

REGULAR COMMISSION MEETING AGENDA
Public Utility District No. 1 of Franklin County

October 27, 2020 | Tuesday | 1 P.M.

1411 W. Clark Street, Pasco, WA

Following the Proclamation by the Governor, Amending and [Extending 20-05, 20-28 et. Seq. Open Public Meetings Act and Public Records Act 20-28.9](#); all Franklin PUD Board of Commissioners meetings will only be available to the public via conference call.

Public may participate by dialing: (888) 475-4499 US Toll-free or 1 (253) 215-8782
Meeting ID: 871 7093 2365 Passcode: 484008

- 1) Open Meeting
- 2) Pledge of Allegiance
- 3) Public Comment
- 4) Service Recognition – *Letter from Douglas PUD*
- 5) Commissioner Reports
- 6) Consent Agenda
- 7) Re-Opening the 2021 Budgets Public Hearing, Presenting the Updated Preliminary 2021 Operating and Capital Budgets, and Recessing the Public Hearing.
Presenter: Holly Dohrman
- 8) Resource Adequacy Presentation.
Presenter: Holly Dohrman; Guests, Randy Gregg, Ed Mount; The Energy Authority
- 9) Authorizing an Increase to the Task Order with The Energy Authority for 2020 Consulting Services.
Presenter: Holly Dohrman
- 10) Adopting a Resolution Amending Resolution 1265 Establishing a Line of Credit to Secure Letters of Credit and Providing for the Issuance and Sale of an Electric System Revenue Note of the District in the Aggregate Principal Amount of not to Exceed \$3,000,000 to Evidence the Line of Credit; Providing the Form, Terms, and Covenants of the Note. (Resolution 1343)
Presenter: Holly Dohrman
- 11) Authorizing the General Manager or his Designee to Execute an Interlocal Cooperative Agreement with Energy Northwest to Provide Technical Services.
Presenter: Steve Ferraro

- 12) Adopting a Resolution Authorizing the General Manager or his Designee to Execute a License Agreement with the Franklin County Irrigation District. (Resolution 1344)
Presenter: Steve Ferraro

- 13) Adopting a Resolution Authorizing the Approval and Execution of a Repayment Agreement to Provide Security for Bonds to be Issued by Northwest Open Access Network. (Resolution 1345)
Presenter: Scott Rhees

- 14) Adopting a Resolution Authorizing the Issuance and Sale of Electric Revenue and Refunding Bonds in One or More Series in the Aggregate Principal Amount of Not to Exceed \$44,000,000 to Finance Improvements to the District's Electric System and to Refund Certain Outstanding Bond, Fixing the Form and Covenants of the Bonds and Delegating Authority to the General Manager or His Designee to Approve the Final Terms of the Bonds. (Resolution 1346)
Presenter: Scott Rhees

- 15) Authorizing the General Manager or his Designee to Execute a Coronavirus Aid, Relief, and Economic Security Act Subrecipient Agreement with Franklin County.
Presenter: Scott Rhees

- 16) Providing an Update on the Pandemic Emergency Event.
Presenter: Scott Rhees

- 17) Claims**Holly Dohrman**

- 18) Reports from Management:
 - a. General Manager
 - b. Assistant General Manager
 - c. Other Members of Management

- 19) Executive Session, If Needed

- 20) Future Agenda Items



Public Utility District No. 1 of Douglas County

1151 Valley Mall Parkway - East Wenatchee, Washington 98802-4497 - 509/884-7191 - FAX 509/884-0553 - www.douglaspu.org

October 5, 2020

Franklin Public Utility District
Scott Rhees, General Manager
PO Box 2407
Pasco, WA 99302

Dear Scott:

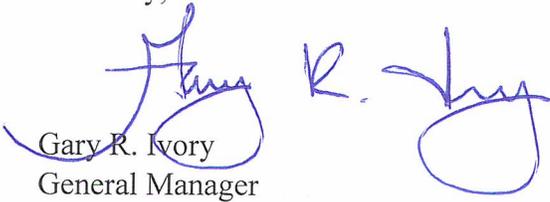
On Labor Day weekend a fire blown by strong winds jumped the Columbia River and burned 225,000 acres in Northern Douglas County. The Pearl Hill Fire was devastating to our customers in that area. Two small towns were evacuated and many had to shelter in place, because there were no escape routes. Luckily, no lives were lost and the fire only destroyed about 26 buildings.

Douglas County PUD lost over 400 power poles, 30 miles of line and 2,400 customers were out of power. We knew we needed help to restore our customers as quickly as possible. This was the first time Douglas County PUD has called for mutual aid and we were humbled by your response.

Franklin County PUD crews played a critical role in restoring power to our customers. Your crews showed up ready to help. They had great equipment, they were organized, hardworking and safety conscious. It was impressive to see them work around the clock in very difficult circumstances.

We are glad to have great neighbors like Franklin County PUD.

Sincerely,


Gary R. Ivory
General Manager

CC: Commissioners Ron Skagen, Molly Simpson, Aaron Viebrock

CONSENT AGENDA
Public Utility District No. 1 of Franklin County
 Regular Commission Meeting
 1411 W. Clark Street, Pasco, WA
 October 27, 2020 | Tuesday | 1 P.M.

- 1) To approve the minutes of the October 13, 2020 Regular Commission Meeting.
- 2) To approve payment of expenditures for September 2020 amounting to \$7,783,722.27 as audited and certified by the auditing officer as required by RCW 42.24.080, and as reviewed/certified by the General Manager as required by RCW 54.16.100, and expense reimbursement claims certified as required by RCW 42.24.090 and as listed in the attached registers and made available to the Commission for inspection prior to this action as follows:

Expenditure Type:	Amounts
Direct Deposit Payroll Umpqua Bank	\$ 518,473.45
Wire Transfers (Wires)	5,302,279.98
Automated and Refund Vouchers (Checks)	1,340,822.79
Direct Deposits (EFT)	622,737.50
Voids	(591.45)
Total:	\$ 7,783,722.27

- 3) To approve the write-offs as listed in the Write-Off report dated September 30, 2020 in the amount of \$30,579.34.
- 4) To approve expenditure for a conservation contract with Kenyon Zero, Contract No. 9603 for new construction refrigeration upgrades in the amount of \$175,000.00 effective September 22, 2020.
- 5) To approve expenditure for a conservation contract with Lowes Companies Inc., Contract No. 9605 for lighting upgrades in the amount of \$174,334.00 effective September 22, 2020.

**The Board of Commissioners
of
Public Utility District No. 1 of Franklin County**

MINUTES OF THE OCTOBER 13, 2020
REGULAR COMMISSION MEETING

The Board of Commissioners of Public Utility District No. 1 of Franklin County held a regular meeting at 1411 West Clark St., Pasco, WA, on October 13, 2020 at 1:00 p.m. This meeting was ran in accordance with the *Proclamation by the Governor, Amending and Extending 20-05, 20-28 Open Public Meetings Act and Public Records Act 20-28-.9*; a conference call option was provided for the public to participate.

Those who participated via conference call from the District for all or part of the meeting were Commissioner Bill Gordon, President; Commissioner Stu Nelson, Vice President; Commissioner Roger Wright, Secretary; Scott Rhees, General Manager; Holly Dohrman, Assistant General Manager; Travis Scott, Operations Director; Mike Gonzalez, Public Relations Director, and Rosario Viera, Supervisor of Executive Administration.

Additional staff participating via conference call for all or part of the meeting was Katrina Fulton, Treasurer/Accounting Manager.

Public participating via conference call for all or part of the meeting was Christine H. Pihl, Managing Director, from RBC Capital Markets.

OPENING

Commissioner Gordon called the meeting to order at 1:00 p.m. and called on Ms. Viera to lead the Pledge of Allegiance.

PUBLIC COMMENT

There was no public comment given.

Commissioner Gordon proceeded to Agenda Item 5, Discussing a Potential 2020 Revenue and Refunding Issuance and called on Mr. Rhees.

AGENDA ITEM 5

DISCUSSING A POTENTIAL 2020 REVENUE AND REFUNDING BOND ISSUANCE.

Mr. Rhees presented this agenda item and reviewed the background information as noted on the Agenda Item Summary included in the meeting packet. He reported that staff actively monitors the bond market for potential financial benefits that can be achieved for the District. He noted that the bond market is favorable, and that staff received a proposal from Royal Bank of Canada, a bond underwriter.

Mr. Rhees noted that the District could obtain savings from refunding and restructuring existing bonds in addition to having the ability to bond for new money. He reported that the new money bonding opportunity did not increase the District's current debt service payment and asked Ms. Pihl to provide more information on the bond proposal.

Through a presentation, Ms. Pihl reviewed the debt service capacity, and the availability for new money with the step down in debt service in 2023. She noted that in addition to refunding existing bonds, and getting new money, savings could also be obtained by releasing a portion of the Debt Service Reserve Fund (DSRF). She noted that having a DSRF is no longer required by investors or the bond rating agencies.

Ms. Pihl reported that interest rates are at historical lows, and that bonding now could provide additional liquidity for the District. She reviewed the proposal, which included refunding bonds, and \$17 million in new money both in taxable and non-taxable bonds. Discussion ensued.

Commissioner Gordon asked what impacts refunding and getting new money would have on electric service rates. Ms. Pihl reported that the benefits of bonding now are very favorable, and will give the District flexibility. Mr. Rhees reported that staff has reviewed the proposal diligently and that the savings that could be achieved are great with minimum risk to the District and its customers.

Commissioner Wright asked if capital projects that could be done with the new money have been identified. Mr. Rhees reported that staff has tentatively identified some capital projects and that that the District could also recover some of the costs associated with the Franklin substation rebuild. There was general concurrence from the Commission on the favorability of the proposal.

Mr. Rhees reported that no action was required and he was reporting only. He noted that staff will bring a resolution, for further consideration, to the October 27, 2020 regular meeting that will authorize staff to proceed with the actions necessary to refund bonds and acquire new money.

The Commission noted that rates are very favorable and that the proposal helps position the District well for the future. A general timeline of events was reviewed by Ms. Pihl. The Commission thanked Ms. Pihl for attending.

COMMISSIONER REPORTS

Commissioner Wright reported that:

- He will participate in the NoaNet monthly meeting tomorrow and noted that NoaNet continues to move forward with its own bonding proposal. He reported that responses from members have been mostly positive and noted that only one member has expressed inability to pay their full percentage share. He noted that other members have agreed to increase their percentage share as needed.

Commissioner Nelson and Commissioner Gordon did not report.

CONSENT AGENDA

The Commission reviewed the Consent Agenda, and Commissioner Nelson moved and Commissioner Wright seconded to approve the Consent Agenda as follows:

- 1) To approve the minutes of the August 25, 2020 Regular Commission Meeting.

The motion passed unanimously.

CLAIMS

Ms. Dohrman reported that the District received the paperwork for the potential claim she reported on last month. She noted that the information will be forwarded to Federated for their review and determination.

GENERAL MANAGER'S REPORT:

Mr. Rhees report that:

- He asked staff to hold their reports until the October 27, 2020 regular meeting.
- He was seeking guidance on the Public Power Council's (PPC) proposed changes to their bylaws regarding elected officials having a seat on the Executive Committee. He reported that the changes will be voted on by the entire membership at the annual meeting on November 5, 2020. Mr. Rhees reported that elected officials are able to attend the Executive Committee meetings and noted that having staff on the Executive Committee is critical.

Commissioner Nelson reported he attends the PPC meetings regularly and noted that his opinion was to have staff and General Managers at the Executive Committee. He reported that the utilities would be better served with General Managers and staff serving on the Executive Committee. He noted that having Commissioners, especially from smaller utilities would not help the District or PPC.

Commissioner Gordon reported that there has not been very many Commissioners on the Executive Committee since the inception of PPC.

Commissioner Wright reported that there was benefit in having elected officials on the Executive Committee and he was in favor.

Commissioner Nelson expressed his disagreement and noted that PPC is made up of utilities from many states, and that having staff and General Managers who deal with the day to day would render the most benefit. Discussion ensued.

Mr. Rhees noted that proportional voting based on the dues paid was used when electing Executive Committee members and noted that this could affect the District by not having representation at the table.

Commissioner Gordon and Commissioner Wright noted they would like to see PPC allow elected officials to serve on the Executive Committee and noted that Mr. Rhees should vote in favor of such.

Commissioner Nelson disagreed and noted he was not in favor of Mr. Rhees casting his vote to allow this and strongly recommended to leave things as is.

Mr. Rhees noted he had received direction from the Commission and would cast the District's vote in favor of allowing elected officials to serve on the Executive Committee.

MEETING ADJOURNMENT

With no further business to come before the Commission, Commissioner Gordon adjourned the meeting at 1:58 p.m. The next regular meeting will be on October 27, 2020 and begin at 1:00 p.m. and will be run in accordance with the current Governor Proclamation in effect.

William Gordon, President

Stuart Nelson, Vice President

Roger Wright, Secretary

FRANKLIN COUNTY PUD

Accounts Payable

Warrant Register - Wires

09/01/2020 To 09/30/2020

Bank Account: 3 - FPUD REVENUE ACCOUNT

#	Check / Date	Pmt	Vendor	Vendor Name	Reference	Amount
1	1265 09/10/2020	WIRE	113257	EFTPS - PAYROLL TAXES	FEDERAL INCOME TAX	85,468.64
2	1270 09/11/2020	WIRE	100285	WA STATE SUPPORT REGISTRY	SUPPORT PAYMENT	1,035.88
3	1258 09/15/2020	WIRE	112707	THE ENERGY AUTHORITY	TEA TOTAL PURCHASES & SALES	144,271.83
4	1259 09/15/2020	WIRE	112714	MACQUARIE ENERGY NORTH AMERICA TRADING	POWER SWAP	28,476.80
5	1260 09/15/2020	WIRE	112902	EDF TRADING NORTH AMERICA	POWER SWAP	7,660.26
6	1261 09/15/2020	WIRE	112712	BP CORPORATION NA INC	POWER SWAP	9,600.40
7	1268 09/15/2020	WIRE	112707	THE ENERGY AUTHORITY	TEA SCHEDULING	100,402.30
8	1257 09/23/2020	WIRE	112689	BONNEVILLE POWER ADMINISTRATION	POWER BILL	2,998,068.00
9	1277 09/24/2020	WIRE	113257	EFTPS - PAYROLL TAXES	FEDERAL INCOME TAX	128,549.02
10	1255 09/25/2020	WIRE	112715	POWEREX CORP	AUGUST FREDERICKSON	222,478.26
11	1269 09/25/2020	WIRE	109978	WA STATE DEPT OF REVENUE	AUGUST 2020 EXCISE TAX	346,749.97
12	1279 09/25/2020	WIRE	100285	WA STATE SUPPORT REGISTRY	SUPPORT PAYMENT	1,035.88
13	1256 09/28/2020	WIRE	112689	BONNEVILLE POWER ADMINISTRATION	TRANSMISSION BILL	509,881.00
14	1271 09/28/2020	WIRE	112706	FREDERICKSON POWER LP	POWER	475,906.59
15	1272 09/28/2020	WIRE	112706	FREDERICKSON POWER LP	POWER	2,182.40
16	1267 09/30/2020	WIRE	112709	LL&P WIND ENERGY INC	WHITE CREEK WIND	168,358.47
17	1280 09/30/2020	WIRE	100464	WA STATE DEPT OF RETIREMENT SYSTEMS	PERS PLAN 2	72,154.28
Total for Bank Account - 3 :						(17) <u>5,302,279.98</u>
Grand Total :						(17) <u>5,302,279.98</u>

FRANKLIN COUNTY PUD
Accounts Payable
Checks and Customer Refunds
09/01/2020 To 09/30/2020

Bank Account: 1 - ZBA - WARRANT ACCOUNT

#	Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
1	37575	09/03/2020	CHK	100028	ABADAN	PRINTER MAINTENANCE	391.29
2	37576	09/03/2020	CHK	100087	ALTEC INDUSTRIES INC	OPERATING TOOLS	627.49
3	37577	09/03/2020	CHK	113886	AMAZON CAPITAL SERVICES INC	HARDWARE PURCHASE	49.94
4	37578	09/03/2020	CHK	113380	ANIXTER INC	WAREHOUSE MATERIALS & SUPPLIES	179,170.45
5	37579	09/03/2020	CHK	109927	ARAMARK UNIFORM SERVICES	MATS AND COVERALLS	259.92
6	37580	09/03/2020	CHK	100179	BENTON FRANKLIN CAC	HELPING HANDS	2,223.70
7	37581	09/03/2020	CHK	104565	BIG BEND ELECTRIC COOPERATIVE INC	UTILITY SERVICES	114.48
8	37582	09/03/2020	CHK	110786	CCR TRI CITIES III, LLC	ADVERTISING	1,604.85
9	37583	09/03/2020	CHK	100515	CED	WAREHOUSE MATERIALS & SUPPLIES	2,432.10
10	37584	09/03/2020	CHK	100339	CENTURY LINK	PHONE SERVICES	196.04
11	37585	09/03/2020	CHK	100354	CITY OF CONNELL	UTILITY SERVICES	83.41
12	37586	09/03/2020	CHK	113363	COLEMAN OIL COMPANY	GAS & OTHER FUELS	6,415.50
13	37587	09/03/2020	CHK	110413	COMPUNET INC	SOFTWARE MAINTENANCE	15,290.01
14	37588	09/03/2020	CHK	113369	CORWIN OF PASCO LLC	AUTO PARTS	204.56
15	37589	09/03/2020	CHK	100695	DEPARTMENT OF LABOR & INDUSTRIES	ELEVATOR MAINTENANCE CERTIFICATE	134.10
16	37590	09/03/2020	CHK	102046	DIEBOLD INC	BUILDING MAINTENANCE & REPAIRS	688.31
17	37591	09/03/2020	CHK	100206	FRANKLIN COUNTY GRAPHIC	ADVERTISING	102.30
18	37592	09/03/2020	CHK	100229	GRAINGER INC	OPERATING SUPPLIES	23.98
19	37593	09/03/2020	CHK	112892	GREGORY S GREEN	METER TESTING	1,250.00
20	37594	09/03/2020	CHK	113080	KAPP KVEW	ADVERTISING	2,500.00
21	37595	09/03/2020	CHK	114048	MOUNTAIN BROADCASTING LLC	ADVERTISING	1,550.00
22	37596	09/03/2020	CHK	100452	ORKIN EXTERMINATING INC	PEST CONTROL	832.11
23	37597	09/03/2020	CHK	100394	OXARC INC	SAFETY EQUIPMENT & SUPPLIES	297.73
24	37598	09/03/2020	CHK	114022	PURE WATER PARTNERS LLC	WATER COOLER RENTAL	418.12
25	37599	09/03/2020	CHK	113445	RELIABLE EQUIPMENT & SERVICE COMPANY	OPERATING TOOLS	694.09
26	37600	09/03/2020	CHK	106825	SEBRIS BUSTO JAMES	PROFESSIONAL SERVICES	380.00
27	37601	09/03/2020	CHK	114049	SMG TRI-CITIES LLC	ADVERTISING	1,550.00
28	37602	09/03/2020	CHK	100195	STAPLES ADVANTAGE	OFFICE SUPPLIES	199.63
29	37603	09/03/2020	CHK	100291	STATE AUDITOR'S OFFICE	AUDIT SERVICES	2,923.90
30	37604	09/03/2020	CHK	104190	UPS	POSTAGE	16.49
31	37605	09/03/2020	CHK	113420	VERIZON WIRELESS	FLEET MANAGEMENT SERVICES	1,112.08
32	37606	09/03/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	29.63
33	37607	09/03/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	117.61
34	37608	09/03/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	88.82
35	37609	09/03/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	122.06

FRANKLIN COUNTY PUD

Accounts Payable
Checks and Customer Refunds

09/01/2020 To 09/30/2020

Bank Account: 1 - ZBA - WARRANT ACCOUNT

#	Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
36	37610	09/03/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	417.68
37	37611	09/03/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	89.92
38	37612	09/03/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	414.04
39	37613	09/03/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	314.61
40	37614	09/10/2020	CHK	100028	ABADAN	PRINTER MAINTENANCE	2,465.79
41	37615	09/10/2020	CHK	113690	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	3,716.55
42	37616	09/10/2020	CHK	114014	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	1,614.96
43	37617	09/10/2020	CHK	113380	ANIXTER INC	WAREHOUSE MATERIALS & SUPPLIES	70,295.69
44	37618	09/10/2020	CHK	113437	ARCHIBALD & COMPANY ARCHITECTS P.S.	PROFESSIONAL SERVICES	3,032.50
45	37619	09/10/2020	CHK	113139	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	1,532.52
46	37620	09/10/2020	CHK	113346	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	3,394.62
47	37621	09/10/2020	CHK	113830	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	3,207.33
48	37622	09/10/2020	CHK	113568	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	5,000.00
49	37623	09/10/2020	CHK	113796	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,480.31
50	37624	09/10/2020	CHK	113602	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	5,000.00
51	37625	09/10/2020	CHK	112936	CENTURY LINK	PHONE SERVICES	2.12
52	37626	09/10/2020	CHK	100346	CONNELL OIL INC	GAS & OTHER FUELS	712.59
53	37627	09/10/2020	CHK	113369	CORWIN OF PASCO LLC	AUTO PARTS	28.24
54	37628	09/10/2020	CHK	103521	GRAYBAR ELECTRIC INC	BROADBAND MATERIALS & SUPPLIES	6,218.06
55	37629	09/10/2020	CHK	113147	IMPULSE SYSTEMS NORTHWEST LLC	OPERATING TOOLS & REPAIRS	773.99
56	37630	09/10/2020	CHK	112995	PASCOR	OPERATING SUPPLIES	26.16
57	37631	09/10/2020	CHK	100411	RANCH & HOME INC	OPERATING TOOLS	81.44
58	37632	09/10/2020	CHK	113445	RELIABLE EQUIPMENT & SERVICE COMPANY, IN	OPERATING TOOLS	71.68
59	37633	09/10/2020	CHK	113742	SINCLAIR MEDIA OF WASHINGTON LLC	ADVERTISING	4,000.00
60	37634	09/10/2020	CHK	113191	SIX STATES DISTRIBUTORS INC	OPERATING SUPPLIES	29.44
61	37635	09/10/2020	CHK	113680	STREAKWAVE WIRELESS, INC	BROADBAND MATERIALS & SUPPLIES	5,209.66
62	37636	09/10/2020	CHK	100478	TRI CITY HERALD	ADVERTISING	550.00
63	37637	09/10/2020	CHK	100300	WELLS FARGO BANK, NA	INSURANCE PREMIUM	139,434.69
64	37638	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	184.86
65	37639	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	97.98
66	37640	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	99.97
67	37641	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	261.96
68	37642	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	202.26
69	37643	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	98.85
70	37644	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	308.51

FRANKLIN COUNTY PUD

Accounts Payable
Checks and Customer Refunds

09/01/2020 To 09/30/2020

Bank Account: 1 - ZBA - WARRANT ACCOUNT

#	Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
71	37645	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	124.45
72	37646	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	136.19
73	37647	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	14.89
74	37648	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	161.95
75	37649	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	130.17
76	37650	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	282.39
77	37651	09/10/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	70.58
78	37652	09/17/2020	CHK	100028	ABADAN	OFFICE SUPPLIES	712.07
79	37653	09/17/2020	CHK	113380	ANIXTER INC	WAREHOUSE MATERIALS & SUPPLIES	195,480.00
80	37654	09/17/2020	CHK	113826	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,144.64
81	37655	09/17/2020	CHK	113343	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	4,628.88
82	37656	09/17/2020	CHK	113611	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,546.10
83	37657	09/17/2020	CHK	113993	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,685.06
84	37658	09/17/2020	CHK	113133	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	1,026.30
85	37659	09/17/2020	CHK	100335	CENTRAL HOSE & FITTINGS INC	OPERATING SUPPLIES	207.91
86	37660	09/17/2020	CHK	112936	CENTURY LINK	PHONE SERVICES	1,329.37
87	37661	09/17/2020	CHK	113237	CUSTOMER REFUND	CUSTOMER REFUND	2,205.90
88	37662	09/17/2020	CHK	100362	CITY OF PASCO	OCCUPATION/UTILITY TAX	490,149.16
89	37663	09/17/2020	CHK	100360	CITY OF PASCO	UTILITY SERVICES	501.90
90	37664	09/17/2020	CHK	112903	CITY OF RICHLAND	UTILITY SERVICES	36.13
91	37665	09/17/2020	CHK	100387	COLUMBIA RURAL ELECTRIC ASSOC	UTILITY SERVICES	60.00
92	37666	09/17/2020	CHK	113369	CORWIN OF PASCO LLC	AUTO PARTS	468.96
93	37667	09/17/2020	CHK	113913	KAMAN FLUID POWER	OPERATING SUPPLIES	368.90
94	37668	09/17/2020	CHK	102722	LES SCHWAB TIRE CENTERS OF WA INC	VEHICLE MAINTENANCE	97.73
95	37669	09/17/2020	CHK	113269	NISC	MAILING SERVICES	916.18
96	37670	09/17/2020	CHK	107520	RAILROAD MANAGEMENT COMPANY	POWER CROSSING PERMIT	258.95
97	37671	09/17/2020	CHK	113014	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,602.62
98	37672	09/17/2020	CHK	113777	SMARSH INC	SOFTWARE MAINTENANCE	199.89
99	37673	09/17/2020	CHK	100195	STAPLES ADVANTAGE	OFFICE SUPPLIES	621.83
100	37674	09/17/2020	CHK	113221	THE SHERWIN-WILLIAMS CO	LOCATE PAINT	295.01
101	37675	09/17/2020	CHK	100478	TRI CITY HERALD	ADVERTISING	119.85
102	37676	09/17/2020	CHK	111471	VERIZON WIRELESS SERVICES LLC	METER READING & PHONE SERVICES	10,824.72
103	37677	09/17/2020	CHK	100290	WA PUBLIC UTILITY DISTRICT ASSOC	DUES & MEMBERSHIP	9,672.00
104	37678	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	53.91
105	37679	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	118.07

FRANKLIN COUNTY PUD

Accounts Payable
Checks and Customer Refunds

09/01/2020 To 09/30/2020

Bank Account: 1 - ZBA - WARRANT ACCOUNT

#	Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
106	37680	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	360.20
107	37681	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	126.17
108	37682	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	436.94
109	37683	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	198.98
110	37684	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	158.59
111	37685	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	188.27
112	37686	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	262.30
113	37687	09/17/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	101.21
114	37688	09/24/2020	CHK	100116	AMERICAN PUBLIC POWER ASSOC INC	DUES & MEMBERSHIP	9,227.79
115	37689	09/24/2020	CHK	113380	ANIXTER INC	WAREHOUSE MATERIALS & SUPPLIES	7,643.26
116	37690	09/24/2020	CHK	109927	ARAMARK UNIFORM SERVICES	MATS AND COVERALLS	148.62
117	37691	09/24/2020	CHK	100171	BASIN DISPOSAL INC	UTILITY SERVICES	1,297.26
118	37692	09/24/2020	CHK	113884	BASIN SOD INC	SOD REPAIRS	61.60
119	37693	09/24/2020	CHK	110786	CCR TRI CITIES III, LLC	ADVERTISING	374.85
120	37694	09/24/2020	CHK	112949	CENTURY LINK-PHOENIX	PHONE SERVICES	56.98
121	37695	09/24/2020	CHK	100360	CITY OF PASCO-UTILITY	UTILITY SERVICES	1,215.23
122	37696	09/24/2020	CHK	113662	COLUMBIA BASIN LLC	DISPOSAL	127.73
123	37697	09/24/2020	CHK	100346	CONNELL OIL INC	OPERATING SUPPLIES	436.57
124	37698	09/24/2020	CHK	103273	DEX MEDIA WEST INC- PHOENIX	ADVERTISING	25.00
125	37699	09/24/2020	CHK	114057	FRANK AND SON AUTOBODY INC	VEHICLE REPAIRS	1,145.78
126	37700	09/24/2020	CHK	113270	GARDA CL NORTHWEST INC CO 230	ARMORED CAR SERVICE	625.90
127	37701	09/24/2020	CHK	100229	GRAINGER INC	OPERATING SUPPLIES	647.65
128	37702	09/24/2020	CHK	103521	GRAYBAR ELECTRIC INC	WAREHOUSE MATERIALS & SUPPLIES	10,015.72
129	37703	09/24/2020	CHK	113442	ICE TRADE VAULT, LLC	COUNTERPARTY TRADE FEE	375.00
130	37704	09/24/2020	CHK	113706	INTERMOUNTAIN CLEANING SERVICE INC	JANITORIAL SERVICES	3,752.50
131	37705	09/24/2020	CHK	113339	NORTH COAST ELECTRIC COMPANY	HARDWARE PURCHASE	66.89
132	37706	09/24/2020	CHK	112906	NORTH FRANKLIN SCHOOL DISTRICT #51	ENERGY SERVICES	10,112.00
133	37707	09/24/2020	CHK	100452	ORKIN EXTERMINATING INC	PEST CONTROL	571.01
134	37708	09/24/2020	CHK	104915	PEND OREILLE PUD	CWPU EXPENSE	1,286.11
135	37709	09/24/2020	CHK	113334	RETTIG FORGETTE ILLER BOWERS, LLP	PROFESSIONAL SERVICES	795.50
136	37710	09/24/2020	CHK	100505	SIERRA ELECTRIC INC	HARDWARE MAINTENANCE	635.68
137	37711	09/24/2020	CHK	113191	SIX STATES DISTRIBUTORS INC	OPERATING SUPPLIES	129.14
138	37712	09/24/2020	CHK	112770	SOUTH COLUMBIA BASIN IRRIGATION DISTRICT	RESERVED ENERGY CONTRACT CREDIT	65,826.00
139	37713	09/24/2020	CHK	100143	TRI CITIES BATTERY INC	OPERATING SUPPLIES	344.41
140	37714	09/24/2020	CHK	111471	VERIZON WIRELESS SERVICES LLC	METER READING & PHONE SERVICES	63.34

FRANKLIN COUNTY PUD

Accounts Payable
Checks and Customer Refunds

09/01/2020 To 09/30/2020

Bank Account: 1 - ZBA - WARRANT ACCOUNT

#	Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
141	37715	09/24/2020	CHK	113473	WASHINGTON STATE DOT	PROFESSIONAL SERVICES	446.56
142	37716	09/24/2020	CHK	113626	WATER STREET PUBLIC AFFAIRS LLC	PROFESSIONAL SERVICES	3,500.00
143	37717	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	201.04
144	37718	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	8.83
145	37719	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	63.92
146	37720	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	74.12
147	37721	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	432.56
148	37722	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	87.32
149	37723	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	54.90
150	37724	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	164.10
151	37725	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	131.68
152	37726	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	8.37
153	37727	09/24/2020	CHK	90002	CUSTOMER REFUND	CUSTOMER REFUND	92.87
Total for Bank Account - 1 : 3)							<u>1,340,822.79</u>
Grand Total : (153)							1,340,822.79

FRANKLIN COUNTY PUD

Accounts Payable
Warrant Register - Direct Deposit

09/01/2020 To 09/30/2020

Bank Account: 3 - FPUD REVENUE ACCOUNT

Check / #	Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
1	14908	09/04/2020	DD	102600	A-L COMPRESSED GASES	OPERATING TOOLS	98.17
2	14909	09/04/2020	DD	100147	ARMSTRONG, KLYM, WAITE & ATWOOD	PROFESSIONAL SERVICES	103.50
3	14910	09/04/2020	DD	113652	LEAF CAPITAL FUNDING LLC	PRINTER LEASE	42.13
4	14911	09/04/2020	DD	113038	MGC TECHNICAL CONSULTING INC	WSDOT PERMITS	4,450.00
5	14912	09/04/2020	DD	113201	NAPA	AUTO PARTS	139.19
6	14913	09/04/2020	DD	113168	PORTLAND GENERAL ELECTRIC COMPANY	COB INTERTIE	5,358.24
7	14914	09/04/2020	DD	113980	SANCHEZ BROS CONSTRUCTION LLC	ENERGY SERVICES	10,453.29
8	15014	09/11/2020	DD	103316	A W REHN & ASSOCIATES	FLEX PLAN	886.33
9	15015	09/11/2020	DD	112724	A W REHN & ASSOCIATES	FLEX PLAN	58.50
10	15016	09/11/2020	DD	113964	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,725.38
11	15017	09/11/2020	DD	113847	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	3,039.96
12	15018	09/11/2020	DD	113801	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	3,164.28
13	15019	09/11/2020	DD	113279	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	4,885.38
14	15020	09/11/2020	DD	113967	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	1,312.74
15	15021	09/11/2020	DD	113825	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,787.04
16	15022	09/11/2020	DD	113942	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	1,442.70
17	15023	09/11/2020	DD	113949	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,975.04
18	15024	09/11/2020	DD	113837	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	3,107.16
19	15025	09/11/2020	DD	113937	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,684.52
20	15026	09/11/2020	DD	1025	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	1,720.64
21	15027	09/11/2020	DD	101625	CARLSON SALES INC	METER SHOP MATERIALS & SUPPLIES	41,563.39
22	15028	09/11/2020	DD	113746	LA VOZ NEWSPAPER	ADVERTISING	400.00
23	15029	09/11/2020	DD	102842	ENERGY NORTHWEST	NINE CANYON	218,064.81
24	15030	09/11/2020	DD	100216	GENERAL PACIFIC INC	WAREHOUSE MATERIALS & SUPPLIES	709.38
25	15031	09/11/2020	DD	112981	GREEN ENERGY TODAY LLC	ESQUATZEL DAM PROJECT	9,175.64
26	15032	09/11/2020	DD	113299	HRA VEBA TRUST	VEBA	19,135.32
27	15033	09/11/2020	DD	100245	IBEW LOCAL 77	UNION DUES	5,956.28
28	15034	09/11/2020	DD	112723	ICMA 401	DEFERRED COMPENSATION	13,785.28
29	15035	09/11/2020	DD	112722	ICMA 457	DEFERRED COMPENSATION	14,772.53
30	15036	09/11/2020	DD	1107	DEREK A LARSON	EMPLOYEE REIMBURSEMENT	9.24
31	15037	09/11/2020	DD	113652	LEAF CAPITAL FUNDING LLC	PRINTER LEASE	999.14
32	15038	09/11/2020	DD	113722	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	914.55
33	15039	09/11/2020	DD	113201	NAPA	AUTO PARTS	647.55
34	15040	09/11/2020	DD	113294	PARAMOUNT COMMUNICATIONS, INC	FIBER DOCK CREW	18,259.50
35	15041	09/11/2020	DD	113980	SANCHEZ BROS CONSTRUCTION LLC	ENERGY SERVICES	7,620.79
36	15042	09/11/2020	DD	113659	SYMETRA LIFE INSURANCE COMPANY	INSURANCE PREMIUM	7,216.55
37	15043	09/11/2020	DD	100277	UNITED WAY	UNITED WAY	278.26

FRANKLIN COUNTY PUD

Accounts Payable
Warrant Register - Direct Deposit

09/01/2020 To 09/30/2020

Bank Account: 3 - FPUD REVENUE ACCOUNT

#	Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
38	15044	09/18/2020	DD	113348	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	3,102.30
39	15045	09/18/2020	DD	1203	NATE BODEY	EMPLOYEE REIMBURSEMENT	183.76
40	15046	09/18/2020	DD	113242	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,383.74
41	15047	09/18/2020	DD	113800	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,092.32
42	15048	09/18/2020	DD	113628	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	6,629.92
43	15049	09/18/2020	DD	114011	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	1,821.06
44	15050	09/18/2020	DD	113790	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	3,132.36
45	15051	09/18/2020	DD	113831	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,364.64
46	15052	09/18/2020	DD	101625	CARLSON SALES INC	METER SHOP MATERIALS & SUPPLIES	11,259.65
47	15053	09/18/2020	DD	113950	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,053.80
48	15054	09/18/2020	DD	113836	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,573.44
49	15055	09/18/2020	DD	113948	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	3,041.82
50	15056	09/18/2020	DD	108271	CODALE ELECTRIC SUPPLY INC	WAREHOUSE MATERIALS & SUPPLIES	43,152.21
51	15057	09/18/2020	DD	113799	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	2,629.12
52	15058	09/18/2020	DD	113663	DATA HARDWARE DEPOT LP	BROADBAND MATERIALS & SUPPLIES	1,058.84
53	15059	09/18/2020	DD	113792	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	1,555.84
54	15060	09/18/2020	DD	100474	HERITAGE PROFESSIONAL LANDSCAPING INC	LANDSCAPE MAINTENANCE	2,636.81
55	15061	09/18/2020	DD	100448	LAWSON PRODUCTS INC	SAFETY SUPPLIES	545.04
56	15062	09/18/2020	DD	113652	LEAF CAPITAL FUNDING LLC	PRINTER LEASE	740.93
57	15063	09/18/2020	DD	113924	SOLAR INCENTIVE CREDIT	SOLAR INCENTIVE CREDIT	1,926.54
58	15064	09/18/2020	DD	111368	ONLINE INFORMATION SERVICES INC	UTILITY EXCHANGE REPORT	915.60
59	15065	09/18/2020	DD	113294	PARAMOUNT COMMUNICATIONS, INC	FIBER DOCK CREW	4,158.01
60	15066	09/18/2020	DD	101254	POWER MONITORS INC	REPAIRS	313.22
61	15067	09/18/2020	DD	113980	SANCHEZ BROS CONSTRUCTION LLC	ENERGY SERVICES	4,675.88
62	15068	09/18/2020	DD	102263	TYNDALE COMPANY INC	FIRE SAFETY CLOTHING	282.79
63	15168	09/25/2020	DD	103316	A W REHN & ASSOCIATES-FLEX PLAN	FLEX PLAN	886.33
64	15169	09/25/2020	DD	112724	A W REHN & ASSOCIATES-FLEX/COBRA ADM	COBRA NOTIFICATION/FLEX FEE	100.00
65	15170	09/25/2020	DD	101625	CARLSON SALES INC	METER SHOP MATERIALS & SUPPLIES	29,030.08
66	15171	09/25/2020	DD	101890	COLUMBIA INDUSTRIES	SHREDDING SERVICES	701.12
67	15172	09/25/2020	DD	113657	COMPSYCH CORPORATION	PROFESSIONAL SERVICES	402.48
68	15173	09/25/2020	DD	113746	LA VOZ NEWSPAPER	ADVERTISING	400.00
69	15174	09/25/2020	DD	113916	CUSTOMER ELATION INC	ANSWERING SERVICE	1,416.56
70	15175	09/25/2020	DD	103104	FASTSIGNS	DRIVE THRU SIGNS	404.93
71	15176	09/25/2020	DD	100216	GENERAL PACIFIC INC	WAREHOUSE MATERIALS & SUPPLIES	296.80
72	15177	09/25/2020	DD	113299	HRA VEBA TRUST	VEBA	9,823.85
73	15178	09/25/2020	DD	112723	ICMA 401	DEFERRED COMPENSATION	13,862.35
74	15179	09/25/2020	DD	112722	ICMA 457	DEFERRED COMPENSATION	14,879.22

FRANKLIN COUNTY PUD

Accounts Payable
Warrant Register - Direct Deposit

09/01/2020 To 09/30/2020

Bank Account: 3 - FPUD REVENUE ACCOUNT

#	Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
75	15180	09/25/2020	DD	113781	JORDAN MECHANICAL GROUP LLC	HVAC MAINTENANCE	15,002.68
76	15181	09/25/2020	DD	113652	LEAF CAPITAL FUNDING LLC	PRINTER LEASE	487.66
77	15182	09/25/2020	DD	113911	MONDAY.COM INC	SOFTWARE LICENSE	6,936.00
78	15183	09/25/2020	DD	113201	NAPA	AUTO PARTS	775.04
79	15184	09/25/2020	DD	101318	NOANET A CORPORATION	FIBER SERVICES	2,810.00
80	15185	09/25/2020	DD	113980	SANCHEZ BROS CONSTRUCTION LLC	ENERGY SERVICES	7,256.22
81	15186	09/25/2020	DD	113227	TTB, LLC	VEHICLE WASHES	90.00
82	15187	09/25/2020	DD	102263	TYNDALE COMPANY INC	FIRE SAFETY CLOTHING	2.15
83	15188	09/25/2020	DD	113245	WESTERN UNION FINANCIAL SERVICES INC	WESTERN UNION FEES	123.00
84	15189	09/25/2020	DD	100320	WOODPECKER TRUCK & EQUIPMENT INC	OPERATING SUPPLIES	500.79
85	15190	09/25/2020	DD	1163	ANTHONY WRIGHT	CONSULTING SERVICES	150.00
86	15191	09/25/2020	DD	113470	YRC FREIGHT	FREIGHT CHARGES	228.20
Total for Bank Account - 3 : (86)							622,737.50
Grand Total : (86)							622,737.50

**Public Utility District No. 1 of Franklin County
Write-Off Report**

Report Run Date:

9/30/2020

Agency:

Armada Corp

#	Name	Amount	#	Name	Amount
1	Lewis Street Economart	\$ 4,308.62	39	Colten Andersen	\$ 226.32
2	Eric Sepp	1,796.32	40	Jessikka New-Jay	222.07
3	Dalia Mellin	890.71	41	Joseph Wrisley Fristed	219.13
4	Rachelle L Gunion	800.83	42	Emmanuel Blanco	217.94
5	James O Cooper	598.23	43	Christy Vanderpool	212.95
6	Michelle Montalvo	457.42	44	Jose I Cisneros	210.93
7	Yadira Curiel Arceo	450.86	45	Phil W Tapia	207.31
8	Alisha Meyers	408.03	46	Andres Barreto Rosas	206.13
9	Kimberly Dougherty	400.92	47	Oscar Sanchez	204.31
10	Araceli M De Guidry	397.87	48	Cristina Rivera	203.11
11	Alondra Amador	395.98	49	Reyna E Martinez	200.93
12	Alizae T Otis	390.28	50	Amanda Benavidez	190.07
13	Jodie Huey	386.35	51	Joe Jr Taylor	189.14
14	Martin Cortez	374.33	52	Cecilia Gomez	186.18
15	Gwendlyn Jennings	363.89	53	Mariela Ortuno	183.88
16	Jerome D Sells	360.95	54	Joaquin Tiscareno	181.35
17	Guadalupe J Cisneros	355.08	55	Highland Meadows	180.35
18	Savanna Kresse	354.57	56	Vanicia R Jones-Hall	179.16
19	John Burnett	345.29	57	Karen M Kramer	177.64
20	Janell N Rodriguez	331.65	58	Leopoldo Mendoza	173.61
21	Enrique Lopez	328.69	59	Jose A Jr Flores	171.11
22	Ashli Gallegos	318.34	60	Steven Sewell	166.94
23	Alejandro Galvez	317.00	61	Samantha Macias	165.58
24	Diane Plumb	314.41	62	Cesar Farias	164.28
25	Robert L Hill	314.35	63	Sean Stephens	160.08
26	Delilah Johnson	311.96	64	Flex Cornejo	160.07
27	Cynthia K Chan	298.75	65	Samly Flores	158.68
28	Diana Munoz	292.45	66	Kyzer Midnight	155.76
29	Jazmyne Whited	284.76	67	Christian Guerre Mellin	155.21
30	Janice E Myers	276.71	68	Daisy Montejano	151.68
31	Juan M Hurtado	276.31	69	Brittany Holden	151.23
32	Noel Marcias	262.92	70	Martin Galindo Pinedo	151.06
33	Oliva Vijil	246.82	71	Maria E Smith	150.00
34	Yoell Mendoza	246.27	72	Daniel Adames	149.20
35	Pedro Delgado	245.58	73	Bradon R Wheatly	145.38
36	Lazetta Lua	245.25	74	Bradon Knotts	144.62
37	Crystal Alanis	242.24	75	Jose Hernandez	140.79
38	Mandi Murdoch	238.76	76	Yevgenia Guschin	139.98

**Public Utility District No. 1 of Franklin County
Write-Off Report**

Report Run Date: **9/30/2020**
Agency: **Armada Corp**

#	Name	Amount	#	Name	Amount
77	Atanacio Chavez	138.39	115	Alexis Davis	65.66
78	Chinyere Gaines	137.84	116	Magdalena Meraz Valdovinos	64.57
79	Michael Pleasant	135.52	117	Jason E Johnson	57.73
80	Joann Breton	129.12	118	Kaymesha Hanson	56.66
81	Sandra Y Batres	128.48	119	Lewis Street Associates	55.18
82	William Park	127.22	120	Tommy D Khuong	51.42
83	Mary E Penlick	126.21	121	Patricio Zamora	50.62
84	Michael Denton	125.02	122	Jorge C Herrera	49.41
85	Maria C Gil	116.95	123	Cesar Pantoja	48.72
86	Hugo B Aguilar	114.31	124	Maria Esquivel Castaneda	46.76
87	Luis F Nunez	112.87	125	Cody K Crow	46.45
88	Tyler A Thompson	107.64	126	Samuel Roman Adame	45.71
89	Trause Gladney	104.47	127	Shane A Vacek	44.55
90	Robert V Montano	103.59	128	Derrick L Gilbert	44.41
91	Jasmine B Garcia	103.23	129	Robin Shaak	40.32
92	Weldon Lundgren	102.24	130	Victor Rebolledo	39.43
93	Ivette Godinez	98.73	131	Maria D Farias	39.20
94	Bricia Villasenor	97.95			
95	Robert Vera	97.72			
96	Kayla M Deford	97.43			
97	Mari Hernandez	96.07			
98	Jayson Sheets	95.20			
99	Alexander K Schell	92.56			
100	Maria G Lua	89.47			
101	Jose A Grande Menjivar	88.82			
102	Linda Frankford	87.03			
103	Honorio B Madrigal	86.69			
104	Gordon Whitson	85.10			
105	Akhil Bali	83.36			
106	Leo Combs	82.27			
107	Lawrence Libokmeto	74.39			
108	Mariana Mata	73.25			
109	Maria G Sanchez Cisnero	71.37			
110	Michael S Davis	70.59			
111	Gary Johnston	67.99			
112	Mauricio Jarez	67.79			
113	Armando Ruiz	65.92			
114	Maria G Rojas	65.83			
				TOTAL:	\$ 30,579.34
				Average amount per account:	\$ 233.43
				Gross bad debts as a percentage to	
				March - August 2020 Sales	0.00074

AGENDA ITEM 7

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Holly Dohrman	<input type="checkbox"/>	REPORT
Assistant General Manager	<input type="checkbox"/>	DISCUSSION
Date: October 27, 2020	<input checked="" type="checkbox"/>	ACTION REQUIRED

1. OBJECTIVE:

Re-opening the 2021 Budgets Public Hearing, Presenting the Updated Preliminary 2021 Operating and Capital Budgets, and Recessing the Public Hearing.

2. BACKGROUND:

On September 22, 2020, the Commission President opened, and after the presentation of the preliminary budgets, and a discussion and comment period, recessed the 2021 Operating and Capital Budgets public hearing to October 27, 2020.

Staff is able to provide more current budget status information as we move toward finalizing the budgets in December. The 2021 Operating and Capital Budgets are updated to reflect the most current information before they are adopted in December.

Proposed changes since the last Commission meeting are noted on the 2021 Operating and Capital Budgets Crosswalks, Attachments A, and B for Commission review. Staff will review the changes and address questions from the Commission at the meeting.

Staff recommends that after hearing any public comment, and after Commission review and discussion, the Commission recess the public hearing to the November 10, 2020 Commission meeting.

3. SUGGESTED MOTION:

I move to recess the 2021 Operating and Capital Budgets public hearing until the November 10, 2020 regular Commission meeting.

Public Utility District No. 1 of Franklin County
2021 Operating Budget Crosswalk

	September	October	\$ Increase (Decrease)	% Increase (Decrease)
1 <i>Operating Revenues</i>				
2 Retail Energy Sales	\$80,282,169	\$80,282,169	\$0	0.00%
3 Broadband Sales	2,139,533	2,139,533	0	0.00%
4 Sales for Resale	8,416,579	8,416,579	0	0.00%
5 Other Electric Revenue	68,052	68,052	0	0.00%
6 Other Operating Revenue	402,200	402,200	0	0.00%
7 <i>Total Operating Revenues</i>	<u>\$91,308,533</u>	<u>\$91,308,533</u>	<u>\$0</u>	<u>0.00%</u>
8				
9 <i>Operating Expenses</i>				
10 Power Supply	63,371,093	63,371,093	0	0.00%
11 System Operations & Maintenance	6,553,934	6,553,934	0	0.00%
12 Broadband Operations & Maintenance	707,859	707,859	0	0.00%
13 Customer Accounts Expense	2,530,710	2,530,710	0	0.00%
14 Administrative & General Expense	6,844,902	6,844,902	0	0.00%
15 Taxes	4,737,035	4,737,035	0	0.00%
16 <i>Total Operating Expenses</i>	<u>84,745,533</u>	<u>84,745,533</u>	<u>0</u>	<u>0.00%</u>
17				
18 <i>Operating Income (Loss)</i>	\$6,563,000	\$6,563,000	\$0	0.00%
19				
20 Non Operating Revenue (Expense)				
21 Interest Income	108,614	108,614	0	0.00%
22 Interest Expense	(1,884,396)	(1,884,396)	0	0.00%
23 Other Non Operating Revenue (Expense)	10,000	10,000	0	0.00%
24 <i>Total Non Operating Revenue (Expense)</i>	<u>(1,765,782)</u>	<u>(1,765,782)</u>	<u>0</u>	<u>0.00%</u>
25				
26 Capital Contributions	2,500,000	2,500,000	0	0.00%
27				
28 <i>Change in Net Position</i>	<u>\$7,297,219</u>	<u>\$7,297,219</u>	<u>0</u>	<u>0.00%</u>
29				
30 Debt Service Coverage (DSC):				
31 Change in Net Position	\$7,297,219	\$7,297,219		
32 Adjustments for Debt Service:				
33 Interest, Amortization & Bond Issuance Costs	1,884,396	1,884,396		
34 Deposit from Rate Stabilization Fund	0	0		
35 <i>Total Adjustments</i>	<u>1,884,396</u>	<u>1,884,396</u>		
36 <i>Net Revenue Available for Debt Service</i>	<u>\$9,181,615</u>	<u>\$9,181,615</u>		
37 Debt Service	5,573,193	5,573,193		
38 <i>Debt Service Coverage</i>	1.65	1.65		

Public Utility District No. 1 of Franklin County
2021 Capital Budget Crosswalk by Project

Category	Project Description	September	October	\$ Increase/ (Decrease)
Broadband				
	BROADBAND SYSTEM IMPROVEMENTS & EXPANSION	\$ 291,684	\$ 291,684	\$ -
	BROADBAND CUSTOMER CONNECTS	570,920	570,920	-
	5G CELL SITES	250,000	250,000	-
	NEW COLLO FACILTY	1,400,000	1,400,000	-
	Total for Broadband	2,512,604	2,512,604	-
Building				
	FURNITURE FOR OPERATIONS MAIN MEETING ROOM <i>(Carryover)</i>	9,500	9,500	-
	RTU 8 REPLACEMENT <i>(Carryover)</i>	85,000	85,000	-
	CEILING FANS MECHANIC SHOP	45,000	45,000	-
	SWAMP COOLER	10,000	10,000	-
	HEAT PUMP (TROY'S AREA)	12,000	12,000	-
	KIOSK (W. CLARK)	25,000	-	(25,000)
	Total for Building	186,500	161,500	(25,000)
Information Handling				
	TERTIARY BACKUP SOLUTION <i>(Carryover)</i>	15,000	15,000	-
	BORDER ROUTER REPLACEMENT <i>(Carryover)</i>	10,000	-	(10,000)
	REDUNDANT SCADA ROUTER	25,000	25,000	-
	MILESTONE SURVEILLANCE UPGRADE	20,000	-	(20,000)
	TEST MAPPING ENVIRONMENT <i>(Carryover)</i>	14,000	14,000	-
	Total for Information Handling	84,000	54,000	(30,000)
Special Projects				
	LANDIS & GYR GRIDSTREAM METERS	500,000	500,000	-
	Total for Special Projects	500,000	500,000	-
System Construction - New Customers				
	CUSTOMER ADDS TO THE DISTRIBUTION SYSTEM	2,200,000	2,200,000	-
	PURCHASE OF TRANSFORMERS	650,000	650,000	-
	ACQUIRE FUTURE SUBSTATION SITES <i>(Carryover)</i>	500,000	500,000	-
	Total for System Construction- New Customers	3,350,000	3,350,000	-
System Construction - Reliability & Overloads				
	UNDERGROUND CABLE REPLACEMENTS	700,000	700,000	-
	SCADA UPGRADES- SUBSTATIONS	20,000	20,000	-
	MISCELLANEOUS SYSTEM IMPROVEMENTS	1,000,000	1,000,000	-
	REPLACE OBSOLETE BREAKER RELAYS	50,000	50,000	-
	CONVERT OH/UG- CITY OF PASCO	475,000	475,000	-
	REPLACE SWITCHES- INSTALL NEW PME TYPE	240,000	240,000	-
	REPLACE 12 KV BUS - FRANKLIN SUB BAY #1	1,000,000	1,000,000	-
	INSTALL FEEDER MAINLINE- RS6 COURT/RD 56-60	400,000	400,000	-
	REPLACE SUBSTATION BATTERY & CHARGER (2)	25,000	25,000	-
	VOLTAGE REGULATORS UPGRADES	120,000	120,000	-
	DESIGN NEW SUB. 2021 / FOR CONSTRUCTION 2022/2023	400,000	400,000	-
	RECONDUCTOR OH MAINLINE- B5/CS3, 1ST AVE (3500')	500,000	500,000	-
	Total for System Construction- Reliability & Overloads	4,930,000	4,930,000	-
Tools				
	OIL FILTRATION SYSTEM	9,000	9,000	-
	MEGGER TRANSFORMER TESTING	24,740	24,740	-
	POWER QUALITY MONITORING EQUIPMENT 3-PH	10,000	10,000	-
	Total for Tools	43,740	43,740	-

**Public Utility District No. 1 of Franklin County
2021 Capital Budget Crosswalk by Project**

Category	Project Description	September	October	\$ Increase/ (Decrease)
Vehicles				
	UNDERGROUND WIRE/CABLE PULLER <i>(Carryover)</i>	170,000	170,000	-
	TEST VAN <i>(Carryover)</i>	65,000	65,000	-
	Total for Vehicles	235,000	235,000	-
Grand Total		\$ 11,841,844	\$ 11,786,844	\$ (55,000)

AGENDA ITEM 8

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Holly Dohrman
Assistant General Manager
Date: October 27, 2020

<input checked="" type="checkbox"/>	REPORT
<input type="checkbox"/>	DISCUSSION
<input type="checkbox"/>	ACTION REQUIRED

1. OBJECTIVE:

Providing a Presentation on Resource Adequacy.

2. BACKGROUND:

Staff and The Energy Authority (TEA) will present a brief overview of Resource Adequacy. The presentation will explain the importance, value and what resources qualify within the area of power markets. In addition, TEA will provide information on an analysis done to determine the District's Resource Adequacy.

3. SUGGESTED MOTION:

Presenting only, no motion required.

AGENDA ITEM 9

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Holly Dohrman	<input type="checkbox"/>	REPORT
Assistant General Manager	<input type="checkbox"/>	DISCUSSION
Date: October 27, 2020	<input checked="" type="checkbox"/>	ACTION REQUIRED

1. OBJECTIVE:

Authorizing an Increase to the Task Order with The Energy Authority for 2020 Consulting Services.

2. BACKGROUND:

The Energy Authority's (TEA) 2020 consulting services task order (2020 Task Order) is part of the District's and TEA's Resource Management Agreement, and includes assistance with load forecasting, Frederickson delta hedging, current Slice contract related activities, BPA power issues, transmission and natural gas transportation issues, updating the District's Integrated Resource Plan, and general power management.

The 2020 Task Order was approved in December 2019 with a not to exceed amount of \$150,000. Staff is requesting an additional amount of \$30,000 to cover the Frederickson delta hedging which has been more active due to market volatility. If approved the new not to exceed amount will be \$180,000 for the 2020 Task Order.

Staff recommends that the Commission authorize an increase of \$30,000 to the TEA 2020 Task Order, for a new not to exceed amount of \$180,000.

3. SUGGESTED MOTION:

I move to authorize the General Manager or his designee to execute an increase of \$30,000 to the task order with TEA for 2020 Consulting Services, for a new not to exceed amount of \$180,000.

AGENDA ITEM 10

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Holly Dohrman

Assistant General Manager

Date: October 27, 2020

REPORT

DISCUSSION

ACTION REQUIRED

1. OBJECTIVE:

Adopting a Resolution Amending Resolution 1265, Establishing a Line of Credit to Secure Letters of Credit and Providing for the Issuance and Sale of an Electric System Revenue Note of the District in the Aggregate Principal Amount of not to Exceed \$3,000,000 to Evidence the Line of Credit; Providing the Form, Terms, and Covenants of the Note.

2. BACKGROUND:

There is a potential credit exposure in power and natural gas purchase and sale contracts related to certain financial transactions because of the power market price volatility. Several of these contracts with various counterparties may require the District to post collateral to secure its obligations in the form of a Letter of Credit (LOC) from the District.

Resolution 1265 authorized the General Manager or his designee to establish a line of credit with Umpqua Bank to secure letters of credit and provide for the issuance and sale of an electric system revenue note of the District in the aggregate principal amount of not to exceed \$3 million. The LOC was for a one year term beginning October 2016, with the ability to extend for an additional 3 years upon mutual agreement. The last of the LOC extensions will expire October 31, 2020. The District and Umpqua Bank have reached a mutual agreement and would like to amend Resolution 1265 to allow Umpqua Bank to continue to provide the LOC under the same principal amount of \$3 million.

Adopting Resolution 1343 amends Resolution 1265 to allow the District and Umpqua Bank to extend the LOC provided the principal amount does not exceed \$3 million beginning October 31, 2020 to October 31, 2021. Resolution 1343 also provides for the ability to extend the LOC for an additional four one-year extensions, and changes a reporting requirement for the District as described in Resolution 1343. All other provisions of Resolution 1265 will remain unchanged.

Staff recommends the Commission adopt Resolution 1343 as presented.

3. SUGGESTED MOTION:

I move to adopt Resolution 1343 as presented.

RESOLUTION 1343

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC UTILITY DISTRICT NO. 1 OF FRANKLIN COUNTY, WASHINGTON

AMENDING RESOLUTION 1265 ESTABLISHING A LINE OF CREDIT TO SECURE LETTERS OF CREDIT AND PROVIDING FOR THE ISSUANCE AND SALE OF AN ELECTRIC SYSTEM REVENUE NOTE OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,000,000 TO EVIDENCE THE LINE OF CREDIT; PROVIDING THE FORM, TERMS, AND COVENANTS OF THE NOTE.

WHEREAS, the Board of Commissioners (the Commission) of Public Utility District No. 1 of Franklin County, Washington (the "District"), adopted Resolution No. 1265 on October 25, 2016 (the "Note Resolution"), that authorized the issuance and sale of its not to exceed \$3,000,000 Electric System Revenue Anticipation Note, 2016 (the "Note"); and

WHEREAS, the District extended the Maturity Date of the Note to October 31, 2020; and

WHEREAS, the District wishes to again extend the term of the Note.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF FRANKLIN COUNTY, WASHINGTON, AS FOLLOWS:

1. Approval of Extension of Term. The Commission hereby authorizes extending the Maturity Date of the Note currently in effect from October 31, 2020, to October 31, 2021, provided that the principal amount does not exceed \$3,000,000. The Bank is charging \$5,000 plus its attorneys' fees in the amount of \$3,000 for the initial extension. The Commission authorizes the General Manager or his designee to request that the Bank approve up to four additional one-year extensions with mutual approval of the Bank and provided that the principal amount does not exceed \$3,000,000. The District authorizes and directs the General Manager or his designee and other appropriate officers of the District to take all actions necessary to effect the extension of the Maturity Date of the Note as contemplated herein.

2. Reporting Requirements. Section 10 of Resolution No. 1265 is hereby amended as follows (deletions stricken):

The District will provide the following information to the Bank:

A. The District's audited annual financial statement due no later than 270 days after fiscal year end, or if audited by the State Auditor, promptly after they are received from the auditor;

~~B. The District's quarterly financial statements within 90 days after the end of the quarter; and~~

~~C.B.~~ Such other information as may be reasonably requested by the Bank from time to time.

3. No Other Amendments. Except as specifically amended pursuant to this resolution, all other provisions of the Note Resolution shall remain unchanged.

4. Ratification and Confirmation. Any action taken consistent with the authority and prior to the effective date of this resolution is ratified, approved and confirmed.

5. Effective Date. This resolution shall be in effect from and after its passage in accordance with law.

ADOPTED by the Commission of Public Utility District No. 1 of Franklin County, Washington, at an open public meeting thereof this 27th day of October, 2020.

William Gordon, President

Stuart Nelson, Vice President

Roger Wright, Secretary

CERTIFICATE

I, the undersigned, Secretary of the Commission of Public Utility District No. 1 of Franklin County, Washington, and keeper of the records of said Commission (the “Commission”), DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Resolution No. 1343 (the “Resolution”) of the Commission, duly passed at a meeting thereof held on the day of 27th day of October, 2020.

2. That said meeting was duly convened and held in all respects in accordance with law (including Proclamation 20-28 made by the Governor of the State of Washington on March 24, 2020, as extended, and acts of the legislative leadership of the State of Washington), 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 fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of October, 2020.

Roger Wright,
Secretary of the Commission

AGENDA ITEM 11

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Steve Ferraro
Safety & Labor Relations Director

Date: October 27, 2020

REPORT
 DISCUSSION
 ACTION REQUIRED

1. OBJECTIVE:

Authorizing the General Manager or his Designee to Execute an Interlocal Cooperative Agreement with Energy Northwest to Provide Technical Services.

2. BACKGROUND:

Through the Membership Outreach Program, Energy Northwest can provide the resources to the District such as technical and consulting services. The District would like to procure services to assist with the research of the available opportunities related to broadband grants.

The District would like to enter into an Interlocal Cooperative Agreement with Energy Northwest to procure these services. RCW 39.34, requires the Interlocal Cooperative Agreement be authorized by the Commission.

Staff recommends that the Commission authorize the General Manager or his designee to execute an Interlocal Cooperative Agreement with Energy Northwest to provide technical services as requested by the District.

3. SUGGESTED MOTION:

I authorize the General Manager or his designee to execute an Interlocal Cooperative Agreement with Energy Northwest to provide technical services.

AGENDA ITEM 12

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Steve Ferraro	<input type="checkbox"/>	REPORT
Safety & Labor Relations Director	<input type="checkbox"/>	DISCUSSION
Date: October 27, 2020	<input checked="" type="checkbox"/>	ACTION REQUIRED

1. OBJECTIVE:

Adopting a Resolution Authorizing the General Manager or his Designee to Execute a License Agreement with Franklin County Irrigation District.

2. BACKGROUND:

Franklin County Irrigation District (FCID) is currently short platting a property known as 11020 W Court Street in Pasco. There is an existing 15-foot easement across the Court Street side of the property with an overhead distribution line.

FCID desires to short plat the larger property into six (6) lots. FCID will retain ownership of one (1) lot known as “River Pump Station 1 and Pipeline Lot” and the other five (5) lots are planned to be sold. The five (5) lots will retain the existing 15-foot easement that exists. The lot being retained by FCID, as shown on Attachment A, will also have a 15-foot easement across the “River Pump Station 1 and Pipeline Lot” but will require a licensing agreement due to the fact that it crosses a major component of FCID’s infrastructure .

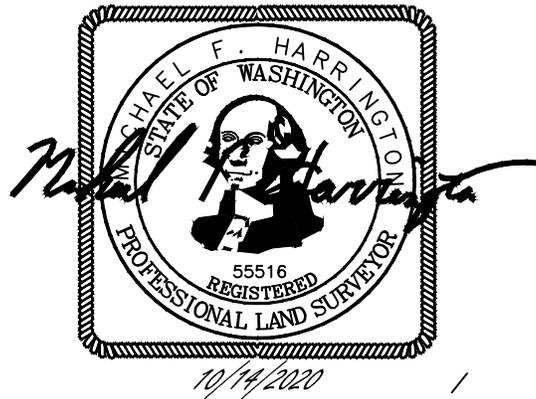
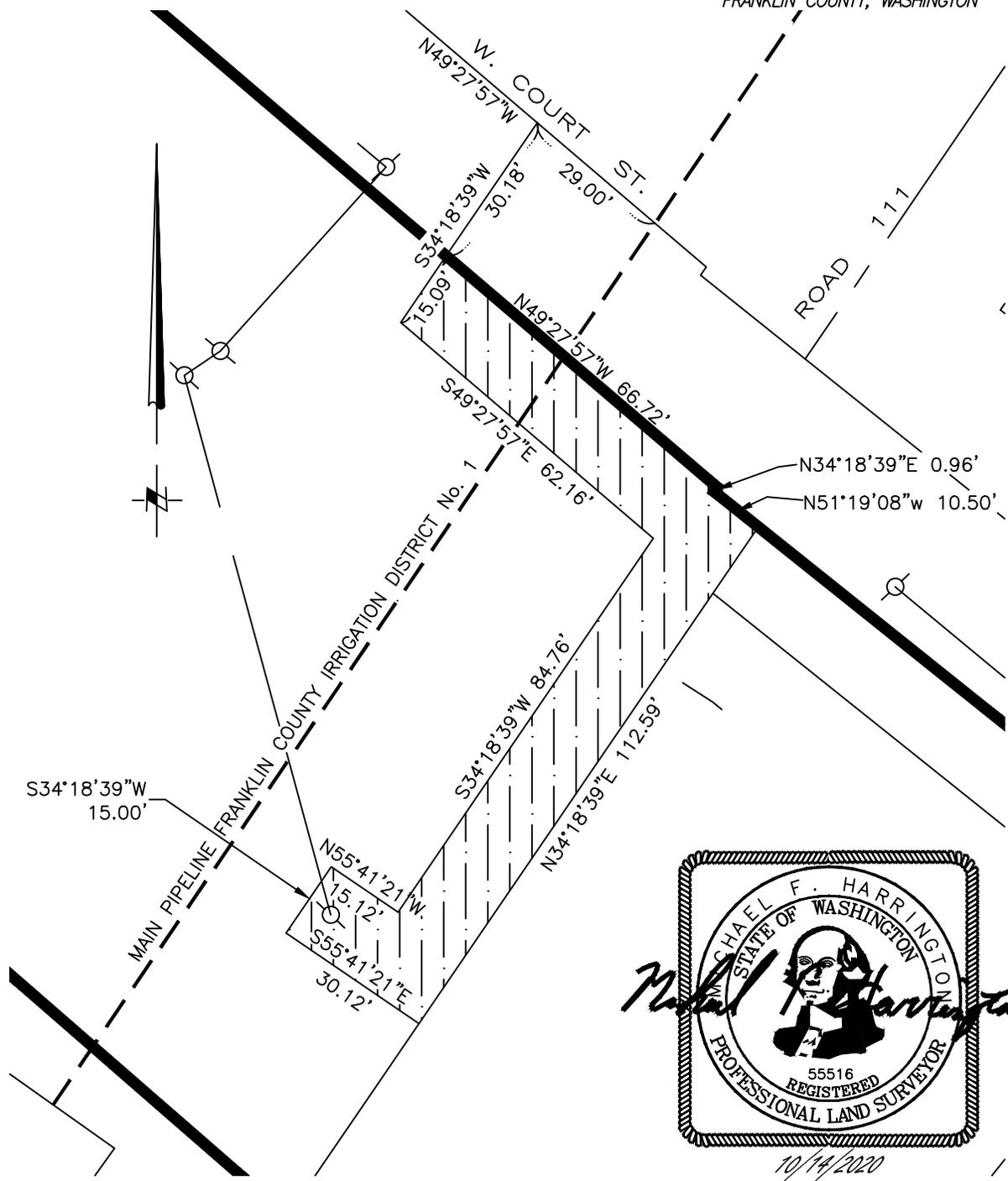
Adopting Resolution 1344 will allow the General Manager or his designee to execute the license agreement. Once the executed license agreement is recorded, the auditor file number associated with the agreement will be included on the final short plat.

Staff recommends the Commission adopt Resolution 1344, authorizing the General Manager or his designee execute a License Agreement with Franklin County Irrigation District.

3. SUGGESTED MOTION:

I move to adopt Resolution 1344 as presented.

EXHIBIT MAP
FRANKLIN COUNTY IRRIGATION DISTRICT
PTN S18 T9N R29E W.M.
FRANKLIN COUNTY, WASHINGTON



RSI ROGERS SURVEYING INC., P.S.
1455 COLUMBIA PARK TRAIL
RICHLAND, WA. 98862
PHONE (509) 783-4141
FAX: (509) 783-8804
www.rogerssurveying.com

RSI: 13618_exhibit

RESOLUTION 1344

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO. 1, OF FRANKLIN COUNTY, WASHINGTON**

**AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A
LICENSE AGREEMENT WITH FRANKLIN COUNTY IRRIGATION DISTRICT**

WHEREAS, the Public Utility District No. 1 of Franklin County (the District) desires to construct, maintain and operate an electric power line crossing under and over the Franklin County Irrigation District (FCID) property, and

WHEREAS, FCID is in the process of short plating property into six (6) lots along West Court Street between Roads 110, west of Road 111, currently known as 11020 West Court Street, Pasco, Washington, and

WHEREAS, FCID will retain ownership of one (1) lot known as “River Pump Station 1 and Pipeline Lot” and the other five (5) lots are planned to be sold, and

WHEREAS, the five (5) lots being sold will retain the existing 15-foot easement that exists, and

WHEREAS, the “River Pump Station 1 and Pipeline Lot” being retained by FCID will also have a 15-foot easement, and

WHEREAS, FCID has requested a licensing agreement be in place because it crosses a major component of FCID’s infrastructure, and

WHEREAS, FCID has prepared a license agreement for the requested easement, and

WHEREAS, it is in the District’s best interest to execute the license agreement with FCID, now therefore

BE IT RESOLVED that the General Manager or his designee is authorized to execute the license agreement with the Franklin County Irrigation District.

BE IT FURTHER RESOLVED that the fully executed license agreement may be recorded with Franklin County.

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Franklin County at an open public meeting this 27th day of October 2020.

William Gordon, President

Stuart Nelson, Vice President

Roger Wright, Secretary

AGENDA ITEM 13

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Scott Rhees	<input type="checkbox"/>	REPORT
General Manager	<input type="checkbox"/>	DISCUSSION
Date: October 27, 2020	<input checked="" type="checkbox"/>	ACTION REQUIRED

1. OBJECTIVE:

Adopting a Resolution Authorizing the Approval and Execution of a Repayment Agreement to Provide Security for Bonds to be Issued by Northwest Open Access Network.

2. BACKGROUND:

The Northwest Open Access Network (NoaNet) Board of Directors approved proceeding with a taxable bond issuance of \$25 million dollars for a term of 10 years. The bond proceeds will be used to refund existing loans, funding a debt service reserve fund, funding the cost of issuance and other purposes as approved by the NoaNet Board of Directors. These bonds require a Member Guarantee by NoaNet Members such as the District. The suggested member guarantee percentage is 10% or some variation of NoaNet member percentage shares, totaling 100%.

The bond issuance will help provide savings and a stable, long term financing vehicle for NoaNet that does not rely on banking relationships, member loans. Additionally, it will provide the necessary working capital for NoaNet for the unforeseen opportunities that may present themselves in the future.

The NoaNet material terms of the bond issue were reviewed and discussed at the September 27, 2020 regular Commission meeting. A Repayment Agreement has been drafted (attached as Exhibit A of the Resolution) and includes the terms and conditions associated with Member guarantees.

Staff recommends the Commission adopt Resolution 1345 as presented.

3. SUGGESTED MOTION:

I move to adopt Resolution 1345 as presented.

RESOLUTION 1345

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC UTILITY DISTRICT NO. 1 OF FRANKLIN COUNTY, WASHINGTON

AUTHORIZING THE APPROVAL AND EXECUTION OF A REPAYMENT AGREEMENT TO PROVIDE SECURITY FOR BONDS TO BE ISSUED BY NORTHWEST OPEN ACCESS NETWORK.

WHEREAS, Public Utility District No. 1 of Franklin County (the "District"), along with other Washington municipal corporations (collectively, the "Members"), is a member of Northwest Open Access Network, a Washington nonprofit mutual corporation ("NoaNet"); and

WHEREAS, it is in the best interest of the District and its customer-owners for the District to enter into an agreement with NoaNet pursuant to which the District will guarantee a portion of the debt service on bonds (the "Bonds") to be issued by NoaNet for capital and other expenditures and to repay NoaNet's outstanding debt;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The General Manager of the District or his designee is hereby authorized to execute on behalf of the District the Repayment Agreement in substantially the form attached to this Resolution as Exhibit A (the "Repayment Agreement") and such Repayment Agreement is hereby approved. The District acknowledges that the various percentages that each Member is guaranteeing does not generally correspond to the Members' percentage interest in NoaNet and that each Member is obligated to pay its share whether or not the Member remains a Member of NoaNet. The Repayment Agreement shall not be effective and the Bonds shall not be issued until all Members have adopted resolutions approving the Repayment Agreement.
2. The General Manager of the District or his designee is hereby authorized to take any and all actions necessary or appropriate to assist NoaNet in issuing the Bonds, including approving language regarding the District in an Official

Statement for the Bonds and agreeing to provide continuing ongoing financial information to owners of the Bonds.

Adopted by the Board of Commissioners of Public Utility District No. 1 of Franklin County, Washington, at an open public meeting this 27th day of October, 2020.

William Gordon, President

Stuart Nelson, Vice President

Roger Wright, Secretary

**REPAYMENT AGREEMENT
FOR TELECOMMUNICATIONS NETWORK REVENUE BONDS, 2020**

This Agreement (the “Agreement”), effective _____, 2020, is by and among Northwest Open Access Network (“NoaNet”) and Public Utility District Nos. 1 of Benton, Clallam, Franklin, Jefferson, Kitsap, Okanogan and Pend Oreille Counties, Public Utility District No. 2 of Pacific County, Public Utility District No. 3 of Mason County, and Energy Northwest (collectively, the “Members”). The Members that are public utility districts are established and operated pursuant to RCW Chapter 54; Energy Northwest is a joint operating agency established and operated pursuant to RCW 43.52; and NoaNet is a nonprofit mutual corporation established and operated pursuant to RCW Chapters 24.06.

WHEREAS, NoaNet was formed pursuant to an Interlocal Cooperation Agreement/Northwest Open Access Network (the “NoaNet Interlocal Cooperation Agreement”):

- (1) to assist in the efficient management of load, conservation, and acquisition of electrical energy, and other utility purposes, by participating in the development and efficient use of a communications network licensed or leased from or shared with the Bonneville Power Administration and/or any other source, or otherwise owned, acquired or used by the corporation for use by the Members and others as provided by law;
- (2) to assist the Members, including those in rural areas, in adapting high speed information technology systems to their needs;
- (3) to allow the sharing of resources to provide cost-effective high technology communications facilities and other services for use by the Members on an at-cost basis to those who make their networks available to all providers and users, and by others as provided by law;
- (4) through the use of such network, to improve the Members’ ability to maximize the productivity of their assets and continue to provide efficient and economical service to customers; and
- (5) to do any and all lawful activities that may be necessary, useful or desirable for the furtherance, accomplishment, fostering or attainment of the foregoing purposes, either directly or indirectly and either alone or in conjunction or cooperation with others; and

WHEREAS, NoaNet currently has not to exceed \$12,000,000 in loans from Washington Trust Bank and certain Members (“Outstanding Debt”); and

WHEREAS, on _____, 2020, the Board adopted a Resolution (the “Resolution”) authorizing NoaNet to issue its Telecommunications Network Revenue Bonds, 2020 (Taxable) (the “Bonds”) in the principal amount of not to exceed \$25,000,000 to repay NoaNet’s

Exhibit A, Resolution 1345

Outstanding Debt and finance capital improvements and other expenses of NoaNet approved by the Board and to sell the Bonds to RBC Capital Markets, LLC; and

WHEREAS, to sell the Bonds on the most advantageous terms and at the lowest interest expense, it is necessary for the Members to be obligated to pay the principal of and interest on the Bonds when due, in the event and to the extent that NoaNet's Net Revenue (as defined in the Resolution) are insufficient for this purpose; and

WHEREAS, the Board of each Member has duly adopted a resolution approving this Agreement and the repayment by each Member as provided in this Agreement (each a "Member Resolution"); and

WHEREAS, the Members and NoaNet wish to set forth the terms under which the Members shall repay NoaNet for the principal of and interest on the Bonds when due;

NOW, THEREFORE, NoaNet and the Members agree as follows:

Section 1. Term. This Agreement shall take effect upon its execution by NoaNet and the Members and shall expire when Bonds are no longer outstanding under the Resolution.

Section 2. Guarantee and Payment by Members.

(a) Each Member hereby acknowledges and agrees that it is a guarantor of the payment of the principal of and interest on the Bonds and is liable to repay NoaNet for amounts due and owing with respect to such principal and interest up to the maximum Percentage Share listed on Schedule A ("Percentage Share"). Each Member further acknowledges that the Percentage Share for all Members does not correspond to the Members' current Percentage Share in NoaNet.

(b) Interest on the Bonds is payable semiannually on each June 1, and December, commencing June 1, 2021. Interest on the Bonds shall be calculated based on a 360-day year of twelve 30-day months. The Bonds shall bear interest at the rates and the Bonds shall mature in the amounts set forth in Schedule B (which will be attached when the Bonds are priced). To the extent that NoaNet's Gross Revenue is projected to be insufficient to pay interest amounts when due, after paying or providing for Costs of Maintenance and Operation of NoaNet (as such terms are defined in the Resolution), NoaNet shall bill each Member no less than 65 days in advance of each interest payment date, for each Member's Percentage Share of such interest amounts due and owing (taking into account Net Revenue on hand for this purpose). Each Member shall remit payments to NoaNet no later than 30 days after receiving the bill.

All outstanding principal amounts of the Bonds shall be due on December 1 in the maturity years set forth in Schedule B, or upon prior redemption. To the extent that NoaNet's Gross Revenue is insufficient to pay principal amounts when due, after paying or providing for Costs of Maintenance and Operation of NoaNet (as such terms are defined in the Resolution), NoaNet shall bill each Member no less than 65 days in advance of each principal payment date, for each Member's Percentage Share of such principal amounts due and owing (taking into account Net Revenue on hand for this purpose). Each Member shall remit payments to NoaNet no later than 30 days after receiving the bill.

Exhibit A, Resolution 1345

(c) A failure by any Member to repay amounts due in full shall subject such Member to all of the remedies in Article IX Section 3 of the Bylaws, as it may be amended, which incorporates Article II Section 18 of the Bylaws, as it may be amended, provided that any Member that does not pay in full shall have a reasonable time to cure the nonpayment before being expelled as a Member of NoaNet.

(d) NoaNet agrees to deposit all amounts received from the Members under this Agreement in the Telecommunications Network Revenue Bond Account created under the Resolution and to use such money for the sole purpose of paying the principal of and interest on the Bonds. If NoaNet draws on the Reserve Account to cover a payment not made by any Member, NoaNet may deposit amounts paid pursuant to paragraph (b) or (c) above to the Reserve Account to meet the Reserve Account Requirement (as such terms are defined in the Resolution).

(e) All Members except Energy Northwest, Public Utility District No. 1 of Kitsap County (“Kitsap PUD”) and Public Utility District No. 1 of Pend Oreille County (“Pend Oreille PUD”) shall be required to make payments to NoaNet under this Agreement only from the revenues derived from the ownership and operation of their electric utility properties. Energy Northwest shall be required to make payments to NoaNet under this Agreement only from the revenues in its Energy Northwest, Resource Development, Business Development Fund. Kitsap PUD shall be required to make payment to NoaNet under this Agreement from telecommunications revenues of the District. Pend Oreille PUD shall be required to make payment to NoaNet under this agreement only from revenues of its Community Network System. The payments to be made by each Member to NoaNet under this Agreement shall be payable after payments of operating and maintenance expenses, principal of and interest on any existing and future obligations of the Members’ systems from which payments are pledged, and required reserves for such obligations and as otherwise required to conform to bond and note covenants of the Member. Each Member agrees that it will establish, maintain and collect rates and charges for power and energy and other services, facilities and commodities sold, furnished or supplied by it through its electric utility properties (or any telecommunications revenues of the District in the case of Kitsap PUD and Pend Oreille PUD, and commodities that finance its Resource Development, Business Development Fund in the case of Energy Northwest), which shall be adequate to provide revenues sufficient to enable the Member to make its required payments under this Agreement. Subject to the limitations of this paragraph, each Member’s obligation hereunder is unconditional and absolute, and is not subject to offset.

(f) Each Member shall remain obligated pursuant to this Agreement to pay its respective share of principal of and interest on the Bonds, when due, regardless of whether the Member remains a member of NoaNet. If a new member joins NoaNet, NoaNet shall enter into an agreement with the new member substantially in the form of this Agreement or, at NoaNet’s option, an agreement indemnifying the other Members. The Members shall remain obligated for the Percentage Shares listed in Schedule A unless the new member has at least a rating from a nationally recognized rating agency in one of the top three ratings categories and enters into an agreement with NoaNet substantially in the form of this Agreement to pay a Percentage Share, in which case the Member’s Percentage Shares listed in Schedule A shall be adjusted to account for the new Member’s Percentage Share. A new Member’s Percentage Share shall not exceed 15%.

Exhibit A, Resolution 1345

(g) Notwithstanding Article IX, Section 1 of the Bylaws of NoaNet, if NoaNet issues bonds that refund the Bonds (the “Refunding Bonds”), each Member shall be obligated to pay its respective share of the principal of and interest of the Refunding Bonds provided that there is a debt service savings for each maturity of Refunding Bonds (compared to the Bonds and except as necessary to round out maturities to the nearest \$5,000) and the final maturity date of the Refunding Bonds is not later than that of the Bonds. In such event, Schedule B shall be adjusted to reflect the revised debt service schedule for the Refunding Bonds. All other terms and conditions of this Agreement shall remain in full force and effect.

Section 3. Assignment; Third Party Beneficiary. The parties shall not assign their interests or obligations under this Agreement without the prior written consent of the other parties. This Agreement shall inure to the benefit of and shall bind the respective assigns. The Bondowners (as defined in the Resolution) shall be third-party beneficiaries of this Agreement. There are no other third party beneficiaries of this Agreement.

Section 4. Severability. If a provision of this Agreement is held to be invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision and this Agreement shall be construed as if such invalid or unenforceable provision had never been contained in this Agreement.

Section 5. Governing Law. This Agreement shall be governed and interpreted under the laws of the State of Washington.

Section 6. Counterparts. This Agreement may be executed in counterparts, and each shall be considered an original when the signature of each party has been obtained.

Section 7. Waiver. No provision of this Agreement may be waived except as documented or confirmed in writing. Any waiver at any time by a party of its right with respect to a default under this Agreement, or with respect to any other matter arising in connection therewith, shall not be deemed a waiver with respect to any subsequent default or matter.

Section 8. Communications. Communications between the parties, including bills sent pursuant to Section 2(b) or (c), shall be delivered in person, mailed or e-mailed to the addresses and to the attention of the person(s) specified on Schedule C of this Agreement. A party may change such address or specified person(s) by submitting to the other parties a revised Schedule B.

Section 9. Representations.

(a) Each Member (with the exception of Energy Northwest) hereby represents and warrants that it is a public utility district duly organized, existing and operating under the provisions of Chapter 54 RCW with full power and authority to enter into and perform its obligations under the NoaNet Interlocal Cooperation Agreement and this Agreement. Energy Northwest represents and warrants that it is a joint operating agency duly organized, existing and operating under the provisions of Chapter 43.52 RCW with full power and authority to enter into and perform its obligations under the NoaNet Interlocal Cooperation Agreement and this Agreement.

Exhibit A, Resolution 1345

(b) Each Member hereby represents and warrants that there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or administrative body pending or threatened against such Member that challenges, contests or questions the adoption or validity of the applicable Member Resolution, that seeks to prohibit, restrain or enjoin such Member from complying with the NoaNet Interlocal Cooperation Agreement or this Agreement, that affects or questions the validity or enforceability of the NoaNet Interlocal Cooperation Agreement or this Agreement, or that challenges or affects the corporate existence of such Member or the titles of its officers.

(c) Each Member hereby represents and warrants that the execution, delivery and performance by such Member of its obligations under this Agreement does not conflict with or constitute a breach of or a default under any constitutional, statutory or administrative provision of the State of Washington applicable to such Member or any judgment, decree, bond, note, resolution, indenture, contract or agreement or any other instrument to which such Member is subject or bound.

Section 10. Amendments. No amendment of any provision of this Agreement shall be valid unless set forth in a written amendment signed by all parties, and with an opinion of bond counsel to NoaNet that the amendment will not materially impact the Bonds.

NORTHWEST OPEN ACCESS NETWORK

By _____
Chief Executive Officer

MEMBERS:

PUBLIC UTILITY DISTRICT NO. 1 OF
BENTON COUNTY

By _____
Manager

PUBLIC UTILITY DISTRICT NO. 1 OF
CLALLAM COUNTY

By _____
Manager

Exhibit A, Resolution 1345

PUBLIC UTILITY DISTRICT NO. 1 OF
FRANKLIN COUNTY

By _____
Manager

PUBLIC UTILITY DISTRICT NO. 1 OF
JEFFERSON COUNTY

By _____
Manager

PUBLIC UTILITY DISTRICT NO. 1 OF KITSAP
COUNTY

By _____
Manager

PUBLIC UTILITY DISTRICT NO. 3 OF MASON
COUNTY

By _____
Manager

PUBLIC UTILITY DISTRICT NO. 1 OF
OKANOGAN COUNTY

By _____
Manager

PUBLIC UTILITY DISTRICT NO. 2 OF PACIFIC
COUNTY

By _____
Manager

Exhibit A, Resolution 1345

**DRAFT
SCHEDULE A**

Member	Percentage Share	Principal Share*
Benton PUD No. 1	12.12%	\$3,030,000
Mason PUD No. 3	12.12%	\$3,030,000
Energy Northwest**	10.00%	\$2,500,000
Clallam PUD No. 1	10.00%	\$2,500,000
Franklin PUD No. 1	10.00%	\$2,500,000
Okanogan PUD No. 1	10.00%	\$2,500,000
Pacific PUD No. 2	10.00%	\$2,500,000
Pend Oreille PUD No. 1	5.76%	\$1,440,000
Kitsap PUD No. 1	10.00%	\$2,500,000
Jefferson PUD No. 1	10.00%	\$2,500,000
Totals	100.00%	\$25,000,000

*Will be adjusted if principal amount of Bonds is less than \$25,000,000.

** Energy Northwest meets with their Board on October 22nd to determine share.

Exhibit A, Resolution 1345

**DRAFT
SCHEDULE B**

DEBT SERVICE SCHEDULE – DRAFT PRICING

Period Ending	Principal*	Interest*	Total *	Annual Total*
06/01/2021	-	178,311	178,311	
12/01/2021	2,340,000	178,311	2,518,311	2,696,621
06/01/2022	-	169,653	169,653	
12/01/2022	2,355,000	169,653	2,524,653	2,694,305
06/01/2023	-	159,762	159,762	
12/01/2023	2,375,000	159,762	2,534,762	2,694,523
06/01/2024	-	148,480	148,480	
12/01/2024	2,400,000	148,480	2,548,480	2,696,961
06/01/2025	-	134,320	134,320	
12/01/2025	2,425,000	134,320	2,559,320	2,693,641
06/01/2026	-	118,194	118,194	
12/01/2026	2,490,000	118,194	2,608,194	2,726,388
06/01/2027	-	98,772	98,772	
12/01/2027	2,525,000	98,772	2,623,772	2,722,544
06/01/2028	-	77,815	77,815	
12/01/2028	2,570,000	77,815	2,647,815	2,725,629
06/01/2029	-	53,657	53,657	
12/01/2029	2,615,000	53,657	2,668,657	2,722,313
06/01/2030	-	27,768	27,768	
12/01/2030	2,670,000	27,768	2,697,768	2,725,536
Total	\$24,765,000	\$2,333,460	\$27,098,460	\$27,098,460

* Preliminary, subject to change

Exhibit A, Resolution 1345

SCHEDULE C

Addresses of NoaNet and Members

NoaNet: NoaNet
7195 Wagner Way NW, Suite 104
Gig Harbor, WA 98335
Phone (253) 292-9936
Fax (253) 320-2129
Attention: Dave Spencer, Chief Executive Officer

Members:

Energy Northwest
P.O. Box 968
Richland, Wash. 99352-0968
Phone (509) 377-8625
Fax (509) 377-8124
Attention: Greg Cullen, Energy Services and Development Manager
Steve Lorence, Corporate Support Services Manager
Jeffrey Windham, Assistant Treasurer

Public Utility District No. 1 of Benton County
2721 W. Tenth Avenue
P.O. Box 6270
Kennewick, WA 99336
Phone (509) 582-2175
Fax (509) 586-1710
Attention: Rick Dunn, General Manager
Jon Meyer, Finance Director

Public Utility District No. 1 of Clallam County
2431 East Highway 101
P.O. Box 1090
Port Angeles, WA 98362-0207
Phone (360) 452-9771
Fax (360) 452-9338
Attention: Doug Nass, General Manager
Sean Worthington, Finance Manager/Treasurer

Public Utility District No. 1 of Franklin County
1411 W. Clark
P.O. Box 2407
Pasco, WA 99301
Phone (509) 547-5591

Exhibit A, Resolution 1345

Fax (509) 547-4116
Attention: Scott Rhees, General Manager

Public Utility District No. 1 of Jefferson County
210 Four Corners Rd
Port Townsend WA 98368
Phone (360) 385-5800
Fax (360) 385-5945
Attention: Kevin Streett, General Manager
Mike Bailey, Finance Director, Auditor

Public Utility District No. 1 of Kitsap County
1431 Finn Hill Rd.
P.O. Box 1989
Poulsbo, WA 98370
Phone (360) 779-7656
Fax (360) 779-3284
Attention: Bob Hunter, Manager

Public Utility District No. 3 of Mason County
2621 E. Johns Prairie Road
P.O. Box 2148
Shelton, WA 98584
Phone (360) 426-8255
Fax (360) 426-8547
Attention: Annette Creekpaum, Manager

Public Utility District No. 1 of Okanogan County
1331 2nd Avenue North
P.O. Box 912
Okanogan, WA 98840
Phone (509) 422-3310
Fax (509) 422-4020
Attention: Steve Taylor, General Manager
Janet Crossland, Finance Director

Public Utility District No. 2 of Pacific County
405 Duryea Street
P.O. Box 472
Raymond, WA 98577
Phone (360) 942-2411
Fax (360) 875-9388
Attention: Jason Dunsmoor, General Manager
Renae Powell, Finance Manager

Public Utility District No. 1 of Pend Oreille County

Exhibit A, Resolution 1345

130 N. Washington
P.O. Box 190
Newport, WA 99156
Phone (509) 447-3137
Fax (509) 447-5824
Attention: Colin Willenbrock, General Manager
April Owen, Director of Finance

**CERTIFICATE OF
PUBLIC UTILITY DISTRICT NO. 1 OF FRANKLIN COUNTY**

I, Scott Rhees, certify that I am the duly appointed and acting General Manager of Public Utility District No. 1 of Franklin County, Washington (the “District”), authorized to execute this certificate on behalf of the District. This certificate is executed and delivered in connection with the issuance by the Northwest Open Access Network (“NoaNet”) of its \$ _____ par value Telecommunication Network Revenue Bonds, 2020 (Taxable) (the “Bonds”), and the Repayment Agreement effective _____, 2020 (the “Repayment Agreement”), among NoaNet, the District and other members of NoaNet. Pursuant to the Repayment Agreement, the District is guaranteeing ____% of the principal of and interest on the Bonds whether or not the District remains a Member of NoaNet.

1. The District has not taken any action to modify or repeal the Repayment Agreement.

2. The financial and operating information with respect to the District that is included in the Preliminary Official Statement for the Bonds, dated _____, 2020, and in the Official Statement for the Bonds dated _____, 2020, under the heading “THE MEMBERS—Public Utility District No. ___ of _____ County” is true and correct.

DATED as of this _____ day of _____, 2020.

**PUBLIC UTILITY DISTRICT NO. 1
OF FRANKLIN COUNTY, WASHINGTON**

Scott Rhees, General Manager

AGENDA ITEM 14

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Scott Rhees
General Manager
Date: October 27, 2020

REPORT
 DISCUSSION
 ACTION REQUIRED

1. **OBJECTIVE:**

Adopting a Resolution Authorizing the Issuance and Sale of Electric Revenue and Refunding Bonds in One or More Series in the Aggregate Principal Amount of Not to Exceed \$44,000,000 to Finance Improvements to the District's Electric System and to Refund Certain Outstanding Bonds; Fixing the Form and Covenants of the Bonds; and Delegating Authority to the General Manager or his Designee to Approve the Final Terms of the Bonds.

2. **BACKGROUND:**

As part of the overall financial plan, the District periodically issues bonds to finance capital projects. Bond financing takes pressure off of near term rates, and equitably spreads the cost of assets out over their useful lives. The District's last bond issue was in 2016 and was comprised of \$5 million in new proceeds that was used for capital and approximately \$29 million that was used to refund earlier bonds.

The District's financial policy includes a leverage target called the debt to net asset ratio; this ensures the District does not issue too much debt. As of September 30, 2020 the District is currently at 26%, which is well below the target of 40%.

The proposed bond issue is expected to be \$39 million to \$44 million depending on the refunding and restructuring opportunities related to existing bonds. Of the proceeds, \$17 million will be used to fund capital projects and the remaining portion will be used for refunding and restructuring purposes. The restructuring strategy is to optimize cash flow over the next two years and sustain a decreased annual debt service for the years thereafter. The District's current rate structure supports a debt service payment of approximately \$5.5 million, and the proposed annual debt service will be under \$5 million.

Resolution 1346 authorizes the issuance and sale of electric revenue and refunding bonds, in one or more series, in the principal amount not to exceed \$44 million to finance improvements to the District's electric system and to refund certain outstanding bonds; fixing the form and covenants of the bonds; and delegating authority to approve the final terms of the bonds to the General

Manager within the parameters as listed in *Article XV, Miscellaneous, Sale of 2020 Bonds, Defeasance, Section 15.5* of Resolution 1346 (see page 49). The adoption of this resolution will give the General Manager or his designee authority to approve the final terms of the bonds and execute the bond purchase agreement with the underwriter, RBC Capital Markets, LLC.

Staff recommends the Commission adopt Resolution 1346 as presented.

3. SUGGESTED MOTION:

I move to adopt Resolution 1346 as presented.

PUBLIC UTILITY DISTRICT NO. 1 OF
FRANKLIN COUNTY, WASHINGTON
RESOLUTION NO. 1346

A RESOLUTION OF PUBLIC UTILITY DISTRICT NO. 1 OF
FRANKLIN COUNTY, WASHINGTON,

AUTHORIZING THE ISSUANCE AND SALE OF ELECTRIC REVENUE AND REFUNDING BONDS IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$44,000,000 TO FINANCE IMPROVEMENTS TO THE DISTRICT'S ELECTRIC SYSTEM AND TO REFUND CERTAIN OUTSTANDING BONDS; FIXING THE FORM AND COVENANTS OF THE BONDS; AND DELEGATING AUTHORITY TO THE GENERAL MANAGER OR HIS DESIGNEE TO APPROVE THE FINAL TERMS OF THE BONDS.

Adopted on October 27, 2020

This document prepared by:

*Foster Garvey P.C.
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-4400*

TABLE OF CONTENTS*

		<u>Page</u>
ARTICLE I	DEFINITIONS	2
	Section 1.1 Definitions	2
	Section 1.2 Interpretation.....	9
ARTICLE II	FINDINGS AND DETERMINATIONS.....	9
	Section 2.1 Revenues Sufficient	9
	Section 2.2 Due Regard	10
	Section 2.3 Plan and System.....	10
	Section 2.4 Compliance with Parity Conditions.....	10
	Section 2.5 Best Interests of the District	10
ARTICLE III	AUTHORIZATION AND ISSUANCE OF 2020 BONDS	10
	Section 3.1 Authorization of 2020 Bonds	10
	Section 3.2 Additional Provisions of 2020 Bonds.....	10
	Section 3.3 Reservation of Right to Purchase.....	11
	Section 3.4 Redemption of 2020 Bonds.....	11
	Section 3.5 Mandatory Redemption.....	12
	Section 3.6 Derivative Products.....	12
	Section 3.7 Supplemental Resolutions to Govern Derivative Products	13
ARTICLE IV	ISSUANCE OF ADDITIONAL BONDS.....	13
	Section 4.1 Authorization of Series of Additional Bonds	13
	Section 4.2 Additional Bonds; Resource Obligations	13
ARTICLE V	GENERAL TERMS AND PROVISIONS OF BONDS	17
	Section 5.1 Execution and Payment of Bonds	17
	Section 5.2 Ownership of Bonds.....	17
	Section 5.3 Book-Entry Form; Registrar; Exchanges and Transfers	18
	Section 5.4 Payment of 2020 Bonds and Interest	19
	Section 5.5 Lost, Stolen, Destroyed or Mutilated Bonds	19
	Section 5.6 Limitations on Duty of District to Register, Exchange or Transfer Bonds	20
	Section 5.7 Paid or Surrendered Bonds Not to be Reissued.....	20
ARTICLE VI	REDEMPTION OF BONDS	20
	Section 6.1 Notice of Redemption	20
	Section 6.2 Payment of Redeemed Bonds; When Interest on Bonds Called for Redemption Ceases to Accrue	21

** The cover page, table of contents and section captions of this Resolution are for convenience of reference only, and shall not be used to resolve any question of interpretation of this Resolution.*

	<u>Page</u>
ARTICLE VII CREATION OF SPECIAL FUNDS AND ACCOUNTS AND PAYMENTS THEREFROM	22
Section 7.1 Revenue Fund	22
Section 7.2 Bond Fund	23
Section 7.3 Investment of Funds	26
ARTICLE VIII DISPOSITION OF 2020 BOND PROCEEDS; REFUNDING OF CERTAIN BONDS.....	27
Section 8.1 Disposition of the Proceeds from the Sale of the 2020 Bonds	27
Section 8.2 Defeasance and Refunding of Refunded Bonds	27
Section 8.3 Call for Redemption of the Refunded Bonds	28
ARTICLE IX COVENANTS TO SECURE BONDS	29
Section 9.1 Security for Bonds	29
Section 9.2 Rate Covenant – General	29
Section 9.3 Rate Covenant – Debt Service Coverage	30
Section 9.4 Restrictions on Contracting of Obligations Secured by Revenues	30
Section 9.5 Covenant to Maintain System in Good Condition	30
Section 9.6 Covenants Concerning Disposal of Properties of Electric System.....	31
Section 9.7 Insurance.....	31
Section 9.8 Books of Account.....	32
Section 9.9 Covenant Not to Render Service Free of Charge.....	32
Section 9.10 Tax Covenants.....	33
ARTICLE X SUPPLEMENTAL AND AMENDATORY RESOLUTIONS.....	33
Section 10.1 Amendments Without Consent of Bondowners	33
Section 10.2 Amendments With Consent of Bondowners	34
ARTICLE XI DEFAULTS AND REMEDIES	34
Section 11.1 Events of Default	34
Section 11.2 Remedies	36
Section 11.3 Remedies Granted in Resolution Not Exclusive	38
ARTICLE XII AMENDMENTS AND BONDOWNERS MEETINGS	38
Section 12.1 Call of Bondowners Meetings	38
Section 12.2 Notice to Bondowners.....	38
Section 12.3 Proxies; Proof of Ownership of Bonds	39
Section 12.4 Execution of Instruments by Bondowners	39
Section 12.5 Appointment of Officers at Bondowners Meetings.....	39
Section 12.6 Quorum at Bondowners Meetings.....	40
Section 12.7 Vote Required to Amend Resolution	40

	<u>Page</u>
Section 12.8	Obtaining Approval of Amendments at Bondowners Meeting.....40
Section 12.9	Alternate Method of Obtaining Approval of Amendments.....41
Section 12.10	Amendment of Resolution In Any Respect by Approval of All Bondowners.....41
Section 12.11	Bonds Owned by District.....42
Section 12.12	Endorsement of Amendment on Bonds.....42
ARTICLE XIII	FORM OF BONDS.....42
Section 13.1	Form of 2020 Bonds42
ARTICLE XIV	ONGOING DISCLOSURE45
Section 14.1	Undertaking to Provide Ongoing Disclosure.....45
ARTICLE XV	MISCELLANEOUS, SALE OF 2020 BONDS, DEFEASANCE48
Section 15.1	Resolution and Laws a Contract With Bondowners.....48
Section 15.2	Bonds Deemed No Longer to be Outstanding Hereunder48
Section 15.3	Benefits of Resolution Limited to District, Bondowners and Bond Registrar.....48
Section 15.4	Official Statement48
Section 15.5	Sale of 2020 Bonds.....49
Section 15.6	Severability50
Section 15.7	General Authorization50
Section 15.8	Adjustment of Amounts.....50
Section 15.9	Prior Acts.....50
Section 15.10	Effective Date of Resolution.....51

RESOLUTION NO. 1346

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITY DISTRICT
NO. 1 OF FRANKLIN COUNTY, WASHINGTON,**

**AUTHORIZING THE ISSUANCE AND SALE OF ELECTRIC REVENUE AND REFUNDING
BONDS IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT
TO EXCEED \$44,000,000 TO FINANCE IMPROVEMENTS TO THE DISTRICT'S ELECTRIC
SYSTEM AND TO REFUND CERTAIN OUTSTANDING BONDS; FIXING THE FORM AND
COVENANTS OF THE BONDS; AND DELEGATING AUTHORITY TO THE GENERAL
MANAGER OR HIS DESIGNEE TO APPROVE THE FINAL TERMS OF THE BONDS.**

WHEREAS, Public Utility District No. 1 of Franklin County, Washington (the "District"), a municipal corporation of the State of Washington, owns and operates an electric utility system within Franklin County, Washington (the "Electric System"); and

WHEREAS, the District has outstanding \$17,225,000 Electric Revenue and Refunding Bonds, Series 2013A (the "2013A Bonds") and \$7,975,000 Electric Revenue Refunding Bonds, Series 2013B (Taxable) (the "2013B Bonds," and collectively with the 2013A Bonds, the "2013 Bonds") issued pursuant to Resolution No. 1204 of the District adopted on June 25, 2013; and

WHEREAS, the District has outstanding \$16,870,000 Electric Revenue and Refunding Bonds, 2016A (the "2016A Bonds") and \$6,230,000 Electric Revenue and Refunding Bonds, Series 2016B (Taxable) (the "2016B Bonds," and together with the 2016A Bonds, the "2016 Bonds") issued pursuant to Resolution No. 1261 of the District adopted on August 23, 2016;

WHEREAS, the resolutions authorizing the 2013 Bonds and 2016 Bonds (the "Outstanding Bonds") provide that such bonds may be redeemed prior to their maturities; and

WHEREAS, if interest rates are favorable, the Commission deems it advisable to issue revenue bonds and use available District funds to refund all or a portion of the outstanding 2013A and 2016B Bonds; and

WHEREAS, the Commission also deems it advisable to issue electric revenue bonds to finance various capital improvements to the Electric System; and

WHEREAS, the resolutions authorizing the issuance of the Outstanding Bonds provide that additional electric revenue bonds may be issued on a parity with the Outstanding Bonds if certain conditions are met;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Franklin County as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions.

As used in this Resolution, the following words and phrases shall have the meanings herein set forth unless the context shall clearly indicate that another meaning is intended.

“Acquired Obligations” means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the Refunded Bonds as authorized by this Resolution.

“Additional Bonds” means any bonds issued on a parity with the 2013 Bonds, the 2016 Bonds and the 2020 Bonds pursuant to Article IV of this Resolution.

“Adjusted Net Revenues” means Net Revenues as calculated pursuant to subsection I of Section 4.2.

“Annual Debt Service” for any Fiscal Year means the sum of:

- A. the interest due in such Fiscal Year on all outstanding Bonds, excluding interest to be paid from the proceeds of the sale of the Bonds,
- B. the principal of all outstanding Serial Bonds due in such Fiscal Year,
- 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.

Except as provided in subsection L of Section 4.2, if the interest rate on any such Bonds is other than a fixed rate, the rate applicable at the time of computation shall be used.

In calculating the Annual Debt Service, the District may exclude the direct payment the District is expected to receive in respect of Additional 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.

“Authorized Denomination” means \$5,000 or any integral multiple thereof within a maturity of a Series.

“Average Annual Debt Service” means the amount determined by dividing (a) the sum of all interest and principal to be paid on outstanding Bonds from the date of determination to the last maturity date of such Bonds by (b) the number of Fiscal Years from and including the Fiscal Year in which the determination is made to the last Fiscal Year in which the sum of (i) the principal amount of Serial Bonds maturing in such Fiscal Year plus (ii) the Sinking Fund Requirement for such Fiscal Year exceeds 4% of the principal amount of Bonds outstanding as of the date of determination.

If the interest rate on any such Bonds is other than a fixed rate, the rate applicable at the time of computation shall be used, except as provided in subsection L of Section 4.2.

In the case of a Derivative Product, the amount of interest to be paid on outstanding Bonds shall be calculated to include the amount of any regularly scheduled District Payments adjusted by any regularly scheduled Reciprocal Payments.

In calculating the Average Annual Debt Service, the District may exclude the direct payment the District is expected to receive in respect of Additional 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 Average Annual Debt Service.

“Beneficial Owner” means any person that has or shares the power, directly or indirectly, to vote or consent with respect to, or to dispose of or make decisions concerning ownership of, any Bond (including persons holding Bonds through nominees, depositories or other intermediaries).

“Bond Fund” means the Electric System Revenue Bond Fund previously established by the District.

“Bond Register” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each 2020 Bond.

“Bond Registrar” or “Registrar” means the Fiscal Agent, or any successor bond registrar selected by the District.

“Bondowners’ Trustee” means the trustee appointed pursuant to Section 11.2.

“Bonds” means the 2013 Bonds, the 2016 Bonds, the 2020 Bonds and any Additional Bonds. “Bonds” may include bonds, notes, warrants, certificates of indebtedness or any other evidence of indebtedness issued on a parity with the outstanding Bonds.

“Code” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“Commission” means the legislative body of the District as the same shall be duly and regularly constituted from time to time.

“Construction Fund” means the funds or accounts of the District and used to finance costs of improvements to the Electric System, including the Improvements.

“Contingency and Replacement Account” means the account of that name in the Revenue Fund used to make up any deficiencies in the Reserve Account and for the other purposes described in Section 7.1.

“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 a third party in connection with the issuance of Bonds 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 (the “Reciprocal Payor”) (provided, however, that if the District’s Bonds are rated by Moody’s Investors Service, such party shall have a rating by Moody’s Investors Service at least as high as that of the District), 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 Revenues on an equal and ratable basis with the outstanding Bonds;

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 officer of the District appointed pursuant to this Resolution to serve as the District’s designated representative in accordance with RCW 39.46.040(2).

“Distribution and Transmission Facilities” means the electric utility properties and assets, real and personal, tangible and intangible, now owned and operated by the District and used or useful in the transmission, distribution or sale of electric current or electric service, and business incidental thereto, including telecommunication facilities, and any additions, improvements and betterments thereto and extensions thereof hereafter constructed or acquired. Distribution and Transmission Facilities shall not include Generating Facilities.

“District” means Public Utility District No. 1 of Franklin County, Washington, a municipal corporation of the State of Washington.

“District Payment” means any payment (designated as such by a Supplemental Resolution) 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, or its nominee.

“Electric System” means the Distribution and Transmission Facilities and any Generating Facilities hereafter acquired, but such Electric System shall not include any property and facilities as may hereafter be acquired or constructed and established as a separate utility system not financed from the Revenues except on a basis junior and inferior to the lien on Revenues pledged to pay and secure the Bonds, the revenue of which separate utility system may be pledged to the

payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire such separate utility system.

“Events of Default” means the events so defined in Section 11.1.

“Fiscal Agent” means the fiscal agent of the State, as the same may be designated by the State from time to time.

“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.

“Generating Facilities” means the Pasco CT Project and any other electric utility properties and assets, real and personal, tangible and intangible, and used or useful in the generation of electric energy, hereafter acquired or constructed by the District and declared to be part of the Electric System, including any common undivided interest therein, related transmission facilities, and additions, improvements and betterments to and extensions of such properties and assets.

“Government Obligations” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

“Improvements” means those improvements to the Electric System authorized by Section 2.3.

“Issue Date” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Underwriter in exchange for the purchase price of that Bond.

“Letter of Representations” means the Blanket Issuer Letter of Representations between the District and DTC, dated August 15, 1996, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means, for any period, the excess of Revenues over Operating Expenses for such period, excluding from the computation of Revenues (A) any profit or loss derived from the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, or resulting from the early extinguishment of debt; (B) insurance proceeds; and (C) investment income restricted to a particular purpose inconsistent with its use for the payment of debt service.

“Official Statement” means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series of the 2020 Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

“Operating Expenses” means (A) the District’s expenses for operation and maintenance of the Electric System, and ordinary repairs of the Electric System, including all costs of delivering electric power and energy and payments (other than payments out of Bond proceeds) into reasonable reserves in the Revenue Fund for items of Operating Expenses and other costs the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, all costs of purchased power, rents, costs of transmission and distribution operation

and maintenance expenses, 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 or payments in lieu of taxes, all to the extent properly allocable to the Electric System; and (Bi) the fees and expenses of any paying agent or Bond Registrar or trustee appointed pursuant to this Resolution. Operating Expenses shall not include any costs or expenses for new construction, District Payments, interest or any allowance for depreciation or amortization or other non-cash expenses related to the marking to market of finance or energy-related contracts.

“Outstanding Bonds” means the 2013 Bonds and 2016 Bonds.

“Owner” means, without distinction, the Registered Owner and the Beneficial Owner.

“Permitted Investments” means any investment or investment agreement permitted for funds of the District under the laws of the State of Washington as amended from time to time.

“Pricing Certificate” means the certificate of the Designated Representative with the final terms of the 2020 Bonds.

“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.

“Project” means improvements to the Electric System, and other capital purposes, as deemed necessary and advisable by the District. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, may be included as costs of the Project.

“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 rated in one of the two highest rating categories by two nationally recognized rating agencies.

“Qualified Letter of Credit” means any letter of credit issued by a financial institution for the account of the District on behalf of the owners of the 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 highest two categories by two nationally recognized rating agencies.

“Rating Agency” means any nationally recognized rating agency then maintaining a rating on the 2020 Bonds at the request of the District.

“Reciprocal Payment” means any payment (designated as such by a Supplemental 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 Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a 2020 Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 6.1.

“Refunding Candidates” means all or portions of the outstanding 2013A Bonds and 2016B Bonds.

“Refunded Bonds” means those Refunding Candidates selected by the Designated Representative pursuant to Section 8.2 to be refunded with the proceeds of the Refunding Bonds and available District funds.

“Refunding Plan” means the deposit of sufficient proceeds of the 2020 Bonds which, together with other money of the District, if necessary, will acquire the Acquired Obligations to be deposited, with cash, if necessary, with the Refunding Trustee for:

A. the placement of sufficient proceeds of the 2020 Bonds which, with other money of the District, if necessary, will acquire the Acquired Obligations to be deposited, with cash, if necessary, with the Refunding Trustee;

B. the payment of the principal of and interest on the Refunded Bonds when due up to and including the last day at which such bonds may be redeemed, and the call, payment, and redemption on such date, of all of the then-outstanding Refunded Bonds at a price of par; and

C. may include the payment of the costs of issuing the 2020 Bonds and the costs of carrying out the foregoing elements of the Refunding Plan.

“Refunding Trust Agreement” means a Refunding Trust Agreement between the District and the Refunding Trustee.

“Refunding Trustee” means a bank or trust company appointed by the District to serve as trustee or escrow agent or any successor trustee or escrow agent.

“Registered Owner” means, with respect to a 2020 Bond, the person in whose name that 2020 Bond is registered on the Bond Register. For so long as the District utilizes the book-entry only system for the 2020 Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

“Reserve Account” means the account of that name in the Bond Fund.

“Resolution” means this Resolution, including any amendments or supplements thereto.

“Resource Obligation” means an obligation of the District to pay the following costs associated with a resource from Revenues 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 Revenues on a parity of lien with the Bonds:

(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 fund of that name described in Section 7.1.

“Revenues” means all income (including investment income), receipts and revenues derived by the District 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, 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 Section 15.2 or other bonds defeased, or the payment of which is provided for under any similar provision of any other bond resolution of the District), but shall not include any income derived by the District through the ownership and operation of any facilities that may hereafter be purchased, constructed or otherwise acquired by the District as a separate utility system.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

“SEC” means the United States Securities and Exchange Commission.

“Securities Depository” means DTC, any successor thereto, any substitute securities depository selected by the District that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

“Serial Bonds” means Bonds other than Term Bonds.

“Series of the 2020 Bonds” or “Series” means a series of the 2020 Bonds issued pursuant to this Resolution.

“Sinking Fund Requirement” means, for any Fiscal Year, the principal amount 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.

“Sinking Fund Requirement Date” means, for any Fiscal Year, the date by which the Sinking Fund Requirement for such Fiscal Year must be met.

“State” means the State of Washington.

“Supplemental Resolution” means any resolution amending, modifying or supplementing the provisions of this Resolution, including any resolution providing for the issuance of Additional Bonds.

“Term Bonds” means Bonds of any principal maturity which are subject to mandatory redemption or for which mandatory sinking fund payments are required.

“Treasurer” means the Treasurer of the District as designated, from time to time, by resolution of the Commission.

“2013A Bonds” means the \$18,370,000 original principal amount of Electric Revenue and Refunding Bonds, Series 2013A, authorized and issued by Resolution No. 1204.

“2013B Bonds” means the \$9,155,000 original principal amount of Electric Revenue Refunding Bonds, Series 2013B (Taxable), authorized to be issued by Resolution No. 1204.

“2016A Bonds” means the \$16,870,000 original principal amount of Electric Revenue and Refunding Bonds, Series 2016A, authorized and issued by Resolution No. 1261.

“2016B Bonds” means the \$15,305,000 original principal amount of Electric Revenue Refunding Bonds, Series 2016B (Taxable) authorized and issued by Resolution No. 1261.

“2020 Bonds” means the Electric Revenue and Refunding Bonds, 2020 issued pursuant to this Resolution.

“Undertaking” means the undertaking to provide continuing disclosure set forth in Section 14.1.

“Underwriter” means RBC Capital Markets, LLC of Seattle, Washington, or the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, underwriter or placement agent in a negotiated sale or awarded as the successful bidder in a competitive sale of any Series of the 2020 Bonds.

Section 1.2 Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words imparting the singular number shall include the plural numbers and vice versa unless the context shall otherwise indicate. Reference to Articles, Sections and other subdivisions of this Resolution are to the Articles, Sections and other subdivisions of this Resolution as originally adopted unless expressly stated to the contrary. The headings or titles of the Articles and Sections hereof, and the Table of Contents appended hereto, are for convenience of reference only and shall not define or limit the provisions hereof.

ARTICLE II

FINDINGS AND DETERMINATIONS

Section 2.1 Revenues Sufficient. The Commission hereby finds that the Revenues to be derived by the District from the operation of the Electric System 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 Revenues into the Bond Fund of such amounts as may be required to pay the principal of and interest on the Outstanding Bonds and the 2020 Bonds as the same become due and payable.

Section 2.2 Due Regard. The Commission hereby finds that due regard has been given to the cost of the operation and maintenance of the Electric System and that it has not obligated the District to set aside into the Bond Fund for the account of the Bonds, a greater amount of the revenues and proceeds of the Electric System than in its judgment will be available over and above such cost of maintenance and operation.

Section 2.3 Plan and System. The District shall acquire and construct capital improvements to the Electric System as described in the District's Capital Improvement Plan (the "Improvements"). The Improvements constitute a "Plan" for the purposes of RCW 54.24.018. The Commission hereby adopts the Plan, the estimated cost of which is approximately \$17,000,000. Any excess costs of the Plan not paid from Bond proceeds will be paid from other District funds.

Section 2.4 Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 4.2 of Resolution Nos. 1204 and 1261 as follows:

A. At the time of issuance of the 2020 Bonds, there will be no deficiency in the Bond Fund and no Event of Default will have occurred and be continuing.

B. The District shall have on file at or prior to the closing of the 2020 Bonds a certificate of the Treasurer of the District as required by such resolutions.

Section 2.5 Best Interests of the District. The Commission hereby finds that it is in the best interests of the District and the customers of the Electric System that the District issue the 2020 Bonds for the purpose of carrying out the Refunding Plan and financing the cost of the Improvements.

ARTICLE III

AUTHORIZATION AND ISSUANCE OF 2020 BONDS

Section 3.1 Authorization of 2020 Bonds. The District shall issue and sell the 2020 Bonds in the aggregate principal amount of not to exceed \$44,000,000. The 2020 Bonds are hereby designated "Electric System Revenue and Refunding Bonds, Series 2020." The 2020 Bonds shall be in fully registered form in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered numerically as to each maturity. The 2020 Bonds shall be issued in one or more Series with appropriate designations as determined by the Designated Representative as provided in Section 15.5.

Section 3.2 Additional Provisions of 2020 Bonds. The 2020 Bonds shall be dated the date of their delivery. The 2020 Bonds shall be fully registered as to both principal and interest, shall be in denominations of \$5,000 or any integral multiple thereof, provided that no 2020 Bond shall represent more than one maturity of a Series, and shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

Interest on the 2020 Bonds shall be payable as provided in Section 5.1. Interest shall be calculated based on a year of 360 days and 12 30-day months.

The Bond Register shall be maintained by the Bond Registrar, and shall contain the name and mailing address of the Registered Owner or Owners of each 2020 Bond or nominee of such Registered Owner or Owners and the principal amount and number of 2020 Bonds held by each Registered Owner or nominee.

Section 3.3 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 2020 Bonds for cancellation at any time and at any price.

Any money that is to be applied to the purchase or redemption of 2020 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.

Section 3.4 Redemption of 2020 Bonds.

A. Optional Redemption. The Designated Representative may designate certain maturities of the 2020 Bonds as being subject to redemption at the option of the District prior to their respective maturities, as will be set forth in the Pricing Certificate. For the purpose of selection of 2020 Bonds for redemption, each \$5,000 of principal amount of 2020 Bonds shall be treated as a separate Bond. If less than all the 2020 Bonds of an entire maturity are to be redeemed, the 2020 Bonds to be redeemed shall be chosen in such manner as the Bond Registrar or DTC, as appropriate, shall determine.

In addition, any Series of 2020 Bonds issued on a taxable basis may be non-callable or may be subject to redemption prior to their respective maturities at the option of the District, in whole or in part, on any Business Day, upon written notice mailed as provided in Section 6.1, at par or at the Make-Whole Redemption Price (as defined below) determined by the Designated Investment Banker (as defined below).

“Make-Whole Redemption Price” is the greater of:

(1) The issue price of any taxable 2020 Bonds (but not less than 100% of the principal amount of the taxable 2020 Bonds to be redeemed) or

(2) The sum of the present values of the remaining scheduled payments of principal and interest on the taxable 2020 Bonds to be redeemed (taking into account any mandatory sinking fund redemptions on a pro rata basis), not including any portion of those payments of interest accrued and unpaid as of the date on which the taxable 2020 Bonds are to be redeemed, discounted to the date on which such taxable 2020 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the “Treasury Rate” (defined below) plus such basis points as determined pursuant to Section 15.5 hereof, plus accrued and unpaid interest on the taxable 2020 Bonds to be redeemed on the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular series of taxable 2020 Bonds that is subject to redemption at the Make-Whole Redemption Price, the rate per annum, expressed as a percentage of the principal amount, equal to the semi-annual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (defined

below), assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price (defined below), as calculated by the Designated Investment Banker (defined below).

“Comparable Treasury Issue” means, with respect to any redemption date for a particular series of taxable 2020 Bonds that is subject to redemption at the Make-Whole Redemption Price, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the taxable 2020 Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such taxable 2020 Bond to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular series of taxable 2020 Bonds that is subject to redemption at the Make-Whole Redemption Price, (a) if the Designated Investment Banker receives at least five Reference Treasury Dealer Quotations (defined below), the average of such quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (b) if the Designated Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Investment Banker” means one of the Reference Treasury Dealers appointed by the District.

“Reference Treasury Dealer” means each of the five firms, specified by the District from time to time, that are primary United States Government securities dealers in the City of New York (each, a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the District will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular series of taxable 2020 Bonds that is subject to redemption at the Make-Whole Redemption Price, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the District by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on a date that is no earlier than four days prior to the date the redemption notice is mailed.

Section 3.5 Mandatory Redemption. The Designated Representative may approve the designation of certain maturities of the 2020 Bonds as Term Bonds as will be set forth in the Pricing Certificate. Amounts used to purchase or redeem 2020 Bonds that are Term Bonds shall be credited against mandatory sinking fund installments by lot or consistent with DTC’s procedures.

Section 3.6 Derivative Products. 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 must satisfy the requirements for Additional Bonds described in Section 4.2 taking into consideration regularly scheduled District Payments and regularly scheduled Reciprocal Payments under the Derivative Product (without regard to any termination payments). Termination payments owed pursuant to a Derivative Product shall not be made on a parity with the Bonds.

B. Opinion of Bond Counsel. The District shall obtain an opinion of Bond 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 or the applicable provisions of any Supplemental Resolution and will not adversely affect the excludability for federal income tax purposes of the interest on any outstanding Bonds.

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.

Section 3.7 Supplemental Resolutions to Govern Derivative Products. Prior to entering into a Derivative Product, the District shall adopt a Supplemental Resolution, which shall:

A. establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

B. 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.

ARTICLE IV

ISSUANCE OF ADDITIONAL BONDS

Section 4.1 Authorization of Series of Additional Bonds. Before any series of Additional Bonds shall be issued under the provisions of this Article, the District shall adopt a resolution or resolutions authorizing the issuance of such bonds, providing for the amount and the details thereof, describing in general terms the purpose or purposes for which such bonds are to be issued and specifying the amount, if any, of the proceeds of such bonds to be deposited to the credit of the Construction Fund or to another fund for the payment of capitalized interest on such bonds and to the Reserve Account; provided, however, that deposits to the Reserve Account shall be provided for as required under subsection D of Section 7.2. The bonds of each series issued under the provisions of this Section shall be designated "Electric Revenue [and] [Refunding] Bonds, Series _____", shall be in such denominations, shall be dated, shall bear interest at a rate or rates (including variable rates) not exceeding the maximum rate then permitted by law, shall be payable, both as to principal and interest, at such place or places, shall mature in such year or years, shall be made redeemable at such times and prices (subject to the provisions of this Resolution), shall be numbered, shall have such paying agent, and any Term Bonds of such series shall have such amortization requirements, all as may be provided by resolution or resolutions adopted by the District prior to the issuance of such bonds.

Section 4.2 Additional Bonds; Resource Obligations.

A. Additional Bonds may be issued payable from the Bond Fund on a parity with the Bonds and secured by an equal charge and lien on the Revenues and other money, for any lawful purpose of the District; provided that, (i) except as to Bonds issued pursuant to subsection E of Section 4.2, at the time of the issuance of such Additional Bonds, there is no deficiency in the Bond Fund, and no Event of Default has occurred and is continuing, and (ii) the requirements of the applicable provisions of this Section 4.2 are complied with.

B. Additional Bonds may be issued for any lawful purpose of the District if the following requirements are met. A certificate signed by the Treasurer of the District shall set forth:

(i) the amount of the Net Revenues for any 12 consecutive months of the 24 months prior to the date of the issuance of such Additional Bonds;

(ii) the amount of the maximum Annual Debt Service thereafter on account of all Bonds then outstanding under this Resolution and the Additional Bonds then to be issued hereunder; and

(iii) the percentage derived by dividing the amount shown in (i) above by the amount shown in (ii) above, and shall state that such percentage is not less than 125%.

C. Additional Bonds may also be issued for any lawful purpose of the District if the following requirements are met. A certificate signed by a Professional Utility Consultant and filed with the Secretary of the District shall set forth:

(i) the amount of the Adjusted Net Revenues computed as provided in subsection I of Section 4.2;

(ii) the amount of the maximum Annual Debt Service thereafter on account of all Bonds then outstanding under this Resolution and the Additional Bonds then to be issued hereunder; and

(iii) the percentage derived by dividing the amount shown in (i) above by the amount shown in (ii) above, and shall state that such percentage is not less than 125%.

D. Additional Bonds may also be issued for the purpose of paying part of the costs of Distribution and Transmission Facilities or Generating Facilities for which Bonds have theretofore been issued, if a certificate is signed by a Professional Utility Consultant and filed with the Secretary of the District, which shall comply with the requirements of paragraph C above or shall state that the issuance of such Additional Bonds is necessary to complete such facilities and that the completion contributes to the efficient and economic operation of the Electric System.

E. If at any time the District shall determine that the money available for such purpose in the Bond Fund will not be sufficient for paying at their maturity any Serial Bonds or any Sinking Fund Requirement which will mature or become payable within one year thereafter, Additional Bonds may be issued for the purpose of providing funds to refund such Bonds and to pay the interest to accrue thereon to their maturity, or to pay such Sinking Fund Requirements, and any expenses in connection therewith. Such Bonds shall mature in a year not earlier than one year after the last maturity of the Bonds of such series and be made redeemable at such times and prices (subject to the provisions of Article VI of this Resolution) as may be provided by the resolution or resolutions adopted by the District and providing for the issuance of such Bonds.

F. Additional Bonds may also be issued from time to time for the purpose of providing funds, with any other available funds, for retiring at or prior to their maturity or maturities any or all of the outstanding Bonds of any series, including the payment of any redemption premium thereon, and, if deemed necessary by the District, for paying the interest to accrue thereon to the date fixed for their retirement and any expenses incident to the issuance of such Additional Bonds.

G. Additional Bonds issued under subsections E or F above shall not be delivered unless the proceeds (excluding any accrued interest but including any premium) of such Additional Bonds, together with any other money which has been made available for such purposes, and the principal of and the interest on the investment of such proceeds or any such money, shall be sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the interest which will become due and payable on or prior to the date of their payment or redemption, and the expenses incident to the issuance of such Additional Bonds.

If such Additional Bonds are to be issued pursuant to subsection F of Section 4.2 above:

(i) there shall be filed with the District a certificate signed by the Treasurer of the District showing that the Annual Debt Service for any Fiscal Year thereafter shall not be increased by more than \$5,000 by reason of the issuance of the Additional Bonds, or

(ii) There shall be filed with the District a certificate signed by a Professional Utility Consultant setting forth:

(a) the amount of the Adjusted Net Revenues computed as provided in subsection I of Section 4.2;

(b) the amount of the maximum Annual Debt Service thereafter on account of all Bonds to be outstanding after the issuance of such Additional Bonds, including the Additional Bonds to be issued hereunder; and

(c) the percentage derived by dividing the amount shown in (a) above by the amount shown in (b) above and stating that such percentage is not less than 125%; or

(iii) There may be filed with the District a certificate signed by the Treasurer in accordance with subsection B of this Section.

H. In rendering any certificate under this Section, the Professional Utility Consultant may rely upon, and such certificate shall have attached thereto, financial statements of the Electric System, certified by the chief financial officer of the District, showing income and expenses for the period upon which the same are based and a balance sheet as of the end of such period, and similar certified statements by the Office of the State Auditor of the State of Washington (or any successor thereto), or by an independent certified public accountant, for as much of said period as any examination by them has been made and completed.

In connection with the issuance of any Bonds pursuant to subsections C, D and G of this Section, the certificate of the Professional Utility Consultant hereinabove referred to shall be conclusive and the only evidence required to show compliance with the provisions and requirements of said subsections.

I. For the purposes of the certificates required by subsections C and G of Section 4.2 this Resolution, Adjusted Net Revenues shall be computed by the Professional Utility Consultant as follows:

(i) The Net Revenues for any 12 consecutive months (selected by the District) out of the 24 months prior to the date of issuance of the Additional Bonds (such 12-month period being herein called the "Base Period") may be adjusted:

(a) to reflect any changes in Net Revenues for the Base Period which would have occurred if the schedule of rates and charges in effect at the time of the computation (or approved by the Commission as of the time of such computation and to become effective within 6 months thereof) had been in effect during the portion of the Base Period in which such schedule was not in effect;

(b) to reflect a full 12 months of Net Revenues from any customers of the Electric System added prior to the computation date; and

(c) to reflect any changes in Net Revenues estimated to be received as a result of, and upon completion of, any facilities under construction or to be acquired, constructed or installed as a part of the Electric System from the proceeds of any Bonds.

J. Nothing contained herein shall prevent the District from refunding at one time all of the Bonds then outstanding. Nothing contained herein shall prevent the District from issuing obligations payable from a lien on the Revenues which is junior and inferior to the Bonds.

K. Additional Bonds may be issued from time to time without complying with the requirements set forth above if, in the opinion of the Professional Utility Consultant, as evidenced by a certificate filed with the District, it is necessary to repair any damage or loss to the Electric System or if the Electric System has been destroyed or damaged by disaster or unanticipated event to such an extent that it cannot be operated; provided, however, that the proceeds of any Additional Bonds issued for such purpose may only be used to return the Electric System to, or to maintain the Electric System at, substantially its former or then operating capacity; and provided further, that in the case of repair, such Additional Bonds may be issued only to the extent that insurance proceeds from such damage or loss are insufficient for the accomplishment of such purpose.

L. In calculating Annual Debt Service for purposes of this Section, if the interest rate on any Bonds is other than a fixed rate, the rate applicable at the time of computation shall be used unless such rate is less than the most recently published Bond Buyer's Revenue Bonds Index for municipal revenue bonds, in which case the rate stated by such index shall be used. If such index is no longer published, another nationally recognized index for municipal revenue bonds maturing in 20 to 30 years may be used.

M. 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 and which 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. Costs associated with any such contracts or separate system may be declared by resolution of the Commission to be a Resource Obligation of the Electric System provided that the following requirements shall be met at the time of such declaration:

(i) No Event of Default has occurred and is continuing.

(ii) There shall have been filed with the Secretary of the Commission a certificate of a 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; and

(iii) There shall have been filed with the Secretary of the Commission a report of a Professional Utility Consultant stating that estimated annual Net Revenues 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 Revenues, the Professional Utility Consultant shall base such estimate on factors the Professional Utility Consultant deems to be reasonable and shall treat the Resource Obligation as an Operating Expense.

(iv) 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 the District and all other parties to the contract, respectively, which respective 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.

ARTICLE V

GENERAL TERMS AND PROVISIONS OF BONDS

Section 5.1 Execution and Payment of Bonds. The 2020 Bonds shall be executed on behalf of the District with the manual or facsimile signature of the President or the Vice President of the Commission and attested with the manual or facsimile signature of the Secretary thereof, and the seal of the District shall be impressed or imprinted on each of the Bonds. In case any of the officers who shall have signed, attested or registered any of the 2020 Bonds shall cease to be such officer before such 2020 Bonds have been actually issued and delivered, such 2020 Bonds shall be valid nevertheless and may be issued by the District with the same effect as though the persons who had signed, attested or registered such 2020 Bonds had not ceased to be such officers. The 2020 Bonds shall be payable as to principal, premium, if any, and interest in lawful money of the United States of America and, except as otherwise provided in Section 5.4 in respect of the payment of interest, shall be payable at the principal office of the Bond Registrar.

Only such 2020 Bonds as shall bear thereon a Certificate of Authentication in the form set forth in Section 13.1, manually executed by the Bond Registrar or its duly designated agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution. Such Certificate of Authentication shall be conclusive evidence that the 2020 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

Section 5.2 Ownership of Bonds. The District, the Bond Registrar and any other person may treat the Registered Owner of any Bond as the absolute owner of such Bond for the purpose of paying the principal thereof, and premium, if any, and interest thereon and for all other purposes, and neither the District nor the Bond Registrar shall be bound by any notice or knowledge to the contrary, whether such Bond or the interest thereon shall be overdue or not. All payments of or on account of interest to any Registered Owner (or to his registered assigns), and

all payments of or on account of principal to any Registered Owner of any 2020 Bond, shall be valid and effectual and shall be a discharge of the District and Bond Registrar in respect of the liability upon the 2020 Bond or claims for principal or interest, as the case may be, to the extent of the sum or sums paid.

Section 5.3 Book-Entry Form; Registrar; Exchanges and Transfers.

A. Registration of 2020 Bonds. Each 2020 Bond shall be issued only in registered form as to both principal and interest and the ownership of each 2020 Bond shall be recorded on the Bond Register.

B. Bond Registrar; Duties. The Fiscal Agent is appointed as initial Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the District at all times. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver 2020 Bonds transferred or exchanged in accordance with the provisions of the 2020 Bonds and this Resolution, to serve as the District's paying agent for the 2020 Bonds and to carry out all of the Bond Registrar's powers and duties under this Resolution. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each 2020 Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

C. Bond Register; Transfer and Exchange. The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each 2020 Bond held by each Registered Owner. A 2020 Bond surrendered to the Bond Registrar may be exchanged for a 2020 Bond or 2020 Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. A 2020 Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any 2020 Bond or transfer Registered Ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

D. Securities Depository; Book-Entry Only Form. If a 2020 Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such 2020 Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each 2020 Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any 2020 Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the District; or (iii) to any person if the 2020 Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the District, the District may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the District does not appoint a substitute Securities Depository, or (ii) the District terminates the services of the Securities Depository, the 2020 Bonds no longer shall be held in book-entry only form and the Registered Ownership of each 2020 Bond may be transferred to any person as provided in this Resolution.

Neither the District nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the District nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 5.4 Payment of 2020 Bonds and Interest. Payment of the interest on each 2020 Bond shall be made by the Bond Registrar on each interest payment date to the person whose name appears on the Bond Register as the Registered Owner thereof, by check or draft mailed to such Registered Owner at his or her address as it appears on the Bond Register as of the Record Date prior to such interest payment date.

The principal of, premium, if any, and interest on the 2020 Bonds shall be paid in lawful money of the United States of America. For so long as all outstanding 2020 Bonds are registered in the name of Cede & Co. or its registered assign, payments of principal and interest thereon shall be made as provided in the Letter of Representations. All such payments shall be valid and shall satisfy and discharge the liability of the District upon such 2020 Bonds to the extent of the amount or amounts so paid.

In the event that the 2020 Bonds are no longer registered in the name of Cede & Co. or its registered assign, the principal and premium, if any, on such 2020 Bonds shall be payable at the office of the Bond Registrar.

All payments of or on account of interest to any Registered Owner of any 2020 Bonds (or to the owner's assigns), and all payments of or on account of principal to any Registered Owner of any 2020 Bond (or to his assigns), shall be valid and effectual and shall be a discharge of the District and the Registrar in respect of the liability upon such 2020 Bonds or claims for interest, as the case may be, to the extent of the sum or sums paid.

Upon request of a Registered Owner of at least \$1,000,000 in principal amount of 2020 Bonds, payment shall be made by wire transfer to an account designated by such owner.

Any 2020 Bonds canceled on account of payment or transfer shall be burned or otherwise destroyed by the Registrar consistent with the laws of the State of Washington.

Section 5.5 Lost, Stolen, Destroyed or Mutilated Bonds. In case any 2020 Bond shall at any time become mutilated or be lost, stolen or destroyed, the District in the case of such mutilated 2020 Bond shall, and in the case of such a lost, stolen or destroyed 2020 Bond, in its discretion may, execute and deliver a new 2020 Bond of the same Series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender or cancellation of such mutilated 2020 Bond, or in lieu of or in substitution for such destroyed, stolen or lost 2020 Bond or if such stolen, destroyed or lost 2020 Bond shall be matured, instead of issuing a substitute therefor, the District may at its option pay the same without the surrender thereof. Any such exchange or substitution shall be accomplished in accordance with RCW Chapter 39.72, as the same shall be amended from time to time, or any successor statute thereto. Except in the case where a mutilated 2020 Bond is surrendered, the applicant for the issuance of a substitute 2020 Bond shall furnish to the District evidence satisfactory to it of the theft, destruction or loss of the original 2020 Bond, and of the ownership thereof, and also such security and indemnity as may be required by the District, and no such substitute 2020 Bond shall be issued unless the applicant for the issuance thereof shall reimburse the District for the expenses

incurred by the District in connection with the preparation (including printing), execution, issuance and delivery of the substitute 2020 Bond. Any such substitute 2020 Bond of a Series shall be equally and proportionately entitled to the security of this Resolution with all other 2020 Bonds of such Series issued hereunder, whether or not the 2020 Bond alleged to have been lost, stolen or destroyed shall be found at any time or enforceable by anyone. The District shall advise the Bond Registrar of the issuance of substitute 2020 Bonds. All mutilated 2020 Bonds so surrendered to the District shall be cancelled by it.

Section 5.6 Limitations on Duty of District to Register, Exchange or Transfer Bonds. The District or the Bond Registrar shall not be required to transfer or exchange 2020 Bonds during a period beginning at the opening of business on the Record Date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the 2020 Bonds after the mailing of notice of redemption of any 2020 Bonds called for redemption.

Section 5.7 Paid or Surrendered Bonds Not to be Reissued. No 2020 Bonds shall be issued in lieu of 2020 Bonds, as applicable, surrendered upon exchange or transfer, except as expressly provided by this Resolution.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.1 Notice of Redemption. Written notice of any redemption of 2020 Bonds shall be given by the District, which notice shall specify the Series, title, maturities, letters and numbers or other distinguishing marks of the 2020 Bonds to be redeemed, the redemption date and the place or places where the amount due upon such redemption will be payable and, in the case of registered 2020 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that upon the date fixed for redemption there shall become due and payable upon each 2020 Bond to be redeemed the principal amount thereof plus the premium, if any, due thereon upon the redemption date, together with interest accrued to the redemption date, and that from and after the redemption date interest thereon, or on the portion of any 2020 Bond to be redeemed in part (unless the District shall default in the payment of the 2020 Bonds, or of the portion of any 2020 Bond so to be redeemed in part) shall cease to accrue and become payable. Such notice shall be mailed by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the redemption date to the Registered Owners of 2020 Bonds which are to be redeemed in whole or in part at their last addresses, if any, appearing upon the Bond Register. Whenever notice of redemption has been duly given as herein provided, the District shall transfer to the Bond Registrar for the 2020 Bonds so to be redeemed amounts in cash which, in addition to other money, if any, held by the Bond Registrar for such purpose, will be sufficient to redeem, on the redemption date, all the Bonds so to be redeemed. The Bond Registrar shall also give notice of redemption pursuant to subsection A of Section 14.1.

In the case of an optional redemption, the notice of redemption may state that the District retains the right to rescind the redemption notice and the optional redemption of those 2020 Bonds by giving a notice of rescission to the affected Registered Owners at any time on or prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and a 2020 Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

Upon the payment of the redemption price of 2020 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue, Series and maturity, the 2020 Bonds being redeemed with the proceeds of such check or other transfer.

The foregoing notice provisions of this Section 6.1, 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.

Section 6.2 Payment of Redeemed Bonds; When Interest on Bonds Called for Redemption Ceases to Accrue. Notice having been given by mailing in the manner provided in Section 6.1 hereof, the 2020 Bonds or portions thereof so called for redemption, together with accrued interest to the date fixed for redemption, shall become due and payable on the redemption date designated in said notice, and the Bond Registrar shall make payments thereof upon presentation and surrender thereof at the office of the Bond Registrar specified in such notice together with, in the case of 2020 Bonds for which payment is requested by a person other than the Registered Owner, a written instrument of transfer in form satisfactory to the Bond Registrar, duly executed by the Registered Owner or his or her duly authorized attorney. In the event there shall be selected for redemption less than all of the 2020 Bonds represented by a 2020 Bond, the District shall execute and the Bond Registrar shall deliver upon the surrender of such 2020 Bond without charge to the owner thereof, for the unredeemed balance of the principal amount of the 2020 Bond so surrendered, a 2020 Bond of the same Series, interest rate and maturity, in either the denomination of such unredeemed balance or in any of the authorized denominations in aggregate principal amount equal to the unredeemed balance as shall be requested by the Registered Owner of the 2020 Bonds so surrendered; provided, however, that the District may, upon written agreement with the owner of any 2020 Bond, make payment of the redemption price of a portion of such 2020 Bond directly to the Registered Owner thereof without presentation or surrender thereof upon such terms and conditions as the District may consent to in such agreement. The Bond Registrar shall be advised by the District of each such agreement and shall be entitled to rely thereon, and to make payments in accordance therewith, until notified by the District of the termination of such agreement.

If money for the redemption of all the 2020 Bonds, or portions thereof, to be redeemed on any redemption date, together with the interest to the redemption date, shall be held by the Bond Registrar so as to be available therefor on the date fixed for the redemption thereof, and if notice of redemption of said 2020 Bonds shall have been mailed as provided in this Article, then from and after the redemption date, interest on the 2020 Bonds or portions thereof so called for redemption shall cease to accrue and become payable, and all 2020 Bonds or portions thereof so called for redemption shall be payable solely from the money set aside for the payment thereof with the Bond Registrar, and said 2020 Bonds or portions thereof shall no longer be secured by the lien on and pledge of the Revenues herein created for the security and payment thereof; provided, however, that such lien and pledge shall continue in full force and effect as to the portion of any 2020 Bond not called for redemption.

ARTICLE VII

CREATION OF SPECIAL FUNDS AND ACCOUNTS
AND PAYMENTS THEREFROM

Section 7.1 Revenue Fund.

A. A special fund of the District has heretofore been created and designated the "Revenue Fund." The District covenants and agrees that it will pay or cause to be paid all Revenues into the Revenue Fund as promptly as practicable after receipt thereof.

There have been created in the Revenue Fund two accounts known as (i) the General Account and (ii) the Contingency and Replacement Account, which accounts shall be held and used for the purposes hereinafter described.

B. The Revenues of the District shall be used only for the following purposes and in the following order of priority:

(i) All Revenues paid into the Revenue Fund shall first be credited to the General Account therein and applied as follows:

(b) to pay Operating Expenses;

(c) to make all payments required to be made into the Interest Account in the Bond Fund for the payment of accrued interest on the next interest payment date and (in the event the District has entered into any Derivative Product on a parity of lien with the Bonds) to make any regularly scheduled District Payments adjusted by any regularly scheduled Reciprocal Payments (provided, however, that termination payments with respect to any Derivative Product shall not rank on a parity of lien with the Bonds);

(d) to make all payments required to be made into the Principal Account in the Bond Fund for the payment of the principal amount of Serial Bonds next coming due, and into the Bond Retirement Account in the Bond Fund for the mandatory redemption of Term Bonds, and to pay all Resource Obligations to the extent not paid as an Operating Expense;

(e) to make all payments required to be made into the Reserve Account in the Bond Fund created to secure the payment of the Bonds; and

(f) 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 revenue bonds, warrants or other revenue obligations of the District having a lien upon Revenues and money in the Revenue Fund and Bond Fund and accounts therein junior and inferior to the lien thereon for the payment of the principal of and interest on the Bonds.

(ii) After all of the above payments and credits have been made, amounts remaining in the General Account may be used for any other lawful purpose of the District.

(iii) Money, if any, that the Commission determines should be deposited into the Contingency and Replacement Account shall be used from time to time to make up any deficiencies in the Reserve Account, and such money in the Contingency and Replacement Account is hereby pledged as additional payments to the Bond Fund to the extent required for any such deficiencies. Money in the Contingency and Replacement Account may also be used to make additions, betterments, extensions, renewals, replacements and other capital

improvements to the Electric System, to retire Bonds, or may be used by the District for any other lawful purpose of the District.

Nothing contained in this Section 7.1 shall be construed to require the deposit into the Revenue Fund of any of the revenues, income, receipts or other money of the District derived by the District through the ownership or operation of any separate utility system hereafter created or established from funds other than the proceeds of Bonds.

The District has created a Rate Stabilization Subaccount within the Revenue Fund. For purposes of calculating the coverage requirement in Section 9.3 and the Additional Bonds test in subsection B of Section 4.2, there may be added to Net Revenues collected in any Fiscal Year any amount withdrawn from the Rate Stabilization Subaccount in such year and deposited into the Revenue Fund and there shall be subtracted from Net Revenues collected in any Fiscal Year any amount withdrawn from the Revenue Fund and deposited into the Rate Stabilization Subaccount in such year.

Section 7.2 Bond Fund. A special fund of the District was previously created and designated as the "Electric System Revenue Bond Fund" (hereinafter referred to as the "Bond Fund"). The Bond Fund shall be held in trust and administered by the District and shall be used solely for the purposes of paying the principal of, premium, if any, and interest on the Bonds, making District Payments, and retiring the Bonds prior to maturity in the manner herein provided. The Bond Fund contains four accounts: the Interest Account, the Principal Account, the Reserve Account and the Bond Retirement Account. The Interest, Principal and Bond Retirement Account may be merged into one account. The District hereby obligates and binds itself irrevocably to set aside and to pay (to the extent not otherwise provided) from money in the Revenue Fund into the Bond Fund, after paying or making provision for Operating Expenses and prior to the payment of any other charge or obligation against such Revenues, amounts sufficient to pay the principal of, premium, if any, and interest on all the Bonds from time to time outstanding as the same respectively become due and payable, either at the maturity thereof or in accordance with the terms of any Sinking Fund Requirement established for the retirement of Term Bonds. The fixed amounts to be paid into the Bond Fund, to the extent that such payments are not made from Bond proceeds or from other money which may legally be available therefor, shall be as follows and in the following order of priority, to wit:

A. Into the Interest Account, no later than the date upon which an installment of interest falls due on the Bonds, the amount of interest then falling due on all Bonds then outstanding.

B. Into the Principal Account, no later than the date of each Serial Bond maturity, an amount equal to the principal amount of Serial Bonds then falling due.

C. Into the Bond Retirement Account, no later than the date of each Sinking Fund Requirement, an amount equal to the Sinking Fund Requirement for such date.

The District shall apply all the money paid into the Bond Fund for credit to the Bond Retirement Account to the redemption of Term Bonds on the next ensuing Sinking Fund Requirement Date (or may so apply such money prior to such Sinking Fund Requirement Date), pursuant to the terms of this Resolution or of the Supplemental Resolution authorizing the issuance thereof. The District may also apply the money paid into the Bond Fund for credit to the Bond Retirement Account for the purpose of retiring Term Bonds by the purchase of such Bonds at a purchase price (including accrued interest and 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 Sinking Fund Retirement Date the principal amount of the Term Bonds retired by purchase or redemption exceeds the cumulative amount required to have been redeemed by sinking fund installments on or before such Sinking Fund Retirement Date, then such excess may be credited against the Sinking Fund Requirement for the Term Bonds for the following 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.

D. With the consent of the owners of not less than 66-2/3% in aggregate principal amount of Outstanding Bonds, as provided in Section 12.7, this resolution and the resolution authorizing any Additional Bonds may establish a separate debt service reserve account for any such Additional Bonds and set forth the reserve account requirement for such bonds or provide that some or all of such Additional Bonds be secured by the Reserve Account. The owners of the 2016 Bonds and the 2020 Bonds by taking and holding the same shall be deemed to have consented to the adoption by the District of such supplemental resolution. If the appropriate consent is received upon the refunding of the Refunded Bonds and the issuance of the 2020 Bonds, the Designated Representative may elect to have the 2020 Bonds secured by a separate account and set the reserve account requirement, which may be zero.

If the Reserve Account will secure the 2020 Bonds, the District hereby covenants that it will have on deposit in the Reserve Account an amount of 2020 Bond proceeds or other District funds so that the amount in the Reserve Account will, as of the date of the 2020 Bonds, be an amount equal to the Average Annual Debt Service for the Outstanding Bonds plus an amount to be set by the Designated Representative for the 2020 Bonds, which amount to be maintained in the Reserve Account for a series of Bonds shall not exceed an amount equal to the least of (i) the maximum Annual Debt Service that will mature or come due in the current Fiscal Year or any future Fiscal Year on the outstanding Bonds, (ii) 125% of Average Annual Debt Service on the outstanding Bonds, and (iii) 10% of the proceeds on their date of issuance of all series of Bonds then outstanding.

E. In the event of the issuance of any Additional Bonds, the Supplemental Resolution authorizing the issuance of such Additional Bonds shall either (1) provide for further and additional approximately equal monthly payments into the Bond Fund for credit to the Reserve Account from the money in the Revenue Fund, in such amounts and at such times so that by no later than five years from the date of issuance of such Additional Bonds or by the final maturity established for such series of Additional Bonds, whichever occurs first, there will be credited to the Reserve Account an amount equal to the reserve requirement as calculated in the previous paragraph at the date of issuance of such Additional Bonds, or, to the extent appropriate consent has been received as provided above, (2) establish a separate reserve account for such bonds and set the reserve requirement, which may be zero. The proceedings authorizing the issuance of Additional Bonds may provide for payments into the Bond Fund for credit to the Reserve Account from the proceeds of such Additional Bonds or from any other money lawfully available therefor (in which event, in providing for deposits and credits required by the foregoing provisions of this paragraph, 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 subsection E of Section 7.2 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 subsection D of Section 7.2 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 subsection F of Section 7.2 hereof providing for payments to the Reserve Account in the event of a deficiency therein.

The money and value of Permitted Investments in the Reserve Account shall be determined as of the last business day of each Fiscal Year and maintained at an amount at least equal to the Average Annual Debt Service, or such other amount as provided in this Resolution, except where it is necessary for the District to make a transfer therefrom to the Interest Account, Principal Account or Bond Retirement Account because of an insufficiency of money therein to make any required payment of principal of or interest on any Bonds when due. The District shall make up any deficiencies in such account arising because of an insufficient value of money and Permitted Investments in such account in not more than 18 approximately equal consecutive monthly installments into the Reserve Account.

If at any time the money and value of Permitted Investments in the Reserve Account shall exceed the amount of money and value of Permitted Investments then required to be maintained therein by 10% (provided that once the Outstanding Bonds are no longer outstanding, any excess may be transferred), such excess may be transferred to the General Account in the Revenue Fund.

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 that are not then currently redeemable at the option of the holder, 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 which 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 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 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 Reserve Account shall be less than the applicable reserve account requirement as determined in the first paragraph of subsection D, as in effect on such date of valuation, the District shall 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 make the valuation of the amount in the Reserve Account equal to 100% of the applicable reserve account requirement as determined in the first paragraph of Subsection D.

In making the payments and credits to the Principal Account, Interest Account, Bond Retirement Account and Reserve Account required by this Section 7.2, to the extent that such payments are made from Bond proceeds, from money in any capitalized interest account, or from other money which may legally be available, such payments are not required to be made from the Revenue Fund.

F. In the event that there shall be a deficiency in the Interest Account, Principal Account or Bond Retirement Account in the Bond Fund, the District shall promptly make up such deficiency from the Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Reserve Account, if necessary, in such amounts 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 or sales or redemption of obligations, 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 covenants and agrees that any deficiency created in the Reserve Account by reason of any withdrawal therefrom for payment into the Interest Account, Principal Account or Bond Retirement Account shall be made up from money in the Revenue Fund first from money in the Contingency and Replacement Account and then from money in the General Account, first available after making provision first for payment of Operating Expenses and then for the required payments into such Interest, Principal and Bond Retirement Accounts.

Money in the Bond Fund shall be transmitted to the Bond Registrar in amounts sufficient to meet the maturing installments of principal of, premium, if any, and interest on the Bonds when due. Whenever the assets of the Bond Fund shall be sufficient to provide money to retire all Bonds then outstanding, including such interest thereon as thereafter may become due and payable and any premiums upon redemption thereof, no further payments need be made into the Bond Fund. All money remaining in the Bond Fund after provision for the payment in full of the principal of, premium, if any, and interest on the Bonds shall be returned to the Revenue Fund.

The Bond Fund shall be drawn upon solely for the purpose of paying the principal of, premium, if any, and interest on the Bonds and making District Payments. Money set aside from time to time with the Bond Registrar for such payment shall be held in trust for the owners of the Bonds in respect of which the same shall have been so set aside. Until so set aside, all money in the Bond Fund shall be held in trust for the benefit of the owners of all Bonds at the time outstanding equally and ratably. District Payments shall be made from, and Reciprocal Payment shall be made into, the Interest Account.

Section 7.3 Investment of Funds. Money held for the credit of the Interest Account, Principal Account and Bond Retirement Account in the Bond Fund shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the District solely in, and obligations deposited in such accounts shall consist of Permitted Investments which shall mature prior to the respective dates when the money held for the credit of such Accounts will be required for the purposes intended. Money in the Reserve Account in the Bond Fund not required for immediate disbursement for the purposes for which such Account is created shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the District solely in, and obligations deposited in the Reserve Account shall consist of Permitted Investments maturing or subject to redemption at the option of the owner thereof within 20 years from the date of such investment (but maturing prior to the final maturity date of the Bonds then outstanding).

Money in the Revenue Fund and any arbitrage rebate fund not required for immediate disbursement for the purposes for which such Funds were created shall, to the fullest extent practicable and reasonable, be invested and reinvested by the District in Permitted Investments.

Except to the extent there are deficiencies in any account in the Bond Fund, all income received from the investment of money in the Bond Fund and the Revenue Fund shall be from time to time deposited in the Revenue Fund subject to the limitations under subsection E of Section 7.2.

ARTICLE VIII

DISPOSITION OF 2020 BOND PROCEEDS; REFUNDING OF CERTAIN BONDS

Section 8.1 Disposition of the Proceeds from the Sale of the 2020 Bonds. The amount necessary to carry out the Refunding Plan shall be deposited into the 2020 Refunding Account. A sufficient amount necessary to fund the Reserve Requirement, if any, shall be deposited into the Reserve Account. The remaining proceeds shall be deposited into the Construction Fund and used to finance the Improvements. Costs of issuance may be paid from the Refunding Account or Construction Fund.

Section 8.2 Defeasance and Refunding of Refunded Bonds.

A. Refunding of the Refunded Bonds. Under the terms and conditions set forth in Section 15.5 hereof, the Commission has authorized the Designated Representative to approve the exact Refunded Bonds to be refunded by the 2020 Bonds, appoint a Refunding Trustee, establish the terms for the refunding and the redemption of the Refunded Bonds, and set forth other provisions for such refunding in the Pricing Certificate.

B. Use of 2020 Bond Proceeds; Acquisition of Acquired Obligations. Pursuant to Section 15.5 hereof, the Designated Representative may determine not to proceed with all or part of the Refunding Plan if interest rates are not favorable. A sufficient amount of the proceeds of the sale of the 2020 Bonds and available District funds, shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the District relating to the Refunded Bonds under Resolution Nos. 1204 and 1261 by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. Any Bond proceeds or other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the 2020 Bonds, if requested, shall be returned to the District at the time of delivery of the 2020 Bonds to the initial purchaser thereof and deposited in the Construction Fund to pay costs of the Improvements or in Interest Account to pay interest on the 2020 Bonds coming due on the first interest payment date.

C. Substitution of Acquired Obligations. Prior to the purchase of any Acquired Obligations by the Refunding Trustee, the District reserves the right to substitute other direct, noncallable obligations of the United States of America ("Substitute Obligations") for any of the Acquired Obligations and to use any savings created thereby for any lawful District purpose if, (a) in the opinion of the District's bond counsel the interest on the 2020 Bonds and the Refunded Bonds issued as tax-exempt will remain excluded from gross income for federal income tax purposes under Sections 103, 148, and 149(d) of the Code, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan, as verified by a nationally recognized independent certified public accounting firm.

After the purchase of the Acquired Obligations by the Refunding Trustee, the District reserves the right to substitute therefor cash or Substitute Obligations subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that such substitution will not cause the 2020 Bonds or the Refunded Bonds

issued as tax-exempt to be arbitrage bonds within the meaning of Section 148 of the Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue dates of the 2020 Bonds and the Refunded Bonds, as applicable, and that the District obtain, at its expense: (1) a verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute securities, if paid when due, and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan; and (2) an opinion from bond counsel to the District, its successor, or other nationally recognized bond counsel to the District, to the effect that the disposition and substitution or purchase of such securities, under the statutes, rules, and regulations then in force and applicable to the 2020 Bonds, will not cause the interest on the 2020 Bonds or the Refunded Bonds issued as tax-exempt to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the 2020 Bonds issued as tax-exempt. Any surplus money resulting from the sale, transfer, other disposition, or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to the District to be used for any lawful District purpose.

D. Administration of Refunding Plan. The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or substitute obligations) and to make the payments required to be made by the Refunding Plan from the Acquired Obligations (or substitute obligations) and money deposited with the Refunding Trustee pursuant to this Resolution. All Acquired Obligations (or substitute obligations) and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of Resolution Nos. 1204 and 1261, this Resolution, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Trust Agreement. All necessary and proper fees, compensation, and expenses of the Refunding Trustee for the 2020 Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the 2016 Bonds, including bond printing, verification fees, bond counsel's fees, financial advisor fees and other related expenses, shall be paid out of the proceeds of the 2020 Bonds.

E. Authorization for Refunding Trust Agreement. To carry out the Refunding Plan provided for by this Resolution, the Treasurer or General Manager of the District is authorized and directed to execute and deliver to the Refunding Trustee a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption, and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation, and expenses of such Refunding Trustee set forth therein are satisfactory to it. Prior to executing the Refunding Trust Agreement, the Treasurer or General Manager of the District is authorized to make such changes therein that do not change the substance and purpose thereof or that assure that the escrow provided therein and the 2020 Bonds are in compliance with the requirements of federal law governing the exclusion of interest on the 2020 Bonds issued as tax-exempt from gross income for federal income tax purposes.

Section 8.3 Call for Redemption of the Refunded Bonds. The District shall call for redemption on such dates as determined by the Designated Representative, all of the Refunded Bonds at par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the 2020 Bonds to the initial purchaser thereof. The date on which the Refunded Bonds are herein called for redemption is the first date on which those bonds may be called.

The proper District officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to Resolution Nos. 1204 and 1261 in order to effect the redemption prior to their maturity of the Refunded Bonds.

ARTICLE IX

COVENANTS TO SECURE BONDS

The District covenants and agrees with the purchasers and owners of all 2020 Bonds issued pursuant to this Resolution, so long as any such 2020 Bonds are outstanding, as follows:

Section 9.1 Security for Bonds. All Bonds and any District Payments are special limited obligations of the District payable from and secured solely by Revenues 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 Bonds and District Payments 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: (i) the Revenues, and (ii) the money and investments, if any, credited to the Revenue Fund, the Construction Fund and any construction fund created for Bond proceeds and the Bond Fund, and the income therefrom. The Revenues 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 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 or other credit enhancement which may be obtained by the District to insure or secure the repayment of one or more series or maturities within a series.

The pledge of the Revenues 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 Bonds is hereby declared to be a prior lien and charge on the Revenues 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 to pay Operating Expenses.

Bonds shall not in any manner or to any extent constitute general obligations of the District or of the State of Washington, or any political subdivision of the State of Washington, or a charge upon any general fund or upon any money or other property of the District or of the State of Washington, or of any political subdivision of the State of Washington, not specifically pledged thereto by this Resolution.

Section 9.2 Rate Covenant – General. The District will establish, maintain and collect rates and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of the Electric System which shall be fair and nondiscriminatory and adequate to provide Revenues sufficient for the punctual payment of the principal of, premium, if any, and interest on the Bonds for which the payment has not otherwise been provided, for all payments which the District is obligated to make into the Bond Fund, and

for the proper operation and maintenance of the Electric System, and all necessary repairs, replacements and renewals thereof, including the payment of all taxes, assessments or other governmental charges lawfully imposed on the Electric System or the Revenues therefrom, or payments in lieu thereof, and the payment of all other amounts which the District may now or hereafter become obligated to pay from the Revenues by law or contract.

Section 9.3 Rate Covenant – Debt Service Coverage. The District will also establish, maintain and collect rates and charges which shall be adequate to provide in each Fiscal Year Net Revenues in an amount equal to at least 1.25 times the Annual Debt Service on the then outstanding Bonds in such Fiscal Year.

The failure to collect Revenues in any Fiscal Year sufficient to comply with the covenant contained in this Section 9.3 shall not constitute an Event of Default if the District, before the 90th day of the following Fiscal Year:

A. Employs a Professional Utility Consultant to recommend changes in the District's rates which are estimated to produce Revenues sufficient (once the rates recommended by the Professional Utility Consultant have been imposed by the District) to meet the requirements of this Section; and

B. Promptly imposes rates at least as high as those recommended by such Professional Utility Consultant.

The calculation of the coverage requirement set forth above, and in Section 4.2 hereof, 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 coverage requirement 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.

Section 9.4 Restrictions on Contracting of Obligations Secured by Revenues.

A. The District will not hereafter create any other special fund or funds for the payment of revenue bonds, warrants or other revenue obligations, or issue any bonds, warrants or other obligations or create any additional indebtedness which will rank on a parity with or prior to the charge and lien on the Revenues or properties of the Electric System for the payments into the Bond Fund, except as provided under Article IV hereof.

B. Additional Bonds may be issued as provided in Article IV.

C. The District may issue bonds, notes, warrants or other obligations payable from and secured by a lien on the Revenues of the Electric System that is subordinate or inferior to the lien on such Revenues securing the Bonds and may create a special fund or funds for payment of such subordinate obligations.

Section 9.5 Covenant to Maintain System in Good Condition. The District shall at all times maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of 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, or cause to be made, 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. The District will at all times operate such properties and the business in connection therewith or cause such properties and business to be operated in an efficient manner and at a reasonable cost.

Section 9.6 Covenants Concerning Disposal of Properties of Electric System. The District shall not sell, mortgage, lease or otherwise dispose of the properties of the Electric System except as provided in this Section.

A. The District will not sell or otherwise dispose of the Electric System in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment, redemption or other retirement of all Bonds then outstanding.

B. Except as provided in C below, the District will not sell or otherwise dispose of any part of the Electric System unless provision is made for the payment, redemption or other retirement of a principal amount of Bonds equal to the greater of the following amounts, provided, such amount is in excess of 5% of the value of the Electric System:

(i) An amount which will be in the same proportion to the net principal amount of Bonds then outstanding (defined as the total principal amount of Bonds outstanding less the amount of cash and investments in the Bond Fund) that the Revenues attributable to the part of the Electric System sold or disposed of for the 12 preceding months bear to the total Revenues for such period; or

(ii) An amount which will be in the same proportion to the net principal amount of 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.

C. 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, and may also sell or otherwise dispose of street lighting systems now or hereafter owned by the District at the fair value thereof. The District may sell or otherwise dispose of street lighting systems now or hereafter owned by the District at a price permitted by law. The proceeds of any such sale or disposition pursuant to this subsection C shall be paid into the Bond Fund for credit to the Reserve Account to the extent of any deficiency in such Reserve Account, and the balance of such proceeds, if any, shall be deposited in the Revenue Fund.

Section 9.7 Insurance. The District shall either self-insure or, as needed, and to the extent insurance coverage is available at reasonable cost with responsible insurers, keep, or cause to be kept, the Electric System and the operation thereof insured, with policies payable to the District, against the risks of direct physical loss, damage to or destruction of the Electric System, or any part thereof, and against accidents, casualties or negligence, including liability insurance and employer's liability, at least to the extent that similar insurance is usually carried, or self-insurance programs are utilized, by electric utilities operating like properties.

In the event of any loss or damage to the properties of the Electric System covered by insurance, the District will (i) with respect to each such loss, promptly repair and reconstruct to

the extent necessary to the proper conduct of the operations of the Electric System the lost or damaged portion thereof and shall apply the proceeds of any insurance policy or policies covering such loss or damage for that purpose to the extent required therefor, unless in the case of loss or damage involving \$300,000 or more, such repair and reconstruction shall not be recommended by the Professional Utility Consultant, and (ii) if the District shall not use the entire proceeds of such insurance to repair or reconstruct such lost or damaged property, such insurance proceeds thereof not so used shall be paid into the Revenue Fund, and if in excess of \$300,000 for any one loss or damage, shall be used to purchase or redeem Bonds or to acquire or construct extensions, betterments and improvements to the Electric System.

Section 9.8 Books of Account. The District shall keep proper books of account as required by this Resolution in accordance with the rules and regulations prescribed by the Office of the State Auditor of the State of Washington, 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, then in substantial accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission or other federal agencies having jurisdiction over electric public utility companies owning and operating properties similar to the electric properties operated by the District, whether or not the District is at that time required by law to use such system of accounts. The District shall cause its books of account to be audited by the Office of the State Auditor or other state agency as may be authorized and directed by law to make such audit, or if the audit shall not be made within 12 months after the close of any Fiscal Year of the District, then the District shall cause such audit to be made by independent certified public accountants licensed, registered or entitled to practice, and practicing as such, under the laws of the State of Washington who, or each of whom, is in fact independent and does not have any interest, direct or indirect, in any contract with the District other than his contract of employment pursuant to this Section and who is not connected with the District as an officer or employee of the District. In keeping the books of account, the District shall accrue depreciation monthly on depreciable properties operated by the District in accordance with the accounting practice prescribed by the uniform system of accounts of the Federal Energy Regulatory Commission above mentioned. The District will furnish a copy of the most recent audit report to any owner of Bonds upon written request therefor. Any owner of Bonds may also obtain at the office of the District copies of the balance sheet and income and expense statements showing in reasonable detail the financial condition of the Electric System as of the close of each Fiscal Year, including the transactions relating to the Revenue Fund, the Bond Fund, any Construction Fund and all other funds and accounts created or maintained pursuant to the provisions of this Resolution.

Section 9.9 Covenant Not to Render Service Free of Charge. So long as any Bonds are outstanding, the District shall 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, and the District will promptly enforce the payment of any and all accounts owing to the District and delinquent, by discontinuing service or by filing suits, actions or proceedings, or by both discontinuance of service and filing suit; provided, that to the extent permitted by law, the District may loan 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 or other program adopted by the Commission.

Section 9.10 Tax Covenants.

A. Preservation of Tax Exemption for Interest on the 2020A Bonds. The District covenants that it will take all actions necessary to prevent interest on the 2020A Bonds issued as tax-exempt from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of any Series of 2020A Bonds issued as tax-exempt or other funds of the District treated as proceeds of the 2020A Bonds that will cause interest on such Series of 2020 Bonds to be included in gross income for federal income tax purposes. The District also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the 2020A Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the tax-exempt 2020A Bonds.

B. Post-Issuance Compliance. The Treasurer is authorized and directed to review and update, if needed, the District's written procedures to facilitate compliance by the District with the covenants in this Resolution and the applicable requirements of the Code that must be satisfied after the issue date to prevent interest on the 2020A Bonds from being included in gross income for federal tax purposes.

C. Designation of 2020 Bonds as "Qualified Tax-Exempt Obligations." A Series of the 2020 Bonds may be designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

(i) the Series does not constitute "private activity bonds" within the meaning of Section 141 of the Code;

(ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the District and any entity subordinate to the District (including any entity that the District controls, that derives its authority to issue tax-exempt obligations from the District, or that issues tax-exempt obligations on behalf of the District) will issue during the calendar year in which the Series is issued will not exceed \$10,000,000; and

(iii) the amount of tax-exempt obligations, including the Series, designated by the District as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series is issued does not exceed \$10,000,000.

ARTICLE X

SUPPLEMENTAL AND AMENDATORY RESOLUTIONS

Section 10.1 Amendments Without Consent of Bondowners. The District may adopt at any time and from time to time without the consent of the owners of any Bonds a resolution or resolutions supplemental to or amendatory of Resolutions Nos. 1204 and 1261, this Resolution and any Supplemental Resolution theretofore adopted for any one or more of the following purposes:

A. To provide for the issuance of Additional Bonds pursuant to Article IV hereof, and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

B. To add additional covenants and agreements of the District for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the District contained in this Resolution or any Supplemental Resolution;

C. To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the District payable from the Revenues which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

D. To surrender any right, power or privilege reserved to or conferred upon the District by the terms of this Resolution;

E. To confirm as further assurance any pledge under, and the subjection to any lien, claim or pledge created or to be created by, the provisions of this Resolution of the Revenues or of any other money, securities or funds;

F. To cure any ambiguity or defect or inconsistent provision of Resolutions Nos. 1204 and 1261, this Resolution or any Supplemental Resolution or to insert such provisions clarifying matters or questions arising under Resolutions Nos. 1204 and 1261, this Resolution or any Supplemental Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with Resolutions Nos. 1204 and 1261, this Resolution or any Supplemental Resolution as theretofore in effect;

G. To appoint a Bondowners' Trustee and specify the qualifications, duties, rights and immunities of such Trustee;

H. To appoint a Construction Fund trustee and specify the qualifications, duties, rights and immunities of such trustee and to adopt additional provisions relating to the disbursement of money from the Construction Fund; or

I. To modify any of the provisions of Resolutions Nos. 1204, 1261, this Resolution, or any Supplemental Resolution in any other respect; provided that such modification shall not be effective until after the Bonds outstanding as of the date of adoption of such resolution shall cease to be outstanding, and any Bonds issued under such resolution shall contain a specific reference to the modifications contained in such subsequent resolution.

Section 10.2 Amendments With Consent of Bondowners. The provisions of Resolutions Nos. 1204 and 1261, this Resolution and of any Supplemental Resolution may be modified at any time or from time to time by a Supplemental Resolution, with the consent of bondowners in accordance with and subject to the provisions of Article XII hereof.

ARTICLE XI

DEFAULTS AND REMEDIES

Section 11.1 Events of Default. The Commission of the District hereby finds and determines that the continuous operation of the Electric System and the collection, deposit and disbursement of the Revenues in the manner provided in Resolutions Nos. 1204 and 1261 and 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 Resolutions Nos. 1204 and 1261 and this Resolution will endanger the necessary continuous operation of the Electric System

and the application of the Revenues to the purposes set forth in Resolutions Nos. 1204 and 1261 and this Resolution. Resolutions Nos. 1204 and 1261, this Resolution and each Supplemental Resolution adopted pursuant to Article X are hereinafter in this Article XI and in Article XII referred to collectively as “the Resolution.”

The District hereby covenants and agrees with the purchasers and 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 the District shall default in the performance of any obligations with respect to payments into the Revenue Fund;

B. If default shall be made in the due and punctual payment of the principal of and premium, if any, on any of the Bonds when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise;

C. If default shall be made in the due and punctual payment of any installment of interest on any Bond;

D. If the District shall fail, by any Sinking Fund Requirement Date, to have purchased or redeemed Term Bonds in a cumulative principal amount at least equal to the cumulative Sinking Fund Requirements at such Sinking Fund Requirement Date;

E. 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 the Resolution and such default or defaults shall have continued for a period of 90 days after the District shall have received from the owners of not less than 20% in principal amount of the Bonds outstanding, a written notice specifying and demanding the cure of such default;

F. If the District shall 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 9.6 hereof);

G. If an order, judgment or decree shall be entered by any court of competent jurisdiction: (a) appointing a receiver, trustee or liquidator for the District or the whole or any substantial part of the Electric System; (b) 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 of Washington; or (c) 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

H. If the District shall: (a) admit in writing its inability to pay its debts generally as they become due; (b) file a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law; (c) make an assignment for the benefit of its creditors; (d) consent to the appointment of a receiver of the whole or any substantial part of the Electric System; or (e) 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 11.2 Remedies. The remedies of the Bondowners during the continuance of an Event of Default shall, to the extent permitted by law, be governed by this Section 11.2.

A. Bondowners' Trustee. So long as such Event of Default shall not have been remedied, a Bondowners' Trustee may be appointed by the owners of at least 20% in principal amount of the Bonds then outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such bondowners or by their attorneys-in-fact duly authorized and delivered to such Trustee, notification thereof being given to the District. Any Bondowners' Trustee appointed under the provisions of this Section 11.2 shall be a bank or trust company organized under the laws of the State of Washington 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 owners of a majority in principal amount of the Bonds and any Additional Bonds issued pursuant to this Resolution, by an instrument or concurrent instruments in writing signed and acknowledged by such bondowners or by their attorneys-in-fact duly authorized.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the owners of all the Bonds and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

B. Suits at Law or in Equity. The Bondowners' Trustee may upon the happening of an Event of Default, and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of bondowners to collect any amounts due and owing 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 Bonds.

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 Bonds or the provisions of this Resolution may be enforced by the Bondowners' Trustee without the possession of any of said Bonds, and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law, and the respective owners of said 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 owners of said 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 said Bonds; to execute any paper or documents for the receipt of such money, and to do all acts with respect thereto that the bondowner himself might have done in person. Nothing herein contained shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any owner of any Bond, any plan or reorganization or adjustment affecting the said Bonds or any right of any owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District shall be a party.

C. 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 shall at all times be subject to the inspection and use of the Bondowners' Trustee or to individual Bondowners.

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 Revenues and other money, securities and funds pledged under this Resolution.

D. Payment of Funds to Bondowners' Trustee. The District covenants that if an Event of Default shall happen and shall not have been remedied, the District, upon demand of the Bondowners' Trustee, shall pay over to the Bondowners' Trustee (i) forthwith, all money, securities and funds then held by the District and pledged under this Resolution, and (ii) as promptly as practicable after receipt thereof, all Revenues.

E. Application of Funds by Bondowners' Trustee. During the continuance of an Event of Default the Revenues received by the Bondowners' Trustee pursuant to the provisions of the preceding paragraph shall be applied by the Bondowners' Trustee, first, to the payment of the reasonable and proper charges, expenses and liabilities paid or incurred by the Bondowners' Trustee (including the cost of securing the services of any engineer or firm of engineers selected for the purpose of rendering advice with respect to the sufficiency of the rates and charges for power and energy sold, furnished or supplied by the Electric System), and second, in accordance with the provisions of Sections 7.1 and 7.2 of this Resolution.

In the event that at any time the funds held by the Bondowners' Trustee and the Bond Registrar for the Bonds shall be insufficient for the payment of the principal of, premium, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and all Revenues and other money received or collected for the benefit or for the account of owners of the Bonds by the Bondowners' Trustee shall be applied as follows:

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, earliest maturities first, and, if the amount available shall not be sufficient to pay in full any installment or installments or interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference and to the payments required to be made pursuant to Section 7.2 hereof; and

Second, to the payment to the persons entitled thereto of the unpaid principal and premium, if any, of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, earliest maturities first, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

F. Relinquishment of Funds Upon Remedy of Default. If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Bondowners' Trustee and the owners of Bonds, their respective agents and attorneys, and all other sums payable by the District under this Resolution, including the principal of, premium, if any, and accrued unpaid interest on all Bonds which shall then be payable (with interest upon such principal and premium, if any, and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest, at the same rate as the rate of interest specified in the Bonds, to the date of such payment or deposit), shall either be paid by or for the account of the District, or provision satisfactory to the Bondowners' Trustee shall be made for such payment, and all defaults under this Resolution or the Bonds shall be made good or secured to the satisfaction of the Bondowners' Trustee or provision deemed by the

Bondowners' Trustee to be adequate shall be made therefor, the Bondowners' Trustee shall pay over to the District all money, securities, funds and Revenues then remaining unexpended in the hands of the Bondowners' Trustee and thereupon all Revenues shall thereafter be applied as provided in this Resolution. No such payment over to the District by the Bondowners' Trustee or resumption of the application of Revenues as provided in this Resolution shall extend to or affect any subsequent default under this Resolution or impair any right consequent thereon.

G. Suits by Individual Bondowners. No owner of any one or more of Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same, unless an Event of Default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed as herein provided, but any remedy herein authorized to be exercised by the Bondowners' Trustee may be exercised individually by any bondowner, in his own name and on his own behalf or for the benefit of all bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided, however, that nothing in this Resolution or in the Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to pay from Net Revenues the principal of and interest on the Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payment.

Section 11.3 Remedies Granted in Resolution Not Exclusive. No remedy by the terms of the Resolution conferred upon or reserved to the Bondowners' Trustee, or the owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution.

ARTICLE XII

AMENDMENTS AND BONDOWNERS MEETINGS

Section 12.1 Call of Bondowners Meetings. The District, the Bondowners' Trustee or the owners of not less than 20% in principal amount of the Bonds then outstanding may at any time call a meeting of the owners of the Bonds. Every such meeting shall be held at such place in New York, New York, or in Seattle, Washington, as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and time of the meeting and in general terms the business to be transacted, shall be mailed to the bondowners by the District, the Bondowners' Trustee or the bondowners calling such meeting not less than 30 nor more than 60 days before such meeting, and shall be published at least once a week for four successive calendar weeks on any day of the week, the date of first publication to be not less than 30 nor more than 60 days preceding the meeting; provided, however, that the mailing of such notice shall in no case be a condition precedent to the validity of any action taken at any such meeting. The expenses of publication of such notice shall be paid or reimbursed by the District. Any meeting of bondowners shall, however, be valid without notice if the owners of all Bonds then outstanding are present in person or by proxy or if notice is waived before or within 30 days after the meeting by those not so present.

Section 12.2 Notice to Bondowners. Except as otherwise provided in this Resolution, any provision in this Resolution for the mailing of a notice or other paper to bondowners shall be fully complied with if it is mailed by first class mail, postage prepaid, to each Registered Owner of any of the Bonds then outstanding at his address, if any, appearing upon the Bond Register; and any provision in this Resolution contained for publication of a notice or other matter shall require

the publication thereof in The Bond Buyer in New York, New York (or in lieu of publication in The Bond Buyer, in a daily newspaper printed in the English language and customarily published on each business day of general circulation in the Borough of Manhattan, in New York, New York), and also in a daily newspaper printed in the English language and customarily published on each business day and of general circulation in Seattle, Washington.

Section 12.3 Proxies; Proof of Ownership of Bonds. Attendance and voting by bondowners at such meetings may be in person or by proxy. Owners of Bonds may, by an instrument in writing under their hands, appoint any person or persons, with full power and substitution, as their proxy to vote at any meeting for them. Officers or nominees of the District may be present or represented at such meeting and take part therein but shall not be entitled to vote thereat, except as such officers or nominees are bondowners or proxies for bondowners.

Any Registered Owner of Bonds shall be entitled in person or by proxy to attend and vote at such meeting as owner of the Bonds registered in his name without producing such Bonds, and such persons and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the Secretary of the meeting. All proxies presented at such meeting shall be delivered to the Inspectors of Votes and filed with the Secretary of the meeting.

The vote at any such meeting of the owner of any Bond entitled to vote thereat shall be binding upon such owner and upon every such subsequent owner of such Bond (whether or not such subsequent owner has notice thereof).

Section 12.4 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 bondowners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such bondowners 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 owner of any Bond shall bind every future owner of the same Bond in respect of anything done by the District in pursuance of such request, direction or consent.

The right of a proxy for a bondowner to act may be proved (subject to the District's right to require additional proof) by a written proxy executed by such bondowner as aforesaid.

Section 12.5 Appointment of Officers at Bondowners Meetings. Persons named by the District or elected by the owners of a majority in principal amount of the Bonds represented at the meeting in person or by proxy in the event the District is not represented at such meeting, shall act as temporary Chairman and temporary Secretary of any meeting of bondowners. A permanent Chairman and a permanent Secretary of such meeting shall be elected by the owners of a majority in principal amount of the Bonds represented at such meeting in person or by proxy.

The permanent Chairman of the meeting shall appoint two Inspectors of Votes who shall count all votes cast at such meeting, except votes on the election of Chairman and Secretary as aforesaid, and who shall make and file with the Secretary of the meeting and with the District their verified report of all such votes cast at the meeting.

Section 12.6 Quorum at Bondowners Meetings. The owners of not less than the principal amount of the Bonds required for any action to be taken at such meeting must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting; provided, however, that, if such meeting is adjourned by less than a quorum for more than ten days, notice thereof shall be published by the District at least 5 days prior to the adjourned date of the meeting.

Section 12.7 Vote Required to Amend Resolution. Any amendment to the provisions of the Resolution, in any particular except the percentage of bondowners the approval of which is required to approve such amendment, may be made by a Supplemental Resolution of the District and a resolution duly adopted by the affirmative vote at a meeting of bondowners duly convened and held, or with written consent as hereinafter provided in Section 12.9, of the owners of not less than 66 2/3% in principal amount of the Bonds outstanding when such meeting is held or such consent is given; provided, however, that no such amendment shall (a) extend the date of payment of the principal of any 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 Bond may first be called for redemption prior to its fixed maturity date; (b) give to any Bond or Bonds any preference over any other Bond or Bonds secured equally and ratably therewith; (c) reduce the aforesaid percentage of Bonds, the 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 Article IX hereof for the issuance of Additional Bonds, on a parity with the pledge afforded by this Resolution, without the consent of the owner of each such Bond affected thereby.

Section 12.8 Obtaining Approval of Amendments at Bondowners Meeting. The District may at any time adopt a resolution amending the provisions of the Resolution to the extent that such amendment is permitted by the provisions of Section 12.7 hereof, to take effect when and as provided in this Section. At any time thereafter such resolution may be submitted by the District for approval to a meeting of the bondowners duly convened and held in accordance with the provisions of the Resolution. A record in duplicate of the proceedings of each meeting of the bondowners shall be prepared by the permanent Secretary of the meeting and shall have attached thereto the original reports of the Inspectors of Votes and affidavits by a person or persons having knowledge of the facts, showing a copy of the notice of the meeting and setting forth the facts with respect to the mailing and publication thereof under the provisions of the Resolution. Such a record shall be signed and verified by the affidavits of the permanent Chairman and the permanent Secretary of the meeting, and one duplicate thereof shall be delivered to the District. Any record so signed and verified shall be proof of the matters therein stated. If the resolution of the District making such amendment shall be approved by a resolution duly adopted at such meeting of bondowners by the affirmative vote of the owners of the required percentages of Bonds, a notice stating that a resolution approving such amendment has been so adopted shall be mailed by the District to each bondowner who has requested such notice (but failure so to mail copies of such notice shall not affect the validity of such resolution) and shall be published at least once in the manner provided in Section 12.2 hereof. Proof of such mailing and publication by the affidavit or affidavits of a person or persons having knowledge of the facts shall be filed with the District. Such resolution of the District making such amendment shall be deemed conclusively to

be binding upon the District, the Bond Registrar, and the owners of all Bonds at the expiration of 30 days after the publication of the notice provided for in this Section, except in the event of a final decree of court of competent jurisdiction setting aside such resolution or annulling the action taken thereby in a legal action or equitable proceeding for such purpose commenced within such period; provided that the District and any Bond Registrar during such 30 day period and any such further period during which such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such resolution as they may deem expedient. Nothing in the Resolution contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of bondowners or of any right conferred hereunder to make such a call, any hindrance or delay in the exercise of any rights conferred upon or reserved to the Bond Registrar or the bondowners under any of the provisions of the Resolution.

Section 12.9 Alternate Method of Obtaining Approval of Amendments. The District may at any time adopt a resolution amending the provisions of the Resolution, or of any 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, a request that bondowners consent thereto shall be mailed by the District to the bondowners and notice that the District is requesting bondowners to consent to such amendment shall be published at least once in the manner provided in Section 12.2 hereof. Such resolution shall not be effective unless and until there shall have been filed with the District the written consents of the percentages of owners of outstanding Bonds specified in Section 12.7 hereof and a notice shall have been published as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.3 hereof. A certificate or certificates of the Secretary of the District that he has examined such proof and that such proof is sufficient shall be conclusive that the consents have been given by the owners of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the owner of the Bonds giving such consent and on every subsequent owner of such Bonds (whether or not such subsequent owner has notice thereof). A notice stating that the resolution has been consented to by the owners of the required percentages of bonds and will be effective as provided in this Section, may be given to the bondowners by mailing such notice to the bondowners, and shall be given by publishing the same at least once in the manner provided in Section 12.2 hereof. 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 owners of all 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 12.10 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 owners of the Bonds and the terms and provisions of the Bonds and of the Resolution, may be amended in any respect with the consent of the District, by the affirmative vote of the owners of all said Bonds then outstanding at a meeting of bondowners called and held as hereinabove provided, or upon the adoption of a resolution by the District and the consent of the owners of all the Bonds then outstanding, such consent to be given as provided in Section 12.9 except that no notice to bondowners 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 bondowners.

bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the interest payment date (the "Record Date"), and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office at the principal office of the fiscal agency of the State of Washington (the "Bond Registrar"); provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

This bond is one of a duly authorized series of bonds aggregating \$_____ principal amount and designated as "Electric Revenue and Refunding Bonds, Series 2020[A/B (Taxable)]." This bond and the bonds of the series of which it is a part (the "Bonds") are issued under and pursuant to Resolution No. ____ (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 bonds and financing capital improvements to the Electric System. The Bond Resolution permits the issuance of Additional Bonds payable from the Bond Fund ranking on a parity with the 2013 Bonds, the 2016 Bonds and the Bonds and secured by an equal charge and lien on the Revenues of the Electric System (as such terms are defined in the Bond Resolution).

Copies of the Bond Resolution are on file at the principal office of the District and at the principal office of each paying agent for this Bond, and reference thereto, and to any and all modifications and amendments thereof, is hereby made for a more complete description of the Revenues available for the payment of the principal of and interest on the Bonds and the rights and remedies of the 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 hereunder 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 solely for the payment thereof.

Under the Bond Resolution, the District is obligated to set aside and pay into the Bond Fund out of the Revenues of the Electric System, certain fixed amounts sufficient to pay the principal of and interest and premium, if any, on all Bonds and any bonds at any time outstanding issued on a parity therewith payable from such Fund as the same become due and payable, all as is more fully provided in the Bond Resolution. The 2013 Bonds, the 2016 Bonds, the Bonds and any bonds issued on a parity therewith payable from the Bond Fund and the interest thereon constitute the only charge against the Bond Fund and the amount of the Revenues pledged to said Bond Fund.

In the Bond Resolution, the District covenants to establish, maintain and collect rates or charges for electric energy and other services, facilities and commodities sold, furnished or supplied by the Electric System which shall be fair and nondiscriminatory and adequate to provide Revenues sufficient for the fixed amounts which the District is obligated to set aside in the Bond Fund to pay the principal of and interest and premium, if any, on this Bond and the series of Bonds of which this Bond is a part, and any other bonds payable from said Fund on a parity with the Bonds and for the proper operation and maintenance of the Electric System, and all necessary repairs thereto and replacements and renewals thereof.

The Bonds are subject to redemption prior to maturity as set forth in the Bond Resolution and the Official Statement relating to the Bonds.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER
IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer Identification Number]

(Please print or typewrite name and address, including zip code, of Transferee)

the within bond and does hereby irrevocably constitute and appoint _____ of _____, or its successor, as Bond Registrar to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____, _____.

SIGNATURE GUARANTEED:

Signature(s) must be guaranteed pursuant to law.

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

**ARTICLE XIV
ONGOING DISCLOSURE**

Section 14.1 Undertaking to Provide Ongoing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the 2020 Bonds, the District makes the following written undertaking (the "Undertaking") for the benefit of holders of the 2020 Bonds:

A. Undertaking to Provide Annual Financial Information and Notice of Listed Events. The District undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the 2020 Bonds and described in paragraph (b) ("annual financial information");

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the 2020 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled

draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the 2020 Bonds, or other material events affecting the tax status of the 2020 Bonds; (7) modifications to rights of holders of the 2020 Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the 2020 Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(iii) Timely notice of a failure by the District to provide required annual financial information on or before the date specified in paragraph B.

B. Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the District undertakes to provide in paragraph A:

(i) Shall consist of (a) annual financial statements of the Electric System prepared in accordance with generally accepted accounting principles applicable to government entities, and in accordance with regulations prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and substantially in accordance with the system prescribed by the Federal Energy Regulatory Commission; (b) the outstanding long-term indebtedness of the Electric System, and any system of the District which provides power or capacity to the Electric System; (c) Electric System retail customers, energy sales, peak demands and revenue; (d) Electric System operating results and debt service coverage on the outstanding Bonds; and (e) aggregate amount and percentage of total energy sold and of retail revenues provided by the Electric System’s ten largest customers;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the District (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with a report due no later than September 30, 2021, for the District’s fiscal year ending December 31, 2020; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

If not submitted as part of the annual financial information described in paragraph (b)(i) above, the District will provide or cause to be provided to the MSRB audited financial statements, when and if available.

C. Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the 2020 Bonds without the consent of any holder of any 2020 Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The District will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

D. Beneficiaries. This Undertaking shall inure to the benefit of the District and the holder of each 2020 Bond, and shall not inure to the benefit of or create any rights in any other person.

E. Termination of Undertaking. The District's obligations under this Undertaking shall terminate upon the legal defeasance of all of the 2020 Bonds. In addition, the District's obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the District to comply with this Undertaking become legally inapplicable in respect of the 2020 Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the District, and the District provides timely notice of such termination to the MSRB.

F. Remedy for Failure to Comply with Undertaking. As soon as practicable after the District learns of any failure to comply with this Undertaking, the District will proceed with due diligence to cause such noncompliance to be corrected. No failure by the District or other obligated person to comply with this Undertaking shall constitute an Event of Default in respect of the 2020 Bonds. The sole remedy of any holder of a 2020 Bond shall be to take action to compel the District or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

G. Designation of Official Responsible to Administer Undertaking. The Treasurer or his or her designee is authorized to take such further actions as may be necessary, appropriate or convenient to carry out this Undertaking in accordance with Rule 15c2-12, including the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in paragraph A has occurred, assessing its materiality, where necessary, with respect to the 2020 Bonds, and preparing and disseminating any required notice of its occurrence;

(iii) Determining whether any person other than the District is an "obligated person" within the meaning of Rule 15c2-12 with respect to the 2020 Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;

(iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the District in carrying out this Undertaking; and

(v) Effecting any necessary amendment of this undertaking.

ARTICLE XV

MISCELLANEOUS, SALE OF 2020 BONDS, DEFEASANCE

Section 15.1 Resolution and Laws a Contract With Bondowners. This Resolution is adopted 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, as amended and supplemented. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution and of any Supplemental Resolution authorizing the issuance of Additional Bonds, and of said laws shall constitute a contract with the owner or owners of each Bond and the obligations of the District and its Commission under said acts and under this Resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection and security of the owners of any and all of said Bonds all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of said Bonds over any others thereof except as expressly provided herein.

Section 15.2 Bonds Deemed No Longer to be Outstanding Hereunder. In the event that the District, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, held in trust by the District or by a qualified trustee, advance refunding bond proceeds or other money lawfully available or direct obligations of the United States Government ("Government Obligations"), or any combination of such proceeds, money and/or Government Obligations, in amounts which, together with known earned income from the investment thereof are sufficient to redeem, retire or pay such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such proceeds, money and/or Government Obligation are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bond, and the owner of such Bond shall cease to be entitled to any lien, benefit or security of this Resolution, or any other resolution of the District, except the right to receive payment of principal, premium, if any, and interest from such special account, and such Bonds shall be deemed not to be outstanding hereunder.

Section 15.3 Benefits of Resolution Limited to District, Bondowners and Bond Registrar. 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 Bond Registrar and the 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 Bond Registrar and the owners from time to time of the Bonds.

Section 15.4 Official Statement.

(1) Preliminary Official Statement. The Designated Representative shall review and, if acceptable to him or her, approve each preliminary Official Statement prepared in

connection with the sale of any Series of 2020 Bonds to the public. For the sole purpose of the Underwriter's compliance with paragraph (b)(1) of Rule 15c2-12, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The District approves the distribution to potential bond purchasers of a preliminary Official Statement that has approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(2) Approval of Final Official Statement. The District approves the preparation of a final Official Statement for each Series of the 2020 Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (1) with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Underwriter if required under Rule 15c2-12. The District authorizes and approves the distribution by the Underwriter of the final Official Statement so executed and delivered to purchasers and potential purchasers of a Series of the 2020 Bonds.

Section 15.5 Sale of 2020 Bonds. The General Manager, or his designee, is appointed as the District's Designated Representative. The Commission has determined that it is in the best interest of the District to delegate to the Designated Representative the authority to approve the number of Series, the Series designations, final principal amounts, date of the Bonds, denominations, interest rates, payment dates, redemption provisions, whether a Series is taxable or tax-exempt, the Refunded Bonds, refunding provisions, whether to have the 2020 Bonds secured by the Reserve Account and/or to set the reserve requirement, and maturity dates for the 2020 Bonds to be set forth in the Pricing Certificate to be signed by the Designated Representative, in the manner provided herein, provided that:

- A. The 2020 Bonds may be issued in one or more Series, and the aggregate principal amount of the 2020 Bonds shall not exceed \$44,000,000;
- B. One or more rates of interest may be fixed for the 2020 Bonds as long as no rate of interest for any maturity of the Bonds exceeds 5.00%;
- C. The true interest cost to the District for each Series of the 2020 Bonds does not exceed 4.00%;
- D. The aggregate purchase price for the 2020 Bonds shall not be less than 95% of the aggregate stated principal amount of the 2020 Bonds, excluding any original issue discount;
- E. The 2020 Bonds shall mature no later than September 1, 2050;
- F. The 2020 Bonds may be issued subject to optional and mandatory redemption provisions; and
- G. There is a minimum aggregate net present value savings of 5% to refund the 2013A Bonds; and
- H. The 2020 Bonds shall be dated as of the date of their delivery, which date and time for the issuance and delivery of the 2020 Bonds is not later than December 31, 2021.

The Designated Representative may determine whether it is in the District's best interest to provide for bond insurance or other credit enhancement or surety bond, which will satisfy the requirements of Qualified Insurance; and may accept such additional terms, conditions and covenants or enter into any additional agreement as he may determine are in the best interests of the District, consistent with this Resolution.

In determining the number of Series, the Series designations, final principal amounts, date of the Bonds, denominations, interest rates, payment dates, redemption provisions, tax status, the Refunded Bonds, refunding provisions and maturity dates for the 2020 Bonds, the Designated Representative, in consultation with other District officials and staff and advisors, shall take into account those factors that, in his judgment, will result in the lowest true interest cost on the 2020 Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable to the 2020 Bonds.

The 2020 Bonds shall be sold by negotiated sale to RBC Capital Markets, LLC (the "Underwriter"). Subject to the terms and conditions set forth in this Section 15.5, the Designated Representative is hereby authorized to execute a purchase contract to be presented by the Underwriter (the "Bond Purchase Contract") on behalf of the District upon the determination by the Designated Representative that the conditions of this Section 15.5 have been met. The Designated Representative's execution of the Bond Purchase Contract shall be conclusive evidence that these conditions have been met.

The 2020 Bonds will be printed at District's expense and will be delivered to the Underwriter in accordance with the Bond Purchase Contract, with the approving legal opinion of Foster Garvey PC, municipal bond counsel of Seattle, Washington, regarding the 2020 Bonds.

Section 15.6 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 2020 Bonds issued hereunder.

Section 15.7 General Authorization. The General Manager of the District, the Treasurer 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.

Section 15.8 Adjustment of Amounts. The amounts stated in subsection B of Section 9.6 and Section 9.7 hereof may, at the option of the District, be adjusted according to the Federal Consumer Price Index applicable to the District, or, if such consumer price index is no longer published, such other similar governmentally published index of prices computed from January 1, 1986.

Section 15.9 Prior Acts. All acts taken pursuant to the authority of this Resolution but prior to its effective date are hereby ratified and confirmed.

Section 15.10 Effective Date of Resolution. This Resolution shall be in effect from and after its adoption in accordance with law.

ADOPTED by the Commission of Public Utility District No. 1 of Franklin County, Washington, at a meeting thereof this 27th day of October, 2020.

William Gordon, President

Stuart Nelson, Vice President

Roger Wright, Secretary

CERTIFICATE

I, the undersigned, Secretary of the Commission of Public Utility District No. 1 of Franklin 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. 1346 (herein called the "Resolution") of the Commission, duly adopted at a meeting thereof held on the 27th day of October, 2020.

That said meeting was duly convened and held in all respects in accordance with law (including Proclamation 20-28 made by the Governor of the State of Washington on March 24, 2020, as extended, and acts of the legislative leadership of the State of Washington), 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 fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of October, 2020.

Roger Wright
Secretary of the Commission

AGENDA ITEM 15

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Scott Rhees

General Manager

Date: October 27, 2020

REPORT

DISCUSSION

ACTION REQUIRED

1. OBJECTIVE:

Authorizing the General Manager or his Designee to Execute a Coronavirus Aid, Relief and Economic Security Act, Subrecipient Agreement with Franklin County.

2. BACKGROUND:

Franklin County (the County) has received federal stimulus funding from the Coronavirus Aid, Relief and Economic Security Act (CARES Funds) from Washington State, under Section 601(a) of the Social Security Act, for limited purposes such as reimbursement of certain costs incurred in response to the COVID-19 public health emergency during the period of March 1, 2020 through November 30, 2020. This may include reimbursement of expenditures incurred to respond directly to the emergencies as well as expenditures incurred to respond to second-order effects of the emergency, such as providing economic support to those suffering from employment or business interruptions due to COVID-19 related business closures.

The County is able to allocate CARES Funds they have received to County residents, such as District customers, experiencing severe financial hardship due to job loss, layoff, reduction of work hours or other circumstances resulting from the COVID-19 emergency, that need utility payment assistance to avoid disconnect.

An agreement has been drafted and reviewed that would make the District a subrecipient of the CARES Funds received by the County and will allow the funding of a utility payment assistance program for District customers. Each District customer will need to apply and qualify before receiving assistance from the CARES Funds. Staff will assist customers through the process.

Staff recommends the Commission authorize the General Manger or his designee to execute a CARES Subrecipient Agreement with Franklin County for utility payment assistance to District customers.

3. SUGGESTED MOTION:

I move to authorize the General Manager or his designee to execute a CARES Subrecipient Agreement with Franklin County.

AGENDA ITEM 16

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Scott Rhees
General Manager
Date: October 27, 2020

<input checked="" type="checkbox"/>	REPORT
<input type="checkbox"/>	DISCUSSION
<input type="checkbox"/>	ACTION REQUIRED

1. OBJECTIVE:

Providing an Update on the Pandemic Emergency Event.

2. BACKGROUND:

Through Resolution 1324, adopted August 2019, the Commission granted authority to the General Manager to declare an emergency event and implement plans to respond accordingly as provided in the Business Continuity Plan.

A public health emergency was declared by the U.S. Department of Health and Human Services on January 30, 2020, and the Governor of the State of Washington on February 29, 2020. Subsequently, the District's General Manager declared a Pandemic Emergency event on March 16, 2020.

The General Manager has provided updates on the actions being taken to ensure the District continues to provide the essential services to customers at each Commission meeting.

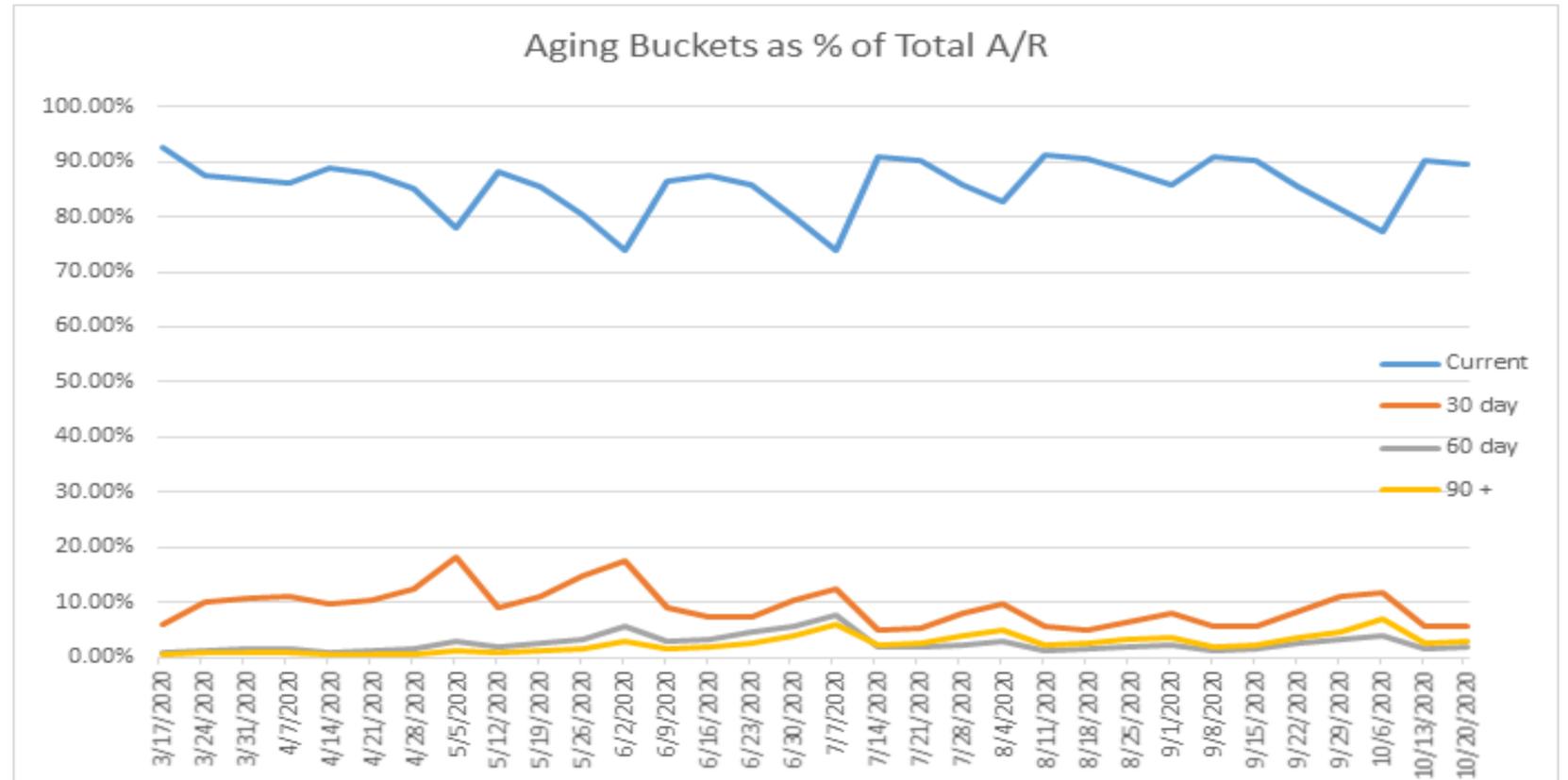
3. SUGGESTED MOTION:

No motion required, reporting only.

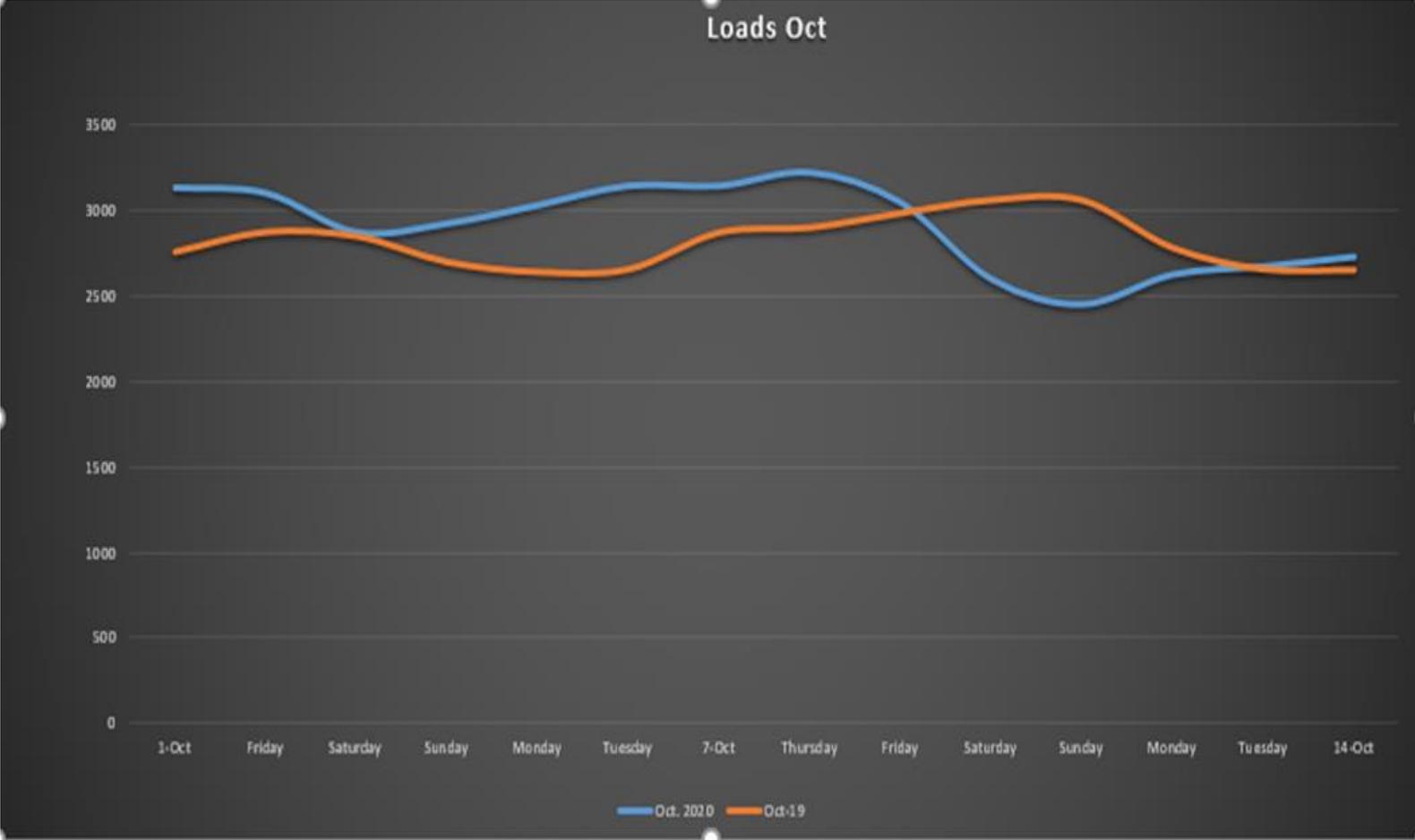
Pandemic Emergency Update

Agenda Item 16

Aging Buckets as % of Total A/R (Accounts Receivable)

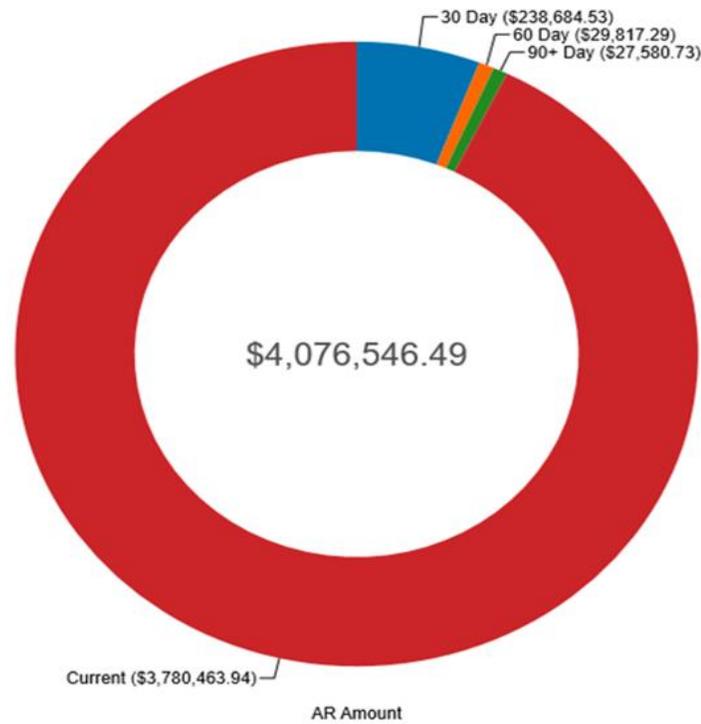


Loads as of October 14, 2020

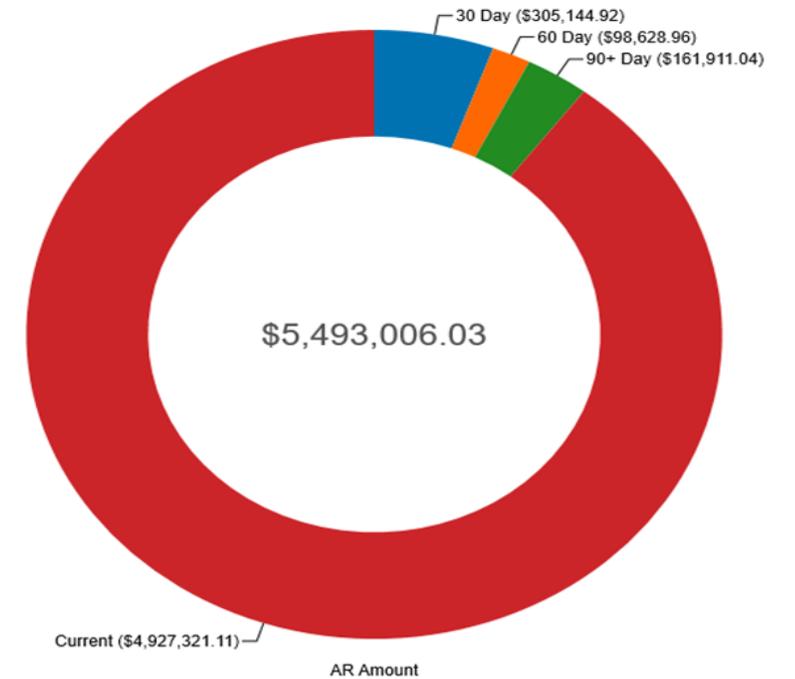


Accounts Receivable

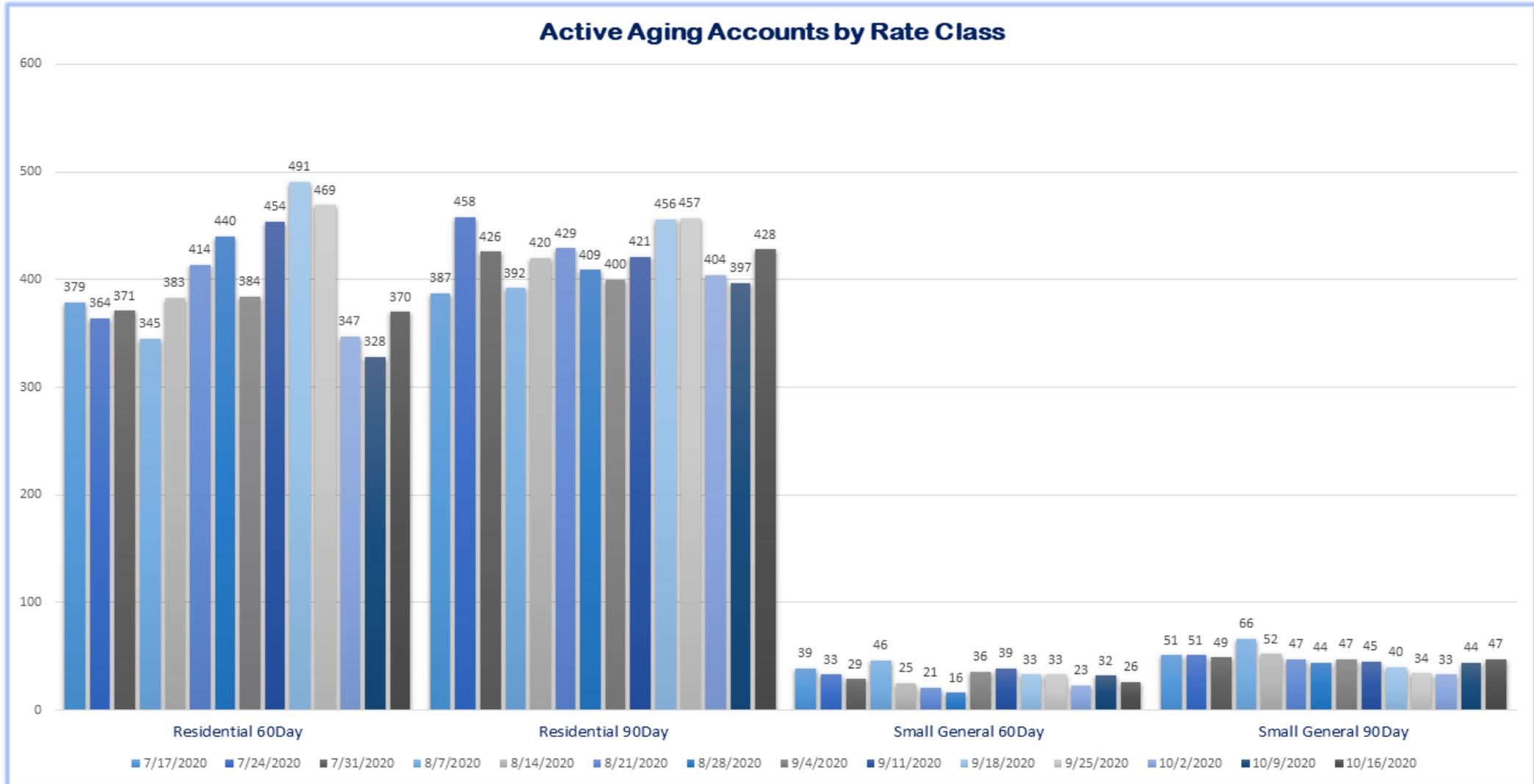
March 17, 2020



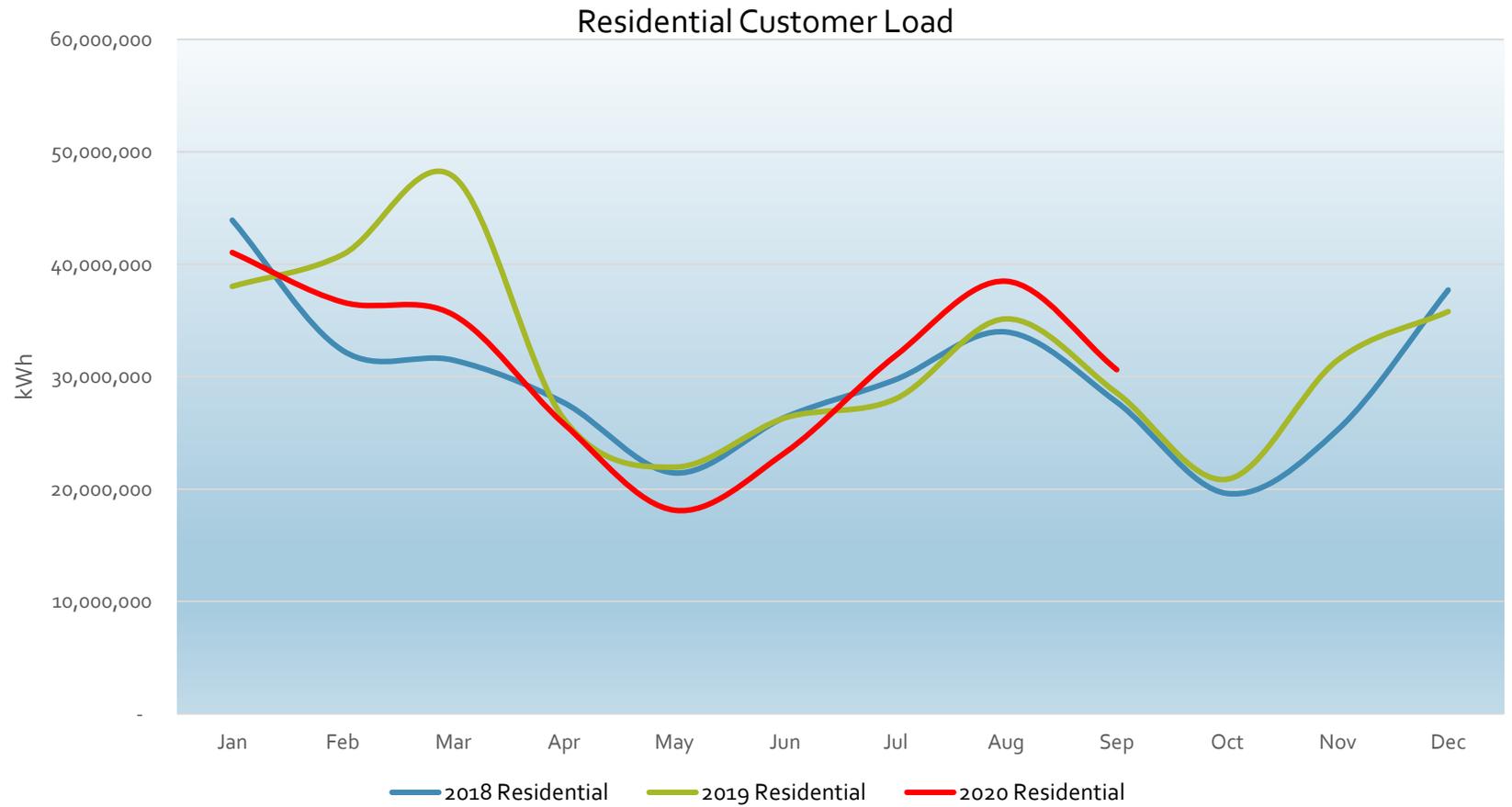
October 20, 2020



Active Aging Accounts by Rate Class July 17, 2020 to October 16, 2020



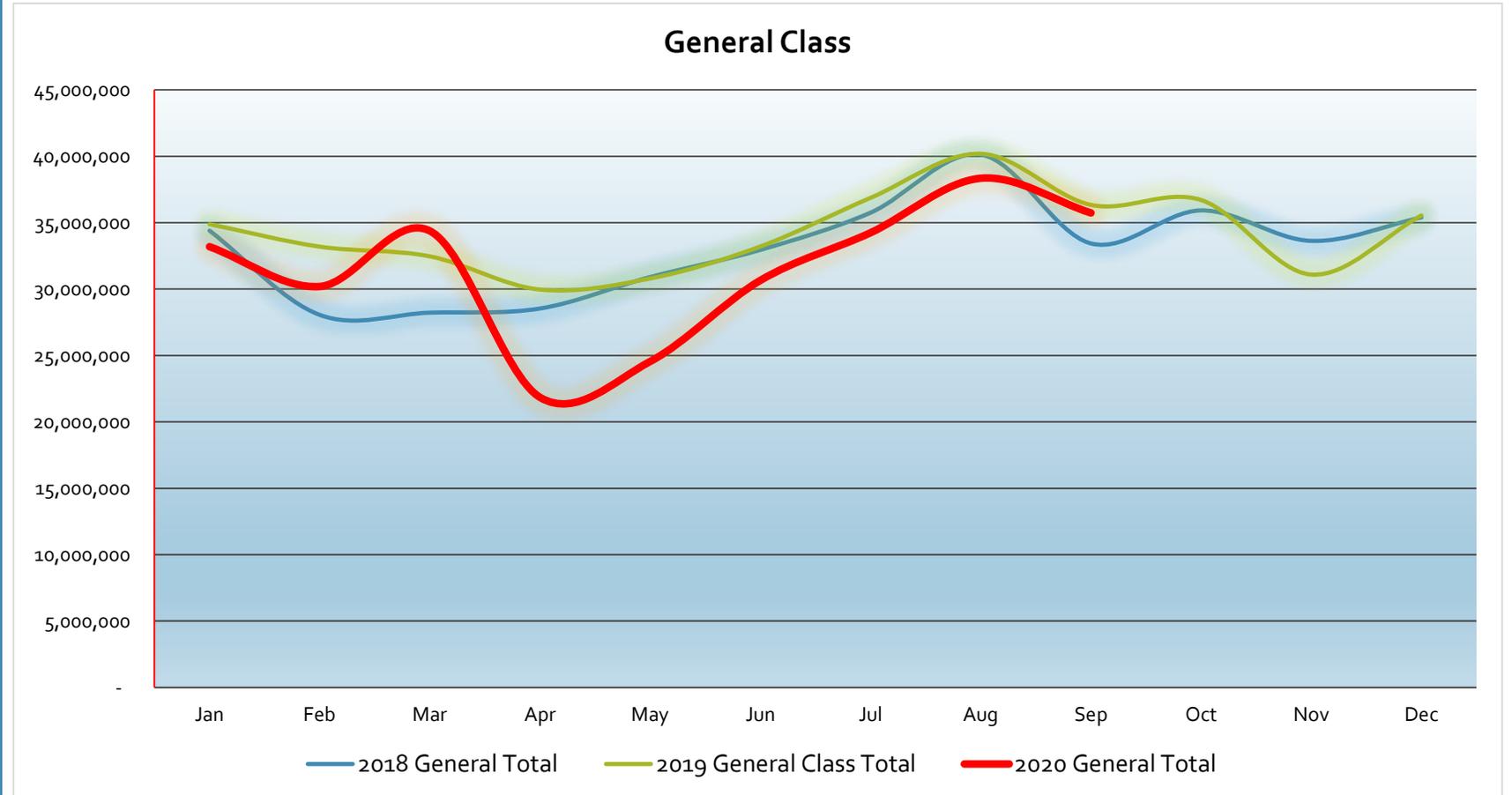
Residential Customer Loads



2020 Residential was 107% of 2019 billed kwh

Agenda Item 16, Attachment A

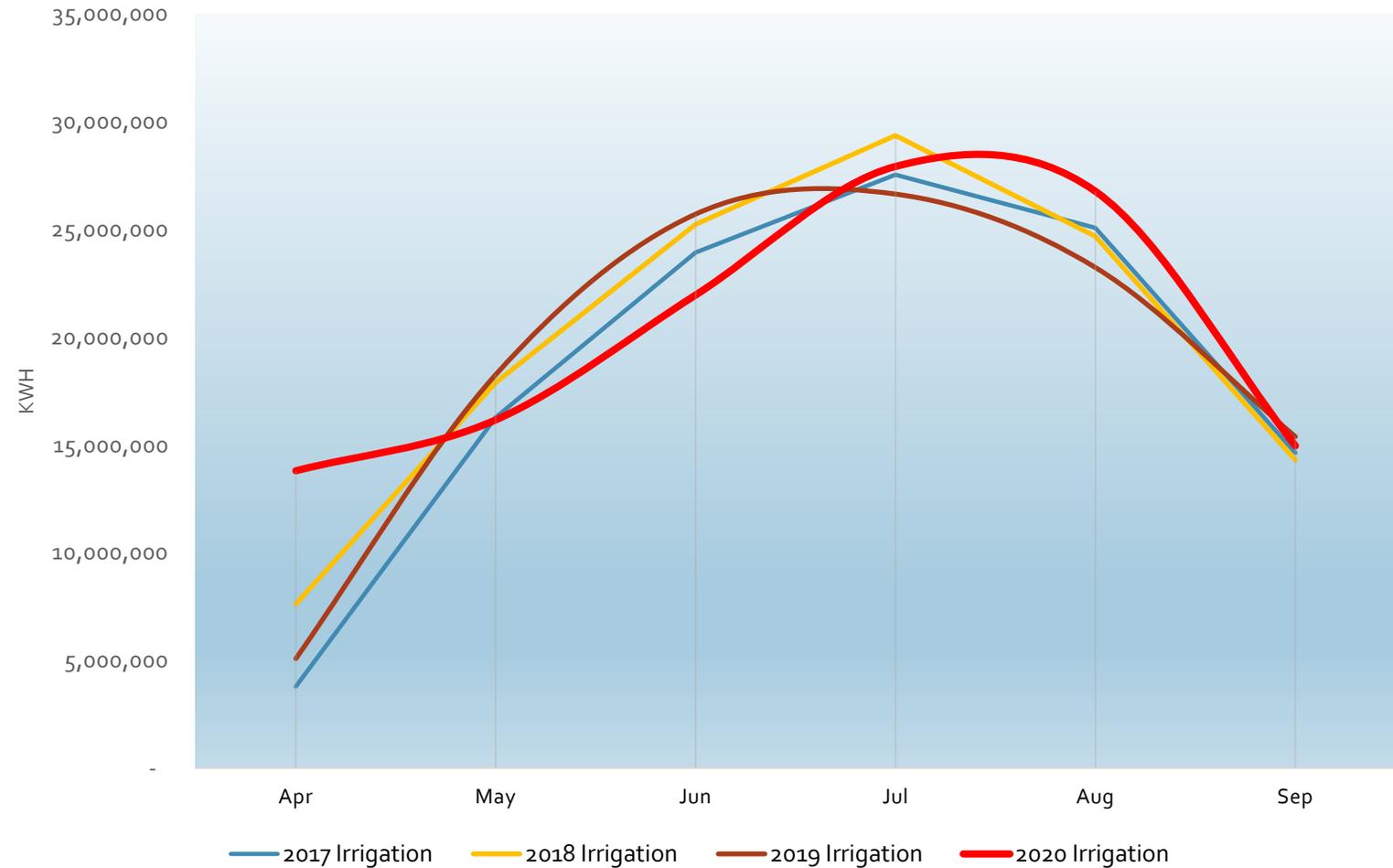
Monthly General Class Loads



2020 General Classes were 98% of 2019 Billed kwh

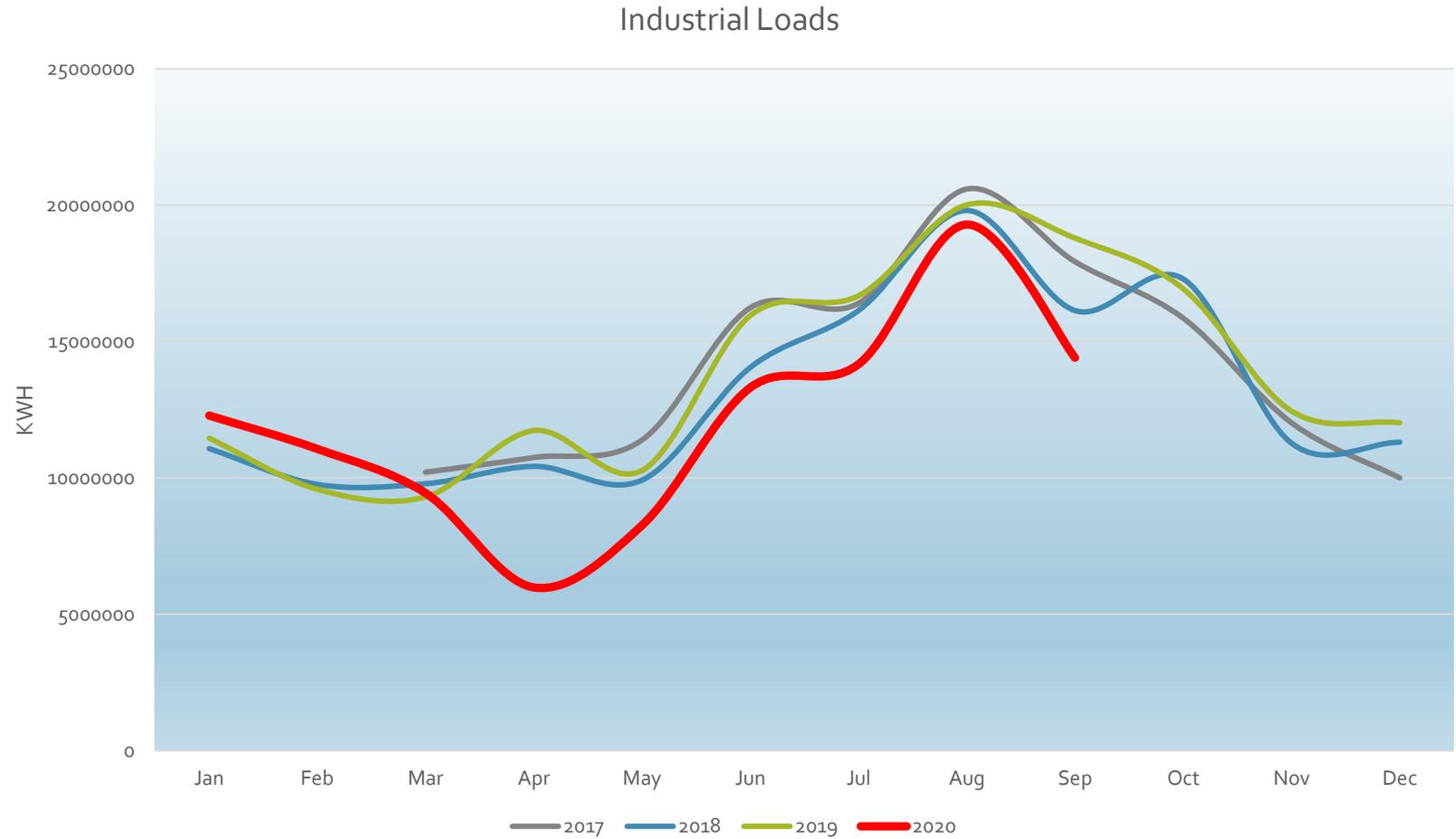
Irrigation Loads

Irrigation Loads MHH's



2020 Irrigation Season is 6% higher than the 2019 Season

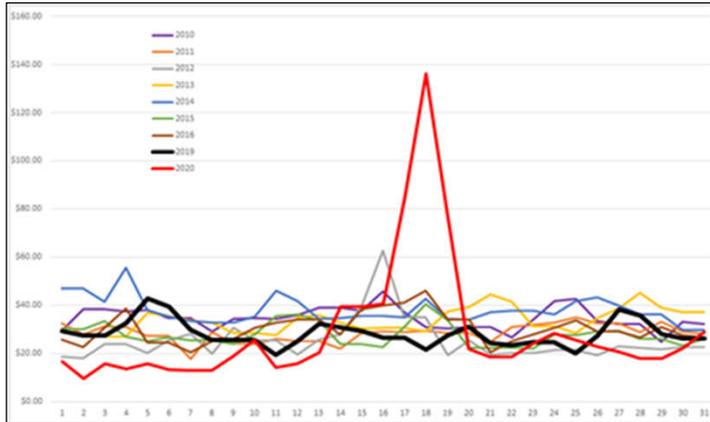
Industrial Loads



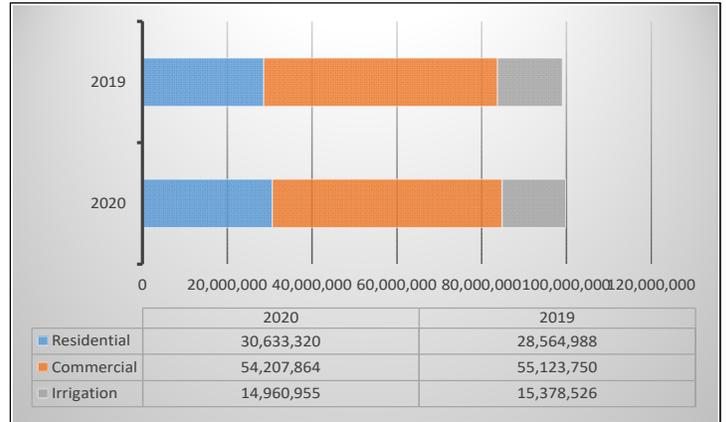
Sept. 2020 Industrial was 77% of 2019 Billed kwh

Public Utility District No. 1 of Franklin County Monthly Financial Highlights For the Month Ended September 30, 2020

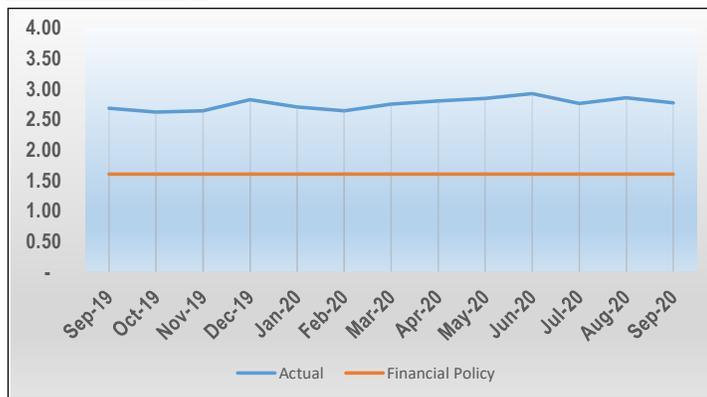
Average Day Ahead Wholesale Power Pricing - Current Month



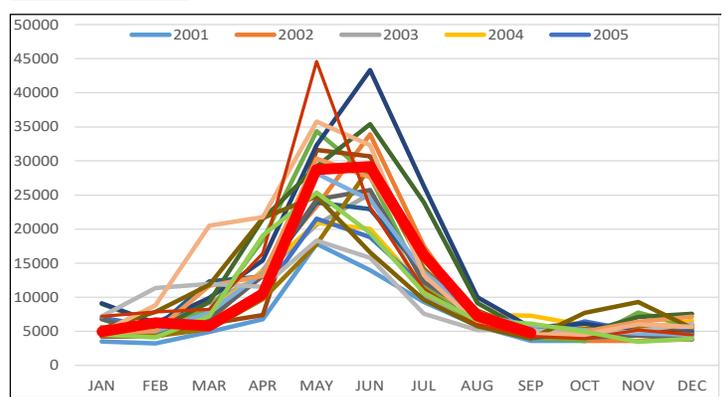
Energy Uses - kWh



Debt Service Coverage



Runoff at The Dalles



Capital Spending



Labor & Benefits

	Budget	Actual	+/- 10%
Capital	\$140,733	\$184,916	●
Operating	1,046,852	990,885	●
Garage & Warehouse	61,519	48,056	●
Total	\$1,249,104	\$1,223,858	

Overtime

YTD September:	Budget*	Actual
Hours	3906	3935
Dollars	\$356,973	\$365,427

*Budget is submitted for annual period, amount shown is prorated for months elapsed

Electric Customer Statistics

As of September 30:	2020	2019	
Electric Residential Meters	27,343	26,794	↑
Electric Commercial Meters	3,661	3,607	↑
Electric Irrigation Meters	907	903	↑

Cash & Investment Balances

	End-of-Year Forecast		
	Prior Month	Current Month	
Unrestricted Revenue Fund	\$ 18,605,800	\$ 19,404,277	↑
Unrestricted Rate Stabilization	\$ 5,900,000	\$ 5,900,000	●
Restricted Bond Funds	\$ 1,857,731	\$ 1,857,731	●
Restricted Debt Service Reserve	\$ 3,914,649	\$ 3,914,649	●
Restricted Deposit Fund	\$ 1,417,793	\$ 1,417,793	●
Restricted Other	\$ 10,000	\$ 10,000	●

Public Utility District No. 1 of Franklin County
Budget Status Report
For the Month Ended September 30, 2020

	September Budget	September Actual	Variance	FY Forecast	FY Budget	Variance
1 <i>Operating Revenues</i>						
2 Retail Energy Sales	\$7,942,536	\$7,714,870	(\$227,666)	\$82,743,835	\$83,746,170	(\$1,002,335)
3 Broadband Sales	173,663	157,968	(15,695)	2,031,090	2,055,756	(24,666)
4 Transmission Sales	0	1,911	1,911	12,609	0	12,609
5 Sales for Resale	671,940	635,785	(36,155)	10,368,130	8,874,591	1,493,539
6 Other Electric Revenue	8,500	20,200	11,700	98,620	102,000	(3,380)
7 Other Operating Revenue	32,000	14,783	(17,217)	397,252	519,000	(121,748)
8 <i>Total Operating Revenues</i>	<u>\$8,828,640</u>	<u>\$8,545,517</u>	<u>(\$283,122)</u>	<u>\$95,651,536</u>	<u>\$95,297,517</u>	<u>\$354,019</u>
9						
10 <i>Operating Expenses</i>						
11 Power Supply	5,343,411	5,825,424	482,013	62,541,797	64,089,446	(1,547,649)
12 System Operations & Maintenance	523,265	427,156	(96,109)	5,552,795	6,473,097	(920,302)
13 Broadband Operations & Maintenance	51,770	50,067	(1,703)	639,417	714,912	(75,496)
14 Customer Accounts Expense	214,972	194,900	(20,073)	2,451,112	2,640,002	(188,889)
15 Administrative & General Expense	582,416	490,993	(91,422)	7,261,662	7,167,622	94,040
16 Taxes	503,067	172,546	(330,520)	4,578,663	4,918,397	(339,734)
17 <i>Total Operating Expenses</i>	<u>7,218,900</u>	<u>7,161,086</u>	<u>(57,814)</u>	<u>83,025,446</u>	<u>86,003,476</u>	<u>(2,978,030)</u>
18						
19 <i>Operating Income (Loss)</i>	\$1,609,740	\$1,384,432	(\$225,308)	\$12,626,089	\$9,294,041	\$3,332,049
20						
21 <i>Non Operating Revenue (Expense)</i>						
22 Interest Income	55,438	15,904	(39,534)	386,671	631,341	(244,670)
23 Interest Expense	(157,983)	(159,708)	(1,726)	(1,954,277)	(1,952,552)	(1,725)
24 Other Non Operating Revenue (Expense)	833	(74,746)	(75,579)	14,643	10,000	4,643
25 <i>Total Non Operating Revenue (Expense)</i>	<u>(101,712)</u>	<u>(218,550)</u>	<u>(116,839)</u>	<u>(1,552,964)</u>	<u>(1,311,211)</u>	<u>(241,753)</u>
26						
27 Capital Contributions	215,333	269,970	54,637	2,372,119	2,600,000	(227,881)
28						
29 <i>Change in Net Position</i>	<u>\$1,723,362</u>	<u>\$1,435,852</u>	<u>(\$287,510)</u>	<u>\$13,445,244</u>	<u>\$10,582,830</u>	<u>\$2,862,414</u>
Debt Service Payment (Annual)				\$ 5,559,813	\$ 5,559,813	
Net Revenue Available for Debt Service				\$ 15,399,521	\$ 12,535,382	
Debt Service Coverage (DSC)				2.77	2.25	

Public Utility District No. 1 of Franklin County
2020 Capital Budget Status by Project
Percent of Year Elapsed: 75%

Category/ Project Number	Project Description	Year to Date September 30	2020 Budget	\$ Remaining in Budget	% Spent
Broadband					
1.20	BROADBAND SYSTEM IMPROVEMENTS & EXPANSION	\$ 132,330	\$ 300,928	\$ 168,598	43.97%
2.20	BROADBAND CUSTOMER CONNECTS	376,959	671,670	294,711	56.12%
	Total for Broadband	509,289	972,598	463,309	52.36%
Building					
122.20	FURNITURE FOR OPERATIONS MAIN MEETING ROOM	-	9,500	9,500	0.00%
92.20	RTU 8 REPLACEMENT*	-	82,000	82,000	0.00%
86.20	ELECTRIC GATE*	45,069	41,500	(3,569)	108.60%
90.20	DRIVE UP TUBE IMPROVEMENTS*	-	5,000	5,000	0.00%
UB28	UNBUDGETED BUILDING- RTU 4 HVAC REPLACEMENT	27,469	-	(27,469)	100.00%
UB33	UNBUDGETED OPERATIONS- SWAMP COOLER	11,094	-	(11,094)	100.00%
	Total for Building	83,632	138,000	54,368	60.60%
Information Handling					
123.20	GIS TEST/IVUE UPGRADE	-	19,000	19,000	0.00%
124.20	NEOGOV ONBOARD & LEARN	-	18,000	18,000	0.00%
125.20	DATA CENTER HARDWARE UPDATES	76,629	56,000	(20,629)	136.84%
126.20	SCADA NETWORK SWITCH UPDATES	10,493	20,000	9,507	52.46%
127.20	TERTIARY BACKUP SOLUTION	-	15,000	15,000	0.00%
128.20	PLOTTER FOR OPERATIONS	-	15,000	15,000	0.00%
129.20	BORDER ROUTER REPLACEMENT	-	10,000	10,000	0.00%
UB23	UNBUDGETED INFORMATION HANDLING- MAC PRO-TOWER	6,709	-	(6,709)	100.00%
	Total for Information Handling	93,831	153,000	59,169	61.33%
Special Projects					
120.20	LANDIS & GYR GRIDSTREAM BACKBONE	213,146	200,000	(13,146)	106.57%
121.20	LANDIS & GYR GRIDSTREAM METERS	461,788	65,000	(396,788)	710.44%
	Total for Special Projects	674,934	265,000	(409,934)	254.69%
System Construction - New Customers					
63.20	PURCHASE OF METERS	35,070	435,000	399,930	8.06%
64.20	CUSTOMER ADDS TO THE DISTRIBUTION SYSTEM	1,450,719	2,200,000	749,281	65.94%
65.20	PURCHASE OF TRANSFORMERS	403,252	650,000	246,748	62.04%
106.20	ACQUIRE FUTURE SUBSTATION SITES	-	200,000	200,000	0.00%
	Total for System Construction- New Customers	1,889,041	3,485,000	1,595,959	54.20%
System Construction - Reliability & Overloads					
67.20	UNDERGROUND CABLE REPLACEMENTS	16,008	700,000	683,992	2.29%
70.20	SCADA UPGRADES- SUBSTATIONS	11,171	100,000	88,829	11.17%
72.20	MISCELLANEOUS SYSTEM IMPROVEMENTS	735,735	1,000,000	264,265	73.57%
73.20	REPLACE OBSOLETE BREAKER RELAYS	-	100,000	100,000	0.00%
101.20	REPLACE 115 KV SWITCHES FB-155 & FB-166*	113	10,000	9,887	1.13%
103.20	CONVERT OH/UG- CITY OF PASCO*	-	377,000	377,000	0.00%
104.20	INSTALL FOSTER WELLS/NORTH PASCO FEEDER *	124,322	50,000	(74,322)	248.64%
105.20	REPLACE FRANKLIN #1 TRANSFORMER & DESIGN 12KV	545,252	900,000	354,748	60.58%
107.20	REPLACE SWITCHES- INSTALL NEW PME TYPE	94,528	240,000	145,472	39.39%
130.20	REPLACE 12 KV BUS - FRANKLIN SUB BAY #1	-	1,400,000	1,400,000	0.00%
131.20	INSTALL FEEDER MAINLINE- RS6 COURT/RD 56-60	75,357	470,000	394,643	16.03%
133.20	DESIGN COURT STREET BAY #2	-	150,000	150,000	0.00%
102.20	REPLACE SUBSTATION BATTERY & CHARGER (2)	2,289	50,000	47,711	4.58%
	Total for System Construction- Reliability & Overloads	1,604,775	5,547,000	3,942,225	28.93%
Tools					
134.20	PHASE CHECKER	6,462	6,200	(262)	104.22%

Public Utility District No. 1 of Franklin County
2020 Capital Budget Status by Project
Percent of Year Elapsed: 75%

Category/ Project Number	Project Description	Year to Date September 30	2020 Budget	\$ Remaining in Budget	% Spent
135.20	DOBLE RELAY TESTER	56,048	55,000	(1,048)	101.91%
136.20	POWER QUALITY MONITORING EQUIPMENT 3-PH	9,410	10,000	590	94.10%
	Total for Tools	71,920	71,200	(720)	101.01%
Vehicles					
137.20	1/2 TON TRUCK	33,409	42,000	8,591	79.55%
138.20	1/2 TON TRUCK	33,409	42,000	8,591	79.55%
139.20	UNDERGROUND WIRE/CABLE PULLER	-	170,000	170,000	0.00%
140.20	TEST VAN	-	65,000	65,000	0.00%
	Total for Vehicles	66,818	319,000	252,182	20.95%
Grand Total		\$ 4,994,240	\$ 10,950,798	\$ 5,956,558	45.61%

* This project is a partial or full carryover from the previous year.

PROPOSED AGENDA ITEMS FOR FUTURE COMMISSION MEETINGS

Subject to Change

Following the Proclamation by the Governor, [Amending and Extending 20-05, 20-28 Open Public Meetings Act and Public Records Act 20-28.9](#); all Franklin PUD Board of Commissioners meetings will only be available to the public via conference call. Please check the District's website www.franklinpud.com for the most current call in information.

**November 10, 2020
Regular Commission Meeting**

Description:	Presenter
1. Re-Opening the 2021 Budgets Public Hearing, Presenting the Updated Preliminary 2021 Operating and Capital Budgets, and Recessing the Public Hearing.....	Dohrman
2. Authoring the General Manager or his Designee to Execute an Agreement for Kiosk Services with City of Pasco and Basin Disposal	Dohrman
3. Approving the 2021 Organization Representation List.....	Rhees
4. Appointing the 2021 Board of Commission Officers	Rhees
5. Approving the 2021 Regular Commission Meeting Schedule	Rhees

**December 8, 2020
Regular Commission Meeting**

Description:	Presenter
1. Re-opening the 2021 Budgets Public Hearing, Presenting the Final 2021 Operating and Capital Budgets, Closing the Public Hearing and Adopting a Resolution Approving the 2021 Operating and Capital Budgets	Dohrman
2. Authorizing the General Manager or his Designee to Execute a Contract for the Purchase of Underground Wire/Cable Puller	Scott
3. Authorizing the General Manager or his Designee to Execute a Contract for the Purchase of Franklin Substation Equipment.....	Ferraro
4. Adopting a Resolution Approving the Pre-Qualification of Electrical Contractors for Calendar Year 2021	Dohrman
5. Authorizing the General Manager or his Designee to Approve Payments for the Automated Mailing Services, Bill Inserts, On-line Payment Processing and Annual Software Maintenance, for 2021, Payable to the National Information Solutions Cooperative.....	Dohrman