Counsel**” means Nixon Peabody LLP, or an attorney at law or firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

“**State**” means the State of Washington.

“**Subordinate Lien Bond Fund**” means the fund created by the District to pay the principal of and interest on the Subordinate Lien Debt.

“**Subordinate Lien Debt**” means bonds, notes, warrants or other obligations of the District payable from and secured by a lien and charge on Gross Revenues of the Priest Rapids System subordinate to the lien and charge thereon of the Parity Bonds.

“**Supplemental Resolution**” means any resolution amending, modifying or supplementing the provisions of this resolution.

“**Tax Certificate**” means the tax certificate executed by a Designated Representative pertaining to the Tax-Exempt Bonds, as supplemented and amended.

“**Taxable Bonds**” means any Bonds determined to be issued on a taxable basis pursuant to Section 11.1 of this resolution.

“**Tax-Exempt Bonds**” means any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to Section 11.1 of this resolution.

“**Term Bonds**” means Parity Bonds of any principal maturity which are subject to mandatory distribution or redemption or for which mandatory sinking fund payments are required.

“**Treasurer**” means the duly appointed and acting Treasurer of the District or any successor in function.

**“Underwriter”** means J.P. Morgan Securities LLC and BofA Securities, Inc., and each of their successors.

**“Variable Rate”** means a variable interest rate or rates to be borne by a series of Parity Bonds or any one or more maturities within a series of Parity Bonds. The method of computing such variable interest rate shall be specified in the bond resolution authorizing such series of Parity Bonds; provided that such variable interest rate shall be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such resolution. Such resolution shall also specify either (a) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (b) the time or times upon which any change in such variable interest rate shall become effective.

**“Variable Rate Bonds”** means, for any period of time, Parity Bonds that during such period bear a Variable Rate, provided that Parity Bonds the interest rate on which shall have been fixed for the remainder of the term to the maturity thereof shall no longer be Variable Rate Bonds.

**“Wanapum Development”** means the second stage of the Priest Rapids Hydroelectric Project (F.P.C. (or FERC) Project No. 2114), as more fully described in Section 2.2 of Resolution No. 474 adopted by the Commission on June 30, 1959, or as the same may be modified in accordance with Section 2.3 of Resolution No. 474, but shall not include any generation, transmission and distribution facilities hereafter constructed or acquired by the District as a part of the Electric System, or any other utility properties of the District acquired as a separate utility system, the revenues of which may be pledged to the payment of bonds issued to purchase, construct or otherwise acquire such separate utility system.

**“2005 Priest Rapids Bonds”** means the Priest Rapids Hydroelectric Development Revenue and Refunding Bonds, 2005 Series Z (Taxable) authorized by Resolution No. 7901.

**“2006 Priest Rapids Bonds”** means the Priest Rapids Hydroelectric Development Revenue and Refunding Bonds, 2006 Series Z (Taxable) authorized by Resolution No. 8056.

**“2006 Wanapum Bonds”** means the Wanapum Hydroelectric Development Revenue and Refunding Bonds, 2006 Series Z (Taxable), authorized by Resolution No. 8057.

**“2010 Priest Rapids Project Bonds”** means the Priest Rapids Hydroelectric Project Revenue and Refunding Bonds, 2010 Series L (Taxable Build America Bonds – Direct Payment), M (Taxable New Clean Renewable Energy Bonds – Direct Payment) and Z (Taxable) authorized by Resolution No. 8475.

**“2012 Priest Rapids Project Bonds”** means the Priest Rapids Hydroelectric Project Revenue and Refunding Bonds, 2012 M (Taxable New Clean Renewable Energy Bonds – Direct Payment) and Z (Taxable) authorized by Resolution No. 8625

**“2015 Priest Rapids Project Bonds”** means the Priest Rapids Hydroelectric Project Revenue Bonds, 2015 Series M (Taxable New Clean Renewable Energy Bonds) authorized by Resolution No. 8789.

“*2017 Priest Rapids Project Bond*” means the Priest Rapids Hydroelectric Project Revenue Refunding Bond, 2017 Series B (AMT).

“*2020 Priest Rapids Project Bonds*” mean the Priest Rapids Hydroelectric Project Revenue Refunding Bonds, 2020 Series Z (Taxable) and Z-2 (Taxable) authorized by Resolution No. 8934.

**Rules of Interpretation.** In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution; and

(b) Words of any gender shall mean and include correlative words of any other genders and words importing the singular number shall mean and include the plural number and vice versa; and

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons; and

(d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Words importing the singular number include the plural number and vice versa.

## ARTICLE II FINDINGS

**Section 2.1 Compliance with Parity Conditions.** In accordance with the Outstanding Parity Bond Resolutions, which permit the issuance of Future Parity Bonds upon compliance with the conditions set forth therein, the District hereby finds and determines, as follows:

(a) The Bonds are being issued for the purpose of providing funds to finance certain improvements to the Priest Rapids Project and to refund, for debt service savings and/or restructuring the debt service obligations for the Refunded Bonds, certain Outstanding Parity Bonds;

(b) There is not now and there will not be, at the time of the issuance of a series of Bonds, any deficiency in the Bond Fund or in any of the accounts therein, and no Event of Default has occurred and is continuing;

(c) This resolution contains the covenants and representations required by the Outstanding Parity Bond Resolutions; and

(d) Prior to the delivery of a series of Bonds, the District shall have on file a certificate meeting the requirements of the Outstanding Parity Bond Resolutions.

As set forth above, the applicable parity conditions required by the Outstanding Parity Bond Resolutions have been or will be satisfied, and the Bonds shall be issued on a parity of lien with the Outstanding Parity Bonds.

The District hereby covenants and agrees that the Bonds will not be issued and delivered to the purchasers thereof as bonds on a parity with the Outstanding Parity Bonds until the certificate required herein, in form and contents satisfactory to the District and its counsel, has been filed with the District.

Section 2.2 Best Interests of the District. The Commission hereby finds and determines that it is in the best interests of the District and its customers that the District issue the bonds authorized herein for the purpose of financing costs of the Improvements and refunding and/or defeasing the Refunded Bonds.

Section 2.3 Plan and System. The public interest welfare convenience and necessity require that the District design, construct, improve, renovate and equip facilities of the Priest Rapids Project as set forth in the capital improvement plan of the District, as it may be amended from time to time (the “Improvements”). The Commission hereby specifies and adopts the Improvements as plan and system for additions and betterments to the Priest Rapid Project.

Section 2.4 Gross Revenues Sufficient. The Commission hereby finds and determines that the Gross Revenues to be derived by the District from the operation of the Priest Rapids Project at the rates to be charged for the electricity furnished thereby will be sufficient, in the judgment of the Commission, to meet all expenses of operation and maintenance, and to make all necessary repairs, replacements and renewals thereof, and to permit the setting aside out of such Gross Revenues and money in the Revenue Fund into the Bond Fund of such amounts as may be required to pay the principal of and interest on the Parity Bonds as the same become due and payable.

Section 2.5 Due Regard. The Commission hereby finds and determines that due regard has been given to the Operating Expenses of the Priest Rapids Project and that it has not obligated the District to set aside into the Bond Fund for the account of the Parity Bonds a greater amount of the revenues and proceeds of the Priest Rapids Project than in its judgment will be available over and above such Operating Expenses.

### ARTICLE III AUTHORIZATION, ISSUANCE AND REDEMPTION OF BONDS

Section 3.1 Authorization of Issuance and Sale of the Bonds. For the purposes of financing and/or reimbursing the District for costs of the Improvements, defeasing and/or refunding the Refunded Bonds and paying costs of issuance of the Bonds, the District is hereby authorized to issue and sell one or more series of its Priest Rapids Project revenue and refunding bonds in the aggregate principal amount not to exceed \$180,000,000 (the “Bonds”).

Each series of the Bonds shall be designated as the “Priest Rapids Hydroelectric Project Revenue and Refunding Bonds, 2023 Series A,” with additional series designation, designation regarding tax status, or other designation as set forth in the Bond Purchase Contract and approved by a Designated Representative.

The Bonds of each series shall be dated as of the date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof within a series and maturity, shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification and control, and shall bear interest payable on the dates set forth in the Bond Purchase Contract. The Bonds shall bear interest at the rates set forth in the Bond Purchase Contract and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 11.1 of this resolution.

The Bonds shall be special obligations of the District payable only from the Bond Fund and shall be payable and secured as provided herein. The Bonds shall not be general obligations of the District, the State, or any political subdivision thereof.

Section 3.2 Reservation of Right to Purchase. The District reserves the right to use money in the Revenue Fund or any other funds legally available therefor at any time to purchase any of the Bonds in the open market if such purchase shall be found by the District to be economically advantageous and in the best interest of the District. Any purchases of Bonds may be made with or without tenders of Bonds and at either public or private sale in such amount and at such price as the District shall, in its discretion, deem to be in its best interest. Any money which is to be applied to the purchase or redemption of Bonds shall, prior to such purchase or redemption, be transferred to and deposited in the Bond Fund to the credit of the appropriate account therein. Purchases of Term Bonds may be credited against the Sinking Fund Requirement for such Term Bonds. Bonds purchased pursuant to this Section 3.2 shall be cancelled.

Section 3.3 Redemption of Bonds.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds of each series shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 11.1. The Bonds of each series shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 11.1 of this resolution.

(b) *Selection of Bonds for Redemption.* If the District redeems at any one time fewer than all of the Bonds of a series having the same maturity date, the particular Bonds or portions of Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Registrar or as set forth in the Bond Purchase Contract) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the District and the Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of Bonds by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Registrar there shall be issued to the Registered Owner, without charge

therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized. Notwithstanding the foregoing, as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC.

(c) *Notice of Redemption.*

(1) *Official Notice.* Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Registrar on behalf of the District by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notwithstanding anything herein to the contrary, so long as the Bonds are held in book-entry form, notice of redemption will be given in accordance with the operational arrangements in effect at DTC, and neither the District nor the Registrar will provide any notice of redemption to any Beneficial Owners.

All official notices of redemption shall be dated and shall state:

- (i) the redemption date,
- (ii) the redemption price,
- (iii) if fewer than all Outstanding Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (iv) that unless conditional notice of redemption has been given and such conditions have not been satisfied or waived or such notice has been rescinded, on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and if the Registrar then holds sufficient funds to pay such Bonds at the redemption price, interest thereon shall cease to accrue from and after said date,
- (v) any conditions to redemption, and
- (vi) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the District shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The District retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any

notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain Outstanding.

(2) *Effect of Notice; Bonds Due.* If an unconditional notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Registrar then holds sufficient funds to pay such Bonds at the redemption price, then from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

(3) *Additional Notice.* In addition to the foregoing notice, further notice shall be given by the District as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to a Continuing Disclosure Certificate and with such additional information as the District shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(d) *Amendment of Notice Provisions.* The foregoing notice provisions of this Section 3.3, including, but not limited to, the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

#### ARTICLE IV REGISTRATION, FORM AND GENERAL TERMS

##### Section 4.1 Registrar; Exchanges and Transfers.

(a) *Registrar/Bond Register.* The District hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a State fiscal agent, and appoints the fiscal agent of the State, U.S. Bank Trust Company, National Association, as the Registrar. The District shall cause a Bond Register to be maintained by the Registrar. So long as any Bonds of a series remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal office. The Registrar may be removed at any time at the option of the District upon prior notice to the Registrar and a successor Registrar appointed by the District. No resignation or



removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder.

(b) *Registered Ownership.* The District and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as otherwise provided in this resolution or in the Continuing Disclosure Certificate of the District), and neither the District nor the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in subsection (h) below, but such Bond may be transferred as herein provided. All such payments made as described in herein shall be valid and shall satisfy and discharge the liability of the District upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds of each series initially shall be held in book-entry form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the District has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the District nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the District to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in book-entry form, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds of each series in a denomination corresponding to the total principal therein within a series to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the District pursuant to subsection (2) below or such substitute depository’s successor; or (iii) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the District to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the District may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of subsection (1) above, the Registrar shall, upon receipt of all Outstanding Bonds of a series, issue a single new Bond for each series and maturity then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the District determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in book-entry form. The District shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Bonds together with a written request of the District to the Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the District's paying agent for the Bonds and to carry out all of the Registrar's powers and duties under this resolution and resolutions of the District establishing a system of registration for the District's bonds and obligations. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or to exchange any Bond during the period from the Record Date to the redemption or payment date.

(f) *Registrar's Ownership of Bonds.* The Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The District covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and 12 30-day months. For so long as all Bonds are in book-entry form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer held in book-entry form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Registrar at least 10 days prior to the applicable payment date), such payment shall be made by the Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the District on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

Section 4.2 Form of Bonds. The Bonds shall be in substantially the form set forth in Appendix B, which is incorporated herein by this reference.

Section 4.3 Execution and Authentication of Bonds. The Bonds shall be executed on behalf of the District with the manual or facsimile signature of the President or Vice President of the Commission and attested with the manual or facsimile signature of the Secretary of the Commission and the seal of the District shall be imprinted or impressed on each of the Bonds. The Bonds shall bear thereon a certificate of authentication, executed manually by the Registrar. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Registrar. Such certificate of the Registrar upon any Bond executed on behalf of the District shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this resolution and that the Registered Owner thereof is entitled to the benefits of this resolution.

In case any of the officers who shall have signed, attested, or sealed any of the Bonds shall cease to be such officers before the Bonds so signed, attested, authenticated, registered or sealed shall have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the District with the same effect as though the persons who had signed, attested, authenticated, registered or sealed such Bonds had not ceased to be such officers.

## ARTICLE V SPECIAL FUNDS AND DEFEASANCE

Section 5.1 Revenue Fund. A special fund of the District, known as the “Columbia River-Priest Rapids Hydroelectric Development Revenue Fund,” was created by Resolution No. 313. A special fund of the District, known as the “Columbia River-Wanapum Hydroelectric Development Revenue Fund” was created by Resolution No. 474. A special fund of the District, known as the “Priest Rapids Project Revenue Fund” (the “Revenue Fund”), which is held in trust

by the District, was created by Resolution No. 8475. The Columbia River-Priest Rapids Hydroelectric Development Revenue Fund and the Columbia River-Wanapum Hydroelectric Development Revenue Fund were merged into the Revenue Fund by Resolution No. 8475.

The District covenants and agrees that so long as any of the Parity Bonds are Outstanding and unpaid it will continue to pay into the Revenue Fund all Gross Revenues, exclusive of earnings on money on hand in the RR&C Fund and the Bond Fund, which may be retained in such funds or transferred to other funds as required by this resolution and the resolutions authorizing the Outstanding Parity Bonds and the Subordinate Lien Debt.

(a) The District hereby creates a charge and obligation against the Revenue Fund, which charge and obligation shall remain in effect so long as any Parity Bonds are Outstanding, in an amount equal to the Coverage Requirement. The District shall pay from the Revenue Fund, after paying or making provision for the payment of Operating Expenses, the Coverage Requirement. The Coverage Requirement shall be disbursed as follows:

(1) The payments into the Bond Fund required by subsections 5.2(a), 5.2(b) and 5.2(c) shall be made.

(2) The deposits into the Reserve Account required by Sections 5.2 and 7.3 and other payments required by Section 5.2 shall be made.

(3) An amount equal to 0.0125 of Annual Debt Service shall be deposited into the RR&C Fund on or prior to the 25th day of each month, to the extent there is not the required amount in the RR&C Fund, and applied to the purposes set forth in Sections 5.2 and 5.3.

(4) Any required deposits to the Subordinate Lien Bond Fund shall be made.

(b) The amounts on deposit in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

(1) to pay or provide for Operating Expenses;

(2) to make all payments required to be made into the Interest Account in the Bond Fund and to make any District Payments;

(3) to make all payments required to be made into the Principal and Bond Retirement Account in the Bond Fund and to make all payments required to be made into the Bond Retirement Account in the Bond Fund;

(4) to make all payments required to be made into the Reserve Account in the Bond Fund and to make all payments required to be made pursuant to a reimbursement agreement or agreements (or other equivalent documents) in connection with Qualified Insurance or a Qualified Letter of Credit obtained for the Reserve Account; provided that if there is not sufficient money to make all payments under such reimbursement agreements, the payments will be made on a pro rata basis;

(5) to make all payments required to be made into the RR&C Fund to the extent such amount is not on deposit; and

(6) to make all payments required to be made into any special fund or account created, including the Subordinate Lien Bond Fund, to pay or secure the payment of any subordinate lien obligations, including the Subordinate Lien Debt.

After all of the above payments and credits have been made, amounts remaining in the Revenue Fund may be used for any other lawful purpose of the District relating to the Priest Rapids Project.

Section 5.2 Bond Fund; Reserve Account.

(a) *Bond Fund.* A special fund of the District, known as the “Priest Rapids Development Second Series Bond Fund,” was created by Resolution No. 5403, and was renamed the “Priest Rapids Development Revenue Bond Fund” pursuant to Resolution No. 7901. A special fund of the District, known as the “Wanapum Development Second Series Bond Fund,” was created by Resolution No. 5404, and was renamed the “Wanapum Development Revenue Bond Fund” pursuant to Resolution No. 7777. A special fund of the District, known as the “Priest Rapids Project Revenue Bond Fund” (the “Bond Fund”), was created by Resolution No. 8475. The Priest Rapids Development Revenue Bond Fund and the Wanapum Development Revenue Bond Fund were merged into the Bond Fund by Resolution No. 8475. The Bond Fund contains three accounts: the Interest Account, the Principal and Bond Retirement Account, and the Reserve Account.

The Bond Fund is held in trust by the District and shall be used for the purpose of paying the principal of, premium, if any, and interest on all Parity Bonds and for the purpose of purchasing Parity Bonds prior to maturity. The District holds the Interest Account, the Principal and Bond Retirement Account and the Reserve Account.

At the option of the District, separate accounts may be created in the Bond Fund for the purpose of paying or securing the payment of the principal of, premium, if any, and interest on any series of Parity Bonds and of calculating and paying the Rebate Amount. District Payments shall be made from, and Reciprocal Payments shall be made into, the Interest Account. The District hereby obligates and binds itself irrevocably to set aside and pay into the Bond Fund out of the Gross Revenues certain fixed amounts, without regard to any fixed proportion of such Gross Revenues, sufficient (together with other available funds on hand and paid into the Bond Fund) to pay the principal of, premium, if any, and interest on all Parity Bonds from time to time Outstanding as the same become due and payable. Such fixed amounts shall be as follows:

(1) On or prior to each date interest on the Parity Bonds becomes due, the District shall transfer from the Revenue Fund into the Interest Account in the Bond Fund the amount sufficient (together with such other money as is on hand and available in such account) to pay the interest on all Parity Bonds then Outstanding becoming due on such date.

(2) On or prior to each date principal of the Parity Bonds becomes due, the District shall transfer from the Revenue Fund into the Principal and Bond Retirement Account in the Bond Fund the amount sufficient (together with such other money as is on hand and available in such account) to pay the principal of all Parity Bonds then Outstanding becoming due on such

date and on or prior to the due date of each Sinking Fund Requirement, the District shall transfer from the Revenue Fund into the Principal and Bond Retirement Account in the Bond Fund the amount sufficient (together with such other money as is on hand and available in such account) to pay the Sinking Fund Requirement (reduced by any credits made pursuant to any of the resolutions authorizing the Parity Bonds) for such date. If authorized by the Chief Financial Officer or Treasurer, the District may make sinking fund installment payments for the Series M Bonds as provided herein.

The District shall apply the money paid into the Bond Fund for credit to the Principal and Bond Retirement Account to the redemption of Term Bonds on the next ensuing Sinking Fund Requirement due date (or may so apply such money prior to such Sinking Fund Requirement due date), pursuant to the terms of this resolution or of the resolution authorizing the issuance thereof. The District may also apply the money paid into the Bond Fund for credit to the Principal and Bond Retirement Account for the purpose of retiring Term Bonds by the purchase of such Bonds at a purchase price (including any brokerage charge) not in excess of the principal amount thereof. The District shall apply such money to the redemption or purchase of Term Bonds in an amount such that the aggregate principal amount of Bonds so purchased or redeemed is at least equal to such next ensuing Sinking Fund Requirement. Any such purchase of Bonds by the District may be made with or without tenders of Bonds in such manner as the District shall, in its discretion, deem to be in its best interest.

(3) *Reserve Account.* The District has previously established a common debt service reserve account and Reserve Account Requirements with respect to the Outstanding Parity Bonds. Each Designated Representative is authorized to determine the Reserve Account Requirement, which may be zero (\$0.00), with respect to the Bonds. Any such determination shall be set forth in the Bond Purchase Contract. The District hereby covenants that on the date of delivery of the Bonds to the initial purchasers thereof, if necessary it will deposit Bond proceeds or other available funds of the District into the Reserve Account in an amount sufficient, together with money and investments deposited therein, to meet the Reserve Account Requirement.

The Reserve Account shall be maintained in an amount equal to the Reserve Account Requirement by additional payments to the Reserve Account in the manner provided below until such time as all of the Parity Bonds secured by the Reserve Account and the interest thereon are retired and paid. Notwithstanding the foregoing provisions of this paragraph (3), any resolution providing for the issuance of Parity Bonds may provide for payments into the Bond Fund for credit to the Reserve Account from any other money lawfully available therefor (in which event, in providing for deposits and credits required by the foregoing provisions of this paragraph (3), allowance shall be made for any such amounts so paid into such Account) or may provide for the District to obtain Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to Section 5.2 hereof to be paid out of the Reserve Account. The face amount of any such Qualified Insurance or Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Account by this Section 5.2 to the extent that such payments and credits to be made are insured by an insurance company or guaranteed by a letter of credit from a financial institution. Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than five years notice. In the event of any cancellation, the Reserve Account shall be funded in accordance with the provisions of this section providing for payments to the Reserve Account in the event of a deficiency therein so that within six months from the date of such cancellation,

the Reserve Account Requirement is met for the Parity Bonds that were secured by such Qualified Letter of Credit or Qualified Insurance.

If the amount in the Reserve Account is less than the Reserve Account Requirement for the Parity Bonds secured by the Reserve Account, the District shall transfer from the Revenue Fund, the RR&C Fund or the Project Account for credit to the Reserve Account on or before the 25th day of each of the six succeeding calendar months one-sixth of the amount necessary to restore the Reserve Account to the applicable Reserve Account Requirement. If the amount in the Reserve Account is greater than the Reserve Account Requirement, then and only then may the District withdraw at any time prior to the next date of valuation from the Reserve Account the difference between the amount in the Reserve Account and the applicable Reserve Account Requirement and deposit such difference in the Revenue Fund.

The Registered Owners of the Bonds by taking and holding the same shall be deemed to have consented to the adoption by the District of any Supplemental Resolution amendatory to this resolution to provide that Qualified Insurance or a Qualified Letter of Credit may be obtained if the provider is rated in one of the two highest categories by Moody's Investor's Service or S&P Global Rating or their comparable recognized business successors or both Moody's Investor's Service or S&P Global Rating at the time the letter of credit or insurance is obtained.

(4) Money in the Bond Fund may, at the option of the District, be invested and reinvested as permitted by law in Permitted Investments maturing, or which are retireable at the option of the Registered Owner, prior to the date needed or prior to the maturity date of the final installment of principal of the Parity Bonds payable out of the Bond Fund. Earnings on investments in the Bond Fund shall be transferred to the Revenue Fund, except that earnings on investments in the Reserve Account shall first be applied to remedy any deficiency in such account.

For the purpose of determining the amount credited to the Reserve Account, obligations in which money in the Reserve Account shall have been invested shall be valued at the market value thereof. The term "market value" shall mean, in the case of securities which are not then currently redeemable at the option of the Registered Owner, the current bid quotation for such securities, as reported to the District by such source as it selects, and the current redemption value in the case of securities that are then redeemable at the option of the holder. For obligations that mature within six months, the market value shall be the par value thereof. The valuation shall include accrued interest thereon. The valuation of the amount in the Reserve Account shall be made by the District as of the close of business on each December 31 (or on the preceding business day if December 31 does not fall on a business day) and after any withdrawal pursuant to this resolution and may be made on each June 30 (or on the preceding business day if June 30 does not fall on a business day). In calculating the amount required to be on hand in the Reserve Account at any time, the election by the District to make payments therein pursuant to Section 7.3 shall be taken into account.

(5) Money in the Interest Account and Principal and Bond Retirement Account shall be transmitted by the District to the Registrar for the Parity Bonds secured by the Reserve Account in amounts sufficient to meet the next maturing installments of principal and interest and premiums, if any, and Sinking Fund Installments at or prior to the time upon which any interest, principal or premium, if any, is to become due. In the event there is a deficiency in the Interest

Account or the Principal and Bond Retirement Account for such purpose, the District shall make up any such deficiency from the Reserve Account by the withdrawal of cash therefrom for that purpose, and, if necessary, by sale or redemption of any authorized investments in such amount as will provide cash in the Reserve Account sufficient to make up any such deficiency. If a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the District shall then draw from any Qualified Letter of Credit, Qualified Insurance, or other credit enhancement instrument. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. The District shall pay any reimbursement obligation as a result of a draw under a Qualified Letter of Credit or Qualified Insurance from the Revenue Fund as provided in Section 5.1(b)(4). The District shall deposit Gross Revenues into the Revenue Fund sufficient to meet such reimbursement obligation and all other obligations of the Revenue Fund.

Whenever and so long as amounts on deposit in the Bond Fund, including the Reserve Account, are sufficient to provide money to pay the Parity Bonds then Outstanding, including such interest as may thereafter become due thereon and any premiums upon redemption, no payments need be made into the Bond Fund pursuant to this resolution.

Money transferred from the Bond Fund to the Registrar for the Parity Bonds and the interest thereon shall be held in trust for the Registered Owners of such Parity Bonds. Until so set aside for the retirement of principal, payment of sinking fund installments, payment of interest and premium, if any, as aforesaid, money in the Bond Fund shall be held in trust for the benefit of the Registered Owners of the Parity Bonds then Outstanding and payable equally and ratably and without preference or distinction as between different installments or maturities.

In the event that a Bond is not presented to the Registrar within two years from the date of its maturity or redemption, the money held in the Bond Fund for the payment of the principal of and interest on such Bond shall be returned to the District. If a Bond is presented for payment any time after two years from its maturity or redemption date, the District shall be responsible for paying the principal of and interest on such Bond, and all liability of the Registrar for such amount shall cease. Before repaying the unclaimed money to the District pursuant to this paragraph, the Registrar may publish a notice or notices, at the expense of the District, relating to such repayment. In the event money is paid to the District, the Registered Owners of the Bonds in respect of which such money was paid shall be deemed to be unsecured creditors of the District for amounts equal to the principal of and interest on such Bonds so repaid to the District (without interest thereon).

**Section 5.3 RR&C Fund.** A special fund of the District known as the “Supplemental Repair and Renewal Fund” was created by Resolution No. 5403. A special fund of the District known as the “Supplemental Renewal and Contingency Fund” was created by Resolution No. 5404. A special fund of the District, known as the “Priest Rapids Project Repair, Renewal and Contingency Fund” (the “RR&C Fund”), which is held in trust by the District, was created by Resolution No. 8475. The Supplemental Repair and Renewal Fund and the Supplemental Renewal and Contingency Fund were merged into the RR&C Fund by Resolution No. 8475. The initial amount in the RR&C Fund was \$12,000,000 (as such amount may be revised, the “RR&C Fund Cap”). The amount in the RR&C Fund shall not exceed the RR&C Fund Cap as of the last day of any Fiscal Year. The District may increase or decrease the amount of the RR&C Fund Cap from time to time by resolution of the Commission, pursuant to which the Commission finds that the



proposed revised RR&C Fund Cap is both necessary and adequate to maintain the Priest Rapids Project in good operating condition.

Any money representing earnings on investments in the RR&C Fund may be transferred to the Revenue Fund to the extent not required to maintain in the RR&C Fund an amount equal to the RR&C Fund Cap. To the extent that the money on hand in the RR&C Fund at the end of any Fiscal Year, after making transfers into the Revenue Fund as provided in the preceding sentence, exceed the RR&C Fund Cap, such excess shall be transferred to the Bond Fund as surplus money.

If so required by contract with the purchasers of power and energy from the Priest Rapids Project, the District may rebate money on hand in the RR&C Fund to these purchasers. Such a rebate may be paid to the Electric System on the same basis as to these other purchasers. Following any such rebate, the District may again establish in such Fund an amount equal to the RR&C Fund Cap, from the proceeds of Parity Bonds, from Gross Revenues, or from any combination of such sources or other sources. This paragraph shall not limit the District's right to rebate money pursuant to Section 12.5.

Money in the RR&C Fund shall be used from time to time to make up any deficiency in the payments required to be made into the Bond Fund, and such money is hereby pledged as additional payments into the Bond Fund to the extent required to make up any such deficiencies.

To the extent not required to make up any deficiency in the Bond Fund, money in the RR&C Fund may be applied by the District to any one or more of the following purposes

- (a) to pay the cost of any project of repair, renewal, replacement, extraordinary maintenance, and safety improvement for the Priest Rapids Project;
- (b) to pay the cost of other improvements to and extensions of the Priest Rapids Project, including planning and design and feasibility studies for such improvements and extensions; and
- (c) to pay extraordinary operation costs.

No expenditure shall be made from proceeds of Parity Bonds deposited in the RR&C Fund for the purposes set forth in subparagraphs (b) or (c) above unless the District has obtained an opinion from Bond Counsel or Special Tax Counsel that such expenditure will not adversely affect the exemption from federal income tax of the interest on any Parity Bonds then Outstanding.

Money held for the credit of the RR&C Fund shall, to the fullest extent practicable and reasonable, be invested and reinvested by the District solely in, and obligations deposited in such accounts shall consist of, Permitted Investments. For the purpose of determining the amount credited to the RR&C Fund, obligations in which money in the RR&C Fund shall have been invested shall be valued at the actual cost of such obligations. The valuation shall include accrued interest thereon. The valuation of the amount in the RR&C Fund shall be made by the District as of the close of business on each December 31 (or on the next preceding business day if December 31 does not fall on a business day) and may be made on each June 30 (or on the next preceding business day if June 30 does not fall on a business day).

Section 5.4 Defeasance. In the event that money and/or Government Obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of and interest on the certain Bonds so provided for and such Bonds shall then cease to be entitled to any lien, benefit or security of this resolution, except the right to receive the funds so set aside and pledged, and such Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the District.

Within 10 business days of defeasance of any Bonds, the Registrar shall provide notice of defeasance of Bonds to Registered Owners of the Bonds being defeased in accordance with a Continuing Disclosure Certificate.

## ARTICLE VI APPLICATION OF BOND PROCEEDS; PLAN OF REFUNDING

### Section 6.1 Application of Bond Proceeds; Plan of Refunding.

(a) *Reserve Account*. The District is hereby authorized to deposit available funds of the District and/or a portion of the proceeds of the Bonds, and/or purchase Qualified Insurance or a Qualified Letter of Credit and pay the associated policy premium, to satisfy the Reserve Account Requirement, if any, at the time of issuance of the Bonds.

(b) *Project Account; Costs of Issuance*. There is hereby authorized to be created a special account of the District to be known as the 2023 Project Account (the “Project Account”). Funds in the Project Account shall be applied to pay or reimburse the District for costs of the Improvements, and unless paid by the Escrow Agent, to pay costs of issuance of the Bonds in the amount set forth in the Closing Memorandum for the Bonds. Money in the Project Account may at the option of the District be invested in Permitted Investments. Payments from the Project Account shall be made in accordance with law and the District’s rules and procedures for the management and control of District funds.

The District may allocate a portion of proceeds of the Bonds, net of any Underwriter’s discount, and/or available funds of the District to the payment of costs of issuance of the Bonds, including any costs associated with the refunding of the Refunded Bond, in the manner as set forth in the Closing Memorandum for the Bonds. The District may pay such costs of issuance directly or contract with the Refunding Agent to pay costs of issuance of the Bonds on its behalf.

(c) *Refunding Plan*. For the purpose of realizing a debt service savings and restructuring the debt service obligations for the Refunded Bonds, the District proposes to defease and/or refund the Refunded Bonds as set forth herein. If a Designated Representative determines that it is in the best interest of the District to proceed with the refunding authorized herein, a

Designated Representative shall designate all or a portion of the Refunding Candidates as Refunded Bonds and such designation shall be set forth in the Bond Purchase Contract.

Notwithstanding anything herein to the contrary, prior to the issuance of the Bonds the District may use available funds to redeem all or a portion of the Refunding Candidates. Each Designated Representative is hereby authorized to determine whether available funds of the District shall be used to refund all or a portion of each series of Refunding Candidates, to determine the amount to be cash redeemed, and to determine the date such redemption will occur. If such cash redemption occurs prior to the issuance of the Bonds, the list of Refunding Candidates contained herein shall be deemed to exclude such obligations.

A portion of the proceeds of the Bonds, together with other available funds of the District, if any, shall be deposited with the paying agent for the Refunded Bonds selected for redemption and used immediately to refund the Refunded Bonds or shall be deposited with the Escrow Agent pursuant to an Escrow Agreement to be used immediately upon receipt thereof to defease the Refunded Bonds as authorized by the Bond Resolution(s) authorizing the Refunded Bonds. The net proceeds of the Bonds shall be in an amount sufficient, together with other available funds of the District, if any, to pay the principal of, interest on and redemption premium for the Refunded Bonds on the Call Date.

Any net proceeds deposited with the Escrow Agent shall be used to defease the Refunded Bonds and discharge the obligations thereon by being held as cash or by the purchase of certain Acquired Obligations bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of the principal of, interest on and redemption premium for the Refunded Bonds on the Call Date.

Each Designated Representative is hereby authorized to designate the Refunding Candidates as Refunded Bonds, to establish the Call Date for the Refunded Bonds, to provide or cause to be provided the notices of redemption of the Refunded Bonds in accordance with the provisions of the bond resolution(s) authorizing the Refunded Bonds, to select an Escrow Agent (if any), to execute an Escrow Agreement (if any) and to take any action as determined to be necessary and in the best interest of the District to refund the Refunded Bonds. The District hereby calls the Refunded Bonds for redemption on the Call Date in accordance with the provisions of the bond resolution(s) authorizing the Refunded Bonds.

## ARTICLE VII COVENANTS TO SECURE BONDS

Section 7.1 Security for Parity Bonds. All Parity Bonds are special limited obligations of the District payable from and secured solely by a pledge and lien set forth in the next sentence. There are hereby pledged as security for the payment of the principal of, premium, if any, and interest on all Parity Bonds in accordance with the provisions of this resolution, subject only to the provisions of this resolution restricting or permitting the application thereof for the purposes and on the terms and conditions set forth in this resolution: (a) the Gross Revenues and (b) the money and assets, if any, credited to the Revenue Fund, the Bond Fund, the RR&C Fund, the Project Account, and the income therefrom. The Gross Revenues and other money and assets hereby

pledged shall immediately be subject to such lien and charge under this resolution without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District regardless of whether such parties have notice thereof.

All Parity Bonds now or hereafter Outstanding shall be equally and ratably payable and secured hereunder without priority by reason of date of adoption of the resolution providing for their issuance or by reason of their series, number or date of sale, issuance, execution or delivery, or by the liens, pledges, charges, trusts, assignments and covenants made herein, except as otherwise expressly provided or permitted in this resolution and except as to insurance which may be obtained by the District to insure the repayment of one or more series or maturities within a series.

The pledge set forth above is hereby declared to be a prior lien and charge on the Gross Revenues and the money and assets in such funds and accounts superior to all other liens and charges of any kind or nature, subject to prior application as set forth in Section 5.1 hereof.

Parity Bonds shall not in any manner or to any extent constitute general obligations of the District or of the State, or any political subdivision of the State, or a charge upon any general fund or upon any money or other property of the District or of the State, or of any political subdivision of the State, not specifically pledged thereto by this resolution.

Section 7.2 General Covenants. The District covenants with the Registered Owners of the Parity Bonds as follows:

(a) *Rate Covenant.* The District shall establish, maintain and collect rates and charges in connection with the ownership and operation of the Priest Rapids Project that shall be fair and nondiscriminatory and adequate to provide Gross Revenues sufficient for the payment of the principal of and interest on all Parity Bonds and the Subordinate Lien Debt then Outstanding, all amounts that the District is obligated to set aside in the Bond Fund and the Subordinate Lien Bond Fund, the payment of all Operating Expenses of the Priest Rapids Project, and the payment of any and all amounts that the District may now or hereafter become obligated to pay from the Gross Revenues, including, inter alia, payments to providers of Qualified Insurance and Qualified Letters of Credit in accordance with this resolution.

(b) Such rates or charges in connection with the ownership and operation of the Priest Rapids Project shall be sufficient to provide Net Revenues in any Fiscal Year hereafter in an amount that is at least equal to the Coverage Requirement, and such amounts as are required to pay the principal of and interest on any Subordinate Lien Debt, excluding any capitalized interest thereon in such Fiscal Year.

The failure to collect Gross Revenues in any Fiscal Year sufficient to comply with the covenants contained in this section shall not constitute an Event of Default if the District, before the 90th day of the following Fiscal Year, both:

(1) Employs a Professional Utility Consultant to recommend changes in the District's rates that are estimated to produce Gross Revenues sufficient (once the rates recommended by the

Professional Utility Consultant have been imposed by the District) to meet the requirements of Section 7.2; and

(2) Imposes rates at least as high as those recommended by such Professional Utility Consultant at the time or times so recommended.

The calculation of the Coverage Requirement set forth above, and the District's compliance therewith, may be made solely with reference to this resolution without regard to future changes in generally accepted accounting principles. If the District has changed one or more of the accounting principles used in the preparation of its financial statements, because of a change in generally accepted accounting principles or otherwise, then an event of default relating to this section shall not be considered an Event of Default if the Coverage Requirement ratio would have been complied with had the District continued to use those accounting principles employed at the date of the most recent audited financial statements prior to the date of this resolution.

(c) *Maintenance and Repair.* The District will at all times maintain, preserve and keep the Priest Rapids Project in good repair, working order and condition, and will from time to time make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto so that at all times the business carried on in connection therewith shall be properly and advantageously conducted, and the District will at all times operate such properties and the business in connection therewith in an efficient manner and at reasonable cost.

(d) *Disposal of Properties.* The District will not sell or otherwise dispose of the Priest Rapids Project in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment of cash into the Bond Fund sufficient to pay the principal of and interest on all Parity Bonds then Outstanding and any premium upon the retirement thereof in full and in accordance with the requirements of the resolutions authorizing the issuance of such bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the Priest Rapids Project if such sale or disposition would result in a reduction of Net Revenues below the amounts required in subsection (a) above.

The District may sell or otherwise dispose of any of the properties of the Priest Rapids Project or any real or personal property comprising a part of the same which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the Priest Rapids Project or no longer necessary, material to or useful in such operation. The proceeds of any such sale or disposition of a portion of the properties of the Priest Rapids Project shall be deposited in any construction fund heretofore or hereafter created, and may be used for any purposes for which Parity Bonds may be issued. Such proceeds shall be transferred to the Reserve Account to the extent that such transfer shall be necessary to make up any deficiency in the Reserve Account. The balance, if any, shall, at the option of the District, be used for repairs, renewals, replacements, or additions to or extensions of the Priest Rapids Project or be used in the retirement of Parity Bonds prior to maturity, either by purchase at prices not to exceed the next applicable redemption price or by call for redemption.

If the FERC License is awarded to another party, the District shall deposit into the Bond Fund, promptly following receipt, any compensation received from the new licensee or otherwise

up to the amount necessary to pay or provide for the payment of principal of and interest on the Parity Bonds then Outstanding

(d) *Insurance.* The District will keep the works, plants, properties and facilities comprising the Priest Rapids Project insured, and will carry such other insurance, with responsible insurers, with policies payable to the District, against risks, accidents or casualties, at least to the extent that insurance is usually carried by municipal corporations operating like properties; provided, however, that the District may, if deemed necessary and advisable by the Commission, institute or continue a self-insurance program with respect to any or all of the aforementioned risks. In the event of any loss or damage, the District will promptly deposit the insurance proceeds into any construction fund heretofore or hereafter created, and use such funds to repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy or self-insurance funding for that purpose; or in the event the District should determine not to repair or reconstruct such damaged portion of the properties of the District, the proceeds of such insurance or self-insurance funding shall be transferred to the Reserve Account to the extent that such transfer shall be necessary to make up any deficiency in the Reserve Account and the balance, if any, shall, at the option of the District, be used for repairs, renewals, replacements, or additions to or extensions of the Priest Rapids Project or be used in the retirement of Parity Bonds prior to maturity, either by purchase at prices not to exceed the next applicable redemption price or by call for redemption.

(e) *Books and Records.* The District shall keep proper books of account, showing as a separate utility system the accounts of the Priest Rapids Project, in accordance with the rules and regulations prescribed by the State Auditor's office of the State, or other State department or agency succeeding to such duties of the State Auditor's office, and if no such rules or regulations are prescribed as aforesaid, then in substantial accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission or other federal agency having jurisdiction over public electric utility companies owning and operating properties similar to the properties of the District, whether or not the District is at the time required by law to use such system of accounts. The District shall cause its books of account to be audited annually by the State Auditor's office or other State department or agency as may be authorized and directed by law to make such audits, or if such an audit shall not be completed and the audit report presented within 12 months after the close of any Fiscal Year of the District, by independent certified public accountants. In keeping such books of account, the District shall accrue depreciation monthly thereon on its depreciable properties in accordance with the accounting practice prescribed by the public departments or agencies above mentioned. Any Registered Owner of any Bond may obtain at the office of the District, copies of the balance sheet and statements of revenues, expenses and changes in net assets showing in reasonable detail the financial condition of the Priest Rapids Project as of the close of each Fiscal Year, and the income and expenses of such year, including the amounts paid into the Revenue Fund, the Bond Fund, and in any and all special funds created pursuant to the provisions of this resolution, and the amounts expended for maintenance, renewals, replacements, and gross capital additions to the Priest Rapids Project. All calculations, classifications and other financial determinations required by this resolution shall be made in accordance with the accounting practices then being observed by the District.

(f) *Make Only Economically Sound Improvements.* The District shall not expend any of the revenues derived by it from the operation of the Priest Rapids Project or the

proceeds of Parity Bonds or other obligations for any extensions, betterments and improvements to the Priest Rapids Project which will not properly and advantageously contribute to the conduct of the business of the Priest Rapids Project.

(g) *Merger or Consolidation.* The District shall not dissolve or terminate its existence without paying or providing for the payment of all Parity Bonds then Outstanding.

(h) *Obligation of the Electric System.* The District covenants to (1) pay to the Priest Rapids Project from the Electric System that portion of the annual costs of the Priest Rapids Project for such Fiscal Year, including without limitation for Operating Expenses and Annual Debt Service on the Parity Bonds, that is not otherwise paid or provided for from payments received by the Priest Rapids Project from the sale of power and energy and related products from the Priest Rapids Project to purchasers other than the District and (2) to establish, maintain and collect rates or charges for electric power and energy and related products sold through the Electric System sufficient to make any such payments to the Priest Rapids Project. The Electric System shall be obligated to pay as provided in this section whether or not the Priest Rapids Project has produced or is capable of producing power and energy in a Fiscal Year.

Except as provided in the following sentence, the obligation to pay such amounts shall rank as a lien and charge against the revenues of the Electric System subordinate in rank to all other obligations of the Electric System. Payments made by the Electric System for the costs of purchased power and energy shall be an operating expense of the Electric System.

(i) *FERC License.* The District hereby covenants to use its best efforts to retain the FERC License for the Priest Rapids Project and to renew the FERC License when it expires.

(j) *Enforcement of Power Sales Contracts.* The District hereby covenants to enforce its rights and the obligations of power purchasers under the Power Sales Contracts.

Section 7.3 Future Parity Bonds. The District hereby covenants and agrees with the Registered Owner of each of the Bonds for as long as any of the same remain Outstanding that the District shall not issue additional bonds or other obligations with a lien on Gross Revenues prior to the lien of the Parity Bonds and that it will not issue any Parity Bonds, except, upon the conditions provided below, the District reserves the right to issue Future Parity Bonds. Future Parity Bonds may be issued from time to time as may be required for any lawful purpose of the District relating to the Priest Rapids Project, including, but not limited to, acquiring, constructing and installing additions, betterments and improvements to and extensions of, acquiring necessary equipment for, or making necessary renewals, replacements or repairs and capital improvements to the Priest Rapids Project, refunding any Outstanding indebtedness, and funding the RR&C Fund.

(a) The District covenants that Future Parity Bonds shall be issued only upon compliance with the following conditions:

(1) That at the times of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund or in any of the accounts therein.

(2) That there shall have been delivered to the District a report of a Professional Utility Consultant to the effect that (i) the plan pursuant to which proceeds of such Future Parity Bonds are to be expended is consistent with prudent utility practice and will not materially adversely interfere with operation of the Priest Rapids Project, and (ii) in the opinion of the Professional Utility Consultant, based upon such assumptions as he/she believes to be reasonable, such plan will not result in Net Revenues below the amounts covenanted in Section 7.2(a) to be maintained; provided, however, no such report of a Professional Utility Consultant shall be required where contracts with the Electric System (which may include a resolution of the District with respect to such obligation of the Electric System) and/or other purchasers are in effect for a term at least as long as the term of the proposed Future Parity Bonds and require the Electric System and/or other purchasers to purchase 100% of the power from and to pay 100% of the costs of the Priest Rapids Project, including the cost of maintaining Net Revenues in the amounts required under Section 7.2(a).

In making any calculations required to be made by the Professional Utility Consultant above, in the case of Variable Interest Rate Bonds, the interest rate thereon shall be calculated on the assumption that such Variable Interest Rate Bonds will bear interest at a rate equal to the rate most recently reported by The Bond Buyer as The Bond Buyer's index for long-term revenue bonds. If such index is no longer published, a comparable index designated by the District shall be utilized in lieu thereof.

(3) That the resolution authorizing the issuance of the Future Parity Bonds shall require that there shall be paid into the Reserve Account in the Bond Fund (a) from the proceeds of such Future Parity Bonds an amount such that the amount on deposit in the Reserve Account is equal to the Reserve Account Requirement or (b) from Gross Revenues (I) in not more than five equal annual installments commencing one year from the date of issuance of such Future Parity Bonds or (II) on the date of issuance of such Future Parity Bonds, or so long as any 2005 Priest Rapids Bonds or 2005 Wanapum Bonds are insured under a policy issued by FGIC and such insurer is not in default thereunder, an amount such that the amount on deposit in the Reserve Account is equal to the applicable Reserve Account Requirement, or (c) by deposit of a Qualified Letter of Credit or Qualified Insurance in the manner specified herein. Upon the issuance of any series of Future Parity Bonds, the District shall recalculate the applicable Reserve Account Requirement, which recalculated Reserve Account Requirement shall become effective as of such date of recalculation.

(4) That the resolution authorizing the issuance of the Future Parity Bonds shall contain covenants and provisions substantially the same as Sections 5.1 through 5.4, 7.1 through 7.5, and 8.1 through 8.10 hereof.

(b) *Refunding Bonds.* In the event that any Future Parity Bonds are issued for refunding purposes and the issuance of such refunding Future Parity Bonds results in a present value monetary saving to the District and such refunding Future Parity Bonds will not require a greater amount (exclusive of costs incidental to such refunding, any call premium or premiums, and except as necessary to round out maturities to the nearest \$5,000) to be paid in any Fiscal Year thereafter than would have been required to be paid in the same Fiscal Year for Annual Debt Service on the bonds being refunded, then subsection (2) of subsection (a) need not be complied with to permit



such refunding Future Parity Bonds to be issued, although the provisions of subsections (1) and (3) of subsection (a) of this Section 7.3 must still be complied with.

(c) *Subordinate Lien Obligations.* The District may issue bonds, notes, warrants or other obligations payable from and secured by a lien and charge subordinate to the lien and charge created by Section 7.1 and may create a special fund or funds for payment of such subordinate obligations; provided, however, that such obligations and the resolutions authorizing the same shall expressly state that the lien and charge securing such obligations is subordinate to the lien and charge created herein and by the resolutions authorizing Parity Bonds. Any such subordinate lien obligations shall not be subject to acceleration.

Section 7.4 Derivative Products. To the extent permitted by State law, the District may enter into Derivative Products on a parity with the Parity Bonds subject to the conditions provided in this section. The following shall be conditions precedent to the use of any Derivative Product on a parity with any Bonds under this resolution:

(a) *General Parity Tests.* The Derivative Product (and the obligations to which it relates) must satisfy the requirements for Future Parity Bonds described in Section 7.3 of this resolution taking into consideration District Payments and Reciprocal Payments under the Derivative Product. Termination payments owed pursuant to a Derivative Product shall not be on a parity with the Parity Bonds.

(b) *Opinion of Bond Counsel.* The District shall obtain an opinion of Bond Counsel or Special Tax Counsel on the due authorization and execution of such Derivative Product, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this resolution and will not adversely affect the excludability for federal income tax purposes of the interest on any Parity Bonds then Outstanding, as applicable.

(c) *Payments.* Each Derivative Product shall set forth the manner in which the District Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(d) *Supplemental Resolutions to Govern Derivative Products.* Prior to entering into a Derivative Product, the District shall adopt a Supplemental Resolution, which shall:

(i) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(ii) set forth such other matters as the District deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this resolution.

Section 7.5 Tax Covenants.

(a) The District hereby covenants to comply with all applicable requirements set forth in the Code and the Tax Certificate to the extent that such compliance shall be necessary to maintain the exclusion from gross income for federal income taxes of the interest on the Tax-Exempt Bonds. The District hereby further covenants to observe all applicable requirements in

any future federal tax legislation to the extent that such compliance is determined by the District to be legal and practicable and required for such exemption.

(b) The District will pay the Rebate Amount, if any, to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the exclusion from gross income for federal income tax purposes of interest payments on the Tax-Exempt Bonds, in accordance with the Tax Certificate.

The covenants of this section will survive payment in full or defeasance of the Tax-Exempt Bonds.

## ARTICLE VIII DEFAULTS AND REMEDIES

Section 8.1 Events of Default. The Commission hereby finds that the continuous operation of the Priest Rapids Project and the collection, deposit and disbursement of the Gross Revenues in the manner provided in this resolution are essential to the payment and security of the Bonds, and the failure or refusal of the District to perform the covenants and obligations contained in this resolution will endanger the necessary continuous operation of the Priest Rapids Project and the application of the Gross Revenues to the purposes set forth in this resolution.

The District hereby covenants and agrees with the Registered Owners from time to time of the Bonds, in order to protect and safeguard the covenants and obligations undertaken by the District securing the Bonds, that the following shall constitute “Events of Default”:

(a) If default shall be made in the due and punctual payment of the principal of and premium, if any, on any of the Parity Bonds when the same shall become due and payable, either at maturity or by proceedings for mandatory distribution or otherwise;

(b) If default shall be made in the due and punctual payment of interest on any Parity Bond when the same shall be due and payable;

(c) If the District shall fail to purchase or redeem Term Bonds in an aggregate principal amount at least equal to the Sinking Fund Requirement for the applicable Fiscal Year;

(d) If the District shall default in the observance and performance of any other of the covenants, conditions and agreements on the part of the District contained in this resolution and such default or defaults shall have continued for a period of 90 days after the District shall have received from the Bondowners’ Trustee or from the Registered Owners of not less than 66% in principal amount of any series of Parity Bonds then Outstanding, a written notice specifying and demanding the cure of such default; or

(e) If the District shall: (1) admit in writing its inability to pay its debts generally as they become due; (2) file a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law; (3) make an assignment for the benefit of its creditors; (4) consent to the appointment of a receiver of the whole or any substantial part of the Priest Rapids Project; or (5) consent to the assumption by any court of competent jurisdiction under

the provisions of any other law for the relief or aid of debtors of custody or control of the District or of the whole or any substantial part of the Priest Rapids Project.

Section 8.2 Books of District Open to Inspection. The District covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the District and all other records relating to the Priest Rapids Project shall at all times be subject to the inspection and use of any persons owning at least 66% of the principal amount of any series of Parity Bonds Outstanding and their respective agents and attorneys.

The District covenants that if an Event of Default shall happen and shall not have been remedied, the District will continue to account, as a trustee of an express trust, for all Gross Revenues and other money, securities and funds pledged under this resolution.

Section 8.3 Bondowners' Trustee. If an Event of Default has occurred, is continuing, and has not been remedied, the owners of 25% in principal amount of Parity Bonds then Outstanding may appoint a bondowners' trustee (the "Bondowners' Trustee") by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Bonds or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the District. That appointment shall become effective immediately upon acceptance thereof by the Bondowners' Trustee. Any Bondowners' Trustee appointed under the provisions of this section shall be a bank or trust company organized under the laws of the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the Registered Owners of a majority in principal amount of Parity Bonds Outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners of the Parity Bonds or by their attorneys-in fact-duly authorized. The Bondowners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties.

The Bondowners' Trustee may resign upon 60 days' notice and a new Bondowners' Trustee appointed by the Registered Owners of at least 25% in principal amount of Parity Bonds; provided, however, that no such resignation or removal shall be effective until a successor Bondowners' Trustee shall have been appointed and shall have delivered a written instrument of acceptance of the duties and responsibilities of the Bondowners' Trustee under this resolution to the District and the Registered Owners of the Parity Bonds then Outstanding.

In the event that any Event of Default in the sole judgment of the Bondowners' Trustee is cured and the Bondowners' Trustee furnishes to the District a certificate so stating, that Event of Default shall be conclusively deemed to be cured, and the District, the Bondowners' Trustee and the Registered Owners of Parity Bonds then Outstanding shall be restored to the same rights and position which they would have held if no Event of Default had occurred.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the Registered Owners of all Parity Bonds then Outstanding and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

Section 8.4 Suits at Law or in Equity. Upon the happening of an Event of Default and during the continuance thereof, the Bondowners' Trustee may, and upon the written request of the Registered Owners of not less than 25% in principal amount of the Parity Bonds then Outstanding shall, take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the Registered Owners of the Parity Bonds, to collect any amounts due and owing to or from the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution or in any of the Parity Bonds.

Nothing contained in this resolution shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Parity Bonds, and the remedy of acceleration is expressly denied to the Registered Owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Parity Bonds or the provisions of this resolution may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the Registered Owners of those Parity Bonds, subject to the provisions of this resolution. The respective Registered Owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective Registered Owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the Registered Owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered Owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District is a party.

Section 8.5 Application of Money Collected by Bondowners' Trustee. Any money collected by the Bondowners' Trustee at any time pursuant to this Article shall be applied in the following order of priority:

(a) first, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys; and

(b) second, to the payment to the persons entitled thereto first of required interest and then of unpaid principal amounts on any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in

the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

When the Bondowners' Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief.

Section 8.6 Duties and Obligation of Bondowners' Trustee. The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this resolution, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this resolution.

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

The Bondowners' Trustee shall not be bound to recognize any person as a Registered Owner of any Bond until his or her title thereto, if disputed, has been established to its reasonable satisfaction.

The Bondowners' Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

Section 8.7 Suits by Individual Bondowners Restricted. Neither the Registered Owner nor the Beneficial Owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the same unless:

- (a) an Event of Default has happened and is continuing; and
- (b) a Bondowners' Trustee has been appointed; and
- (c) such owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and

(d) the Registered Owners of 25% in principal amount of the Parity Bonds, after the occurrence of such Event of Default, has made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and

(e) there have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(f) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No Registered Owner or Beneficial Owner of any Parity Bond shall have any right in any manner whatever by his or her action to affect or impair the obligation of the District to pay from the Net Revenues the principal of and interest on such Parity Bonds to the respective Registered Owner thereof when due.

Section 8.8 Waivers of Default. No delay or omission of the Bondowners' Trustee or of any Registered Owner or Beneficial Owner of Parity Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Article to the Bondowners' Trustee or to the Registered Owners of Parity Bonds may be exercised from time to time and as often as may be deemed expedient by the Bondowners' Trustee or by such Registered Owners.

The Bondowners' Trustee or the owners of not less than 50% in principal amount of the Parity Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the owners of all of the Parity Bonds waive any past default under this resolution and any resolution authorizing the issuance of other Parity Bonds and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Parity Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto:

Section 8.9 Remedies Granted in Resolution Not Exclusive. No remedy conferred by this resolution upon or reserved to the Bondowners' Trustee or the owners of the Parity Bonds is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to every other remedy given under this resolution or existing at law or in equity or by statute on or after the date of adoption of this resolution.

Section 8.10 Voting of Bonds Held by District. In determining whether the owners of the requisite aggregate amount of Parity Bonds have concurred in any demand, request, direction, consent or waiver under this resolution, Parity Bonds which are owned or held by or for the account of the District, or by any person or entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District on the Parity Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

ARTICLE IX  
AMENDMENTS

Section 9.1 Amending and Supplementing Resolution Without Consent of Bondowners.

(a) The District from time to time and at any time may adopt a Supplemental Resolution or resolutions, which resolution or resolutions thereafter shall become a part of this resolution, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the District contained in this resolution, other covenants and agreements thereafter to be observed, which shall not adversely affect the interest of the owners of any Parity Bonds in any material way, or to surrender any right or power herein reserved to or conferred upon the District.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provisions contained in this resolution or any resolution authorizing Future Parity Bonds in regard to matters or questions arising under such resolutions as the District may deem necessary or desirable and which shall not materially adversely affect the interest of the owners of such bonds in any material way.

(3) To change any provision of or to add any provision to this resolution if such change or addition will not materially adversely affect the interest of the owners of any Bonds.

Any such Supplemental Resolution of the District may be adopted without the consent of the owners of any Parity Bonds at any time Outstanding. Before any such Supplemental Resolution is adopted, the District shall obtain an opinion of nationally recognized bond counsel that approval of such resolution is not required pursuant to Section 9.2.

(b) Upon the adoption of any Supplemental Resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this resolution and all owners of Parity Bonds Outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes.

Section 9.2 Amending and Supplementing Resolution With Consent of Bondowners.

(a) With the consent of the Registered Owners of not less than 66% in aggregate principal amount of the Parity Bonds then Outstanding, the District from time to time and at any time may adopt a resolution amendatory hereof or supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this resolution, or modifying or amending the rights and obligations of the District hereunder, or modifying in any manner the rights of the owners of the Parity Bonds then Outstanding and in determining whether the owners of not less than 66% in aggregate principal amount of the Parity Bonds then Outstanding consent thereto; provided, however, that, without the specific consent of the Registered Owner of each such Parity Bond that would be affected thereby, no such

Supplemental Resolution amending or supplementing the provisions hereof shall: (i) change the fixed maturity date for the payment of the principal of any Parity Bond or the date for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Parity Bond or the rate of interest thereon or the redemption price (or the redemption premium) payable upon the redemption or prepayment thereof; (ii) reduce the aforesaid percentage of Parity Bonds the owners of which are required to consent to any Supplemental Resolution amending or supplementing the provisions of this resolution; (iii) give to any Parity Bond or Bonds any preference over any other Parity Bond or Bonds secured hereby; (iv) authorize the creation of any pledge of the Gross Revenues and other money pledged hereunder prior, superior or equal to the pledge of and lien and charge for the payment of the Parity Bonds; or (v) deprive any Registered Owner of the Parity Bonds of the security afforded by this resolution. (Nothing herein contained, however, shall be construed as making necessary the approval of the owners of the Bonds of the adoption of any Supplemental Resolution authorized by the provisions of Section 9.1.)

(b) It shall not be necessary that the consents of the owners of the Parity Bonds approve the particular form or wording of the proposed amendment or supplement or of the Supplemental Resolution effecting such amendment or supplement, but it shall be sufficient if such consents approve the substance of the proposed amendment or supplement. After the owners of the required percentage of Parity Bonds shall have filed their consents to the amending or supplementing hereof pursuant to this Section 9.2, the District may thereafter adopt such Supplemental Resolution and thereafter shall mail a copy of such notice, postage prepaid to each Registered Owner of Parity Bonds then Outstanding, at his/her address, if any, appearing upon the Bond Register, but failure of such registered owners to receive such notice or any defect therein shall not affect the validity of the Supplemental Resolution effecting such amendments or supplements or the consents thereto. (Nothing in this Section 9.2 contained, however, shall be construed as requiring the giving of notice of any amending or supplementing of this resolution authorized by Section 9.1.) A record, consisting of the papers required by this Section 9.2, shall be filed with the District and shall be proof of the matters therein stated until the contrary is proved. No action or proceeding to set aside or invalidate such Supplemental Resolution or any of the proceedings for its adoption shall be instituted or maintained unless such action or proceeding is commenced within 60 days after the mailing of the notice required by this Section 9.2.

Section 9.3 Endorsement of Amendment on Parity Bonds. Parity Bonds delivered after the effective date of any action amending this resolution taken as hereinabove provided may bear a notation by endorsement or otherwise as to such action, and in that case, upon demand of the Registered Owner of any Parity Bond Outstanding at such effective date and presentation of his or her Parity Bond for the purpose at the designated office of the Registrar, suitable notation shall be made on such Parity Bond by the Registrar as to any such action. If the District shall so determine, new Parity Bonds so modified as in the opinion of the District and its counsel to conform to such action shall be prepared, delivered and, upon demand of the Registered Owner of any Parity Bond then Outstanding, shall be exchanged without cost to such Registered Owner for Parity Bonds then Outstanding hereunder, upon surrender of such Parity Bonds.



ARTICLE X  
ONGOING DISCLOSURE

Section 10.1 Undertaking to Provide Ongoing Disclosure. The District covenants to execute and deliver on the date of issuance of the Bonds a Continuing Disclosure Certificate, and hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. The Designated Representatives are each hereby authorized and directed to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of the Bonds with such terms and provisions as such officer shall deem appropriate and in the best interests of the District, upon consultation with counsel to the District. Notwithstanding any other provision of this resolution, failure of the District to comply with a Continuing Disclosure Certificate shall not be considered an Event of Default as to the Bonds and shall not be deemed to create any monetary liability on the part of the District to any other persons, including the Registered Owners of the Bonds, or result in acceleration of the Bonds.

ARTICLE XI  
SALE OF THE BONDS

Section 11.1 Sale of the Bonds. The Bonds shall be sold at negotiated sale to the Underwriter pursuant to the terms of the Bond Purchase Contract. The Commission has determined that it would be in the best interest of the District to delegate to the Designated Representatives for a limited time the authority to determine whether to issue the Bonds as Taxable Bonds or Tax-Exempt Bonds, to designate all or a portion of the Refunding Candidates as Refunded Bonds, to determine the Reserve Account Requirement for the Bonds, and to approve the final interest rates, aggregate principal amount, principal amounts of each maturity, and redemption rights for the Bonds. The final determination of the terms for the Bonds shall be set forth in a Bond Purchase Contract to be signed by a Designated Representative.

The Designated Representatives are each hereby authorized to make such determinations with respect to the Bonds so long as:

- (a) the aggregate principal amount of all Bonds issued under this resolution does not exceed \$180,000,000;
- (b) the final maturity date for each series of Bonds is no later than January 1, 2053;
- (c) the Bonds of each series are sold (in the aggregate) at a price not less than 90%;
- (d) the true interest cost for each series of Bonds (in the aggregate) does not exceed 5.0%;
- (e) the Bonds are sold for a price that results in a minimum aggregate net present value debt service savings over the Refunded Bonds of at least 1.0% (determined as an aggregate savings target and not per series); and
- (f) the Bonds conform to all other terms of this resolution.

The Bonds shall be sold by negotiated sale to the Underwriter selected by a Designated Representative. Subject to the terms and conditions set forth in this Section 11.1, the Designated Representatives are each hereby authorized to execute the Bond Purchase Contract.

Following the sale of the Bonds and the execution of a Bond Purchase Contract, a Designated Representative shall provide a report to the Commission describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representatives by this Section 11.1 shall expire June 1, 2024. If the Bonds authorized herein have not been sold by June 1, 2024, and a Bond Purchase Contract has not been executed by such date, the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Commission. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part or may be in the form of an amendatory resolution approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 11.1.

Section 11.2 Preliminary and Final Official Statements.

(a) *Preliminary Official Statement.* The District hereby approves and authorizes the use and distribution of a Preliminary Official Statement by the Underwriter in connection with the offer and sale of the Bonds, including any amendments or supplements thereto. Prior to the distribution of the Preliminary Official Statement, the Designated Representatives are each hereby authorized, empowered and directed to deem such Preliminary Official Statement final as of its date for purposes of the Rule (except for the omission of certain information as provided in and pursuant to Rule), such action to be conclusively evidenced by delivery of the Preliminary Official Statement to the Underwriter for distribution thereof.

(b) *Official Statement.* The Designated Representatives are each hereby authorized, empowered and directed to execute and deliver a final Official Statement, including any amendments or supplements thereto, with such changes therein from the Preliminary Official Statement as such officer shall deem appropriate and in the best interests of the District, as conclusively evidenced by execution thereof. The Underwriter for the Bonds is hereby authorized to distribute the Official Statement in connection with the offer and sale of such Bonds.

ARTICLE XII  
MISCELLANEOUS

Section 12.1 Resolution a Contract. This resolution and the provisions of Title 54 RCW shall constitute a contract with the Registered Owners of each of the Bonds, enforceable by any Registered Owner of any Bond by mandamus or any other appropriate suit or action in any court of competent jurisdiction subject to the provisions of limitations on remedies contained in this resolution.

Section 12.2 Benefits of Resolution Limited to District, Bondowners, Registrar, and Bondowners' Trustee. Nothing in this resolution, expressed or implied, is intended or shall be construed to confer upon or give to any person or corporation other than the District, the Registrar, the Bondowners' Trustee and the Registered Owners from time to time of the Bonds any rights, remedies or claims under or by reason of this resolution or any covenant, condition or stipulation

thereof; and all the covenants, stipulations, promises and agreements in this resolution contained by or on behalf of the District shall be for the sole and exclusive benefit of the District, the Registrar, the Bondowners' Trustee and the Registered Owners from time to time of the Bonds.

Section 12.3 Severability. If any one or more of the covenants or agreements provided in this resolution on the part of the District to be performed shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this resolution or of the Bonds issued hereunder.

Section 12.4 General Authorization. The General Manager of the District, the Chief Financial Officer/Treasurer of the District, and the President, Vice President and Secretary of the Commission and each of the other appropriate officers of the District are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this resolution. Such documents may include, but are not limited to, documents related to Qualified Insurance and/or a municipal bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on all or a portion of a series of Bonds as provided therein, if such insurance is determined by a Designated Representative to be in the best interest of the District.

Section 12.5 Rebates to Purchasers. If so required by contract with the purchasers of power and energy from the Priest Rapids Project, the District may rebate money on hand in any fund, except the Bond Fund, relating to the Priest Rapids Project to such purchasers. Such a rebate may be paid to the Electric System on the same basis as to the other purchasers.

Section 12.6 Prior Acts. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.

Section 12.7 Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this \_\_\_\_ day of June, 2023.

PUBLIC UTILITY DISTRICT NO. 2 OF  
GRANT COUNTY, WASHINGTON

By \_\_\_\_\_  
President and Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

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Commissioner

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Commissioner

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Secretary of the Commission

**APPENDIX A:  
Refunding Candidates**

<b>Series</b>	<b>Final Maturity Date (January 1)</b>	<b>Outstanding Principal Amount</b>
Priest Rapids Hydroelectric Development Revenue and Refunding Bonds, 2005 Series Z (Taxable)	2033	\$14,195,000
Priest Rapids Hydroelectric Development Revenue and Refunding Bonds, 2006 Series Z (Taxable)	2036	22,960,000
Wanapum Hydroelectric Development Revenue and Refunding Bonds, 2006 Series Z (Taxable)	2043	72,615,000
Priest Rapids Hydroelectric Project Revenue and Refunding Bonds, 2010 Series Z (Taxable)	2040	29,740,000
Priest Rapids Hydroelectric Project Revenue and Refunding Bonds, 2012 Series Z (Taxable)	2035	8,895,000

**APPENDIX B:  
Bond Form**

Each series of Bonds shall be in substantially the following form, with additions and deletions as permitted by the Resolution.

NO. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF WASHINGTON

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON  
PRIEST RAPIDS HYDROELECTRIC PROJECT REVENUE AND REFUNDING BOND,  
2023 SERIES A

INTEREST RATE: %                      MATURITY DATE:                      CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, a municipal corporation of the state of Washington (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from the date of delivery, or the most recent date to which interest has been paid or duly provided for, until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_, and semiannually thereafter on the first days of each succeeding \_\_\_\_\_ and \_\_\_\_\_. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in book-entry form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations from the District to DTC.

Principal of and interest and premium, if any, on this bond are payable solely out of the special fund of the District known as the "Priest Rapids Project Revenue Bond Fund" (the "Bond Fund"). This bond is not a general obligation of the District.

This bond is one of a duly authorized series of bonds aggregating [\$\_\_\_\_\_] in principal amount and designated as "Priest Rapids Hydroelectric Project Revenue and Refunding Bonds, 2023 Series A." This bond and the bonds of the series of which it is a part (the "Bonds") are issued under and pursuant to Resolution No. \_\_\_\_\_ of the District adopted on June \_\_\_\_\_, 2023 (the "Bond Resolution"), and under the authority of and in full compliance with the Constitution and laws of the state of Washington, including Title 54 of the Revised Code of Washington. The Bonds are issued for the purpose of financing costs of certain improvements to the Priest Rapids Project, defeasing and/or refunding certain revenue bonds of the District, and paying costs of issuance for

the Bonds. Terms not otherwise defined herein shall have the meanings set forth in the Bond Resolution.

The Bonds are being issued on a parity of lien on Gross Revenues of the Priest Rapids Project with the District's Outstanding Parity Bonds, subject only to the prior payment of Operating Expenses. The District has reserved the right in the Bond Resolution to issue additional bonds ("Future Parity Bonds") on a parity with the Bonds and the Outstanding Parity Bonds. The Outstanding Parity Bonds, the Bonds and any Future Parity Bonds are referred to herein as the "Parity Bonds."

Under the Bond Resolution, the District is obligated to set aside and pay into the Bond Fund out of the Gross Revenues of the Priest Rapids Project, certain fixed amounts sufficient to pay the principal of and interest and premium, if any, on all Parity Bonds as the same become due and payable, all as is more fully provided in the Bond Resolution. The pledge of Gross Revenues securing payment of the principal of and premium, if any, and interest on the Parity Bonds is a lien and charge on the Gross Revenues superior to all other liens and charges of any kind or nature, subject to prior application of Gross Revenues for payment of Operating Expenses.

Copies of the Bond Resolution are on file at the office of the District, and reference thereto, and to any and all modifications and amendments thereof, is hereby made for a more complete description of the Gross Revenues available for the payment of the principal of, premium, if any, and interest on the Bonds and the rights and remedies of the Registered Owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds have been issued, and the terms and conditions upon which this bond shall no longer be secured by the Bond Resolution or deemed to be Outstanding thereunder if money or certain specified securities sufficient for the payment of this bond shall have been set aside in a special account and held in trust for the payment thereof.

In the Bond Resolution, the District covenants to establish, maintain and collect rates or charges in connection with the ownership and operation of the Priest Rapids Project that shall be fair and nondiscriminatory and adequate to provide Gross Revenues sufficient for the payment of all Parity Bonds then Outstanding and any other indebtedness of the Priest Rapids Project, all payments that the District is obligated to set aside in the Bond Fund and for the proper operation and maintenance of the Priest Rapids Project, all necessary repairs thereto and replacements and renewals thereof and all other costs of the Priest Rapids Project.

This bond is subject to redemption prior to maturity as provided in the Bond Resolution and Bond Purchase Contract.

This bond shall be transferable by the Registered Owner at the designated office of the Registrar upon surrender and cancellation of this bond, and thereupon a new registered Bond of the same principal amount and interest rate and maturity will be issued to the transferee as provided in the Bond Resolution. The District, the Registrar, and any other person may treat the person in whose name this bond is registered as the absolute Registered Owner hereof for the purpose of receiving payment hereof and for all purposes.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

It is hereby certified, recited and declared that all acts, conditions and things essential to the validity of this bond and the Bonds of this series, required by the Constitution and statutes of the state of Washington do exist, have happened and have been performed.

IN WITNESS WHEREOF, Public Utility District No. 2 of Grant County, Washington, by its Commission, has caused this bond to be executed in its name with the manual or facsimile signature of the President of its Commission, and attested by the manual or facsimile signature of the Secretary of the Commission and the seal of said District to be impressed or imprinted hereon, all as of the \_\_\_\_ day of June, 2023.

PUBLIC UTILITY DISTRICT NO. 2 OF  
GRANT COUNTY, WASHINGTON

(SEAL)

\_\_\_\_\_  
President of the Commission

Attest:

\_\_\_\_\_  
Secretary of the Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the revenue bonds described in the within mentioned Bond Resolution and is one of the Priest Rapids Hydroelectric Project Revenue and Refunding Bonds, 2023 Series A, of Public Utility District No. 2 of Grant County, Washington.

WASHINGTON STATE FISCAL  
AGENCY, Registrar

By \_\_\_\_\_  
Authorized Signer



CERTIFICATE

I, the undersigned, Secretary of the Board of Commissioners of Public Utility District No. 2 of Grant County, Washington, and keeper of the records of said Commission (herein called the "Commission"), DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Resolution No. \_\_\_\_ (herein called the "Resolution") of the Commission, duly passed at a regular meeting thereof held on the \_\_\_\_ day of June, 2023.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

DATED this \_\_\_\_ day of June, 2023.

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Secretary, Board of Commissioners

MEMORANDUM

May 9, 2023

TO: Bonnie Overfield, Chief Financial Officer/Treasurer  
VIA: Angelina Johnson, Senior Manager of Treasury/Deputy Treasurer  
FROM: Amy Thompson, Financial Analyst - Treasury  
SUBJECT: Resolution for the Refunding / Defeasing Bonds

*Angelina Johnson*

Purpose:

To request Commission review of the bond resolutions for the refunding and/or defeasing of Priest Rapids Project (PRP) and Electric System (ES) bonds during the May 23rd commission meeting.

Discussion:

The financing transaction requires board delegation of authority to specified management (Designated Representative) to execute the transaction and associated details. Due to there being a combination of PR/Wanapum, PRP, and ES bonds being chosen for this transaction, a resolution for each system delegating authority to the District Representative(s) to proceed with the transactions has been attached. The District Representative as defined in the bond resolutions is the CFO/Treasurer or CEO/Manager (secondary).

Market conditions have presented an opportunity for the District to defease and refund select PR/Wanapum, and PRP taxable Make-Whole Call (MWC) bond series into tax exempt series; providing the opportunity for the District to realize savings with reduced future debt service costs, eliminating the associated sureties, and reducing compliance and administration related to the bonds. Additionally, refunding the existing ES variable rate series with associated interest rate volatility into a short-term fixed rate product will provide stability and debt service predictability. Analysis of the bonds to be considered for inclusion in the transactions began in December of 2022 as the District began receiving updates on market changes. From the initial analysis to current, the District has identified potential candidates to include in the transaction that will generate savings to the District through either refunding or defeasance. The attached bond resolutions list the outstanding series that are potential candidates generating savings for the transaction.

- PRP Series: 2005Z, 2006Z, 2010Z, and 2012Z
- Wanapum Series: 2006Z
- Electric System Series: 2021T

The predicted par amount of the refunded / defeased bonds currently is \$198M but is subject to conditions at the time of market. The District reserves the right not to price bonds if the market is unfavorable due to a variety of economic stressors and the bond resolution will be in effect if a replacement time is needed thru June 2024. It is anticipated that the pricing of bonds will occur in the later part of June/early July. The resulting new series of new and refunding bonds will be a calculation of sources to fund redemption, closing costs, and premium/pricing. Per the resolution, a detailed report will be provided to the District upon executing the transaction from the CFO/Treasurer as to the result of the financing. Terms and conditions of the refunding bonds will remain consistent with past practice and in alignment with the parity obligations in addition to district policy/procedures. Note this bond resolution only covers the series listed above. The upcoming November transaction to refund the mandatory redemption of the Electric System 2020-S bonds will be separate and distinct.

The District's Financial Advisor, Public Financial Management, and JP Morgan assisted the District in analyzing the options and costs associated with the refunding and/or defeasance of each of these products. After extensive analysis, the products and options chosen for each are the best savings and use of cash for the District at this time. Continual analysis will take place up to the transaction date to adjust for any market changes that may occur.

District bond counsel, Pacifica Law Group LLC, and tax counsel, Nixon Peabody LLC, represent the District on legal matters in execution of the transaction, including the preparation of the delegating resolution. Due to size of the transaction, Bank of America, NA will be listed in the syndicate to support financing needs/requirements.

Recommendation:

To request Commission review of the PR/Wanapum, PRP, and ES bond resolutions for the refunding and/or defeasance transaction during the May 23<sup>rd</sup> meeting and for approval at the June 13<sup>th</sup> meeting.

## Amy Thompson

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**From:** Mitchell Delabarre  
**Sent:** Wednesday, May 10, 2023 11:16 AM  
**To:** Amy Thompson; Jennifer Sager  
**Cc:** Angelina Johnson; Bonnie Overfield; Leah Mauceri  
**Subject:** RE: Notice of upcoming Debt Activity-Commission Bond Resolutions

The bond resolutions are approved and there is no objection to you proceeding.  
Mitch

*Mitchell P. Delabarre*  
General Counsel/Chief Legal Officer  
Grant PUD  
[mdelaba@gcpud.org](mailto:mdelaba@gcpud.org)  
509 793-1565

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**From:** Amy Thompson <[athompson@gcpud.org](mailto:athompson@gcpud.org)>  
**Sent:** Wednesday, May 3, 2023 8:24 AM  
**To:** Jennifer Sager <[Jsager@gcpud.org](mailto:Jsager@gcpud.org)>; Mitchell Delabarre <[Mdelaba@gcpud.org](mailto:Mdelaba@gcpud.org)>  
**Cc:** Angelina Johnson <[Ajohnso@gcpud.org](mailto:Ajohnso@gcpud.org)>; Bonnie Overfield <[Boverfi@gcpud.org](mailto:Boverfi@gcpud.org)>; Leah Mauceri <[Lmaucer@gcpud.org](mailto:Lmaucer@gcpud.org)>  
**Subject:** FW: Notice of upcoming Debt Activity-Commission Bond Resolutions  
**Importance:** High

Good morning, Jennifer and Mitch-

Please see the attached draft resolutions for the PRP and Electric System debt transactions for your review and approval. Please let us know if you are unable to review and approve by this Friday, May 5, as this is extremely time sensitive.

Once you have reviewed and approved, we will send to Bonnie for her final review and approval to meet the Commission Packet deadline.

Thank you,  
Amy

---

**From:** Angelina Johnson <[Ajohnso@gcpud.org](mailto:Ajohnso@gcpud.org)>  
**Sent:** Thursday, April 20, 2023 3:31 PM  
**To:** Richard Wallen <[rwallen@gcpud.org](mailto:rwallen@gcpud.org)>; Bonnie Overfield <[Boverfi@gcpud.org](mailto:Boverfi@gcpud.org)>; Charles Meyer <[cmeyer@gcpud.org](mailto:cmeyer@gcpud.org)>; Jennifer Sager <[Jsager@gcpud.org](mailto:Jsager@gcpud.org)>; John Mertlich <[jmertlich@gcpud.org](mailto:jmertlich@gcpud.org)>; Tod Ayers <[tayers@gcpud.org](mailto:tayers@gcpud.org)>; Julio Aguirre Carmona <[jaguirre@gcpud.org](mailto:jaguirre@gcpud.org)>; Fallon Long <[flong@gcpud.org](mailto:flong@gcpud.org)>; Paul Dietz <[Pdietz@gcpud.org](mailto:Pdietz@gcpud.org)>; Rich Flanigan <[Rflanig@gcpud.org](mailto:Rflanig@gcpud.org)>; Phillip Law <[Plaw@gcpud.org](mailto:Plaw@gcpud.org)>; Susan Manville <[smanville@gcpud.org](mailto:smanville@gcpud.org)>; Louis Szablya <[lszablya@gcpud.org](mailto:lszablya@gcpud.org)>; Christopher Buchmann <[Cbuchmann@gcpud.org](mailto:Cbuchmann@gcpud.org)>; Chuck Allen <[Callen@gcpud.org](mailto:Callen@gcpud.org)>; Brett Lenz <[Blenz@gcpud.org](mailto:Blenz@gcpud.org)>; Ross Hendrick <[Rhendr1@gcpud.org](mailto:Rhendr1@gcpud.org)>; Rebecca Simpson <[Rsimpso@gcpud.org](mailto:Rsimpso@gcpud.org)>; Mitchell Delabarre <[Mdelaba@gcpud.org](mailto:Mdelaba@gcpud.org)>; Terry Mckenzie <[Tmckenz@gcpud.org](mailto:Tmckenz@gcpud.org)>

Cc: Amy Thompson <[athompson@gcpud.org](mailto:athompson@gcpud.org)>; Bryndon Ecklund <[becklund@gcpud.org](mailto:becklund@gcpud.org)>; Mark Buchta <[mbuchta@gcpud.org](mailto:mbuchta@gcpud.org)>

**Subject:** Notice of upcoming Debt Activity

Hello,

Treasury has been working on some upcoming debt transaction activity that we would like you all to be aware of, if you are receiving this you have been identified as part of the official statement review process. The timeline for the transaction is quite condensed due to the uncertainty of market movement and wanting to optimize the availability of savings.

We anticipate the preliminary OS to be circulated around the middle of May for review and approval, we are looking for a two week turn around to receive feedback.

Much of the information in the OS is derived from the annual report and information that you have already provided. There may be additional information requests, please remember that we have a responsibility to disclose the most accurate information we can for our investors.

Thank you for your attention to this matter, and please let Treasury know if you have any questions.

Angelina

*Angelina Johnson*

*Grant County Public Utility District*

*Senior Manager of Treasury / Deputy Treasurer*

*[ajohnso@gcpud.org](mailto:ajohnso@gcpud.org)*

*(509) 361-9947*

# For Commission Review – 05/23/2023

Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 170-11931 with Altec Industries, Inc. in an amount not-to exceed \$1,052,118.00 plus applicable sales tax.

xxxx

MEMORANDUM

May 1, 2023

**TO:** Rich Wallen, General Manager

**VIA:** Jeff Grizzel, Chief Operating Officer *JG/RH*  
Bonnie Overfield, Chief Financial Officer *BO*  
Ron Alexander, Managing Director of Power Delivery *RA*  
Chris Heimbigner, Senior Manager of Power Delivery Construction & Maintenance *CH*  
Fallon Long, Senior Manager of Internal Services *FL*  
Brian Barrows, Fleet Maintenance Manager *BB*

**FROM:** Tyler DeLong, Supervisor of Line Department

**SUBJECT:** Commission Approval for a Altec AH150 Highline Bucket Truck

**Purpose:** To request Commission approval on Contract 170-11931 with Altec Industries, Inc. to purchase an Altec AH150 Highline Bucket Truck.

**Discussion:** Our current Highline Bucket Trucks only have the capability of reaching 105' with the ideal truck set-up location and currently we have 30 plus miles of transmission line with most of the structures being 100' or higher. Linemen must climb the structures and set-up ladders to work from and long hand lines to bring material and tools up and down to accomplish work. Working from ladders and positioning is also an issue with proper body placement to prevent injury. This process isn't efficient and is also a major safety concern. This current process takes 3 to 4 times longer to accomplish the work while adding more risk for injury. Power Delivery Engineering has informed Construction & Maintenance that our future transmission lines will have pole lengths of 105' to 140' and this adds several miles of line that our crews will not be able to maintain in a timely manner.

The purchase of the Altec AH150 Highline Bucket Truck is a necessary investment for the following reasons:

- Human Performance Based Safety: The Altec AH150 has the latest safety features, which will reduce the risk of accidents and injuries on the job. A safer work environment for our employees, reducing the risk of injury and achieving outstanding performance by proactively identifying risks.
- Cost Savings: The Altec AH150 will result in significant cost savings regarding labor hours, less injuries to our employees, and shorter outage times for our customers.
- Innovation: The Altec AH150 will be more efficient than our current Highline Bucket Truck with its latest technology and improved safety features, such as higher lifting capacity, 1000 lb. capacity material handling jib. An additional safety feature is the automatic bucket leveling. The AH150 also has all-wheel drive capability for going off road. The attached PowerPoint has a full list of the features and specifications of the AH150.

- **Improved Productivity:** The AH150 will increase productivity and enable our crews to complete work safely and quickly. We are also gaining valued performance from the Transmission crew to not only repair but also maintain and replace old infrastructure.
- **Teamwork:** Working together with the Union to provide special training to a small group that will be professionally operating this truck.
- **Compliance with Regulations:** As a government entity, we are required to comply with local, state, and federal regulations, including safety and environmental regulations. The outage times will be significantly shorter and because we already have other Highline bucket trucks the maintenance on this truck will have a quick turnaround time.

**Justification:** The AH150 provides many benefits to the District, such as prompt response to customer service requests, outage times will significantly decrease, and efficiency and reliability will increase and this has an impact on reduction in SAIDI. If not approved the slower restoration times create a substantial loss of revenue with the larger customer and increased labor hours.

There are a few reasons for the timing of this purchase. First, we would like to take advantage of the availability to purchase this truck in September, if we don't take advantage, it could be up to 2 years before another one is available. We are also up for a truck replacement and have a portion of the cost budgeted already.

We have looked at alternatives, like utilizing the crane and the crane is not designed for off-road use and several miles of our transmission system are built without road access. The crane requires an attached man basket and load test at each lift location which is time consuming. The Altec AH150 would eliminate the wait for crane and basket set up and load test. If winds are greater than 20 mph we don't fly in the crane and basket. The AH150 would allow the crews to work in wind speeds greater than 20 mph, which is another benefit for crews to work in some storm and emergency response situations. A good example of this is the incident with static on the Columbia-Rocky Ford loop feed for Microsoft with the AH150 this would've take a shorter period for restoration.

**Financial Considerations:** We currently have a 105' Highline Bucket Truck that is scheduled to be replaced in 2024. We are asking for approval to purchase the new Altec AH150 Highline Bucket Truck with an estimated cost of \$1,052,118.00 plus applicable sales tax.

Purchasing this equipment will create work efficiency, revenue, and risk mitigation. The AH150 is consistent with our fleet and staying with standard equipment. Turnaround time for maintenance will decrease.

The Altec AH150 Highline Bucket Truck budgeted dollars will move from 2024 to 2023 under Project ID 123846E, Initiative IN265 and the Cost Center FD4000.



**Contract Specifics:** The truck is scheduled to be completed by September and put on display at the Utility Equipment EXPO in Louisville Kentucky September 26-28, 2023. We would like to take delivery of the truck in October of 2023. Altec Industries, Inc. is an awarded supplier through Sourcewell.

**Recommendation:** Commission approval on Contract 170-11931 with Altec Industries, Inc. to purchase the Altec AH150 Highline Bucket Truck.

Quoted for: Grant County PUD  
 Customer Contact:  
 Phone: / Email:

Quoted by: Jill Hall  
 Phone: / Email:  
 Altec Account Manager: Mike Mattson

REFERENCE ALTEC MODEL	Sourcewell Price
AH150	Articulating Telescopic Aerial Device with Material Handling (Insulated) \$1,131,476

**(A.) SOURCEWELL OPTIONS ON CONTRACT (Unit)**

1	AH150-HFD	Hydraulic front drive assist	\$67,306
2	AH150-HFD	Hydraulic front drive assist	\$67,306
3			
4			

**(A1.) SOURCEWELL OPTIONS ON CONTRACT (General)**

1	VCAM	Backup Camera System	\$1,313
2	SPOT2	TWO (2) DECK-MOUNTED SPOTLIGHTS. Mounted on Boom Support to illuminate the Cargo Area. Each Light has Individual On/Off Switch and can be Directed Wherever Required.	\$793
3	SPOT5	Spotlight, LED, Mounted to Truck, Four (4) underbody, One (1) at each outrigger	\$2,453
4			
5			
6			
7			
8			
<b>SOURCEWELL OPTIONS TOTAL:</b>			\$1,270,648

**(B.) OPEN MARKET ITEMS (Customer Requested)**

1	UNIT		\$0
2	UNIT & HYDRAULIC ACC		\$0
3	BODY		\$0
4	BODY & CHASSIS ACC		\$0
5	ELECTRICAL		\$0
6	FINISHING	Customer Inspection at Utility Expo	\$0
7	CHASSIS		\$0
8	OTHER	Altec Model Year Adjust	-\$227,544
<b>OPEN MARKET OPTIONS TOTAL:</b>			-\$227,544

**SUB-TOTAL FOR UNIT/BODY/CHASSIS: \$1,043,104**  
**Delivery to Customer: \$5,214**  
**TOTAL FOR UNIT/BODY/CHASSIS: \$1,048,318**

**(C.) ADDITIONAL ITEMS (items are not included in total above)**

1	Customer Inspection at Utility Expo	\$3,800
2	<b>Adjusted TOTAL</b>	<b>\$1,052,118</b>
3		

\*\*Pricing valid for 45 days\*\*

**NOTES**

**PRICING:** Altec will make every effort to honor this quotation, subject to the following provisions. Prices for equipment with production start dates 12 months and beyond are budgetary only due to irregular cost inflation and market volatility. These prices will be reviewed based on market conditions and confirmed closer to the production date. For a quoted chassis model year beyond the current open order bank, chassis model year, specifications and price should be considered estimates only and subject to change. Chassis model year, specifications and price will be reviewed and confirmed when specific model year information becomes available from the OEM.

**PAINT COLOR:** White to match chassis, unless otherwise specified

**WARRANTY:** Standard Altec Warranty for Aerials and Derricks - One (1) year parts warranty One (1) year labor warranty Ninety (90)

**TO ORDER:** To order, please contact the Altec Account Manager listed above.

**CHASSIS:** Per Altec Commercial Standard

**DELIVERY:** No later than 12 months ARO, FOB Customer Location

**TERMS:** Net 30 days

**BEST VALUE:** Altec boasts the following "Best Value" features: Altec ISO Grip Controls for Extra Protection, Only Lifetime Warranty on Structural Components in Industry, Largest Service Network in Industry (Domestic and Overseas), Altec SENTRY Web/CD Based Training, Dedicated/Direct Gov't Sales Manager, In-Service Training with Every Order.

**TRADE-IN:** Please ask your Altec Account Manager for more information

**BUILD LOCATION:** Duluth MN

# For Commission Review – 5/23/2023

Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 7 to Contract 130-08756 with North Sky Communications, LLC, increasing the not-to-exceed contract amount by \$16,300,000.00 for a new contract total of \$87,000,000 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 7.

xxxx

## MEMORANDUM

04/03/2023

**TO:** Richard Wallen, General Manager/CEO

**VIA:** Jeff Grizzel, Chief Operating Officer  
Terry McKenzie, Senior Manager Wholesale Fiber  
Aaron Kuntz, Senior Manager EPMO  
Allen Chatriand, Manager EPMO  
Travis Wiser, Project Services Supervisor

**FROM:** Jeremy Conner, Project Manager

**SUBJECT:** Contract 130-08756 Change Order No. 7, Fiber Optic Design and Construction Services 2019-2024

**Purpose:**

To request Commission approval of Change Order No. 7 to Contract 130-08756 in the amount of \$16,300,000.00 for a new total contract Not to Exceed price of \$87,000,000.00. This is intended to provide funding, for the remainder of 2023 through June 2024, to continue with North Sky Communications, LLC (NSC) for Fiber Optic Design and Construction.

**Discussion:**

The original contract was awarded on December 11, 2018. NSC continues to design and build out fiber in areas of the County that are designated for connectivity. The District is managing the activities and expenses of NSC.

Funding for this contract was originally set at \$10,000,000.00 in 2019 with the intent to add additional funding via change order on an approximately annual basis. At the beginning of 2020 an additional \$10,500,000.00 was added via Change Order 1. Change Order 2 was administrative - and did not change the terms or financial amounts. Also, in 2020 Change Order 3 was approved in the amount of \$13,400,00.00. In 2021 Change Order 4 was approved in the amount of \$18,400,000.00. Change Order 5 in 2022 was approved in the amount of \$18,400,000.00. Also, in 2022 Change Order 6 was approved to extend the contract through 2024.

**Justification:**

The District is committed to completing and maintaining a sustainable wholesale fiber optic network to all the people of Grant County per Strategic Plan Objective 7. Since the expansion is a major project that has a definable end, the District uses contract labor and equipment to accomplish the task rather than

increase and decrease staff levels. This is a six-year contract that helps maintain a stable contract workforce and reduce overall procurement costs.

**Financial Considerations:**

**Summary of Total Contract Spend**

<b>Item</b>	<b>2019 Actuals</b>	<b>2020 Actuals</b>	<b>2021 Actuals</b>	<b>2022 Actuals</b>
Completion Prior Builds ML5 & George	\$1,052,653.50	\$0.00	\$0.00	
Maintenance Support	\$78,760.33	\$0.00	\$53,218.11	\$37,499.57
Work Orders		\$169,783.52	\$432,656.15	\$403,319.25
Fiber Drops	\$1,738,663.21	\$2,754,500.54	\$3,786,606.41	\$3,018,671.07
Fiber Buildout Project (40 Areas)	\$7,045,870.26	\$13,831,093.71	\$13,482,633.81	\$13,100,499.56
<b>Annual Totals</b>	<b>\$9,915,947.30</b>	<b>\$16,755,377.77</b>	<b>\$17,755,114.48</b>	<b>\$16,559,989.45</b>

1. Per the NSC contract a 3% increase went into effect January 1, 2023, for labor.
2. NSC continues to fulfil the high demand for Customer Connection requests while still maintaining full efforts towards the construction of the Fiber Expansion.
3. Field Engineering was completed in 2022 and Design will be completed by the end of 2023.

There is adequate budget to support this change order.

**Change Order History:** See included change order table.

**Legal Review:** See included email.

**Recommendation:**

Commission approval of Change Order No. 7 to Contract 130-08756 in the amount of \$16,300,000.00 with North Sky Communications, LLC for Fiber Optic Design and Construction.

**From:** Jeff Grizzel <Jgrizzel@gcpud.org>  
**Sent:** Tuesday, April 18, 2023 2:53 PM  
**To:** Beau Schwab <bschwab@gcpud.org>; Jeremy Conner <Jconner@gcpud.org>; Travis Wiser <Twiser@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Aaron Kuntz <Akuntz@gcpud.org>; Terry Mckenzie <Tmckenzen@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** RE: 130-08756 CO7 | Fiber Optic Design and Construction Services | Commission Memo approval

I approve Beau.

Jeff

---

**From:** Travis Wiser <Twiser@gcpud.org>  
**Sent:** Tuesday, April 18, 2023 2:54 PM  
**To:** Beau Schwab <bschwab@gcpud.org>; Jeremy Conner <Jconner@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Aaron Kuntz <Akuntz@gcpud.org>; Terry Mckenzie <Tmckenzen@gcpud.org>; Jeff Grizzel <Jgrizzel@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** RE: 130-08756 CO7 | Fiber Optic Design and Construction Services | Commission Memo approval

Approved.

Travis Wiser

---

**From:** Jeremy Conner <Jconner@gcpud.org>  
**Sent:** Tuesday, April 18, 2023 3:03 PM  
**To:** Beau Schwab <bschwab@gcpud.org>; Travis Wiser <Twiser@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Aaron Kuntz <Akuntz@gcpud.org>; Terry Mckenzie <Tmckenzen@gcpud.org>; Jeff Grizzel <Jgrizzel@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** RE: 130-08756 CO7 | Fiber Optic Design and Construction Services | Commission Memo approval

Thank You Beau,

I approve!

**Jeremy Conner**  
*Fiber Project Manager*

DESK 509.793.1551  
EXT. 4183  
CELL 509.398.2048  
EMAIL [jconner@gcpud.org](mailto:jconner@gcpud.org)



grantpud.org

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**From:** Terry Mckenzie <Tmckenz@gcpud.org>  
**Sent:** Tuesday, April 18, 2023 3:03 PM  
**To:** Travis Wiser <Twiser@gcpud.org>; Beau Schwab <bschwab@gcpud.org>; Jeremy Conner <Jconner@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Aaron Kuntz <Akuntz@gcpud.org>; Jeff Grizzel <Jgrizzel@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** RE: 130-08756 CO7 | Fiber Optic Design and Construction Services | Commission Memo approval

Approve, thank you.

---

**From:** Aaron Kuntz <Akuntz@gcpud.org>  
**Sent:** Tuesday, April 18, 2023 3:06 PM  
**To:** Beau Schwab <bschwab@gcpud.org>; Jeremy Conner <Jconner@gcpud.org>; Travis Wiser <Twiser@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Terry Mckenzie <Tmckenz@gcpud.org>; Jeff Grizzel <Jgrizzel@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** RE: 130-08756 CO7 | Fiber Optic Design and Construction Services | Commission Memo approval

I approve.

---

Aaron Kuntz  
Senior Manager Enterprise Project Management Office  
Grant County PUD  
509-306-9099

---

**From:** Allen Chatriand <achatriand@gcpud.org>  
**Sent:** Tuesday, April 18, 2023 3:10 PM  
**To:** Beau Schwab <bschwab@gcpud.org>; Jeremy Conner <Jconner@gcpud.org>; Travis Wiser <Twiser@gcpud.org>; Aaron Kuntz <Akuntz@gcpud.org>; Terry Mckenzie <Tmckenz@gcpud.org>; Jeff Grizzel <Jgrizzel@gcpud.org>  
**Cc:** Patrick Bishop <Pbishop@gcpud.org>  
**Subject:** RE: 130-08756 CO7 | Fiber Optic Design and Construction Services | Commission Memo approval

Hi Beau- I approve

---

Allen Chatriand, Manager PMO – Power Delivery  
Grant County PUD  
509-378-7720

-----  
**From:** Beau Schwab <[bschwab@gcpud.org](mailto:bschwab@gcpud.org)>  
**Sent:** Tuesday, April 18, 2023 2:50 PM  
**To:** Jeremy Conner <[jconner@gcpud.org](mailto:jconner@gcpud.org)>; Travis Wiser <[twiser@gcpud.org](mailto:twiser@gcpud.org)>; Allen Chatriand <[achatrand@gcpud.org](mailto:achatrand@gcpud.org)>; Aaron Kuntz <[akuntz@gcpud.org](mailto:akuntz@gcpud.org)>; Terry Mckenzie <[tmckenzie@gcpud.org](mailto:tmckenzie@gcpud.org)>; Jeff Grizzel <[jgrizzel@gcpud.org](mailto:jgrizzel@gcpud.org)>  
**Cc:** Patrick Bishop <[pbishop@gcpud.org](mailto:pbishop@gcpud.org)>; Beau Schwab <[bschwab@gcpud.org](mailto:bschwab@gcpud.org)>  
**Subject:** 130-08756 CO7 | Fiber Optic Design and Construction Services | Commission Memo approval

Good Afternoon,

We have approval to move Change Order No. 7 to Contract 130-08756 with North Sky Communications to the next Commission Packet.  
Can each of you please respond with approval to this email as a sign off on the attached memo.

Thank you,

**Beau Schwab**

*Procurement Officer II*

**EMAIL** [bschwab@gcpud.org](mailto:bschwab@gcpud.org)

**ADDRESS** 14352 Hwy 243 S Bldg. 6, Beverly, WA 99321





CHANGE ORDER  
NO. 7

Pursuant to Section GC-11, the following changes are hereby incorporated into this Contract:

- A. Description of Change: Increase the Contract Price.
- B. Time of Completion: The completion date shall remain December 31, 2024.
- C. Contract Price Adjustment: As a result of this Change Order, the not to exceed Contract Price shall be increased by the sum of \$16,300,000.00 plus applicable sales tax. This Change Order shall not provide any basis for any other payments to or claims by the Contractor as a result of or arising out of the performance of the work described herein. The new total revised maximum Contract Price is \$87,000,000.00, including changes incorporated by this Change Order.
- D. Except as specifically provided herein, all other Contract terms and conditions shall remain unchanged.

Public Utility District No. 2  
of Grant County, Washington

North Sky Communications, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



Change Order Table

**Contract Title:** Fiber Optic Design and Construction Services 2019-2023

Contract No.	130-08756	Award Date:	12/14/2018
Project Manager:	Jeremy Conner	Original Contract Amount:	\$10,000,000.00
District Representative (If Different):		Original Contract completion:	12/31/2023
Contractor:	North Sky Communications, LLC	Total CO Cost Change Amt	\$77,000,000.00

CO#	Change Description	Approved by	Executed Date	Revised Completion Date	Cost Change Amount	Revised Contract Amount	Authority Level Tracking
1	Increase the not to exceed Contract Price.	Comm	12/11/19	N/A	\$10,500,000.00	\$20,500,000.00	\$10,500,000.00
2	Revise Exhibit "B" Rate Schedule to add one labor classification and three equipment classifications.	Dept Mgr	06/03/30	N/A	\$0.00	\$20,500,000.00	\$0.00
3	Increase the not to exceed Contract Price.	Comm	07/29/20	N/A	\$13,400,000.00	\$33,900,000.00	\$13,400,000.00
4	Increase the not to exceed Contract Price.	Comm	05/03/21	N/A	\$18,400,000.00	\$52,300,000.00	\$18,400,000.00
5	Increase the not to exceed Contract Price.	Comm	04/26/22	N/A	\$18,400,000.00	\$70,700,000.00	\$18,400,000.00
6	Extend the Contract Completion Date and Revise Exhibit "B" Rate Schedule to add rates for work in year 2024.	Dept Mgr	12/15/22	12/31/24	\$0.00	\$70,700,000.00	\$0.00
7	Increase the not to exceed Contract Price.	Comm		N/A	\$16,300,000.00	\$87,000,000.00	\$16,300,000.00
<b>Total Change Order Cost Change Amount</b>					<b>77,000,000.00</b>		

# For Commission Review – 05/23/2023

Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 9 to Contract 430-4151 with Jack R Benjamin and Associates increasing the not-to-exceed contract price by \$1,000,000.00 for a new contract total of \$3,000,00.00, extending the contract completion date to June 30, 2025 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 9.

xxxx

**MEMORANDUM**

**May 8, 2023**

**TO:** Rich Wallen, General Manager/Chief Executive Officer

**VIA:** Jeff Grizzel, Chief Operating Officer *Ross Hendrick (for Jeff Grizzel)*  
Dale Campbell, PE, Senior Manager of Power Production Engineering *Dale Campbell*  
Becca Simpson, Manager of Civil and Dam Safety Engineering *BS*  
Zach Ruby, PE, Chief Dam Safety Engineer *J. Zachary Ruby*

**FROM:** Logan Castle, Dam Safety Engineer

**SUBJECT:** Contract 430-4151, Change Order No. 9

**Purpose:** To request Commission approval of Change Order No. 9 for Contract 430-4151, Jack R. Benjamin and Associates, Inc., to increase the total contract price from \$2,000,000 to \$3,000,000 and extend the contract completion date to June 30, 2025.

**Discussion:** Jack R. Benjamin and Associates is the Facilitator for the Wanapum Left Embankment Seismic Risk Analysis, a project assessing the seismic stability of the embankment with a focus on the River Closure Section (RCS). They support all parts of the project, especially documentation and report writing.

The Wanapum left embankment RCS, the portion of the embankment constructed in the existing river channel, has more stability concerns than the other embankment sections because of its foundation conditions and construction history. District efforts to better understand the stability of the RCS began in 2012 with the completion of a Probabilistic Seismic Hazard Analysis (PSHA) which estimates the earthquake loading that could be experienced at a location. Preliminary seismic stability analyses were performed in 2013 and 2014 and indicated that large earthquakes could result in liquefaction and strength loss in the foundation materials, large crest deformations, overtopping, and failure (uncontrolled release of the reservoir).

In 2015, the Federal Energy Regulatory Commission (FERC) directed the District to convene an independent Board of Consultants (BOC) to assess the seismic stability of the embankments at Priest Rapids and Wanapum, focusing on the Priest Rapids right embankment and the Wanapum RCS. Given the complexities and uncertainties involved in analyzing the stability of the RCS and any potential mitigation, the District switched to a Risk-Informed Decision Making (RIDM) approach, referred to as the Wanapum Left Embankment Seismic Risk Analysis. A RIDM approach seeks to first, estimate the likelihood of failure from a given hazard and the loss of life that could result from that failure, and second, if that risk is unacceptable, to select mitigation specifically designed to reduce the risk. This approach consists of four major parts: a Hazard Analysis, Fragility Analysis, Risk Analysis, and a Dam Safety Case.

The Hazard Analysis estimates the magnitude and frequency of earthquake loading that the embankment could experience and was completed in 2019 with an updated PSHA. The Fragility Analysis estimates the likelihood of failure from the earthquake loading identified in the Hazard Analysis. The Risk Analysis estimates the loss of life that could result from failure and combines it with the failure likelihood identified in the Fragility Analysis to estimate the seismic risk associated with the embankment. The Dam Safety Case details how the District will respond to the risk identified in the Risk Analysis.

To perform the Fragility Analysis, the District decided to use the Senior Seismic Hazard Analysis Committee (SSHAC) framework, which consists of a Facilitator, a Technical Integration Team (TI

Team) that performs the analysis, a Participatory Peer Review Panel (PPRP) that reviews the analysis, and FERC oversight. Under this framework, the BOC members became part of the TI Team and the PPRP.

The Fragility Analysis includes the use of advanced 2D numerical modeling software designed for complex geotechnical problems. For this project, the embankment model is subjected to real earthquake records from past events that have been adjusted to match the Hazard Analysis. The software then simulates how the embankment will respond to that specific loading, including zones in the embankment that could liquefy and lose strength during or after the earthquake. The outputs from the model include embankment deformations, which can be used to evaluate the likelihood of failure. The numerical modeling for this project will include between 15 and 20 thousand unique analysis runs.

The Fragility Analysis also includes the use of a logic tree, a rational way of conceptualizing the different potential inputs to the numerical model and rating them according to their applicability. Each pathway through the logic tree results in a unique characterization of the embankment. The logic tree for this project is incredibly complex with tens of millions of potential unique pathways. The logic tree structure allows for prioritization so that a relatively small subset of analyses can be used to estimate the embankment response under a wide range of loadings and characterizations.

The Fragility Analysis has experienced many challenges that have resulted in significant cost and duration increases to the project. Most of the challenges are related to the complexity of what is being analyzed and the state-of-the-art or industry-leading nature of the analysis.

The project team has recently completed a revised project schedule that includes a comprehensive, resource-loaded schedule detailing the remaining tasks in the Fragility Analysis as well as the Risk Analysis and Dam Safety Case. The tasks, durations, and resources were informed by the work completed to date and represent the best estimate of the project team. Progress on the project is being tracked with update meetings held twice a month with key team members.

As stated above, Jack R. Benjamin and Associates is the project Facilitator, supporting all parts of the project, especially documentation and report writing. They are also the primary author of the Risk Analysis. This Change Order reflects their updated cost estimate according to the revised project schedule. The revised schedule includes the Fragility and Risk Analyses being completed in June and July 2024, respectively, and the Dam Safety Case being completed in February 2025.

**Justification:** Completion of the Fragility and Risk Analyses is necessary to remain compliant with the FERC directive to assess the seismic stability of the Wanapum left embankment. The RIDM approach will allow the District to make a more informed decision than would be possible with traditional deterministic methods, and to select mitigation specifically designed to reduce risk. For the Wanapum left embankment, the RIDM approach will likely result in a more efficient and effective solution with a lower cost and smaller footprint.

Alternative consultants capable of facilitating a quantitative risk analysis of this complexity are very limited, and none have facilitated a risk analysis for an embankment dam using the SSHAC framework. The amount of time and resources it would take to bring a new facilitator up to speed on the project would result in further significant cost and duration increases and be subject to FERC approval.

**Financial Considerations:** No other alternatives have been considered. The FERC has been closely monitoring this project since their 2015 directive and expects that the District will continue to make progress on and complete the seismic risk analysis of the Wanapum left embankment. The cost for completion of this project is included under IN205, PID 103088

**Change Order History:** See attached change order table.

**Legal Review:** See attached email.

**Recommendation:** Commission approval of Change Order No. 9 to Contract 430-4151 to increase the total contract price from \$2,000,000 to \$3,000,000 and extend the contract completion date to June 30, 2025.

CHANGE ORDER  
NO. 9

Pursuant to Section 5, the following changes are hereby incorporated into this Contract:

- A. Description of Change: Increase the Contract Price and extend the Contract completion date.
- B. Time of Completion: The revised completion date shall be June 30, 2025.
- C. Contract Price Adjustment: As a result of this Change Order, the not to exceed Contract Price shall be increased by the sum of \$1,000,000.00 plus applicable sales tax. This Change Order shall not provide any basis for any other payments to or claims by the Contractor as a result of or arising out of the performance of the work described herein. The new total revised maximum Contract Price is \$3,000,000.00, including changes incorporated by this Change Order.
- D. Except as specifically provided herein, all other Contract terms and conditions shall remain unchanged.

Public Utility District No. 2  
of Grant County, Washington

Jack R Benjamin and Associates

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



Change Order Table

**Contract Title:** SSHAC Process Facilitator for Embankment Seismic Hazard Evaluations

Contract No.	430-4151	Award Date:	11/2/2015
Project Manager:	Logan Castle	Original Contract Amount:	NTE \$75,000.00
District Representative (If Different):		Original Contract completion:	6/30/2017
Contractor:	Jack R. Benjamin Associates, Inc	Total CO Cost Change Amt	\$915,000.00

CO#	Change Description	Approved by	Executed Date	Revised Completion Date	Cost Change Amount	Revised Contract Amount	Authority Level Tracking
1	Increase contract price for ongoing work	Dept Mgr	03/17/16	N/A	\$100,000.00	\$175,000.00	\$100,000.00
2	Increase contract price for ongoing work and extend completion date	Director	10/26/16	12/31/17	\$400,000.00	\$575,000.00	\$500,000.00
3	Extend completion date	Sr Mgr/Plant Mgr	12/21/17	12/31/19	\$0.00	\$575,000.00	\$500,000.00
4	Increase contract price	Comm	09/18/18	N/A	\$325,000.00	\$900,000.00	\$825,000.00
5	Increase the Contract Price and extend the Contract completion date.	Sr Manager	12/03/19	12/31/20	\$90,000.00	\$990,000.00	\$90,000.00
6	Increase the Contract Price and extend the Contract completion date.	Comm	07/28/20	12/31/21	\$510,000.00	\$1,500,000.00	\$600,000.00
7	Extend completion date	Dept Mgr	12/21/21	12/31/24	\$0.00	\$1,500,000.00	\$0.00
8	Increase the Contract Price	Director	09/23/22	N/A	\$500,000.00	\$2,000,000.00	\$500,000.00
9	Increase price and extend contract Completion Date	Comm		06/30/25	\$1,000,000.00	\$3,000,000.00	\$1,500,000.00
<b>Total Change Order Cost Change Amount</b>					<b>\$ 2,925,000.00</b>		